

10 June 2024

India | Equity research | Company Update

Sudarshan Chemical Industries

Speciality Chemicals

Rising opportunity from industry shake up; fairly valued

Sudarshan Chemical Industries' (SCIL) Q4FY24 print showed strong margin recovery led by volume growth (double-digit YoY) in pigments business, and good show in RIECO. SCIL has shared optimistic outlook for pigment business led by the ongoing consolidation in the industry with recent event of largest player applying for bankruptcy. The company has overlapping products, right go-to-market strategy and capacity to capitalise on the opportunity. However, it is cautious on guidance which remains unchanged, and gradual margin improvement. We raise our FY25-26E EPS by 14-18% and target price to INR 780 (from INR 620) as we also increase our P/E multiple to 20x (from 18x). We downgrade the stock to **HOLD** (from Buy) on the recent run-up already factors in the optimism.

Pigment revenue rose 8.5% YoY/23.5% QoQ

Revenue from pigment business stood at INR 6.4bn, and it appears destocking cycle is behind as the company has grown volumes in double-digit YoY; however, revenue growth is lower due to pass-through of drop in input cost.

Domestic market continues to be the bright spot – where pigment revenue has grown 14.6% YoY/ 24.1% QoQ to INR 3.5bn driven by better performance in coating and plastics application while ink continues to struggle. Exports remain mixed as EU continues to struggle, while US has picked up and RoW has been doing well. SCIL's exports revenue grew 2% YoY/ 22.5% QoQ to INR 3bn. Non-specialty segment has grown faster at 13.3% YoY / 25.8% QoQ to INR 2bn supported by recovery in sales of phthalocyanine which was hurt in the past one year from ADD on exports to China. Specialty had slower growth at 6.6% YoY / 22.6% QoQ to INR 4.4bn on slower growth in developed economies.

Industry consolidation continues with a Canada-based MNC pigment player shutting its facility (pigment sales over >USD 100mn), and M&A within top-players, including BASF (with DIC Japan) and Clariant (with Heubach Group). Recently, Heubach, Germany has filed for bankruptcy which has increased the company's confidence in expanding exports. It has 80% overlapping pigment portfolio of troubled players, and has created a large capacity to cater to increased demand. Approval cycles have shortened to 3-4months from 6-9months earlier which shows urgency for buyers.

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	1,998	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)	122.5	52.0	27.4	20.3
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

Market Data

Market Cap (INR)	55bn
Market Cap (USD)	657mn
Bloomberg Code	SCHI IN
Reuters Code	SDCH.BO
52-week Range (INR)	893 /437
Free Float (%)	66.0
ADTV-3M (mn) (USD)	4.6

Price Performance (%)	3m	6m	12m
Absolute	35.5	62.4	61.2
Relative to Sensex	32.0	52.5	38.7

Earnings Revisions (%)	FY25E	FY26E
Revenue	4.1	4.0
EBITDA	11.2	9.5
EPS	17.9	13.6

Previous Reports

05-02-2024: [Q3FY24 results review](#)

06-11-2023: [Q2FY24 results review](#)

EBITDA margin at 15.6%; notably, Q4 is seasonally strong

SCIL's gross profit margin dipping by 185bp QoQ to 42.9% was a result of pass through of lower raw material prices and marginal change in product mix. RIECO revenue contribution jumped to 15.8% in Q4FY24 (vs just 7.8% in Q3FY24 which has lower margin profile). Further, SCIL's specialty pigment contribution stood at 68.2% (down 55bp QoQ). SCIL has guided that as new capacity ramps up, its contribution of specialty, which is currently at 67%, will rise to 72-74%, and should help drive gross margin higher. Gross profit grew 13.1% YoY / 29.5% QoQ to INR 3.3bn. Consolidated EBITDA margin was 15.6% (up 465bp QoQ) due to lower power cost (reduced coal prices) and operating leverage as utilisation improves in new facility. EBITDA rose 40.6% YoY to INR 1.2bn (up 92.5% QoQ). Net profit stood at INR 580mn in Q4FY24 (vs INR 326mn in Q4FY23). Effective tax rate was 25.6% in Q4FY24.

