REDUCE (Downgrade from HOLD)

CMP: **INR 915** Target Price: **INR 780** ▼ -15%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

05 August 2024

India | Equity Research | Q1FY25 results review

Sudarshan Chemical Industries

Speciality Chemicals

Acceleration in Pigment revenue is key

Sudarshan Chemical Industries' (SCIL) Q1FY25 print was slightly weaker than expected with pigment revenue growing only 10% YoY (down 8.4% QoQ on seasonality) while RIECO revenue dipped 38% YoY, and slipped to EBIT loss. Gross profit margin normalised completely, and rise in revenue may drive operating leverage with improvement in EBITDA margin for pigment business. SCIL remains excited on rising enquires and engagement from international customers with industry consolidation tailwind; it expects acceleration in revenue in ensuing quarters. We retain our estimates and TP at INR 780 (FY26E P/E multiple to 20x). However, we downgrade the stock to **REDUCE** (from *Hold*) on recent run-up in stock price already factoring in the optimism.

Pigment revenue rose 10% YoY / down 8.4% QoQ

Revenue from pigment business stood at INR 6bn, and it appears destocking cycle is behind as the company has grown volumes; however, QoQ revenue decline is seasonal in nature as Q4 generally has higher sales.

Domestic market continues to be steady – where pigment revenue has grown 8.3% YoY/ down 17% QoQ to INR 2.9bn. Exports revenue continues to ramp-up with revenue growing 11% YoY / 1% QoQ to INR 3bn. SCIL anticipates gradual ramp-up in Japan market, and new European distributor is yet to ramp up the sale of its products. However, SCIL has been encouraged with rising enquires for its high-performance products, and new product portfolio from international customers. It believes the ramp-up in capacity utilisation from new facility can be accelerated, but conservatively maintains guidance of four years. Non-specialty segment revenue has grown at 7.5% YoY / down 9% QoQ to INR 1.9bn where the company still sees issues from lower demand and higher competition. Specialty had grown at 10.7% YoY / down 8.4% QoQ to INR 4bn on normalisation in demand for existing products.

Industry consolidation tailwind is strong with Heubach, Germany filing for bankruptcy which has increased the company's confidence in expanding exports. It has seen faster approval for its products, and increased engagement in enquires from international customers. SCIL believes as ramp-up in new products accelerates, revenue growth momentum is likely to improve with slightly better margins.

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	23,017	25,388	28,600	31,555
EBITDA	2,106	3,164	4,281	5,262
EBITDA Margin (%)	9.2	12.5	15.0	16.7
Net Profit	448	1,054	1,997	2,707
EPS (INR)	6.5	15.2	28.9	39.1
EPS % Chg YoY	(65.6)	135.4	89.6	35.5
P/E (x)	141.4	60.1	31.7	23.4
EV/EBITDA (x)	31.2	19.5	14.0	11.0
RoCE (%)	4.4	3.0	12.7	15.5
RoE (%)	5.4	36.2	16.2	18.9

Sanjesh Jain
sanjesh.jain@icicisecurities.com
+91 22 6807 7153
Ashvik Jain
ashvik.jain@icicisecurities.com
Mohit Mishra
mohit.mishra@icicisecurities.com

Market Data

Market Cap (INR)	63bn
Market Cap (USD)	754mn
Bloomberg Code	SCHI IN
Reuters Code	SDCH.BO
52-week Range (INR)	1,010 /437
Free Float (%)	66.0
ADTV-3M (mn) (USD)	4.5

Price Performance (%)	3m	6m	12m
Absolute	24.2	71.6	73.3
Relative to Sensex	17.6	61.8	53.5

Previous Reports

10-06-2024: Company Update
05-02-2024: Q3FY24 results review

EBITDA margin at 12.7%; EBITDA rose 15.3% YoY

SCIL's gross profit margin rose 340bp QoQ to 46.3% led by softening raw material prices and better product mix. It anticipates gross profit margin to stabilise at current levels. Gross profit grew 7.2% YoY / down 10.6% QoQ to INR 3bn. EBITDA rose 15.3% YoY to INR 806mn (down 32.3% QoQ) due to lower revenue and losses in RIECO business. EBITDA margin dropped 290bp QoQ to 12.7%. Net profit stood at INR 294mn in Q1FY25 (vs INR 2.7bn in Q1FY24 which had an exceptional item of INR 3.2bn from surplus land sales). Effective tax rate stood at 28.4% in Q1FY25.

