

CMP: ₹ 450

Target: ₹ 525 (17%)

Target Period: 12 months

BUY

October 26, 2021

## Strong margin amid challenging scenario...

**About the stock:** Crompton Greaves Consumer (CGCEL) is among India's leading fast moving electrical goods (FMEG) companies, present in electrical consumer durables (78% of revenue) and lighting businesses (22% of revenue).

- Market leader in the domestic fan industry with value market share of 27%. The company has enhanced focus on increasing market share in home appliances categories like (air coolers, water heater and kitchen appliances)
- Robust balance sheet with RoE & RoCE of 34% & 39% (three-year average), respectively, with stringent working capital policy

**Q2FY22 Results:** Delivered in line revenue, with positive surprise on margin front.

- Reported revenue growth of 14% YoY to ₹ 1385 crore led ~18% growth in the ECD segment. Price hikes were in the range of 3-4% YoY in Q2
- Price hikes, better product mix (45% YoY growth in the premium fan) and cost saving measures helped maintain EBITDA margin at 15.5% during Q2
- PAT increased 12% YoY to ₹ 159 crore, with better margin, topline growth

**What should investors do?** CGCEL's share price has grown by 2.5x in the past five years (from ~₹ 184 in October 2016 to ~₹ 450 levels in October 2021).

- We maintain our BUY rating on the stock

**Target Price and Valuation:** We introduce FY24E estimates and roll over valuation at FY24 valuing the company at ₹ 525 i.e. 40x P/E on FY23E EPS.

**Key triggers for future price performance:**

- Total ~1.7 crore new houses under PMAY, replacement of ~20 million water pumps under government's flagship scheme KUSUM, urbanisation and rising aspiration are demand boosters of home appliances
- Dealer addition in areas with population 10,000-100,000 in next five years
- Focus on launches of premium products to drive margin
- Model revenue, earnings CAGR of 15%, 10%, respectively, in FY21-24E

**Alternate Stock Idea:** Apart from CGCEL, we also like Havells in the same space.

- Trigger for Havells' future revenue growth would be revival in Lloyds revenues and improvement in margin
- BUY with a target price of ₹ 1545



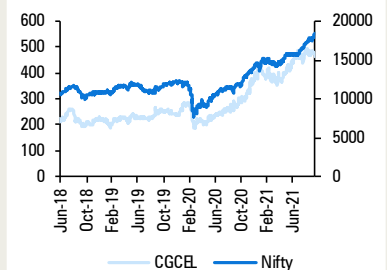
### Particulars

Particular	Amount
Market cap (₹ crore)	28331.4
Total Debt (FY21 ₹ crore)	298.8
Cash & Inves (FY21 ₹ crore)	603.9
EV (₹ crore)	28026.2
52 Week H/L (₹)	512/285
Equity Capital (₹ crore)	125.4
Face Value(₹)	2.0

### Shareholding pattern

(in %)	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21
Promoter	26.2	17.4	11.4	6.0	6.0
FII	30.3	34.3	39.2	40.1	41.5
DII	26.0	37.6	38.7	43.7	42.3
Others	17.5	10.7	10.7	10.2	10.2

### Price Chart



### Recent event & key risks

- Key Risk:** (i) Rising competition in core business segment (ii) Lower than expected EBITDA margin

### Research Analyst

Sanjay Manyal  
sanjay.manyal@icicisecurities.com

Hitesh Taunk  
hitesh.taunk@icicisecurities.com

### Key Financial Summary

(₹ crore)	FY19	FY20	FY21	5 Year CAGR (FY16-21)	FY22E	FY23E	FY24E	3 Year CAGR(21-24E)
Net Sales	4478.9	4520.3	4803.5	26%	5338.1	6413.1	7318.5	15.1
EBITDA	584.3	599.1	720.5	30%	742.0	929.9	1046.5	13.3
EBITDA Margin (%)	13.0	13.3	15.0		13.9	14.5	14.3	
Net Profit	401.4	496.4	616.7	47%	568.7	726.7	821.9	10.1
EPS (₹)	6.4	7.9	9.8		9.1	11.6	13.1	
P/E (x)	70.3	56.8	45.7		49.6	38.8	34.3	
RoE (%)	36.6	33.8	31.9		28.5	32.7	32.3	
RoCE (%)	42.8	38.3	34.4		36.0	41.5	41.5	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q2FY22 Results: Premium portfolio drives performance

