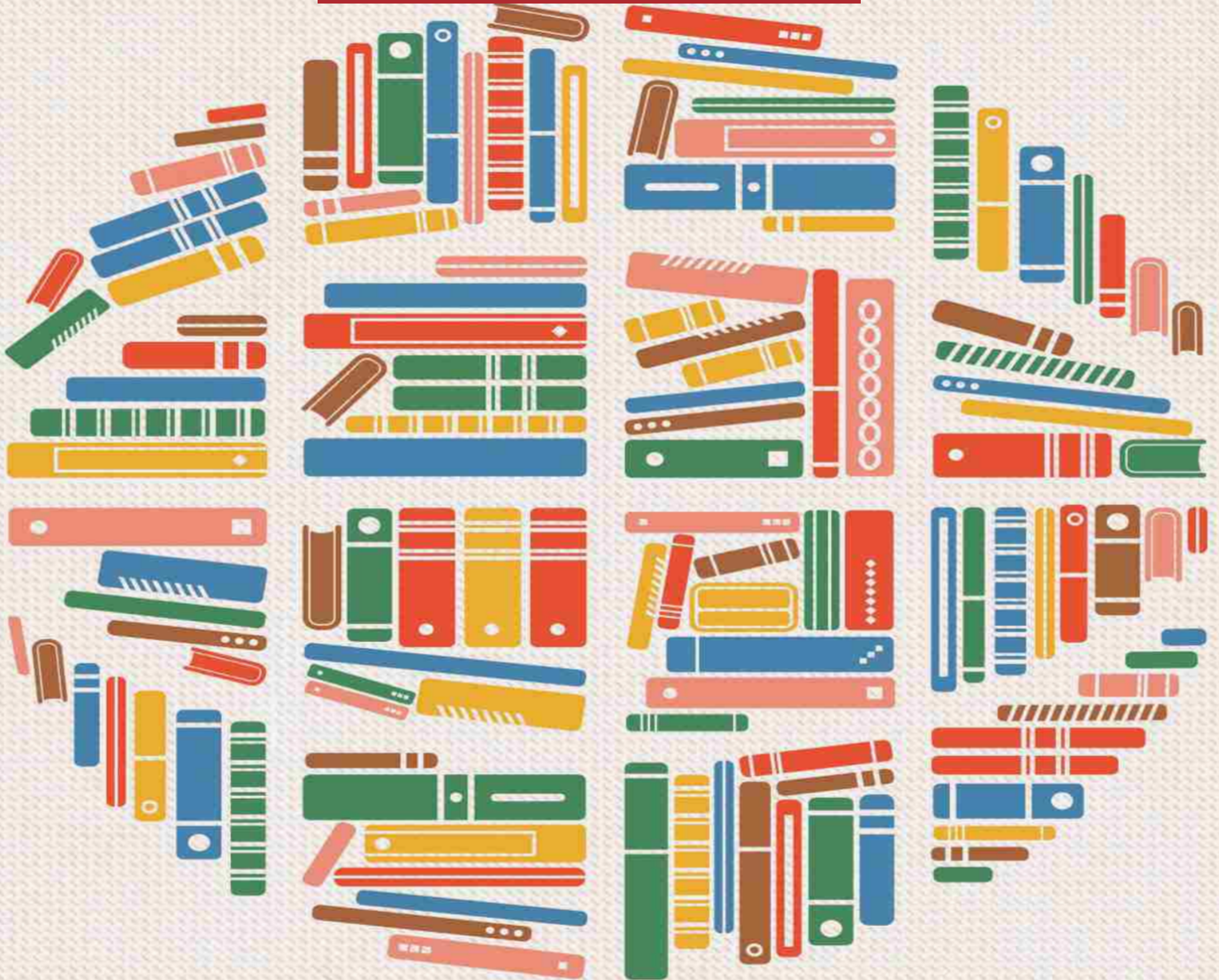


October 28, 2021



Stock TALES



Stock Tales are concise, holistic stock reports across wider spectrum of sectors. Updates will not be periodical but based on significant events or change in price.

CRAMS likely to witness strong growth ahead...

About the stock: Incorporated in 1994, Astec Lifescience is primarily involved in the production of active ingredients and intermediates for agrochemicals segment.

- The company operates in the space of technical as well as bulk sales. It also has a contract manufacturing business
- The enterprise sales constitute ~80% of overall revenue while the rest comes from the CRAMS segment

Key triggers for future price performance:

- Better utilisation of herbicide plant to aid revenue growth for CRAMS business, which is expected to grow in high thirties over FY21-24E
- Enterprise base business likely to report mid-teens growth while commercialisation of key three molecules with an industry size of US\$ 1 billion offers strong revenue visibility for enterprise sales in the long run
- Astec has recently increased R&D spends to 4% of sales. Since the key focus is to strengthen speciality molecules portfolio, one can expect meaningful product development with sizable industry size in the medium to long run. This would support long term performance of the company. New R&D centre could become proxy for the same
- Change in the product mix towards value added products to aid gross margins and, thereby, OPM and return ratios over the coming period. We expect OPM improvement of ~200 bps in FY21-24E to 21.9% on conservative basis
- Control over working capital along with better operational performance to improve FCF generation. Prudent capital allocation towards high RoCE generating business to improve return ratios further

What should investors do? Astec Lifescience's share price has grown by 32% CAGR over the past six years. We believe this is a good opportunity to play on the CRAMS business theme.

