

## Strong performance led by volume growth...

**About the stock:** Berger Paints is the second largest paint player in India.

- Berger derives ~80-85% of its topline from decorative paints while the rest comes from the industrial segment. The company has ~13 manufacturing units in India with ~50,000 dealer network across India
- Strong b/s with RoCE, RoE of 26%, 22%, respectively, (five-year average)

**Q1FY23 Results:** Strong revenue growth led by improved demand traction both in decorative and industrial paints.

- Revenue increased 53% YoY to ~₹ 2760 crore in Q1FY23 on a favourable base and improved demand traction from both industrial and decorative paints. The decorative paint volume increased ~35% YoY
- High raw material cost dragged gross margin down 283 bps YoY. However, impact of higher raw material cost was completely offset by savings in employee and other costs, resulting in EBITDA margin expansion of 141 bps YoY to 14.7%
- PAT increased ~81% YoY to ₹ 254 crore tracking higher sales growth and EBITDA margin expansion in Q1

**What should investors do?** Berger's share price has given ~183% return over the past five years (from ~₹ 238 in August 2017 to ~₹ 675 levels in May 2022).

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

**Target Price and Valuation:** We value Berger at ₹ 740 i.e. 60x P/E on FY24E EPS.

**Key triggers for future price performance:**

- Repainting represents ~80% of total decorative paint demand. Gradual reduction in repainting cycle would drive future paint demand
- Increased focus on the 'water proofing & building chemical' category will continue to drive revenue growth for Berger. Water proofing & building chemical industry is pegged at ₹ 6000 crore vs. ₹ 1.5 lakh crore in China
- New product launches and expansion of manufacturing capabilities

**Alternate Stock Idea:** We like Asian Paints (APL) in our coverage universe. APL is India's largest decorative paint company. The company derives ~98% revenue from the paints business. Robust b/s with RoCE, RoE of 30%, 25%, respectively.

- BUY with a target price of ₹ 3700



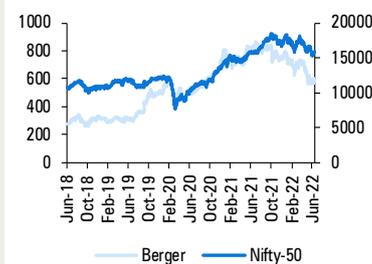
### Particulars

Particular	Amount
Market Capitalization (₹ Crore)	65,556.0
Total Debt (FY22) (₹ Crore)	667.9
Cash and Inv (FY22) (₹ Crore)	400.2
EV (₹ Crore)	65,823.7
52 week H/L (₹)	857/544
Equity capital (₹ Crore)	97.1
Face value (₹)	1.0

### Shareholding pattern

(in %)	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	75.0	75.0	75.0	75.0	75.0
FII	11.3	11.2	11.3	11.3	11.0
DII	4.0	3.9	3.6	3.4	3.6
Others	9.7	9.9	10.1	10.3	10.4

### Price Chart



### Recent event & key risks

- Key Risk:** (i) Lower than expected growth in decorative paints (ii) Strong recovery in EBITDA margins

### Research Analyst

Sanjay Manyal  
sanjay.manyal@icicisecurities.com

Hitesh Taunk  
hitesh.taunk@icicisecurities.com

### Key Financial Summary

(₹ Crore)	FY19	FY20	FY21	FY22	5 Year CAGR (17-22)	FY23E	FY24E	2 Year CAGR (22-24E)
Net Sales	6061.9	6365.8	6817.6	8761.8	14%	10375.2	11438.9	14%
EBITDA	881.6	1061.0	1188.0	1331.1	13%	1514.8	1830.2	17%
EBITDA Margin (%)	14.5	16.7	17.4	15.2		14.6	16.0	
Net Profit	497.5	656.1	719.7	833.0	12%	962.4	1195.0	20%
EPS (₹)	5.1	6.8	7.4	8.6		9.9	12.3	
P/E (x)	131.8	99.9	91.1	78.7		68.1	54.9	
Price/Book (x)	26.5	24.6	19.4	16.7		17.2	15.2	
Mcap/Sales (x)	10.8	10.3	9.6	7.5		6.3	5.7	
RoE (%)	20.1	24.7	21.3	21.2		25.2	27.7	
RoCE (%)	26.2	26.6	24.9	23.3		27.6	31.0	

