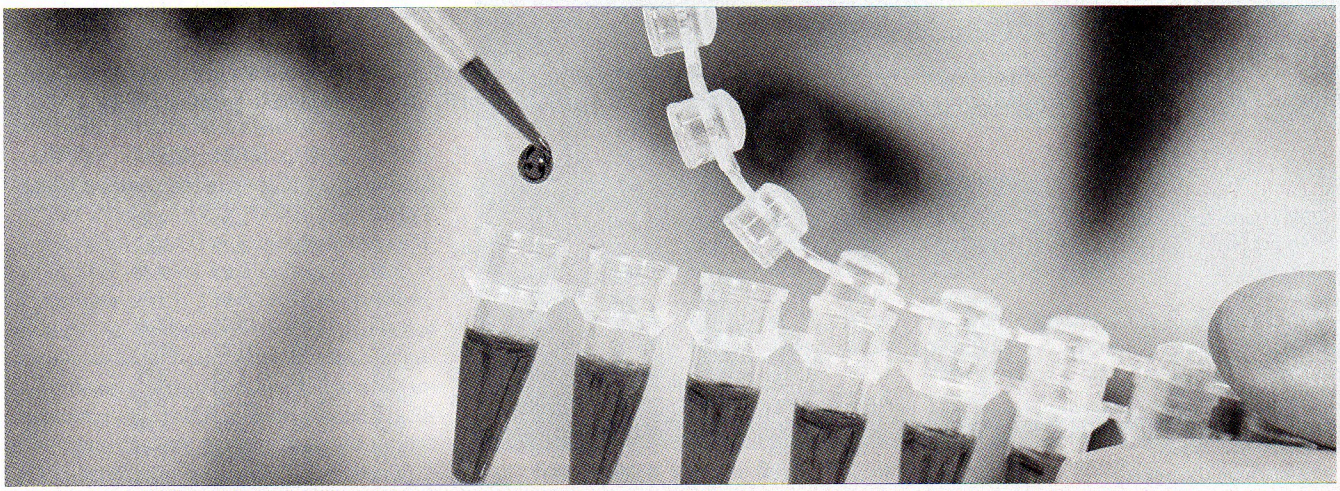


Sukhjit Starch and Chemicals

Focus on value-additions

FY 2014 projected to end with turnover of about Rs 500 crore, with better margin

Sukhjit Starch and Chemicals held its conference call on 29 January 2014. It was addressed by Vice President Aman Sethia Finance and other key management personnel. Highlights:

Globally, the starch industry is in a consolidation phase. China's starch consumption is seven times and that of the US about 15 times of India's. On an average, the starch industry in India grows two times the GDP. Paper, textiles, food processing and pharma are the major user industries of starch in India.

Sukhjit Starch has a market share of about 10-12% in India. The domestic industry is otherwise very scattered and has lots of unorganised players as well. Of the total sales, about 25-30% go to the food industry, 25% to the pharma sector, and the rest is equally divided between textiles and paper. There is a tremendous demand for starch from the food processing and pharma as well as the paper industries. Usage of starch in the food industry is currently regulated and stands at 5%. Globally it is much higher. Change in regulations and increase consumption of food in India will bolster consumption of starch in the food processing industry going forward.

The margin in the last couple of quarters was hit by higher raw material and freight costs and high but uncertain power costs. Also, the new unit at Malda in West Bengal is operating at 50% capacity, which will be increased every quarter.

Prices of raw material maize are expected to remain steady and increase slightly, unlike in the fiscal ending March 2014 (FY 2014) due to unavailability and higher rates because of various other reasons. Although maize costs are down by about 10% over the year at current point, the procurement costs stood much higher.

Capex of about Rs 100 crore was incurred in the past couple of years for the Malda unit and the upcoming Himachal Pradesh unit. The corn grinding capacity in Himachal Pradesh will become operational in Q4 of FY 2014. This will increase output to 1,150 tonnes per day (tpd) from 700 tpd. The Malda unit also manufactures 50 tpd of dextrose. This is predominately for exports to neighbouring countries such as Bangladesh and Nepal.

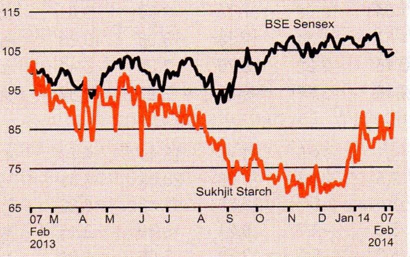
Of the total sales of Rs 371 crore in first nine months of FY 2014, exports rose 35% to Rs 7.5 crore over a year ago. Going forward, export contribution in total sales will gradually increase.

Overall, there is optimism about the industry. Turnover is set to reach Rs 500 crore, with better margin end of the year. Overall, 12.5% is the base margin, but will improve once contribution from value-added products and exports increases in the coming quarters. Total long-term debt is of about Rs 67 crore, with debt-equity ratio of about 0.4. There are Sections 80IB and 80IG of the Income Tax Act, 1961, tax benefits for the West Bengal and Himachal Pradesh plants, and the tax rate will continue to remain lower around the current level for the next couple of years.

Overseas longing

Of the total sales of Rs 371 crore in the first nine months of FY 2014, Sukhjit Starch and Chemicals's exports rose 35% to Rs 7.5 crore over a year ago

Relative performance of Sukhjit Starch and Chemicals v BSE Sensex



Base=100 as on 07 February 2013
Face Value: Rs 10.

TVS Motors

Aiming for market share

Expects the two-wheeler industry to grow at 8-10% in Q4 of FY 2014

TVS Motors held a conference call on 29 January 2014. President KN Radhakrishnan and CEO and CFO LC Murli addressed the call. Key points:

TVS Motors's bottom line grew a 31% to Rs 68.8 crore and the top line 13% to Rs 2057.6 crore in the third quarter (Q3) ending December 2013 compared with a year ago,