Sharekhan
by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Triveni Engineering & Industries Limited

Dull Q4; ethanol capacity addition to fuel growth

Miscleneous	Sharekhan code: TRIVENI	Result Update

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)	✓		

\+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

Reco/View	Change
Reco: **Buy**	↔
CMP: **Rs. 192**	
Price Target: **Rs. 240**	↑

↑ Upgrade ↔ Maintain ↓ Downgrade

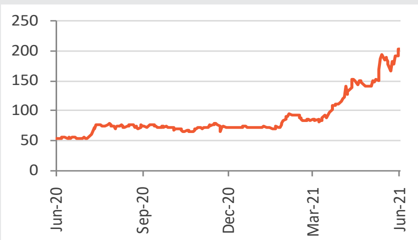
Company details

Market cap:	Rs. 4,642 cr
52-week high/low:	Rs. 209 / 52
NSE volume: (No of shares)	14.3 lakh
BSE code:	532356
NSE code:	TRIVENI
Free float: (No of shares)	7.6 cr

Shareholding (%)

Promoters	68.4
FII	4.6
DII	4.1
Others	22.89

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	29.2	126.7	170.3	350.0
Relative to Sensex	28.1	122.0	160.1	299.6

Sharekhan Research, Bloomberg

Summary

- Triveni Engineering & Industries's (TEIL's) Q4FY2021 performance was affected by lower sugar dispatches that dragged down revenues by 21%. However, higher gross margins helped OPM rise 135 bps to 13.8%.
- FY21 revenues and PBT grew by 6% and 8%, respectively, while OPM stood at 11.9%. Reducing debt by Rs. 562 crore aided in interest cost reduction of 35% during the year.
- Ethanol capacity will be expanded to 660 klpd by FY23. Better sugar realisations, higher revenues from distillery business and a recovery in the engineering & water business would help PAT to grow by 30% over FY21-23.
- Structural change in sugar industry, fall in consolidated debt and double-digit earnings growth visibility are key re-rating triggers. We maintain a Buy with a revised PT of Rs. 240.

For Triveni Engineering & Industries Limited (TEIL), Q4FY2021 was affected by lower sugar dispatches resulting in 20% decline in revenues to Rs. 1,188.1 crore. Sugar sales volumes decreased by ~28% to 2.7 lakh tonnes mainly on account of lower dispatches due to allocated government quota during the quarter. Domestic realisations stood flat at Rs. 32.3 per kg while export realisations grew by 31.4% y-o-y to Rs. 26 per kg. Sugar business gross revenues were down by 26% y-o-y during the quarter. A better mix and improvement in margins of the distillery, power transmission and water businesses helped OPM to improve by 135 bps to 13.8%. Operating profit and pre-tax profit fell by 11.9% and 11.2%, respectively in Q4. For FY2021 the company's revenue and PBT grew by 6% and 8% respectively with OPM standing at 11.9%. For FY2021 sugar production was lower at 9.4 lakh tonne and recovery rate was 10.98%. Sugar sales volume grew by 3% and export realisation grew by 23.7% in FY2021. With better domestic demand and higher sugar exports, the sugar business would perform better in FY2022. We expect the sugar business' revenues to remain flat in FY2022. However, the margins are expected to remain high due to better realisation. The capacity expansion aided the distillery business revenues to grow by ~40% in FY2021. However higher prices and higher fuel cost affected the profitability during the year. The company is spending around Rs. 250 crore in setting up a new distillery with capacity of 200 klpd, which will be operational by end of FY2022. Further the company is also planning to expanding capacity at its existing facility in Muzaffnagar by additional 140 klpd with a capex of Rs. 100 crore. Thus, by FY2023-end the company will have an ethanol capacity of 660 klpd to gain benefit from government focus on increasing ethanol blending to 20% by FY2025. With the expanded capacity ethanol production is expected to be at 13-14 crore litres in FY2022 and 17-18 crore litre in FY2023. Higher demand would boost realisations, while improving mix favouring B-heavy molasses will further add on to the blended realisation. The power transmission and water businesses have strong order books of Rs. 166 crore and Rs. 912 crore, respectively. With better working capital management, the company reduced consolidated debt by Rs. 562 crore resulting in a 35% reduction in the interest cost. The company has planned a capital expenditure of Rs. 350 crore, which will be largely done through internal accruals. Thus, we expect balance sheet to remain stable in the coming years. The board has recommended a final dividend of Rs. 1.75 per equity share (175%) for FY2020-21.