Source: Company, ICICI Direct Research

## Key takeaways of recent quarter & conference call highlights

### Q1FY23 Results: Strong volume growth drives topline

- Berger reported strong revenue growth of ~53% YoY to ₹ 2760 crore on a favourable base and improved demand traction from both Industrial and Decorative paints. Decorative paint volumes increased 35% YoY. New product launches and dealer addition in the western and southern regions helped drive volume growth for the company. The company has taken price hike of ~3% (over and above ~18% price hike in FY22), resulting in higher realisations in Q1FY23
- On a three-year basis, revenue grew at a CAGR of 17% led by volume CAGR of ~14% during the same period
- The gross margin declined 283 bps YoY tracking higher raw material costs and change in sales mix. However, the EBITDA margin was up 141 bps YoY to 15.8% as better operating leverage offset the impact of higher raw material cost in Q1FY23
- PAT during the period increased ~81% YoY to ~₹ 254 crore on account of higher sales growth and EBITDA margin expansion in Q1

### Q1FY23 Earnings Conference Call highlights

- The management has reiterated double digit volume growth guidance in FY23 supported by product launches and dealer additions
- Berger reported slow revenue growth in the north and central regions due to a gap in product portfolios and aggressive expansion of market leader in those regions
- The company has a limited presence in the putty/economic product ranges and plans to increase its presence, going forward. The putty/economic product sales grew 17% YoY, much lower than the company level sales growth of 53% YoY
- According to the management, the waterproofing segment has been seeing good traction and it expects it to contribute significantly to revenue. Currently, the contribution of this segment to topline is in single digits
- The company aims to grow its decorative paint business by expansion of network and brand building. On the brand building side, Berger aims to increase its focus and invest in the luxury category and waterproofing segment
- Berger will be launching two new products in the waterproofing category this month. The management expects these products to lead to good volumes as there is a gap in supply and demand from consumers
- The company has seen good growth both in terms of volume and value in terms of automotive sales. Demand for industrial paints is rising with revival of auto industry
- Berger is not looking to diversify into kitchen, bath, lighting and furnishing areas. It plans to focus completely on paints, waterproofing and construction chemicals as of now
- According to the management, of the total gross margin decline of 280 bps YoY in Q1FY23, ~100 bps dip was due to the effect of project business taken up in Q1FY22. The rest contributed to higher sales of low margin products in the industrial paint segments
- The margins were also affected due to rise in raw material prices. The management is aiming to restore the gross margin at ~38% levels and is not looking at expanding it currently unless there is a sharp decline in raw material prices. EBITDA margin is expected to be around 15-17% level
- Berger has a presence in ~50,000 retail counters and ~42,000 tinting machines

Exhibit 1: Peer comparison

Company	Mcap ₹ cr	Revenue				EBITDA margin				PAT				RoCE				RoE				PE			
		FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Asian Paints	3,31,622	21713	29101	35169	38675	22	17	19	21	3207	3085	4521	5431	30	27	36	39	25	23	30	32	103	108	73	61
Berger Paints	65,563	6818	8762	10375	11439	17	15	15	16	720	833	962	1195	25	23	28	31	21	21	25	28	91	79	68	55
Kansai Nero	26,730	4771	5949	7448	8393	18	11	13	14	531	374	624	722	17	12	19	21	13	9	15	16	50	71	43	37
Pidilite Ind	1,34,516	7293	9921	10874	12126	23	19	18	20	1126	1207	1319	1634	24	22	23	26	20	19	19	21	119	111	102	82

Source: Bloomberg, ICICI Direct Research

Berger Paints reported a robust performance on the topline front in Q1FY23 led by strong decorative volume growth. On a three-year basis, the volume grew at CAGR of 14% (I-direct calculation) supported by new product launches and dealer additions across India. The company's dealer count has increased to ~50,000 by the end of FY22 from 36,000 in FY19 (i.e. up 39%). On the margin front, the exit EBITDA margin of 14.7% is still lower than its pre-Covid level margin of ~18% due to higher raw material cost and change in sales mix. Going forward, while the management has reiterated its double digit volume growth guidance for FY23, the gross margin guidance of ~38% is lower than its pre-Covid gross margin range of ~40-41%. We believe Berger has to increase expenditure (in terms of discounts/marketing) in order to combat with deep pocketed new entrants such as Grasim, JK Cement, Astral Ltd. We thereby build Berger's EBITDA margin of 14.6% and 16% for FY23E and FY24E, respectively (slightly lower than management guidance of 15-17%). On the topline front, we build in revenue CAGR of 14% in FY22-24E vs. 15% CAGR of Asian Paints (considering market share gains by Asian Paints in F22). We value Berger Paints at 60x FY24E earnings (~10% discount to Asian Paints) with a revised target price of ₹ 740/share and maintain our **HOLD** rating on the stock. We turn cautious on the paint sector for the medium term post capex announcement of leading building material brands. We believe established paint players will have to sacrifice profitability in order to maintain market share, which will limit their bottomline growth.