- We initiate coverage on the stock under Stock Tales format with a **BUY** rating and target price of ₹ 1575

Target Price and Valuation: We value Astec Lifescience at ~25x P/E FY24E EPS to arrive at a target price of ₹ 1575/share.

Alternate Stock Idea: Apart from Astec Lifesciences, in our chemical coverage we also like Neogen Chemical.

- Trigger for Neogen Chemical's future revenue growth would be increasing CRAMS opportunity
- BUY with a target price of ₹ 1515



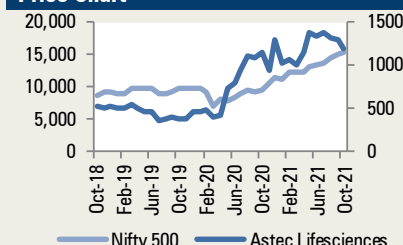
Particulars

Particular	Amount
Market cap (₹ Crore)	2,348
FY21 Total Debt (₹ Crore)	187
FY21 Cash & Inv (₹ Crore)	2
EV (₹ Crore)	2,534
52 Week H/L	1530/908
Equity Capital (₹ Crore)	19.6
Face Value (₹)	10

Shareholding pattern

in %	Dec-20	Mar-21	Jun-21	Sept-21
Promoter	65.2	65.2	65.2	65.2
DII	6.5	10.7	10.9	12.2
FII	0.7	0.3	0.2	0.2
Others	27.6	23.9	23.7	22.4

Price Chart



Key risks

- Propiconazole ban by other countries to impact earnings
- Pricing pressure for key molecules to impact performance

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Dhavan Shah
dhavan.shah@icicisecurities.com

Key Financial Summary

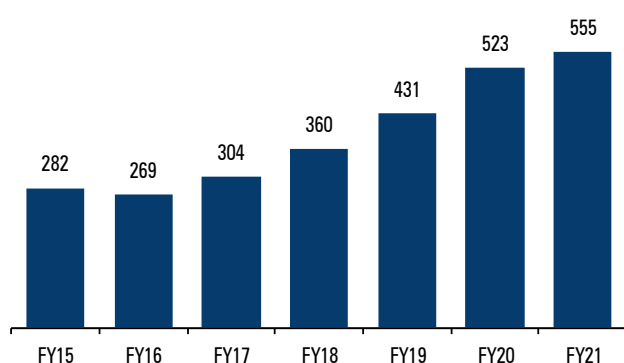
(₹ Crore)	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 year CAGR (FY21-24E)
Net Revenue	430.9	522.6	554.9	17.6%	655.2	801.8	956.2	19.9%
EBITDA	76.5	85.6	111.6	31.5%	132.4	170.0	209.3	23.3%
EBITDA Margins (%)	17.7%	16.4%	20.1%		20.2%	21.2%	21.9%	
Adj. PAT	35.7	47.9	65.0	67.3%	77.6	100.5	123.3	23.8%
Adj. EPS (₹)	18.3	24.5	33.2		39.6	51.3	63.0	
EV/EBITDA	33.0x	28.6x	22.7x		19.0x	14.9x	11.7x	
P/E	65.7x	49.0x	36.1x		30.3x	23.4x	19.1x	
ROE (%)	17.6	19.4	21.0		20.3	21.0	20.7	
ROCE (%)	18.1	21.5	18.9		19.7	21.0	24.2	

Company Background

Incorporated in 1994, Astec Lifescience is primarily involved in the production of active ingredients and intermediates for agrochemicals segment. Hexaconazole, Tebuconazole, Metalaxyl and Propiconazole are some key products in agrochemical segment, which are generally used in crop protection. The company operates in the space of technical as well as bulk sales in the country and also exports its products to more than 30 countries through its over 100 registrations. The company also has contract manufacturing business, which undertakes production for its multi-national clients. Besides, it has good process and manufacturing capability. The plant is located at Mahad, while its R&D unit is at Dombivaili.

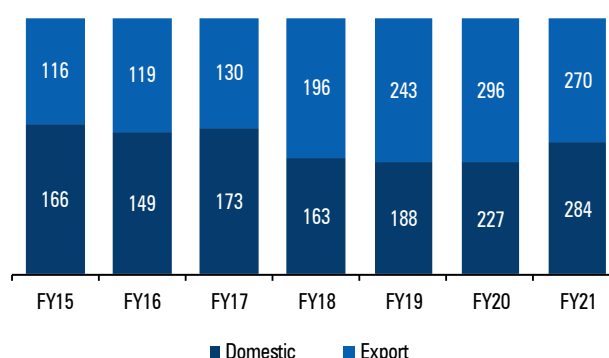
The enterprise sales constitute ~80% of the overall revenue while the rest comes from CRAMS segment. The group revenue grew at 12% CAGR over FY15-21 while EBITDA was up by ~20% CAGR primarily on account of expansion in the gross margins due to favourable product mix.

