

## Moving to next orbit...

Balrampur Chini (BCML) is likely to witness one of the best years in terms of profitability, cash flow generation and total debt reduction. With 2.8 lakh tonnes (lt) of export in sugar season 2019-20 and 0.51 lt of sugar sacrifice for B heavy ethanol, sugar inventories are likely to come down to 2.43 lt at the end of September 2020 against 4.92 lt in September 2019. The huge liquidation of inventory would result in working capital debt coming down to less than ₹ 100 crore by September 2020 against ₹ 1173 crore in September 2019. At the start of sugar season 2020-21, the company would be holding one month of sugar inventory against industry average of 3.5 months. This would significantly strengthen the balance sheet.

## Higher distillery volumes, increase in MSP to boost profitability

The company sold 11.9 crore litre of ethanol/ENA in FY20 after commissioning a 160 KLD distillery in January 2020. With full year of operations, we expect BCML to sell 16.4 crore litre of ethanol/ENA. Further, with higher proportion of B heavy ethanol, realisation is also expected to improve ~12%. We expect 54% increase in distillery sales in FY21E. Moreover, increase in sugar MSP by ₹ 2/kg and increase in cost of sugarcane by ₹ 0.85/kg (expecting ₹ 10/quintal increase in sugarcane prices) would result in net realisation increase of ₹ 1.1/kg. Both these factors would improve profitability in the next two years. We expect 17.3% CAGR in PBT and 8.5% CAGR (tax liability re-adjustment in FY20) in net profit in FY20-22E.

## Balance sheet strengthens

In the last two years, the usual cycle in sugar sector has been done away with by implementation of sugar MSP, export subsidy & sugar sacrifice for B heavy ethanol. This has led to sustainable earnings for sector. Industry wide sugar inventory would be down to 10.6 million tonnes (MT) from 14.7 MT last year due to 5.8 MT of exports and 0.8 MT of sugar sacrifice for B heavy ethanol. BCML has strengthened its balance sheet with aggressive exports and production of B heavy ethanol. We expect the company to sacrifice 1.2 lt for B heavy ethanol next season, which would keep inventory levels at reasonable levels. We expect sugar inventory of the company to decline by 1.55 lt by March 2021. This would result in operating cash flow generation of ₹ 1180 crore in FY21 with total debt declining by ~₹ 800 crore in March 2021. BCML would be a net cash company by March 2022.

## Valuation & Outlook

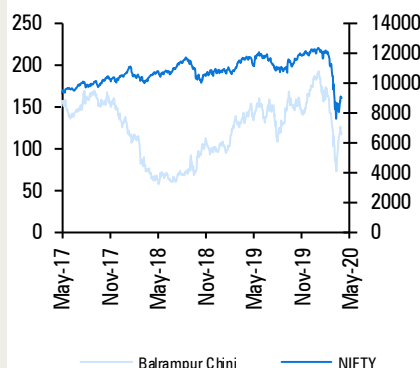
BCML is the most efficient sugar company with sustainable earnings & strong cash flow generation. It has been giving ~40% payout through dividends and buybacks. With the significant increase in cash flow generation, we expect the payout to increase to 60% in FY22E, which would be ~10% payout yield at current price. We value the stock at 1.6x FY21E P/BV with a revised target price of ₹ 210/share. We maintain our **BUY** rating.



### Particulars

Particulars (₹ crore)	Amount
Market Capitalization	3,129.0
Total Debt (FY20)	1,399.0
Cash and Investments (FY20)	4.7
EV	4,523.3
52 week H/L (₹)	195 / 69
Equity capital	21.0
Face value (₹)	1.0

### Key Highlights



### Research Analyst

Sanjay Manyal  
sanjay.manyal@icicisecurities.com

### Key Financial Summary

Key Financials	FY18	FY19	FY20	FY21E	FY22E	CAGR (FY20-22E)
Total Operating Income	4342.5	4285.8	4741.3	5446.0	5262.2	5.4%
EBITDA	451.7	689.1	682.0	831.8	847.2	11.5%
EBITDA Margin %	10.4	16.1	14.4	15.3	16.1	
Net Profit	231.7	575.8	519.4	570.8	611.9	8.5%
Adjusted PAT	231.7	1.5	519.4	570.8	611.9	8.5%
EPS (₹)	10.14	25.21	23.61	27.18	30.59	
P/E	14.7	5.9	6.3	5.5	4.9	
RoNW %	14.3	27.2	21.5	20.9	20.8	
RoCE (%)	14.28	16.26	16.12	22.75	24.08	