- Overall ECD segment revenue increased 18% YoY. Fan, pump and appliances revenue increased 17%, 37% and 8% YoY, respectively, in Q2FY22. Decorative and super premium fan revenue increased 45% and 40%, respectively. In the lighting segment, revenue increased, albeit at a slow pace of 3% YoY. B2C lighting category was up 19% while B2B & B2G witnessed a low offtake
- Price hikes (of 3-4%), improved product mix helped partially offset higher raw material costs. As a result, fall in gross margin was limited to 100 bps YoY (33bps QoQ). Other cost optimisation measures helped the company to maintain EBITDA margin at 15.5%
- The management has guided for current level of gross margin, going forward, supported by price hikes and improved product mix

### Q2FY22 Earnings Conference Call highlights

- Market share gains:** The company has gained market share of ~1.7% in the overall fans (total 27% market share in the fans). There was market share gain of 2.7% in the premium fan segment. The company now commands ~15% market share in the water heater segment while in mixer grinder it has ~5-6% of market share
- Demand outlook:** The company is likely to maintain revenue CAGR of ~14%, going forward. CGCEL has guided more launches of premium products in the coming quarter. The company expects a recovery in the B2G lighting segment and residential pump demand, going forward
- Channel expansion:** CGCEL has covered ~55% of total distribution of fans and aims to take its total reach to 90%
- Margins:** The company has entered into an advance contract for sourcing of raw materials to mitigate inflationary pressure. CGCEL has taken various initiative under project Unnati to save operational costs. The company aims to save ~100 bps costs per annum with this initiative

### Exhibit 1: Peer comparison

Company	Mcap ₹ cr	Revenue				EBITDA margin				PAT				RoCE				RoE				PE			
		FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
Havells	81,045	10428	13769	16181	18675	15	14	14	14	1040	1283	1542	1806	25	27	31	33	20	23	26	27	78	63	53	45
Crompton Greaves	28,206	4804	5338	6413	7319	15	14	15	14	617	569	727	822	34	36	42	42	32	28	33	32	46	50	39	34
Bajaj Electrical	13,231	4585	5476	6245	6982	7	8	9	9	189	263	389	449	15	19	25	24	11	16	20	19	70	50	34	29
Polycab	34,849	8927	10941	12775	14943	13	12	13	13	886	883	1158	1362	22	21	24	24	18	16	19	19	39	39	30	26
Symphony	7,255	900	1097	1380	1660	15	17	20	20	107	145	225	275	15	21	29	31	15	20	27	28	68	50	32	26
V guard	10,407	2721	3237	3882	4456	11	10	11	11	202	226	301	352	24	24	28	29	17	19	22	23	52	46	35	30
Voltas	39,357	7556	8786	9958	10409	8	9	11	11	529	727	952	1132	15	20	23	21	11	15	17	17	74	54	41	35

Source: BSE, ICICI Direct Research

The company reported a strong Q2FY22 performance led by a sharp growth in the premium product category. Further, CGCEL maintained its long term growth outlook (~14% CAGR) led by increased penetration and launches of new products in the premium category. We believe with strong supply chain and distribution network in place CGCEL is set to benefit from spike in real estate industry. On the margin front, improved product mix and various cost optimisation measures are likely to keep CGCEL's margins at elevated levels. We introduce FY24E and model revenue, earning CAGR of 15% and 10%, respectively, in FY21-24E. We roll over our valuation on FY24E and value CGCEL at 40x FY23E (~30% discount to Havells) with a revised target price of ₹ 525/share.

