Balrampur Chini (BALCHI)

ICICI direct Research

CMP: ₹ 137 | Target: ₹ 190 (39%) | Target Period: 12 months | BUY

August 10, 2020

Result Update

Excellent performance; strong balance sheet

Balrampur Chini (BCML) reported a strong set of numbers with revenue growth of 50.8% driven by 60% growth in sugar & distillery sales. The growth in sugar sales was led by 62% jump in volumes due to higher domestic sales quota & exports. The robust growth in distillery sales was driven by 39.1% growth in volumes aided by new capacity & 15.9% increase in realisation (due to higher proportion of B heavy ethanol). Power revenues were down 13.5% with significant decline in volumes as company preferred to sell bagasse given significant reduction in power tariff last year. Gross margins fell 547 bps due to higher proportion of early variety sugarcane (priced higher than general variety), sugar sacrifice for B heavy ethanol & 3% decline in sugar realisation mainly due to lower sugar prices in April & May 2020 as sugar demand dipped from bulk buyer during lockdown. Notably early variety sugarcane improves recovery & diversion towards B heavy increases ethanol production, so benefit to these measures would fructify in next two quarters. Operating profit increased 23.9% to ₹ 217.9 crore on the back of higher sale. Net profit increased 32.1% to ₹ 139.5 crore.

Best placed in inventory liquidation

With the 2.8 lakh tonnes (lt) of exports this season & higher domestic sales quota, BCML has been able to liquidate excess inventory in last six months. It is holding 5.5 lt of sugar, which is not more than six months of sales. By the time next crushing season starts, it would be holding at best 1.5 months of sugar inventory compared to five month's industry average. This would enable BCML to generate strong cash flow in FY21 as well and further reduce working capital requirement. It would not require to take any working capital debt by December 2020 for new crushing season (starts from October).

Distillery volumes to jump; drive profitability

BCML commissioned a 160 KLD distillery in January 2020, helping it increase ethanol volumes. Moreover, it would be able to increase proportion of B heavy ethanol to 80% in 2020-21 crushing season. We expect 37% jump in distillery volumes to 16.4 crore litre in FY21. With higher proportion of B heavy ethanol, realisation to improve by 8.4% to ₹ 50.2/litre. We estimate distillery sales to grow at a CAGR of 28.1% to ₹ 907.9 crore in FY20-22E.

Valuation & Outlook

BCML is the most efficient sugar company with sustainable earnings & strong cash flows. The company has optimum distillery capacity to divert 65% of its sugarcane to produce B heavy ethanol. This would result in sufficient sacrifice of sugar to keep inventory at comfortable levels (one to two moths) before the season starts. We estimate the company would generate ₹ 697 crore & ₹ 787 crore operating cash flow in FY21E & FY22E, respectively. We value the stock 1.5x FY21E price to book with a revised target price of ₹ 190/share and maintain **BUY** recommendation.

Particulars

Particulars (₹ crore)	Amount
Market Capitalization	3,007.4
Total Debt (FY20)	1,399.0
Cash and Investments (FY20)	4.7
EV	4,401.7
52 week H/L (₹)	195 / 69
Equity capital	22.8
Face value (₹)	1.0

Key Highlights

- Sugar sales volume increased 62% on the back of 0.6 lakh tonnes of sugar exports in Q1
- Distillery volumes increased 39% to 4.34 crore litre led by increased distillery capacity earlier this year
- Maintain BUY rating on stock with revised target price of ₹ 190/share

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Key Financial Summary

Key Financials	FY18	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E)
Total Operating Income	4342.5	4285.8	4741.3	5245.2	5261.4	5.3%
EBITDA	451.7	689.1	682.0	849.5	886.1	14.0%
EBITDA Margin %	10.4	16.1	14.4	16.2	16.8	
Net Profit	231.7	575.8	519.4	566.6	611.1	8.5%
Adjusted PAT	231.7	1.5	519.4	566.6	611.1	8.5%
EPS (₹)	10.14	25.21	23.61	26.98	30.55	
P/E	13.5	5.4	5.8	5.1	4.5	
RoNW %	14.3	27.2	21.5	20.9	20.5	
RoCE (%)	14.3	16.3	16.1	20.3	21.7	

