

31 October 2023

India | Equity Research | Q2FY24 Result Review

## Carborundum Universal

Capital Goods

### Chinese dumping and overseas demand headwinds impact revenue growth

Carborundum Universal (CUMI) witnessed weak revenue growth due to increased Chinese competition in the domestic market and weakness in select overseas markets. Consolidated revenue/EBITDA/PAT grew 2%/3%/14% YoY to INR 11.5bn/1.7bn/1.1bn in Q2FY24. EBITDA margin was flat on a YoY-basis, primarily on account of increased profitability in abrasives and ceramics. We believe the abrasives business will likely continue to grow on the back of industrial recovery – primarily in auto, agro processing, housing demand in tier 2&3 cities, and SME industrial clusters. CUMI is strengthening its retail distribution network and product portfolio to counter rising competition. With Q2's weak performance, we lower our FY24E/25E earnings by 14%/12%. Retain **HOLD**; TP revised to **INR 1,130 (from INR 1,300)**.

#### Muted revenue growth at 2% YoY to INR 11.5bn

This was due to Abrasives (+5.5% YoY), Ceramics (+4.2% YoY) and Electro-mineral (-7.8% YoY). As per management, Abrasive and Electro-mineral performance was impacted due to Chinese dumping in the retail segment, increased competition in the domestic market and weakness in Europe, which management believes is temporary. Ceramics performed well on account of favourable product mix, better demand and price realisation. However, Engineering Ceramics was impacted due to delays in offtake by the customers which would be addressed in the H2FY24.

#### Resilient performance by overseas subsidiaries

VAW (Russia) operated at normal capacity utilisation in Q2FY24 and reported revenue of RUB 2.5bn versus RUB 2.1bn in Q2FY23. Share of sales to local market increased to 60%. As per management, none of the subsidiary's products are under any sanctions, and collection efficiency continues to be stable. The company will consider increasing its capacity once the geopolitical situation improves. Rhodius and Awuko's performance was lower to flat on account of weak demand in Europe, which remains a key concern. Subsidiaries in America and Australia performed well.

#### Maintain 'HOLD'; TP revised to INR 1,130 (35x FY25E EPS)

With a well-diversified and large product basket, CUMI is a key beneficiary of increased focus on the hi-tech manufacturing in the domestic market. The geographical expansions and high-value customised solutions are likely to drive growth in both abrasives and ceramics segments in the medium to long term. Keeping in mind the recent headwinds and company's commentary we reduce our earnings estimates for FY24E/FY25E by 14%/12%.

### Financial Summary

Y/E March (INR mn)	FY22A	FY23A	FY24E	FY25E
Net Revenue	32,896	46,010	48,172	54,297
EBITDA	5,366	6,519	7,139	8,631
EBITDA Margin (%)	16.3	14.2	14.8	15.9
Net Profit	3,500	3,919	4,914	6,188
EPS (Rs)	18.5	20.7	26.0	32.7
EPS % Chg YoY	12.8	15.1	18.0	26.7
P/E (x)	61.7	53.6	45.4	35.8
EV/EBITDA (x)	37.4	30.7	27.8	22.6
RoCE (%)	13.7	13.6	13.7	15.3
RoE (%)	15.1	15.4	15.5	17.0

#### Ashwani Sharma

sharma.ashwani@icicisecurities.com  
+91 22 6807 7340

#### Mohit Kumar

kumar.mohit@icicisecurities.com

#### Bharat Kumar Jain

jain.bharat@icicisecurities.com

#### Nikhil Abhyankar

nikhil.abhyankar@icicisecurities.com

#### Market Data

Market Cap (INR)	205bn
Market Cap (USD)	2,456mn
Bloomberg Code	CU IN
Reuters Code	CRBR.BO
52-week Range (INR)	1,305 /788
Free Float (%)	58.0
ADTV-3M (mn) (USD)	3.4

Price Performance (%)	3m	6m	12m
Absolute	(12.2)	0.1	25.6
Relative to Sensex	(9.4)	(6.0)	17.3

ESG Disclosure	2021	2022	Change
ESG score	35.8	35.8	-
Environment	2.1	2.1	-
Social	21.6	21.6	-
Governance	83.6	83.6	-

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

Earnings Revisions (%)	FY24E	FY25E
Revenue	(7.1)	(9.0)
EBITDA	(71.5)	(69.7)
EPS	(14.5)	(11.7)

