

CMP: ₹ 260

Target: ₹ 295 (13%)

Target Period: 12 months

HOLD

May 23, 2023

ECD segment drives topline growth...

About the stock: Crompton Greaves Consumer (CGCEL) is among India's leading fast moving electrical goods (FMEG) companies, present in electrical consumer durables (~69% of revenue) and lighting businesses (~16% of revenue). CGCEL acquired Butterfly Gandhimathi Appliances, which contributes ~15% to revenue.

- Market leader in the domestic fan industry with value market share of 29%. 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 ~24%, ~23% (three-year average), respectively, with stringent working capital policy

Q4FY23 Results: ECD segment drives topline, profitability remains under pressure.

- Consolidated revenues were up ~16% YoY to ₹ 1791 mainly driven by ~8% YoY growth in ECD segment. However, lightings segment revenue declined by ~12% YoY. Butterfly's revenue came in at ₹ 186.7 crore
- EBITDA margin declined 297 bps YoY to 11.8% due to higher operating costs. Gross margin improved by 169 bps YoY supported by lower raw material prices
- PAT declined ~26% YoY to ₹ 131.2 dragged by higher interest outgo & higher depreciation costs

What should investors do? CGCEL's share price has given a return of 13% in the past five years (from ~₹ 230 in May 2018 to ~₹ 260 levels in May 2023).

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

Target Price & Valuation: We value Crompton at 30x P/E FY25E EPS and revise our target price to ₹ 295.

Key triggers for future price performance:

- Increased government capex, urbanisation, ~1 crore new houses under PMAY and rising aspiration are demand boosters of home appliances
- Expanding Butterfly products pan India leveraging existing dealer network
- Focus on improving market position in premium fans category
- Plans additional revenues by entering into new category 'built-in kitchen' segment. Built-in kitchen industry is pegged at ₹ 2200 crore; growing at 10%. The company is aiming at 10% market share in the next three years

Alternate Stock Idea: We like Havells in the same space.

- Havells has a strong presence in the organised product category across its segments. Its market share ranges between 6% and 20% across segments
- BUY with a target price of ₹ 1425



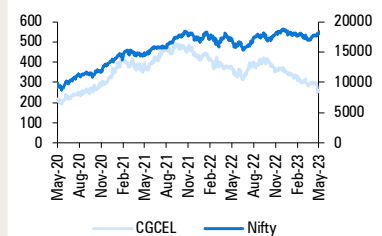
Particulars

Particular	Amount
Market Capitalization (₹ Crore)	16538.60
Total Debt (FY23) (₹ Crore)	922.18
Cash & Invest. (FY22) (₹ Crore)	657.31
EV (₹ Crore)	16803.47
52 week H/L	429/251
Equity capital (₹ Crore)	127.22
Face value (₹)	2.00

Shareholding pattern

(in %)	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	5.9	5.9	2.5	0.0	0.0
FII	38.0	37.3	39.7	39.5	39.6
DII	44.4	45.0	45.2	44.5	44.2
Others	11.7	11.8	12.6	16.0	16.2

Price Chart



Recent event & key risks

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

Research Analyst

Hitesh Taunk
hitesh.taunk@icicisecurities.com

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Ashwi Bhansali
ashwi.bhansali@icicisecurities.com

Key Financial Summary

(₹ crore)	FY20	FY21	FY22	FY23	5 Year CAGR (FY18-23)	FY24E	FY25E	2 Year CAGR (23-25E)
Net Sales	4520.3	4803.5	5394.1	6869.6	11%	7580.1	8406.1	10.6
EBITDA	599.1	720.5	769.4	770.5	8%	847.8	959.5	11.6
EBITDA Margin (%)	13.3	15.0	14.3	11.2		11.2	11.4	
Net Profit	496.4	616.7	578.4	463.2	7%	539.8	652.5	18.7
EPS (₹)	7.9	9.8	9.2	7.3		8.2	10.0	
P/E (x)	32.8	26.4	28.2	35.7		31.6	26.1	
RoE (%)	33.8	31.9	24.0	17.4		19.4	21.0	
RoCE (%)	38.3	34.4	16.2	17.6		20.4	23.7	