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY20	YoY (%)	Q4FY20	QoQ (%)	Comments
Total Operating Income	1,430.8	948.5	50.8	1,740.0	-17.8	Revenues increased 50.8% led by 60% growth in both sugar & distillery sales
Other Operating Income	0.0	0.0	N.A.	0.0	N.A.	
Raw Material Expenses	1,075.4	661.0	62.7	1,311.0	-18.0	Gross margins contracted due to higher proportion of early variety sugarcane, increased proportion b heavy ethanol production & small decline in sugar prices in April & May 2020
Employee Expense	64.2	57.6	11.5	72.8	-11.8	
Other operating Expenses	73.3	54.0	35.6	114.9	-36.3	
EBITDA	217.9	175.9	23.9	241.3	-9.7	Operating profit increased 23.9% on the back of higher sales
EBITDA Margin (%)	15.2	18.5	-331 bps	13.9	136 bps	
Depreciation	27.8	24.3	14.6	27.4	1.6	
Interest	15.6	22.7	-31.1	17.3	-9.8	
Other Income	3.3	4.8	-30.9	26.6	-87.5	
PBT	177.8	133.8	32.9	223.2	-20.3	
Tax Outgo	44.2	26.8	64.9	-14.9	-396.0	
PAT	139.5	105.6	32.1	241.4	-42.2	Net profit (including profit from associate increased 32% led by higher operating profit
Key Metrics						
Sugar sales volume (in lakh tonne)	3.6	2.2	62.8	4.5	-21.4	Sugar sales volumes increased 62.8% aided by higher domestic sales quota & exports
Sugar realisation (₹ per kg)	31.9	32.9	-3.1	32.2	-1.1	Sugar realisations down 3.1% on the back of lower demand in April-May 2020 by bulk consumers due to lockdown
Distillery volumes (in crore litre)	4.3	3.1	39.1	3.4	27.6	Growth in distillery volumes aided by new capacity additional earlier this year
Distillery realisation (₹ per litre)	49.9	43.1	15.9	50.0	-0.1	Higher sugar realisation led by higher proportion of B heavy ethanol sales

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY21E			FY22E			
(₹ Crore)	Old	New	% change	Old	New	% change	Comments
Net sales	5129.6	5245.2	2.3	4,903.0	5,261.4	7.3	We revise our estimates largely on the back of expected increase in MSP in October 2020 & extension of export subsidies
EBITDA	773.4	849.5	9.8	819.1	886.1	8.2	
EBITDA Margin (%)	15.1	16.2	112 bps	16.7	16.8	14 bps	
PAT	506.0	566.6	12.0	550.3	611.1	11.0	With higher sugar prices & distillery volumes, margins & profitability to improve in FY21E & FY22
EPS (₹)	24.1	27.0	12.0	27.50	30.6	11.1	

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	Current						Earlier		
	FY17	FY18	FY19	FY20	FY21E	FY22E	FY21E	FY22E	Comments
Sugar Sold (in tonne)	840,323	1,042,190	1,153,000	1,205,300	1,268,000	1,228,000	1,268,000	1,134,600	We revise our FY22 volumes estimates upward with estimate of higher exports volumes
Sugar Price (₹ per tonne)	35,900	35,560	29,553	32,910	33,500	34,000	33,000	33,500	We revise our sugar realisation estimates with expectation of ₹ 2 /kg increase in MSP
Distillery volume	68,835	78,900	110,890	119,320	163,800	179,400	153,400	179,400	We revise our distillery volume estimate upwards with higher proportion of B heavy molasses production & sufficient capacity
Distillery price (₹	47,098	41,683	41,290	46,380	50,256	50,606	50,256	50,606	
Power Units sold	51.0	56.8	66.4	52.6	53.9	56.8	53.9	54.8	
Price per unit (₹ per units)	4.8	4.8	4.9	3.1	3.1	3.2	3.1	3.2	