## Substantial reduction in debt

There is no material change in our P&L estimates. However, factoring in the last two month's domestic monthly sales quota, we estimate the company would exhaust its current season inventory by mid-December. Despite expected reduction in domestic quotas in next season due to expected higher production in Maharashtra, the company would be able to reduce inventory with substantial sugar sacrifice from B heavy ethanol. We expect 1.2 lakh tonnes of sugar sacrifice in 2020-21 sugar season. We expect ₹ 1180 crore of operating cash flow generation and more than ₹ 800 crore of debt reduction in FY21.

### Exhibit 1: Change in estimates

(₹ Crore)	FY21E			FY22E			Comments
	Old	New	% change	Old	New	% change	
Net sales	5245.2	5446.0	3.8	5,261.4	5,262.2	0.0	Change in revenue estimate due to higher domestic sales quota
EBITDA	849.5	831.8	-2.1	886.1	847.2	-4.4	Change in operating profit estimates due to change in estimates of bagasse sales after factoring in FY20 sales in annual report
EBITDA Margin (%)	16.2	15.3	-92 bps	16.8	16.1	-74 bps	
PAT	566.6	570.8	0.7	611.1	611.9	0.1	Small change in profitability with interest cost estimates changed downwards
EPS (₹)	27.0	27.2	0.7	30.60	30.6	0.0	

Source: Company, ICICI Direct Research

### Exhibit 2: Assumptions

	Current						Earlier		Comments
	FY17	FY18	FY19	FY20	FY21E	FY22E	FY21E	FY22E	
Sugar Sold (in tonne)	840,323	1,042,190	1,153,000	1,205,300	1,286,000	1,172,000	1,268,000	1,228,000	Factoring in higher domestic quota in FY21 & lower quota in FY22
Sugar Price (₹ per tonne)	35,900	35,560	29,553	30,341	33,700	34,500	33,500	34,000	Change in sugar prices factoring in MSP hike
Distillery volume	68,835	78,900	110,890	119,320	163,800	179,400	163,800	179,400	
Distillery price (₹ per KL)	47,098	41,683	41,290	45,701	51,256	52,793	50,256	50,606	Change in distillery realisation estimates factoring in expected increase in ethanol prices
Power Units sold	51.0	56.8	66.4	52.6	53.9	56.8	53.9	56.8	
Price per unit (₹ per units)	4.8	4.8	4.9	3.1	3.1	3.2	3.1	3.2	