**Exhibit 2: Variance Analysis**

	Q2FY22	Q2FY22E	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	Comments
Revenue	1,385.1	1,389.8	1,213.2	14.2	1,050.5	31.9	Strong growth led by ECD division
Other Income	16.9	19.1	16.7	1.1	19.6	-14.0	
Raw Material Exp	941.6	945.0	813.3	15.8	710.7	32.5	Gross margin declined 100 bps YoY due to higher raw material prices
Employee Exp	96.2	97.3	79.7	20.8	88.5	8.7	
Advertisement Exp	18.0	27.8	25.0	-28.0	25.0	-28.0	
Other expenditure	115.2	125.1	104.0	10.8	101.3	13.7	
EBITDA	214.1	194.6	191.3	12.0	125.0	71.2	
EBITDA Margin (%)	15.5	14.0	15.8	-31 bps	11.9	355 bps	Lower A&P spends and other expenses partially offset higher raw material costs. As a result, the company reported a flattish EBITDA margin on a YoY basis
Depreciation	10.1	8.9	7.7	31.3	7.6	32.9	
Interest	8.0	7.2	11.1	-27.9	10.1	-20.4	
Excp item							
PBT	212.9	197.6	189.1	12.6	127.0	67.6	
Tax	54.1	49.6	47.5	13.9	32.2	67.7	
PAT	158.8	148.0	141.7	12.1	94.8	67.6	PAT growth on a YoY basis was driven by higher topline growth and savings in interest outgo
<b>Key Metrics</b>							
ECD	1,096.4	1,064.4	931.7	17.7	884.4	24.0	Strong growth in appliances (up 37% YoY), fan (up 17% YoY) drove overall ECD performance
Lighting & Products	288.7	325.4	281.5	2.6	166.1	73.8	B2C lighting LED continues to witness healthy value growth of 19% while lighting B2B and B2G business faced slow order pick-up

Source: Company, ICICI Direct Research

**Exhibit 3: Change in estimates**

₹ Crore	FY22E			FY23E			FY24E introduced	Comments
	Old	New	Change	Old	New	Change		
Revenue	5462.9	5338.1	(2.3)	6566.7	6413.1	(2.3)	7318.5	We introduced FY24E and model revenue CAGR of 15% in FY21-24E supported by strong demand of appliances and revival in the lighting segments
EBITDA	759.3	742.0	(2.3)	958.7	929.9	(3.0)	1046.5	
EBITDA Margin %	13.9	13.9	0bps	14.6	14.5	-10bps	14.3	We have slightly tweaked our EBITDA margin estimate downside considering restoration of key operating expenses going forward
PAT	583.7	568.7	(2.6)	749.3	726.7	(3.0)	821.9	
EPS (₹)	9.3	9.1	(2.6)	12.0	11.6	(3.0)	13.1	

