

CCL PRODUCTS INDIA

Production loss mars show

India Equity Research | Miscellaneous



CCL Products India's (CCL) Q2FY17 revenue/EBITDA belied our estimates by 45%/51% on account of advanced annual maintenance shutdown (from Q3 to Q2) and longer than planned refurbishment, leading to loss of production. However, CCL expects to increase output and reduce operating cost in H2FY17 following the revamp. The company also expects to recoup volumes in H2FY17. Therefore, it maintained its FY17 volume growth guidance of 12-15%, while reducing PAT guidance to 15-20% (earlier 20-25%). We have cut our FY17/18E EPS by 10%/3% as recovering entire production loss will be difficult. However, we believe capacity ramp up at Vietnam plant and taxation benefits could lead to EBITDA/PAT CAGR of 18%/27% over FY16-18E. Ergo, RoE will improve from 26% in FY16 to 28% in FY18E. Maintain 'BUY' with a revised TP of INR295 (INR304 earlier), based on 20x FY18E EPS.

Q2FY17: Key highlights

Key positives: (1) Gross margin expansion by 261bps, despite decline in sales; (2) *Continental* brand continued to do well; and (3) refurbishment will lead to higher output by 5-10% and lower operating cost in future. Key negatives: (1) Consolidated sales fell 39.5% YoY due to longer than anticipated shutdown at both the Indian and Vietnam plants leading to sharp decline in volumes; (2) inventory stood higher at INR2.3bn due to plant shutdown, which we expect to be liquidated during H2FY17; and (3) higher short-term borrowings following inventory build up.

Unexpected drag

Consolidated revenue fell 39.5% YoY due to 43.8% and 25.7% YoY dip in standalone and subsidiaries' sales, respectively, hit by annual plant shutdown. Volumes plummeted despite higher realisation. EBITDA margin plunged 50bps to 20.1% YoY (22.5% estimate), despite gross profit expansion by 261bps. PAT dipped 55.7% YoY to INR0.13bn on higher tax rate of 29% versus 21% in Q1FY17.

Outlook and valuations: Well poised for growth; maintain 'BUY'

We estimate volume CAGR of 12% over FY16-18, led by capacity expansion in India and better capacity utilisation in Vietnam (from 58% in FY16 to 85% in FY18). At CMP, the stock trades at 23.8x FY17E and 17.7x FY18E EPS. We maintain 'BUY' with a revised TP of INR295 (INR304 earlier), based on 20x FY18E EPS.

Financials (Consolidated)

Year to March	Q2FY17	Q2FY16	% change	Q1FY17	% change	FY16	FY17E	FY18E
Net rev. (INR mn)	1,423	2,350	(39.5)	2,506	(43.2)	9,321	10,251	12,154
EBITDA (INR mn)	286	484	(41.0)	623	(54.2)	2,047	2,361	2,830
Adj. PAT (INR mn)	130	293	(55.7)	403	(67.8)	1,221	1,459	1,961
Adj. Dil. EPS (INR)	1.0	2.2	(55.7)	3.0	(67.8)	9.2	11.0	14.7
Diluted P/E (x)						28.4	23.8	17.7
EV/EBITDA (x)						17.9	15.1	13.0
ROAE (%)						26.2	26.1	28.9

EDELWEISS RATINGS

Absolute Rating	BUY
Investment Characteristics	Growth

MARKET DATA (R: CCLP.BO, B: CCLP IN)

CMP	: INR 261
Target Price	: INR 295
52-week range (INR)	: 286 / 154
Share in issue (mn)	: 133.0
M cap (INR bn/USD mn)	: 35 / 522
Avg. Daily Vol. BSE/NSE ('000)	: 190.7

SHARE HOLDING PATTERN (%)

	Current	Q3FY16	Q2FY16
Promoters *	44.7	44.7	44.7
MF's, FI's & BKs	2.5	2.6	20.3
FII's	20.9	19.7	3.3
Others	31.8	33.0	31.8
* Promoters pledged shares (% of share in issue)	:	NIL	

PRICE PERFORMANCE (%)

