

Strong franchise, robust B/S and return metrics merit BUY...

Eicher Motors (EML) is the undisputed leader in the domestic premium motorcycle (>250 cc) segment through its established Royal Enfield (RE) franchise that has a strong product portfolio comprising popular models such as Classic, Bullet and Himalayan. The aspirational status associated with RE brand's 'pull factor' as a lifestyle statement has remained intact over the years. RE domestic volume CAGR of 31.6% in CY10-FY20 has comprehensively outpaced overall 2-W industry's FY10-20 6.4% CAGR, with the company's domestic motorcycle market share in its product segment (> 250 cc) as of FY20 at ~96%. Volume performance for the industry as well as EML in FY18-20, has, disappointed (-9.5% EML CAGR, -7.1% 2-W industry CAGR) chiefly on the back of slowing discretionary spend. The stock price of EML, however, saw a sharp fall in recent months tracking expectations of further pressures to be exerted on income levels & consequent purchasing power in the Covid-19 aftermath. We feel valuations have climbed down adequately, with the company now trading at 20x FY22E EPS against average two year forward P/E multiple of ~30x over last 5 years. We feel, EML presents an attractive risk-reward opportunity post steep price correction; with its undiminished brand loyalty seen acting as a catalyst for an eventual recovery once pandemic effects subside.

Market leadership remains unchallenged

The > 250 cc motorcycle category continues to be a near monopoly, with EML cornering ~96% market share domestically as of FY20 (**Exhibit 1**). Competitive intensity remains low (Java production at ~5,000 units/month as of Q2FY20), with EML's recent distribution outreach programme in semi urban areas through smaller 'studio stores' (500 in count as of Q3FY20); ~eight units a month for dealer breakeven) adding to overall footprint (940 large format stores). EML remains well entrenched in higher income states (46% of 9MFY20 volumes from Kerala, Maharashtra, Tamil Nadu, Punjab, Delhi, Karnataka, Haryana). We build 20% volume decline in FY21E followed by 22% rise in FY22E courtesy pent up demand from 3 years of no growth.

Financial strength beyond reproach!

EML possesses net cash positive B/S with cash on books and liquid investments of ₹ 5,944 crore as of FY19 i.e. 15% of current market cap. Double digit return ratios (~22% RoCE as of FY20E), negative working capital cycle and robust ~25% margins demonstrate robust financial health of EML books.

Valuation & Outlook

Key Financial Summary

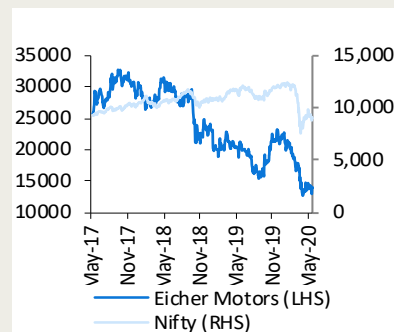
We value EML on SOTP basis (24x P/E on FY22E RE EPS, 15x FY22E VECV EPS) to arrive at a **target price** of ₹ 17,150 and **upgrade** the stock from HOLD to **BUY**. Traction in exports and studio stores concept and CV cycle revival would be key monitorables for EML.



Particulars

Particular	₹ crore
Market Capitalization	39,527
Total Debt (FY 19)	187
Cash & Inv. (FY 19)	5,944
EV (FY 19) (₹ crore)	33,770
52 week H/L (₹)	23,428 / 12,400
Equity capital	₹ 27.3 Crore
Face value	₹ 10

Price Chart



Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Jaimin Desai
jaimin.desai@icicisecurities.com

Key Financials	FY18	FY19	FY20E	FY21E	FY22E	CAGR (FY20E-22E)
Net Sales	8,965.0	9,797.1	9,092.0	7,816.1	9,700.0	3.3%
EBITDA	2,807.6	2,903.1	2,263.4	1,779.4	2,413.6	3.3%
EBITDA Margins (%)	31.3	29.6	24.9	22.8	24.9	
Net Profit	1,959.7	2,202.8	1,934.5	1,453.7	1,968.7	0.9%
EPS (₹)	718.9	808.1	709.6	533.3	722.2	
P/E	20.2	17.9	20.4	27.2	20.1	
RoNW (%)	29.9	24.8	18.5	12.5	14.9	
RoCE(%)	39.1	32.5	22.2	16.0	19.0	