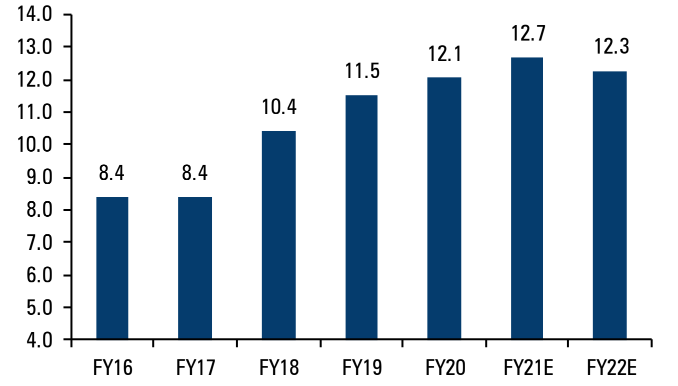
Source: Company, ICICI Direct Research

Conference call Highlights

- Q1FY21 revenues increased 50.8% led by 60% growth in both sugar & distillery segment. Power revenues were down 13.5% during the quarter
- Sugar revenues were up 60.2% to ₹ 1341 crore aided by 62.8% growth in sugar volumes. The company sold 3.6 lakh tonnes (lt) of sugar during the quarter. Out of this 2.9 lt was sold in domestic market & 60,000 tonnes were exported
- Sugar realisation were down 3.1% to ₹ 31.9 /kg largely due to lower demand by bulk consumer (carbonated drinks & ice-cream companies) due to lockdown imposed in April & May. Export sugar realisation were 25.03/kg (excluding subsidy) as the company contracted raw sugar as early as February 2020
- The company crushed similar 10.53 million tonnes (MT) of sugarcane in 2019-20 season with 11.94 lt (3.6% lower) of sugar production. This translates to sugar recovery of 11.3%. The reduction in recovery rate is mainly due to diversion towards B heavy ethanol
- Distillery sales increased 60.4% to ₹ 139.2 crore led by 39.1% jump in volumes aided by commissioning of 160 KLD new capacity in January 2020. Moreover, distillery realisation was also up 15.9% to ₹ 49.9/litre on account of higher proportion of B heavy ethanol
- Out of the 4.3 crore litre of distillery volumes, 3.1 crore litre was B heavy ethanol (through B heavy molasses), 0.9 crore litre was C heavy ethanol & rest was ENA for country liquor
- Power sales was down 13.5% to ₹ 95.65 crore with power volumes declining by 50.7% to 9.07 crore. Power realisation was up 7.1% to 3.19 / unit. The company preferred to sell bagasse instead of selling power. It sold 0.77 lakh tonnes of bagasse.
- The company holds 5.5 lt of sugar inventory as on June 2020 at an average cost of ₹ 29.93 / kg against 7.1 lt at ₹ 29.2/kg in June 2019. With strong sugar volumes, the company would be able to liquidate its current inventory by December 2020
- The company is looking to produce 17-18 crore litre of ethanol/ENA is 2020-21 sugar season. Out of this, ~80% is likely to be produced form B heavy molasses
- Long term debt as on June 2020 was at ₹ 427.6 crore. All these loans are available at concessional interest rates. Average cost of debt for the company is 4% including the working capital loans. With good inventory management, BCL would not require any working capital till December 2020 (after two months of crushing)
- With domestic sugar consumption expected to be 25.5 MT and export of 5.8 MT, the country level sugar inventory is likely to be 10.5 MT as on September 2020. Sugar production is likely to be 30.5 MT in 2020-21 after considering 1.5 MT of sugar sacrifice for producing ethanol. With sustain consumption & export subsidy extensions, inventory levels are likely to reduce to 9.0 MT by September 2021
- The company is contemplating various options for next level of growth, which would be value addition in sugar or distillery only. It is open for adding distillery capacity for producing ethanol from sugarcane juice
- Other than molasses, cost of producing ethanol (including processing & depreciation) is ₹ 5-5.5/litre

