

Rating matrix		
Rating	:	Hold
Target	:	₹ 205
Target Period	:	12 months
Potential Upside	:	5%

What's changed?	
Target	Changed from ₹ 168 to ₹ 205
EPS FY19E	Changed from ₹ 3.7 to ₹ 3.3
EPS FY20E	Changed from ₹ 4.8 to ₹ 4.2
EPS FY21E	Introduced at ₹ 5.1
Rating	Unchanged

Quarterly performance					
	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)
Revenue	594.3	523.5	13.5	597.6	-0.6
EBITDA	45.0	49.4	-9.0	49.8	-9.8
EBITDA (%)	7.6	9.4	-187bps	8.3	-78bps
PAT	33.7	35.8	-5.8	38.2	-11.7

Key financials				
₹ Crore	FY18	FY19E	FY20E	FY21E
Net Sales	2,312	2,556	2,938	3,415
EBITDA	186.9	195.5	249.7	307.3
Net Profit	133.1	140.8	178.6	219.1
EPS (₹)	3.1	3.3	4.2	5.1

Valuation summary				
	FY18	FY19E	FY20E	FY21E
P/E	63.8	60.3	47.7	38.8
Target P/E	65.7	62.1	49.1	40.0
EV / EBITDA	45.0	43.0	33.7	27.3
P/BV	11.3	11.0	9.4	8.0
RoNW (%)	17.7	18.2	19.8	20.7
RoCE (%)	23.7	24.0	26.0	26.9

Stock data	
Particular	Amount
Market Capitalization (₹ Crore)	8,493.1
Total Debt (FY18) (₹ Crore)	0.0
Cash and Investments (FY18) (₹ Crore)	5.0
EV (₹ Crore)	8,488.1
52 week H/L	255 / 159
Equity capital (₹ Crore)	42.5
Face value (₹)	1.0

Price performance				
	1M	3M	6M	12M
Havells India	4.7	12.8	14.3	38.8
Bajaj Electricals	(9.9)	(8.8)	(23.5)	(1.7)
Symphony	2.7	24.1	11.0	(32.8)
V-Guard	(12.2)	3.9	(5.1)	(13.0)

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Hitesh Taunk
hitesh.taunk@icicisecurities.com

V-Guard Industries (VGUARD)

₹ 195

Gross margin pressure continues...

- V-Guard's Q3FY19 topline grew 14% largely driven by new categories (like kitchen appliances, switchgears), recovery in demand from south regions (contributes ~63% in topline) post floods in Kerala and expansion in new geographies (non-south regions). On product fronts, barring the wire and pump segment, all products recorded strong revenue growth led by water heater (up 17%), stabiliser (up 17%), fan (up 23%) and digital UPS (up 18%). Further, relatively newer categories like kitchen appliances & switchgears segment continue to grow at a higher rate of 45% & 55%, YoY respectively. EBITDA margin stayed under pressure mainly due to volatility in commodity prices and rupee depreciation. However, the company has initiated price hikes (~2-5%) to combat high input costs that would benefit it in coming quarters. Further, ad spends returning to normal 4-4.5% level vs. ~5% would help drive EBITDA margins
- We introduce FY21E estimates & model revenue, earning CAGR of ~14%, 18%, respectively, in FY18-21E. We believe key trigger for topline growth would be sales improvement of its flagship products while profitability would be driven by gross margin recovery

High bet on flagship products

The strong sales growth in Q3FY19 was largely driven by its flagship products like stabiliser water heater segments that are largely seasonal in nature. Apart from this, the strong performance of newly introduced products in the consumer durable segments also aided growth. However, pump and wire (together contribute ~40% to topline) faced various challenges like rising competition and sales mix turning towards economic product ranges. This has also impacted the gross margin of the respective business. Further, the company is citing it as a short-term issue and the segment would record a gradual recovery in coming quarters. We model revenue CAGR of 14% in FY18-21E (in line with management expectation of ~15%) led by ~18% revenue CAGR of consumer durable segment (backed by new products). We feel electronic and electrical product categories would see revenue CAGR of ~12-13% in FY18-21E.