Source: ICICI Direct Research

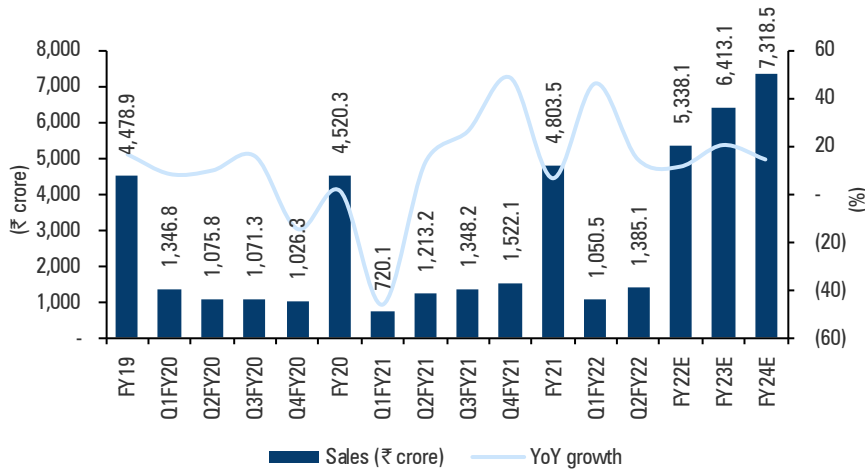
**Exhibit 4: Assumptions**

(%)	Current				FY24E		Earlier		Comments
	FY20	FY21E	FY22E	FY23E	introduc	FY22E	FY23E		
ECD	5.5	10.9	11.5	21.5	13.9	14.4	21.6	Continous rising proportion of premium fans in the topline, along with appliances business would help drive sales of ECD segment going forward. We build in ECD segment revenue CAGR of 16% in FY21-24E	
Lighting & Products	-10.6	-7.50	9.7	15.0	15.0	11.4	15.0	Low base, price stability and improved government expenditure on street lights segment would help drive revenue of lighting business for CGCEL going forward	

