Balrampur Chini

22 May 2024

A soft 4Q amid challenging environment; better times ahead

RESULT UPDATE

Sector: Sugar | **Rating: BUY**

CMP: Rs 377 | **Target Price: Rs 501**

Stock Info

Sensex/ Nifty	73,948/22,492
Bloomberg	BRCM IN
Equity shares (mn)	202
52-wk High/Low	Rs 486/ Rs 343
Face value	Rs 1
M-Cap	Rs 77bn/ USD 0.9bn
3-m Avg traded value	USD 8.2mn

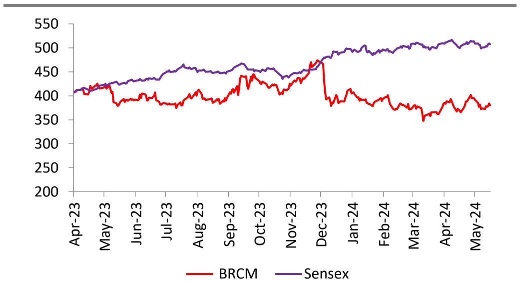
Financial Snapshot (Rs mn)

Y/E March (Rs mn)	FY24	FY25E	FY26E
Net sales	55,937	62,725	70,118
EBITDA	7,862	9,137	10,736
PAT	5,345	6,175	7,149
EPS adj. (Rs)	26.5	30.6	35.4
PE (x)	15.0	12.3	10.7
EV/EBITDA (x)	12.2	9.7	8.2
P/B (x)	2.2	2.0	1.7
RoE (%)	16.1	16.9	17.0
RoCE (%)	15.2	16.8	18.7
D/E (x)	0.6	0.3	0.3
OPM (%)	14.1	14.6	15.3
Dividend yield (%)	1.2	1.3	1.3
Dividend payout (%)	18	16	14

Shareholding pattern (%)

	Mar'24	Dec'23	Sep'23
Promoter	42.9	42.9	42.9
–Pledged	-	-	-
FII	11.3	10.5	14.2
DII	20.8	21.6	22.1
Others	25.0	25.0	20.8

Stock Performance (1-year)



Pratik Tholiya
pratiktholiya@systematixgroup.in
+91 22 6704 8028

Yogeeta Rathod
yogeetarathod@systematixgroup.in
+91 22 6704 8081

Balrampur Chini (BRCM) reported a weak 4Q, with EBITDA plummeting 15% YoY to Rs 3.4bn (our estimate Rs 2.5bn). EBITDA margin contracted 304bps YoY to 24% (we estimated 22.5%). Consolidated revenue dropped 4% YoY to Rs 14.3bn (our estimate Rs 10.9bn) due to 7%/15% YoY dip in sugar/distillery volumes, partly offset by a 6% YoY rise in sugar realisation (in line with our estimate). Gross margin slipped 68bps YoY to 43.1% (our estimate 45%), owing to Rs 200/tonne increase in cane cost for Sugar Season (SS) 2023-24. Interest cost surged 18% YoY to Rs 250mn due to higher interest rates and swelling working capital, as the company deployed internal accruals into projects. Consequently, PAT dropped 20% YoY to Rs 2bn (our estimate Rs 1.6bn). Management is optimistic that the government would soon prioritize diverting sugar towards ethanol, which would not only alleviate the rising sugar inventory levels, but also add support to sugar prices, as sufficient sugar stocks are expected to be available by the end of SS 2023-24. While we have cut our EPS by 7% for FY25E to factor in the higher cane costs in the current season, we have slightly raised it by 2% for FY26E to factor in the expected higher realisations from sugar and ethanol. Reiterating BUY with an SoTP-based target price of Rs 501 (from Rs 488), based on implied FY26E P/E of 14x and EV/ EBITDA of 10x. Key risks: Cane availability and soft sugar prices.