SCIL has guided that its EBITDA margin has normalised, and the focus has shifted to driving higher volumes and improve utilisation at its facility. The company does not have any immediate plan to increase backward integration considering benign prices does not justify investments. It has guided for more gradual margin improvement over the next couple of years.

Despite industry tailwinds, SCIL's guidance remain unchanged

SCIL appeared very enthusiastic on rising tailwinds for pigment industry, particularly, for the company which has prepared itself for this opportunity. It has strong R&D, application and testing lab which has helped it build product portfolio spanning over 100 products with large overlap with troubled western players. It has invested in sales & marketing capabilities with investment in overseas technical sales team and warehouses.

The company is undergoing an approval process for products, and new customer onboarding has shortened. It expects to grab higher pigment market share particularly in developed markets of Europe and North America. However, it remained cautious on guidance and maintained peak revenue potential of INR 30bn from existing investment over the next four years. It also wishes to further strengthen balance sheet with controlled working capital structure, and reduction in leverage.

Other highlights

- SCIL has over 100 professionals working in R&D who are developing new technologies, products and solution. This has enabled the company build enviable product portfolio of over 100 products with strong presence in HPP and effect pigment. Its product range is now comparable to any tier-1 supplier. It believes its comprehensive market position is unmatched by any India /China supplier.
- Company has re-calibrated its go-to-market strategy with increased footprint of local technical sales and marketing team.
- Export business focus will be to driven by higher sales in EU, North America and South America markets. Its biggest opportunity in end-user application is coating.
- Company does direct sales of 60-70%, and the rest is sold via distributors.
- FY25 capex will be limited to INR 1bn, largely maintenance in nature.

Risks

Downside risks: Major softness in demand, and slower margin recovery.

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

Exhibit 1: Sudarshan Chemical (consolidated) financials

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	6,912	6,081	6,007	5,658	7,642	35.1	10.6
COGS	4,011	3,345	3,323	3,124	4,362	39.6	8.7
Gross profit	2,900	2,736	2,684	2,534	3,281	29.5	13.1
GPM (%)	42.0	45.0	44.7	44.8	42.9		
Employee cost	487	513	526	536	525	(2.0)	7.7
% of revenue	7.0	8.4	8.8	9.5	6.9		
Other expenses	1,566	1,524	1,502	1,379	1,565	13.5	(0.1)
% of revenue	22.7	25.1	25.0	24.4	20.5		
Total expenses	2,053	2,037	2,028	1,915	2,090	9.1	1.8
EBITDA	847	699	656	619	1,191	92.5	40.6
EBITDA (%)	12.3	11.5	10.9	10.9	15.6		
Depreciation	306	346	354	355	357	0.5	16.7
EBIT	542	353	302	264	834	216.1	54.0
Other income	15	41	57	43	30	(30.2)	94.2
Finance cost	150	103	96	86	84	(2.3)	(44.3)
PBT	406	291	262	221	780	253.3	91.9
Tax	81	772	84	75	200	166.7	147.5
ETR (%)	19.9	265.4	31.9	33.9	25.6		
Exceptional item	-	3,151	-	-	-		
Net profit	326	2,670	179	146	580	297.7	78.2
Net profit (%)	4.7	43.9	3.0	2.6	7.6		
EPS (INR)	4.7	38.6	2.6	2.1	8.4	297.7	78.2

Source: I-Sec research, Company data

Exhibit 2: Sudarshan Chemical segmental

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Segment revenue							
Pigments	5,935	5,364	5,216	5,215	6,437	23.5	8.5
Others	986	719	794	443	1,206	171.9	22.3
Intersegment elimination	-	-	-	-	-		
Total	6,921	6,083	6,010	5,658	7,643	35.1	10.4
Mix (%)							
Pigments	85.8	88.2	86.8	92.2	84.2		
Others	14.2	11.8	13.2	7.8	15.8		
EBIT							
Pigments	444	346	380	392	689	75.9	55.2
Others	113	48	(22)	(85)	175		
Total	557	394	358	307	864	181.7	55.1
EBIT margin (%)							
Pigments	7.5	6.5	7.3	7.5	10.7		
Others	11.5	6.7	(2.7)	(19.2)	14.5		
Total	8.0	6.5	6.0	5.4	11.3		

