

High raw material cost drags margin...

About the stock: Polycab is the largest manufacturer of wire & cable in India. The company also entered the fast moving electrical goods (FMEG) space in 2014 and has recorded strong segment revenue CAGR of 43% in the last five years.

- Polycab is the market leader in the wire & cable business with organised market share of 23%. In the FMEG segment, it is growing through new product launches and dealer addition across India. The company has ~4100 dealers, serving 65 lakh retail outlets
- Robust b/s with RoE, RoCE of 19%, 26%, respectively, (three-year average)

Q4FY22 Results: Strong revenue growth; margin pressure continued.

- Strong revenue growth of 35% YoY to ₹ 3970 crore led by ~40% growth in the wire & cable segment. FMEG grew albeit a slow pace of 9% YoY
- EBITDA margin declined ~173 bps YoY to 12% due to higher raw material prices. Sequentially, margin improved 127 bps
- PAT increased ~15% ₹ 325 crore; tracking strong topline growth

What should investors do? Polycab's share price has grown by ~3.6x over the past two years (from ~₹ 680 in May 2020 to ~₹ 2439 levels in May 2021).

- We maintain our **BUY** rating on the stock

Target Price and Valuation: We revise our target price to ₹ 2850/share valuing the stock at 35x P/E on FY24E EPS.

Key triggers for future price performance:

- Set a target to achieve ₹ 20,000 crore revenues by FY26 (13% CAGR)
- Beneficiary of government's plans to invest ~ ₹ 111 lakh crore in FY20-25 under its National Infrastructure Pipeline
- Total ~1.7 crore new houses under PMAY, urbanisation and rising aspiration level will give a significant boost to demand for home appliances
- Model revenue, earnings CAGR of ~12%, ~15%, respectively, in FY22-24E

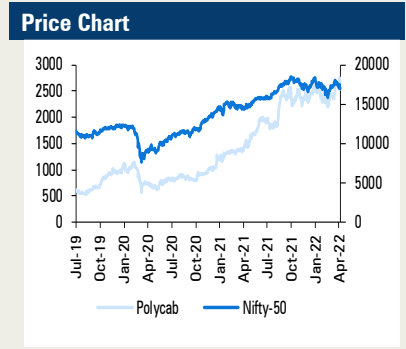
Alternate Stock Idea: We also like Supreme Ind under our coverage

- Supreme is market leader in plastic piping segment with ~14% market share. Robust b/s with average RoE, RoCE of 24%, 27%, respectively
- BUY with a target price of ₹ 2320



Particulars	
Particular	Amount
Market Cap (₹ Crore)	36,284.8
Total Debt (FY22) (₹ Crore)	83.1
Cash & Inv (FY22) (₹ Crore)	417.5
EV (₹ Crore)	35,950.4
52 week H/L	2820/ 1468
Equity capital (₹ Crore)	149.4
Face value (₹)	10.0

Shareholding pattern						
(in %)	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Promoter	68.4	68.4	68.4	68.4	68.2	68.1
FII	7.0	6.4	6.5	6.9	6.4	5.8
DII	10.3	9.9	8.8	8.8	8.7	9.2
Others	14.3	15.3	16.3	15.9	16.8	17.0



Recent event & key risks

- Key Risk:** (i) Delay in revival of wire business (ii) Delay in passing on high input prices

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Hitesh Taunk
hitesh.taunk@icicisecurities.com

Key Financial Summary								
₹ Crore	FY19	FY20	FY21	FY22	5Year CAGR (FY17-22)	FY23E	FY24E	2Year CAGR (FY22-24E)
Net sales	7956.0	8830.0	8792.2	12203.8	17%	13594.2	15427.2	12.4%
EBITDA	923.2	1135.0	1111.1	1265.2	21%	1427.4	1805.0	19.4%
EBITDA Margin(%)	11.6	12.9	12.6	10.4		10.5	11.7	
Net Profit	500.5	765.6	885.9	917.3	30%	940.5	1207.4	14.7%
EPS (₹)	35.4	51.4	59.3	61.4		62.9	80.8	
P/E(x)	68.5	47.2	41.0	39.6		38.6	30.1	
RoE (%)	17.6	20.0	17.9	15.6		15.7	17.5	
RoCE (%)	28.3	26.4	20.6	20.2		20.7	23.0	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q4FY22 Results: Strong revenue growth led by wire & cable business