	BSE Midcap Index	Stock	Stock over Index
1 month	1.9	(3.3)	(5.2)
3 months	13.7	2.7	(11.1)
12 months	24.6	8.7	(15.9)

Manoj Bahety

+91 22 6623 3362
manoj.bahety@edelweissfin.com

Karishma Kothari

+91 22 6623 3443
karishma.kothari@edelweissfin.com

October 3, 2016

Q2FY17 conference call: Key highlights

- **Management guidance:** Management has maintained its volume growth guidance of 12-15% for FY17, while it has reduced its profitability growth guidance to 15-20% from earlier 20-25% on account of disruption in production during the quarter. **This is excluding the export incentive of INR25mn.**
- **Revenue analysis:** Standalone and subsidiaries' sales declined 43.8% YoY to INR1.0bn and 25.7% YoY to INR0.4bn, respectively. This was mainly on account of plant shut down both at India and Vietnam. The freeze dried plant in India underwent refurbishment. This led to production loss leading to 39.5% YoY decline in overall sales, despite higher realisation.
- **Refurbishment of plant:** Management highlighted that the freeze dried plant in India was shut for 70 days as the company undertook refurbishment of the plant for the first time after its commencement. Management had anticipated 40-45 days shutdown, but due to some contingencies during repairs, work got extended to 70-75 days leading to production loss for the period. The plant commenced normal production from September 25, 2016 and management expects to recoup volumes in ensuing quarters.

At the Vietnam plant, CCL added 1-2 equipment to meet customised requirements. The samples after up-gradation have been sent to the clients and the company is awaiting their approval.

Overall, the company incurred INR150mn towards refurbishment and expects to increase production along with cut in operating cost going forward.

- **Domestic business:** Management highlighted retail sales catapulted 150% YoY in Q2FY17. Currently, CCL is focusing on brand promotion. The company has conducted various promotional activities in the Guntur district of Andhra Pradesh and has met with overwhelming response. Management is now focusing on conducting similar activities in other districts as well.
- **Export incentive:** As on September 30, 2016, the government's pending export incentives stood at INR25mn. Management has not monetised any of the earlier received licenses due to lack of appropriate price in market. They expect to receive INR10-15mn in FY17.
- **Switzerland plant:** Continuous trials are on for launching a new product *3-in-1*. Management is also in discussion with the Switzerland government regarding change in duty structure. They expect to launch the new product soon.
- **Capex:** CCL is planning a 5,000MT freeze dried coffee plant at the Andhra Pradesh SEZ at capex of USD40mn. The company has already tied the funds. It also paid an advance of USD5mn for purchase of machinery in February 2016. In the current year, management expects to incur capex of USD3-4mn. Major capex for this plant will be expended in FY18. The new plant is expected to get commissioned by March or April, 2018.
- **Capital Work-in-progress (CWIP)** of INR26mn represents the amount spent on the pollution control machinery at Vietnam.
- **Inventory:** From INR1.5bn, as on March 31, 2016, inventory increased to INR2.3bn as on September 30, 2016. This was mainly on account of stocking up of green coffee during the shutdown period so as to maintain uninterrupted production after the

commencement. The company also maintained some finished stock, which are awaiting clients' approval for dispatch.

- **Tax:** For the quarter, tax rate stood at 29% versus 21% in Q1FY17. This was mainly on account of low profits in Vietnam. Management guided tax rate of 24% for FY17.

