

CMP: ₹ 653

Target: ₹ 780 (19%)

Target Period: 12 months

July 22, 2021

BUY

**Syngene**

A Biocon company

## Mixed numbers; Remdesivir impacts margins...

**About the stock:** Syngene is an innovation-led contract research, development and manufacturing organisation offering integrated scientific services from early discovery to commercial supply.

- It is one of the largest listed contract research organisations (CRO) in India
- Revenue breakup: Discovery services (35%), dedicated services (32%), development and manufacturing (33%)

**Q1FY22 Results:** Syngene reported mixed Q1FY22 results.

- Revenues grew 41% YoY to ₹ 658.5 crore amid lower base, normalisation of all verticals and manufacturing of Remdesivir
- EBITDA margins contracted 178 bps YoY to 27.8%, owing to change in product mix
- Consequent PAT was at ₹ 77.3 crore (up 33.3% YoY)

**What should investors do?** Syngene's share price has grown by ~2.9x over the past five years (from ~₹ 201 in June 2016 to ~₹ 583 levels in June 2021).

- Due to the structural story of outsourcing, we remain positive and retain our BUY rating

**Target Price and Valuation:** We value Syngene at ₹ 780 i.e. 50x P/E on FY23E EPS

**Key triggers for future price performance:**

- Guided double digit revenues growth for FY22
- With elite client additions like Amgen, Zoetis, Herbalife, GSK, etc, and multiple year extension of BMS, Baxter contracts, the company remains well poised to capture opportunities in the global CRO space
- Eight of the top 10 global pharma companies have been availing services for the last five years
- The client base has grown from 256 to more than 400 over FY16-21

**Alternate Stock Idea:** Apart from Syngene, in CRO/CRAMS space we also like Divis.

- Divis stays a quintessential play on Indian API/CRAMS segment with its product offering, execution prowess
- BUY with target price of ₹ 4825

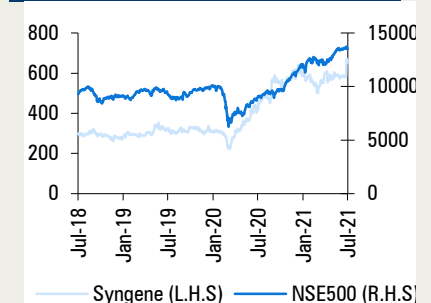
### Particulars

Particular	Amount
Market Capitalisation	₹ 26112 crore
Debt (FY21)	₹ 893 crore
Cash (FY21)	₹ 643 crore
EV	₹ 26362 crore
52 week H/L	700/408
Equity capital	₹ 400.0 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoter	70.7	70.6	70.6	70.6	70.4
Public	28.5	28.7	28.7	28.7	28.7
Others	0.8	0.7	0.7	0.7	0.9

### Price Chart



### Recent Event & Key risks

- Executed a five-year agreement to develop and manufacture three biologics for HIV
- Key Risk:** (i) Higher than expected competition (ii) regulatory concern

### Research Analyst

Siddhant Khandekar  
siddhant.khandekar@icicisecurities.com  
Mitesh Shah  
mitesh.shah@icicisecurities.com

### Key Financial Summary

Key Financials (₹ crore)	FY19	FY20	FY21	5 year CAGR (FY 16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Revenues (₹ crore)	1825.6	2011.8	2184.3	14.6	2515.7	3072.1	18.6
EBITDA (₹ crore)	535.8	617.8	671.8	12.0	792.0	993.0	21.6
EBITDA margins (%)	29.3	30.7	30.8		31.5	32.3	
Adjusted Net Profit (₹ crore)	330.8	366.1	382.1	9.7	440.8	622.9	27.7
EPS (₹)	8.3	9.2	9.6		11.0	15.6	
P/E (x)	78.9	63.4	64.5		59.2	41.9	
RoE (x)	16.8	16.8	13.5		13.6	16.1	
RoCE (%)	14.8	14.5	11.5		13.1	16.6	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q1FY22 Results: Revenues in line, adverse mix drag margins