Sugar division – Subdued volumes but higher realizations: Revenue fell 14% YoY to Rs 13.1bn (estimate of Rs 8.6bn), largely as sales volumes fell by 7% YoY to 0.22mn tonnes (41% above our estimate). Lower volumes were partly offset by the 6% increase in realization at Rs 38,220/tonne (in line). The 26% YoY fall in EBIT to Rs 2.3bn was above our estimate of Rs 1.8bn, but the 283bps YoY contraction in EBIT margin to 17.8% disappointed (below our estimate of 21%) as production costs were higher. Government restrictions led to BRCM diverting 24%/77% YoY lower sugar under B-heavy/syrup route at 3.09mn/0.16mn tonnes, respectively; As of 31st Mar 2024, the company held sugar inventory of 0.69mn tonnes, valued at Rs 34,220/tonne.

Distillery division –Volumes and realisation were low amid a challenging quarter: Revenue dropped 14% YoY to Rs 4.1bn (18% above our estimate) owing to 14% YoY drop in sales volume at 66.6mn litres (8% above our estimate) and 2% YoY dip in realization at Rs 57.7/litre (in line with our estimate). The 59% YoY fall in sale volumes was due to lower syrup-based ethanol, partly offset by 65%/36% YoY rise in B-Heavy/C-Heavy-based ethanol, respectively; the company recorded grain-based ethanol sales of 1.1mn litres (nil in 4QFY23). However, EBIT jumped 16% YoY to Rs 972mn (estimated at Rs 632mn) and margin expanded 599bps YoY to 23.5% (estimated at 18%); as of31st Mar 2024, BRCM held ethanol inventory of 31.5mn litres.

Valuation – Retain BUY

FY24 posed significant challenges for the sugar and ethanol industry, such as a) weak monsoon and adverse climatic conditions, b) restrictions on sugar to be diverted for ethanol announced by the government, c) lower cane availability, d) red rot infestation, etc., all of which impacted performance and profitability in the industry. Yet, BRCM successfully navigated the challenges, aided by its aggressive cane development activities, varietal rebalancing, and operational efficiency. Anticipating normal monsoon and agroclimatic conditions, we expect improved cane availability and yields to drive ethanol and sugar volumes, with realizations for both slated to remain firm. We expect BRCM to clock 12%/17%/16% CAGR in revenue/EBITDA/PAT over FY24-26E, respectively. We reiterate BUY with a revised SOTP-based target price of Rs 501 (earlier Rs 488), based on FY26E implied P/E of 14x and EV/ EBITDA of 10x.

Key takeaways from the concall

Industry update

- **Global scenario:** as per the management, global sugar production for SS 2023-24 is estimated at 179.5mn mt, with SS 2024-25 production forecast at 186.8mn mt. Thailand, EU & UK and China are forecast to have higher production, with Brazil and India expected to have lower production.

- **Domestic forecast:** ISMA projects India's net sugar production at 32mn tonne (down 2% YoY) for SS 2023-24, with domestic consumption pegged at 28.7mn tonne and closing stock at 8.85mn tonne, after factoring in opening stock of 5.6mn tonne. For SS 2024-25, gross sugar production is projected to moderate to 31mn tonne, with domestic consumption and closing stock projected to rise to 29.5mn tonne and 10.35mn tonne, respectively, offering ample headroom to the government to execute its Ethanol Blending Program (EBP) under the juice/syrup and B-Heavy routes, as historically, closing stock of 5.5-6mn tonnes is deemed sufficient.

- **SS 2023-24 sugar production across major producing states:** Sugar production in Maharashtra increased to 11mn tonnes, while Uttar Pradesh (UP) produced 10.35mn tonnes and Karnataka 5.25mn tonnes.

- **Better yields in SS 2024-25:** IMD has forecast a normal monsoon, which should bolster yields, in our view. With reduced diversion of cane towards *khandsari/ gur* and improved yields, UP anticipates higher cane availability in the upcoming season SS 2024-25. Conversely, Maharashtra and Karnataka are expected to experience a reduction in cane availability due to lower acreage.

- **Sugar diversion to ethanol:** For SS 2023-24, sugar diversion will be limited to ~2mn tonnes, owing to restrictions imposed by the government, in anticipation of lower sugar production. However, management is optimistic that the government would prioritize sugar diversion towards ethanol to alleviate the rise in sugar inventory and further support sugar prices, as sufficient sugar stocks would be available by the end of SS 2023-24.