Subsiding raw material prices, internal efficiency to drive margins

Higher raw material prices coupled with rupee depreciation had negatively impacted the gross margins of the company in 9MFY19. Though the company is confident of passing on raw material prices to its customers by taking price hike (by ~3%), we believe rationalisation of advertisement expenses would lead to an expansion in EBITDA margin to the tune of ~150 bps over the next two years.

Richly valued; maintain HOLD

We believe addition of new capacity and dealers across India coupled with the launch of premium products would help in revenue, earnings CAGR of 14%, 18%, respectively, for FY18-21E. We believe despite the focus on increasing in-house manufacturing (capex of ~₹ 75 crore to start two manufacturing plants for water heater and fans), the balance sheet is likely to remain strong (debt free status and RoE, RoCE of 20%, 26%, respectively). We believe that at the CMP the stock discounts near term positives of lower working capital requirements and positive free cash flows. At the CMP, the stock is trading at 47x FY20E and 38x FY21E earnings. We roll over our valuation on FY21E and value the stock at 40x FY21E earnings with a revised target price of ₹ 205.

Variance analysis

	Q3FY19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	Comment
Revenue	594.3	579.4	523.5	13.5	597.6	-0.6	Barring wire segment (classified under the 'electricals' segment) other segment recorded strong revenue growth in both south and non-south regions
Other Income	4.4	3.8	2.6	69.6	3.9	11.1	
Raw Material Exp	173.6	162.2	122.9	41.3	182.1	-4.7	Rupee depreciation coupled with higher raw material prices dragged gross margin by ~242 bps YoY
Employee Exp	49.2	49.8	43.1	14.0	50.6	(2.8)	
Other Exp	84.3	85.8	77.3	9.0	76.6	10.0	Marginal cut in advertisement expenditure (by 20 bps YoY to 5.5% of sales) helped in saving in other expenditure
Purchase of Traded goods	242.3	231.8	230.8	5.0	238.4	1.6	
EBITDA	45.0	49.8	49.4	-9.0	49.8	-9.8	
EBITDA Margin (%)	7.6	8.6	9.4	-187 bps	8.3	-78 bps	EBITDA margin was largely impacted due to lower gross margin
Depreciation	5.6	5.2	4.8	16.7	5.5	2.3	
Interest	0.5	0.3	0.5	12.3	0.3	100.2	
PBT	43.2	48.1	46.7	-7.5	48.0	-10.1	
Total Tax	9.5	12.0	10.9	-13.3	9.9	-3.7	
PAT	33.7	36.1	35.8	-5.8	38.2	-11.7	Low EBITDA margin weighs on bottomline degrowth
Key Metrics							
Electronics	152.5	139.1	129.3	18.0	161.4	-5.5	Growth in revenue of stabilisers and UPS segment by 17% and 18% YoY, respectively, helped drive the segment performance
Electricals	257.9	272.1	245.4	5.1	254.1	1.5	Muted segment performance was mainly due to flattish sales of wires while pumps segment revenue increased mere 2% YoY
Consumer Durable	183.8	168.2	148.8	23.5	182.1	1.0	Consumer durables remained a major contributor to the sales growth of the company, thus increasing its contribution to total sales from 28% in Q3FY18 to 31% in Q3FY19. Sales growth was driven by kitchen appliances, fans and water heater segment, which grew ~45%, ~23% and ~17% YoY, respectively

Source: Company, ICICI Direct Research

Change in estimates

₹ Crore)	FY19E			FY20E			Introduced FY21E	Comments
	Old	New	% Change	Old	New	% Change		
Revenue	2,557.0	2556.0	(0.0)	2,951.1	2937.6	(0.5)	3,414.6	We introduce FY21E estimates with revenue growth of 16% YoY and revenue CAGR of ~14% in FY18-21E. Segment wise, we believe consumer durable segment may record strong sales CAGR of 18% in FY118-21E while electronics and electricals segment is likely to record sales CAGR of ~13% during the same period
EBITDA	217.3	195.5	(10.0)	283.3	249.7	(11.9)	307.3	
EBITDA Margin %	8.5	7.7	-85bps	9.6	8.5	-110bps	9.0	We believe price hike (to offset higher raw material prices) coupled with focus on improving internal efficiency through in-house manufactured would lead to improvement in EBITDA margin, going forward
PAT	155.7	140.8	(9.5)	203.7	178.6	(12.3)	219.1	
EPS (₹)	3.7	3.3	(9.5)	4.8	4.2	(12.3)	5.1	

