

August 10, 2020

Q1FY21 Result Update

■ Change in Estimates | ■ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY21E	FY22E	FY21E	FY22E
Rating	BUY		ACCUMULATE	
Target Price	468		468	
Sales (Rs. m)	51,736	68,470	51,736	51,736
% Chng.	-	-	-	-
EBITDA (Rs. m)	11,919	17,085	11,919	11,919
% Chng.	-	-	-	-
EPS (Rs.)	11.2	18.7	11.2	11.2
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	64,738	51,736	68,470	76,070
EBITDA (Rs. m)	16,749	11,919	17,085	19,040
Margin (%)	25.9	23.0	25.0	25.0
PAT (Rs. m)	9,929	6,827	11,407	12,690
EPS (Rs.)	16.3	11.2	18.7	20.8
Gr. (%)	(18.3)	(31.2)	67.1	11.3
DPS (Rs.)	8.3	4.5	7.5	8.3
Yield (%)	2.1	1.2	1.9	2.2
RoE (%)	9.7	6.6	10.5	11.0
RoCE (%)	11.0	6.7	10.9	11.4
EV/Sales (x)	3.3	4.1	3.1	2.7
EV/EBITDA (x)	12.8	17.7	12.2	10.8
PE (x)	23.7	34.5	20.6	18.6
P/BV (x)	2.3	2.2	2.1	2.0

Key Data

CCRI.BO | CCRI IN

52-W High / Low	Rs.666 / Rs.263
Sensex / Nifty	38,182 / 11,270
Market Cap	Rs.235bn/ \$ 3,143m
Shares Outstanding	609m
3M Avg. Daily Value	Rs.1841.17m

Shareholding Pattern (%)

Promoter's	54.80
Foreign	26.65
Domestic Institution	14.21
Public & Others	4.34
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(10.2)	(32.5)	(20.4)
Relative	(13.9)	(27.6)	(21.7)

Viral Shah

viralshah@plindia.com | 91-22-66322250

Shivang Joshi

shivangjoshi@plindia.com | 91-22-66322391

Volume growth picking up

Quick Pointers:

- Volume de-growth of 21% YoY as Covid-19 pandemic impacted economic activities at global as well as domestic level.
- Higher provision of Land License Fees to the tune of Rs1.2bn (vs Rs0.25bn YoY) as per changes made by Indian railways dent EBITDA margins.
- Commencing of new terminals, strategic initiatives along with value offerings, etc. help CCRI sustain growth momentum ahead.

CCRI reported decent 1Q numbers led by healthy volumes despite impact of Covid-19 pandemic indicating signs of revival in economic activity. However, the company did indicate that competition intensity continues to remain high primarily from private players resulting into lower realization. Further, as a move to focus on profitability, CCRI handed over 17 loss-making terminals to Indian Railways while shifting volumes to its nearby terminals. Management retained its earlier guidance of 20% decline in handling volumes for FY21E.

We believe CCRI's unmatched presence across the country as compared to its peers coupled with positive long-term industry prospects would support its prolonged growth and help maintain its market leadership. We remain positive on the structural growth story considering 1) continuous market share gains in the domestic segment 2) strong EXIM volumes, 3) new strategic initiatives and 4) expected pick-up in economic activity. At CMP, the stock trades at a P/E of 34.5x/20.6x FY21E/FY22E earnings and trades at EV/EBITDA of 17.7x/12.2x FY21E/FY22E earnings. Due to recent fall in price, we have changed our rating from ACCUMULATE to BUY while maintaining our TP of Rs468.

EXIM & Domestic volumes show signs of revival: CCRI's 1QFY21 volumes fell 21% YoY to 7,32,711 TEUs (PLe 4,13,275 TEUs), as EXIM volumes were down 20.2% YoY to 627,905 TEUs (PLe 307,573 TEUs) primarily on account of slowdown in global economic activity amidst Covid-19 pandemic. Domestic volumes too fell by 25.4% YoY to 104,806 TEUs (PLe 105,701 TEUs). The blended realization contracted 8.2% YoY to Rs16,229/TEU on account of various discount initiatives undertaken due to stiff competition and fall in lead distances (both EXIM & domestic segments).