Exhibit 2: Variance Analysis

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
<b>Revenue</b>	<b>2,759.7</b>	<b>2,293.3</b>	<b>1,798.5</b>	<b>53.4</b>	<b>2,187.5</b>	<b>26.2</b>	Favourable base and strong demand for decorative paints drives revenue growth in Q1
Other Income	13.0	17.9	17.0	-23.4	19.1	-31.8	
Raw Material Exp	1,773.1	1,387.4	1,104.7	60.5	1,336.4	32.7	Higher raw material prices and change in product mix resulted in a decline in gross margin by 283 bps YoY
Employee Exp	146.0	146.8	131.0	11.4	134.1	8.9	
Other exp	435.7	412.8	324.3	34.4	370.5	17.6	
Total Exp	2,354.9	1,947.0	1,560.0	51.0	1,841.1	27.9	
EBITDA	404.8	346.3	238.5	69.7	346.4	16.9	
<b>EBITDA Margin (%)</b>	<b>14.7</b>	<b>15.1</b>	<b>13.3</b>	<b>141 bps</b>	<b>15.8</b>	<b>-117 bps</b>	Higher raw material prices were completely offset by positive operating leverage, which led to increase in EBITDA margin YoY
Depreciation	62.8	56.9	54.8	14.6	59.8	5.1	
Interest	16.3	13.8	9.6	69.7	14.6	11.3	
Exceptional items							
PBT	338.8	293.5	191.2	77.2	291.2	16.4	
Total Tax	88.6	73.4	49.8	77.7	76.2	16.3	
<b>PAT</b>	<b>253.7</b>	<b>219.3</b>	<b>140.5</b>	<b>80.6</b>	<b>220.3</b>	<b>15.2</b>	PAT growth is attributable to revenue growth and improved EBITDA margin in Q1
<b>Key Metrics</b>							
Volume growth (%)	36.0	8.0	90.0		-5.0		Strong volume growth of decorative paints (up 35% YoY) on a favourable base helped drive overall
Realisation growth (%)	12.8	18.1	1.7		13.6		Price hike of ~3% in Q1FY23 drives overall realisation growth

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(` crore)	FY23E			FY24E			Comments
	Old	New	% Chg	Old	New	% Chg	
Revenue	9869.8	10375.2	5.1	11202.9	11438.9	2.1	We tweak our revenue estimates upward for FY23E-24E factoring in Q1FY23 performance. We build in revenue volume, value CAGR of 13%, 14%, respectively, in FY22-24E
EBITDA	1510.1	1514.8	0.3	1781.3	1830.2	2.7	
EBITDA Margin (%)	15.3	14.6	-70bps	15.9	16.0	10bps	We cut our margin estimate for FY23E factoring in Q1FY23 performance higher advertisement expenditure
PAT	960.3	962.4	0.2	1151.4	1195.0	3.8	
EPS (`)	9.9	9.9	0.2	11.9	12.3	3.8	

Source: ICICI Direct Research

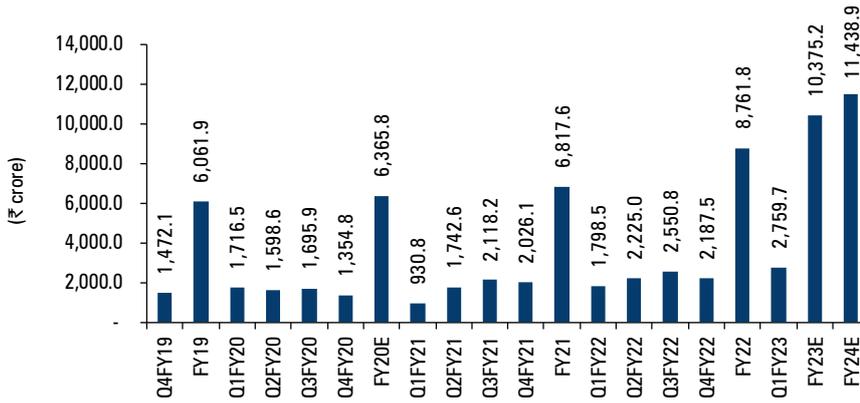
Exhibit 4: Assumptions

	Current						Earlier		Comments
	FY19E	FY20E	FY21E	FY22E	FY23E	FY24E	FY23E	FY24E	
Volume Gr (%)	16.3	5.6	15.3	19.7	13.3	12.0	8.3	12.2	We increase our volume CAGR estimate from 10% to 13% over FY22-24E supported by capacity addition, focus on new product categories (such as construction chemicals) and dealer additions tierII and tier III
Realisation Gr (%)	0.9	(1.1)	(7.2)	7.4	4.1	(1.6)	3.7	1.2	

