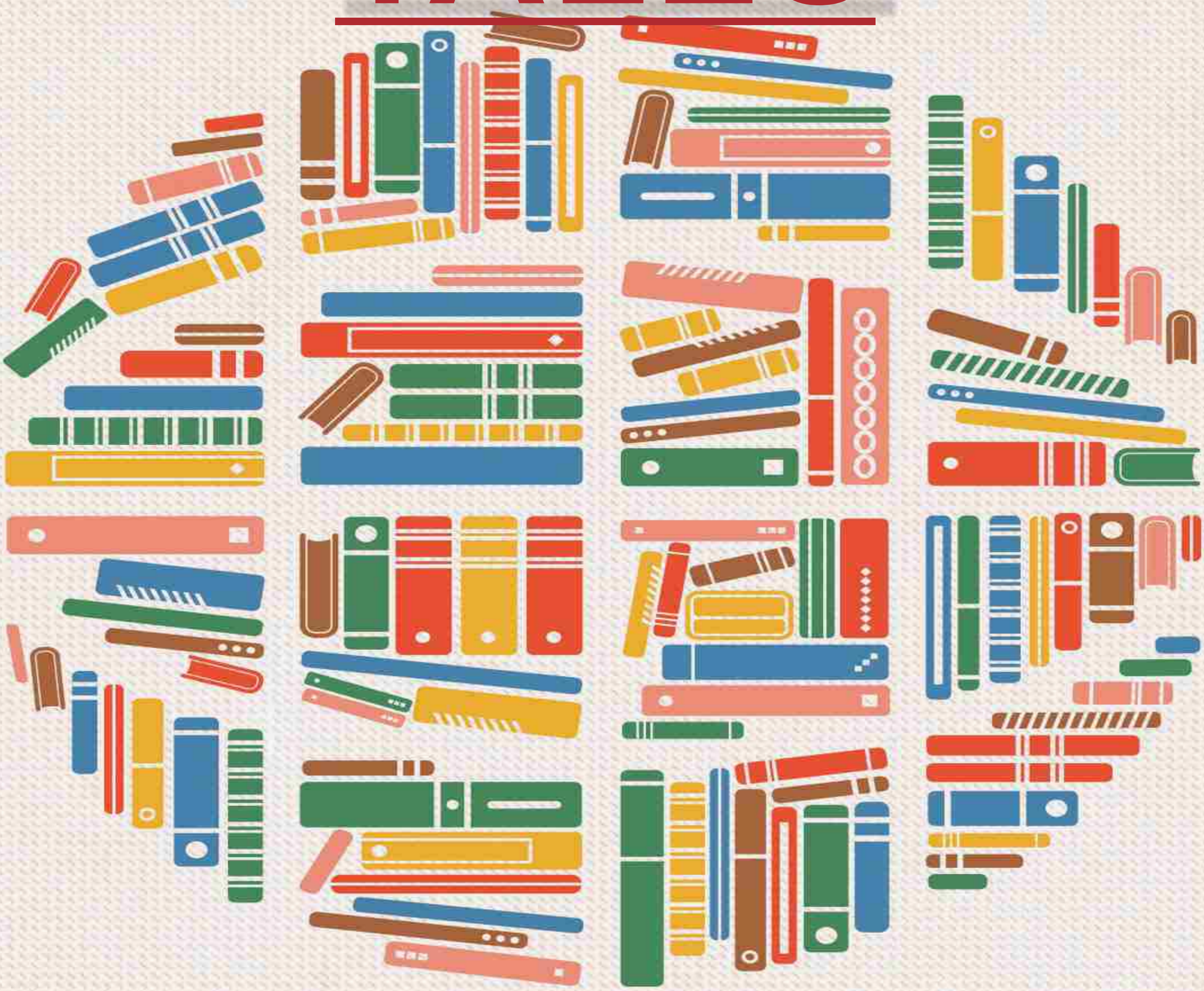
ICICI direct Research

March 26, 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.

Gateway Distriparks (GATDIS)

CMP: ₹ 180 | Target: ₹ 240 (33%) | Target Period: 12 months | BUY

March 26, 2021

Rail business to enhance financial performance…

GDL has a diversified presence in logistics verticals like container train operators (CTO), cold chain logistics, container freight stations. Expected commissioning of Dedicated Freight Corridor (DFC) will position its CTO business in a sweet spot with multiple improvement in operational parameters enabling sustained revenue growth coupled with improved margins owing to enhanced operational efficiencies. Also, a gradual recovery of CFS segment and enhanced profitable growth in cold chain logistics (enhanced utilisation & better profitability owing to increased focus on pharma, other value added user industries) would lead to improved financial performance in FY20-23E. We estimate a revenue, EBITDA, PAT CAGR of 5%, 9%, 15% to ₹ 1493 crore, ₹ 406 crore, ₹ 159 crore, respectively, with accentuated margin profile of 27% in FY23E (vs. 24% in FY20).

CTO segment to augment profitability

DFC is expected to be connected to Pipavav port and Mundra port in Gujarat by Q1FY22 and end of Q3FY22, respectively. This should benefit CTOs like GDL in terms of higher volume growth. DFC is likely to enhance the operational metrics of CTOs with enhanced visibility on delivery time due to time tabled freight trains and higher share of double stacked trains enabling better operational efficiencies, among other triggers. GDL's CTO segment is seeing stronger profitability owing to better turnaround time (EBITDA per TeU expected at ~₹ 8300 in FY21). We expect GDL's rail volumes to grow at a CAGR of 8% in FY20-23E and EBITDA per TeU to be in the range of ~₹ 9000-9200 in FY20-23E, enabling a rail EBITDA CAGR of 17%.