Exhibit 1: Revenue (₹ crore)



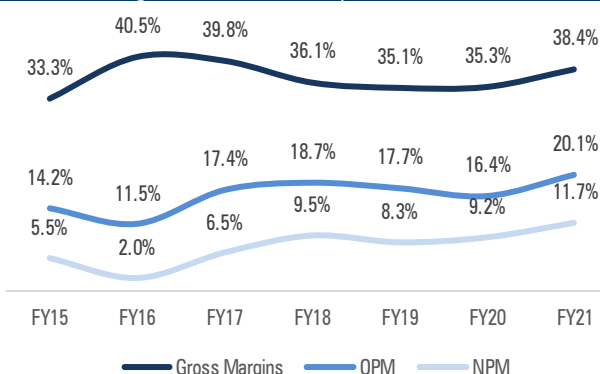
Source: Company, ICICI Direct Research

Exhibit 2: Geographical revenue breakup (₹ crore)



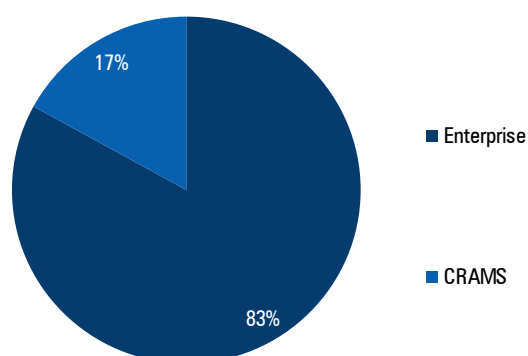
Source: Company, ICICI Direct Research

Exhibit 3: Margin trend over the years (%)



Source: Company, ICICI Direct Research

Exhibit 4: Segmental revenue break up (%)



Source: Company, ICICI Direct Research

Exhibit 5: Segmental revenue streams



Source: Company, ICICI Direct Research

Exhibit 6: Key product portfolio



Source: Company, ICICI Direct Research

Investment Rationale

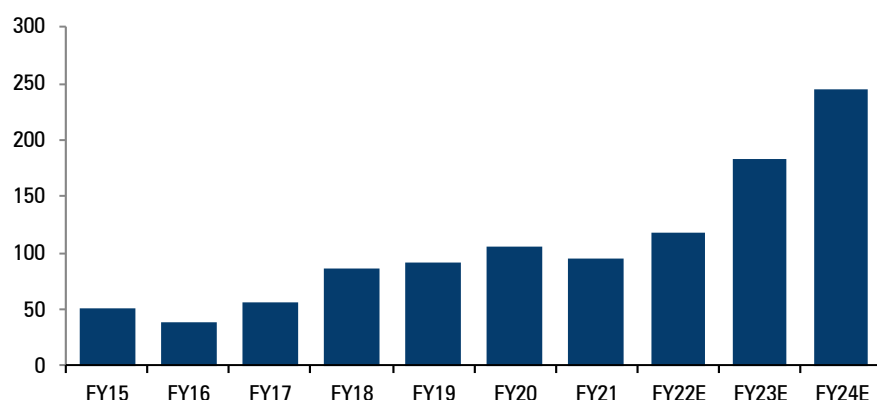
Effort towards strengthening business portfolio to aid performance ahead

Astec lifescience is one of the leader in the triazole fungicides, which has a global market size of US\$ 3 billion. The triazole fungicides constitutes around 37 molecules, out of which Astec predominantly focuses on Tebuconazole, Propiconazole, Hexaconazole. These molecules have been contributing more than 60% to the overall revenues. Hence to mitigate product concentration risk, the company intends to 1) increase its focus into other agrochemical categories (herbicides), 2) shift towards CRAMS and 3) development of more triazole molecules in enterprise business.

On the CRAMS front the management intends to expand the revenue share from the ~20% to ~50% in the long run, a step towards this is the recent capex of ₹ ~110 crore for herbicide plant. Astec plans to launch four molecules under this category, which is expected to garner ₹ ~180 crore revenues at peak utilization. We expect the meaningful traction is expected to be witnessed from FY23E.

The gross margins are expected to be ~50% as against base business margins of ~38% presently. Thus, it is evident that higher share of value added portfolio to improve business mix under CRAMS and thereby group operational performance. We expect CRAMS business revenues to grow at 37% CAGR over FY21-24E primarily on the back of better utilization of herbicides.