Source: Company, ICICI Direct Research

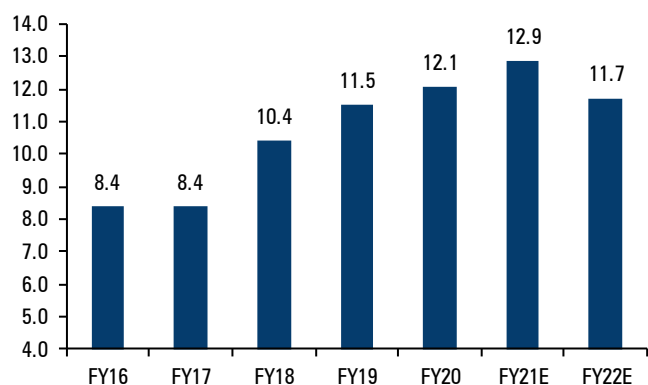
## Annual report analysis

- The company acknowledges that it is at an inflection point and has the potential to grow to the next level. We believe this is an important time for BCML as it is eyeing a debt free balance sheet (including working capital debt) and huge cash flow generation on a sustainable basis
- The most important area would be to lay the roadmap for the next level of growth either through capex for sugarcane juice to ethanol distillery or acquisition of a sugar crushing plant, which eventually can be scaled up with distillery expansion
- In one of the statements, the company has mentioned that it is contemplating diversion of sugar syrup to manufacturing ethanol (100% sugar sacrifice). We believe the capex in 'sugarcane juice to ethanol' capacity would solve the problem of surplus sugar inventory for the company permanently. A 200 KLD 'sugarcane juice to ethanol' distillery would entail a capex of ~₹ 300 crore
- The company diverted 38.3% sugarcane towards production of B heavy ethanol, which led to the sacrifice of 0.51 lt of sugar in sugar season 2019-20. We believe BCML would divert ~65% sugarcane towards B heavy ethanol in sugar season 2020-21, which would result in 1.2 lt of sugar sacrifice
- With the expected sugar production of 30.5 million tonnes (MT) in 2020-21 sugar season in the country, we believe BCML would get reduced domestic quota given its lower inventory levels. Assuming a domestic quota of ~0.8 lt every month, it should sell 9.6 lt of sugar in a normalised year. With the production of 11.3 lt after sacrificing sugar towards B heavy ethanol, the company would need to manage 1.7 lt excess inventory every year, which can be either exported or further sacrificed for ethanol by building in more distillery capacities. This puts BCML in an extremely comfortable position in terms of inventory management
- With more than 90% of the company's catchment area being sown with early maturing sugarcane seeds (Co-0238), the scope of improving recovery from this variety would be limited after one or two years. However, BCML is working on new seed varieties, which can further increase recoveries in the next three to five years. We believe normalised recovery (C-heavy) can reach 12.5-13.0% over the next five years, which would result in stable raw material cost for the company even in case of increase in sugarcane prices
- The ethanol/ENA industry currently has installed capacity of 3.85 billion (bn) litre (including grain based capacities), which serves demand for ethanol for OMCs, ENA for liquor companies and rectified spirit for industries. For 10% ethanol blending, the country would require installed capacity of 5.10 bn litre. We believe this gives enough scope for capacity expansion by smaller non-integrated mills
- In order to provide higher visibility of ethanol procurement by OMCs, they have come up with a five year long term ethanol tender. We believe the government would also clarify the ethanol pricing formula, which is supposedly linked to fair & remunerative price (FRP) for sugarcane & minimal selling price (MSP) for sugar. We believe clarity would encourage millers to set up distillery capacities. We believe that in the next two to three years, the country would be sacrificing 3-4 MT of sugar towards ethanol, which would take away the excess sugar supply out of system and reduce dependence on sugar exports completely

- In sugar season 2019-20, the government supported the sector with export subsidy of ₹ 10.44 / kg for 6 MT, buffer stock of 4.0 MT, MSP of ₹ 31/kg & separate B heavy ethanol prices of ₹ 54/litre. We believe export subsidy in a similar form would continue with small tweaks in subsidy amount according to global sugar prices. Moreover, sugar MSP would increase by ₹ 2/kg to ₹ 33/kg. Also, B heavy ethanol prices are likely to increase by ₹ 2.5-3.0/litre given it is linked to MSP. We believe buffer stock subsidy could get discontinued given ~4 MT reduction of sugar inventory in the last year
- In the international scenario, Brazil is likely to produce 40 MT of sugar in the current year, which is 12-14 MT higher compared to last year. However, a continued decline in Thailand's sugar production would give enough scope for Indian sugar exports to Indonesia, Iran, Bangladesh and some African countries. Global raw sugar prices are likely to remain above 11 cent/lb. However, Indian sugar mills get a premium on refined white sugar exports
- BCML is likely to see the biggest debt reduction in FY21 with ~₹ 1180 crore of cash flow generation. We expect more than ₹ 800 crore debt reduction during the year
- We believe shareholders payout (buyback & dividend) would increase to ₹ 360 crore (60% payout) in FY22E from ₹ 215 crore (~40% payout) in FY20
- One of the associate companies 'Visual Percept Solar' is in the business of generating solar power. The company has revenues of ₹ 54 crore and profitability of ₹ 13.2 crore in FY20. BCML has 45% stake in the company
- The other associate company Auxilo Finserve in the NBFC sector is in the business of financing activity in the education. BCML has committed ₹ 175 crore investment in the business and has already invested ₹ 157 crore as on date. It will not invest more than committed amount in the business. The company had revenues of ₹ 53 crore and net profit of ₹ 3.8 crore in FY20

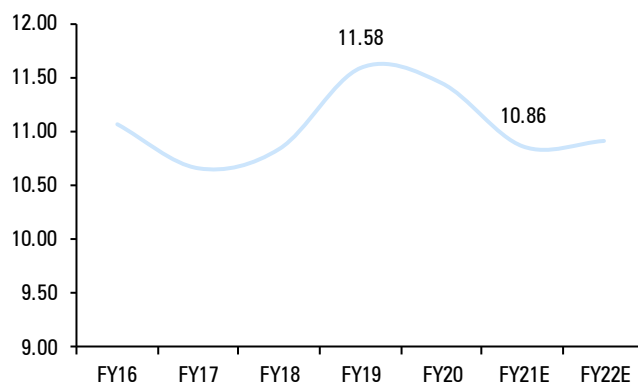
## Key Metrics

Exhibit 3: Sugar sales volume (in lakh tonne)