Source: ICICI Direct Research

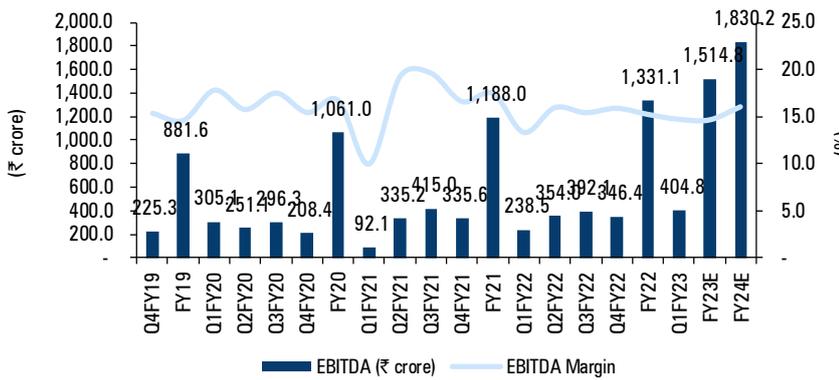
## Financial story in charts

Exhibit 5: Revenue trend



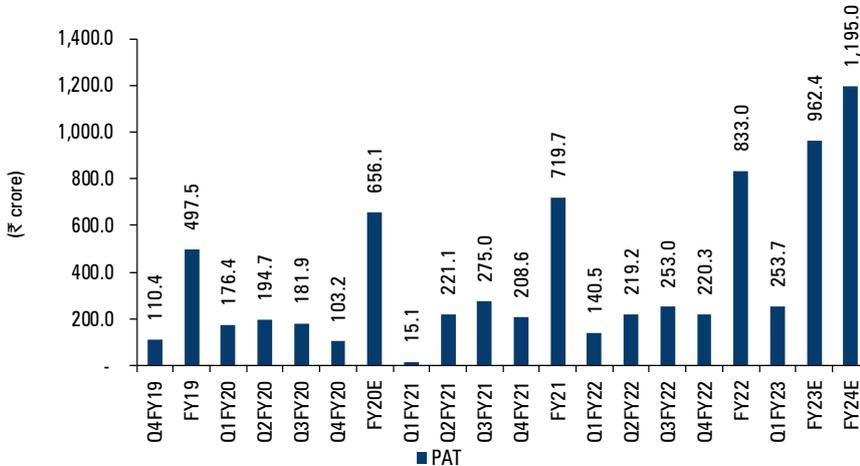
Source: Company, ICICI Direct Research

Exhibit 6: EBITDA margin movement



Source: Company, ICICI Direct Research

Exhibit 7: PAT movement



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 8: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Revenue</b>	<b>6,817.6</b>	<b>8,761.8</b>	<b>10,375.2</b>	<b>11,438.9</b>
Growth (%)	7.1	28.5	18.4	10.3
Raw material expense	3,250.9	4,665.3	5,519.6	6,005.4
Cost of traded goods	617.6	763.8	1,079.0	1,029.5
Employee expenses	485.1	543.1	570.6	629.1
Other expenses	1,275.9	1,458.5	1,691.2	1,944.6
Total Operating Exp	5,629.6	7,430.7	8,860.4	9,608.6
<b>EBITDA</b>	<b>1,188.0</b>	<b>1,331.1</b>	<b>1,514.8</b>	<b>1,830.2</b>
Growth (%)	12.0	12.0	13.8	20.8
Depreciation	211.1	226.5	257.3	274.5
Interest	44.1	50.7	58.2	52.3
Other Income	51.5	64.6	66.4	73.2
PBT	984.2	1,118.4	1,265.7	1,576.6
Total Tax	258.9	289.3	318.9	397.3
<b>PAT</b>	<b>719.7</b>	<b>833.0</b>	<b>962.4</b>	<b>1,195.0</b>