Key takeaways of recent quarter & conference call highlights

Q4FY23 Results: Higher interest & depreciation costs impact bottomline

- CGCEL reported consolidated revenue at ~₹ 1791 crore, up ~16% YoY driven by new product launches & demand improvement in ECD business
- Segment wise, ECD segment revenues grew ~8% YoY to ~₹ 1326 crore led by ~24% YoY growth in premium fans, ~42% YoY growth in appliances and ~15% YoY growth in pumps. Lighting segment revenues declined ~12% YoY to ~₹ 278.6 crore due to pricing pressure in both B2C LED lightings and B2B trade, respectively
- Gross margin improved 169 bps YoY to ~31.5% as a result of reduction in raw material prices as well as improved product mix. However, EBITDA margin declined 297 bps YoY to 11.8% impacted by low operating leverage and higher advertisement and promotional expenses
- Interest outgo increased by ~2.6x YoY to ~₹ 27.4 crore mainly due to higher debt on the balance sheet. Higher interest cost coupled with higher depreciation resulted in a decline in PAT by ~26% YoY to ₹ 131 crore

Q4FY23 Earnings Conference Call highlights

- **Market Share:** CGCEL maintained its overall market share in fans. Market share in Butterfly has also remained flat. Its market share in premium fans and water heaters category has improved. CGCEL is the top two player in BLDC fans
- **Demand Outlook:** On the fans front, the company has taken a calibrated approach to manage transition to BEE norms. The company is focusing on adding more decorative offerings in its BLDC fans. As per the management, the premium fans category is growing strongly. On the pumps front, the company has designed a new brand architecture in mini pumps, launched new offerings and taken strategic price revisions. CGCEL is focusing on strengthening its pumps business in the North market through ATL & BTL marketing activities. The company launched 46 new SKUs launched in small appliances and has set up ~100 distributors to drive secondary sales. In the built-in kitchen appliances, company is focusing on strengthening its distribution & marketing and aims to achieve market share of ~10% in the next two to three years and thereby become one of the top three players in the category. On the lightings front, CGCEL is developing an independent go-to-market strategy for B2C lightings to improve revenue growth
- **Margins:** The management expects benefit of easing commodity prices to help in sustaining its gross margin levels. The company will not be taking price hikes in fans segment in the near term and will be taking calibrated price revisions subsequently. Margin in the Butterfly business is likely to be at 8-9% in FY24E
- **Butterfly business:** The company is building a new go-to-market strategy for its Butterfly business to build an integrated brand architecture of Crompton & Butterfly. The management plans to leverage CGCEL's distribution channel to establish Butterfly as a national brand. The company is continuing its focus on improving its retail mix
- **New product launches:** The company launched 25 new products in the Butterfly business in Q4FY23 and several new products across fans, pumps, lighting and appliances.

CGCEL - ESG Disclosure Score*			
Score	FY19	FY20	FY21
Environmental	16.8	16.8	16.8
Social	13.5	14.5	22.9
Governance	66.1	66.1	66.1
Overall ESG Score	32.2	32.5	35.3

Source: Bloomberg, ICICI Direct Research, *Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures

Exhibit 1: Peer comparison

Company	Mcap ₹ cr	Revenue				EBITDA margin				PAT				RoCE				RoE				PE			
		FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
Havells	79,164	13889	16868	19150	21685	13	10	12	12	1195	1075	1559	1841	24	21	27	30	20	16	22	24	66	74	51	43
Crompton Greaves	16,539	5394	6870	7580	8406	14	11	11	11	578	463	540	652	16	18	20	24	24	17	19	21	28	36	32	26
Bajaj Electrical	13,793	4813	5287	6574	7160	5	7	8	8	124	224	357	422	14	20	25	24	8	13	18	18	111	62	39	33
Polycab	51,274	12204	14108	16136	18411	10	13	13	13	917	1282	1398	1619	20	26	26	25	16	19	19	19	56	40	37	32
Symphony	6,114	1039	1278	1506	1784	15	15	16	17	121	159	199	253	16	21	25	28	14	21	24	27	51	38	31	24
V guard	10,664	3498	4141	4954	5554	10	8	10	11	228	198	290	382	21	16	22	24	16	14	17	19	47	54	37	28
Voltas	26,789	7934	9499	10814	12239	9	6	8	9	506	136	660	844	14	11	18	20	9	4	13	15	53	197	41	32