Source: I-Sec research, Company data

Exhibit 3: Sudarshan Chemical (consolidated) revenue breakup

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Pigment							
Specialty	4,120	3,630	3,620	3,580	4,390	22.6	6.6
Non specialty	1,810	1,740	1,600	1,630	2,050	25.8	13.3
Total	5,930	5,370	5,220	5,210	6,440	23.6	8.6
Mix (%)							
Specialty	69.5	67.6	69.3	68.7	68.2		
Non specialty	30.5	32.4	30.7	31.3	31.8		
Pigment							
Domestic	3,010	2,650	2,720	2,780	3,450	24.1	14.6
Export	2,930	2,720	2,500	2,440	2,990	22.5	2.0
Total	5,940	5,370	5,220	5,220	6,440	23.4	8.4
Mix (%)							
Domestic	50.7	49.3	52.1	53.3	53.6		
Export	49.3	50.7	47.9	46.7	46.4		

Source: I-Sec research, Company data

Exhibit 4: Sudarshan Chemical (standalone) financials

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	5,415	5,248	4,894	5,097	6,176	21.2	14.0
COGS	3,298	3,079	2,791	2,912	3,568	22.5	8.2
Gross profit	2,117	2,169	2,103	2,185	2,608	19.3	23.2
GPM (%)	39.1	41.3	43.0	42.9	42.2		
Employee cost	330	347	375	369	383	3.6	16.1
% of revenue	6.1	6.6	7.7	7.2	6.2		
Other expenses	1,098	1,173	1,166	1,169	1,331	13.8	21.2
% of revenue	20.3	22.4	23.8	22.9	21.5		
Total expenses	1,427	1,520	1,541	1,539	1,714	11.4	20.0
EBITDA	690	648	561	647	895	38.3	29.6
EBITDA (%)	12.7	12.4	11.5	12.7	14.5		
Depreciation	297	337	344	343	345	0.5	16.3
EBIT	393	312	217	303	550	81.1	39.7
Other income	10	42	58	42	32	(22.2)	214.9
Finance cost	126	83	75	69	60	(13.6)	(52.8)
PBT	277	271	200	276	522	89.2	88.4
Tax	50	769	59	88	119	34.9	137.0
ETR (%)	18.1	284.0	29.3	32.0	22.8		
Exceptional item	-	3,151	-	-	(34)		
Net profit	227	(498)	141	188	403	114.7	77.6
Net profit (%)	4.2	(9.5)	2.9	3.7	6.5		

Source: I-Sec research, Company data

Exhibit 5: Sudarshan Chemical (consolidated minus standalone) financials

INR mn	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	QoQ (%)	YoY (%)
Revenue	1,497	833	1,113	561	1,466	161.6	(2.0)
COGS	714	266	532	212	794	273.9	11.2
Gross profit	783	567	581	348	673	93.1	(14.1)
GPM (%)	52.3	68.1	52.2	62.1	45.9		
Employee cost	158	166	150	166	142	(14.6)	(9.8)
% of revenue	10.5	19.9	13.5	29.7	9.7		
Other expenses	468	351	336	210	234	11.6	(50.0)
% of revenue	31.3	42.1	30.2	37.4	16.0		
Total expenses	626	517	486	376	376	(0.0)	(39.9)
EBITDA	157	50	94	(28)	296	(1,159.3)	88.5
EBITDA (%)	10.5	6.0	8.5	(5.0)	20.2		
Depreciation	9	9	10	12	12	0.8	
EBIT	148	41	84	(40)	285	(819.7)	91.9
Other income	5	(1)	(1)	1	(3)	(338.9)	(150.9)
Finance cost	24	20	21	17	24		
PBT	129	20	62	(55)	258	(566.9)	99.5
Tax	30	4	25	(13)	81	(703.9)	164.9
ETR (%)	23.6	19.1	40.1	24.2	31.3		
Minority interest							
Net profit	99	17	37	(42)	177	(523.1)	79.4
Net profit (%)	6.6	2.0	3.3	(7.5)	12.1		