- Revenues grew 41% YoY to ₹ 658.5 crore amid lower base, normalisation of all verticals and manufacturing of Remdesivir. Seasonality impacted sequential growth (de-grew 9.7%)
- EBITDA margins contracted 178 bps YoY to 27.8%, owing to higher raw material consumptions related to Remdesivir manufacturing
- EBITDA grew 32.5% YoY to ₹ 165 crore
- Consequent PAT was at ₹ 77.3 crore (up 33.3% YoY)

### Q1FY22 Earnings Conference Call highlights – Revenues in line

- Reaffirmed growth guidance of mid-teen revenues for FY22
- Q1FY22 growth was driven by all the three business divisions as the company continued to operate at normal levels
- Growth in the dedicated R&D centre business is attributable to the expansion of the Bristol Myers Squibb R&D centre
- Revenue performance in Q1 was also boosted by manufacture of Remdesivir to fulfil high demand for drug from Indian healthcare providers
- Continued to manufacture Remdesivir for distribution in India and other countries under a voluntary license agreement with Gilead Inc
- Biologics business signed a five-year agreement with IAVI, to develop and manufacture three recombinant, monoclonal antibodies (mAbs) for HIV. The mAbs will be used for phase I and II human clinical studies
- Under agreement, Syngene will provide integrated solution including clone selection, analytical methods development, manufacturing process development, scale-up, cGMP manufacturing of drug substance, viral clearance studies, cGMP manufacturing of drug product, stability studies
- Till date, the company has spent US\$ 50 million on biologics manufacturing. It expects 15-20% capacity addition in FY22
- The company completed the second phase of expansion in Hyderabad and has close to 300 scientists working out of this facility. The third phase is expected to be complete in H2. It will add 200 more scientists
- Mangalore facility received ISO certification, USFDA, EMA and others approvals likely in next 24 months. By that time, the utilisation is gradually expected to reach ~20%. A 1x assets turnover is expected from this facility in the next five years
- Syngene will supply API to Albiero for recently approved Odevixibat
- Operational cost in Q1FY22–
  - Higher raw material spent amid manufacturing of Remdesivir, which is ~60% of total Q1 RM cost
  - Staff cost increase amid– 1) recruitment of staff, 2) annual increment and 3) Covid safety measure cost
  - Other expenditure increase amid– new way of working and spending in safety, IT related cost and maintenance cost
- Capex – ₹ 77 crore in Q1
- Revenues in Q1FY22
  - Lower base
  - YoY growth ex low base effect seen steady growth
  - Sequential drop because of seasonality
  - Ex Remdesivir growth mid teen

**Exhibit 1: Variance Analysis**

	Q1FY22	Q1FY22E	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	Comments
Revenue	594.5	590.2	421.6	41.0	658.6	-9.7	Strong YoY growth driven by 1) lower base, 2) normalisation of all verticals and 3) manufacture of Remdesivir
Raw Material Expenses	194.6	144.9	89.7		116.9	161.5	20.5
Gross margins	67.3	75.4	78.7	-1146 bps	75.5	-821 bps	Higher material cost mostly due to manufacturing of Remdesivir
Employee Expenses	171.1	171.2	140.4	21.9	182.6	-6.3	YoY increase due to 1) recruitment 2) annual increment and 3) Covid safety measure cost
Other Expenditure	63.8	89.3	67.0	-4.8	99.1	-35.6	
EBITDA	165.0	184.9	124.5	32.5	215.4	-23.4	
EBITDA (%)	27.8	31.3	29.5	-178 bps	32.7	-495 bps	YoY decline amid adverse product mix
Interest	7.9	4.4	7.4	6.8	6.6	19.7	
Depreciation	74.7	80.2	66.1	13.0	70.0	6.7	
Other Income	12.3	15.3	15.3	-19.6	18.4	-33.2	
PBT	94.7	115.6	66.3	42.8	192.2	-50.7	
Tax	17.4	18.5	8.3	109.6	31.6	-44.9	
PAT before MI	77.3	97.1	58.0	33.3	160.6	-51.9	
Net Profit	77.3	97.1	58.0	33.3	137.8	-43.9	In sync with operational performance