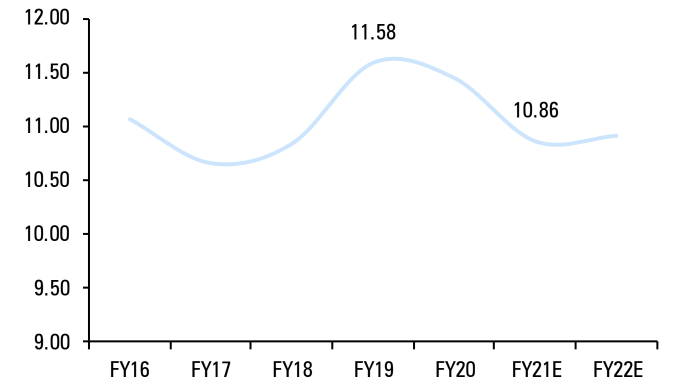
Key Metrics

Exhibit 4: Sugar sales volume (in lakh tonne)



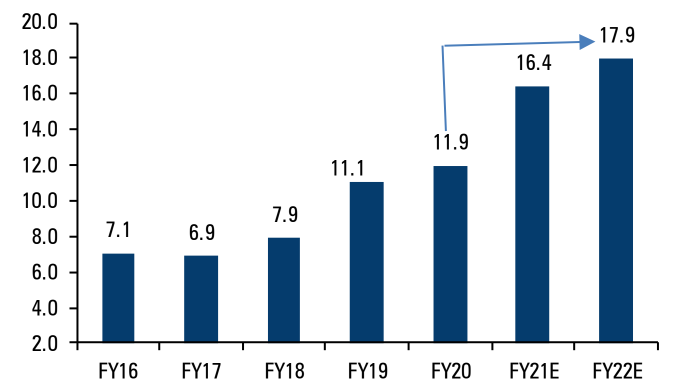
Source: ICICI Direct Research, Company

Exhibit 5: Sugar recovery rate % (considering B-heavy diversion)



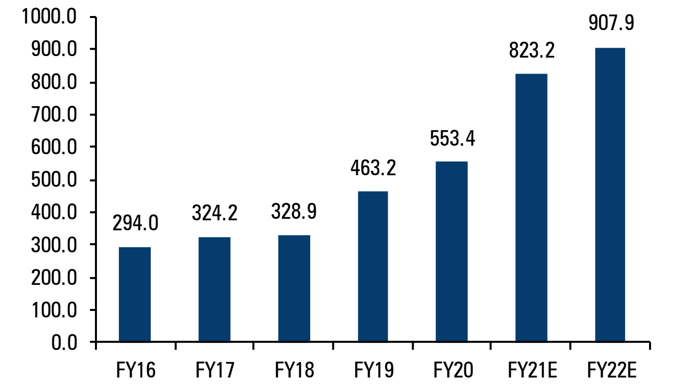
Source: ICICI Direct Research, Company

Exhibit 6: Ethanol volumes (in crore litre)



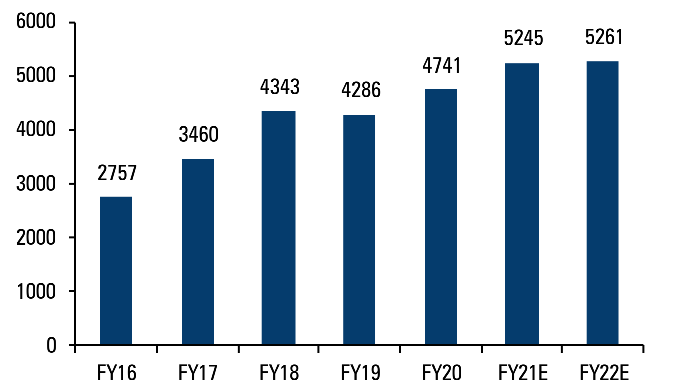
Source: Company, ICICI Direct Research

Exhibit 7: Ethanol sales (₹ crore)