Source: Company, ICICI Direct Research

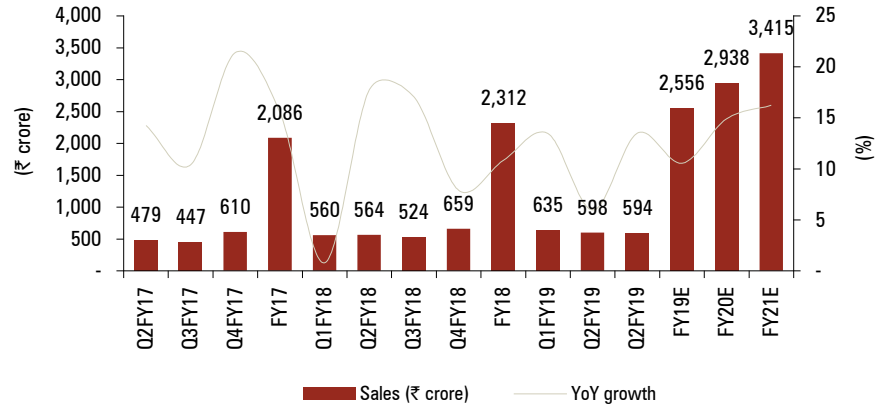
Assumptions

	Current		Introduced		Earlier		Comments
	FY18	FY19E	FY20E	FY21E	FY19E	FY20E	
Electronics Growth	9.7	7.6	15.4	14.6	13.3	13.5	Electronics segment CAGR of 13% in FY18-21E will be driven by both stabilisers and UPS segment revenue CAGR of 12% and 13%, respectively
Electricals Growth	8.1	7.7	13.8	15.2	13.1	15.2	We believe the electrical segment performance would largely be driven by pump and new launches in the switchgear segment
Cosumer Durable Growth	13.1	17.5	16.3	19.7	20.7	20.5	Performance of consumer durable segment will be driven by low base of new products like kitchen appliances, air coolers, smart fans, etc. In addition to this, expansion in non-south regions would further drive sales of consumer durable segments