#### Previous Reports

07-08-2023: [Q1FY24 results review](#)

10-05-2023: [Q4FY23 results review](#)

## Conference call highlights

### Abrasives

- Consolidated revenue grew by 5.5% YoY to INR 5.1bn.
- Standalone revenue grew 3.4% YoY to INR 2.8bn. Double-digit volume growth witnessed in the industrial segment.
- Sales from Awuko and Rhodius for the quarter remained flat due to soft demand in Europe.
- The retail segment – which forms 30-35% of abrasives revenues – is facing challenges due to Chinese dumping and increased competition from new entrant in the domestic market. The industry has approached the government to levy anti-dumping duty on Chinese imports.
- All abrasives segments, apart from retail, have witnessed double-digit growth.
- The company expects the retail segment to remain flat while achieving double-digit growth in other segments resulting in an overall growth expectation of ~8-10% for the abrasives segment in FY24.
- Better realisation and softening of raw material prices have helped margins improve in the quarter.
- VAW in H1FY24 grew by 24% YoY in Rouble terms, however de-grew 6% in INR terms due to currency depreciation. Rouble conversion rate was INR 0.94 in H1FY24 versus INR 1.24 in H1FY23. Consolidated revenue would have grown by 9-10% had the exchange rate remained same.

### Rhodius

- Rhodius achieved sales of EUR 15.2mn in Q2FY24 vs EUR 14.2mn in Q2FY23 vs EUR 15.5mn in Q1FY24. The QoQ decline in sales is a result of soft demand and increased pricing pressure in the market. On YTD basis, sales de-grew by 5% YoY to EUR 30.7mn and loss of EUR 1.4mn as against EUR 2mn.
- Management maintains that the increase in energy cost could be in the range of EUR 2mn-2.5mn in FY24.
- Due to softening demand in Europe and increased energy cost, management has guided for flat sales in FY24.

### Awuko

- The subsidiary's sales for Q2FY24 came in at EUR 1.9mn vs EUR 1.95mn for Q4FY23. Losses during the quarter was EUR 0.86mn.
- Management sticks to its previous guidance of Awuko making a loss of EUR 2.5mn in FY24 and breaking even by FY25.

### Ceramics

- Consolidated sales grew 4.2% YoY to INR 2.6bn, while standalone grew 3.1% YoY to INR 2.2bn.
- Delay in offtake in engineering ceramics impacted the revenue.
- The de-growth in engineering ceramics is due to customers' focus on clearing their inventories. The management believes that while it is temporary, new orders will take some time.
- Refractory – double-digit volumes and stable prices. Metalized Cylinder also did well.

- America, India and Australia businesses are doing well. The management believes that their historical growth of 20% CAGR should continue.

#### Electromineral

- Consolidated revenue declined by 8% YoY to INR 3.8bn, while standalone revenue increased by 12% YoY to INR 1.9bn.
- Both Alumina and SICs witnessed high teen growth in volume, however dumping by China led to price drop. Margins are under pressure.

#### Capex

- Company has spent INR 970mn YTD and plans to spend INR 2.6-2.8bn in FY24.

#### Guidance

- Standalone revenue growth for FY24 in the range of 10-12%
- Consolidated revenue growth of 5%

### Exhibit 1: Quarterly financial highlights (consolidated)

INR mn	Q2FY24	Q2FY23	YoY(%)	Q1FY24	QoQ(%)	FY23	FY22	YoY(%)
<b>Net Sales</b>	<b>11,463</b>	<b>11,278</b>	<b>1.6</b>	<b>12,032</b>	<b>(4.7)</b>	<b>46,543</b>	<b>33,248</b>	<b>40.0</b>
<b>EBITDA</b>	<b>1,675</b>	<b>1,630</b>	<b>2.8</b>	<b>1,694</b>	<b>(1.1)</b>	<b>6,519</b>	<b>5,366</b>	<b>21.5</b>
Margin	14.6	14.5	16bps	14.1	53bps	14.0	16.1	-210bps
Depreciation	459	445	3.1	457	0.3	1,873	1,146	63.5
Finance Cost	49	51	(3.6)	52	(5.6)	235	56	317.2
Other Income	196	80	144.3	309	(36.5)	767	398	92.7
<b>PBT</b>	<b>1,364</b>	<b>1,215</b>	<b>12.3</b>	<b>1,494</b>	<b>(8.7)</b>	<b>5,177</b>	<b>4,562</b>	<b>13.5</b>
Tax	437	374	16.9	418	4.7	1,382	1,265	9.2
Tax rate	32.1	30.8	127bps	28.0	409bps	26.7	27.7	-100bps
<b>Reported PAT</b>	<b>1,019</b>	<b>890</b>	<b>14.5</b>	<b>1,132</b>	<b>(10.0)</b>	<b>3,919</b>	<b>3,333</b>	<b>17.6</b>
Margin(%)	9.1	8.3	75bps	9.8	-73bps	9.0	10.5	-160bps
<b>EPS</b>	<b>5.5</b>	<b>5.0</b>		<b>6.2</b>		<b>22.1</b>	<b>18.5</b>	