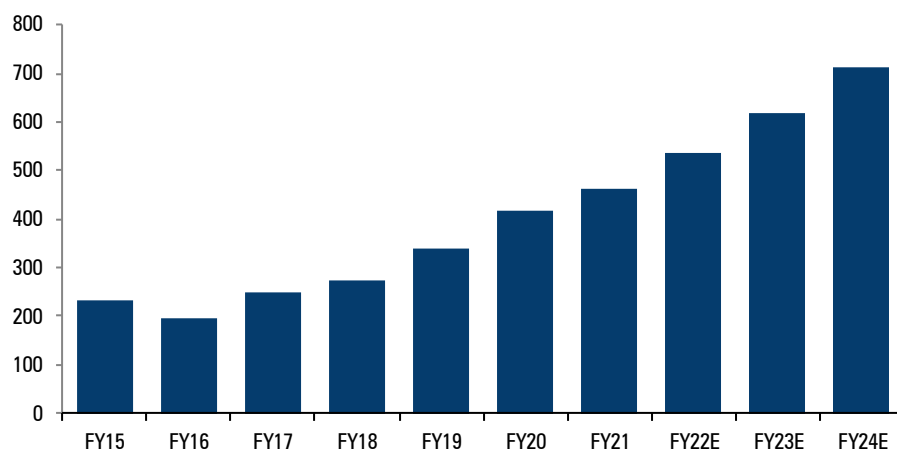
Exhibit 7: CRAMS revenue likely to grow in high thirties over FY21-24E (₹ crore)



Source: Company, ICICI Direct Research

The company also plans to launch three new molecules under enterprise segment, which can have cumulative market size of US\$ 1 billion. We expect the capex for the same to materialise over the next one/two years. We expect present enterprise sales largely caters to the US\$ 1-1.5 billion of triazole fungicide market and thus, introducing newer three molecules with a market size of US\$ 1 billion, can address almost 90% of the overall triazole fungicide market. In terms of the market share, Astec life's base business should have global market share in mid-single digit, which we expect to improve on the back of China plus 1 strategy. China is considered as one of the largest player in these molecules with more than 40% market share and thus, even 5-10% share shift from China can improve base enterprise business outlook of the company. We expect enterprise business revenues to grow at 16% over FY21-24E (without factoring incremental sales of the three molecules).

Exhibit 8: Enterprise revenue likely to grow in mid teens over FY21-24E (₹ crore)



Source: Company, ICICI Direct Research

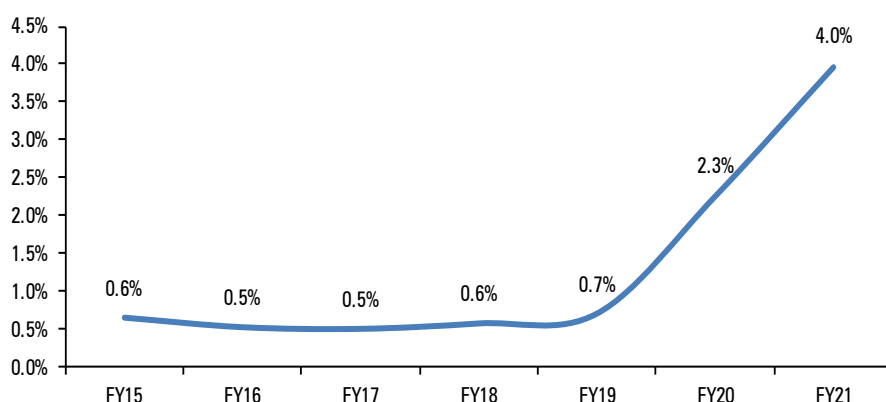
New R&D unit to reinforce specialty product portfolio and thereby earnings

Astec was incurring R&D cost to the tune of 0.5-0.7% of sales till FY19, which has been augmented to 4% by FY21. It is also setting up new R&D centre with a cost of ₹ 100 crore, which is expected to commercialise next year. Astec has been doing process innovation at the moment, which is expected to change post new R&D unit coming on stream. New R&D centre would improve product innovation capabilities and thus, one can expect meaningful development of specialty molecules going ahead.

We have seen that R&D is one of the core part for CRAMS business portfolio and with rise in the R&D cost annually, one can expect material development in the specialty portfolio, which can improve revenue/molecule over the medium term. This can eventually improve gross margins and earnings growth in the medium to long run.

Exhibit 9: R&D cost witnesses jump last year, expected to remain higher ahead...

R&D cost as % of sales



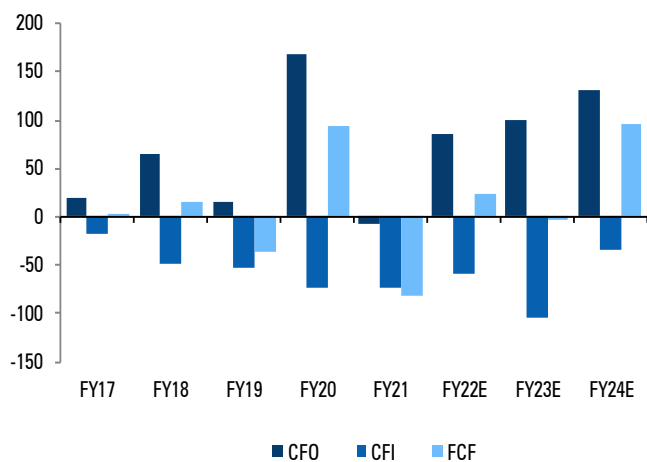
Source: Company, ICICI Direct Research

Allocation of incremental FCF towards value added businesses to aid return ratios