Deleveraging to improve return ratios

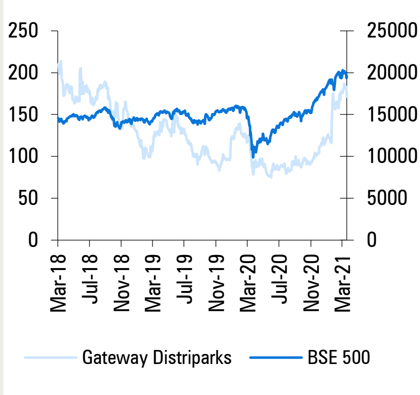
GDL has been actively lowering its gross debt position, which reached a high of ~ ₹ 740 crore in FY19 (due to buyback of Blackstone's entire stake in the rail segment for ₹ 850 crore) and is expected at ~₹ 500 crore in FY21. A strong balance sheet combined with strategically located infrastructure will help GDL to capitalise on future growth opportunities and improve its return ratios. We expect the RoE and RoCE profile to improve from 7.2%, 11.8% in FY20 to 10.4%, 17.8% in FY23E, respectively.

Valuation & Outlook

Post a rebound in port container volumes from October 2020 onwards, the container rail segment has witnessed normalisation in YoY performance (seeing double digit growth in Exim segment since November). GDL's capex is expected to remain in a rangebound territory (₹ 50-150 crore) and will be mainly spent in developing secondary feeder terminals, as DFC continues to build efficiency into rail transportation (same volume of cargo can be carried in lesser number of trains with higher turnaround times, increased speed and double stacking). Stable revenue growth and enhanced margins would translate into strong FCF generation (>11% yield in FY23E) and debt reduction (D/E: 0.2x in FY23E). We expect RoCE augmentation of 600 bps over FY20-23E to 17.8%. Gateway Distriparks stays a structural long term growth story in the logistics landscape. We ascribe a **BUY** rating to the stock with a target price of ₹ 240 (19x FY23E EPS).

Particulars	
Market Capitalisation (₹ cr)	2,247.0
Debt (FY20) (₹ cr)	698.4
Cash (FY20) (₹cr)	8.6
EV (₹ cr)	2,936.9
52 Week High / Low (₹)	189/69
Equity Capital (₹ cr)	124.8
Face Value (₹ cr)	10.0

Price Performance



Research Analyst

Bharat Chhoda
bharat.chhoda@icicisecurities.com

Harshal Mehta
harshal.mehta@icicisecurities.com

Stock Tales

ICICI Securities – Retail Equity Research

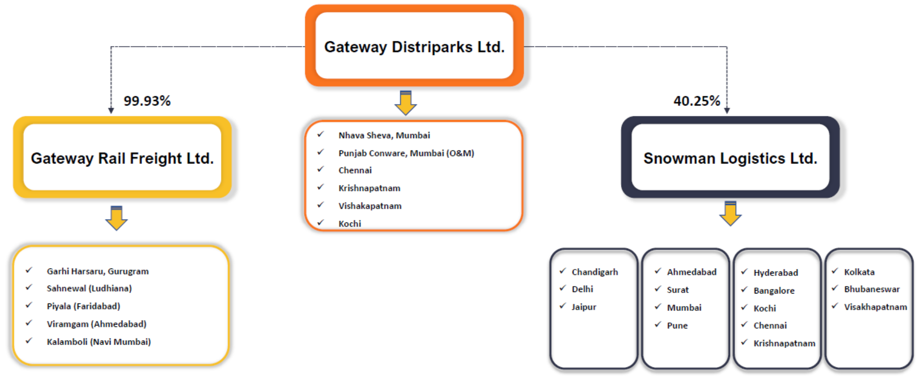
Key Financial Summary

₹ crore	FY19	FY20	FY21E	FY22E	FY23E	CAGR
Net Sales	430.6	1,292.0	1,119.8	1,287.1	1,493.3	36.5%
EBITDA	82.4	313.4	293.4	347.5	406.2	49.0%
PAT	365.1	103.0	67.2	112.7	158.5	-18.8%
P/E (x)	6.2	21.8	33.4	19.9	14.2	
M.Cap/Sales (x)	5.2	1.7	2.0	1.7	1.5	
RoCE (%)	3.0	11.8	11.5	14.8	17.8	
RoE (%)	6.4	7.2	5.0	8.0	10.4	