Key positives

- The distillery business' revenues and PBIT grew by 58% and 74%, respectively in Q4FY2021.
- Power transmission business saw strong recovery with revenues growing by 56% and the PBIT margins improved to 37.5% in Q4FY2021 compared to 26.8% in Q4FY2020.
- The consolidated interest cost was down by 35% to Rs. 51.6 crore in FY2021 led by reduction in debt.

Key negatives

- Sugar business sales volumes decreased by ~28% resulting in 26% decline in revenues in Q4.

Our Call

View: Maintain Buy with revised price target of Rs. 240: With consistent improvement in sugar realisations, higher capacity utilisation in the expanded distillery facility and improved order book in the engineering business, TEIL is well-poised to achieve strong earnings growth of ~30% over FY2021-23. Earnings growth will also be supported by reduction in debt and lowering of tax rate to 25% in the coming years. Despite strong run-up in the recent past, the stock is trading at decent valuations of 9.5x its FY2023E EPS (and EV/EBIDTA of 6.9x FY2023E). A structural change in the sugar industry, strong growth prospects in the distillery business and lean balance sheet will further aid re-rating of the stock. We maintain our Buy recommendation on the stock with a revised price target of Rs. 240.

Key Risks

A significant increase in the global sugar production affecting international prices, a slower recovery rate in the domestic market or any change in the government policy affecting the industry's fundamentals would be key risks to our earnings estimates.

Valuation (consolidated) Rs cr

Particulars	FY20	FY21	FY22E	FY23E
Revenue	4,437	4,703	5,138	5,778
OPM (%)	12.2	11.9	12.4	12.7
Adjusted PAT	315	293	407	482
Adjusted EPS (Rs.)	13.51	12.2	17.2	20.3
P/E (x)	14.3	15.9	11.2	9.5
P/B (x)	3.6	3.0	2.5	2.0
EV/EBIDTA (x)	11.7	10.2	8.3	6.9
RoNW (%)	27.0	20.3	24.1	23.3
RoCE (%)	17.0	17.7	20.8	22.4

Source: Company; Sharekhan estimates

Revenues grew by 6%; OPM stood at 11.9% in FY2021: Revenues grew by 6% to Rs. 4,703 crore in FY2021, supported by higher sales volumes in sugar and distillery segments, which compensated for decline in the turnover of engineering businesses due to COVID-19 related issues. The sugar division's revenues grew by 7% driven by a 3.1% growth in sugar sales volumes while distillery division revenues grew by 39% in FY2021. The engineering division's performance is improving sequentially. Operating profit improved by 2.8% y-o-y. Finance costs declined by 35% to Rs. 51.6 crore mainly due to lower utilisation of term loans and working capital borrowings and due to reduction in cost of funds. The impact of good performance and lower interest costs was, however, negated by higher taxes, which dragged down adjusted PAT by 7% y-o-y to Rs. 292.7 crore in FY2021. PAT margin declined by 87 bps to 6.2% during the same period. The company expects to transition to new tax regime in FY2022. Consolidated debt stood at Rs. 994.02 crore, with term loans at Rs. 432.44 crore.

Sugar volumes reported steady growth during FY2021: For Q4FY2021, sugar revenues declined by 25.9% to Rs. 992.2 crore due to decline in volumes by 27.7% to 2,74,302 tonnes. Domestic volumes fell by 31.1% and exports by 21.2%. Domestic realisations declined by 1.2% at Rs. 32.3/kg and export realisation grew by 31.4% to Rs. 26/kg. For FY2021, sugar revenues grew by 7% to Rs. 4,063.1 crore on the back of 3.1% volume growth to 11,03,233 tonnes. Domestic volumes grew by 10.6%, whereas export volumes declined by 18.5%. Domestic realisations declined by 1.4% at Rs. 32.7/kg and export realisation grew by 23.7% to Rs. 24.4/kg.