- **OMCs invite bids for the supply of 8.25bn liters of ethanol:** For ESY 2023-24, oil marketing companies (OMCs) have invited bids for the supply of 8.25bn litres of ethanol, of which, 5.61bn litres has already been contracted and 2.24bn litres have been supplied till 31st March 2024. Of the total contracted volumes, ethanol from B-Heavy route is 1.15bn litres (20% of total), DFG route is 1.72bn liters (31% of total) and maize route is 1.49bn litres (27% of total), which cumulatively contribute ~78% to the total share. The rest is from the syrup route (0.52bn liters), surplus food grains (0.44bn liters) and C-Heavy route (0.29bn liters).

Sugar division

- **4QFY24 operational data:** Cane crushed during the quarter decreased marginally by 1% YoY to 6.21mn tonnes. However, sugar production increased 14% YoY to 0.68mn tonnes, as lower sugar was diverted towards ethanol due to government restrictions. Average net recovery stood at 10.98% vs 9.48% in 4QFY23.

- **SS 2023-24 operational data:** BRCM crushed 10.09mn tonnes of cane (down 2% YoY), achieving net production of 1.056mn tonnes (up 8% YoY), resulting in net sugar recovery rate improving to 10.46% from 9.47% in SS 2022-23. Sugar diverted towards syrup/B-Heavy/C-Heavy for SS 2023-24 was 3.7%/53.8%/42.6% vs 9.4%/65.8%/24.8% during SS 2022-23, respectively.

- **FY24 operational data:** BRCM crushed 10.84mn tonnes of cane (up 16% YoY), achieving net sugar production of 1.12mn tonnes (up 27% YoY), causing net sugar recovery rate to increase to 10.34% from 9.43% in FY23. Sugar diverted towards syrup/B-Heavy for FY24 stood at 0.48mn tonnes/6mn tonnes vs 0.86mn tonnes/6.2mn tonnes in FY23, respectively.

- **Lower-than-anticipated crushing in SS 2023-24:** SS 2023-24 saw 2% YoY lower crushing vs earlier guidance of ~10% increase, due to the following factors: a) negligible winter rains, which impacted yields, b) higher diversion of cane by farmers for *khandsari/gur,* as prices were more remunerative, c) government restrictions on diverting sugar towards ethanol, d) higher incidence of animal/pest attacks on the cane crop. However, average crushing in UP was down 8-10%, with 98mn tonne of cane crushed during SS 2023-24 vs 108.2mn tonne in SS 2022-23.

- **Yields improve:** Recovery rate (pre-sacrifice) improved to 11.73% in FY24 vs 11.55% in FY23. Management cited that varietal changes have minimal impact on BRCM's improving yield, while agroclimatic conditions exert significant influence in achieving better yields. Cane variety Co- 0238 is now considered a deteriorated variety and BRCM plans its contribution in the total variety mix to reduce to 8% from 20%+ in SS 2023-24 and 35-40% in the previous years. Management expects better visibility on yields and recovery rate to emerge only by the end of 2QFY25.

- **Sales higher than domestic quota:** Government has deducted ~25% of the eligible quota from BRCM's April sales quota, as it sold 0.22mn tonnes in 4QFY24 as against its maximum quota of 0.16mn tonnes.

- **Price realisation outlook:** BRCM's current average realisation of ~Rs 39.25-39.5/kg and is expected to remain stable in the near term. Management does not expect prices to fall below Rs 39/kg, while foreseeing a gradual increase in the coming months.

Distillery division

- **FY24 operational data:** Ethanol production stood at 280mn litres (up 30% YoY); the company sold 270.7mn litres (up 37% YoY) at average realisation of Rs 57.53/litre (up 4% YoY). **Breakdown of sales volumes - B-Heavy route:** 143.8mn litres (up 30% YoY); **Syrup route:** 57.2mn litres (up 13.5%); **Grain route:** 37.9mn litres (up 10x YoY); **C-Heavy route:** 4.2mn litres (down 34% YoY); **ENA & other products:** 27.6mn litres (up 2% YoY).