Q1FY17 conference call: Key highlights

- **Management guidance:** Expects volume growth of 12-15%, EBITDA margin of 22-25% and PAT growth of 20-25% in FY17. This is excluding export incentive of INR140mn.
- **Revenue analysis:** Standalone and subsidiaries' sales grew 9.8% YoY to INR1.7bn and 25.1% YoY to INR0.8bn, respectively. Overall sales jumped 14.1% YoY primarily led by volume growth of 10-15%YoY and realization spurt of 3% YoY.
- **Capacity utilisation:** Management highlighted that the India plant is currently running at full capacity. Utilisation levels in Vietnam have also improved. Management expects to run the Vietnam plant at full capacity by FY17 end.
- **Domestic business:** Management highlighted that retail sales catapulted 150% YoY in Q1FY17. Currently, it is supplying exclusively to all major institutions such as the army, navy, etc. It has resorted to BTL (below the line) marketing strategy and is trying to expand its reach in various kirana stores. Management is now focusing on brand promotion.
- **Liquid coffee plant:** CCL has set up a liquid coffee plant of 5,000MT (2,000MT of solid coffee) last year in which it started selling coffee in solid form. The company sells the coffee at 10-15% premium over other blends. The plant is presently running at 40-50% capacity utilisation. Management highlighted that it will take 1 or 2 years more to run the plant at full utilisation.
- **Export incentive:** As on March 31, 2016, government's pending export incentives stood at INR140mn. Of this, management has received licence for INR60mn which has not been monetized due to lack of appropriate price in the market. Management expects to receive the balance INR80mn in FY17.
- **Switzerland plant:** Continuous trials are on for launching a new product *3-in-1*. Management is also in discussion with the Switzerland government regarding change in the duty structure. Management expects to launch the new product soon.
- **Capex:** CCL is planning a 5,000MT freeze dried coffee plant at Andhra Pradesh SEZ at INR2.6bn capex. The new plant is being set up primarily to cater to the export market.
- **Tax:** Tax rate for the quarter stood at 21.8%. Further, management has guided tax rate of 22% and 19% for FY17 and FY18, respectively, led by increased contribution of the Vietnam plant and tax benefits of the new plant set up in SEZ unit.

Financial snapshot

(INR mn)

Year to March	Q2FY17	Q2FY16	% change	Q1FY17	% change	YTD17	FY17E	FY18E
Net revenues	1,423	2,350	(39.5)	2,506	(43.2)	3,929	10,251	12,154
Raw material	816	1,409	(42.1)	1,425	(42.7)	2,241	5,882	6,997
Staff costs	68	77	(11.0)	87	(20.9)	155	374	430
Other expenses	253	380	(33.5)	371	(31.8)	623	1,633	1,897
Total expenditure	1,137	1,866	(39.1)	1,882	(39.6)	3,020	7,889	9,324
EBITDA	286	484	(41.0)	623	(54.2)	909	2,361	2,830
Depreciation	86	70	21.7	84	2.1	170	336	333
EBIT	200	414	(51.7)	540	(62.9)	740	2,025	2,497
Other income	4	12	(70.0)	4	(11.0)	8	13	15
Interest	21	27	(20.7)	29	(27.0)	50	94	94
Add: Prior period items								
Add: Exceptional items								
Profit before tax	183	399	(54.3)	515	(64.5)	697	1,943	2,417
Provision for taxes	53	107	(50.3)	112	(52.7)	165	484	456
Minority interest								
Associate profit share								
Profit- Discontinued Ops								
Reported net profit	130	293	(55.7)	403	(67.8)	532	1,459	1,961
Adjusted Profit	130	293	(55.7)	403	(67.8)	532	1,459	1,961
Diluted shares (mn)	133	133		133		133	133	133
Adjusted Diluted EPS	1.0	2.2	(55.7)	3.0	(67.8)	4.0	11.0	14.7
Diluted P/E (x)	-	-		-		28.4	23.8	17.7
EV/EBITDA (x)	-	-		-		17.9	15.1	13.0
ROAE (%)	-	-		-		26.2	26.1	28.9
As % of net revenues								
Raw material	57.4	60.0		56.9		57.0	57.4	57.6
Employee cost	4.8	3.3		3.5		3.9	3.6	3.5
Other expenses	17.8	16.2		14.8		15.9	15.9	15.6
EBITDA	20.1	20.6		24.9		23.1	23.0	23.3
Reported net profit	9.1	12.4		16.1		13.5	14.2	16.1

Change in Estimates

	New	FY17E Old	% change	New	FY18E Old	% change	Comments
Net Revenue	10,251	10,786	(5.0)	12,154	12,326	(1.4)	Led by advanced annual maintenance shutdown (from Q3 to Q2) and longer than planned refurbishment, leading to loss of production .
EBITDA	2,362	2,458	(3.9)	2,830	2,839	(0.3)	On account of decline in revenue.
EBITDA Margin	23.0	22.8		23.3	23.0		
Adjusted Profit	1,459	1,624	(10.1)	1,961	2,020	(2.9)	On account of decline in revenue.
After Tax							
Net Profit Margin	14.2	15.1		16.1	16.4		
Capex	500	500	0.0	2,400	2,400	0.0	

Company Description

CCL was formed set up in 1994 and commenced commercial operations in 1995. It is a profit making, export oriented unit (EoU) with the ability to import green coffee into India from any part of the world and export the same to any part of the world, free of all duties.