Source: Company, ICICI Direct Research

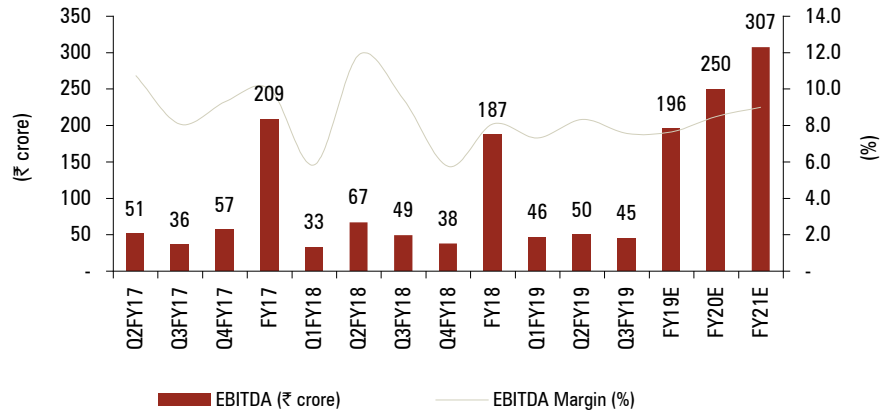
Company Analysis

Exhibit 1: Introduction of new products, non-south market drive revenue growth



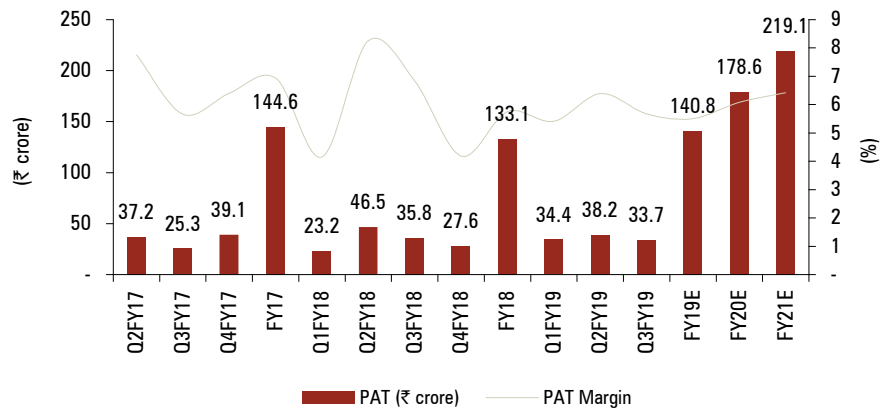
Source: Company, ICICI Direct Research

Exhibit 2: Price hike, rationalisation of A&P activities to drive margin



Source: Company, ICICI Direct Research

Exhibit 3: Higher sales growth, flattish EBITDA margin to drive PAT growth



Source: Company, ICICI Direct Research

Key conference call takeaways

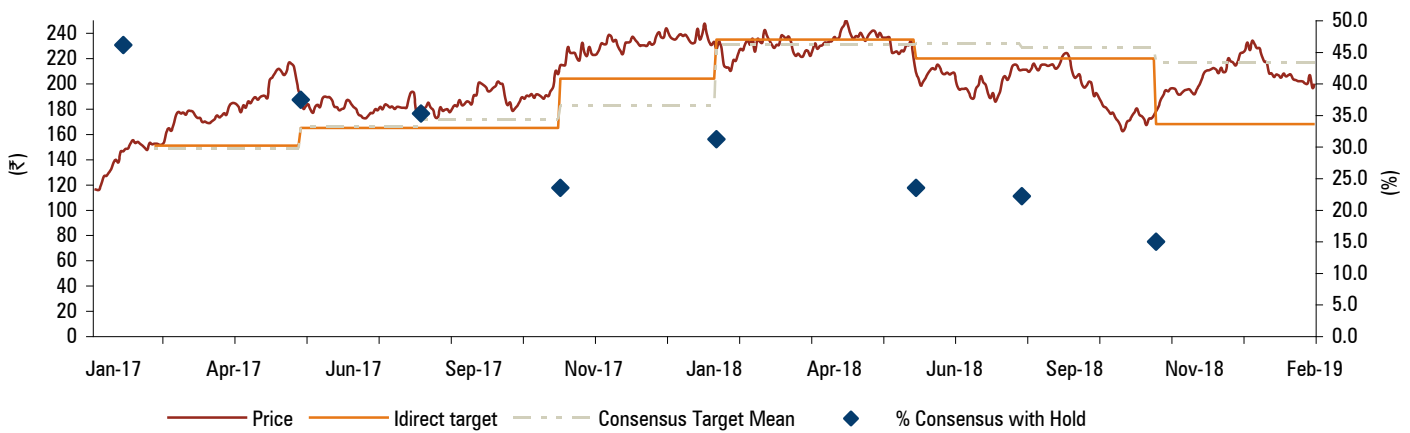
-Region wise performance

- Recovery seen in south markets with revenue growth of 9.2% YoY, highest seen in the last seven quarters. This could be attributable to a business recovery in Kerala post floods. Non-south markets sustained momentum with 18% YoY growth in Q3FY19; non-south contribution was at 37.2% of sales (35.5% in Q3FY18)
- Gross margin of south region was at 26.5% against 25% of non-south regions
- The company envisages adding 3,000-5,000 retailers across the country every year over the next five years with higher addition in the non-south region
- The company envisages the non-south markets contributing to 50% over the next five years (contributes ~40% currently)