Revenues came in strong, but higher Land License Fees dent margins: For 1QFY21 standalone revenues declined 27.4% YoY to Rs11.9bn (above PLe ~Rs7.8bn) as volumes indicated signs of revival. EXIM revenues came in at Rs9bn, down 29.1%YoY whereas domestic segment revenues fell by 21.7% YoY to Rs2.9bn. EBITDA fell 60.6% YoY to Rs1.6bn with EBITDAM falling sharply to 13.4% (vs 24.6% YoY) primarily due to higher land license fees of Rs1.2bn in 1QFY21 (vs Rs0.25bn YoY), lower volumes and lower realizations (down 8.2% YoY). Adjusting to the higher land license fees, adj. EBITDAM stood at 23.5%. Blended EBIT per TEU came in at Rs1,252 (down 62.7% YoY/ 69.2% QoQ).

Exhibit 1: Quarterly Financials (Standalone): Despite healthy volumes, higher Land License Fees dent margins

Y/e March (Rs mn)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY gr. (%)	QoQ gr. (%)	FY20	FY19	YoY gr. (%)
Revenue	16,389	17,387	15,276	15,686	11,891	(27.4)	(24.2)	64,738	68,819	(5.9)
Total Revenues	16,389	17,387	15,276	15,686	11,891	(27.4)	(24.2)	64,738	68,819	(5.9)
Expenditure	12,357	13,132	11,559	10,942	10,301	(16.6)	(5.9)	47,989	51,019	(5.9)
as % of sales	75.4	75.5	75.7	69.8	86.6			74.1	74.1	
Rail Freight Expenses	8,953	9,397	8,514	8,120	6,523	(27.1)	(19.7)	34,984	37,314	(6.2)
as % of sales	54.6	54.0	55.7	51.8	54.9			54.0	54.2	
Employee Cost	806	829	898	602	796	(1.2)	32.2	3,135	3,368	(6.9)
as % of sales	4.9	4.8	5.9	3.8	6.7			4.8	4.9	
Other expenditure	2,598	2,905	2,147	2,220	2,983	14.8	34.4	9,870	10,337	(4.5)
as % of sales	15.8	16.7	14.1	14.1	25.1			15.2	15.0	
EBITDA	4,033	4,255	3,717	4,745	1,590	(60.6)	(66.5)	16,749	17,800	(5.9)
Depreciation	1,253	1,278	1,263	1,336	1,260	0.6	(5.7)	5,130	4,246	20.8
EBIT	2,779	2,977	2,454	3,409	330	(88.1)	(90.3)	11,619	13,554	(14.3)
Other Income	583	637	626	952	588	0.9	(38.2)	2,797	3,342	(16.3)
Interest	112	81	60	108	85		(21.3)	361	7	4774.3
PBT	3,250	3,532	3,021	4,253	833	(74.4)	(80.4)	14,056	16,889	(16.8)
Total Tax	971	-1,858	1,266	1,102	217	(77.7)	(80.3)	1,482	4,735	(68.7)
PAT	2,278	5,390	1,755	3,151	617	(72.9)	(80.4)	12,574	12,154	3.5
Extra ordinary items	0	-8,611	0	-206	0			-8,816	0	
(Profit)/loss from JV's/Ass/MI	0	0	0	0	0	0.0	0.0	0	0	0.0
Reported PAT	2,278	-3,220	1,755	2,945	617	(72.9)	(79.1)	3,758	12,154	(69.1)
Extra ordinary items	0	-8,611	0	-206	0			-8,816	0	
Adjusted PAT	2,278	2,807	1,755	3,089	617	(72.9)	(80.0)	9,929	12,154	(18.3)
Adjusted EPS	3.7	4.6	2.9	4.8	1.0	(72.9)	(79.1)	16.3	19.9	(18.3)
						bps	bps			bps
EBIDTA	24.6	24.5	24.3	30.2	13.4	(1123.2)	(1687.3)	25.9	25.9	(0.8)
EBIT	17.0	17.1	16.1	21.7	2.8	(1418.3)	(1895.5)	17.9	19.7	174.7
EBT	19.8	20.3	19.8	27.1	7.0	(1282.0)	(2010.4)	21.7	24.5	282.9
PAT	13.9	16.1	11.5	19.7	5.2	(871.5)	(1450.5)	15.3	17.7	232.3
Effective Tax rate	29.9	(52.6)	41.9	25.9	26.0	NA	NA	10.5	28.0	NA