Story in charts

Exhibit 1: Market share movement at EML over the years

(units)	FY15	FY16	FY17	FY18	FY19	FY20
Domestic motorcycles	1,07,26,013	1,07,00,466	1,10,94,547	1,26,13,241	1,35,98,190	1,12,14,640
Exports motorcycles	22,52,066	22,08,932	20,27,297	24,83,297	28,65,851	31,36,519
Total motorcycles (A)	1,29,78,079	1,29,09,398	1,31,21,844	1,50,96,538	1,64,64,041	1,43,51,159
>250 cc domestic motorcycles (B)	3,39,255	5,15,505	6,76,182	8,39,794	8,36,027	6,84,425
>250 cc exports motorcycles (C)	32,692	28,300	30,453	91,655	77,307	90,247
>250 cc total motorcycles (D)	3,71,947	5,43,805	7,06,635	9,31,449	9,13,334	7,74,672
>250 cc as a % of overall industry (D/A)	2.9%	4.2%	5.4%	6.2%	5.5%	5.4%
Eicher - domestic (F)	3,24,055	4,98,791	6,51,107	8,01,229	8,05,273	6,56,651
Eicher - exports (G)	7,115	9,363	15,383	19,264	20,825	39,188
Eicher - total (H)	3,31,170	5,08,154	6,66,490	8,20,493	8,26,098	6,95,839
Eicher >250 cc market share (domestic, F/B)	95.5%	96.8%	96.3%	95.4%	96.3%	95.9%
Eicher >250 cc market share (exports, G/C)	21.8%	33.1%	50.5%	21.0%	26.9%	43.4%
Eicher >250 cc market share (total, H/D)	89.0%	93.4%	94.3%	88.1%	90.4%	89.8%
Eicher overall motorcycle market share (H, A)	2.6%	3.9%	5.1%	5.4%	5.0%	4.8%
Eicher rank within >250cc category	1	1	1	1	1	1

Source: SIAM, ICICI Direct Research

Exhibit 2: Key financial metrics

Particulars	Units	FY17	FY18	FY19	FY20E	FY21E	FY22E
RE Volumes	nos	6,66,490	8,20,121	8,26,098	6,95,839	5,57,558	6,82,108
Y oY	%		23.1%	0.7%	-15.8%	-19.9%	22.3%
Sales Value	₹ crore	7,033.4	8,965.0	9,797.1	9,092.0	7,816.1	9,700.0
Y oY	%		27.5%	9.3%	-7.2%	-14.0%	24.1%
ASP	₹/unit	1,18,737	1,11,785	1,17,603	1,29,002	1,39,210	1,41,218
EBITDA	₹ crore	2,174.0	2,807.6	2,903.1	2,263.4	1,779.4	2,413.6
EBITDA margins	%	30.9%	31.3%	29.6%	24.9%	22.8%	24.9%
PAT	₹ crore	1,698.0	2,101.7	2,214.0	1,934.5	1,453.7	1,968.7
EPS	₹	612.7	718.9	808.1	709.6	533.3	722.2
Particulars	Units	FY17	FY18	FY19	FY20E	FY21E	FY22E
RE Volumes	nos	6,66,490	8,20,121	8,26,098	6,95,839	5,57,558	6,82,108
Y oY	%		23.1%	0.7%	-15.8%	-19.9%	22.3%
2 year forward P/E Multiple	x	28.7	38.4	40.7	31.0	19.1	

Source: Company, ICICI Direct Research

- Forward P/E multiples at EML have corrected from ~40x in the past wherein it used to clock double digit volume growth to ~20x presently wherein the volume growth has been in the negative territory (FY20-21E). Going forward, as volume growth recovers at EML, we expect valuations multiple to inch up towards its mean; a key point in our investment thesis