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

₹ Crore)	FY22E			FY23E		
	Old	New	% Change	Old	New	% Change
Revenue	2,516.9	2,515.7	0.0	3,078.4	3,072.1	-0.2
EBITDA	792.4	792.0	0.0	995.1	993.0	-0.2
EBITDA Margin (%)	31.5	31.5	0 bps	32.3	32.3	0 bps
PAT	433.5	440.8	1.7	621.0	622.9	0.3
EPS (₹)	10.8	11.0	2.0	15.5	15.6	0.5

Source: ICICI Direct Research

**Exhibit 3: Financial Summary**

	Revenues	Growth	Adj. EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	2012	10.2	9.2	10.7	63.4	41.9	16.8	14.5
FY21	2184	8.6	9.6	4.4	64.5	38.6	13.5	11.5
FY22E	2516	15.2	11.0	15.4	59.2	32.9	13.6	13.1
FY23E	3072	22.1	15.6	41.3	41.9	25.5	16.1	16.6

Source: ICICI Direct Research

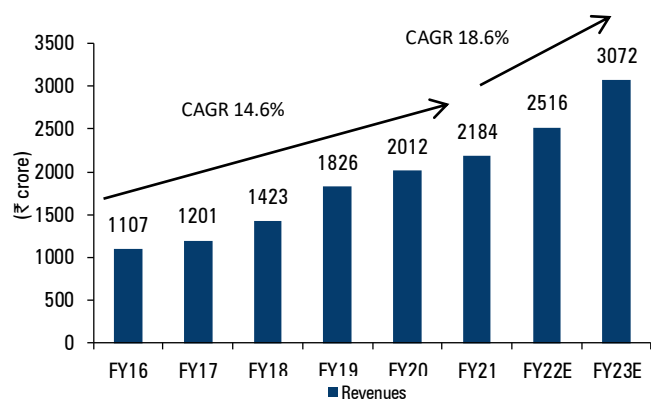
**Exhibit 4: Assumptions**

US\$ million	FY20	FY21	FY22E	FY23E
Discovery Services	90.1	103.0	118.5	136.3
Dedicated Centres	87.2	94.2	101.7	106.8
Development Services	76.0	68.4	76.6	85.8
Manufacturing Services	28.1	28.8	43.1	86.3
Total	281.4	294.4	340.0	415.1
Total (₹ crore)	2011.8	2184.3	2515.7	3072.1