Company Background

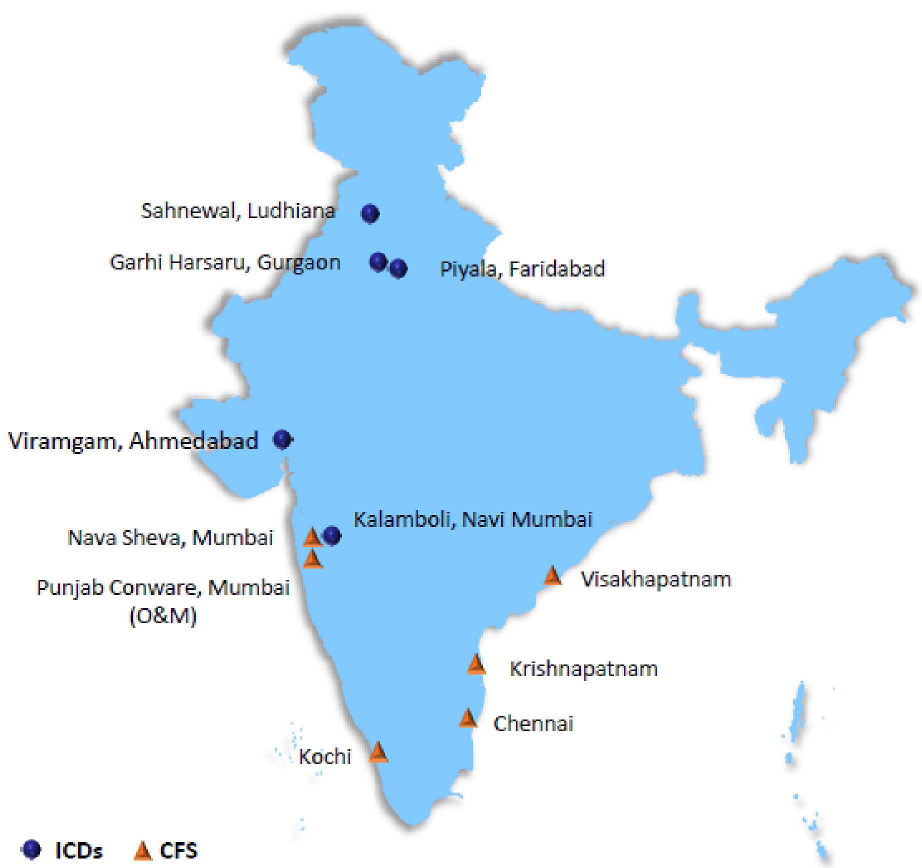
Incorporated in 1994, Gateway Distriparks (GDL) is a leading integrated intermodal logistics facilitator in India. GDL operates in varied segments of logistics industry viz. container freight stations (CFS), container train operations (CTO) and cold chain logistics.

Exhibit 1: Business structure



Source: Company, ICICI Direct Research

Exhibit 2: Facilities: ICDs and CFS



Source: Company, ICICI Direct Research

Exhibit 3: Asset base

Key Metrics

- **CFS Capacity** – 7,00,000 lacs TEUs p.a.
- **ICD Capacity** – 7,00,000 lacs TEUs p.a.
- **Close & Open Total Warehouse Capacity** – ~1,60,000 sq. mt.
- **Reefer Plug Points** – 500
- **Employee Strength** - ~590

Equipment Bank

- **Train Sets** – 31 (21 owned)
- **Tractor Trailers** – 531
- **Reach Stackers** – 50
- **Hydra Cranes** – 9

Source: Company, ICICI Direct Research

GDL operates six container freight stations (CFS) in Nhava Sheva, Chennai, Vishakhapatnam, Kochi and Krishnapatnam. Through its CFS, GDL offers transportation, storage, bonded & general warehousing, empty handling & storage, refer containers and several value added services (VAS). It has a total capacity of 7,20,000 TEU at key Indian ports, which serve as a gateway to India.

Exhibit 4: CFS infrastructure

	Nava Sheva, Mumbai	Punjab Conware, Mumbai (O&M)	Chennai	Vishakhapatnam	Kochi	Krishnapatnam
Area	• Plot area of ~1,41,700 sqmt; • Paved area: 87,000 sqmt; • Covered warehouse area: 43,000 sqmt	• Paved area 60,000 sqmt • 4 covered warehouses:3 6,000 sqmt • Bonded warehouse: 5,120 sqmt	• Paved area: 6,00,000 sqft • Covered warehouse area: 70,000 sqft	• Paved Area: 60,000 sqmt • Open yard for empty container: 4000 sqmt • Utra modern warehouse: 28,000 sqft	• Plot Area of ~26,300 sqmt • Covered area of 13,500 sqft for export and import cargo	• Land area ~93,000 acres • Paved area 2,15,600 sqft
Capacity (TEU's)	216,000	1,20,000	1,50,000	70,000	50,000	50,000
Warehouse Capacity (in Sq. mtr.)	~43,000	~41,200	6,500	3,000	1,000	~4,600
Bonded Warehouse	Yes	Yes	Yes	No	No	Yes
Reefer Points	Yes	Yes	Yes	Yes	Yes	Yes

Source: Company, ICICI Direct Research

On the container train operators segment, GDL diversified into container train operations after the sector opened to private players in 2007. Since then, it has become the largest private container train operator among 15 other players. It operates its rail and inland container depot (ICD) businesses through a subsidiary – Gateway Rail Freight (GRFL) – which has a fleet of 31 rakes (21 owned), 531 owned road trailers, and four ICDs in Gurgaon, Faridabad, Mumbai and Ludhiana. It operates regular container train service from ICDs to the maritime ports at Nhava Sheva, Mundra and Pipavav, transporting Exim as well as domestic containers. GRFL also operates a dedicated refrigerated container train service between NCR and Navi Mumbai. All its facilities are in the north-west region of India, which contributes to significant portion of container traffic on the west coast.

Exhibit 5: ICD infrastructure

	Garhi Harsaru, Gurugram	Piyala, Faridabad	Sahnewal, Ludhiana	Viramgam, Ahmedabad	Kalamboli Domestic Terminal, Navi Mumbai
Land (Acres)	90	65	60	40	15
Installed Capacity (TEU's)	2,50,000	1,50,000	1,50,000	1,00,000	50,000
Design Capacity (TEU's)	5,00,000	3,00,000	3,00,000	2,00,000	1,00,000
Warehouse Capacity (in Sq. mtr.)	21,500	14,370	4,500	2,400	4,500
Bonded Warehouse	Yes	Yes	Yes	Yes	Yes
Reefer Points	Yes	Yes	Yes	Yes	Yes
Train Services	Daily Service to Mundra and Pipavav Alternate Day Service to Nhava Sheva Alternate Day Service to Kalamboli			-	-
Coverage	North India Hub; NCR, Haryana, Uttarakhand, Uttar Pradesh particularly Gurgaon, Manesar, Bhiwadi, Bawal, Dharuhera industrial areas	Delhi Agra Industrial belt including Faridabad, Palwal, NOIDA, Greater Noida	Punjab, Haryana, Jammu & Kashmir, Himachal Pradesh, Chandigarh, Uttrakhand and Uttar Pradesh	Second Hub in western part closer to the Port locations	Terminal in Domestic Tariff Area (DTA) for empty container sourcing and Domestic / Cabotage Cargo
Market Share	~13%		~35%		

Source: Company, ICICI Direct Research

GDL also has a presence in cold chain logistics through its associate company Snowman Logistics (SLL), which got listed on the stock exchanges in 2014. SLL is India's leading integrated temperature-controlled logistics service provider. Snowman has state of the art infrastructure at prime locations across 15 cities. The current capacity is ~ 107000 pallets with owned fleet of 300 refrigerated vehicles.