Pigment business EBIT margin dipped only 70bp QoQ to 10% with EBIT growing 70% YoY to INR 588mn. RIECO has incurred a loss of INR 107mn vs profit of INR 48mn in Q1FY24.

Transformation planned for RIECO

Despite tailwinds in capital goods industry, RIECO's performance has been underwhelming with revenue dip of 37.7% YoY to INR 447mn and loss at EBIT level. SCIL is planning for complete transformation of RIECO business with focus on driving operations leaner, thereby, making business sustainably profitable, and driving quality orderbook and revenue. The transformation programme will begin from Sep'24, and may take 2-3 years.

Other highlights

- SCIL's balance sheet continues to be strong with net debt at INR 3.75bn in Q1FY25 vs INR 3.95bn in FY24. However, cash conversion days increased to 73days from 63days in Mar'24 due to rise in raw material inventory (stable on YoY basis).
- SCIL has been receiving several indirect/ inorganic opportunities in pigment business but nothing has firmed up yet.
- Current RIECO orderbook is healthy with good contribution margin. This should help the company in reporting positive EBIT for FY25.
- Company is receiving good interest for existing and new products where it has set-up fresh capacities.
- FY25 capex will be limited and SCIL does not anticipate any large investment immediately.

Risks

Downside risks: Major softness in demand, and volatility in margins.

Upside risks: Acceleration in revenue from new products, and faster-than-expected margin improvement.

Exhibit 1: Sudarshan Chemical (consolidated) financials

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Revenue	6,081	6,007	5,658	7,642	6,336	(17.1)	4.2
COGS	3,345	3,323	3,124	4,362	3,403	(22.0)	1.7
Gross profit	**2,736**	**2,684**	**2,534**	**3,281**	**2,933**	**(10.6)**	**7.2**
GPM (%)	*45.0*	*44.7*	*44.8*	*42.9*	*46.3*		
Employee cost	513	526	536	525	544	3.6	6.0
% of revenue	8.4	8.8	9.5	6.9	8.6		
Other expenses	1,524	1,502	1,379	1,565	1,584	1.2	3.9
% of revenue	25.1	25.0	24.4	20.5	25.0		
Total expenses	**2,037**	**2,028**	**1,915**	**2,090**	**2,128**	**1.8**	**4.4**
EBITDA	**699**	**656**	**619**	**1,191**	**806**	**(32.3)**	**15.3**
EBITDA (%)	*11.5*	*10.9*	*10.9*	*15.6*	*12.7*		
Depreciation	346	354	355	357	359	0.7	3.9
EBIT	**353**	**302**	**264**	**834**	**446**	**(46.5)**	**26.6**
Other income	41	57	43	30	35	17.3	(15.4)
Finance cost	103	96	86	84	70	(16.1)	(31.8)
PBT	291	262	221	780	411	**(47.3)**	**41.2**
Tax	772	84	75	200	117	(41.6)	(84.9)
ETR (%)	265.4	31.9	33.9	25.6	28.4		
Exceptional item	3,151	-	-	-	-		
Net profit	**2,670**	**179**	**146**	**580**	**294**	**(49.3)**	**(89.0)**
Net profit (%)	43.9	3.0	2.6	7.6	4.6		
EPS (INR)	**38.6**	**2.6**	**2.1**	**8.4**	**4.3**	**(49.3)**	**(89.0)**