Source: Company, PL

Exhibit 2: Segmental Performance

Particulars	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY gr. (%)	QoQ gr. (%)	FY20	FY19	YoY gr. (%)
Revenues										
EXIM	12,704	13,577	11,713	11,307	9,007	-29.1	-20.3	49,301	54,018	-8.7
Domestic	3,685	3,810	3,562	4,380	2,885	-21.7	-34.1	15,437	14,801	4.3
Total	16,389	17,387	15,276	15,686	11,891	-27.4	-24.2	64,738	68,819	-5.9
EBIT										
EXIM	2,926	3,139	2,805	3,425	770	-73.7	-77.5	12,295	14,094	-12.8
Domestic	189	198	25	397	147	-22.0	-63.0	809	941	-14.1
Total	3,114	3,337	2,830	3,822	917	-70.5	-76.0	13,103	15,036	-12.9
EBIT Margin										
EXIM	23.0	23.1	23.9	30.3	8.6	-1,447.9	-2,173.7	24.9	26.1	(115.4)
Domestic	5.1	5.2	0.7	9.1	5.1	-1.9	-397.8	5.2	6.4	(112.3)
Total	19.0	19.2	18.5	24.4	7.7	-1,128.9	-1,665.2	20.2	21.8	(160.8)

Source: Company, PL

Exhibit 3: Segmental Volumes

Volumes (TEU's)	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	YoY gr. (%)	QoQ gr. (%)	FY20	FY19	YoY gr. (%)
EXIM	7,86,442	8,26,013	7,66,822	7,75,319	6,27,905	-20.2	-19.0	31,54,596	32,45,259	-2.8
Domestic	1,40,481	1,43,145	1,43,585	1,65,951	1,04,806	-25.4	-36.8	5,93,162	5,84,160	1.5
Total	9,26,923	9,69,158	9,10,407	9,41,270	7,32,711	-21.0	-22.2	37,47,758	38,29,419	-2.1

Source: Company, PL

Exhibit 4: Key Assumptions

Year ending March	FY18	FY19	FY20	FY21E	FY22E	FY23E
Volumes (TEUs)						
EXIM	30,01,948	32,45,259	31,54,596	23,65,947	31,23,050	34,35,355
Domestic	5,30,352	5,84,160	5,93,162	5,87,230	7,04,676	7,75,144
Total Volumes	35,32,300	38,29,419	37,47,758	29,53,177	38,27,726	42,10,499
Volume Growth (%)						
EXIM	13.6%	8.1%	-2.8%	-25.0%	32.0%	10.0%
Domestic	15.2%	10.1%	1.5%	-1.0%	20.0%	10.0%
Total Volumes	13.9%	8.4%	-2.1%	-21.2%	29.6%	10.0%
Realizations (Rs/TEU)						
Blended Realization	17,459	17,971	17,274	17,519	17,888	18,067