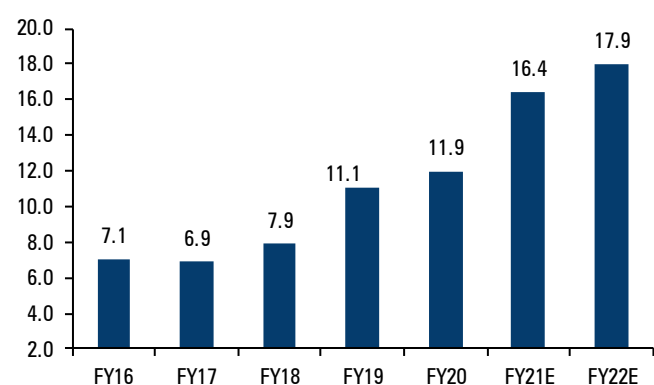
Source: ICICI Direct Research, Company

Exhibit 4: Reduction in sugar recovery rate after higher proportion of sugarcane diversion towards B-heavy ethanol



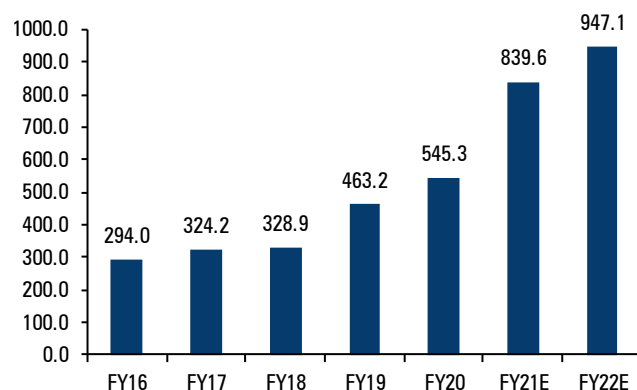
Source: ICICI Direct Research, Company

Exhibit 5: Ethanol volumes (in crore litre)



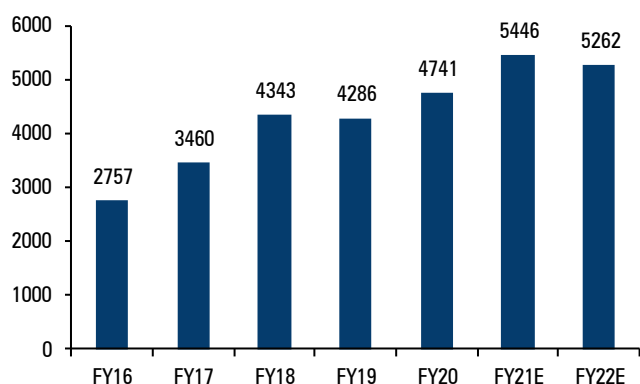
Source: Company, ICICI Direct Research

Exhibit 6: Ethanol sales (₹ crore)



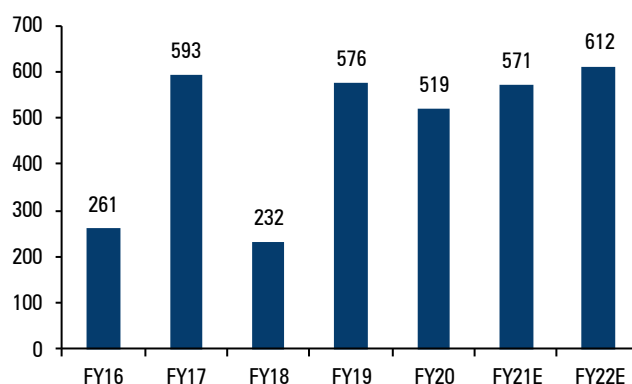
Source: Company, ICICI Direct Research

Exhibit 7: Revenue trend (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 8: Adjusted PAT trend (₹ crore)