Source: Company data, I-Sec research

### Exhibit 2: Quarterly segmental trend (consolidated)

(INR mn)	Q2FY24	Q2FY23	YoY(%)	Q1FY24	QoQ(%)	FY23	FY22	YoY(%)
<b>Revenue</b>								
Abrasives	5,105	4,839	5.5	5,189	-1.6	20,353	12,830	58.6
Ceramics	2,650	2,543	4.2	2,870	-7.6	10,274	7,980	28.7
Electrominerals	3,775	4,096	-7.8	4,182	-9.7	16,338	13,120	24.5
Power and IT Services	360	334	7.6	343	4.8	1,386	698	98.6
<b>Total Segment Revenues</b>	<b>11,889</b>	<b>11,812</b>	<b>0.7</b>	<b>12,584</b>	<b>-5.5</b>	<b>48,350</b>	<b>34,627</b>	<b>39.6</b>
Less: Inter Segment Revenue	655	646	1.4	674	-2.9	2,340	1,922	21.7
<b>Net Sales</b>	<b>11,234</b>	<b>11,166</b>	<b>0.6</b>	<b>11,909</b>	<b>-5.7</b>	<b>46,010</b>	<b>32,705</b>	<b>40.7</b>
<b>EBIT</b>								
Abrasives	371	280	32.6	312	18.8	1,048	1,563	-33.0
Ceramics	737	645	14.3	810	-9.0	2,507	1,593	57.4
Electrominerals	615	692	-11.1	740	-16.9	2,753	1,942	41.8
<b>Total EBIT</b>	<b>1,672</b>	<b>1,576</b>	<b>6.1</b>	<b>1,802</b>	<b>-7.2</b>	<b>6,132</b>	<b>5,085</b>	<b>20.6</b>
<b>EBIT Margin</b>								
Abrasives	7.3	5.8	149bps	6.0	125bps	5.1	12.2	-700bps
Ceramics	27.8	25.4	245bps	28.2	-40bps	24.4	20.0	440bps
Electrominerals	16.3	16.9	-59bps	17.7	-140bps	16.9	14.8	200bps

Source: Company data, I-Sec research

**Exhibit 3: Quarterly financial highlights (standalone)**

INR mn	Q2FY24	Q2FY23	YoY(%)	Q1FY24	QoQ(%)	FY23	FY22	YoY(%)
<b>Net Sales (Rs mn) - LHS</b>	<b>6,542</b>	<b>6,184</b>	<b>(5.5)</b>	<b>6,675</b>	<b>(7.4)</b>	<b>25,099</b>	<b>22,152</b>	<b>(11.7)</b>
<b>EBITDA</b>	<b>1,204</b>	<b>1,113</b>	<b>(7.5)</b>	<b>1,216</b>	<b>(8.5)</b>	<b>4,644</b>	<b>3,696</b>	<b>(20.4)</b>
Margin	18.4	18.0	-40bps	18.2	-22bps	18.5	16.7	-180bps
Depreciation	180	172	(4.7)	173	(0.4)	745	650	(12.7)
Finance Cost	14	35	159.6	25	43.5	150	10	(93.6)
Other Income	83	54	(35.0)	179	(69.7)	319	420	31.5
<b>PBT</b>	<b>1,093</b>	<b>960</b>	<b>(12.2)</b>	<b>1,197</b>	<b>(19.8)</b>	<b>4,067</b>	<b>3,455</b>	<b>(15.0)</b>
Tax	264	242	(8.5)	266	(8.9)	1,007	911	(9.6)
tax rate	24.2	25.2	102bps	22.2	302bps	24.8	26.4	160bps
Reported PAT	828	718	(13.4)	931	(22.9)	3,310	2,545	(23.1)
<b>Adjusted PAT</b>	<b>828</b>	<b>718</b>	<b>(13.4)</b>	<b>931</b>	<b>(22.9)</b>	<b>3,060</b>	<b>2,545</b>	<b>(16.8)</b>
Margin(%)	12.7	11.6	-106bps	14.0	-235bps	12.2	11.5	-70bps
<b>EPS</b>	<b>4.4</b>	<b>3.8</b>		<b>4.9</b>		<b>16.2</b>	<b>13.5</b>	