Exhibit 6: Cold chain infrastructure

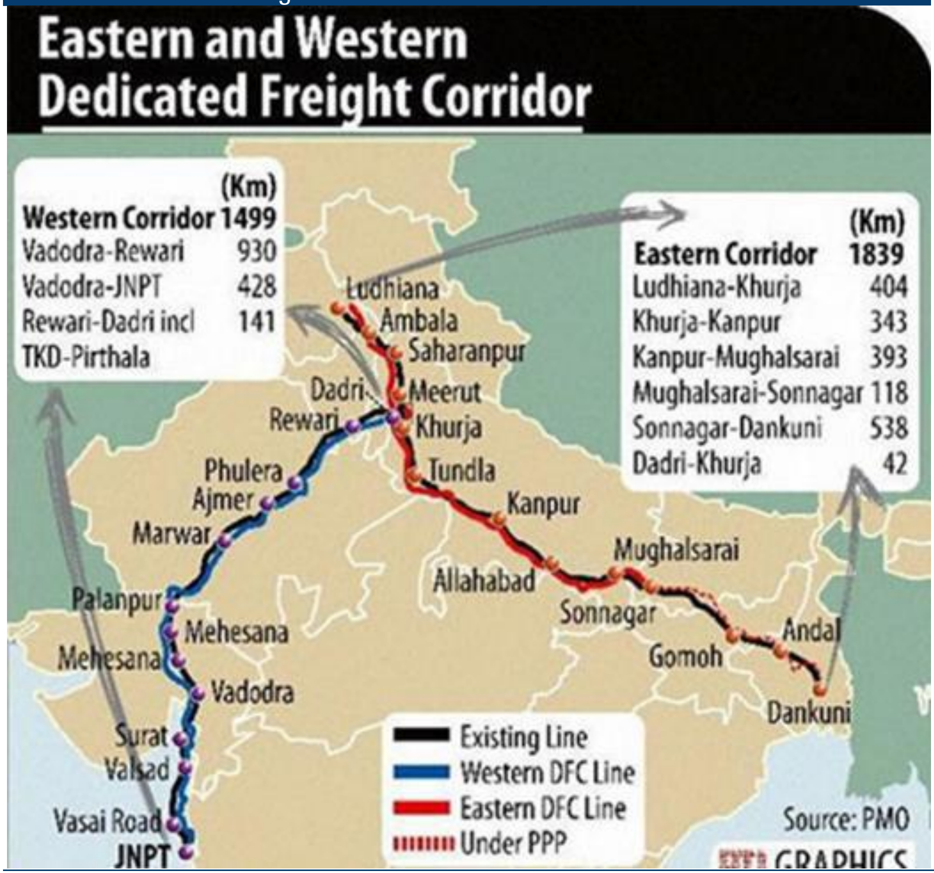
Source: Company, ICICI Direct Research

Investment rationale

Western dedicated freight corridor to provide multiple triggers

In a move, which reflected readiness of CTOs along the DFC, GDL deployed its double stacked train in a python configuration (1.5 km) along with another operator on electrified section between New Ateli (Haryana) and New Kishangarh (Rajasthan) station on the Western DFC route. The entire route once ready would link up major ports in western India (Adani Ports, Gujarat Pipavav, JNPT, etc) to the northern hinterlands of India. Domestic manufacturing industries would get faster and cheaper access to the national and international markets. Commercialisation of the WDFC network, along-with feeder route connectivity to Gujarat Pipavav Port is expected to commence in Q1FY22.