The company is in a position to offer a range of in-house products to customers. Its state-of-the-art soluble instant coffee manufacturing plant is located at Duggirala Mandal, Guntur District, Andhra Pradesh, with current combined capacity of 15000MT/PA. CCL has adapted Brazilian technology, purchased from world renowned pioneers in turnkey instant/soluble coffee technology at its plant. This adaptation of technology has enabled CCL to produce international quality soluble coffee. To cater to specific markets, the company has expanded capacity in Switzerland and Vietnam during FY11 and FY14, respectively. CCL will incur a capex of INR100mn-150mn for expanding its Indian capacity by 5000MT to 20000MT. CCL's 3,000MT plant in Switzerland is facing issues on account of unfavorable European Union regulations. This has so far acted as a roadblock for growth and profitability of Swiss operations. Management is exploring options to turn the plant profitable. Loss from Switzerland plant during FY15 stood at INR30mn. CCL expects Swiss operations to turn positive by FY17.

Investment Theme

CCL Products (CCL) is India's largest manufacturer and exporter of instant coffee. The company's cost-efficient business model, rich experience and long-standing relationships with customers give it an edge over competitors. Coffee processing is a challenging business wherein getting the perfect blend is crucial, which the company has successfully mastered. The newly commissioned green field Vietnam facility with proximity to raw material and customers as well as tax benefits is expected to propel growth and lead to significant cost savings. Moreover, the company's recent entry in the domestic branded coffee segment via Continental is bound to aid margin expansion. Resilient business model, capacity augmentation in Vietnam and sharpening brand focus in India place CCL in a sweet spot to post sales and PAT CAGR of 14.2% and 26.7% over FY16-18E, respectively. We estimate RoE to improve from 26.2% in FY16 to 29% in FY18.

Key Risks

Adverse currency movement: As CCL earns ~90% revenue from exports, it faces risk of sharp currency movement. However, it imports ~75% of raw material, which provides natural hedge.

Change in duty structure: Unfavourable change in duty rates in any country could impact the competitiveness of supply from Vietnam/India.

Swiss plant duty issue: CCL's Swiss plant is operating at sub-optimal utilisation level because of non-competitive pricing of supplies from Switzerland to the EU. Import duty levied by the EU on Swiss coffee is 9.0%, whereas only 3.3% is charged on coffee supplies from India. However, CCL has taken steps to avoid the adverse duty impact.

Ramp up of Continental brand: FY14 was the first year of Continental brand and adverse customer response could impact the growth prospects as well as financials.

Financial Statements

Key Assumptions

Year to March	FY15	FY16	FY17E	FY18E
Macro				
GDP(Y-o-Y %)	7.2	7.4	7.9	8.3
Inflation (Avg)	5.9	4.8	5.0	5.2
Repo rate (exit rate)	7.5	6.8	6.0	6.0
USD/INR (Avg)	61.2	65.0	67.5	67.0
Company				
India capacity (MT)	15,000	20,000	20,000	20,000
Vietnam capacity (MT)	12,000	12,000	12,000	12,000
India's cap. Util. (%)	97.0	80.0	85.0	95.0
Vietnam's cap. util. (%)	38.3	58.3	65.0	85.0
Std sales (INR mn)	6,509	6,697	7,205	8,133
Subs. sales (INR mn)	2,094	2,550	2,825	3,805
Std realis. (INR/Kg)	447	419	424	428
Subs. realis. (INR/Kg)	455	365	362	373
Std. EBITDA margin (%)	19.0	20.5	22.1	22.1
Subs. EBITDA margin (%)	20.8	25.8	25.5	26.0
Raw Material (% net rev)	61.8	58.7	57.4	57.6
Employee cost (% of rev)	3.2	3.6	3.6	3.5
Other exp (% net rev)	15.6	15.8	15.9	15.6
Net borrowings (INR mn)	2,026	1,916	869	2,068
Tax rate as % of PBT	29.8	26.8	24.9	18.9
Capex (INR mn)	(207)	(539)	(500)	(2,400)
Debtor days	46	47	48	46
Inventory days	105	107	99	97
Payable days	22	19	11	14
Cash conversion cycle	128	136	135	129
Dep. (% gross block)	5.1	4.5	5.2	5.0
Int (% of avg G.debt)	5.2	4.9	5.0	4.4