Astec was predominantly dependent on China for RM procurement, which it has curbed drastically in the last few years on the back of two backward integration projects. This can be evident from the fact that the company invested to the tune of ₹ 250 crore over FY17-21. Part of which was for backward integration and part for organic growth. This has resulted into improvement in the gross margins to 38.4%

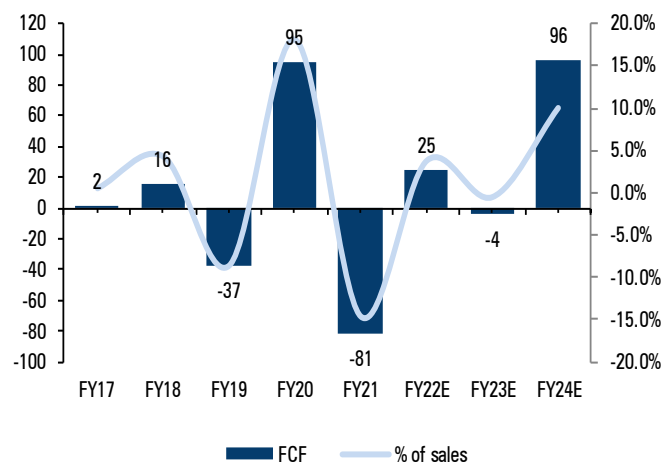
in FY21 against 36.1% in FY18. Going ahead, management has already envisaged a capex of ₹ 100 crore for R&D unit, while they propose to spend around ₹ 300-350 crore for organic growth over the coming few years. With an impetus focus towards increasing CRAMS revenue share, one can expect expansion in the OPM going ahead. Management envisages 500bps OPM improvement over the medium to long run.

Exhibit 10: FCF trend over the years



Source: Company, ICICI Direct Research

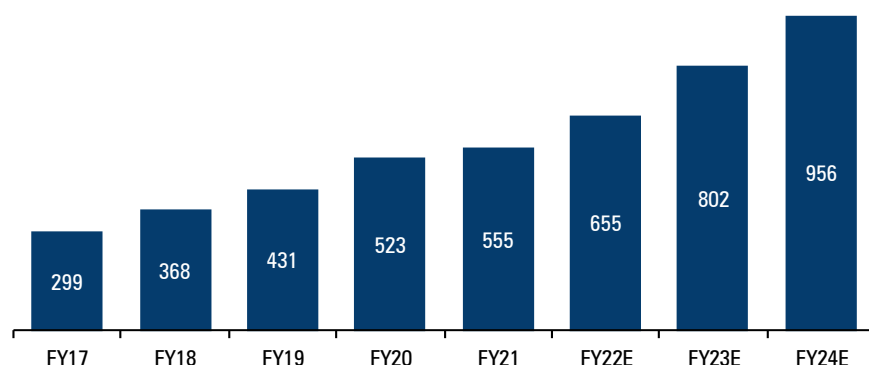
Exhibit 11: FCF generational likely to improve ahead...



Source: Company, ICICI Direct Research

Financial story in charts

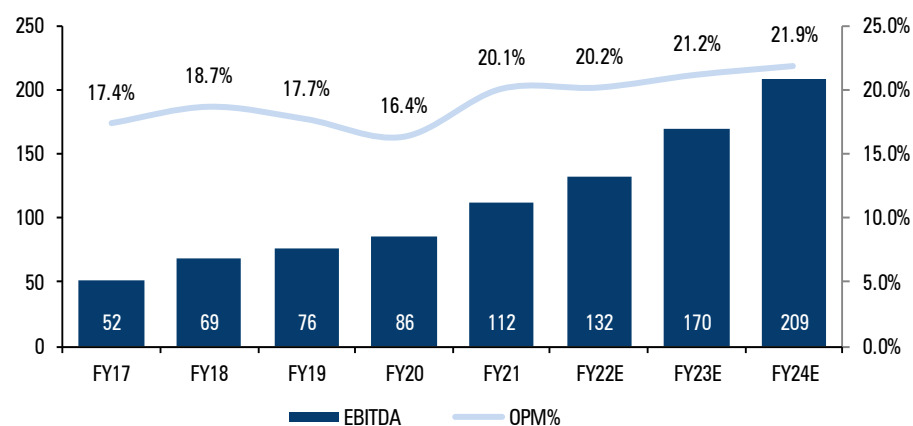
Exhibit 12: Revenue trend (₹ crore)



Source: Company, ICICI Direct Research

Revenues to grow at ~20% CAGR over FY21-24E on the back of better growth from CRAMS segment

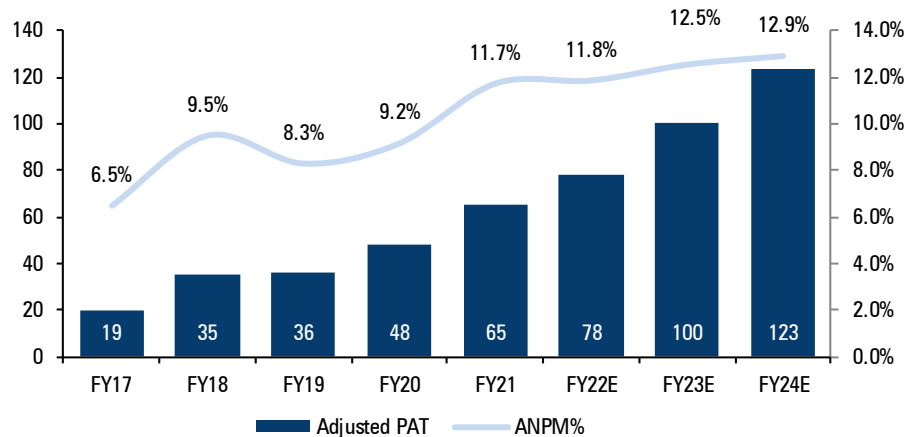
Exhibit 13: OPM trend over the years..