- **Ethanol volume guidance:** Management expects to produce ~100mn liters of ethanol before the new season commences by utilizing the available feedstock as on 31st March 2024, along with any additional crushing in April. Management believes it is too early to predict cane availability for the next season and would be able to give any guidance on FY25 ethanol volumes only after 2QFY25.

- **Contract update for ESY 2023-24:** BRCM has contracted 198.9mn litres of ethanol for the full year under ESY 2023-24, which is expected to come from the following routes: **syrup –** 29.6mn litres, **B-Heavy –** 115.5mn litres, **C-Heavy -** 18.4mn litres and g**rains -** 35.4mn litres.

- **FY24 transfer price: B-Heavy molasses -** Rs 10,900/MT (flat YoY); **Syrup -** Rs 17,070 (flat YoY) and **C-Heavy molasses -** Rs 6,000/MT.

Co-generation division

- **FY24 operational data:** Total co-generated power production increased 25% YoY to 898mn units and sales increased 29% YoY to 408mn units, with average realisation up 16% YoY to Rs 3.97/unit.

- **4Q operational data:** Total co-generated power production increased 6% YoY to 441mn units and sales increased 8% YoY to 206mn units, with average realisation up 17% YoY to Rs 4.02/unit.

- BRCM has begun to supply power through open market access, as its power purchase agreements (PPAs) with two of UPPCL's units have expired. Management says PPA for one more power plant is due for expiry by FY26.

- As of 31st March 2024, the company held bagasse stocks of 0.29mn mt (down 26% YoY). BRCM sold 0.5mn mt of bagasse in FY24. Transfer price for bagasse was Rs 1,800/MT.

Polylactic Acid (PLA) project:

- PLA project is on track and BRCM has partnered with leading global technology providers, paving the way for India's first integrated sugar-to-PLA bioplastics facility, creating a new path for growth and market leadership.

Other:

- **Debt:** As of 31st March 2024, total outstanding borrowings (short term + long term) stood at Rs 20bn.

Change in estimates

We have cut our sugar EBIT for FY25/FY26E by 16%/11%, respectively, on higher cane cost. We have cut distillery volumes by 4% for FY25 to reflect the change in feedstock that could result in lower utilisation. We expect BRCM to generate lower ethanol volumes and realization in 1HFY25, which would pick up only from the next season, SS 2024-25, which starts from Nov 2024. However, for FY26E we have raised our ethanol volume assumption by 2% as we expect production to normalize from the next season. We have cut overall EBITDA/EPS for FY25E by 7% each. For FY26E we raise the same slightly by 1%/2% respectively. We reiterate BUY with an SOTP-based revised TP of Rs 501 (Rs 4788 earlier) implying 14x P/E and 10x EV/EBITDA on FY26E. We have assigned 14x EV/EBIT to distillery and 7x EV/EBIT to the sugar businesses. We retain our BUY rating on the stock. Historically, BRCM has been trading at 11x EV/EBITDA (FY08-24). **Key risks:** Cane availability and subdued domestic sugar prices.

Exhibit 1: Revised estimates

	Old Estimates		New Estimates		Change (%)	
	FY25E	**FY26E**	**FY25E**	**FY26E**	**FY25E**	**FY26E**
Net Sales	65,196	68,643	62,725	70,118	-3.8	2.1
EBITDA	9,791	10,641	9,137	10,736	-6.7	0.9
EBITDA Margin	15.0	15.5	14.6	15.3	-45bp	-19bp
Adjusted PAT	6,647	7,011	6,175	7,149	-7.1	2.0
EPS	**32.9**	**34.8**	**30.6**	**35.4**	**-7.1**	**2.0**
Target Price		**488**		**501**		**2.8**

Source: Company, Systematix Institutional Research

Exhibit 2: SoTP valuation table

Segment	Method	FY26E EBIT (Rs mn)	Multiple (x)	Value (Rs mn)
Sugar	EV/EBIT	5,551	7.0x	38,858
Distillery	EV/EBIT	5,066	14.0x	70,929
Total EV				**1,09,786**
Less: Net Debt				8,614
Equity Valuation				1,01,173
No of shares				201.7
Price per share				**501**