For FY2021, the sugar business' revenues included an export subsidy of Rs. 57.7 crore as against export subsidy of Rs. 93.2 crore in FY2020. Further, an export subsidy of Rs. 57 crore was not booked till March 31, 2021. Sugar inventory stood at 47.45 lakh quintals as on March 31, 2021, valued at Rs. 30/kg. Co-generation operations (including incidental co-generation) achieved external sales of Rs. 68.4 crore during FY2021 as against Rs. 54.2 crore in FY2020, up 26%.

During sugar season (SS) 2020-21 sugarcane crushed/produced was 8.54/0.94 million tonnes, respectively, as against 8.74/1.01 million tonnes, respectively, in SS 2019-20. Recovery rate for SS 2020-21 came in at 10.98% versus 11.54% in SS 2019-20. Gross recoveries (after adjustment on account of B-heavy molasses) is reported at 11.86% in SS 2020-21 as against 11.97% in SS 2019-20. Total sugar quota for exports under the SS 2020-21 Maximum Admissible Export Quota (MAEQ) scheme is 1.82 lakh tonnes and the entire quota was contracted, of which 1.03 lakh tonnes have been physically despatched in FY2021. Sugar consumption is expected to be stable during the year on account of sustained demand in the country.

Sugar division's performance

Particulars	Q4FY21	Q4FY20	y-o-y%	FY2021	FY2020	y-o-y%
Sugar dispatches (tonnes)	2,74,302	3,79,207	-27.7	11,03,233	10,69,545	3.1
Domestic	1,71,368	2,48,559	-31.1	8,79,568	7,95,096	10.6
Exports	1,02,934	1,30,648	-21.2	2,23,665	2,74,449	-18.5
Domestic realisation (Rs/Kg)	32.3	32.7	-1.2	32.7	33.2	-1.4
Export realisation (Rs/Kg)	26.0	19.8	31.4	24.4	19.7	23.7
Gross Revenue (Rs crore)	992.2	1338.3	-25.9	4063.1	3797.4	7.0
PBIT (Rs crore)	105.9	156.0	-32.1	374.5	357.5	4.8
PBIT margins (%)	10.7	11.7	-98	9.2	9.4	-20

Source: Company; Sharekhan research

Distillery business continues to see robust growth: Revenues grew by 57.8% y-o-y to Rs. 156.4 crore in Q4FY2021, driven by a 16.5% increase in the sales volume, 21.5% increase in production volume and 7.9% growth in average realisation. For the whole of FY2021, revenues grew by 39% y-o-y to Rs. 543.8 crore, driven by 22.6% increase in the sales volume, 14.1% increase in production volume and a 6.1% growth in average realisation. The production and dispatches are significantly higher in the current year as the new distillery operated for the entire year in FY2021 as against from Q2 in FY2020. The company produced 56% ethanol from B-heavy molasses in FY2021 as against 34% in FY2020. PBIT margin of the distillery division in FY2021 is impacted on account of increase in cost of molasses, higher fuel cost, especially during initial stabilisation period of incineration boiler at old distillery at Muzaffarnagar, and non-recurring expenses in relation to discarding of certain fixed assets consequent to installation of new incineration boiler. The distillery received contracts of 10.09 crore litres for the supply year 2020-21.

The Board has approved expansion of distillation capacity of the existing and upcoming distilleries located at Muzaffarnagar (UP), Milak Narayanpur sugar unit in Rampur district and Sabitgarh district, Bulandshahar (both in UP). Post this expansion, the distillery capacity will go up from 520 to 660 klpd. The expansion will be undertaken at an aggregate cost of ~Rs. 100 crore through low capital cost incidental expansion / debottlenecking through internal accruals. The expansion is expected to be completed before the commencement of SS 2022-23. With the expanded capacities, the company expects the production to go up to 13-14 crore litre in FY2022 and further increase to 17-18 crore litres in FY2023. With government's increased focus on ethanol, demand for ethanol is expected to grow, coupled with an improved mix from B-heavy molasses will lead to improved blended realizations for distillery.