Source: Company, ICICI Direct Research

Exhibit 9: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY19	4285.8	-1.3	24.9	145.6	5.9	6.8	27.2	16.3
FY20	4741.3	10.6	23.6	-5.2	6.3	6.6	21.5	16.1
FY21E	5446.0	14.9	27.2	15.1	5.5	4.4	20.9	22.8
FY22E	5262.2	-3.4	30.6	12.6	4.9	3.9	20.8	24.1

Source: Company, ICICI Direct Research

## Financial summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
<b>Total Operating Income</b>	<b>4,285.8</b>	<b>4,741.3</b>	<b>5,446.0</b>	<b>5,262.2</b>
Growth (%)	-1.3	10.6	14.9	-3.4
Raw Material Expenses	3,057.0	3,501.5	4,062.5	3,845.9
Employee Expenses	230.5	254.0	279.4	301.8
Administrative Expenses	69.0	0.0	0.0	0.0
Excise Duty	0.0	0.0	0.0	0.0
Other expenses	240.2	303.8	272.3	267.3
Total Operating Expenditure	3,596.7	4,059.3	4,614.2	4,415.0
<b>EBITDA</b>	<b>689.1</b>	<b>682.0</b>	<b>831.8</b>	<b>847.2</b>
Growth (%)	52.6	-1.0	22.0	1.9
Depreciation	95.9	101.4	108.3	109.1
Interest	40.9	64.2	34.8	12.7
Other Income	42.7	43.9	39.5	45.4
PBT	552.3	516.4	688.7	725.5
Total Tax	26.0	48.7	167.5	177.3
<b>PAT</b>	<b>575.8</b>	<b>519.4</b>	<b>570.8</b>	<b>611.9</b>
<b>Adjusted PAT</b>	<b>575.8</b>	<b>519.4</b>	<b>570.8</b>	<b>611.9</b>
Growth (%)	148.5	-9.8	9.9	7.2
Adjusted EPS (₹)	24.9	23.6	27.2	30.6

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit/Loss after Tax	595.0	560.3	570.8	611.9
Add: Depreciation	95.9	101.4	108.3	109.1
Add: Interest	40.9	64.2	0.0	0.0
(Inc)/dec in Current Assets	-925.5	117.1	398.1	62.3
Inc/(dec) in Current Liabilities	-182.7	121.1	102.9	86.5
<b>CF from operating activities</b>	<b>-523.0</b>	<b>849.6</b>	<b>1,180.2</b>	<b>869.7</b>
(Inc)/dec in Investments	0.0	-68.8	-30.0	-25.0
(Inc)/dec in Fixed Assets	-125.7	-241.9	-50.0	-60.0
Others	-33.5	6.0	3.2	0.0
<b>CF from investing activities</b>	<b>-159.2</b>	<b>-304.7</b>	<b>-76.8</b>	<b>-85.0</b>
Issue/(Buy back) of Equity	0.0	-149.3	-180.0	-210.0
Inc/(dec) in loan funds	790.2	-265.8	-833.4	-308.6
Dividend paid & dividend tax	-68.8	-66.3	-75.9	-192.9
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	-39.5	-64.1	0.0	0.0
<b>CF from financing activities</b>	<b>681.9</b>	<b>-545.5</b>	<b>-1,089.3</b>	<b>-711.5</b>
Net Cash flow	-0.3	-0.6	14.1	73.3
Opening Cash	2.5	2.1	1.5	15.6
Cash change due to asset held for sa	0.0	0.0	0.0	0.0
Cash with bank	2.8	3.2	0.0	0.0
<b>Closing Cash</b>	<b>4.9</b>	<b>4.7</b>	<b>15.6</b>	<b>88.8</b>