Source: Company, PL

Concall highlights

- CCRI reported volumes of ~0.73mn TEUs in 1QFY21, decline of 21% YoY primarily due to slowdown in global economic activity amidst Covid-19 pandemic. EXIM volumes came in at 627,905 TEUs (down 20.2% YoY) and domestic volumes at 104,806 TEUs (down 25.4% YoY).
- EBITDA Margins fell sharply to 13.4% (vs 24.6% YoY) primarily due to a) higher land license fees of Rs1.2bn in 1QFY21 (vs Rs0.25bn YoY), b) lower volumes (down 21% YoY) and c) lower realisations (down 8.2% YoY). Adjusting to the higher land license fees, adj. EBITDAM stood at 23.5%.
- As per Indian Railways' circular, Land License Fees (LLF) would be payable at 6% value of land vs earlier paid based on number of TEUs handled. Company have estimated LLF of Rs4.5bn (with 7% escalation/ annum) for all terminals based on which value of land leased works out at ~Rs75bn. On these lines, company has made Rs1.2bn provision for LLF for 1QFY21 (vs Rs0.25bn YoY). However, CONCOR represented railways to continue old regime till it continues to remain a PSU.
 - Further during the quarter, company received demand of Rs7.8bn from Indian Railways for LLF pertaining to two terminals (Okhla and Tughlakabad).
- Management indicated that stiff price competition from private players resulted into various discount initiatives such as discounts to shipping lines to lure incremental business. Price hike in near term seems unlikely.
- Due to lower volumes and rebate given by government, empty running cost fell 25% sequentially to Rs377mn. Covid-19 pandemic caused lower import volumes and the company was able to double stack lesser number of trains (338 trains vs 758 trains in 1QFY20).
- Overall decline in activity level resulted to a lead distance falling to 683km for EXIM (738km in 4QFY20) and 1,282km for domestic (1,367km in 3QFY20).
- As company's strategy continues to focus on profitability and foreclosure of certain loss making terminals, CCRI surrendered a total of 17 terminals to Indian Railways. However, management believes that this would have no material impact on company's business performance as volumes have already been shifted to nearby/others terminals except one terminal (Bhusaval) whose business would be shifted in near future.
- Management retains its earlier guidance of handling ~3mn TEUs in FY21E vs 3.74mn TEUs handled in FY20.

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Revenues	64,738	51,736	68,470	76,070
YoY gr. (%)	(5.9)	(20.1)	32.3	11.1
Railway Expenses	42,468	34,663	44,848	50,358
Gross Profit	64,738	51,736	68,470	76,070
Margin (%)	100.0	100.0	100.0	100.0
Employee Cost	3,135	3,292	3,456	3,629
Other Expenses	2,386	1,862	3,081	3,043
EBITDA	16,749	11,919	17,085	19,040
YoY gr. (%)	(5.9)	(28.8)	43.3	11.4
Margin (%)	25.9	23.0	25.0	25.0
Depreciation and Amortization	5,130	5,019	5,265	5,885
EBIT	11,619	6,899	11,820	13,155
Margin (%)	17.9	13.3	17.3	17.3
Net Interest	361	-	-	-
Other Income	2,797	2,225	3,423	3,803
Profit Before Tax	5,240	9,124	15,243	16,958
Margin (%)	8.1	17.6	22.3	22.3
Total Tax	1,482	2,296	3,837	4,268
Effective tax rate (%)	28.3	25.2	25.2	25.2
Profit after tax	3,758	6,827	11,407	12,690
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,929	6,827	11,407	12,690
YoY gr. (%)	(18.3)	(31.2)	67.1	11.3
Margin (%)	15.3	13.2	16.7	16.7
Extra Ord. Income / (Exp)	(6,171)	-	-	-
Reported PAT	3,758	6,827	11,407	12,690
YoY gr. (%)	(69.1)	81.7	67.1	11.3
Margin (%)	5.8	13.2	16.7	16.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,758	6,827	11,407	12,690
Equity Shares O/s (m)	609	609	609	609
EPS (Rs)	16.3	11.2	18.7	20.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Non-Current Assets				
Gross Block	69,915	74,915	84,915	94,915
Tangibles	69,915	74,915	84,915	94,915
Intangibles	-	-	-	-
Acc: Dep / Amortization	20,221	25,240	30,505	36,390
Tangibles	20,221	25,240	30,505	36,390
Intangibles	-	-	-	-
Net fixed assets	49,694	49,674	54,410	58,525
Tangibles	49,694	49,674	54,410	58,525
Intangibles	-	-	-	-
Capital Work In Progress	9,375	9,375	9,375	9,375
Goodwill	-	-	-	-
Non-Current Investments	15,247	15,503	15,573	15,650
Net Deferred tax assets	145	145	145	145
Other Non-Current Assets	12,266	13,598	14,488	15,477
Current Assets				
Investments	-	-	-	-
Inventories	261	567	750	834
Trade receivables	1,591	1,417	1,876	2,084
Cash & Bank Balance	21,686	24,808	26,551	29,625
Other Current Assets	4,036	4,184	4,458	4,762
Total Assets	1,15,522	1,20,576	1,29,024	1,37,982
Equity				
Equity Share Capital	3,047	3,047	3,047	3,047
Other Equity	97,601	1,01,697	1,08,541	1,16,155
Total Network	1,00,647	1,04,744	1,11,588	1,19,202
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	692	621	753	837
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,553	2,073	2,675	2,969
Other current liabilities	12,776	13,284	14,153	15,120
Total Equity & Liabilities	1,15,522	1,20,576	1,29,024	1,37,982