-Product wise performance

- Stabiliser sales growth of 17% YoY in Q3FY19 was led by non AC segment (largely LED TV category). Generally, non AC stabilisers command higher margin than AC stabilisers
- Flattish sales and volume of wire during Q3FY19 was mainly due to a slow pick-up in construction activity in Kerala
- Pump segment sales were impacted by rising competition and changing sales mix towards economic product category
- Fan segment recorded growth of 23% YoY led by ~15% volume growth. The economy product segment (the unit price below ₹ 1300/unit) contributes ~35% in the total fan revenue
- V-Guard has guided for topline growth of 15% in next few years driven by expansion into non-south markets & introduction of new product categories. On the margin front, EBITDA margins should revert to ~10% with the price hike, change in product mix, going forward. Advertisement expenses may normalise at 4-4.5%, going forward, against ~5-6%
- The company has outlined a capex of ₹ 75 crore for the next two years to increase production of water heater and starting a new plant for fan. V-Guard is planning to increase revenues from in-house manufacturing and reduce the dependency on import

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Mar-09	Commencement of new production facilities at Coimbatore (for LT cable) and Kashipore (for wire)
Jul-10	Stellar performance during FY10 with revenue and earning growth of 43% YoY and 47% YoY, respectively
Jul-11	Another round of good performance during FY11 with revenue and earnings growth of 60% YoY and 67% YoY, respectively
May-12	For FY12, the company recorded revenue and earning growth of 37% YoY and 19% YoY, respectively
Jun-12	Launch of new range of fan "Enviro" with unique magneto motive drive (MMD) technology that can save 50% of energy
Jan-13	Launch of new product induction cook top and mixer grinder
Jul-13	Announcement of doubling the capacity of cable manufacturing unit at Kashipur with investment of ₹ 16 crore
Aug-13	Introduces a new range of water heaters styled pebble in the market
Jan-14	Records flattish EBITDA margin during FY14 mainly due to higher input cost and lower demand for consumer durables during the festive season
Mar-17	Acquires controlling stake in Hyderabad based switchgear manufacturer Guts Electronics

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Last filing date	%O/S	Position (m)	Change (m)
1	Chittilappilly (Kochouseph)	31-Dec-18	18.5	79.0	-0.3
2	Chittilappilly (Mithun K)	31-Dec-18	16.8	71.9	0.3
3	Kochouseph (Sheela)	31-Dec-18	10.9	46.5	0.0
4	Chittilappilly (Arun K)	31-Dec-18	8.7	37.1	-18.5
5	Nalanda Capital Pte Ltd	31-Dec-18	6.7	28.4	0.0
6	K Chittilappilly Trust	31-Dec-18	4.9	20.8	0.0
7	DSP Investment Managers Pvt. Ltd.	31-Dec-18	4.5	19.3	2.1
8	Arav Chittilappilly Trust	31-Dec-18	4.3	18.5	18.5
9	Axis Asset Management Company Limited	31-Dec-18	3.1	13.3	0.5
10	Sundaram Asset Management Company Limited	31-Dec-18	2.3	9.9	0.0

Source: Reuters, ICICI Direct Research

Shareholding Pattern

(in %)	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
Promoter	64.5	64.3	64.3	64.2	64.2
FII	11.8	11.7	12.2	11.8	11.9
DII	12.2	12.5	11.9	11.4	12.5
Others	11.5	11.5	11.6	12.6	11.5

Recent Activity

Buys			Sells		
Investor name	Value(m)	Shares(m)	Investor name	Value(m)	Shares(m)
Arav Chittilappilly Trust	60.8	18.5	Chittilappilly (Arun K)	-60.8	-18.5
DSP Investment Managers Pvt. Ltd.	6.7	2.1	Canara Robeco Asset Management Company Ltd.	-3.9	-1.6
Axis Asset Management Company Limited	1.5	0.5	Chittilappilly (Kochouseph)	-1.1	-0.3
Chittilappilly (Mithun K)	1.1	0.3	J.P. Morgan Asset Management (Hong Kong) Ltd.	-0.4	-0.2
K (Antony Sebastian)	0.9	0.3	Reliance Nippon Life Asset Management Limited	-0.3	-0.1