Distillery business' performance

Particulars	Q4FY21	Q4FY20	y-o-y%	FY2021	FY2020	y-o-y%
Operational details						
Production (KL)	30,209	24,866	21.5	1,07,027	93,826	14.1
Sales (KL)	21,668	18,601	16.5	1,03,637	84,566	22.6
Avg. Realisation (Rs/ltr)	57.29	53.12	7.9	48.9	46.1	6.1
Financial details						
Gross Revenue (Rs. crore)	156.4	99.1	57.8	543.8	391.2	39.0
PBIT (Rs crore)	28.5	16.4	73.8	101.1	110.6	-8.6
PBIT margins (%)	18.2	16.5	167 bps	18.6	28.3	-968 bps

Source: Company; Sharekhan research

Engineering business - Yet to recover fully

Strong growth in power transmission business during Q4FY2021: Revenues increased by 55.9% y-o-y in Q4FY2021 to Rs. 53 crore benefitting from recovery in the business conditions. The segment's EBIT margin improved from 26.8% in Q4FY2020 to 37.5% in Q4FY2021. For FY2021, revenue declined by 15.6% to Rs. 130 crore and EBIT margin remained flat at 31% impacted by COVID-19 related issues. As on 31 March, 2021, outstanding order book for the segment stood at Rs. 166.2 crore (includes long term orders worth Rs. 66.6 crore). The management highlighted that the order booking is normalising gradually and with the easing of second wave of COVID-19, both supply of products to customers and order booking should improve in coming quarters. With a foray into built-to-print for large global OEMs, the company is expected to see significant growth from this segment in the coming years. Further, TEIL is also exploring new products and geographies to expand, which in turn will improve its revenue and profitability.

Water business revenues remain subdued; profitability improved: Revenues declined by 15.8%/14.8% on a y-o-y basis to Rs. 81.1/260.7 crore in Q4FY2021/FY2021 respectively as projects under execution were impacted due to the lockdown and COVID-related issues. PBIT margin saw a significant improvement on the back of cost controls and project execution efficiencies. Margin improved by 646/240 bps y-o-y to 15.3%/10.2% in Q4FY2021/FY2021 respectively. Order finalisation has been slow due to the pandemic. As on March 31, 2021, order book for the segment stood at Rs. 912.02 crore (includes long term O&M orders worth Rs. 456.87 crore). During Q4FY2021, the water business secured an EPC Water Sewerage project worth $22.80 million (Rs. 156 crore) from Ministry of National Planning Housing & Infrastructure of Republic of Maldives funded by Exim Bank of India. Going ahead, the management indicated that the company has participated in a large number of tenders (amount not quantified) which are in various stages of finalisation and is expected to close some of these in the coming quarters.

Engineering business performance

Segmental Revenue (Rs. cr)	Q4FY21	Q4FY20	Y-o-Y (%)	FY2021	FY2020	Y-o-Y (%)
Engineering Business						
Power Transmission	53	34	55.9	130.08	154.2	-15.6
Water	81.1	96.3	-15.8	260.7	305.9	-14.8
Total	134.1	130.3	2.9	390.78	460.1	-15.1
Segmental Results (Rs. cr)						
Engineering Business						
Power Transmission	19.9	9.1	118.7	40.9	48.5	-15.7
Water	12.4	8.5	45.9	26.7	24	11.3
Total	**32.3**	**17.6**	**83.5**	**67.6**	**72.5**	**-6.8**
EBIT margins (%)						
Power Transmission	37.5	26.8	1078 bps	31.4	31.5	-1 bps
Water	15.3	8.8	646 bps	10.2	7.8	240 bps

Source: Company; Sharekhan research

Result Snapshot (Consolidated) **Rs. crore**

Particulars (Rs cr)	Q4FY21	Q4FY20	Y-o-Y (%)	Q3FY21	Q-o-Q (%)
Net revenue	1188.1	1494.0	-20.5	1121.9	5.9
Raw materials	814.8	1107.1	-26.4	794.6	2.5
Employee costs	76.6	76.0	0.9	68.3	12.2
Other expenditure	132.4	124.5	6.3	98.5	34.4
Total expenditure	1023.8	1307.6	-21.7	961.4	6.5
Operating profit	164.3	186.4	-11.9	160.5	2.4
Other income	10.4	7.5	39.3	7.7	36.3
Interest expenses	12.5	15.1	-17.1	9.2	36.0
Depreciation	20.0	18.6	7.5	19.8	0.8
Profit Before Tax	142.3	160.3	-11.2	139.1	2.3
Tax	48.7	26.7	82.9	51.1	-4.6
Adjusted PAT	93.5	133.6	-30.0	88.0	6.2
Reported PAT	83.7	137.6	-39.2	94.7	-11.6
Adjusted EPS (Rs)	3.4	5.5	-38.2	3.8	-10.2
			Bps		**Bps**
GPM (%)	31.4	25.9	552	29.2	225
OPM(%)	13.8	12.5	135	14.3	-48