Income statement

(INR mn)

Year to March	FY15	FY16	FY17E	FY18E
Net revenue	8,806	9,321	10,251	12,154
Materials costs	5,440	5,475	5,882	6,997
Gross profit	3,366	3,847	4,369	5,157
Employee costs	279	331	374	430
Other Expenses	1,374	1,468	1,633	1,897
Operating expenses	1,654	1,799	2,007	2,327
Total operating expenses	7,093	7,274	7,889	9,324
EBITDA	1,712	2,047	2,361	2,830
Depreciation	268	284	336	333
EBIT	1,444	1,763	2,025	2,497
Add: Other income	30	12	13	15
Less: Interest Expense	136	108	94	94
Profit Before Tax	1,338	1,668	1,943	2,417
Less: Provision for Tax	398	446	484	456
Reported Profit	940	1,221	1,459	1,961
Adjusted Profit	940	1,221	1,459	1,961
Shares o /s (mn)	133	133	133	133
Adjusted Basic EPS	7.1	9.2	11.0	14.7
Diluted shares o/s (mn)	133	133	133	133
Adjusted Diluted EPS	7.1	9.2	11.0	14.7
Adjusted Cash EPS	9.2	11.6	13.5	17.2
Dividend per share (DPS)	1.5	2.5	3.0	3.5
Dividend Payout Ratio(%)	25.6	32.8	32.9	28.6

Common size metrics

Year to March	FY15	FY16	FY17E	FY18E
Operating expenses	18.8	19.3	19.6	19.1
Gross margin	38.2	41.3	42.6	42.4
Interest Expense	1.5	1.2	0.9	0.8
EBITDA margins	19.4	22.0	23.0	23.3
EBIT margins	16.4	18.9	19.8	20.5
Net Profit margins	10.7	13.1	14.2	16.1

Growth ratios (%)

Year to March	FY15	FY16	FY17E	FY18E
Revenues	22.8	5.9	10.0	18.6
EBITDA	19.7	19.6	15.3	19.8
PBT	34.4	24.6	16.5	24.4
Adjusted Profit	45.9	29.9	19.5	34.4
EPS	45.9	29.9	19.5	34.3

Balance sheet		(INR mn)			
As on 31st March	FY15	FY16	FY17E	FY18E	
Share capital	266	266	266	266	
Reserves & Surplus	3,950	4,832	5,811	7,211	
Shareholders' funds	4,216	5,098	6,077	7,477	
Short term borrowings	1,388	1,660	1,660	2,660	
Long term borrowings	904	443	-	-	
Total Borrowings	2,292	2,103	1,660	2,660	
Def. Tax Liability (net)	243	285	285	285	
Sources of funds	6,751	7,486	8,022	10,421	
Gross Block	5,308	6,364	6,464	6,664	
Net Block	3,400	4,172	3,936	3,802	
Capital work in progress	534	-	400	2,600	
Intangible Assets	-	1	1	1	
Total Fixed Assets	3,934	4,173	4,337	6,404	
Non current investments	15	15	15	15	
Cash and Equivalents	266	187	791	592	
Inventories	1,735	1,486	1,692	2,013	
Sundry Debtors	1,132	1,281	1,404	1,665	
Loans & Advances	528	864	464	510	
Other Current Assets	7	7	7	7	
Current Assets (ex cash)	3,402	3,638	3,567	4,195	
Trade payable	445	121	242	288	
Other Current Liab	421	406	446	497	
Total Current Liab	866	527	688	784	
Net Curr Assets-ex cash	2,535	3,111	2,879	3,411	
Uses of funds	6,751	7,486	8,022	10,421	
BVPS (INR)	31.7	38.3	45.7	56.2	