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Net Sales	2311.7	2556.0	2937.6	3414.6	
Growth (%)	24.1	10.6	14.9	16.2	
Expenses					
Raw Material Expenses	609.5	741.2	822.5	956.1	
Purchase of stock	1005.7	1048.0	1233.8	1417.0	
Employee Expenses	170.2	200.6	220.3	256.1	
Administrative Expenses	339.5	370.6	411.3	478.0	
Total Operating Expenditure	2124.8	2360.5	2687.9	3107.3	
EBITDA	186.9	195.5	249.7	307.3	
Growth (%)	5.0	4.6	27.7	23.1	
Other Income	11.1	16.6	17.0	17.0	
Interest	1.7	1.4	2.1	1.4	
PBDT	196.4	210.8	264.6	322.9	
Depreciation	19.1	23.0	26.4	30.7	
PBT before Exceptional Items	177.3	187.8	238.2	292.2	
PBT	177.3	187.8	238.2	292.2	
Total Tax	44.2	46.9	59.5	73.0	
PAT	133.1	140.8	178.6	219.1	

Source: Company, ICICI Direct Research

Balance sheet		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Equity Capital	42.6	42.6	42.6	42.6	
Reserve and Surplus	709.0	732.7	859.7	1016.9	
Total Shareholders funds	751.6	775.2	902.2	1059.4	
Total Debt	0.0	10.0	20.0	30.0	
Deferred Tax Liability	2.9	2.9	2.9	2.9	
Total Liability	497.5	640.8	757.9	791.5	
Assets					
Total Gross Block	328.2	359.7	394.7	434.7	
Less Total Accumulated Depreciat	128.0	151.0	177.4	208.2	
Net Block	200.2	208.7	217.3	226.5	
Total Fixed Assets	207.7	219.7	228.3	237.5	
Inventory	310.5	350.1	418.5	486.5	
Debtors	444.5	420.2	482.9	570.7	
Loans and Advances	3.0	3.3	3.8	4.4	
Cash	5.0	14.4	22.9	38.1	
Total Current Assets	833.3	865.8	1017.6	1236.2	
Creditors	328.6	336.1	354.1	411.6	
Provisions	35.2	36.0	37.9	44.1	
Total Current Liabilities	396.7	408.6	433.9	496.7	
Net Current Assets	436.6	457.2	583.7	739.6	
Total Assets	497.5	640.8	757.9	791.5	

Source: Company, ICICI Direct Research

Cash flow statement		₹ Crore			
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Profit after Tax	133.1	140.8	178.6	219.1	
Depreciation	19.1	23.0	26.4	30.7	
Cash Flow before working capital ch	153.9	165.2	207.2	251.3	
Net Increase in Current Assets	-210.4	-23.1	-143.2	-203.5	
Net Increase in Current Liabilities	103.3	11.8	25.4	62.8	
Net cash flow from operating act	46.7	154.0	89.3	110.5	
(Purchase)/Sale of Fixed Assets	-47.8	-35.0	-35.0	-40.0	
Net Cash flow from Investing act	-36.8	-36.0	-37.0	-42.0	
Inc / (Dec) in Equity Capital	0.1	0.0	0.0	0.0	
Inc / (Dec) in Loan Funds	0.0	0.0	0.0	0.0	
Total Outflow on account of dividend	-35.8	-42.9	-51.6	-62.0	
Net Cash flow from Financing act	-20.0	-108.6	-43.7	-53.4	
Net Cash flow	-10.0	9.4	8.6	15.2	
Cash and Cash Equivalent at the beg.	15.0	5.0	14.4	22.9	
Cash	5.0	14.4	22.9	38.1	