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	719.7	833.0	962.4	1195.0
Add: Depreciation	211.1	226.5	257.3	274.5
(Inc)/dec in Current Assets	-704.1	-744.4	27.2	-403.5
Inc/(dec) in CL and Provisions	404.8	418.5	214.3	248.0
Others	44.1	50.7	58.2	52.3
<b>CF from operating activities</b>	<b>675.6</b>	<b>784.3</b>	<b>1519.4</b>	<b>1366.3</b>
(Inc)/dec in Investments	-10.1	-1.2	0.0	0.0
(Inc)/dec in Fixed Assets	-259.3	-880.0	-250.0	-350.0
Others	12.8	19.6	-20.0	-120.0
<b>CF from investing activities</b>	<b>-256.6</b>	<b>-861.6</b>	<b>-270.0</b>	<b>-470.0</b>
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-152.1	284.2	-100.0	-30.0
Dividend paid & dividend tax	-271.9	-361.3	-699.3	-699.3
Others	224.8	27.7	-436.3	-52.3
<b>CF from financing activities</b>	<b>-199.2</b>	<b>-49.4</b>	<b>-1,235.6</b>	<b>-781.6</b>
Net Cash flow	219.7	-126.7	13.8	114.7
Opening Cash	219.9	439.6	313.0	326.7
Closing Cash	439.6	313.0	326.7	441.5

Source: Company, ICICI Direct Research

Exhibit 10: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Liabilities</b>				
Equity Capital	97.1	97.1	97.1	97.1
Reserve and Surplus	3,279.7	3,829.9	3,714.8	4,210.5
Total Shareholders funds	3,376.9	3,927.0	3,812.0	4,307.6
Total Debt	383.8	667.9	567.9	537.9
Other non current liabilities	373.7	412.6	412.6	412.6
<b>Total Liabilities</b>	<b>4,134.4</b>	<b>5,007.5</b>	<b>4,792.5</b>	<b>5,258.1</b>
<b>Assets</b>				
Gross Block	2,552.0	2,933.3	3,183.3	3,533.3
Less: Acc Depreciation	795.5	1,022.0	1,279.3	1,553.8
Total Fixed Assets	1,863.3	2,516.8	2,509.5	2,584.9
Investments	145.9	147.1	147.1	147.1
Inventory	1,616.1	2,315.8	2,075.0	2,287.8
Debtors	1,019.7	1,053.7	1,193.9	1,347.6
Loans and Advances	39.7	0.0	0.0	0.0
Other CA	237.3	287.7	361.1	398.2
Cash	439.6	313.0	326.7	441.5
Total Current Assets	3,352.5	3,970.2	3,956.8	4,475.0
Creditors	1,497.4	1,802.9	1,989.8	2,193.8
Provisions	54.2	51.6	72.0	79.4
Other CL	235.1	350.6	357.7	394.4
Total Current Liabilities	1,786.7	2,205.1	2,419.5	2,667.5
Net current assets	1,565.8	1,765.0	1,537.3	1,807.5
Other non current assets	559.4	578.7	598.7	718.7
<b>Total Assets</b>	<b>4,134.4</b>	<b>5,007.5</b>	<b>4,792.5</b>	<b>5,258.1</b>

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
<b>Per share data (₹)</b>				
EPS	7.4	8.6	9.9	12.3
Cash EPS	9.6	10.9	12.6	15.1
BV	34.8	40.4	39.2	44.3
DPS	2.8	3.7	7.2	7.2
<b>Operating Ratios (%)</b>				
EBITDA Margin	17.4	15.2	14.6	16.0
PAT Margin	10.6	9.5	9.3	10.4
Asset Turnover	2.7	3.0	3.3	3.2
Inventory Days	86.5	96.5	73.0	73.0
Debtor Days	54.6	43.9	42.0	43.0
Creditor Days	80.2	75.1	70.0	70.0
<b>Return Ratios (%)</b>				
RoE	21.3	21.2	25.2	27.7
RoCE	24.9	23.3	27.6	31.0
RoIC	29.9	28.6	34.7	40.0
<b>Valuation Ratios (x)</b>				
P/E	91.1	78.7	68.1	54.9
EV / EBITDA	55.0	49.5	43.4	35.7
EV / Net Sales	9.6	7.5	6.3	5.7
Market Cap / Sales	9.6	7.5	6.3	5.7
Price to Book Value	19.4	16.7	17.2	15.2
<b>Solvency Ratios</b>				
Debt / Equity	0.1	0.2	0.1	0.1
Current Ratio	1.9	2.0	1.8	1.8
Quick Ratio	0.8	0.7	0.8	0.8