Free cash flow		(INR mn)			
Year to March	FY15	FY16	FY17E	FY18E	
Reported Profit	940	1,221	1,459	1,961	
Add: Depreciation	268	284	336	333	
Interest (Net of Tax)	91	72	63	63	
Others	(22)	(50)	(63)	(63)	
Less: Changes in WC	230	(83)	(232)	532	
Operating cash flow	1,047	1,610	2,028	1,762	
Less: Capex	207	539	500	2,400	
Free Cash Flow	840	1,070	1,528	(638)	

Cash flow metrics		FY15	FY16	FY17E	FY18E
Year to March					
Operating cash flow		1,047	1,610	2,028	1,762
Investing cash flow		(192)	(870)	(500)	(2,400)
Financing cash flow		(933)	(820)	(924)	439
Net cash Flow		(78)	(80)	604	(199)
Capex		(207)	(539)	(500)	(2,400)
Dividend paid		(160)	(399)	(399)	(467)

Profitability and efficiency ratios		FY15	FY16	FY17E	FY18E
Year to March					
ROAE (%)		24.3	26.2	26.1	28.9
ROACE (%)		22.8	25.9	27.3	28.1
ROA		14.0	17.2	18.8	21.3
Inventory Days		105	107	99	97
Debtors Days		46	47	48	46
Payable Days		22	19	11	14
Cash Conversion Cycle		128	136	135	129
Current Ratio		4.2	7.3	6.3	6.1
Gross Debt/EBITDA		1.3	1.0	0.7	0.9
Gross Debt/Equity		0.5	0.4	0.3	0.4
Adjusted Debt/Equity		0.5	0.4	0.3	0.4
Interest Coverage Ratio		10.6	16.3	21.4	26.4
LT debt /Cap empl. (%)		33.9	28.1	20.7	25.5
Debt / Cap employed (%)		50.4	38.9	32.8	35.8

Operating ratios		FY15	FY16	FY17E	FY18E
Year to March					
Total Asset Turnover		1.3	1.3	1.3	1.3
Fixed Asset Turnover		2.5	2.5	2.5	3.1
Equity Turnover		2.3	2.0	1.8	1.8

Valuation parameters		FY15	FY16	FY17E	FY18E
Year to March					
Adj. Diluted EPS (INR)		7.1	9.2	11.0	14.7
Y-o-Y growth (%)		45.9	29.9	19.5	34.3
Adjusted Cash EPS (INR)		9.2	11.6	13.5	17.2
Diluted P/E (x)		37.0	28.4	23.8	17.7
P/B (x)		8.2	6.8	5.7	4.6
EV / Sales (x)		4.2	3.9	3.5	3.0
EV / EBITDA (x)		21.5	17.9	15.1	13.0
Dividend Yield (%)		0.6	1.0	1.1	1.3

Additional Data

Directors Data

Challa Rajendra Prasad	Chairman	Challa Srishant	Managing Director
I J Rao	Director	K Chandrabhas	Director
Vipin K Singhal	Director	K K Sarma	Director
B Mohan Krishna	Director	J. Rambabu IAS	Director
G.V. Krishna Rau	Director	Ms. Shantha Prasad Challa	Director
Ms. Kulsoom Noor Saifullah	Director	Dr. Lanka Krishnanand	Director

Auditors - M.Anandam

**as per last available data*

Holding Top -10

	Perc. Holding		Perc. Holding
Capital Research Global Investor	6.99	Canara Robeco Asset Management	0.79
FMR LLC	3.84	HDFC Asset Management Co. Ltd	0.60
Invesco Ltd.	1.15	USAA Investment Management Co.	0.56
Schroder Investment Management	0.91	DNB Asset Management	0.52
Dimesnional Fund Advisor	0.82	HSBC Asset Management	0.45