Source: Company data, I-Sec research

**Exhibit 4: Quarterly segmental trend (standalone)**

	Q2FY24	Q2FY23	YoY(%)	Q1FY24	QoQ(%)	FY23	FY22	YoY(%)
<b>Revenue</b>								
Abrasives	2,853	2,760	-3.3	2,824	-2.3	11,069	10,516	-5.0
Ceramics	2,173	2,108	-3.0	2,308	-8.7	8,342	6,612	-20.7
Electrominerals	1,925	1,721	-10.6	1,971	-12.7	7,020	6,207	-11.6
<b>Total Segment Revenues</b>	<b>6,950</b>	<b>6,589</b>	<b>-5.2</b>	<b>7,103</b>	<b>-7.2</b>	<b>26,431</b>	<b>21,916</b>	<b>-17.1</b>
Less: Inter Segment Revenue	516	485	-5.9	511	-4.9	1,699	1,419	-16.5
<b>Net Sales</b>	<b>6,435</b>	<b>6,103</b>	<b>-5.2</b>	<b>6,593</b>	<b>-7.4</b>	<b>24,732</b>	<b>20,497</b>	<b>-17.1</b>
<b>EBIT</b>								
Abrasives	477	345	-27.6	432	-20.0	1,512	1,627	7.6
Ceramics	570	537	-5.8	621	-13.5	2,048	1,316	-35.8
Electrominerals	145	271	87.8	144	89.1	986	612	-37.9
<b>Total EBIT</b>	<b>1,192</b>	<b>1,154</b>	<b>-3.2</b>	<b>1,196</b>	<b>-3.5</b>	<b>4,546</b>	<b>3,554</b>	<b>-21.8</b>
<b>EBIT Margin</b>								
Abrasives	16.7	12.5	-422bps	15.3	-277bps	13.7	15.5	180bps
Ceramics	26.2	25.5	-78bps	26.9	-142bps	24.6	19.9	-470bps
Electrominerals	7.5	15.8	827bps	7.3	849bps	14.0	9.9	-420bps

Source: Company data, I-Sec research

## Outlook and valuation

Due to its well-diversified and large product basket, CUMI is a key beneficiary of the increased focus on hi-tech manufacturing in the domestic market. The geographical expansions and high-value customised solutions are likely to drive growth in both abrasives and ceramics segments in the medium to long term. However, near-term headwinds – such as weakness in Europe and increased dumping from China – could restrict volume growth.

Keeping the near-term headwinds in mind and revised guidance of the company, we cut our earnings estimates and maintain our rating at **HOLD** with a revised target price of **INR 1,130** (35x FY25E EPS).

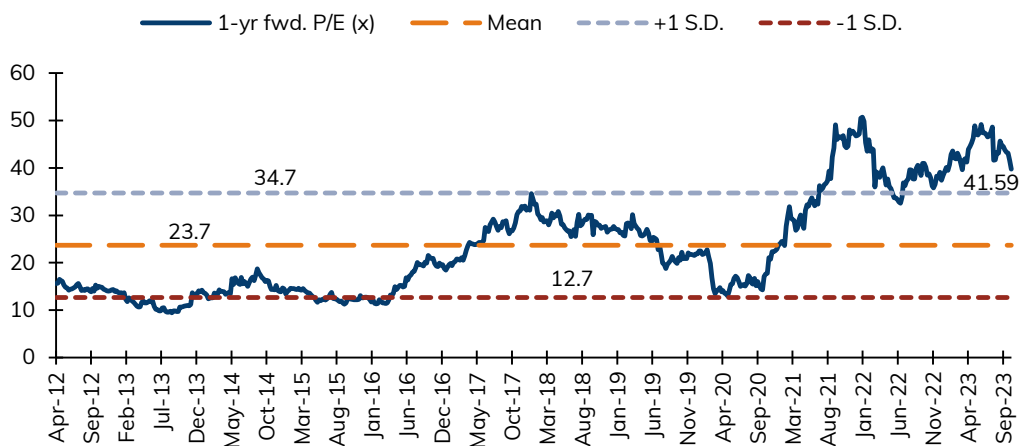
**Key risks:** i) Escalation in geopolitical tensions, which might impact operations in Russia. ii) Delay in stabilisation and profitability of new acquisitions. iii) Further pressure from increased Chinese competition