Source: Company, ICICI Direct Research

Exhibit 12: ICICI Direct universe (Consumer Discretionary)

Sector / Company	Rating	M Cap		EPS (₹)				P/E (x)				EV/EBITDA (x)				RoCE (%)			RoE (%)			
		(₹ Cr)	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E	FY21	FY22	FY23E	FY24E
Asian Paints (ASIPAI)	Buy	3,31,622	33.4	32.2	47.1	56.6	103.4	107.5	73.3	61.1	67.4	68.4	48.8	41.2	29.6	27.1	36.4	39.1	25.0	23.0	30.2	31.9
Berger Paints (BERPAI)	Hold	65,563	7.4	8.6	9.9	12.3	91.1	78.7	68.1	54.9	55.0	49.5	43.4	35.8	24.9	23.3	27.6	31.0	21.3	21.2	25.2	27.7
Kansai Nerolac (KANNER)	Hold	26,730	9.8	6.9	11.6	13.4	50.4	71.4	42.8	37.0	31.7	41.2	26.7	22.9	17.2	12.1	19.5	21.1	13.2	9.2	14.7	15.6
Pidilite Industries (PIDIND)	Hold	1,34,516	22.2	23.8	26.0	32.2	119.4	111.5	102.0	82.3	79.8	72.7	67.9	55.1	23.8	22.2	22.6	25.6	20.2	18.8	19.1	21.4
Bajaj Electricals (BAJELE)	Hold	13,219	16.5	10.8	22.0	29.5	69.8	106.3	52.3	39.0	44.4	52.5	39.1	29.7	15.1	13.5	19.1	22.1	10.7	7.8	14.9	17.2
Crompton Greaves(CROGR)	Hold	23,505	9.8	9.2	8.4	10.5	38.1	40.6	44.8	35.7	31.1	30.6	27.3	22.6	34.4	16.2	16.0	19.7	31.9	24.0	20.5	22.6
Havells India (HAVIND)	Hold	81,419	16.7	19.1	19.4	25.1	78.3	68.1	67.2	51.9	51.2	45.1	45.3	35.9	24.9	23.7	24.6	31.4	20.1	19.9	20.9	26.6
Polycab India (POLI)	Buy	35,269	59.3	61.4	67.1	77.6	39.8	38.4	35.2	30.4	30.9	27.0	23.1	19.9	20.6	20.2	21.8	22.1	17.9	15.6	16.5	16.7
Symphony (SYMLIM)	Hold	6,359	15.3	17.3	26.1	34.8	59.4	52.6	34.8	26.1	44.5	38.4	26.7	20.2	15.2	15.9	24.5	29.0	14.9	14.4	23.6	27.4
V-Guard Ind (VGUARD)	Hold	10,314	4.7	5.3	5.4	6.8	50.7	44.8	44.2	35.4	32.2	30.3	28.9	23.1	23.9	21.2	23.7	26.6	16.7	16.2	17.9	20.3
Voltas Ltd (VOLTAS)	Hold	32,478	16.0	15.3	18.8	25.1	61.4	64.2	52.1	39.2	49.9	46.7	38.7	29.4	15.0	14.0	17.5	20.3	10.6	9.2	12.6	14.9
Amber Enterprises (AMBEN)	Hold	7,655	24.7	33.0	60.4	86.2	91.9	68.8	37.6	26.4	34.5	29.1	21.1	15.7	7.7	6.8	10.5	13.4	5.2	6.4	11.2	13.8
Dixon Technologies (DIXTEC)	Buy	22,541	27.3	32.1	55.4	83.6	139.3	118.4	68.5	45.4	78.6	59.8	38.8	27.7	23.5	17.7	27.0	31.4	21.7	19.1	30.9	34.1
Supreme Indus (SUPIND)	Buy	23,754	77.0	76.2	77.1	87.0	24.3	24.5	24.3	21.5	17.9	18.7	18.8	16.2	33.1	25.9	24.2	24.9	30.9	25.2	23.9	24.1
Astral Ltd (ASTPOL)	Hold	39,634	20.3	24.4	28.8	35.1	97.1	80.8	68.5	56.2	60.8	51.7	44.2	36.8	27.5	26.6	27.3	28.5	21.5	21.0	21.4	22.3

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](mailto: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](mailto: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](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 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.