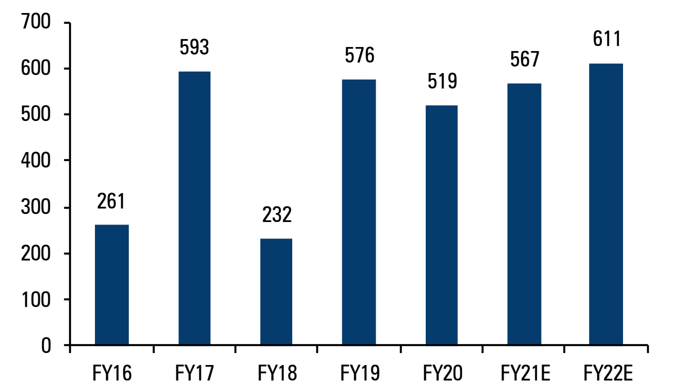
Source: Company, ICICI Direct Research

Exhibit 8: Revenue trend (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 9: Adjusted PAT trend (₹ crore)



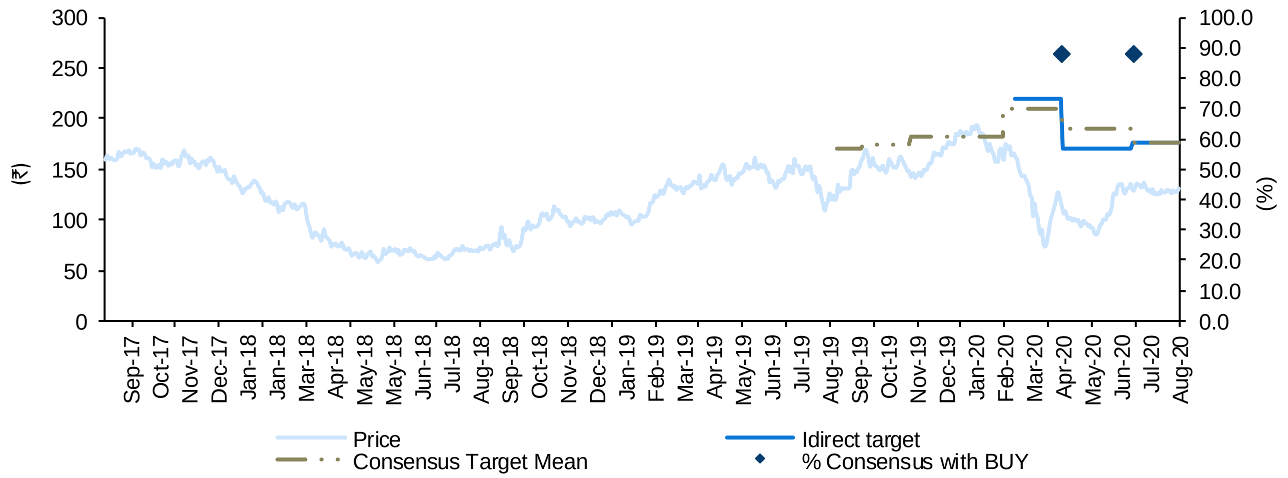
Source: Company, ICICI Direct Research

Exhibit 10: Valuation

	Sales	Growth	EPS	Growth	PE	EV/EBITDA	RoNW	RoCE
	(₹ cr)	(%)	(₹)	(%)	(x)	(x)	(%)	(%)
FY19	4285.8	-1.3	24.9	145.6	5.4	6.7	27.2	16.3
FY20	4741.3	10.6	23.6	-5.2	5.8	6.4	21.5	16.1
FY21E	5245.2	10.6	27.0	14.3	5.1	4.8	20.9	20.3
FY22E	5261.4	0.3	30.6	13.2	4.5	4.1	20.5	21.7

Source: Company, ICICI Direct Research

Exhibit 11: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 12: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (m)	Change (m)
1	Saraogi Vivek	31-Mar-20	16.3	35.9	0.0
2	Saraogi Sumedha	31-Mar-20	10.5	23.0	0.0
3	Aadi Financial Advis	23-May-19	4.9	10.7	-0.8
4	Reliance Capital Tru	31-Mar-20	4.1	9.1	9.1
5	L&T Mutual Fund	31-May-20	3.8	8.3	0.0
6	Saraogi Kamal Nayan	30-Dec-19	3.2	7.1	0.0
7	Meenakshi Mercantile	31-Mar-20	3.1	6.8	0.0
8	Udaipur Cotton Mills	31-Mar-20	2.7	5.9	0.0
9	Dimensional Fund Adv	30-Apr-20	2.6	5.8	-0.2
10	Vanguard Group	31-May-20	2.2	4.8	1.4