### Exhibit 5: Earnings revision

INR mn	FY24E			FY25E		
	Earlier	Revised	YoY (%)	Earlier	Revised	YoY (%)
Revenue	52,469	48,758	-7.1	60,393	54,942	-9.0
EBITDA	25,050	7,139	-71.5	28,477	8,631	-69.7
PAT	5,746	4,914	-14.5	7,005	6,188	-11.7

Source: I-Sec research

### Exhibit 6: 1-Year Forward P/E Chart



Source: Bloomberg, I-Sec research

### Exhibit 7: Shareholding pattern

%	Mar'23	Jun'23	Sep'23
Promoters	41.5	41.5	41.3
Institutional investors	38.2	39.4	39.9
MFs and others	26.5	27.1	27.8
FIs/Banks	0.0	0.0	0.0
Insurance	2.1	2.2	1.8
FIIIs	9.6	10.1	10.3
Others	20.3	19.1	18.8

Source: Bloomberg

### Exhibit 8: Price chart



Source: Bloomberg

## Financial Summary

### Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Net Sales</b>	<b>32,896</b>	<b>46,010</b>	<b>48,172</b>	<b>54,297</b>
Operating Expenses	16,304	22,883	23,662	26,077
<b>EBITDA</b>	<b>5,366</b>	<b>6,519</b>	<b>7,139</b>	<b>8,631</b>
EBITDA Margin (%)	16.3	14.2	14.8	15.9
Depreciation & Amortization	1,146	1,873	1,900	1,926
EBIT	4,221	4,645	5,239	6,704
Interest expenditure	56	235	189	199
Other Non-operating Income	398	767	921	1,059
<b>Recurring PBT</b>	<b>4,562</b>	<b>5,177</b>	<b>5,971</b>	<b>7,564</b>
<b>Profit / (Loss) from Associates</b>	<b>203</b>	<b>373</b>	<b>436</b>	<b>515</b>
Less: Taxes	1,265	1,382	1,493	1,891
PAT	3,297	3,795	4,478	5,673
Less: Minority Interest	-	-	-	-
Extraordinary (Net)	-	(249)	-	-
<b>Net Income (Reported)</b>	<b>3,500</b>	<b>3,919</b>	<b>4,914</b>	<b>6,188</b>
<b>Net Income (Adjusted)</b>	<b>3,500</b>	<b>4,168</b>	<b>4,914</b>	<b>6,188</b>

Source Company data, I-Sec research

### Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
Total Current Assets	16,478	20,259	23,072	27,820
of which cash & cash eqv.	3,516	4,001	5,133	7,605
Total Current Liabilities & Provisions	5,460	5,004	5,216	5,828
<b>Net Current Assets</b>	<b>11,018</b>	<b>15,256</b>	<b>17,857</b>	<b>21,992</b>
Investments	1,378	1,437	1,537	1,637
Net Fixed Assets	8,085	9,876	10,088	10,662
ROU Assets	395	574	574	574
Capital Work-in-Progress	577	875	875	875
Total Intangible Assets	1,581	4,818	4,818	4,818
Other assets	4,307	644	844	1,044
Deferred Tax assets	269	762	838	922
<b>Total Assets</b>	<b>27,767</b>	<b>34,241</b>	<b>37,430</b>	<b>42,523</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>2,122</b>	<b>2,301</b>	<b>1,801</b>	<b>1,301</b>
<b>Deferred Tax Liability</b>	<b>409</b>	<b>525</b>	<b>525</b>	<b>525</b>
provisions	370	743	579	646
other Liabilities	370	1,187	787	787
Equity Share Capital	189	190	190	190
Reserves & Surplus	23,448	28,016	32,268	37,795
<b>Total Net Worth</b>	<b>23,637</b>	<b>28,206</b>	<b>32,458</b>	<b>37,985</b>
Minority Interest	859	1,279	1,279	1,279
<b>Total Liabilities</b>	<b>27,767</b>	<b>34,241</b>	<b>37,430</b>	<b>42,523</b>

