

Higher realisations support better performance...

About the stock: Commencing operations in 1944, Tata Chemicals has come a long way to become one of the top five players in the global soda ash market.

- Under basic chemical, TCL offers soda ash, sodium bicarbonate, cement, salt, marine chemicals and crushed refined soda. Speciality chemical consists of solution towards agro chemical through Rallis and other speciality solutions such as nutritional products and HDS
- Basic chemical forms 75% of overall revenue while the rest comes from speciality products

Q2FY23 Results: Reported strong numbers across the board largely led by robust realisation growth across all geographies in basic chemical segment

- Reported revenue growth of 40.2% YoY to ₹ 4239 crore, led by good growth in basic chemical segment (+45% YoY) & in speciality products (+27% YoY)
- Gross margins remained flat YoY at ~77% while EBITDA margin expanded 510 bps YoY to 21.7%
- EBITDA was up 84% YoY to ₹ 920 crore. Energy cost increased 50% YoY to ₹ 732 crore while other expenses increased by 30% YoY to ₹ 687 crore
- Adjusted PAT was at ₹ 628 crore vs. ₹ 201 crore in Q2FY22

What should investors do? The stock appreciated at 61% CAGR in last three years.

- We maintain **BUY** on the back of 1) tighter soda ash supply scenario, 2) upbeat management commentary regarding demand and pricing and 3) the company's ability to pass on the cost escalation via consistent price hikes

Target Price and Valuation: We value Tata Chemicals at SOTP valuation to arrive at a revised target price of ₹ 1345/share (earlier ₹ 1370/share).

Key triggers for future price performance:

- Improvement in the soda ash pricing environment bodes well for future growth outlook
- Revival in export demand for North America unit to sustain group performance
- Higher share of speciality business to command better valuations for the overall group

Alternate Stock Idea: Apart from Tata Chemicals, in our chemical coverage, we also like Neogen Chemicals.

- Trigger for Neogen Chemical's future revenue growth would be increasing CRAMS opportunity
- BUY with a target price of ₹ 1645

Key Financial Summary

(₹ Crore)	FY19	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Revenue	10,336.7	10,356.8	10,199.8	12,622.1	4.1%	14,866.4	16,188.6	13.2%
EBITDA	1,780.5	1,949.2	1,500.6	2,304.6	1.9%	2,804.9	3,124.0	16.4%
EBITDA Margins (%)	17.2%	18.8%	14.7%	18.3%		18.9%	19.3%	
Adj. PAT	875.0	806.6	256.4	1,211.5	6.6%	1,558.7	1,801.9	22.0%
Adj. EPS (₹)	34.3	31.7	10.1	47.5		61.2	70.7	
EV/EBITDA	16.7x	15.7x	21.9x	14.4x		11.1x	8.5x	
P/E	33.0x	35.8x	112.7x	23.9x		18.5x	16.0x	
ROE (%)	7.1	6.3	1.8	6.6		8.0	8.6	
ROCE (%)	7.1	7.7	4.1	6.6		8.1	8.8	

Source: Company, ICICI Direct Research



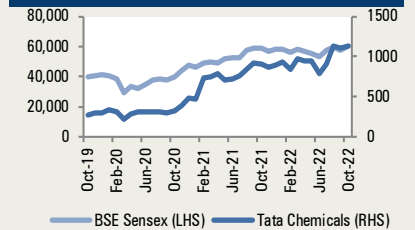
Particulars

Particular	Amount
Market cap (₹ Crore)	28,832
FY22 Total Debt (₹ Crore)	7,025
FY22 Cash & Inv (₹ Crore)	2,791
EV (₹ Crore)	33,066
52 Week H/L	1215/773
Equity Capital (₹ Crore)	254.8
Face Value (₹)	10

Shareholding pattern

in %	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	38.0	38.0	38.0	38.0
DII	18.3	19.9	19.1	19.4
FII	14.0	13.6	15.0	14.9
Others	29.7	28.5	27.9	27.7

Price Chart



Recent event & key risks

- Outlined a phase 2 capex of ₹ 2000 crore post FY24
- Key Risk:** (i) Fall in soda ash prices and rise in crude to impact EBITDA/tonne (ii) Revival in demand and thereby prices