Source: Reuters, ICICI Direct Research

Exhibit 13: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	41.1	41.1	41.1	41.1	41.1
FII	26.8	26.4	24.8	22.6	19.0
DII	7.7	10.3	11.6	12.8	12.4
Others	24.4	22.2	22.4	23.5	27.5

Source: Company, ICICI Direct Research

Financial summary

Exhibit 14: Profit and loss statement ₹ crore

(Year-end March)	FY19	FY20	FY21E	FY22E
Total Operating Income	**4,285.8**	**4,741.3**	**5,245.2**	**5,261.4**
Growth (%)	-1.3	10.6	10.6	0.3
Raw Material Expenses	3,057.0	3,501.5	3,829.2	3,812.3
Employee Expenses	230.5	254.0	283.2	294.6
Administrative Expenses	69.0	0.0	0.0	0.0
Excise Duty	0.0	0.0	0.0	0.0
Other expenses	240.2	303.8	283.2	268.3
Total Operating Expenditure	3,596.7	4,059.3	4,395.7	4,375.3
EBITDA	**689.1**	**682.0**	**849.5**	**886.1**
Growth (%)	52.6	-1.0	24.6	4.3
Depreciation	95.9	101.4	108.3	111.3
Interest	40.9	64.2	52.3	34.6
Other Income	42.7	43.9	39.5	37.5
PBT	552.3	516.4	688.9	740.3
Total Tax	26.0	48.7	171.2	178.9
PAT	**575.8**	**519.4**	**566.6**	**611.1**
Adjusted PAT	**575.8**	**519.4**	**566.6**	**611.1**
Growth (%)	148.5	-9.8	9.1	7.8
Adjusted EPS (₹)	24.9	23.6	27.0	30.6

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement ₹ crore

(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/Loss after Tax	595.0	560.3	566.6	611.1
Add: Depreciation	95.9	101.4	108.3	111.3
Add: Interest	40.9	64.2	0.0	0.0
(Inc)/dec in Current Assets	-925.5	117.1	-4.4	85.2
Inc/(dec) in Current Liabilities	-182.7	121.1	26.9	-20.7
CF from operating activities	**-523.0**	**849.6**	**697.4**	**786.8**
(Inc)/dec in Investments	0.0	-68.8	-30.0	-25.0
(Inc)/dec in Fixed Assets	-125.7	-241.9	-50.0	-60.0
Others	-33.5	6.0	3.2	0.0
CF from investing activities	**-159.2**	**-304.7**	**-76.8**	**-85.0**
Issue/(Buy back) of Equity	0.0	-149.3	-200.0	-210.0
Inc/(dec) in loan funds	790.2	-265.8	-323.0	-370.0
Dividend paid & dividend tax	-68.8	-66.3	-75.9	-120.6
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	-39.5	-64.1	0.0	0.0
CF from financing activities	**681.9**	**-545.5**	**-598.9**	**-700.6**
Net Cash flow	-0.3	-0.6	21.7	1.3
Opening Cash	2.5	2.1	1.5	23.2
Cash change due to asset held for sa	0.0	0.0	0.0	0.0
Cash with bank	2.8	3.2	0.0	0.0
Closing Cash	**4.9**	**4.7**	**23.2**	**24.4**