Source Company data, I-Sec research

### Exhibit 11: Cashflow statement

(INR mn, year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Operating Cashflow</b>	<b>3,005</b>	<b>1,962</b>	<b>4,532</b>	<b>5,778</b>
Working Capital Changes	(1,437)	(3,706)	(1,846)	(1,821)
Capital Commitments	(3,123)	(3,988)	(2,389)	(2,514)
<b>Free Cashflow</b>	<b>6,128</b>	<b>5,951</b>	<b>6,921</b>	<b>8,292</b>
<b>Other investing cashflow</b>	<b>291</b>	<b>708</b>	<b>821</b>	<b>959</b>
Cashflow from Investing Activities	(2,832)	(3,280)	(1,568)	(1,555)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	1,717	179	(500)	(500)
Dividend paid	(662)	(662)	(662)	(662)
Others	(2,537)	2,289	(670)	(589)
Cash flow from Financing Activities	(1,481)	1,807	(1,832)	(1,750)
<b>Chg. in Cash &amp; Bank balance</b>	<b>(1,308)</b>	<b>489</b>	<b>1,132</b>	<b>2,472</b>
Closing cash & balance	3,475	3,964	5,095	7,568

Source Company data, I-Sec research

### Exhibit 12: Key ratios

(Year ending March)

	FY22A	FY23A	FY24E	FY25E
<b>Per Share Data (INR)</b>				
Reported EPS	17.4	20.1	23.7	30.0
Adjusted EPS (Diluted)	18.5	20.7	26.0	32.7
Cash EPS	24.6	30.6	36.1	42.9
Dividend per share (DPS)	3.5	3.5	3.5	3.5
Book Value per share (BV)	125.1	149.2	171.7	201.0
Dividend Payout (%)	20.1	17.4	14.8	11.7
<b>Growth (%)</b>				
Net Sales	26.3	39.9	4.7	12.7
EBITDA	15.3	21.5	9.5	20.9
EPS (INR)	12.8	15.1	18.0	26.7
<b>Valuation Ratios (x)</b>				
P/E	61.7	53.6	45.4	35.8
P/CEPS	43.8	35.1	29.8	25.1
P/BV	8.6	7.2	6.3	5.4
EV / EBITDA	37.4	30.7	27.8	22.6
P / Sales	6.2	4.4	4.2	3.7
Dividend Yield (%)	0.3	0.3	0.3	0.3
<b>Operating Ratios</b>				
Gross Profit Margins (%)	65.9	63.9	63.9	63.9
EBITDA Margins (%)	16.3	14.2	14.8	15.9
Effective Tax Rate (%)	27.7	26.7	25.0	25.0
Net Profit Margins (%)	10.0	8.2	9.3	10.4
NWC / Total Assets (%)	27.0	32.9	34.0	33.8
Net Debt / Equity (x)	(0.1)	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.5)	(0.5)	(0.7)	(0.9)
<b>Profitability Ratios</b>				
RoCE (%)	13.7	13.6	13.7	15.3
RoE (%)	15.1	15.4	15.5	17.0
RoC (%)	13.7	13.6	13.7	15.3
Fixed Asset Turnover (x)	4.7	5.2	4.9	5.3
Inventory Turnover Days	85	82	72	75
Receivables Days	59	57	50	52
Payables Days	45	31	27	27

Source Company data, I-Sec research



This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet\_babbar@icicisecuritiesinc.com, Rishi\_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)  
**BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return**

#### ANALYST CERTIFICATION

I/We, Ashwani Sharma, MBA; Mohit Kumar, MBA; Bharat Kumar Jain, MBA; Nikhil Abhyankar, Masters in Finance; 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. 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 AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 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 [icidirect.com](http://icidirect.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 Institutional 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 Retail 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 an 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 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

---

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Prabodh Avadhoot](mailto:Mr.Prabodh.Avadhoot) Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

---