Exhibit 3: Segment wise, model wise volumes of EML for FY20

	Domestic			Exports			Total			Domestic market share (%)
	FY19	FY20	YoY (%)	FY19	FY20	YoY (%)	FY19	FY20	YoY (%)	
Motorcycles	8,05,273	6,56,651	-18.5%	20,825	39,188	88.2%	8,26,098	6,95,839	-15.8%	5.9
250-350cc	7,64,012	6,14,626	-19.6%	3,789	5,270	39.1%	7,67,801	6,19,896	-19.3%	
Bullet 350 Twinspark	1,37,946	1,30,820	-5.2%	53	14	-73.6%	1,37,999	1,30,834	-5.2%	
Bullet Electra Twinspark	28,297	45,528	60.9%	51	111	117.6%	28,348	45,639	61.0%	
Thunderbird 350	71,327	40,185	-43.7%	455	345	-24.2%	71,782	40,530	-43.5%	
Classic 350	5,26,442	3,98,093	-24.4%	3,230	4,800	48.6%	5,29,672	4,02,893	-23.9%	
350-500cc	36,093	21,837	-39.5%	12,594	14,321	13.7%	48,687	36,158	-25.7%	
Classic 500	19,282	4,925	-74.5%	5,205	4,672	-10.2%	24,487	9,597	-60.8%	
Bullet 500	2,737	786	-71.3%	286	1,985	594.1%	3,023	2,771	-8.3%	
Thunderbird 500	3,373	824	-75.6%	-	-	NA	3,373	824	-75.6%	
Himalayan	10,701	15,302	43.0%	7,103	7,664	7.9%	17,804	22,966	29.0%	
500-800cc	5,168	20,188	290.6%	4,442	19,597	341.2%	9,610	39,785	314.0%	
650 Twin	5,168	20,188	290.6%	4,420	19,597	343.4%	9,588	39,785	314.9%	
Continental GT	-	-	NA	22	-	-100.0%	22	-	-100.0%	
Total domestic	8,05,273	6,56,651	-18.5%							
Total exports	20,825	39,188	88.2%							
Grand total (2-W)	8,26,098	6,95,839	-15.8%							3.8

Source: SIAM, ICICI Direct Research; Note – Domestic market share of March 2020

Exhibit 4: Segment wise, model wise volumes of VECV for FY20

	Domestic			Exports			Total			Domestic market share (%)
	FY19	FY20	YoY (%)	FY19	FY20	YoY (%)	FY19	FY20	YoY (%)	
I. M&HCV	43,381	28,884	-33.4%	7,500	3,657	-51.2%	50,881	32,541	-36.0%	12.8
Passenger i.e. Bus	4,151	3,697	-10.9%	569	804	41.3%	4,720	4,501	-4.6%	9.2
Goods i.e. Trucks	39,230	25,187	-35.8%	6,931	2,853	-58.8%	46,161	28,040	-39.3%	13.7
II. LCV	18,351	14,162	-22.8%	2,510	911	-63.7%	20,861	15,073	-27.7%	2.9
Passenger	6,595	5,363	-18.7%	695	271	-61.0%	7,290	5,634	-22.7%	11.8
Goods	11,756	8,799	-25.2%	1,815	640	-64.7%	13,571	9,439	-30.4%	2.0
A. Total VECV - Eicher (I + II)	61,732	43,046	-30.3%	10,010	4,568	-54.4%	71,742	47,614	-33.6%	6.0
B. Total VECV - Volvo	1,226	1,107	-9.7%	-	-	NA	1,226	1,107	-9.7%	0.6
Total domestic	62,958	44,153	-29.9%							
Total exports	10,010	4,568	-54.4%							
C. Grand total (A + B)	72,968	48,721	-33.2%							