- Polycab reported strong revenue growth of 35% YoY to ₹ 3970 crore led by wire & cable business. The wire & cable business (88% of overall revenue) revenue increased 40% YoY to ₹ 3540 crore, supported by ~10% YoY volume growth. The company witnessed strong demand for housing wires in Q4 led by a revival in the real estate industry and increased renovation works. However, institutional sales were impacted due to significant volatility in aluminium prices. On the FMEG front (10% of overall revenue), revenue grew albeit a slow pace of 9% YoY to ~₹ 380 crore supported by price hikes. Supply issues (of switches), realignment exercises to improve sales force efficacy and achieve distribution synergies led to slower segment revenue growth. The EPC business (~2% of overall revenue) grew 8% YoY to ₹ 104 crore
- EBITDA margin declined 173 bps YoY to 12% due to higher raw material costs. EBIT margin of wire & cable came in at 11.6% in Q4 (down 150 bps YoY) while FMEG EBIT margin was weak at 2.8% (vs. 7% in Q4FY21) due to delay in price hikes, low operating leverage (amid lower volume growth)
- PAT increased ~15% YoY ₹ 325 crore tracking higher sales growth in Q4

Q4FY22 Earnings Conference Call highlights

Demand Outlook:

- The company remained a market leader in the organised wire & cable segment (with value share of 24% in FY22 vs. 22% in FY21)
- The wire & cable and FMCG segment of the company is likely to see industry leading growth in FY23E supported by increased government/private capex and dealer expansion (target 300 high potential cities under project 'Shikhar'). The company maintained its long term revenue growth guidance of 13% in FY22-26E (₹ 20,000 crore revenues by FY26). Polycab has launched new sub brand "Etira" under the economy price segment, which will be target to government project
- The Company is working on four initiatives to drive FMEG segment revenue growth 1) aggressive market reach expansion, 2) building the right product portfolio across price spectrums, 3) improved brand architecture to drive premiumisation and 4) augmented influencer management programme
- Fan, lighting, switches contribute ~33%, 15%, 15% in FMEG revenues, respectively. The company plans to start in-house manufacturing of switches, going forward

Margins:

- The company is aiming at wire & cable segment EBIT margin in the range of 11-13% in FY22-24E (vs 9.8% in FY22E). On the FMEG front, it aims to achieve 12% annualised EBITDA margin by FY26 (vs. 1.6% in FY22)
- The premium product contribution in the FMEG segment increased from 7% in FY21 to 16% in FY22. Despite higher contribution of premium products the company's EBIT margin remain under pressure due to higher A&P, staff cost and input cost pressures

Other:

- Authorised dealers & distributors increased from 4100 in FY21 to 4600 in FY22. The retail touch points increased by 24% YoY to 205000
- The company is targeting a capex of ₹ 300-350 crore to increase the capacity in the wire & cable segment and setting up new switch manufacturing plant

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	76,677	10428	13056	14893	17783	15	13	12	14	1040	1109	1201	1666	25	24	26	35	20	20	22	29	74	69	64	46
Crompton Greaves	22,753	4804	5439	6204	7017	15	14	13	14	617	547	542	667	34	35	25	29	32	28	23	25	37	42	42	34
Bajaj Electrical	10,596	4585	4805	5356	6111	7	5	8	9	189	128	283	378	15	14	21	23	11	9	17	19	56	83	37	28
Polycab	36,285	8792	12204	13594	15427	13	10	11	12	886	917	941	1207	21	20	21	23	18	16	16	17	41	40	39	30
Symphony	7,143	900	1039	1283	1559	15	15	18	20	107	121	183	243	15	16	24	29	15	14	24	27	67	59	39	29
V guard	8,866	2721	3345	3809	4232	11	10	10	11	202	199	243	300	24	23	25	27	17	17	19	21	44	45	37	30
Voltas	32,346	7556	7934	9708	10895	8	9	9	11	529	506	694	957	15	14	18	21	11	9	14	17	61	64	47	34