Source: Company, Systematix Institutional Research

Exhibit 3: Financial snapshot

Y/E March (INR mn)	4QFY24	4QFY23	YoY(%)	3QFY24	QoQ(%)	FY24	FY23	YoY(%)
Net Sales	**14,343**	**14,915**	**(3.8)**	**12,304**	**16.6**	**55,937**	**46,659**	**19.9**
Operating Expenses	10,895	10,876	0.2	11,170	(2.5)	48,076	41,538	15.7
% of Sales	76	73	304bp	91	-1,482bp	86	89	-308bp
EBITDA	**3,447**	**4,039**	**(14.6)**	**1,134**	**204.0**	**7,862**	**5,120**	**53.5**
EBITDA Margins (%)	**24.0**	**27.1**	**-304bp**	**9.2**	**1,482bp**	**14.1**	**11.0**	**308bp**
Other Income (Net)	43	163	(73.6)	539	(92.0)	1,799	628	186.5
Interest	250	211	18.2	79	215.5	836	486	71.9
Depreciation	426	402	6.0	420	1.4	1,664	1,295	28.5
PBT	2,815	3,589	(21.6)	1,174	139.7	7,161	3,967	80.5
Tax	860	1,098	(21.7)	319	169.4	2,077	1,241	67.3
Effective Tax Rate (%)	31	31	-4bp	27	337bp	29	31	-229bp
PAT before MI	**1,955**	**2,491**	**(21.5)**	**855**	**128.6**	**5,084**	**2,725**	**86.5**
NPM (%)	13.6	16.7	-307bp	7.0	668bp	9.1	5.8	325bp
Share of Profit of associate	79.1	53.2	48.7	58.1	36.0	261.0	116.3	124.3
Reported PAT	**2,034**	**2,544**	**(20.1)**	**913**	**122.7**	**5,345**	**2,842**	**88.1**
No. of equity shares	202	202		202		202	202	
EPS	**9.7**	**12.3**	**(21.5)**	**4.2**	**128.6**	**25.2**	**13.5**	**86.5**

Source: Company, Systematix Institutional Research

Exhibit 4: Key Ratios (% of Net Sales)

Y/E March	4QFY24	4QFY23	YoY bps chg	3QFY24	QoQ bps chg	FY24	FY23	YoY(%)
Raw Material Cost	56.9	56.2	68bp	72.8	-1,591bp	70.0	73.1	-304bp
Staff Costs	7.5	6.8	74bp	8.9	-135bp	7.1	7.8	-67bp
Other Expenses	11.5	9.9	162bp	9.1	244bp	8.8	8.2	64bp
Effective Tax rate	30.5	30.6	-4bp	27.2	337bp	29.0	31.3	-229bp
Gross Margin	43.1	43.8	-68bp	27.2	1,591bp	30.0	26.9	304bp
OPM	24.0	27.1	-304bp	9.2	1,482bp	14.1	11.0	308bp
NPM	14.2	17.1	-288bp	7.4	676bp	9.6	6.1	346bp

Source: Company, Systematix Institutional Research

Exhibit 5: Segmental financial snapshot

Y/E March (INR mn)	4QFY24	4QFY23	YoY(%)	3QFY24	QoQ(%)	FY24	FY23	YoY(%)
Segment Revenue								
Sugar	13,109	15,223	(13.9)	11,610	12.9	46,973	43,386	8.3
Distillery	4,129	4,778	(13.6)	2,505	64.8	16,890	11,640	45.1
Others	85	90	(5.3)	50	69.7	239	245	(2.6)
Less: Intersegment Revenue	2,980	5,176	(42.4)	1,861	60.1	8,165	8,612	(5.2)
Total Revenue	**14,343**	**14,915**	**(3.8)**	**12,304**	**16.6**	**55,937**	**46,659**	**19.9**
Segment EBIT								
Sugar	2,331	3,138	(25.7)	761	206.2	4,197	2,385	76.0
Distillery	972	839	15.9	351	177.0	3,262	2,613	24.9
Others	39	57	(31.9)	24	63.2	129	131	(1.3)
Total EBIT	**3,342**	**4,034**	**(17.2)**	**1,136**	**194.2**	**7,589**	**5,129**	**48.0**
Segment EBIT Margin								
Sugar	17.8	20.6	-283bp	6.6	1,122bp	8.9	5.5	344bp
Distillery	23.5	17.6	599bp	14.0	954bp	19.3	22.4	-313bp
EBIT Margin	23.3	27.0	-375bp	9.2	1,407bp	13.6	11.0	257bp