Source: SIAM, ICICI Direct Research; Note – Domestic market share of March 2020

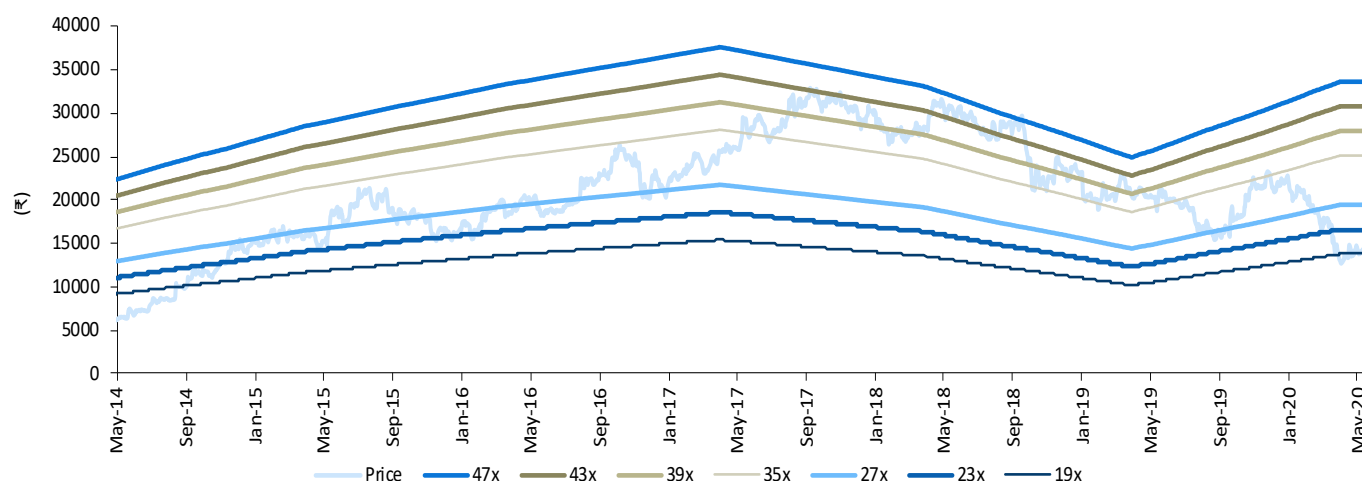
Valuation summary

Exhibit 5: SOTP valuation

	FY22E	Remarks
Two-wheeler business-Royal Enfield		
EPS (₹)	702	
Target PE multiple(x)	24.0	Valued RE business at 24x P/E on FY 22E numbers
Per share value (₹)	16,848	
Target market cap (₹ crore)	45,927	
CV business-VECV		
PAT	101	
Target PE multiple(x)	15.0	Valued VE-CV business at 15x P/E on FY 22E numbers
Target market cap (₹ crore)	1,518	
Contribution towards EML	0.54	EML has 54.4% stake in VECV
Target market cap towards EML (₹ crore)	826	
Per share value-VECV Eicher (₹)	302	
Total target market cap (₹ crore)	46,753	
Per share value (₹)	17,150	

Source: ICICI Direct Research

Exhibit 6: EML is currently trading at ~20x FY22E EPS i.e. at close to the bottom of its longer term P/E multiple band



Source: Bloomberg, ICICI Direct Research;

Financial Summary

Exhibit 7: Profit and loss statement
crore

(Year-end March)	FY19	FY20E	FY21E	FY22E
Total operating Income	9,797.1	9,092.0	7,816.1	9,700.0
Growth (%)	9.3	-7.2	-14.0	24.1
Raw Material Expenses	4,845.7	4,737.8	4,305.1	5,307.8
Employee Expenses	702.4	752.7	688.3	734.0
Other Expenses	1,134.1	1,138.0	888.1	1,052.0
Total Operating Expenditure	6,893.9	6,828.7	6,036.7	7,286.5
EBITDA	2903.1	2263.4	1779.4	2413.6
Growth (%)	3.4	-22.0	-21.4	35.6
Depreciation	300.3	366.3	390.8	412.3
Interest	7.3	14.2	9.7	10.2
Other Income	443.4	515.6	519.6	567.2
PBT	3,038.9	2,398.5	1,898.5	2,558.3
Others	0.0	0.0	0.0	0.0
Total Tax	1,077.0	520.0	478.4	644.7
PAT	2202.8	1934.5	1453.7	1968.7
Growth (%)	12.4	-12.2	-24.9	35.4
EPS (₹)	808.1	709.6	533.3	722.2