Source: Company, ICICI Direct Research

Change in the product mix towards value added products to aid operational performance. EBITDA is expected to grow at a CAGR of ~23% over the same period

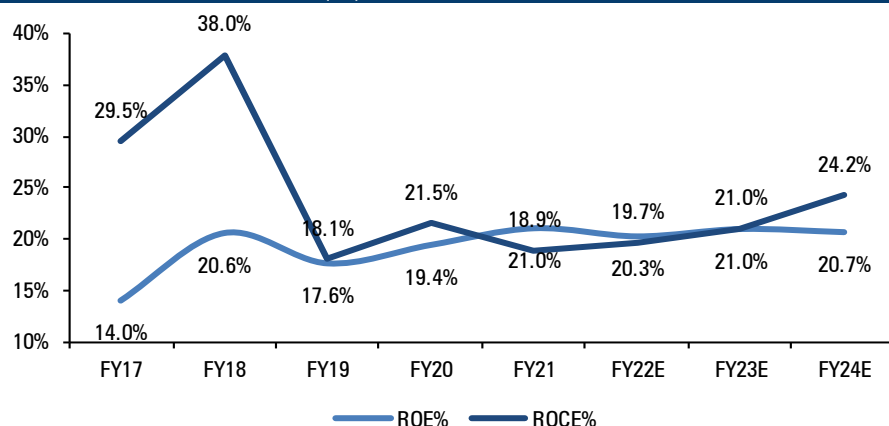
Exhibit 14: PAT trend



Source: Company, ICICI Direct Research

PAT expected to grow at ~24% CAGR over the same period

Exhibit 15: RoE & RoCE trend (%)



Source: Company, ICICI Direct Research

Key risks and concerns

Propiconazole ban by other countries to impact earnings

Propiconazole was banned by EU last year, which impacted business performance of the company owing to pricing pressure due to higher inventories. We have seen historically that, any molecule ban by one country was followed by other countries. Thus, negative development by other countries can impede earnings growth of Astec given that it constitutes around high teens to the overall revenues.

Pricing pressure for key molecules to impact performance

China is considered as one of the largest player in triazole fungicide market. Thus, an increase in competitive intensity can result into pricing pressure and thereby impact the earnings growth of Astec. However, we do not foresee such a situation in the current times due to ongoing power shortage/climate related issues in China, which led higher manufacturing cost and thereby higher finish product prices.

Delay in new molecules development thereby registration to curb growth

Molecule development and registration plays a pivotal role for agrochemical companies since it cumulatively takes more than 36 months. Extension of product development cycle and thereby registration can lower sales visibility and impact earnings.

Valuation and outlook

Astec lifescience remains the key player in the triazole fungicide business with key focus area into enterprise and CRAMS. Since enterprise being the bulk sales and thereby lower margins as compared to CRAMS, management envisages to improve revenue mix of CRAMS in the years to come. For the same, it had set up herbicide plant and plans to launch four molecules with an estimated revenues of ₹ 170-180 crore at peak utilisation, which we expect to assist CRAMS revenue contribution to reach to mid-twenties by FY24E. Moreover, new R&D centre could help company to develop speciality molecules and thereby expansion in the CRAMS product portfolio can't be ruled out. We expect 10% increase in the CRAMS revenue contribution could expand group gross margins by at least 100-150bps. Further, any incremental backward integration project for input requirements could aid gross margins further. Management envisages 500bps improvement in the OPM due to aforementioned factors over medium to long run, which we believe can improve return ratios meaningfully in the years to come. We expect CRAMS segment should be outlier over the next three years for Astec life. We expect topline to grow at a CAGR of ~20% in FY21-24E while bottom line is expected to expand at ~24% CAGR in the same period.

In terms of valuations, at the CMP, the stock is trading at 19x FY24E PER on our earnings estimates. We believe control over working capital along with better operational performance to improve FCF generation and thus, prudent capital allocation towards high ROCE generating business can likely to improve return ratios further. We value the company at 25x PER on FY24E. We arrive at a target price of ₹ 1575, an upside potential of 31%. We have a BUY rating on the stock.