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet				
	₹ crore			
	FY19	FY20	FY21E	FY22E
<b>Liabilities</b>				
Equity Capital	22.8	22.0	21.0	20.0
Reserve and Surplus	2,094.9	2,393.7	2,709.6	2,919.6
Total Shareholders funds	2,117.8	2,415.7	2,730.6	2,939.6
Total Debt	1,673.9	1,399.0	565.6	257.0
Long Term Provisions	5.3	6.7	4.7	4.7
Other Non-current Liabilities	115.3	52.5	53.5	54.5
<b>Total Liabilities</b>	<b>3,912.3</b>	<b>3,873.9</b>	<b>3,354.4</b>	<b>3,255.9</b>
<b>Assets</b>				
Gross Block	1,811.0	2,115.5	2,165.5	2,225.5
Less: Acc Depreciation	390.9	492.3	600.6	709.7
Net Block	1,420.0	1,623.2	1,564.9	1,515.8
Capital WIP	45.8	12.4	12.4	12.4
Intangible assets	1.5	0.9	0.9	0.9
Non Current Investments	165.8	238.7	268.7	293.7
Other non-current assets	86.0	15.3	15.3	15.3
<b>Current Assets</b>				
Inventory	2,315.9	2,295.0	1,874.3	1,827.2
Debtors	450.0	244.9	287.4	292.3
Cash	4.9	4.7	15.6	88.8
Loans & Advances	0.0	0.0	0.0	0.0
Other Current Assets	212.2	371.8	351.8	331.8
<b>Current Liabilities</b>				
Creditors	618.5	678.0	648.3	674.0
Provisions	5.7	20.2	20.2	20.2
Other CL	165.6	234.8	368.3	428.2
Net Current Assets	2,193.2	1,983.4	1,492.2	1,417.7
<b>Total Assets</b>	<b>3,912.3</b>	<b>3,873.9</b>	<b>3,354.4</b>	<b>3,255.9</b>

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
	₹ crore			
	FY19	FY20	FY21E	FY22E
<b>Per share data (₹)</b>				
EPS	25.2	23.6	27.2	30.6
Cash EPS	29.4	28.2	32.3	36.0
BV	92.7	109.8	130.0	147.0
DPS	3.0	3.0	3.6	9.6
Cash Per Share	17.1	22.4	28.6	35.5
<b>Operating Ratios (%)</b>				
EBITDA Margin	16.1	14.4	15.3	16.1
PBT / Net Sales	13.9	11.8	13.4	14.7
PAT Margin	13.4	11.0	10.5	11.6
Inventory days	197.2	176.7	125.6	126.7
Debtor days	38.3	18.9	19.3	20.3
Creditor days	52.7	52.2	43.5	46.8
<b>Return Ratios (%)</b>				
RoE	27.2	21.5	20.9	20.8
RoCE	16.3	16.1	22.8	24.1
<b>Valuation Ratios (x)</b>				
P/E	5.9	6.3	5.5	4.9
EV / EBITDA	6.8	6.6	4.4	3.9
EV / Net Sales	1.1	1.0	0.7	0.6
Market Cap / Sales	0.7	0.7	0.6	0.6
Price to Book Value	1.5	1.3	1.1	1.1
<b>Solvency Ratios</b>				
Debt/EBITDA	2.4	2.1	0.7	0.3
Debt / Equity	0.8	0.6	0.2	0.1
Current Ratio	4.4	3.8	3.2	2.8
Quick Ratio	1.0	0.8	0.8	0.7

Source: Company, ICICI Direct Research

**Exhibit 14: ICICI Direct coverage universe (Sugar)**

Sector / Company	CMP	TP	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			P/B		RoCE (%)				
	(₹)	(₹)		Rating	(₹ Cr)	FY20	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E		
Balrampur Chini (BALCHI)	149	210	Buy	3,129	23.6	27.2	30.6	6.3	5.5	4.9	6.6	4.4	3.9	1.3	1.1	1.1	16.1	22.8	24.1
Dhampur Sugar (DHASUG)	142	160	Buy	851	32.5	35.9	40.1	4.4	4.0	3.5	6.7	5.0	4.0	0.6	0.5	0.5	10.4	13.3	14.5
Dwarikesh sugar (DZWASUG)	29	38	Buy	471	3.9	6.8	7.0	7.4	4.3	4.2	8.1	4.3	4.0	1.0	0.8	0.7	9.0	16.6	16.5
Triveni Engineering (TRIENG)	74	95	Buy	1,934	13.5	16.0	18.2	5.5	4.6	4.1	5.9	5.0	4.3	1.4	1.2	1.0	17.6	19.6	20.4
Dalmia Bharat Sugar (DALISUG)	134	160	Buy	1,004	23.9	26.8	28.4	5.6	5.0	4.7	8.1	7.2	5.9	0.7	0.6	0.5	11.8	11.9	12.1

Source: Company, 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](mailto:pankaj.pandey@icicisecurities.com)

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



## ANALYST CERTIFICATION

I/We, Sanjay Manyal, MBA (Finance) MBA (Finance), Research Analyst, 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 Limited is a SEBI registered Research Analyst with 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 generally prohibits its analysts, persons reporting to analysts and their relatives 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, 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 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.