Source: Company, ICICI Direct Research

Exhibit 16: Balance sheet ₹ crore

	FY19	FY20	FY21E	FY22E
Liabilities				
Equity Capital	22.8	22.0	21.0	20.0
Reserve and Surplus	2,094.9	2,393.7	2,685.4	2,966.9
Total Shareholders funds	2,117.8	2,415.7	2,706.4	2,986.9
Total Debt	1,673.9	1,399.0	1,076.0	706.0
Long Term Provisions	5.3	6.7	4.7	4.7
Other Non-current Liabilities	115.3	52.5	53.5	54.5
Total Liabilities	**3,912.3**	**3,873.9**	**3,840.6**	**3,752.1**
Assets				
Gross Block	1,811.0	2,115.5	2,165.5	2,225.5
Less: Acc Depreciation	390.9	492.3	600.6	711.9
Net Block	1,420.0	1,623.2	1,564.9	1,513.6
Capital WIP	45.8	12.4	12.4	12.4
Intangible assets	1.5	0.9	0.9	0.9
Non Current Investments	165.8	238.7	268.7	293.7
Other non-current assets	86.0	15.3	15.3	15.3
Current Assets				
Inventory	2,315.9	2,295.0	2,010.7	1,943.8
Debtors	450.0	244.9	553.7	555.4
Cash	4.9	4.7	23.2	24.4
Loans & Advances	0.0	0.0	0.0	0.0
Other Current Assets	212.2	371.8	351.8	331.8
Current Liabilities				
Creditors	618.5	678.0	580.0	500.0
Provisions	5.7	20.2	20.2	20.2
Other CL	165.6	234.8	360.6	419.0
Net Current Assets	2,193.2	1,983.4	1,978.4	1,916.2
Total Assets	**3,912.3**	**3,873.9**	**3,840.6**	**3,752.1**

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios ₹ crore

	FY19	FY20	FY21E	FY22E
Per share data (₹)				
EPS	25.2	23.6	27.0	30.6
Cash EPS	29.4	28.2	32.1	36.1
BV	92.7	109.8	128.9	149.3
DPS	3.0	3.0	3.6	6.0
Cash Per Share	17.1	22.4	28.6	35.6
Operating Ratios (%)				
EBITDA Margin	16.1	14.4	16.2	16.8
PBT / Net Sales	13.9	11.8	13.9	14.8
PAT Margin	13.4	11.0	10.8	11.6
Inventory days	197.2	176.7	139.9	134.8
Debtor days	38.3	18.9	38.5	38.5
Creditor days	52.7	52.2	40.4	34.7
Return Ratios (%)				
RoE	27.2	21.5	20.9	20.5
RoCE	16.3	16.1	20.3	21.7
Valuation Ratios (x)				
P/E	5.4	5.8	5.1	4.5
EV / EBITDA	6.7	6.4	4.8	4.1
EV / Net Sales	1.1	0.9	0.8	0.7
Market Cap / Sales	0.7	0.6	0.6	0.6
Price to Book Value	1.4	1.2	1.1	1.0
Solvency Ratios				
Debt/EBITDA	2.4	2.1	1.3	0.8
Debt / Equity	0.8	0.6	0.4	0.2
Current Ratio	4.4	3.8	4.1	4.1
Quick Ratio	1.0	0.8	1.3	1.3

Source: Company, ICICI Direct Research

Exhibit 18: ICICI Direct coverage universe (Sugar)

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B			RoCE (%)		
					FY20	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Balrampur Chini (BALCHI)	137	190	Buy	3,007	23.6	27.0	30.6	5.8	5.1	4.5	6.4	4.8	4.1	1.2	1.1	1.0	16.1	20.3	21.7
Dhampur Sugar (DHASUG)	135	160	Buy	851	32.5	35.9	40.1	4.1	3.8	3.4	6.7	5.0	4.0	0.6	0.5	0.5	10.4	13.3	14.5
Dwarikesh sugar (DWASUG)	28	38	Buy	471	3.9	6.8	7.0	7.0	4.0	4.0	8.1	4.3	4.0	1.0	0.8	0.7	9.0	16.6	16.5
Triveni Engineering (TRIENG)	71	82	Buy	1,351	13.5	15.4	16.4	5.3	4.6	4.3	4.9	4.4	4.1	1.0	0.8	0.7	17.6	18.1	17.7
Dalmia Bharat Sugar (DALSUG)	137	160	Buy	1,004	23.9	26.8	28.4	5.8	5.1	4.8	8.1	7.2	5.9	0.7	0.6	0.5	11.8	11.9	12.1

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%

Pankaj Pandey Head – Research pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Sanjay Manyal, MBA (Finance) MBA (Finance), Research Analyst, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.