Source: BSE, ICICI Direct Research

In FY22, Polycab reported consolidated revenue growth of 39% YoY to ~ ₹ 12204 crore (two year CAGR 18%) supported by ~10% volume growth. However, the company witnessed pressure in EBITDA margin (down ~230 bps YoY) to 10.4% owing to delay in passing of the higher raw material prices. As a result, Polycab reported a muted PAT growth of 4% YoY to ₹ 917 crore (two year CAGR 9%). Going forward, the company has maintained its FY26E revenue guidance of ₹ 20,000 crore (implied revenue CAGR of 13% FY22-24E). We like Polycab for its strong brand & leadership position in the wire & cable business and aggressive plans to expand its FMEG product portfolio. The company has recruited senior personnel from industry to drive its FMEG business. On the wire& cable front, we believe it will be one of the key beneficiaries of a revival in government capex on infra projects. The company has a robust balance sheet with RoE and RoCE of 16% & 20%, respectively, and net cash balance of ~₹ 1100 crore (March 2022). We believe strong future growth and robust balance sheet position of Polycab will narrow down the valuation gap with peers like Havells. We value Polycab at 35x P/E FY24E EPS and maintain our BUY rating on the stock.

Exhibit 2: Variance Analysis

	Q4FY22	Q4FY21	YoY (%)	Q3FY22	QoQ (%)	Comments
Revenue	3970.0	2942.7	34.9	3372.0	17.7	Revenue growth led by wire & cable segment
Other Income	16.8	23.1	-27.3	21.6	-22	
Raw Material Exp	3089.2	2185.6	41.3	2609.5	18.4	Delay in price hikes in thre wire segments led to decline in gross margin by 354 bps YoY
Employee cost	105.0	97.6	7.6	102.5	2.4	
Avertisement Exp	16.6	14.4	15.3	43.6	-61.8	
Freight and forwarding Exp	79.1	70.2	12.6	85.9	-7.9	
Other Expenditure	203.7	170.8	19.3	168.8	20.7	
Total Expenditure	3493.6	2538.6	37.6	3010.3	16.1	
EBITDA	476.3	404.1	17.9	361.7	31.7	
EBITDA Margin (%)	12.0	13.7	-173 bps	10.7	127 bps	Savings in other costs partially offset higher raw material costs, restricting overall fall in EBITDA margin to 173 bps
Depreciation	50.3	46.1	9.1	51.1	-1.7	
Interest	12.5	13.2	-5.2	7.8	60.1	
PBT	430.4	368.0	17.0	324.4	32.7	
Total Tax	104.7	97.6	7.3	76.3	37.2	
(Profit)/loss from discon. Op	-	(12.1)	NM	(67.8)	NM	
PAT	325.3	283.3	14.9	316.2	2.9	PAT growth supported by higher topline growth

Key Metrics*

Wires & Cables	3,540.0	2,531.8	39.8	2,998.8	18.0	Revenue growth supported by ~10% volume growth. Wires grew faster than cables. Housing wires posted strong growth led by continued momentum in real estate and renovation activities
FMEG	379.2	346.8	9.3	340.4	11.4	Decline in the revenue of switches (15% of segment revenue) and re-structuring exerise for distribution synergies led to slower growth in the segment
Others	104.4	96.0	8.9	98.9	5.6	Pick up in infra activities helped drive segment revenue