Source: Company, ICICI Direct Research

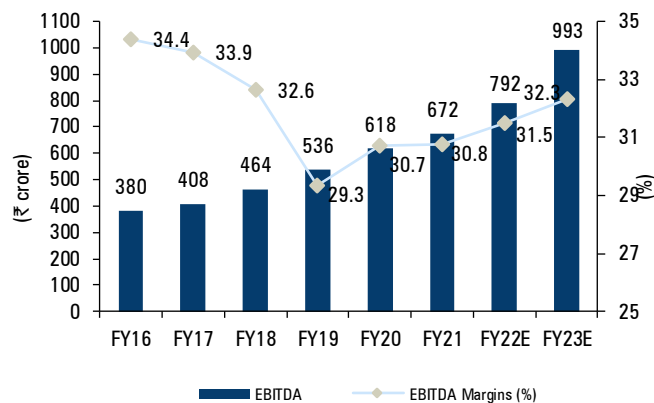
## Key Metrics

Exhibit 5: Revenues to grow at CAGR of 19% over FY21-23E



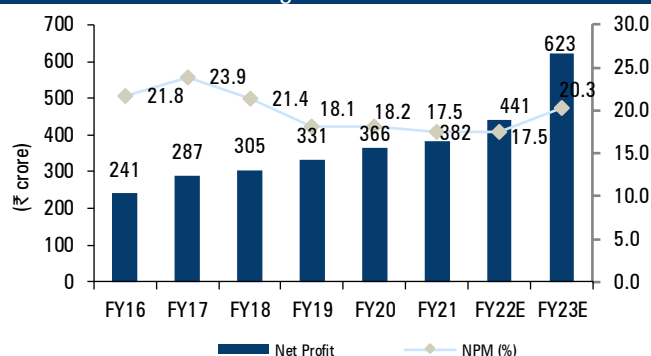
Source: ICICI Direct Research, Company

Exhibit 6: EBITDA and EBITDA margins trend



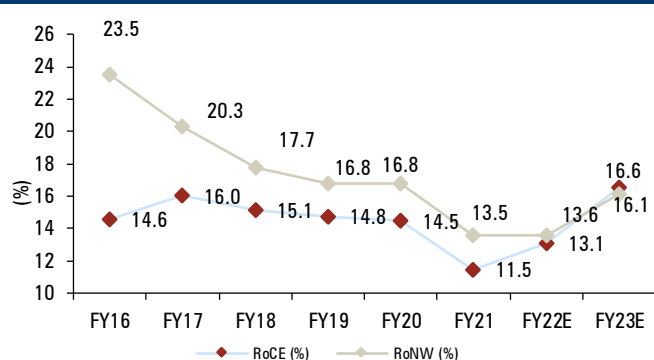
Source: ICICI Direct Research, Company

Exhibit 7: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 8: Return ratios



Source: ICICI Direct Research, Company

Exhibit 9: Trends in Quarterly Performance

(₹ Crore)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY (%)	QoQ(%)
Total Operating Inc	406.0	418.6	467.1	533.9	420.9	464.5	519.1	607.3	421.6	519.6	584.5	658.6	594.5	41.0	-9.7
Raw Material Expe	128.8	110.3	142.6	149.6	105.5	125.1	144.6	144.2	89.7	127.6	147.7	161.5	194.6	116.9	20.5
% to revenues	31.7	26.3	30.5	28.0	25.1	26.9	27.9	23.7	21.3	24.6	25.3	24.5	32.7		
Gross Profit	277.2	308.3	324.5	384.3	315.4	339.4	374.5	463.1	331.9	392.0	436.8	497.1	399.9	20.5	-19.6
Gross Profit Margir	68.3	73.7	69.5	72.0	74.9	73.1	72.1	76.3	78.7	75.4	74.7	75.5	67.3	-1146 bps	-821 bps
Employee Expenses	105.6	114.9	116.6	130.2	132.2	131.8	152.3	164.1	140.4	161.2	176.0	182.6	171.1	21.9	-6.3
% to revenues	26.0	27.4	25.0	24.4	31.4	28.4	29.3	27.0	33.3	31.0	30.1	27.7	28.8	-452 bps	106 bps
Other Manufacturin	62.4	66.7	67.6	94.5	62.1	68.5	68.7	94.9	67.0	75.1	84.6	99.1	63.8	-4.8	-35.6
% to revenues	15.4	15.9	14.5	17.7	14.8	14.7	13.2	15.6	15.9	14.5	14.5	15.0	10.7	-516 bps	-432 bps
Total Expenditure	296.8	291.9	326.8	374.3	299.8	325.4	365.6	403.2	297.1	363.9	408.3	443.2	429.5	44.6	-3.1
% to revenues	73.1	69.7	70.0	70.1	71.2	70.1	70.4	66.4	70.5	70.0	69.9	67.3	72.2		
EBIDTA	109.2	126.7	140.3	159.6	121.1	139.1	153.5	204.1	124.5	155.7	176.2	215.4	165.0	32.5	-23.4
EBITDA Margin (%)	26.9	30.3	30.0	29.9	28.8	29.9	29.6	33.6	29.5	30.0	30.1	32.7	27.8	-178 bps	-495 bps
Depreciation	37.3	39.9	42.9	44.1	47.4	52.6	57.0	62.3	66.1	68.7	69.7	70.0	74.7	13.0	6.7
Interest	7.9	8.2	8.2	8.0	7.1	8.4	9.8	9.3	7.4	6.6	7.1	6.6	7.9	6.8	19.7
Other Income	18.8	18.2	17.3	20.8	20.5	20.6	20.0	20.5	15.3	13.8	17.1	18.4	12.3	-19.6	-33.2
PBT	82.8	96.8	106.5	128.3	87.1	98.7	106.7	153.0	66.3	94.2	116.5	157.2	94.7	42.8	-39.8
Total Tax	16.8	18.5	19.8	28.5	15.1	42.0	14.9	32.8	8.3	10.1	14.3	31.6	17.4	109.6	-44.9
PAT	66.0	78.3	86.7	99.8	72.0	56.7	91.8	120.2	58.0	84.1	102.2	125.6	77.3	33.3	-38.5
PAT Margin (%)	16.3	18.7	18.6	18.7	17.1	12.2	17.7	19.8	13.8	16.2	17.5	19.1	13.0	-75 bps	-607 bps