Source: Company; Sharekhan research

Outlook and Valuation

■ Sector view - Rise in supply for ethanol manufacturing and exports will mitigate impact of higher output

As per the ISMA's latest estimates for total sugar production for SS2020-21 based on sugarcane production is estimated at 32.2 million. It is further estimated that due to diversion of sugarcane juice and B-heavy molasses, actual sugar production will drop by 2 million tonnes. Therefore, estimated sugar production net of diversion is estimated at 30.8 million tonnes, which is a growth of 10% over the previous sugar season. A revised ethanol policy, recommended increase in MSP by Rs. 2 per kg, quota base sugar distribution and export quota of 6 million tonnes will benefit sugar companies in FY2022 with stable sugar realisations. An increase in international sugar prices would help Indian companies to get better export realisation for their produce. The government is targeting to achieve 20% blending of ethanol by 2025 which would largely solve the problem of excess sugar over the medium term.

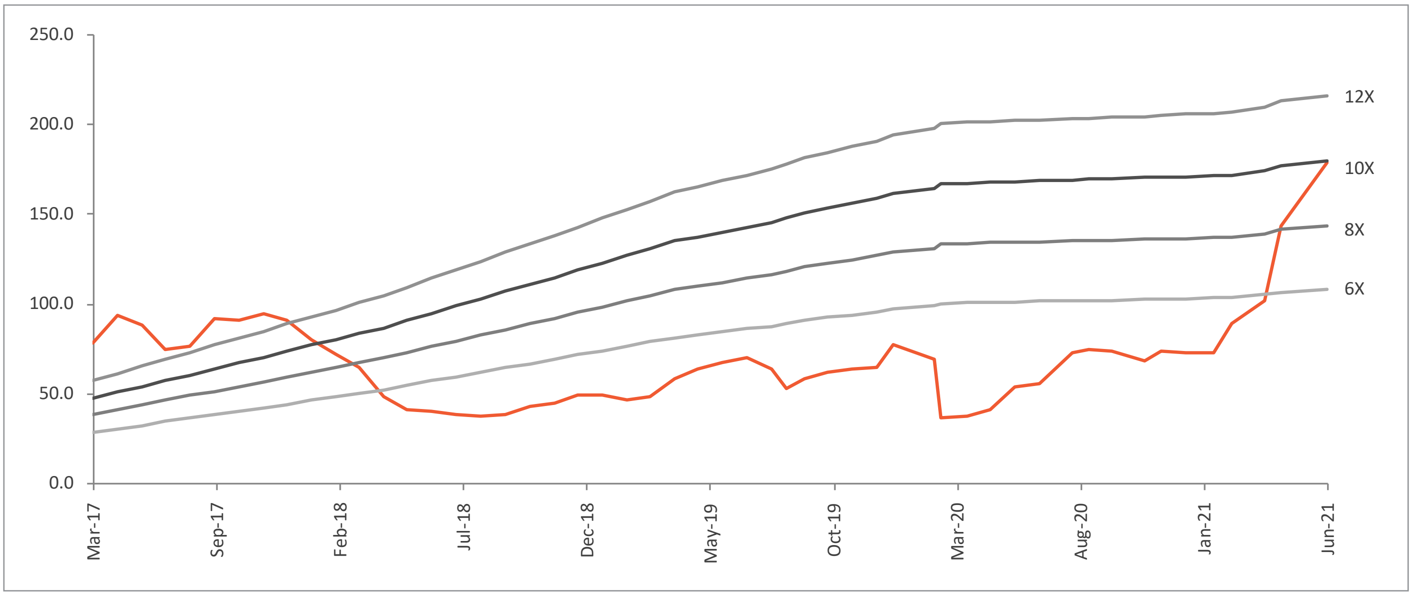
■ Company outlook - capacity expansion in distillery business improves growth outlook

In FY2021 TEIL's revenue and PBT grew by 6% and 8% respectively with OPM standing at 11.9%. Sugar production was lower at 9.4 lakh tonne and recovery rate was 10.98%. Sugar sales volumes grew by 3% and realisation grew by 3.7% in FY2021. The management expects sugar consumption to be better in FY2022 due to the gradual opening up of the economy. Realisation are expected to remain high on y-o-y basis. With capacity expansion, distillery production is expected to increase to 13-14 crore litre in FY2022 and 17-18 crore in FY2023. Power transmission and water business have strong order book of Rs. 166 crore and Rs. 912 crore respectively. Thus the company is well-poised to acheive steady revenue growth with sustained improvement in the OPM in the coming years.