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**as per last available data*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
26 Jul 2016	SMALLCAP World Fund Inc	Buy	2668138.00

**as per last available data*

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Manoj Bahety

Deputy Head Research

manoj.bahety@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Miscellaneous

CCL Products India, Supreme Industries, Solar Industries

Recent Research

Date	Company	Title	Price (INR)	Recos
08-Sep-16	Solar Industries	Growth moderates; long-term fundamentals intact; <i>Result Update</i>	643	Hold
01-Aug-16	CCL Products India	Raising a toast to robust show; <i>Result Update</i>	259	Buy
28-Jul-16	Supreme Industries	Subdued quarter; optimistic outlook; <i>Result Update</i>	924	Buy

Distribution of Ratings / Market Cap

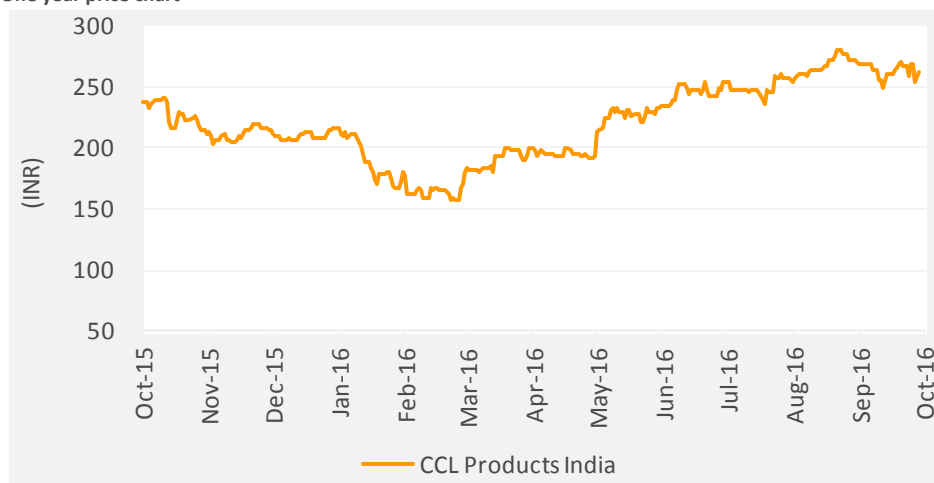
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	158	59	12	229
* - stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



DISCLAIMER

Edelweiss Securities Limited (“ESL” or “Research Entity”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and related activities. The business of ESL and its Associates (list available on www.edelweissfin.com) are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance.

This Report has been prepared by Edelweiss Securities Limited in the capacity of a Research Analyst having SEBI Registration No.INH200000121 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 ESL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. ESL reserves the right to make modifications and alterations to this statement as may be required from time to time. ESL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. ESL is committed to providing independent and transparent recommendation to its clients. Neither ESL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of ESL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of ESL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

ESL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the ESL to present the data. In no event shall ESL 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 the ESL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

ESL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/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 at the time of publication of research report or at the time of public appearance. ESL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with ESL.

ESL or its associates may have received compensation from the subject company in the past 12 months. ESL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. ESL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or ESL's associates may have financial interest in the subject company. ESL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. ESL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

ESL has financial interest in the subject companies: No

ESL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

ESL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by ESL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years except that ESL had submitted an offer of settlement with Securities and Exchange commission, USA (SEC) and the same has been accepted by SEC without admitting or denying the findings in relation to their charges of non registration as a broker dealer.

A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of Edelweiss Securities Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Edelweiss Securities Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Edelweiss Securities Limited has entered into an agreement with a U.S. registered broker-dealer, Edelweiss Financial Services Inc. ("EFSI"). Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of Edelweiss Securities Limited ("ESL"), which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by ESL only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

ESL is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) ESL is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) ESL's head office or principal place of business is located in India; (iii) all or substantially all of ESL's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against ESL because of the above; and (v) the name and address of the ESL's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Edelweiss Investment Advisors Private Limited ("EIAPL") (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to EIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR). Persons in Singapore should contact EIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Copyright 2009 Edelweiss Research (Edelweiss Securities Ltd). All rights reserved