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Karan Khona
karan.khona@icicisecurities.com

Key takeaways of recent quarter & conference call highlight

Q2FY23 Results: Strong growth led by basic segment

- **Basic chemical topline performance:** Revenues were up 45% YoY to ₹ 3242 crore. The India business reported growth of 43% YoY to ₹ 1161 crore while the same from North America, UK and Kenya was up 36% YoY, 56.5% YoY & 79.3% YoY to ₹ 1179 crore, ₹ 651 crore & ₹ 251 crore, respectively. The growth across geographies was largely driven by higher realisation owing to revival in the demand of end user industry
- **Basic chemical operational performance:** EBITDA for the segment increased 90% YoY to ₹ 804.9 crore, largely on the back of better margins from North America and Kenya businesses. EBITDA/tonne for North America and Kenya remained at ₹ 3761 (+18% YoY) & ₹ 18356 (+378% YoY), respectively

Q2FY23 Earnings Conference Call highlights

India:

- During monsoon, the detergent market (end user of soda ash) remained soft. Longer term demand remains strong. The company already sees demand picking up in Q3 and expects stronger Q4 for the India market

North America:

- Issue was related to volumes during quarter. There was a planned shutdown in the US. The company has taken longer outage than normal mainly since TCL wants strong numbers in Q4 where demand remains high
- Power & fuel increasing – The management believes that EBITDA/tonne and margins are expected to remain stable, going ahead

UK:

- UK benefitted from increases in volume of higher margins products and salt sales

Kenya:

- Kenya remains a low cost benefitting unit for the company. Hence, it recorded strong margins for the quarter
- Tax rate in Kenya was low, which benefitted PAT margins. Overall tax rate for the quarter was at 5%

Soda ash:

- Overall market remains tight. No softening in end user industries i.e. glass, chemicals, detergents, etc
- Recession talk in the market is not affecting customers with whom the company is interacting. Hence, there is a stable demand
- Soda ash business of the company is in a balanced situation

Salt:

- Remained stable across business. It has seen healthy volume growth in this quarter

Soda bicarb:

- Steady business across board

Silica:

- Silica business operating at optimum level
- Silica business continues to gain traction for its rubber and food grade silica products with new customers added

Nutraceutical:

- The company is expected to gradually scale up the business, going forward

Other Updates:

- The management does not foresee any major capacities before FY27- some instances of future capacities- 1) 1-1.5 million tonnes expected in China which would mostly cater to Chinese demand, 2) another 4-5 million tonnes has been announced in the US by 2030
- Capex update – Out of project cost of ₹ 2,900 crore, ₹ 1,850 crore has been committed till September 2022. Total ₹1,050 crore is expected to be spent till March 2024. Further, for FY24-27 ~₹ 2000 crore capex has been planned for incremental capacity (beyond ongoing expansion) of soda ash by ~30%, soda bicarb by ~40% and silica by 5x
- Volumes were impacted on plant shutdowns
- Margins were impacted due to higher impact cost
- Business outlook remains strong across geographies and products
- US and India margin is expected to improve, going forward, on price hike
- Margins in other geographies like the US and India are expected to sustain
- Margins in the UK and Kenya may come down once one-time benefit impact eases away

Financial story in charts

Exhibit 1: Basic chemical revenues – Geographical bifurcation (₹ crore)

Basic chem Revenue	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
India	700	764	806	795	812	874	1,063	1,164	1,161
TCA - North America	711	742	807	837	867	891	1,092	1,119	1,179
TCE - Europe	337	374	383	407	416	551	576	531	651
TCM - Magadi	91	107	115	134	140	132	171	246	251

Source: ICICI Direct Research

Exhibit 2: Basic chemical volumes – Geographical break-up ('000 MT)