*Including inter segment revenue

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ crore)	FY23E			FY24E			Comments
	Old	New	% Chg	Old	New	% Chg	
Revenue	12,405.9	13,594.2	9.6	13,989.5	15,427.2	10.3	We have revised our revenue estimates upside considering strong demand traction in the wire & cable and FMCG segment.
EBITDA	1,284.0	1,427.4	11.2	1,671.7	1,805.0	8.0	
EBITDA Margin (%)	10.4	10.5	10bps	12.0	11.7	-30bps	We have slightly cut our margin estimates for FY24E considering change in product mix (launch of economy products) and higher advertisement expenditure
PAT	866.1	940.5	8.6	1,158.8	1,207.4	4.2	
EPS (₹)	58.0	62.9	8.6	77.5	80.8	4.2	

Source: ICICI Direct Research

Exhibit 4: Assumptions

	Current (%)					Previous			Comments
	FY19	FY20	FY21	FY22	FY23E	FY24E	FY23E	FY24E	
Wire & Cable	14.0	8.6	0.0	42.2	11.0	13.0	10.0	11.0	We believe, revival in the government expenditure and pick up in real esate would help drive demand of wires & cable business going forward
FMEG	34.6	30.7	23.8	21.3	16.0	19.0	15.0	18.0	Low base coupled, new product launches and addition of new dealers would help drive growth in the FMEG segment.
Others	92.5	29.8	(49.7)	23.5	10.0	8.0	21.0	12.5	Pick up in infra activities would help recovery in EPC business

Source: ICICI Direct Research

Financial Summary

Exhibit 5: Profit and loss statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Revenue	8,830.0	8,792.2	12,203.8	13,594.2	15,427.2
Growth (%)	11.0	-0.4	38.8	11.4	13.5
Raw material expense	5,626.6	5,770.7	8,711.5	9,352.8	10,382.5
Employee expenses	365.7	353.7	406.6	448.6	540.0
Advertisement & Promc	108.7	68.3	82.3	122.3	138.8
Marketing expenses	189.7	195.7	274.0	380.6	324.0
Other expenses	662.2	546.3	710.0	883.6	1,002.8
Total Operating Exp	7,694.9	7,681.1	10,938.6	12,166.8	13,622.2
EBITDA	1,135.0	1,111.1	1,265.2	1,427.4	1,805.0
Growth (%)	22.9	-2.1	13.9	12.8	26.5
Depreciation	160.9	176.2	201.5	233.8	262.3
Interest	49.5	42.7	35.2	29.3	34.5
Other Income	92.8	119.3	89.9	95.2	108.0
PBT	1,017.4	1,011.6	1,118.4	1,259.5	1,616.2
Total Tax	244.4	170.3	270.6	317.4	407.3
PAT	765.6	885.9	917.3	940.5	1,207.4
Growth (%)	53.0	15.7	3.5	2.5	28.4
EPS (₹)	51.4	56.8	57.7	62.9	80.8

Source: Company, ICICI Direct Research

Exhibit 6: Cash flow statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Profit after Tax	765.6	885.9	917.3	940.5	1207.4
Add: Depreciation	160.9	176.2	201.5	233.8	262.3
(Inc)/dec in Current Assets	-152.3	153.4	-303.3	-1506.0	-749.1
Inc/(dec) in CL and Provisions	-608.8	-28.6	-207.1	913.9	350.8
Others	49.5	42.7	35.2	29.3	34.5
CF from operating activities	214.9	1229.7	643.5	611.5	1105.8
(Inc)/dec in Investments	-40.0	-583.1	-140.9	-20.0	-20.0
(Inc)/dec in Fixed Assets	-355.4	-479.4	-270.7	-350.0	-350.0
Others	9.7	-2.4	-17.5	5.0	5.0
CF from investing activities	-385.8	-1,065.0	-429.1	-365.0	-365.0
Issue/(Buy back) of Equity	7.7	0.2	0.3	0.0	0.0
Inc/(dec) in loan funds	-39.7	96.4	-165.6	50.0	10.0
Dividend paid & dividend tax	-104.5	-149.3	-209.2	-298.9	-298.9
Others	271.2	138.0	46.2	-212.0	-34.5
CF from financing activities	134.6	85.3	-328.2	-460.9	-323.4
Net Cash flow	-36.2	250.0	-113.8	-214.4	417.4
Opening Cash	317.6	281.4	531.3	417.5	203.2
Closing Cash	281.4	531.3	417.5	203.2	620.6