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	5,240	9,124	15,243	16,958
Add. Depreciation	5,130	5,019	5,265	5,885
Add. Interest	361	-	-	-
Less Financial Other Income	2,797	2,225	3,423	3,803
Add. Other	-	-	-	-
Op. profit before WC changes	10,730	14,143	20,508	22,843
Net Changes-WC	43,067	(994)	(366)	(424)
Direct tax	(1,482)	(2,296)	(3,837)	(4,268)
Net cash from Op. activities	52,316	10,853	16,305	18,150
Capital expenditures	(12,877)	(5,000)	(10,000)	(10,000)
Interest / Dividend Income	(361)	-	-	-
Others	(3,540)	-	-	-
Net Cash from Invst. activities	(16,778)	(5,000)	(10,000)	(10,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(7,007)	-	-	-
Dividend paid	(6,063)	(2,731)	(4,563)	(5,076)
Interest paid	-	-	-	-
Others	(2,487)	-	-	-
Net cash from Fin. activities	(15,557)	(2,731)	(4,563)	(5,076)
Net change in cash	19,982	3,122	1,743	3,074
Free Cash Flow	39,439	5,853	6,305	8,150

Source: Company Data, PL Research

Key Financial Metrics

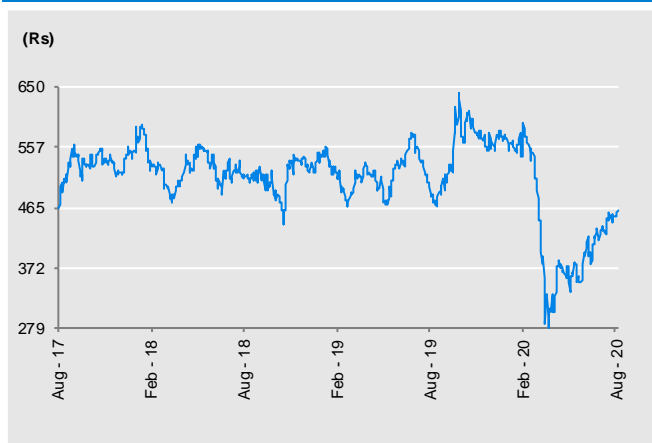
Y/e Mar	FY20	FY21E	FY22E	FY23E
Per Share(Rs)				
EPS	16.3	11.2	18.7	20.8
CEPS	24.7	19.4	27.4	30.5
BVPS	165.2	171.9	183.1	195.6
FCF	64.7	9.6	10.3	13.4
DPS	8.3	4.5	7.5	8.3
Return Ratio(%)				
RoCE	11.0	6.7	10.9	11.4
ROIC	9.9	6.6	10.8	11.5
RoE	9.7	6.6	10.5	11.0
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	2	(1)	0	0
Valuation(x)				
PER	23.7	34.5	20.6	18.6
P/B	2.3	2.2	2.1	2.0
P/CEPS	15.6	19.9	14.1	12.7
EV/EBITDA	12.8	17.7	12.2	10.8
EV/Sales	3.3	4.1	3.1	2.7
Dividend Yield (%)	2.1	1.2	1.9	2.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Net Revenue	17,387	15,276	15,686	11,891
YoY gr. (%)	(4.6)	(7.8)	(14.5)	(27.4)
Raw Material Expenses	-	-	-	-
Gross Profit	17,387	15,276	15,686	11,891
Margin (%)	100.0	100.0	100.0	100.0
EBITDA	4,255	3,717	4,745	1,590
YoY gr. (%)	(15.6)	(11.2)	1.5	(60.6)
Margin (%)	24.5	24.3	30.2	13.4
Depreciation / Depletion	1,278	1,263	1,336	1,260
EBIT	2,977	2,454	3,409	330
Margin (%)	17.1	16.1	21.7	2.8
Net Interest	81	60	108	85
Other Income	637	626	952	588
Profit before Tax	(5,078)	3,021	4,047	833
Margin (%)	(29.2)	19.8	25.8	7.0