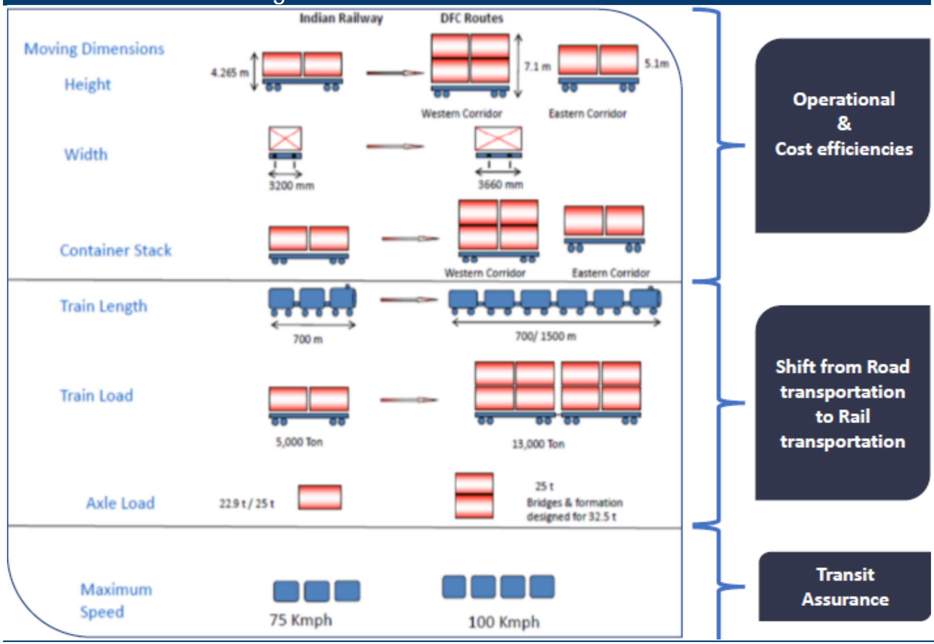
Exhibit 7: Dedicated Freight Corridors



Source: Company, ICICI Direct Research

During FY21, the pandemic provided a snapshot of DFC, due to lower passenger traffic along the conventional Indian railways network. Turnaround times came down from 72 hours to ~48 hours including at the terminal end. System turnaround time also came down from 7.2 to 4.8 days. DFC, once commercialised, would provide additional advantage in further lowering of turnaround times. Also, double stacking of containers with increased speed is expected to aid on the margins front (lower empties and higher operating leverage). Further, higher lead distance is expected to further drive improvement in margins.

Exhibit 8: Dedicated freight corridors

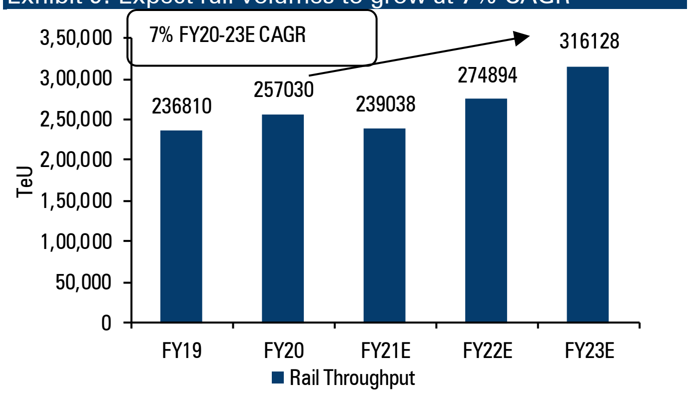


Source: Company, ICICI Direct Research

Shift in road to rail traffic to aid in stronger volume growth

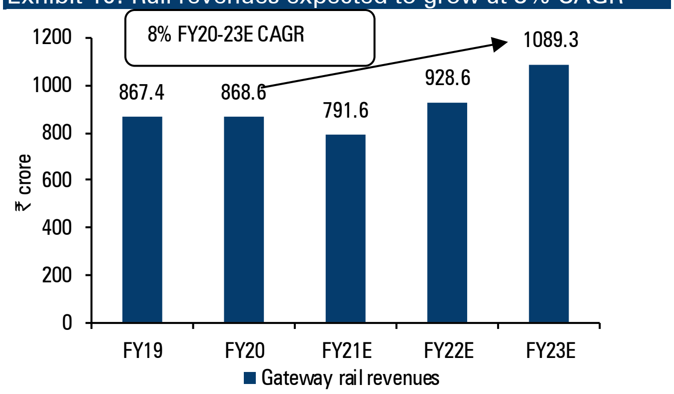
Better turnaround times, higher speed, time tabled running of freight trains would provide incentive for shipping lines to push higher volumes of cargo towards rail. Currently, the share of rail in overall cargo is at 30-35%, which is expected to reach 45% in coming years. Rising diesel prices is further helping CTOs over road players due to greater value provided by rail to customers over longer distances (more efficiency and lower costs). Time-tabled operations and multiple ICDs in the hinterland would provide easy access and more control to customers (more real-time information, proximity to operations/manufacturing sites, etc), leading to greater push by shipping lines towards rail ICDs in the hinterlands. Also, instead of getting service directly from the port via DPD (which requires returning of empty containers back to the port in 14 days) the customer can make use of the 14 days free period at the nearest ICDs provided by shipping lines. We expect GDL's rail volumes, revenues to grow at 7%, 8% CAGR (FY20-23E) to 3.2 lakh TeUs, ₹ 1089 crore, respectively.

Exhibit 9: Expect rail volumes to grow at 7% CAGR



Source: ICICI Direct Research, Company

Exhibit 10: Rail revenues expected to grow at 8% CAGR



Source: ICICI Direct Research, Company

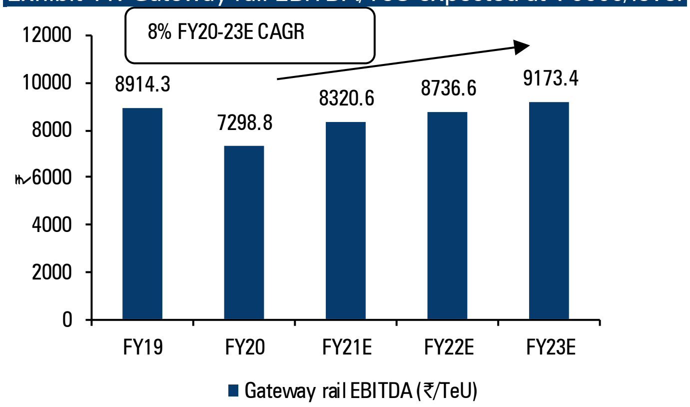
Strategically located ICDs enabling sustained business growth

GDL has five intermodal terminals built on owned lands at strategic locations, on the Indian railway network to enable double stack container movement. It is also close to manufacturing hubs at Gujarat, NCR and Punjab. GDL regularly runs trains between JNPT, Mundra, Pipavav and hinterlands ICDs in North India. The terminals have further scope of expansion (double the existing installed capacity of 7 million TeUs). Terminals at key North-West locations also allow for greater lead distances for GDL, thereby contributing to higher realisations for the company (30000+/TeUs), compared to its bigger competitor. Reliable service by GDL to its customers through ICDs at Garhi Harsaru, Faridabad, Ludhiana and Virangam has been pivotal in maintaining GDL's market-share at 13% (NCR) and 35% (Ludhiana), in spite of the rising competition.