Exhibit 16: Valuation matrix

Company	MCAP	Revenue				EBITDA				Adj. PAT				ROE			EV/EBITDA				P/E				
		FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E	FY20	FY21	FY22E	FY23E
Astec Lifescience	2,351	523	555	655	802	86	112	132	170	48	65	78	100	19.4%	21.0%	20.3%	21.0%	28.6x	22.7x	19.0x	14.9x	49.0x	36.1x	30.3x	23.4x
PI Industries	45,038	3,367	4,577	5,323	7,044	718	1,012	1,219	1,620	457	738	900	1,173	17.4%	13.8%	14.6%	16.1%	57.3x	42.4x	34.8x	26.7x	89.6x	61.0x	50.1x	38.4x
Sumitomo Chemical	19,716	2,425	2,645	2,978	3,378	333	487	590	703	205	345	425	505	16.8%	22.4%	22.1%	21.2%	58.6x	39.4x	32.0x	26.5x	96.3x	57.1x	46.4x	39.0x
Rallis India	5,193	2,252	2,429	2,690	3,201	259	323	289	414	184	229	189	272	12.5%	13.9%	11.0%	14.0%	19.0x	15.3x	17.7x	12.2x	29.5x	23.4x	27.4x	19.1x

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 17: Profit & Loss statement (₹ crore)

Year end March	FY20	FY21	FY22E	FY23E	FY24E
Total Operating Income	522.6	554.9	655.2	801.8	956.2
Growth (%)	21.3	6.2	18.1	22.4	19.3
Raw Material Expenses	338.2	342.1	397.7	473.9	562.0
Employee Cost	29.9	38.4	42.6	51.3	61.2
Other Expenses	69.0	62.9	82.5	106.6	123.7
Total Operating Expenditure	437.1	443.3	522.7	631.7	746.9
EBITDA	85.6	111.6	132.4	170.0	209.3
Growth (%)	11.9	30.4	18.7	28.4	23.1
Other Income	11.9	7.9	7.7	9.3	10.2
Depreciation	23.2	25.7	30.6	39.4	50.2
Net Interest Exp.	12.6	4.8	6.0	6.0	4.8
Other exceptional items	0.0	0.0	0.0	0.0	0.0
PBT	61.7	89.1	103.5	134.0	164.5
Total Tax	13.8	24.0	25.9	33.5	41.1
PAT	47.9	65.1	77.6	100.5	123.4
Adjusted PAT	47.9	65.0	77.6	100.5	123.3
Growth (%)	34.0	35.8	19.4	29.4	22.8
Adjusted EPS (₹)	24.5	33.2	39.6	51.3	63.0

Source: Company, ICICI Direct Research

Exhibit 18: Cash flow statement (₹ crore)

Year end March	FY20	FY21	FY22E	FY23E	FY24E
PBT & Extraordinary	61.4	89.1	103.5	134.0	164.5
Add: Depreciation	23.2	25.7	30.6	39.4	50.2
After other adjustments					
(Inc) / Dec in Working Capital	87.8	-103.3	-29.6	-45.1	-47.5
Taxes	-18.2	-23.0	-25.9	-33.5	-41.1
Others	14.3	3.5	6.0	6.0	4.8
CF from operating activities	168.4	-8.1	84.6	100.8	130.9
Purchase of Fixed Assets	-45.3	-102.5	-60.0	-105.0	-35.0
Others	-28.5	29.4	0.0	0.0	0.0
CF from investing activities	-73.8	-73.2	-60.0	-105.0	-35.0
Issue/(Buy back) of Equity	0.2	0.7	0.0	0.0	0.0
Inc/(dec) in loan funds	-78.3	88.4	-15.0	15.0	-85.0
Dividend paid & dividend tax	-2.9	-2.9	-3.5	-4.5	-5.6
Others	-13.5	-4.8	-6.0	-6.0	-4.8
CF from financing activities	-94.5	81.3	-24.5	4.5	-95.4
Net cash flow	0.1	0.0	0.2	0.3	0.5
Opening cash	1.5	1.5	1.6	1.7	2.0
Closing cash	1.5	1.6	1.7	2.0	2.5

Source: Company, ICICI Direct Research

Exhibit 19: Balance Sheet Statement (₹ crore)

Year end March	FY20	FY21	FY22E	FY23E	FY24E
Liabilities					
Equity Capital	19.6	19.6	19.6	19.6	19.6
Reserves & Surplus	227.0	289.6	363.7	459.6	577.4
Total Shareholders Funds	246.6	309.2	383.3	479.2	597.0
Minority Interest	0.3	0.1	0.2	0.2	0.2
Long Term Borrowings	0.0	40.0	40.0	40.0	0.0
Net Deferred Tax liability	6.1	5.5	5.5	5.5	5.5
Other long term liabilities	0.0	0.0	0.0	0.0	0.0
Long term provisions	0.3	0.5	0.6	0.8	0.9
Current Liabilities and Provisions					
Short term borrowings	98.7	147.0	132.0	147.0	102.0
Trade Payables	202.4	124.8	152.6	186.7	222.7
Other Current Liabilities	16.7	49.8	58.8	72.0	85.8
Short Term Provisions	0.5	0.6	0.7	0.9	1.1
Total Current Liabilities	318.4	322.3	344.1	406.6	411.6
Total Liabilities	571.7	677.6	773.7	932.2	1,015.2
Assets					
Net Block	193.6	212.7	323.7	319.3	404.2
Capital Work in Progress	22.1	111.7	30.0	100.0	0.0
Intangible assets under devl.	2.0	4.0	4.0	4.0	4.0
Goodwill on Consolidation	0.0	0.0	0.0	0.0	0.0
Non-current investments	0.0	0.0	0.0	0.0	0.0
Deferred tax assets	0.0	0.0	0.0	0.0	0.0
Long term loans and advances	2.5	3.3	3.9	4.8	5.8
Other Non Current Assets	19.7	15.4	18.2	22.3	26.6
Current Assets, Loans & Advances					
Current Investments	0.0	0.0	0.0	0.0	0.0
Inventories	121.2	106.1	134.6	164.7	196.5
Sundry Debtors	160.8	187.2	215.4	263.6	314.4
Cash and Bank	1.5	1.6	1.7	2.0	2.5
Loans and Advances	28.9	0.1	0.1	0.1	0.1
Other Current assets	19.3	35.5	42.0	51.4	61.2
Current Assets	331.8	330.4	393.8	481.8	574.7
Total Assets	571.7	677.6	773.7	932.2	1,015.2