Source: ICICI Direct Research

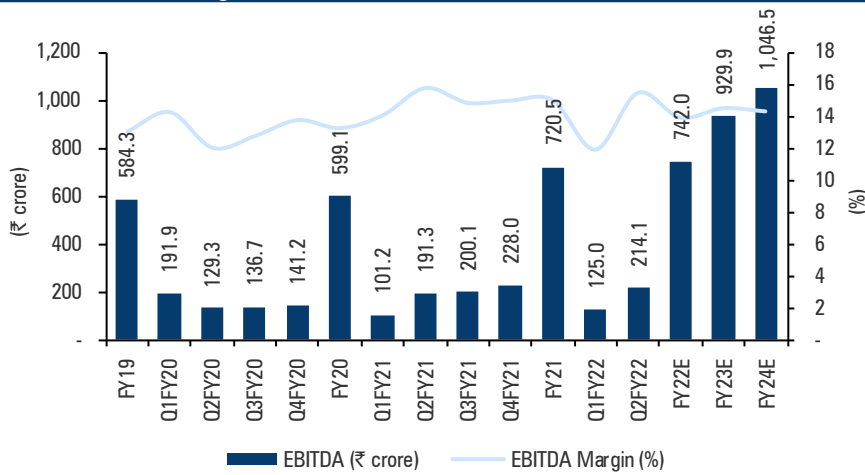
## Financial story in charts

Exhibit 5: Revenue growth trend



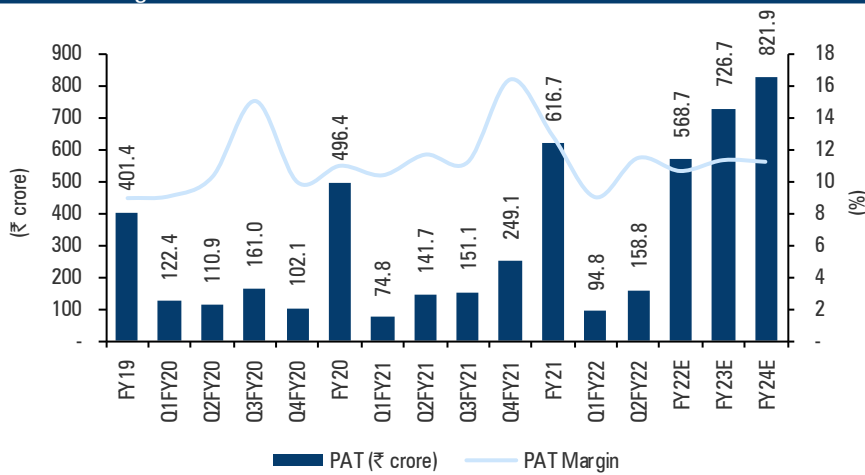
Source: Company, ICICI Direct Research

Exhibit 6: EBITDA margin movement



Source: Company, ICICI Direct Research

Exhibit 7: PAT growth trend



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 8: Profit and loss statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E	FY24E
<b>Revenue</b>	<b>4,520.3</b>	<b>4,803.5</b>	<b>5,338.1</b>	<b>6,413.1</b>	<b>7,318.5</b>
Growth (%)	0.9	6.3	11.1	20.1	14.1
<b>Expenses</b>					
Raw material exp	3,070.3	3,267.2	3,629.9	4,360.9	4,976.6
Employee exp	311.0	336.6	363.0	416.9	490.3
Other exp	440.9	397.1	480.4	545.1	658.7
Total Operating exp	3,921.2	4,083.0	4,596.1	5,483.2	6,272.0
<b>EBITDA</b>	<b>599.1</b>	<b>720.5</b>	<b>742.0</b>	<b>929.9</b>	<b>1,046.5</b>
Growth (%)	2.5	20.3	3.0	25.3	12.5
Depreciation	26.8	29.7	31.0	35.3	40.3
Interest	40.7	42.9	30.4	13.9	11.1
Other Income	59.1	75.8	80.1	89.8	102.5
PBT	590.7	723.6	760.7	970.5	1,097.7
Total Tax	94.3	107.0	192.0	243.8	275.7
<b>PAT</b>	<b>496.4</b>	<b>616.7</b>	<b>568.7</b>	<b>726.7</b>	<b>821.9</b>

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E	FY24E
Profit after Tax	496.4	616.7	568.7	726.7	821.9
Add: Depreciation	26.8	29.7	31.0	35.3	40.3
(Inc)/dec in Current Assets	-124.5	-77.6	-295.7	-363.2	-269.9
Inc/(dec) in CL and Provisions	-119.3	283.3	-17.6	118.8	210.1
Others	40.7	42.9	30.4	13.9	11.1
<b>CF from operating activities</b>	<b>320.1</b>	<b>895.0</b>	<b>316.7</b>	<b>531.4</b>	<b>813.4</b>
(Inc)/dec in Investments	0.4	-228.9	-100.0	200.0	-100.0
(Inc)/dec in Fixed Assets	-92.5	-26.6	-60.0	-70.0	-80.0
Others	12.7	-6.2	-3.1	-1.9	-1.6
<b>CF from investing activities</b>	<b>-79.4</b>	<b>-261.8</b>	<b>-163.1</b>	<b>128.1</b>	<b>-181.6</b>
Issue/(Buy back) of Equity	0.1	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-169.5	119.1	-100.0	-50.0	-20.0
Dividend paid & dividend tax	-151.1	-344.7	-313.4	-501.4	-501.4
Others	-15.1	148.2	-220.5	-13.9	-11.1
<b>CF from financing activities</b>	<b>-335.6</b>	<b>-77.5</b>	<b>-633.9</b>	<b>-565.3</b>	<b>-532.5</b>
Net Cash flow	-94.9	555.8	-480.3	94.2	99.3
Opening Cash	143.0	48.1	603.9	123.6	217.9
Closing Cash	48.1	603.9	123.6	217.9	317.2

Source: Company, ICICI Direct Research

Exhibit 10: Balance Sheet					
	₹ crore				
(Year-end March)	FY20	FY21	FY22E	FY23E	FY24E
<b>Liabilities</b>					
Equity Capital	125.5	125.5	125.5	125.5	125.5
Reserve and Surplus	1,342.9	1,805.9	1,871.1	2,096.4	2,416.9
Total Shareholders funds	1,468.4	1,931.4	1,996.5	2,221.8	2,542.3
Total Debt	179.7	298.8	198.8	148.8	128.8
<b>Total Liabilities</b>	<b>1,648.1</b>	<b>2,230.1</b>	<b>2,195.3</b>	<b>2,370.6</b>	<b>2,671.1</b>
<b>Assets</b>					
Gross Block	191.1	226.8	286.8	356.8	436.8
Less: Acc Depreciation	61.6	91.3	122.2	157.5	197.7
Total Fixed Assets	149.5	146.4	175.4	210.2	249.9
Goodwill	779.4	779.4	779.4	779.4	779.4
Investments	540.8	769.7	869.7	669.7	769.7
Inventory	463.6	518.6	570.4	685.2	782.0
Debtors	463.5	491.2	658.1	790.7	902.3
Other CA	248.5	243.3	320.3	436.1	497.7
Cash	48.1	603.9	123.6	217.9	317.2
Total Current Assets	1,223.7	1,857.0	1,672.4	2,129.9	2,499.1
Creditors	643.6	864.7	877.5	1,054.2	1,203.0
Provisions	184.6	226.2	251.7	305.7	348.9
Other CL	275.6	296.2	240.2	128.3	146.4
Total Current Liabilities	1,103.8	1,387.1	1,369.4	1,488.2	1,698.3
Net current assets	119.9	469.9	303.0	641.7	800.8
Other non current assets	58.5	64.7	67.8	69.6	71.2
<b>Total Assets</b>	<b>1,648.1</b>	<b>2,230.1</b>	<b>2,195.3</b>	<b>2,370.6</b>	<b>2,671.1</b>