EBITDA/TeU double that of biggest competitor

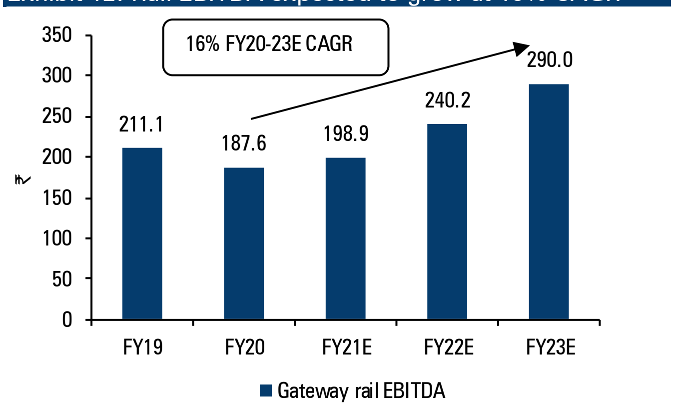
EBITDA/TeU in GDL's rail business reached ₹ 9000 in Q3FY21 (more than double its bigger competitor Concor), due to continued volume improvement and turnaround times (a one-time rebate by Indian rail on haulage charges also contributed, applicable till April 2021). In the near term, the management expects the EBITDA/TeU to revert to ₹ 8200 given current circumstances of both better turnaround times and organised movement between Garhi Harsaru to Virangam to Mundra Port and Pipavav. More double stack due to higher volumes, will further save on haulage charges (calculated on per train basis) and also reduce empty container charges, thereby positively impacting EBITDA. We expect the rail EBITDA/TeU and absolute rail EBITDA to grow at 8%, 16% CAGR (FY20-23E) to ₹ 9174/TeU and ₹ 290 crore, respectively.

Exhibit 11: Gateway rail EBITDA/TeU expected at ₹ 9000/level



Source: ICICI Direct Research, Company

Exhibit 12: Rail EBITDA expected to grow at 16% CAGR

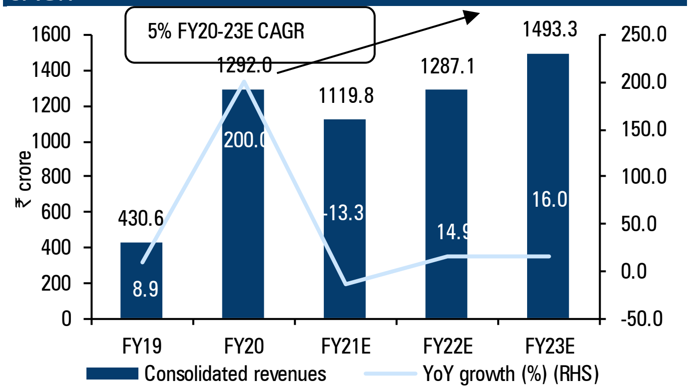


Source: ICICI Direct Research, Company

Snowman performance expected to remain on strong footing

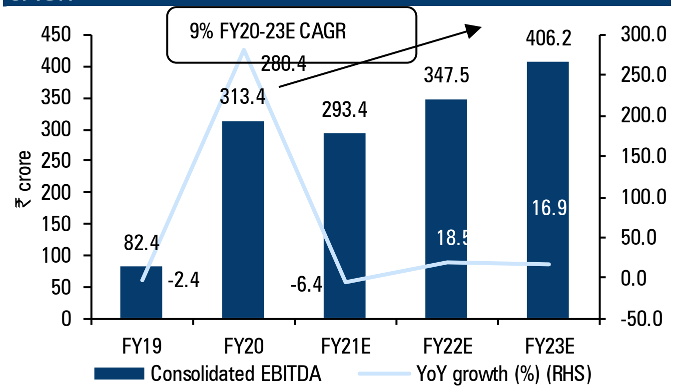
Capacity utilisation levels for Snowman Logistics continued to remain healthy in FY21YTD, at 80-85% levels. Further, Snowman continues to improve its business MoM. The company is undertaking expansion plans at Siliguri, Coimbatore, Krishnapatnam and Mumbai, adding 10600 palettes to the existing capacity of more than 1.07 lakh pallets (35 warehouses) and 260+ refrigerated trucks. It operationalised the third warehouse with Amazon (back and fulfilment) in the Delhi region (first two are in Mumbai and Pune) and is in further discussion with Amazon to add extra facilities for them. It has also, developed Snowlink technology platform for aggregating refrigerated freight owners in India and integrating with Snowman operations. We expect value added services like pharma, QSR chains, processed foods, seafood to contribute greater share of Snowman's topline.