Source: Company, Systematix Institutional Research

FINANCIALS

Profit & Loss Statement

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Net Revenues (LHS)	48,460	46,659	55,937	62,725	70,118
EBITDA	**6,997**	**5,120**	**7,862**	**9,137**	**10,736**
Less :- Depreciation & Amortization	1,139	1,295	1,664	1,851	2,119
EBIT	**5,858**	**3,825**	**6,198**	**7,286**	**8,617**
Less:- Interest Expenses	309	486	836	589	548
Other Income	330	628	1,799	2,000	2,000
PBT	**5,880**	**3,967**	**7,161**	**8,697**	**10,069**
Less: Taxes	1,341	1,241	2,077	2,522	2,920
Share of Profit/Loss in Associate	119	116	261	-	-
Adjusted PAT	**4,658**	**2,842**	**5,345**	**6,175**	**7,149**
Add/Less: - Extra-ordinaries	12	-	-	-	-
Reported PAT	**4,646**	**2,842**	**5,345**	**6,175**	**7,149**

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	**5880**	**3967**	**7161**	**8697**	**10069**
Add: Non cash items	304	1146	449	-82	-253
Cash profit	**6,184**	**5,113**	**7,610**	**8,615**	**9,816**
Add/Less : WC Changes	762	(583)	(5,831)	2,075	(2,937)
Operating Cash Flow	**6,945**	**4,529**	**1,778**	**10,690**	**6,879**
Less:- Capex	(3,965)	(8,436)	(2,208)	(1,500)	(4,500)
Free Cash Flow	**2,981**	**(3,906)**	**(430)**	**9,190**	**2,379**
Financing Cash Flow	(3,853)	4,058	470	(8,769)	(2,628)
Investing Cash Flow	(3,094)	(8,588)	(2,248)	(1,500)	(4,500)
Net change in Cash	**(2)**	**(0)**	**0**	**421**	**(249)**
Add: Opening cash	5	3	3	3	424
Closing Cash	3	3	3	424	175

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share Capital	204	202	202	202	202
Reserves	27,493	28,754	33,808	38,802	44,771
Net Worth	**27,697**	**28,956**	**34,010**	**39,004**	**44,973**
Minority Interest	-	-	-	0	0
Borrowings	12,096	18,786	20,083	13,083	12,183
Deferred Tax (Net)	755	1,282	2,268	2268	2268
Total Liabilities	**40,548**	**49,023**	**56,360**	**54,355**	**59,424**
Gross Block	23,556	34,501	36,572	37,027	38,527
Less:- Accumulated Depreciation	7,220	8,515	10,178	12,030	14,149
Net Block	16,336	25,986	26,394	24,998	24,379
Add:- Capital work in progress	2,043	243	455	1500	4500
Investments	1,726	2,626	3,394	3,394	3,394
Inventories	22,005	23,187	28,688	25,777	28,816
Trade Receivables	1,367	1,248	1,256	2,578	2,882
Cash Balances	3	3	3	424	175
Other Bank Balances	30	116	26	26	26
Trade Payables	3,083	3,519	2,951	3,437	3,842
Other Assets	121	(867)	(905)	-905	-905
Total Assets	**40,548**	**49,023**	**56,360**	**54,355**	**59,424**
Net Debt	10,367	16,157	16,685	9,264	8,614
WC days	139	152	147	145	145
D/E (x)	0.4	0.6	0.6	0.3	0.3