Source: Company, ICICI Direct Research

Exhibit 8: Cash flow statement
crore

(Year-end March)	FY19	FY20E	FY21E	FY22E
Profit after Tax	2,202.8	1,934.5	1,453.7	1,968.7
Add: Depreciation	300.3	366.3	390.8	412.3
(Inc)/dec in Current Assets	-286.6	69.3	63.0	-203.4
Inc/(dec) in CL and Provisions	-218.5	-160.7	-242.2	357.6
CF from operating activities	1998.0	2209.3	1665.4	2535.2
(Inc)/dec in Investments	838.0	-1,000.0	-1,000.0	-1,500.0
(Inc)/dec in Fixed Assets	-789.7	-700.0	-250.0	-500.0
Others	-14.8	-71.9	-89.7	8.6
CF from investing activities	33.5	-1771.9	-1339.7	-1991.4
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	35.9	-25.0	-100.0	-50.0
Dividend paid & dividend tax	-410.3	-410.3	-272.6	-340.8
Others	96.1	0.0	0.0	0.0
CF from financing activities	-278.2	-435.3	-372.6	-390.8
Net Cash flow	1,753.2	2.2	-46.9	153.0
Opening Cash	1,212.0	2,965.2	2,967.4	2,920.5
Closing Cash	2965.2	2967.4	2920.5	3073.4

Source: Company, ICICI Direct Research

Exhibit 9: Balance Sheet
crore

(Year-end March)	FY19	FY20E	FY21E	FY22E
Liabilities				
Equity Capital	27.3	27.3	27.3	27.3
Reserve and Surplus	8,891.4	10,415.6	11,596.8	13,224.7
Total Shareholders funds	8918.7	10442.9	11624.0	13252.0
Total Debt	186.8	161.8	61.8	11.8
Deferred Tax Liability	273.9	254.2	218.5	271.2
Others	120.8	116.6	109.1	120.2
Total Liabilities	9500.1	10975.5	12013.4	13655.1
Assets				
Gross Block	2,785.2	3,685.0	3,935.0	4,435.0
Less: Acc Depreciation	910.6	1,274.3	1,665.1	2,077.4
Net Block	1874.6	2410.7	2269.9	2357.6
Capital WIP	449.7	250.0	250.0	250.0
Total Fixed Assets	2,324.4	2,660.7	2,519.9	2,607.6
Investments	4,922.5	5,972.5	7,022.5	8,572.5
Inventory	633.4	548.0	535.3	664.4
Debtors	90.3	124.5	107.1	132.9
Others	252.5	234.3	201.4	250.0
Cash	2965.2	2967.4	2920.5	3073.4
Total Current Assets	3,941.4	3,874.3	3,764.3	4,120.7
Creditors	1,234.1	1,120.9	963.6	1,195.9
Provisions	33.0	30.0	25.8	32.0
Others	619.6	575.0	494.3	613.5
Total Current Liabilities	1,886.7	1,726.0	1,483.7	1,841.4
Net Current Assets	2054.7	2148.3	2280.6	2279.3
Other Non current asset	198.5	196.6	193.1	198.3
Application of Funds	9500.1	10975.5	12013.4	13655.1