Exhibit 13: Consolidated revenue expected to grow at 5% CAGR



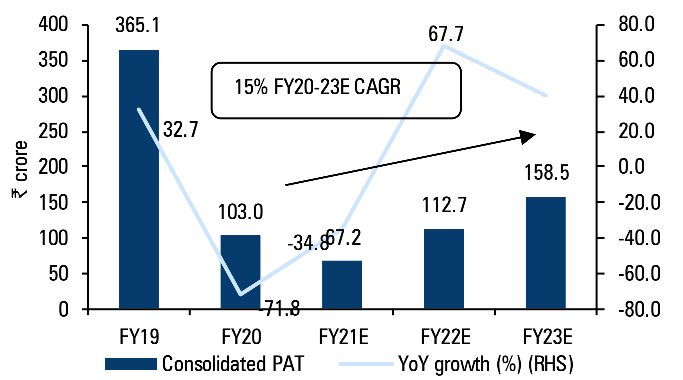
Source: ICICI Direct Research, Company

Exhibit 14: Consolidated EBITDA expected to grow at 9% CAGR



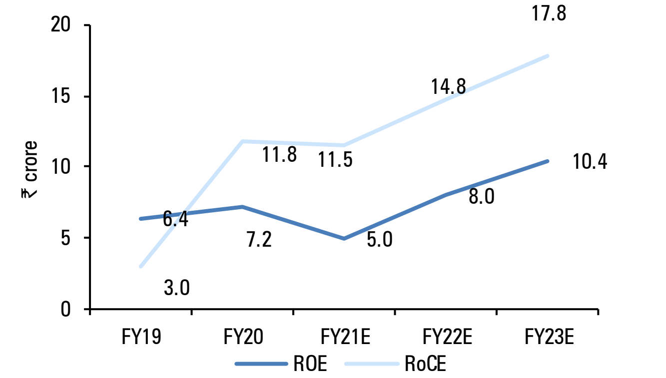
Source: ICICI Direct Research, Company

Exhibit 15: Consolidated PAT expected to grow at 15% CAGR



Source: ICICI Direct Research, Company

Exhibit 16: Return ratios showing improving trend



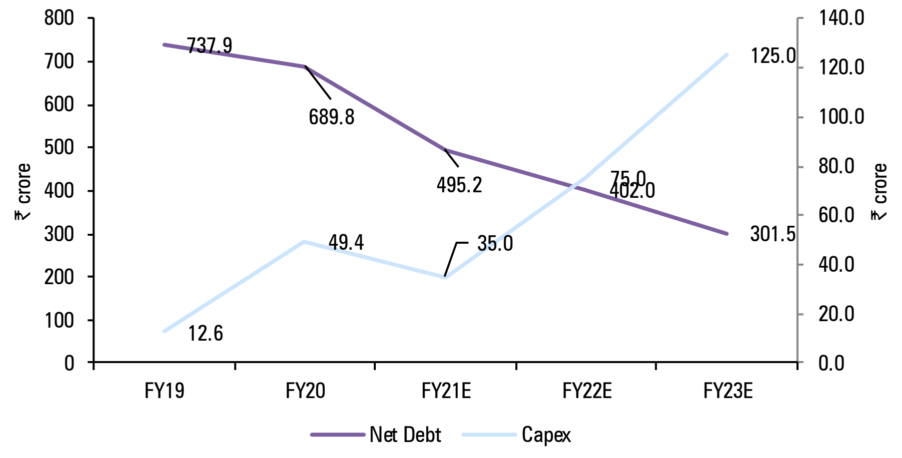
Source: ICICI Direct Research, Company

Continued debt reduction amid rangebound capex

GDL currently has a fleet size of 21 owned trains and 10 leased trains. With better utilisation and higher turnaround times, the company would require fewer trains to move the current volume of cargo. The management has also delayed the acquisition of upgraded wagons until they get certified to run at 100 km/hour (current fleet can carry up to 22.9 tonnes load per axle and run at 100 km/hr). From the point of view of ICDs, GDL plans to invest in two to three terminals (total ₹ 200 crore) in the next two to three years. The proceeds would be used to develop satellite terminals (35 acres terminal), which will feed into primary double stack hub at Garhi Harsaru (NCR).

On the debt side, consolidated net-debt was at ₹ 494 crore as on December 31, 2020 vs. ₹ 681 crore as on April 1, 2020, well ahead of planned reduction. The company is making efforts to bring it down further. We further expect the D/E ratio to move towards a comfortable 0.2x in FY23.

Exhibit 17: Movement of capex and net debt



Source: Company, ICICI Direct Research

Key risk & concerns

Increase in competitive intensity

Though Gateway Distriparks is the largest private player in the CTO segment, it faces competition from industry leader Container Corporation and other players like Adani Logistics who are looking to expand their presence in the segment. An increase in competitive intensity either through aggressive pricing/discounting could impact revenue growth and profitability of Gateway Distriparks.

Delay in commissioning of DFC, other DFC related issues

Any delay in execution of DFC can negatively impact the expected volume growth for GDL. Also, if railways decide to levy a higher-than-expected charge for DFC, it could impact the expected profitability. However, since the focus of IR is expected to enhance its market share, we believe IR would keep the rates competitive.

Improvement in road infrastructure can delay modal shift from road to rail

Enhanced investment in improving the country's road infrastructure can improve the competitiveness of road vs. rail as better road infrastructure can enable road players to improve transit times and offer competitive rates. The same can negatively impact the expected modal shift from road to rail.

Financial Summary

Exhibit 18: Profit & loss statement

(Year-end March)/ (₹ crore)	FY20	FY21E	FY22E	FY23E
Total Operating Income	1,292.0	1,119.8	1,287.1	1,493.3
Growth (%)	200.0	-13.3	14.9	16.0
Operating expenses	819.8	677.5	772.3	896.0
Gross Profit	472.3	442.3	514.8	597.3
Gross Profit Margins (%)	36.6	39.5	40.0	40.0
Employee Expenses	59.8	63.8	69.5	77.6
Other Expenditure	99.1	85.1	97.8	113.5
Total Operating Expenditure	978.6	826.4	939.6	1,087.1
EBITDA	313.4	293.4	347.5	406.2
Growth (%)	280.4	-6.4	18.5	16.9
Interest	102.6	78.3	66.2	54.1
Depreciation	133.3	138.7	148.8	161.4
Other Income	17.6	14.6	19.3	22.4
PBT before Exceptional Items	95.1	91.0	151.8	213.1
Less: Exceptional Items	-8.1	0.0	0.0	0.0
PBT after Exceptional Items	103.1	91.0	151.8	213.1
Total Tax	-6.3	22.9	38.2	53.6
PAT before MI	109.4	68.1	113.6	159.4
Minority Interest	0.9	0.9	0.9	0.9
Profit from Associates	-5.5	0.0	0.0	0.0
PAT	103.0	67.2	112.7	158.5
PAT Growth (%)	-65.7	-34.8	67.7	40.7
EPS (Adjusted)	7.6	5.4	9.0	12.7