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios					
(Year-end March)	FY20	FY21	FY22E	FY23E	FY24E
<b>Per share data (₹)</b>					
EPS	7.9	9.8	9.1	11.6	13.1
Cash EPS	8.3	10.3	9.6	12.2	13.8
BV	23.4	30.8	31.9	35.4	40.6
DPS	2.4	5.5	5.0	8.0	8.0
<b>Operating Ratios (%)</b>					
EBITDA Margin	13.3	15.0	13.9	14.5	14.3
PAT Margin	11.0	12.8	10.7	11.3	11.2
Asset Turnover	23.7	21.2	18.6	18.0	16.8
Inventory Days	37.4	39.4	39.0	39.0	39.0
Debtor Days	37.4	37.3	45.0	45.0	45.0
Creditor Days	52.0	65.7	60.0	60.0	60.0
<b>Return Ratios (%)</b>					
RoE	33.8	31.9	28.5	32.7	32.3
RoCE	38.3	34.4	36.0	41.5	41.5
RoIC	120.0	232.0	121.7	119.1	115.8
<b>Valuation Ratios (x)</b>					
P/E	56.8	45.7	49.6	38.8	34.3
EV / EBITDA	46.4	37.7	36.9	29.5	26.0
EV / Net Sales	6.1	5.6	5.1	4.3	3.7
Market Cap / Sales	6.2	5.9	5.3	4.4	3.9
Price to Book Value	19.2	14.6	14.1	12.7	11.1
<b>Solvency Ratios</b>					
Debt / Equity	0.1	0.2	0.1	0.1	0.1
Current Ratio	1.4	1.1	1.4	1.4	1.4
Quick Ratio	0.9	0.7	0.9	0.9	0.9