Source: ICICI Direct Research

## Financial Summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Total Operating Income	2,011.8	2,184.3	2,515.7	3,072.1
Growth (%)	10.2	8.6	15.2	22.1
Raw Material Expenses	519.4	526.5	606.4	740.5
Gross Profit	1,492.4	1,657.8	1,909.3	2,331.6
Gross Profit Margins (%)	74.2	75.9	75.9	75.9
Employee Expenses	580.4	660.2	739.9	877.7
Other Expenditure	617.8	671.8	792.0	993.0
Total Operating Expenditure	1,717.6	1,858.5	2,138.3	2,611.3
<b>Operating Profit (EBITDA)</b>	<b>617.8</b>	<b>671.8</b>	<b>792.0</b>	<b>993.0</b>
Growth (%)	15.3	8.7	17.9	25.4
Interest	34.6	27.7	21.7	9.1
Depreciation	219.3	274.5	298.8	326.6
Other Income	81.6	64.6	55.9	84.2
<b>PBT after Exceptional Items</b>	<b>516.8</b>	<b>469.2</b>	<b>527.5</b>	<b>741.6</b>
Total Tax	104.8	64.3	86.6	118.7
PAT before MI	412.0	404.9	440.8	622.9
Minority Interest	0.0	0.0	0.0	0.0
<b>PAT</b>	<b>412.0</b>	<b>404.9</b>	<b>440.8</b>	<b>622.9</b>
Adjusted PAT	<b>366.1</b>	<b>382.1</b>	<b>440.8</b>	<b>622.9</b>
Growth (%)	10.7	4.4	15.4	41.3
<b>EPS (Adjusted)</b>	<b>9.2</b>	<b>9.6</b>	<b>11.0</b>	<b>15.6</b>

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	412.1	321.3	440.8	622.9
Add: Depreciation & Amortization	219.3	274.5	298.8	326.6
Other operating activities	-33.0	41.0	0.0	0.0
Net Increase in Current Assets	-191.5	41.8	-111.7	-144.5
Net Increase in Current Liabilities	235.6	-5.1	94.9	117.3
<b>CF from operating activities</b>	<b>677.1</b>	<b>701.2</b>	<b>744.5</b>	<b>931.3</b>
(Inc)/dec in Fixed Assets	-643.1	-446.5	-816.2	-185.0
(Inc)/dec in Investments	125.6	-243.6	-100.0	-100.0
Other Investing Activities	-89.5	292.0	19.7	2.0
<b>CF from investing activities</b>	<b>-607.0</b>	<b>-398.1</b>	<b>-896.5</b>	<b>-283.0</b>
Inc / (Dec) in Equity Capital	0.7	0.8	0.0	0.0
Inc / (Dec) in Loan funds	-162.0	89.2	-300.0	-300.0
Dividend & Dividend Tax	-24.1	0.0	-12.1	-13.1
Others	-40.1	-32.0	-21.7	-9.1
<b>CF from financing activities</b>	<b>-225.5</b>	<b>58.0</b>	<b>-333.8</b>	<b>-322.2</b>
<b>Net Cash flow</b>	<b>-155.4</b>	<b>361.1</b>	<b>-485.7</b>	<b>326.1</b>
Opening Cash	436.9	281.5	642.6	156.9
<b>Closing Cash</b>	<b>281.5</b>	<b>642.6</b>	<b>156.9</b>	<b>483.0</b>
<b>Free Cash Flow</b>	<b>34.0</b>	<b>254.7</b>	<b>-71.7</b>	<b>746.3</b>