Source: Company, ICICI Direct Research

Exhibit 19: Cash flow statement

(Year-end March)/ (₹ crore)	FY20	FY21E	FY22E	FY23E
Profit/(Loss) after taxation	103.0	67.2	112.7	158.5
Add: Depreciation & Amortization	133.3	138.7	148.8	161.4
Add: Interest Paid	102.6	78.3	66.2	54.1
Net Increase in Current Assets	-3.8	84.2	-18.3	-22.6
Net Increase in Current Liabilities	13.1	2.8	16.1	19.3
Others	-38.1	2.1	-5.4	-5.4
CF from Operating activities	310.1	373.3	320.0	365.4
(Purchase)/Sale of Fixed Assets	-49.4	-35.0	-75.0	-125.0
Long term Loans & Advances	0.0	0.0	0.0	0.0
Investments	30.1	20.0	0.0	0.0
Others	-109.3	-100.9	-125.4	-175.8
CF from Investing activities	-79.1	-80.9	-125.4	-175.8
(inc)/Dec in Loan	-69.4	-190.0	-100.0	-100.0
Dividend & Dividend tax	-52.4	-50.8	-50.8	-50.8
Less: Interest Paid	-86.5	-63.0	-50.6	-38.2
Other	-44.0	16.1	0.0	0.0
CF from Financing activities	-252.4	-287.7	-201.4	-189.0
Net Cash Flow	-21.4	4.6	-6.8	0.5
Cash and Cash Equivalent at the beginnin	30.0	8.6	13.2	6.4
Cash and Cash Equivalent at the end	8.6	13.2	6.4	6.9

Source: Company, ICICI Direct Research

Exhibit 20: Balance Sheet

(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	108.7	124.8	124.8	124.8
Reserve and Surplus	1,208.0	1,224.4	1,286.3	1,394.1
Total Shareholders funds	1,316.7	1,349.2	1,411.1	1,518.9
Minority Interest	10.6	10.6	10.6	10.6
Total Debt	698.4	508.4	408.4	308.4
Deferred Tax Liability	3.8	3.8	3.8	3.8
Long-Term Provisions	1.3	1.3	1.3	1.3
Other Non Current Liabilities	201.2	182.8	186.5	190.2
Source of Funds	2,232.1	2,056.3	2,021.8	2,033.3
Gross Block - Fixed Assets	2,196.4	2,251.4	2,366.4	2,531.4
Accumulated Depreciation	236.5	375.2	524.0	685.3
Net Block	1,959.9	1,876.2	1,842.4	1,846.0
Capital WIP	5.4	5.4	5.4	5.4
Fixed Assets	1,965.3	1,881.6	1,847.8	1,851.4
Investments	31.8	11.8	11.8	11.8
Goodwill on Consolidation	0.0	0.0	0.0	0.0
Deferred Tax Assets	32.0	38.4	38.4	38.4
Other non-Current Assets	192.0	195.9	199.8	203.8
Inventory	0.0	0.0	0.0	0.0
Debtors	129.8	122.7	141.1	163.6
Loans and Advances	59.7	0.0	0.0	0.0
Other Current Assets	17.4	0.0	0.0	0.0
Cash	8.6	13.2	6.4	6.9
Total Current Assets	215.5	135.9	147.4	170.6
Creditors	91.5	92.0	105.8	122.7
Provisions	0.0	0.0	0.0	0.0
Other Current Liabilities	113.0	115.2	117.5	119.9
Total Current Liabilities	204.4	207.3	223.3	242.6
Net Current Assets	11.0	-71.4	-75.9	-72.1
Application of Funds	2,232.1	2,056.3	2,021.8	2,033.3

Source: Company, ICICI Direct Research

Exhibit 21: Key ratios

(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
Reported EPS	8.3	5.4	9.0	12.7
BV per share	105.5	108.1	113.0	121.7
Cash per Share	0.7	1.1	0.5	0.6
Dividend per share	4.2	4.1	4.1	4.1
Operating Ratios (%)				
Gross Profit Margins	36.6	39.5	40.0	40.0
EBITDA margins	24.3	26.2	27.0	27.2
PAT Margins	7.3	6.0	8.8	10.6
Inventory days	0.0	0.0	0.0	0.0
Debtor days	36.7	40.0	40.0	40.0
Creditor days	25.8	30.0	30.0	30.0
Asset Turnover	0.6	0.5	0.5	0.6
Return Ratios (%)				
RoE	7.2	5.0	8.0	10.4
RoCE	11.8	11.5	14.8	17.8
RoIC	11.0	10.8	13.8	16.7
Valuation Ratios (x)				
P/E	21.8	33.4	19.9	14.2
EV / EBITDA	9.4	9.3	7.6	6.3
EV / Net Sales	2.3	2.4	2.1	1.7
Market Cap / Sales	1.7	2.0	1.7	1.5
Price to Book Value	1.7	1.7	1.6	1.5
Solvency Ratios				
Debt / EBITDA	2.2	1.7	1.2	0.8
Debt / Equity	0.5	0.4	0.3	0.2
Current Ratio	1.0	0.6	0.6	0.7

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors 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, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093

research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bharat Chhoda, MBA; Harshal Mehta M.Tech (Biotech), 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 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

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 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, 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.