Source: Company, ICICI Direct Research

Key ratios					
(Year-end March)	FY18	FY19E	FY20E	FY21E	
Per Share Data (₹)					
EPS	3.1	3.3	4.2	5.1	
Cash EPS	3.6	3.9	4.8	5.9	
BV	17.7	18.3	21.2	24.9	
DPS	0.8	1.0	1.2	1.5	
Operating Ratios (%)					
EBITDA Margin	8.1	7.7	8.5	9.0	
PAT Margin	5.8	5.5	6.1	6.4	
Return Ratios (%)					
RoE	17.7	18.2	19.8	20.7	
RoCE	23.7	24.0	26.0	26.9	
RoIC	26.2	26.1	28.4	29.5	
Valuation Ratios (x)					
EV / EBITDA	45.0	43.0	33.7	27.3	
P/E	63.8	60.3	47.7	38.8	
EV / Net Sales	3.6	3.3	2.9	2.5	
Market Cap / Sales	3.7	3.3	2.9	2.5	
Price to Book Value	11.3	11.0	9.4	8.0	
Turnover Ratios (x)					
Asset turnover	3.1	3.2	3.2	3.1	
Debtors Days	70.2	60.0	60.0	61.0	
Creditors Days	51.9	48.0	44.0	44.0	
Solvency Ratios (x)					
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	2.1	2.1	2.3	2.4	
Quick Ratio	1.3	1.2	1.3	1.4	

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Consumer Discretionary)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
Asian Paints (ASIPAI)	1,440	1,600	Buy	138,096	21.9	24.3	28.7	65.8	59.2	55.8	41.6	35.4	30.1	31.6	32.6	34.1	24.4	24.8	25.5
Astral Polytecnic (ASTPOL)	1,117	1,125	Hold	13,376	14.7	17.7	26.4	76.2	63.0	42.4	40.8	30.9	23.1	22.9	23.4	26.3	17.2	16.4	19.8
Bajaj Electricals (BAJELE)	469	545	Hold	4,786	8.2	16.0	20.9	57.2	29.4	22.5	20.1	18.0	13.5	18.1	15.0	17.9	13.7	16.2	18.0
Havells India (HAVIND)	742	800	Buy	46,293	11.4	13.4	17.2	65.0	55.4	43.2	42.1	35.4	27.2	25.2	29.2	31.1	18.8	21.4	22.7
Kansai Nerolac (KANNER)	451	480	Buy	24,305	9.6	8.8	10.8	47.1	51.4	41.9	29.2	30.2	24.5	24.5	22.0	24.2	16.5	14.7	16.2
Pidilite Industries (PIDIND)	1,102	1,250	Buy	56,493	18.8	18.5	22.0	58.5	59.5	50.0	42.2	38.6	32.5	33.6	29.6	31.4	27.0	21.7	22.8
Essel Propack (ESSPRO)	106	120	Hold	3,331	5.5	5.8	6.7	19.1	18.3	15.7	8.9	8.3	7.2	18.0	17.4	19.3	15.2	14.6	15.8
Supreme Indus (SUPIND)	992	1,150	Buy	12,601	33.9	34.4	39.8	29.2	28.8	24.9	16.3	15.8	13.6	27.9	26.1	27.9	22.7	19.5	21.4
Symphony (SYMLIM)	1,202	830	Hold	8,409	27.5	20.5	27.6	43.7	58.6	43.5	35.9	34.7	24.2	41.3	27.3	35.2	31.5	24.2	30.7
V-Guard Ind (VGUARD)	195	205	Hold	8,301	3.1	3.3	4.2	62.2	58.8	46.5	43.9	41.9	32.8	23.7	24.0	26.0	17.7	18.2	19.8
Voltas Ltd (VOLTAS)	543	560	Hold	17,959	17.5	17.3	21.8	31.1	31.4	24.9	27.2	24.3	19.3	19.8	21.9	23.6	14.8	16.0	17.7
Time Techno (TIMTEC)	96	125	Hold	2,171	8.0	8.0	11.1	12.0	12.1	8.7	6.8	6.7	5.4	14.9	13.7	16.2	12.2	11.2	13.6

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct Research endeavours to provide objective opinions and recommendations. ICICI Direct Research assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



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

We I, *Sanjay Manyal*, MBA (Finance) and *Hitesh Taunk*, MBA (Finance) Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities 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.

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 or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

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.