Basic chem sales volume ('000 MT)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
TCL India	176	204	213	195	208	189	205	199	182
Soda Ash	151	178	184	167	178	156	176	169	154
Sodium Bicarbonate	25	26	29	28	30	33	29	30	28
TCA - North America	475	474	566	578	613	586	615	568	561
Soda Ash	475	474	566	578	613	586	615	568	561
TCE - Europe	94	98	96	95	93	99	100	93	99
Soda Ash	67	70	67	68	68	71	70	65	69
Sodium Bicarbonate	27	28	29	27	25	28	30	28	30
TCM - Magadi	51	56	68	83	86	73	75	83	73
Soda Ash	51	56	68	83	86	73	75	83	73

Source: ICICI Direct Research

Exhibit 3: Basic chemical realisation/tonne– Geographical break-up

Basic chem realisation/tonne	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
India	39,755	37,431	37,856	40,758	39,033	46,233	51,842	58,463	63,791
TCA - North America	14,968	15,654	14,258	14,491	14,144	15,205	17,756	19,704	21,016
TCE - Europe	35,851	38,163	39,896	42,842	44,731	55,657	57,600	57,282	65,758
TCM - Magadi	17,843	19,107	16,912	16,145	16,279	18,082	22,800	29,532	34,384

Source: ICICI Direct Research

Exhibit 4: Basic chemical EBITDA/tonne– Geographical break-up

Basic chem EBITDA/tonne	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
India	7,454	9,214	8,342	13,487	10,224	13,231	13,925	21,265	17,469
TCA - North America	2,021	3,333	1,113	2,995	3,197	2,440	4,472	4,860	3,761
TCE - Europe	4,894	4,592	1,979	3,053	-1,935	6,667	4,100	10,572	14,343
TCM - Magadi	1,176	4,643	2,941	3,012	3,837	3,425	8,000	14,286	18,356

Source: ICICI Direct Research

Exhibit 5: Basic chemical OPM %– Geographical break-up

Basic chem OPM (%)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
India	18.8%	24.6%	22.0%	33.1%	26.2%	28.6%	26.9%	36.4%	27.4%
TCA - North America	13.5%	21.3%	7.8%	20.7%	22.6%	16.0%	25.2%	24.7%	17.9%
TCE - Europe	13.6%	12.0%	5.0%	7.1%	-4.3%	12.0%	7.1%	18.5%	21.8%
TCM - Magadi	6.6%	24.3%	17.4%	18.7%	23.6%	18.9%	35.1%	48.4%	53.4%

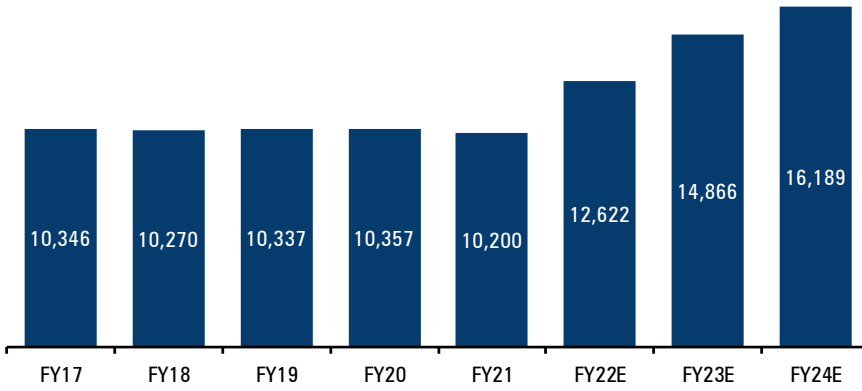
Source: ICICI Direct Research

Exhibit 6: SOTP valuation

In ₹ Crore unless other mentioned	Revenue		EBITDA		EV/EBITDA	EV
	FY23E	FY24E	FY23E	FY24E	FY24E	FY24E
Basic Chemical						
India	4,168	4,639	1,134	1,262	9.0x	11,359
ROW	7,258	7,689	1,351	1,431	8.0x	11,452
Speciality Products						
Rallis (50.09% stake and 20% holding company discount)	3,020	3,426	293	400	11.5x	1,836
Other Speciality	339	452	38	51	12.0x	615
Consolidated EV						25,263
Less: Net debt						573
Residual business MCAP						24,690
Add: NC investment portfolio excl Tata sons inv @ 70% disc						1,600
Add: Fair value of Tata sons inv @ 70% disc						8,000
Target MCAP						34,290
No. of shares						25.5
Target price/share						1,345
CMP						1,134
Upside/downside						19%