Source: Company, ICICI Direct Research

Exhibit 20: Key Ratios

Year end March	FY20	FY21	FY22E	FY23E	FY24E
Per share data (₹)					
Adj. EPS	24.5	33.2	39.6	51.3	63.0
Adj. Cash EPS	36.3	46.3	55.3	71.4	88.6
BV	126.0	157.8	195.7	244.6	304.7
DPS	1.5	1.5	1.8	2.3	2.8
Operating Ratios (%)					
Gross Margin (%)	35.3	38.4	39.3	40.9	41.2
EBITDA Margin (%)	16.4	20.1	20.2	21.2	21.9
PAT Margin (%)	9.2	11.7	11.8	12.5	12.9
Debtor Days	112	123	120	120	120
Inventory Days	85	70	75	75	75
Creditor Days	141	82	85	85	85
Cash Conversion Cycle	56	111	110	110	110
Return Ratios (%)					
Return on Assets (%)	8.4	9.6	10.0	10.8	12.1
RoCE (%)	21.5	18.9	19.7	21.0	24.2
RoE (%)	19.4	21.0	20.3	21.0	20.7
Solvency					
Total Debt / Equity	0.4	0.6	0.4	0.4	0.2
Interest Coverage	5.9	19.7	18.3	23.4	35.2
Current Ratio	1.0	1.0	1.1	1.2	1.4
Quick Ratio	0.7	0.7	0.8	0.8	0.9
Valuation Ratios (x)					
EV/EBITDA	28.6	22.7	19.0	14.9	11.7
P/E	49.0	36.1	30.3	23.4	19.1
P/B	9.5	7.6	6.1	4.9	3.9
EV/Sales	4.7	4.6	3.8	3.2	2.6

Source: Company, ICICI Direct Research

Exhibit 21: ICICI Direct coverage universe (Chemicals)

Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
PI Industries	2963	3,855	Buy	44,961	48.6	59.2	77.1	68.3	56.0	43.0	47.8	39.2	30.1	17.2	18.6	20.4	13.8	14.6	16.1
Aarti Industries	1013	1,085	Buy	36,728	14.5	32.8	31.1	63.7	28.1	29.7	36.8	28.2	19.5	10.7	12.2	16.8	15.0	14.9	20.1
Tata Chemical	997	925	Hold	25,409	10.1	39.1	42.6	81.9	21.1	19.3	15.8	10.0	8.3	4.1	7.1	7.7	1.8	6.6	6.9
Vinati Organics	1970	2,300	Buy	20,252	26.2	40.2	44.3	74.6	48.6	44.1	56.4	36.2	32.3	21.7	29.4	27.1	17.4	22.1	20.4
Sumitomo Chemical	395	505	Buy	19,694	6.9	8.5	10.1	62.3	50.6	42.6	43.1	35.1	29.0	29.8	29.3	28.1	22.4	22.1	21.2
Navin Fluorine	3397	3,710	Hold	16,829	45.0	53.0	73.1	77.8	66.0	47.9	54.0	46.7	31.9	21.0	19.0	22.6	13.6	14.2	17.0
Rallis India	265	305	Hold	5,161	11.4	9.7	14.0	24.8	29.0	20.2	16.2	18.7	12.9	18.0	14.0	18.4	13.9	11.0	14.0
Sudarshan chemical	599	825	Buy	4,147	20.4	26.5	33.0	34.7	26.7	21.4	18.8	14.9	12.1	15.2	18.4	20.3	19.0	20.8	21.8
Neogen Chemicals	1211	1,515	Buy	2,827	13.4	18.8	28.8	89.7	64.0	41.8	46.8	35.0	25.4	15.1	16.5	20.1	17.1	19.8	23.7
Astec Lifesciences	1200	1,575	Buy	2,351	33.2	39.6	51.3	36.1	30.3	23.4	22.7	19.0	14.9	18.9	19.7	21.0	21.0	20.3	21.0

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, Dhavan Shah, MS (Finance), 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 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 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 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 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.