Source: Company, ICICI Direct Research

Exhibit 10: Key ratios

(Year-end March)	FY19	FY20E	FY21E	FY22E
Per share data (₹)				
EPS	808.1	709.6	533.3	722.2
Cash EPS	918.2	844.0	676.6	873.4
BV	3,271.7	3,830.9	4,264.1	4,861.3
DPS	125.0	125.0	100.0	125.0
Cash Per Share	1,184.8	1,545.0	1,899.9	2,467.8
Operating Ratios (%)				
EBITDA Margin	29.6	24.9	22.8	24.9
PBT / Net sales	26.6	20.9	17.8	20.6
PAT Margin	22.6	21.3	18.6	20.3
Inventory days	23.6	22.0	25.0	25.0
Debtor days	3.4	5.0	5.0	5.0
Creditor days	46.0	45.0	45.0	45.0
Return Ratios (%)				
RoE	24.8	18.5	12.5	14.9
RoCE	32.5	22.2	16.0	19.0
RoIC	203.5	100.7	73.8	106.7
Valuation Ratios (x)				
P/E	17.9	20.4	27.2	20.1
EV / EBITDA	12.6	15.7	19.3	13.6
EV / Net Sales	3.7	3.9	4.4	3.4
Market Cap / Sales	4.0	4.3	5.1	4.1
Price to Book Value	4.4	3.8	3.4	3.0
Solvency Ratios				
Debt/Equity	0.0	0.0	0.0	0.0
Current Ratio	0.6	0.6	0.7	0.7
Quick Ratio	0.2	0.3	0.3	0.3

Source: Company, ICICI Direct Research

Peer Comparison

Exhibit 11: I Direct auto and auto ancillary coverage universe

Sector / Company	CMP	TP	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)			FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Apollo Tyre (APOTYR)	92	100	Hold	5,263	8.3	2.4	7.6	11.0	38.7	12.1	5.8	5.4	4.2	4.8	3.5	6.1	4.8	1.2	4.3
Ashok Leyland (ASHLEY)	45	55	Buy	13,172	1.2	1.7	3.2	38.7	26.5	14.0	11.5	10.0	6.8	6.0	7.0	11.9	4.7	5.7	10.4
Bajaj Auto (BAAUTO)	2,600	2,840	Hold	75,236	176.3	134.9	162.1	14.8	19.3	16.0	11.7	14.5	11.1	23.8	23.2	25.1	25.6	17.7	19.1
Bharat Forge (BHAFOR)	290	320	Hold	13,502	10.8	7.0	12.7	26.7	41.2	22.9	13.9	16.0	11.9	8.4	6.3	9.4	9.4	5.7	9.8
Eicher Motors (EICMOT)	14,500	17,150	Buy	39,527	709.6	533.3	722.2	20.4	27.2	20.1	15.7	19.3	13.6	22.2	16.0	19.0	18.5	12.5	14.9
Escorts (ESCORT)	880	1,020	Buy	10,787	39.6	40.8	50.3	22.2	21.6	17.5	14.6	13.9	11.1	18.9	13.3	14.2	14.2	10.1	11.1
Exide Industries (EXIND)	154	160	Buy	13,090	9.4	7.6	9.4	16.3	20.2	16.4	9.1	10.2	8.6	16.4	12.8	14.7	12.9	9.6	11.1
Hero Moto (HERHON)	2,150	2,500	Buy	42,936	175.3	118.3	156.4	12.3	18.2	13.7	9.5	11.3	8.6	26.4	20.2	24.6	21.6	15.7	19.1
M&M (MAHMAH)	430	415	Buy	53,458	33.8	15.8	23.5	12.7	27.3	18.3	9.0	13.8	10.0	11.7	6.3	8.9	9.6	5.0	7.1
Maruti Suzuki (MARUTI)	5,200	4,650	Reduce	1,57,082	187.1	138.4	194.4	27.8	37.6	26.7	16.8	19.8	14.0	7.4	4.8	7.9	11.7	8.2	10.6
Minda Industries (MININD)	282	300	Buy	7,394	7.0	7.6	11.8	40.2	37.0	23.9	12.9	11.6	9.2	11.3	11.8	15.0	11.5	11.6	15.4
Tata Motors (TATMOT)	83	85	Hold	30,337	-9.1	-2.4	9.1	NM	NM	9.1	4.1	4.1	3.3	4.6	5.7	8.5	0.0	2.6	9.3

Source: ICICI Direct Research

RATING RATIONALE

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

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

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

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.