Source: I-Sec research, Company data

Exhibit 6: Earnings revision (consolidated)

INR mn	Revised		Earlier		% Change	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	28,600	31,555	27,475	30,342	4.1	4.0
EBITDA	4,281	5,262	3,850	4,804	11.2	9.5
EBITDA margin (%)	15.0	16.7	14.0	15.8		
Adj. PAT	1,998	2,707	1,694	2,382	17.9	13.6
Adj. EPS (INR)	28.9	39.1	24.5	34.4	17.9	13.6

Source: I-Sec research, Company data

Exhibit 7: Shareholding pattern

%	Sep '23	Dec '23	Mar'24
Promoters	35.8	35.8	33.2
Institutional investors	18.3	17.8	22.0
MFs and others	9.3	9.1	13.0
FIs/Banks	-	-	-
Insurance	2.7	2.7	2.7
FIIIs	6.3	6.0	6.3
Others	45.9	46.4	44.8

Source: Bloomberg

Exhibit 8: Price chart


Source: Bloomberg

Financial Summary

Exhibit 9: 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	1,998	2,707
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	3,151	-	-
Net Income (Reported)	448	6,725	1,998	2,707
Net Income (Adjusted)	448	1,054	1,998	2,707

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	11,649	11,933	13,871	17,483
of which cash & cash eqv.	294	559	1,140	3,506
Total Current Liabilities & Provisions	6,250	6,148	6,899	7,590
Net Current Assets	5,399	5,785	6,972	9,893
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	339	348	358
Deferred Tax Assets	-	-	-	-
Total Assets	17,577	17,310	18,037	20,433
Liabilities				
Borrowings	8,175	4,409	3,409	3,409
Deferred Tax Liability	624	819	819	819
Provisions	282	318	353	385
Other Liabilities	214	273	318	359
Equity Share Capital	138	138	138	138
Reserves & Surplus	8,144	11,352	12,999	15,321
Total Net Worth	8,282	11,490	13,138	15,459
Minority Interest	-	-	-	-
Total Liabilities	17,577	17,310	18,037	20,433

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, year ending March)

	Jun-23	Sep-23	Dec-23	Mar-24
Net Sales	6,081	6,007	5,658	7,642
% growth (YoY)	9.7	13.7	7.1	10.6
EBITDA	699	656	619	1,191
Margin %	11.5	10.9	10.9	15.6
Other Income	41	57	43	30
Extraordinaries	3,151	0	0	0
Adjusted Net Profit	2,670	179	146	580

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	2,066	2,395	3,565	4,307
Working Capital Changes	804	(460)	(545)	(501)
Capital Commitments	(1,924)	(785)	(1,000)	(1,000)
Free Cashflow	946	1,151	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)	(332)	(350)	(385)
Others	(10)	(45)	-	-
Cash flow from Financing Activities	(1,027)	(4,459)	(1,593)	(602)
Chg. in Cash & Bank balance	(49)	269	581	2,366
Closing cash & balance	204	473	1,140	3,506

Source Company data, I-Sec research

Exhibit 13: 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	122.5	52.0	27.4	20.3
P/CEPS	34.5	6.7	15.8	12.9
P/BV	6.6	4.8	4.2	3.5
EV / EBITDA	31.2	19.5	14.0	11.0
EV/SALES	2.9	2.4	2.1	1.8
Dividend Yield (%)	0.2	0.6	0.6	0.7
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	38.7	48.4
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
RoC (%)	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; 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 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 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.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : complianceofficer@icicisecurities.com

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: headservicequality@icicidirect.com Contact Number: 18601231122