Total Tax	(1,858)	1,266	1,102	217
Effective tax rate (%)	36.6	41.9	27.2	26.0
Profit after Tax	(3,220)	1,755	2,945	617
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,807	1,755	3,089	617
YoY gr. (%)	(16.5)	(36.1)	(12.3)	(72.9)
Margin (%)	16.1	11.5	19.7	5.2
Extra Ord. Income / (Exp)	(6,027)	-	(144)	-
Reported PAT	(3,220)	1,755	2,945	617
YoY gr. (%)	(195.8)	(36.1)	(16.4)	(72.9)
Margin (%)	(18.5)	11.5	18.8	5.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(3,220)	1,755	2,945	617
Avg. Shares O/s (m)	609	609	609	609
EPS (Rs)	4.6	2.9	5.1	1.0

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	27-Jun-20	Accumulate	468	434
2	10-Feb-20	Accumulate	595	572
3	03-Jan-20	BUY	652	570
4	31-Oct-19	BUY	652	588
5	03-Oct-19	BUY	601	632

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB	Hold	874	913
2	Ahluwalia Contracts (India)	BUY	264	215
3	Ashoka Buildcon	BUY	147	64
4	Bharat Electronics	Hold	99	97
5	BHEL	Hold	34	41
6	Capacite's Infraprojects	BUY	162	111
7	Container Corporation of India	Accumulate	468	434
8	Cummins India	BUY	472	411
9	Engineers India	BUY	104	73
10	GE T&D India	Hold	71	82
11	H.G. Infra Engineering	BUY	259	200
12	IRB Infrastructure Developers	BUY	139	114
13	ITD Cementation India	BUY	67	52
14	J.Kumar Infraprojects	BUY	176	102
15	Kalpataru Power Transmission	BUY	261	258
16	KEC International	BUY	296	275
17	KNR Constructions	BUY	305	215
18	Larsen & Toubro	BUY	1,192	917
19	NCC	BUY	83	33
20	PNC Infratech	BUY	205	151
21	Power Grid Corporation of India	BUY	205	170
22	Sadbhav Engineering	BUY	87	49
23	Siemens	BUY	1,402	1,157
24	Thermax	Accumulate	798	760
25	Triveni Turbine	BUY	83	64
26	Voltamp Transformers	BUY	1,244	1,132

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Viral Shah- BE Chemical Engineering, MBA Finance, Mr. Shivang Joshi- CA, MCom Research Analysts, 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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Viral Shah- BE Chemical Engineering, MBA Finance, Mr. Shivang Joshi- CA, MCom Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com