Source: I-Sec research, Company data

Exhibit 2: Sudarshan Chemical segmental

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Segment revenue							
Pigments	**5,364**	**5,216**	**5,215**	**6,437**	**5,894**	**(8.4)**	**9.9**
Others	719	794	443	1,206	447	(62.9)	(37.7)
Intersegment elimination	-	-	-	-	-		
Total	**6,083**	**6,010**	**5,658**	**7,643**	**6,342**	**(17.0)**	**4.3**
Mix (%)							
Pigments	88.2	86.8	92.2	84.2	92.9		
Others	11.8	13.2	7.8	15.8	7.1		
EBIT							
Pigments	346	380	392	689	588	(14.7)	69.9
Others	48	(22)	(85)	175	(107)		
Total	**394**	**358**	**307**	**864**	**481**	**(44.3)**	**22.1**
EBIT margin (%)							
Pigments	6.5	7.3	7.5	10.7	10.0		
Others	6.7	(2.7)	(19.2)	14.5	(23.8)		
Total	**6.5**	**6.0**	**5.4**	**11.3**	**7.6**		

Source: I-Sec research, Company data

Exhibit 3: Sudarshan Chemical (consolidated) revenue breakup

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Pigment							
Specialty	3,630	3,620	3,580	4,390	4,020	(8.4)	10.7
Non specialty	1,740	1,600	1,630	2,050	1,870	(8.8)	7.5
Total	**5,370**	**5,220**	**5,210**	**6,440**	**5,890**	**(8.5)**	**9.7**
Mix (%)							
Specialty	67.6	69.3	68.7	68.2	68.3		
Non specialty	32.4	30.7	31.3	31.8	31.7		
Pigment							
Domestic	2,650	2,720	2,780	3,450	2,870		
Export	2,720	2,500	2,440	2,990	3,020	(16.8)	8.3
Total	**5,370**	**5,220**	**5,220**	**6,440**	**5,890**	1.0	11.0
Mix (%)							
Domestic	49.3	52.1	53.3	53.6	48.7		
Export	50.7	47.9	46.7	46.4	51.3		

Source: I-Sec research, Company data

Exhibit 4: Sudarshan Chemical (standalone) financials

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Revenue	5,248	4,894	5,097	6,176	5,797	(6.1)	10.5
COGS	3,079	2,791	2,912	3,568	3,128	(12.3)	1.6
Gross profit	**2,169**	**2,103**	**2,185**	**2,608**	**2,670**	**2.4**	**23.1**
GPM (%)	*41.3*	*43.0*	*42.9*	*42.2*	*46.1*		
Employee cost	347	375	369	383	383	0.1	10.3
% of revenue	6.6	7.7	7.2	6.2	6.6		
Other expenses	1,173	1,166	1,169	1,331	1,368	2.8	16.6
% of revenue	22.4	23.8	22.9	21.5	23.6		
Total expenses	**1,520**	**1,541**	**1,539**	**1,714**	**1,751**	**2.2**	**15.2**
EBITDA	**648**	**561**	**647**	**895**	**919**	**2.7**	**41.7**
EBITDA (%)	*12.4*	*11.5*	*12.7*	*14.5*	*15.8*		
Depreciation	337	344	343	345	349	1.2	3.8
EBIT	**312**	**217**	**303**	**550**	**570**	**3.6**	**82.6**
Other income	42	58	42	32	35	9.0	(16.1)
Finance cost	83	75	69	60	50	(16.2)	(40.0)
PBT	**271**	**200**	**276**	**522**	**555**	**6.2**	**105.0**
Tax	769	59	88	119	144	21.0	(81.2)
ETR (%)	284.0	29.3	32.0	22.8	26.0		
Exceptional item	3,151	-	-	(34)	-		
Net profit	**(498)**	**141**	**188**	**403**	**411**	**1.9**	**(182.5)**
Net profit (%)	(9.5)	2.9	3.7	6.5	7.1		