Source: Company, ICICI Direct Research

Exhibit 7: Balance Sheet					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Liabilities					
Equity Capital	148.9	149.1	149.4	149.4	149.4
Reserve and Surplus	3,687.5	4,604.8	5,394.3	5,853.2	6,761.7
Total Shareholders funds	3,836.4	4,753.9	5,543.7	6,002.7	6,911.2
Total Debt	152.3	248.7	83.1	133.1	143.1
Other non current liabilities	49.6	117.4	97.4	102.4	107.4
Total Liabilities	4,038.3	5,120.0	5,724.3	6,238.2	7,161.7
Assets					
Gross Block	2,093.1	2,714.7	2,985.4	3,335.4	3,685.4
Less: Acc Depreciation	671.2	847.4	1,048.9	1,282.7	1,545.0
Total Fixed Assets	1,663.1	1,966.4	2,035.5	2,151.7	2,239.5
Investments	40.0	623.1	764.1	784.1	804.1
Inventory	1,925.0	1,987.9	2,199.6	2,793.3	3,170.0
Debtors	1,599.7	1,564.1	1,376.3	2,234.7	2,536.0
Loans and Advances	29.8	12.3	12.7	14.1	16.0
Other CA	345.6	182.3	461.2	513.8	583.1
Cash	281.4	531.3	417.5	203.2	620.6
Total Current Assets	4,181.4	4,277.9	4,467.4	5,759.1	6,925.6
Creditors	1,353.7	1,348.0	1,217.5	2,048.4	2,324.6
Provisions	49.4	48.7	51.8	87.2	98.9
Other CL	520.2	498.0	418.3	465.9	528.7
Total Current Liabilities	1,923.3	1,894.7	1,687.6	2,601.5	2,952.3
Net current assets	2,258.1	2,383.2	2,779.8	3,157.6	3,973.3
Other non current assets	77.1	147.3	144.9	144.9	144.9
Total Assets	4,038.3	5,120.0	5,724.3	6,238.2	7,161.7

Source: Company, ICICI Direct Research

Exhibit 8: Key ratios					
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Per share data (₹)					
EPS	51.4	59.3	61.4	62.9	80.8
Cash EPS	62.2	71.1	74.9	78.6	98.3
BV	257.7	318.1	371.0	401.7	462.5
DPS	7.0	10.0	14.0	20.0	20.0
Operating Ratios (%)					
EBITDA Margin	12.9	12.6	10.4	10.5	11.7
PAT Margin	8.7	9.7	7.1	6.9	7.8
Asset Turnover	4.2	3.2	4.1	4.1	4.2
Inventory Days	79.6	82.5	65.8	75.0	75.0
Debtor Days	66.1	64.9	41.2	60.0	60.0
Creditor Days	56.0	56.0	36.4	55.0	55.0
Return Ratios (%)					
RoE	20.0	17.9	15.6	15.7	17.5
RoCE	26.4	20.6	20.2	20.7	23.0
RoIC	24.7	22.1	22.5	21.8	25.6
Valuation Ratios (x)					
P/E	47.2	41.0	39.6	38.6	30.1
EV / EBITDA	31.8	31.8	27.8	24.8	19.4
EV / Net Sales	4.1	4.0	2.9	2.6	2.3
Market Cap / Sales	4.1	4.1	3.0	2.7	2.4
Price to Book Value	9.4	7.6	6.5	6.0	5.3
Solvency Ratios					
Debt / Equity	0.0	0.1	0.0	0.0	0.0
Current Ratio	2.8	2.7	3.2	2.6	2.6
Quick Ratio	1.4	1.3	1.5	1.3	1.3