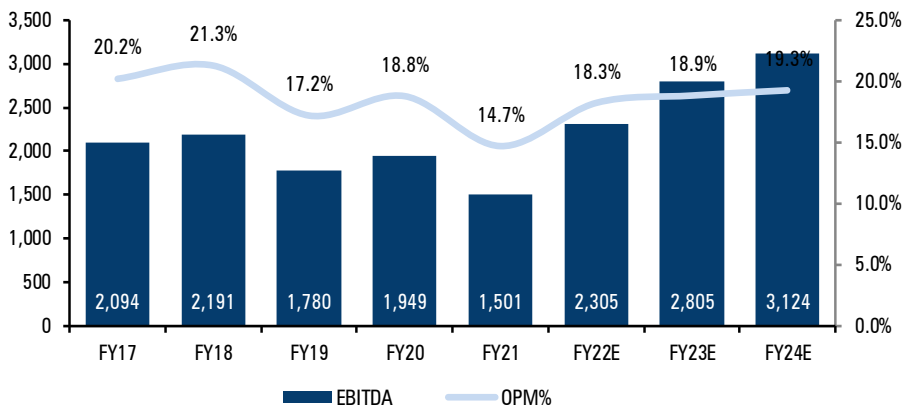
Source: ICICI Direct Research

Exhibit 7: Revenue trend (₹ crore)



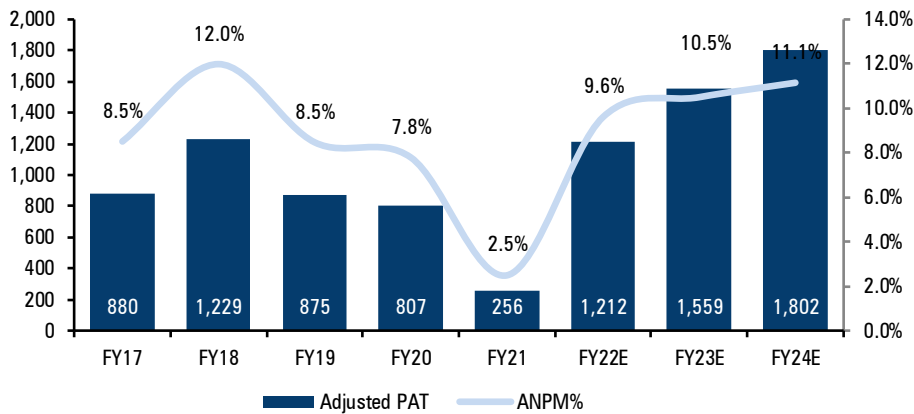
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA (₹ crore) and OPM (%) trend



Source: Company, ICICI Direct Research

Exhibit 9: Adjusted PAT growth trend (₹ crore)



Source: Company, ICICI Direct Research

Financial summary

Exhibit 10: Profit and loss statement				
₹ crore				
Year end March	FY21	FY22	FY23E	FY24E
Total Operating Income	10,199.8	12,622.1	14,866.4	16,188.6
Growth (%)	-1.5	23.7	17.8	8.9
Raw Material Expenses	2,396.9	2,637.3	2,973.3	3,237.7
Gross Profit	7,802.9	9,984.8	11,893.1	12,950.8
Employee Cost	1,399.7	1,540.0	1,739.4	1,845.5
Other Operating Expenses	4,902.5	6,140.2	7,348.8	7,981.3
EBITDA	1,500.6	2,304.6	2,804.9	3,124.0
Growth (%)	-23.0	53.6	21.7	11.4
Other Income	234.4	256.0	258.6	269.9
EBITDA, including OI	1,735.1	2,560.6	3,063.6	3,394.0
Depreciation	759.3	806.1	917.3	964.8
Net Interest Exp.	367.4	302.8	245.2	166.5
Other exceptional items	0.0	-11.0	0.0	0.0
PBT	608.4	1,440.6	1,901.1	2,262.7
Total Tax	197.8	266.5	428.2	500.5
Tax Rate	32.5%	18.5%	22.5%	22.1%
PAT	410.6	1,174.1	1,472.9	1,762.1
Adj.PAT after Minority interest	256.4	1,211.5	1,558.7	1,801.9
Adj. EPS (₹)	10.1	47.5	61.2	70.7
Shares Outstanding	25.5	25.5	25.5	25.5