Source: I-Sec research, Company data

Exhibit 5: Sudarshan Chemical (consolidated minus standalone) financials

INR mn	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	QoQ (%)	YoY (%)
Revenue	833	1,113	561	1,466	539	(63.3)	(35.3)
COGS	266	532	212	794	275	(65.3)	3.5
Gross profit	**567**	**581**	**348**	**673**	**263**	**(60.8)**	**(53.6)**
GPM (%)	68.1	52.2	62.1	45.9	48.9		
Employee cost	166	150	166	142	161	13.2	(3.0)
% of revenue	19.9	13.5	29.7	9.7	29.9		
Other expenses	351	336	210	234	216	(7.8)	(38.6)
% of revenue	42.1	30.2	37.4	16.0	40.0		
Total expenses	**517**	**486**	**376**	**376**	**377**	**0.1**	**(27.2)**
EBITDA	**50**	**94**	**(28)**	**296**	**(113)**	**(138.2)**	**(325.4)**
EBITDA (%)	6.0	8.5	(5.0)	20.2	(21.0)		
Depreciation	9	10	12	12	10	(14.2)	
EBIT	41	84	(40)	285	(123)	(143.3)	(401.4)
Other income	(1)	(1)	1	(3)	(0)	(86.8)	(52.8)
Finance cost	20	21	17	24	20		
PBT	**20**	**62**	**(55)**	**258**	**(144)**	**(155.8)**	**(804.4)**
Tax	4	25	(13)	81	(27)	(133.9)	(800.8)
ETR (%)	*19.1*	*40.1*	*24.2*	*31.3*	*19.1*		
Minority interest							
Net profit	**17**	**37**	**(42)**	**177**	**(116)**	**(165.7)**	**(805.2)**
Net profit (%)	2.0	3.3	(7.5)	12.1	(21.6)		

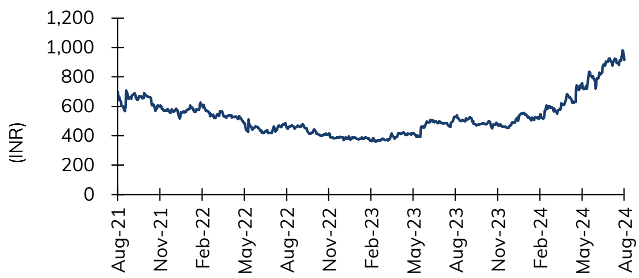
Source: I-Sec research, Company data

Exhibit 6: Shareholding pattern

%	Dec '23	Mar '24	Jun '24
Promoters	35.8	33.2	30.6
Institutional investors	17.8	22.0	22.7
MFs and others	9.1	13.0	20.3
FIs/Banks	-	-	-
Insurance	2.7	2.7	0.7
FIIs	6.0	6.3	6.7
Others	46.4	44.8	46.7

Source: Bloomberg

Exhibit 7: Price chart



Source: Bloomberg

Financial Summary

Exhibit 8: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	**23,017**	**25,388**	**28,600**	**31,555**
Operating Expenses	7,228	8,070	8,526	8,949
EBITDA	**2,106**	**3,164**	**4,281**	**5,262**
EBITDA Margin (%)	9.2	12.5	15.0	16.7
Depreciation & Amortization	1,142	1,412	1,478	1,545
EBIT	964	1,752	2,802	3,717
Interest expenditure	415	369	242	216
Other Non-operating Income	48	171	153	161
Recurring PBT	**597**	**1,554**	**2,713**	**3,662**
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	150	1,131	716	955
PAT	448	3,574	1,997	2,707
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	3,151	-	-
Net Income (Reported)	**448**	**6,725**	**1,997**	**2,707**
Net Income (Adjusted)	**448**	**1,054**	**1,997**	**2,707**

Source Company data, I-Sec research

Exhibit 9: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	11,649	11,933	13,862	17,468
of which cash & cash eqv.	294	559	1,140	3,505
Total Current Liabilities & Provisions	6,250	6,149	6,900	7,591
Net Current Assets	**5,399**	**5,784**	**6,963**	**9,878**
Investments	21	24	24	24
Net Fixed Assets	11,297	10,806	10,615	10,070
ROU Assets	-	-	-	-
Capital Work-in-Progress	445	146	146	146
Total Intangible Assets	409	355	68	68
Other assets	337	244	249	255
Deferred Tax Assets	-	-	-	-
Total Assets	**17,577**	**17,309**	**18,037**	**20,432**
Liabilities				
Borrowings	**8,175**	**4,409**	**3,409**	**3,409**
Deferred Tax Liability	**624**	**819**	**819**	**819**
Provisions	282	318	365	409
Other Liabilities	214	273	306	336
Equity Share Capital	138	138	138	138
Reserves & Surplus	8,144	11,352	12,999	15,321
Total Net Worth	**8,282**	**11,490**	**13,137**	**15,459**
Minority Interest	-	-	-	-
Total Liabilities	**17,577**	**17,309**	**18,037**	**20,432**