Source: Company, ICICI Direct Research

Exhibit 12: Balance Sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	400.0	400.0	400.0	400.0
Reserve and Surplus	1,775.8	2,421.4	2,850.2	3,459.9
Total Shareholders funds	2,175.8	2,821.4	3,250.2	3,859.9
Total Debt	772.9	892.9	592.9	292.9
Long Term Provisions	40.9	52.0	57.2	62.9
Other Non Current Liabilities	325.8	259.2	285.1	313.6
<b>Source of Funds</b>	<b>3,315.4</b>	<b>4,025.5</b>	<b>4,185.4</b>	<b>4,529.4</b>
Gross Block	3,017.2	3,460.0	4,276.2	4,461.2
Accumulated Depreciation	997.5	1,259.0	1,557.8	1,884.4
Net Block	2,019.7	2,201.0	2,718.4	2,576.8
Capital WIP	234.1	237.2	237.2	237.2
Fixed Assets	2,253.8	2,438.2	2,955.6	2,814.0
Investments	776.4	702.0	802.0	902.0
Other Non current assets	135.8	270.5	273.0	295.4
Inventory	25.2	59.6	68.9	84.2
Debtors	398.2	339.2	466.7	570.0
Loans and Advances	0.0	0.0	0.0	0.0
Other Current Assets	169.3	342.0	316.8	342.9
Cash	281.5	642.6	156.9	483.0
Total Current Assets	874.2	1,383.4	1,009.4	1,480.0
Creditors	222.0	241.6	308.0	376.1
Provisions	41.5	46.5	46.5	46.5
Deferred tax assets	122.7	89.1	98.0	107.8
Other Current Liabilities	584.0	569.6	598.1	647.3
Total Current Liabilities	847.5	857.7	952.6	1,069.9
Net Current Assets	26.7	525.7	56.8	410.1
<b>Application of Funds</b>	<b>3,315.4</b>	<b>4,025.5</b>	<b>4,185.4</b>	<b>4,529.4</b>

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
EPS	9.2	9.6	11.0	15.6
BV	54.4	70.5	81.3	96.5
DPS	0.0	0.3	0.3	0.5
Cash Per Share	7.0	16.1	3.9	12.1
<b>Operating Ratios (%)</b>				
Gross Profit Margins	74.2	75.9	75.9	75.9
EBITDA margins	30.7	30.8	31.5	32.3
Net Profit margins	18.2	17.5	17.5	20.3
Inventory days	4.6	10.0	10.0	10.0
Debtor days	72.2	56.7	67.7	67.7
Creditor days	40.3	40.4	44.7	44.7
EBITDA Conversion Rate	109.6	104.4	94.0	93.8
Gross Asset Turnover	0.7	0.6	0.6	0.7
<b>Return Ratios (%)</b>				
RoE	16.8	13.5	13.6	16.1
RoCE	14.5	11.5	13.1	16.6
RoIC	22.1	16.8	17.0	24.0
<b>Valuation Ratios (x)</b>				
P/E	63.4	64.5	59.2	41.9
EV / EBITDA	41.9	38.6	32.9	25.5
EV / Revenues	12.9	11.9	10.3	8.2
Market Cap / Revenues	13.0	12.0	10.4	8.5
Price to Book Value	12.0	9.3	8.0	6.8
<b>Solvency Ratios (x)</b>				
Debt / Equity	0.4	0.3	0.2	0.1
Debt / EBITDA	1.3	1.3	0.7	0.3
Current Ratio	0.7	0.9	0.9	0.9

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavors 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](mailto:pankaj.pandey@icicisecurities.com)

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

## ANALYST CERTIFICATION

I/We, Siddhant Khandekar, Inter CA, Mitesh Shah, (cleared all 3 levels of CFA), 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. 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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst 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](http://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 and its analysts, persons reporting to analysts and their relatives are generally prohibited 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 [icidirect.com](http://icidirect.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, and 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 and ICICI Securities as a entity 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.