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
₹ crore				
Year end March	FY21	FY22	FY23E	FY24E
PBT & Extraordinary	634.0	1,684.9	2,141.1	2,502.7
Depreciation	759.3	806.1	917.3	964.8
After other adjustments				
(Inc) / Dec in Working Capital	323.3	-648.8	976.9	-66.9
Taxes	-96.3	-263.4	-428.2	-500.5
Others	417.0	65.5	245.2	166.5
CF from operating activities	2,037.3	1,644.3	3,852.3	3,066.5
Purchase of Fixed Assets	-1,241.9	-1,276.8	-1,065.0	-1,065.0
Others	111.6	440.7	625.1	-500.0
CF from investing activities	-1,130.3	-836.1	-439.9	-1,565.0
Proceeds from issue of shares	0.0	0.0	0.0	0.0
Borrowings (Net)	-634.1	-40.5	-2,750.0	-877.6
Others	-821.5	-714.8	-525.5	-446.8
CF from financing activities	-1,455.6	-755.2	-3,275.5	-1,324.4
Net cash flow	-548.6	53.0	136.9	177.2
Effects of foreign currency translation	0.0	0.0	0.0	0.0
Opening Cash	2,079.5	1,411.0	1,310.4	1,447.2
Closing Cash	1,411.0	1,310.4	1,447.2	1,624.4

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet				
₹ crore				
Year end March	FY21	FY22	FY23E	FY24E
Liabilities				
Share Capital	254.8	254.8	254.8	254.8
Reserves	14,035.2	17,998.1	19,276.5	20,798.1
Total Shareholders Funds	14,290.0	18,252.9	19,531.3	21,053.0
Minority Interest	852.6	904.5	1,058.7	1,258.9
Long Term Borrowings	5,388.1	3,860.5	1,210.5	410.5
Net Deferred Tax liability	1,572.1	2,036.5	2,036.5	2,036.5
Other long term liabilities	173.0	413.6	131.8	143.5
Long term provisions	1,598.1	1,279.3	2,560.6	2,788.4
Current Liabilities and Provisions				
Short term borrowings	1,544.5	3,164.1	3,064.1	2,986.5
Trade Payables	1,682.9	2,444.7	2,851.1	3,104.7
Other Current Liabilities	870.9	1,116.1	1,314.5	1,431.4
Short Term Provisions	365.1	371.2	437.2	476.1
Total Current Liabilities	4,463.4	7,096.0	7,666.9	7,998.6
Total Liabilities	28,337.2	33,843.3	34,196.3	35,689.3
Assets				
Net Block	12,971.3	13,758.9	15,331.2	15,431.3
Capital Work in Progress	1,034.7	1,589.6	165.0	165.0
Intangible assets under devl.	58.8	77.8	77.8	77.8
Goodwill on Consolidation	1,963.3	2,016.4	2,016.4	2,016.4
Non-current investments	4,252.3	6,357.5	6,357.5	6,357.5
Deferred tax assets	0.0	0.1	0.1	0.1
Long term loans and advances	10.7	0.0	11.5	12.5
Other Non Current Assets	1,400.4	1,298.1	1,002.4	1,086.8
Current Assets, Loans & Advances				
Current Investments	1,563.5	1,325.1	700.0	1,200.0
Inventories	1,686.6	2,293.5	2,728.9	2,971.6
Sundry Debtors	1,397.0	1,933.4	2,321.6	2,528.1
Cash and Bank	1,411.0	1,310.4	1,447.2	1,624.4
Loans and Advances	0.2	0.2	0.2	0.2
Other Current assets	587.5	1,882.5	2,036.5	2,217.6
Current Assets	6,645.7	8,745.0	9,234.4	10,541.9
Total Assets	28,337.2	33,843.3	34,196.3	35,689.3