Source Company data, I-Sec research

Exhibit 10: Quarterly trend

(INR mn, year ending March)

	Sep-23	Dec-23	Mar-24	Jun-24
Net Sales	6,007	5,658	7,642	6,336
% growth (YOY)	13.7	7.1	10.6	4.2
EBITDA	656	619	1,191	806
Margin %	10.9	10.9	15.6	12.7
Other Income	57	43	30	35
Extraordinaries	0	0	0	0
Adjusted Net Profit	179	146	580	294

Source Company data, I-Sec research

Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	**2,066**	**2,394**	**3,564**	**4,307**
Working Capital Changes	804	(460)	(545)	(501)
Capital Commitments	(1,924)	(785)	(1,000)	(1,000)
Free Cashflow	**946**	**1,150**	**2,020**	**2,806**
Other investing cashflow	**13**	**124**	**153**	**161**
Cashflow from Investing Activities	31	3,578	153	161
Issue of Share Capital	-	-	-	-
Interest Cost	(347)	(350)	(242)	(216)
Inc (Dec) in Borrowings	(328)	(3,731)	(1,000)	-
Dividend paid	(343)	(333)	(350)	(385)
Others	(10)	(45)	-	-
Cash flow from Financing Activities	(1,027)	(4,459)	(1,593)	(602)
Chg. in Cash & Bank balance	**(49)**	**268**	**581**	**2,366**
Closing cash & balance	204	472	1,140	3,505

Source Company data, I-Sec research

Exhibit 12: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	6.5	15.2	28.9	39.1
Adjusted EPS (Diluted)	6.5	15.2	28.9	39.1
Cash EPS	23.0	117.5	50.2	61.4
Dividend per share (DPS)	1.5	4.6	5.1	5.6
Book Value per share (BV)	119.6	166.0	189.8	223.3
Dividend Payout (%)	23.2	30.2	17.5	14.2
Growth (%)				
Net Sales	4.6	10.3	12.7	10.3
EBITDA	(23.3)	50.2	35.3	22.9
EPS (INR)	(65.6)	135.4	89.6	35.5
Valuation Ratios (x)				
P/E	141.4	60.1	31.7	23.4
P/CEPS	39.8	7.8	18.2	14.9
P/BV	7.6	5.5	4.8	4.1
EV / EBITDA	31.2	19.5	14.0	11.0
EV/SALES	2.9	2.4	2.1	1.8
Dividend Yield (%)	0.2	0.5	0.6	0.6
Operating Ratios				
Gross Profit Margins (%)	40.6	44.2	44.8	45.0
EBITDA Margins (%)	9.2	12.5	15.0	16.7
Effective Tax Rate (%)	25.1	72.8	26.4	26.1
Net Profit Margins (%)	1.9	4.2	7.0	8.6
NWC / Total Assets (%)	30.7	33.4	38.6	48.3
Net Debt / Equity (x)	1.0	0.3	0.2	0.0
Net Debt / EBITDA (x)	3.7	1.2	0.5	0.0
Profitability Ratios				
RoCE (%)	4.4	3.0	12.7	15.5
RoE (%)	5.4	36.2	16.2	18.9
RoIC (%)	4.5	3.0	13.4	17.9
Fixed Asset Turnover (x)	2.1	2.4	2.7	3.2
Inventory Turnover Days	78.3	62.9	61.8	61.1
Receivables Days	77.1	84.2	84.7	85.2
Payables Days	80.7	73.6	73.8	73.9

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Sanjesh Jain, PGDM; Ashvik Jain, MBA; Mohit Mishra, MBA, CA; 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. 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 AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 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 icicidirect.com to view the Fundamental and Technical Research Reports.

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

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional 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 Retail 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 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.