Source: Company, ICICI Direct Research

Exhibit 12: ICICI Direct Consumer Discretionary universe

Sector / Company	CMP (₹)	TP (₹)	Rating	M Cap (₹ Cr)	EPS (₹)				P/E (x)				EV/EBITDA (x)				RoCE (%)			RoE (%)				
					FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E	FY21	FY22E	FY23E	FY24E
Asian Paints (ASIPAI)	2,918	3,425	Buy	2,79,836	33.4	28.3	40.6	52.3	87.3	103.0	71.9	55.8	56.7	66.5	47.9	37.5	29.6	25.0	33.0	38.5	25.0	21.1	27.9	32.1
Berger Paints (BERPAI)	718	860	Hold	69,732	7.4	9.5	11.9	14.7	96.9	76.0	60.4	48.7	58.5	48.6	39.7	32.3	24.9	29.0	33.9	36.0	21.3	24.7	27.6	29.2
Kansai Nerolac (KANNER)	544	750	Buy	29,317	9.9	13.0	16.1	18.7	55.2	42.0	33.8	29.0	35.2	28.0	22.7	19.4	17.2	21.5	23.4	24.2	13.2	16.6	18.0	18.4
Pidilite Industries (PIDIND)	2,285	2,390	Hold	1,16,032	22.2	25.3	30.7	36.8	103.0	90.2	74.4	62.2	68.8	60.1	50.7	42.7	23.8	23.0	26.9	30.8	20.2	19.5	22.5	25.7
Bajaj Electricals (BAJELE)	1,155	1,250	Buy	13,231	16.5	23.0	34.0	39.2	70.0	50.3	34.0	29.5	44.4	32.2	23.0	20.4	15.1	19.3	25.2	24.2	10.7	16.3	19.9	19.1
Crompton Greaves (CROGR)	450	525	Buy	28,206	9.8	9.1	11.6	13.1	45.7	49.6	38.8	34.3	37.7	36.9	29.5	26.0	34.4	36.0	41.5	41.5	31.9	28.5	32.7	32.3
Havells India (HAVIND)	1,299	1,545	Buy	81,045	16.7	20.6	24.7	28.9	78.0	63.2	52.6	44.9	51.0	42.6	35.5	30.2	24.9	27.5	30.9	32.9	20.1	22.9	25.5	26.8
Polycab India (POLI)	2,337	2,100	Hold	34,849	59.4	59.2	77.7	91.3	39.3	39.4	30.1	25.6	29.1	26.8	20.7	17.4	21.9	21.1	24.2	24.2	18.5	16.5	18.5	18.5
Symphony (SYMLIM)	1,037	1,050	Hold	7,255	15.3	20.8	32.1	39.3	67.8	49.9	32.3	26.4	50.9	39.1	25.1	20.5	15.2	21.1	29.1	30.7	14.9	19.9	27.0	28.0
V-Guard Ind (VGUARD)	243	310	Buy	10,407	4.7	5.3	7.0	8.2	51.5	46.0	34.5	29.5	32.5	31.5	24.7	20.9	23.9	24.2	28.4	29.0	16.7	18.5	22.0	22.5
Voltas Ltd (VOLTAS)	1,190	1,170	Buy	39,357	16.0	22.0	28.8	34.2	74.4	54.1	41.3	34.8	60.7	48.2	35.9	33.4	15.0	20.2	22.8	21.1	10.6	14.9	17.0	17.4
Amber Enterprises (AMBE)	3,222	3,365	Buy	10,856	24.7	43.2	87.7	109.7	130.4	74.5	36.7	29.4	49.1	36.1	20.9	16.9	7.7	11.0	18.3	19.7	5.2	8.8	15.2	16.0
Dixon Technologies (DIXTE)	4,831	5,050	Buy	28,285	27.3	52.3	97.4	152.5	177.1	92.4	49.6	31.7	98.7	60.0	34.2	22.0	23.5	34.6	47.4	50.6	21.7	33.9	41.7	41.4
Supreme Indus (SUPIND)	2,358	2,740	Buy	29,953	77.0	67.6	80.7	91.1	30.6	34.9	29.2	25.9	22.7	25.3	20.9	18.5	33.1	25.7	27.3	27.6	30.9	24.4	25.1	25.0
Astral Polytechnik (ASTPOL)	2,137	2,160	Hold	42,929	20.3	24.6	31.8	40.6	105.2	86.7	67.2	52.7	66.0	55.9	43.7	34.4	27.5	29.2	32.5	34.0	21.5	22.8	24.9	26.0
EPL (ESSPRO)	220	279	Hold	6,937	7.7	9.4	11.6	13.3	28.4	23.3	19.0	16.6	11.7	10.6	8.7	7.7	16.2	17.7	20.8	21.5	14.8	16.6	18.9	19.7
Time Techno (TIMTEC)	71	100	Buy	1,606	4.8	8.3	10.7	11.5	14.9	8.5	6.6	6.2	5.7	4.6	3.8	3.5	8.7	12.2	13.9	13.9	5.7	9.5	11.3	11.1
Moldtek Packaging (MOLP)	665	675	Buy	1,844	17.3	22.5	30.6	38.0	38.4	29.6	21.7	17.5	20.6	16.2	12.6	10.3	21.4	24.8	29.1	30.1	20.7	21.9	24.1	23.9

Source: Bloomberg, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours 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](mailto:pankaj.pandey@icicisecurities.com)

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

## ANALYST CERTIFICATION

I/We, Sanjay Manyal (MBA Finance), 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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst 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](http://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 and its analysts, persons reporting to analysts and their relatives are generally prohibited 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](http://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, and 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 endeavor 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 and ICICI Securities as a entity 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.