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
Year end March	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adj. EPS	10.1	47.5	61.2	70.7
Adj. Cash EPS	39.9	79.2	97.2	108.6
BV	560.8	716.3	766.5	826.2
DPS	10.0	12.5	11.0	11.0
Operating Ratios (%)				
Gross Margin (%)	76.5	79.1	80.0	80.0
EBITDA Margin (%)	14.7	18.3	18.9	19.3
PAT Margin (%)	2.5	9.6	10.5	11.1
Debtor Days	50	56	57	57
Inventory Days	60	66	67	67
Creditor Days	60	71	70	70
Cash Conversion Cycle	50	52	54	54
Return Ratios (%)				
Return on Assets (%)	0.9	3.6	4.6	5.0
RoCE (%)	4.1	6.6	8.1	8.8
Core RoC (%)	4.1	6.6	8.7	10.0
RoE (%)	1.8	6.6	8.0	8.6
Solvency Ratios				
Total Debt / Equity	0.5	0.4	0.2	0.2
Interest Coverage	2.7	5.8	8.8	14.6
Current Ratio	1.5	1.2	1.2	1.3
Quick Ratio	1.1	0.9	0.8	0.9
Valuation Ratios (x)				
EV/EBITDA	21.9	14.4	11.1	8.5
P/E	112.7	23.9	18.5	16.0
P/B	2.0	1.6	1.5	1.4
EV/Sales	3.2	2.6	2.1	1.6

Source: Company, ICICI Direct Research

Exhibit 14: ICICI Direct coverage universe (Chemicals)

Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
SRF	2520	2,735	Buy	74,699	63.5	68.9	82.7	36.1	33.2	27.7	22.4	20.6	17.0	23.8	21.6	22.5	22.1	20.3	20.4
PI Industries	2987	3,710	Buy	45,324	55.5	67.2	82.4	57.6	47.6	38.8	40.8	34.2	27.8	16.3	17.1	18.2	13.8	14.5	15.2
Aarti Industries	768	885	Hold	27,822	36.1	25.1	31.6	22.7	32.7	25.9	24.0	19.6	16.0	12.0	13.0	13.9	13.3	13.5	14.8
Tata Chemical	1134	1,345	Buy	28,832	47.5	61.2	70.7	23.9	18.5	16.0	14.4	11.1	8.5	6.6	8.1	8.8	6.6	8.0	8.6
Vinati Organics	2016	2,320	Hold	20,717	33.7	40.1	51.5	56.0	47.1	36.7	44.7	37.0	28.3	24.3	23.2	23.9	19.0	19.1	20.5
Sumitomo Chemical	505	565	Buy	25,214	8.5	10.9	12.5	56.1	43.5	38.0	38.9	30.4	26.1	30.2	30.4	28.2	22.0	22.6	21.0
Navin Fluorine	4400	4,570	Hold	21,738	52.3	64.4	91.4	84.2	68.3	48.1	61.2	45.5	31.3	17.8	18.0	20.1	14.0	15.2	18.4
Rallis India	227	250	Hold	4,420	8.4	8.9	12.4	26.9	25.6	18.3	15.5	15.6	11.1	12.7	11.6	15.3	9.7	9.5	12.1
Sudarshan chemical	416	515	Hold	2,882	18.8	19.3	28.5	24.0	23.3	15.8	14.2	12.8	9.6	10.9	11.3	15.4	15.6	14.3	18.3
Neogen Chemicals	1513	1,645	Buy	3,773	17.9	27.2	32.9	79.5	52.2	43.2	41.8	30.2	25.0	12.0	15.0	16.2	10.2	13.6	14.3
Astec Lifesciences	1867	2,215	Buy	3,660	45.1	54.8	69.3	39.7	32.7	25.9	24.6	20.7	16.5	19.3	17.7	19.4	22.3	21.3	21.2

Source: Bloomberg, 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, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Siddhant Khandekar, Inter CA, Karan Khona, CA 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.

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 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 or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

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 actual/beneficial ownership of one percent or more or other material conflict of interest 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.