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY22	FY23	FY24	FY25E	FY26E
Income Statement Ratio (%)					
Revenue Growth	0.7	-3.7	19.9	12.1	11.8
EBITDA Growth	-2.0	-26.8	53.5	16.2	17.5
PAT Growth	-3.2	-38.8	88.1	15.5	15.8
EBITDA Margin	14.4	11.0	14.1	14.6	15.3
Net Margin	9.6	6.1	9.6	9.8	10.2
Return & Liquidity Ratio					
Net Debt/Equity (x)	0.4	0.6	0.5	0.2	0.2
ROE (%)	16.8	9.6	16.1	16.9	17.0
ROCE (%)	15.7	9.9	15.2	16.8	18.7
Per Share data & Valuation Ratio					
Diluted EPS (INR/Share)	22.8	14.1	26.5	30.6	35.4
EPS Growth (%)	-0.8	-38.1	88.1	15.5	15.8
DPS (INR/Share)	2.5	2.5	4.5	5.0	5.0
P/E Ratio (x)	16.6	26.8	14.3	12.3	10.7
EV/EBITDA (x)	12.7	18.6	12.2	9.7	8.2
EV/Sales (x)	1.8	2.0	1.7	1.4	1.3
BVPS (INR)	135.7	143.5	168.6	193.3	222.9
Price/Book (x)	2.8	2.6	2.2	2.0	1.7
Dividend Yield (%)	0.7	0.7	1.2	1.3	1.3

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Equity Research			
Analysts	**Industry Sectors**	**Desk-Phone**	**E-mail**
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Abhishek Mathur	FMCG	+91-22-6704 8059	abhishekmathur@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Sameer Pardikar	IT & ITES	+91-22-6704 8041	sameerpardikar@systematixgroup.in
Santosh Yellapu	Capital Goods	+91-22-6704 8094	santoshyellapu@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Deeksha Bhardwaj	Strategy & Economics	+91-22-6704 8017	deekshabhardwaj@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Hinal Kothari	Metals & Mining	+91-22-6704 8076	hinalkothari@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Kalash Jain	Midcaps	+91-22-6704 8038	kalashjain@systematixgroup.in
Krisha Zaveri	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8023	krishazaveri@systematixgroup.in
Mahek Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8040	mahekshah@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niralichheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Ronak Dhruv	NBFCs & Diversified Financials	+91-22-6704 8045	ronakdhruv@systematixgroup.in
Rushank Mody	Pharmaceuticals and Healthcare	+91-22-6704 8046	rushankmody@systematixgroup.in
Swati Saboo	Midcaps	+91-22-6704 8043	swatisaboo@systematixgroup.in
Vivek Mane	Pharmaceuticals and Healthcare	+91-22-6704 8046	vivekmane@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeetarathod@systematixgroup.in
Equity Sales & Trading			
Name		**Desk-Phone**	**E-mail**
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Jignesh Desai	Sales	+91-22-6704 8068	jigneshdesai@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Shreya Chaudhary	Sales	+91-22-6704 8033	shreyachaudhary@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in
Niraj Singh	Dealer	+91-22-6704 8096	nirajsingh@systematixgroup.in
Corporate Access			
Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Darsha Hiwrale	Associate Corporate Access	+91-22-6704 8083	darshahiwrale@systematixgroup.in
Production			
Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
Operations			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Hiren Patel	Assistant Manager	+91-22-6704 8056	hirenpatel@systematixgroup.in

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Pratik Tholiya, Yogeeta Rathod,** hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

I. **ISSUER SPECIFIC REGULATORY DISCLOSURES,** unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.
HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.
SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.
NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.
NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.
CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

II. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy completeness or correctness.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication, redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report reflect the personal views of the analyst(s) about the subject securities or issues and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

Registration granted by SEBI to SSSIL and certification from NISM to the analyst in no way guarantee performance of SSSIL or to provide any assurance of returns to investors.

SYSTEMATIX GROUP™
Investments Re-defined

EMPOWERING INVESTORS
A SEBI Initiative

Systematix Shares and Stocks (India) Limited:
Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in
Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in
Details of Email id grievance redressal cell : grievance@systematixgroup.in
Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917