■ Valuation - maintain Buy revised price target of Rs. 240

With consistent improvement in sugar realisations, higher capacity utilisation in the expanded distillery facility and improved order book in the engineering business, TEIL is well-poised to achieve strong earnings growth of ~30% over FY2021-23. Earnings growth will also be supported by reduction in debt and lower tax rate of 25% in the coming years. Despite strong run-up in the recent past, the stock is trading at decent valuations of 9.5x its FY2023E EPS (and EV/EBIDTA of 6.9x FY2023E). A structural change in the sugar industry, strong growth prospects in the distillery business and lean balance sheet will further aid re-rating of the stock. We maintain our Buy recommendation on the stock with a revised price target of Rs. 240.

One-year forward P/E band



Source: Sharekhan Research

Peer Comparison

Particulars	P/E (x)			EV/EBIDTA (x)			RoCE (%)		
	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Balrampur Chini	15.6	15.1	11.4	12.3	12.4	9.3	17.3	20.6	22.6
Triveni Engineering	15.9	11.2	9.5	10.2	8.3	6.9	17.7	20.8	22.4

Source: Company, Sharekhan estimates

About company

Triveni Engineering & Industries is the largest integrated sugar manufacturers in India and the market leader in its engineering businesses comprising high speed gears, gearboxes, and water & wastewater treatment solutions. Triveni currently has seven sugar mills in operation at Khatauli, Deoband, Sabitgarh, (in western Uttar Pradesh), Chandanpur, Rani Nangal and Milak Narayanpur (in central Uttar Pradesh) and Ramkola (eastern Uttar Pradesh). While the company's gears manufacturing facility is located at Mysuru, the Water & Wastewater treatment business is located at Noida. The company currently operates three grid connected cogeneration plants and three incidental co-generation plants located across five sugar units and two molasses-based distilleries in U.P. India, located at Muzaffarnagar and Sabitgarh.

Investment theme

TEIL will be one of the key beneficiaries of improving fundamentals of sugar industry in India with government focusing on reducing the cyclicality in the industry to achieve stable realisation and better profitability in the coming years. The company is focusing on expanding its distillery facility to improve its revenue stream in the coming years. Further the higher MSPs and higher international sugar prices will keep sugar realisation stable despite higher sugar products. This will help the OPM to improve from around 12.2% in FY2020 to 12.8% in FY2023. Higher profitability along with stable working capital management will help cash flows to improve in the coming years. Thus the balance sheet is expected to strengthen further in the coming years. Return ratios are expected to consistently improve and stand ahead of 20% in FY2023.

Key Risks

- Any significant increase in the global sugar production will have an impact on the export realisation.
- Any change in the sugar export or ethanol blending policies would affect the business fundamentals of sugar companies.

Additional Data

Key management personnel

Dhruv Sawhney	Executive Director-Chairperson-MD
Sureja Taneja	Group CFO
Tarun Sawhney	Eexcutive Director – MD
Geeta Bhalla	Company Secretary & Compliance Officer

Source: Company

Top Shareholders

Sr. No.	Holder Name	Holding (%)
1	Anil Kumar Goel	2.69
2	DSP Blackrock Mutual Fund	0.04
3	Nippon India	0.1
4	Suderam asset management company	0.01
5	Foreign Institutions	2.78

Source: Bloomberg, Capitaline

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

Sharekhan

by BNP PARIBAS

Know more about our products and services

For Private Circulation only

Disclaimer: This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report.

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 SHAREKHAN 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.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that neither he or his relatives or Sharekhan associates has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either, SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-61150000; email id: compliance@sharekhan.com;

For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com

Registered Office: Sharekhan Limited, 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042, Maharashtra. Tel: 022 - 61150000. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183;

Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com; Investment in securities market are subject to market risks, read all the related documents carefully before investing.