Source: Company, ICICI Direct Research

Exhibit 9: 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)	3,054	3,400	Hold	2,92,879	33.4	32.2	43.1	52.3	91.3	94.9	70.9	58.4	59.4	60.4	47.4	39.5	29.6	27.1	33.3	36.8	25.0	23.0	28.4	30.9
Berger Paints (BERPAI)	663	755	Hold	64,391	7.4	8.7	9.6	12.5	89.5	76.3	69.1	52.8	54.0	47.9	43.7	34.2	24.9	27.7	29.1	33.9	21.3	23.1	24.0	27.7
Kansai Nerolac (KANNER)	412	505	Hold	22,204	10.8	9.0	10.6	13.5	38.1	45.9	38.9	30.5	25.0	28.7	24.5	19.6	18.2	15.5	17.1	20.2	14.3	12.0	13.1	15.3
Pidilite Industries (PIDIND)	2,164	2,575	Hold	1,09,888	22.2	23.9	25.9	33.2	97.6	90.5	83.7	65.1	65.1	58.7	55.8	44.3	23.8	22.1	23.5	29.5	20.2	18.6	19.9	25.0
Bajaj Electricals (BAJELE)	925	1,100	Hold	10,596	16.5	11.2	24.7	33.0	56.1	82.5	37.5	28.0	35.7	40.8	25.2	19.9	15.1	14.0	21.0	23.3	10.7	9.2	16.5	18.6
Crompton Greaves(CROGR)	363	440	Hold	22,753	9.8	8.7	8.6	10.6	36.9	41.6	42.0	34.1	30.1	29.7	28.1	23.4	34.4	35.2	25.2	29.3	31.9	27.7	23.3	24.9
Havells India (HAVIND)	1,229	1,375	Hold	76,677	16.7	17.8	19.3	26.7	73.8	69.2	63.8	46.0	48.2	45.7	42.6	31.4	24.9	24.2	25.9	34.7	20.1	20.4	21.8	29.2
Polycab India (POLI)	2,428	2,850	Buy	36,285	59.3	61.4	62.9	80.8	41.0	39.6	38.6	30.1	31.8	27.8	24.8	19.4	20.6	20.2	20.7	23.0	17.9	15.6	15.7	17.5
Symphony (SYMLIM)	1,021	1,215	Hold	7,143	15.3	17.3	26.1	34.8	66.8	59.0	39.1	29.3	50.1	43.2	30.1	22.7	15.2	15.9	24.5	29.0	14.9	14.4	23.6	27.4
V-Guard Ind (VGUARD)	207	252	Buy	8,866	4.7	4.6	5.7	7.0	43.9	44.6	36.5	29.5	27.5	27.0	23.7	19.1	23.9	23.1	24.8	27.5	16.7	16.7	18.9	21.1
Voltas Ltd (VOLTAS)	978	1,120	Hold	32,346	16.0	15.3	21.0	28.9	61.2	63.9	46.6	33.8	49.7	46.5	38.6	27.5	15.0	14.0	18.0	21.0	10.6	9.2	13.8	16.6
Amber Enterprises (AMBEN)	3,339	4,330	Buy	11,250	24.7	45.7	76.4	104.5	135.1	73.1	43.7	32.0	50.9	36.3	24.7	19.2	7.7	11.1	15.2	18.0	5.2	9.2	13.4	15.6
Dixon Technologies (DIXTEC)	3,512	5,700	Buy	20,844	27.3	35.9	78.5	110.9	128.8	97.7	44.7	31.7	72.7	50.7	27.9	20.6	23.5	27.4	39.9	39.7	21.7	26.4	39.9	38.3
Supreme Indus (SUPIND)	1,897	2,320	Buy	24,097	77.0	76.2	78.8	92.7	24.6	24.9	24.1	20.5	18.2	19.0	18.2	14.9	33.1	25.9	25.2	26.7	30.9	25.2	24.3	25.1
Astral Ltd (ASTPOL)	1,832	2,165	Hold	36,802	20.3	24.9	27.5	33.9	90.2	73.6	66.5	54.0	56.4	47.5	43.9	36.2	27.5	29.6	28.8	30.3	21.5	23.0	22.3	23.3

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

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

ANALYST CERTIFICATION

I/We, 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 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.

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 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 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 and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest 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.