Source: BSE, ICICI Direct Research

We believe CGCEL's ECD segment's performance in Q4 was encouraging. The company's growing focus towards premium fans aided the overall revenue growth of fans segment amid transition to BEE norms. Corrective pricing measures and new product launches in residential pumps drove overall revenue growth of pumps segment by 15% YoY after 2 quarters. However, the company's lighting segment has consistently underperformed due to pricing pressure mainly in B2C LED lightings. Going forward, the management plans to improve the go-to-market strategy for its B2C lightings business and expects improvement in the business in next few quarters. On the kitchen appliances front, the management is focusing on strengthening its distribution & marketing. We believe, while ECD business is likely to grow at a CAGR of ~12.4% over FY23-25E led by growth across fans, appliances & pumps; the lightings business revenue growth is likely to remain subdued for coming few quarters on account of realignment of market strategy and pricing actions. Thus, we model core business (ECD & lightings) revenue CAGR of ~11% over FY23-25E. For Butterfly, the company is continuing to concentrate on enhancing channel mix (in favour of retail over online) and launching new products. We model overall revenue CAGR of ~10.6% over FY23-25E.

On the margin front, we believe the EBITDA margin is likely to remain lower than its pre-Covid level margin range of ~13-14% due to its slow margin recovery of Butterfly and higher advertisement expenditure. We anticipate that the debt raised for the acquisition of Butterfly would result in a rise in interest expenses. We have cut our earnings estimate by 7.3% and 11.3% for FY24E, FY25E, respectively. Hence, we maintain our HOLD rating on the stock. We value the stock at 30x FY25E earnings (~40% discount to Havells) and revise our target price to ₹ 295/share.

Exhibit 2: Variance Analysis

	Q4FY23	Q4FY23E	Q4FY22	YoY (%)	Q3FY23	QoQ (%)	Comments
Revenue	1,791.0	1,854.7	1,547.9	15.7	1,516.2	18.1	Revenue growth was driven by ECD segment amid improved demand for appliances, pumps and premium fans
Other Income	16.8	20.0	22.2	-24.3	21.3	-21.3	
Raw Material Exp	1,226.0	1,276.3	1,085.7	12.9	1,023.0	19.8	Better product mix in the core business helped drive gross margin up by 169 bps YoY
Employee Exp	130.1	139.7	83.5	55.7	134.1	-3.0	
Advertisement Exp*	45.1	50.1	35.0	28.8	45.1	0.0	
Other expenditure	178.5	181.4	114.9	55.3	161.6	10.4	
EBITDA	211.4	207.2	228.8	-7.6	152.4	38.7	
EBITDA Margin (%)	11.8	11.2	14.8	-297 bps	10.1	176 bps	Sharp increase in employee expenses on account of consolidation of Butterfly and higher advertisement expenses dragged EBITDA margin on a YoY basis
Depreciation	30.4	28.6	14.5	109.9	29.7	2.4	
Interest	27.4	29.9	10.6	159.5	29.4	-6.9	High debt level led to sharp increase in interest costs
Excp item							
PBT	170.4	168.8	212.9	-20.0	114.6	48.7	
Tax	38.9	42.4	36.4	6.9	26.4	47.3	
Minority Interest	0.39	4.2	0.0		2.9		
PAT	131.2	122.2	176.6	-25.7	85.3	53.9	Higher interest & depreciation costs led to decline in PAT YoY
Key Metrics							
ECD	1,325.7	1,313.2	1,230.9	7.7	1,020.1	30.0	Revenue growth was driven by improved demand & better product mix across fans, appliances and pumps categories
Lighting & Products	278.6	330.3	317.0	-12.1	247.7	12.5	Decline in revenue was due to poor performance on B2C LED & B2B front
Butterfly	186.7	211.2	NA		248.4	-24.9	Butterfly revenues came in lower than expectations on account of change in sales mix

Source: Company, ICICI Direct Research *I-Direct Estimate

Exhibit 3: Change in estimates

(₹ Crore)	FY24E			FY25E			Comments
	Old	New	% Chg	Old	New	% Chg	
Revenue	7870.4	7580.1	(3.7)	8921.6	8406.1	(5.8)	We have cut our revenue estimates downwards factoring slower growth in lighting & Butterfly segments. We model revenue CAGR of ~10.6% over FY23-25E
EBITDA	935.0	847.8	(9.3)	1109.4	959.5	(13.5)	
EBITDA Margin %	11.9	11.2	-70bps	12.4	11.4	-102bps	We have tweaked our EBITDA margin estimates downwards on account of higher employee expenses & advertisements costs in FY24E-FY25E
PAT	582.6	539.8	(7.3)	735.5	652.5	(11.3)	We have revised our PAT estimates downwards due to higher interest and depreciation costs
EPS (₹)	8.9	8.2	(7.3)	11.2	9.95	(11.3)	

Source: ICICI Direct Research

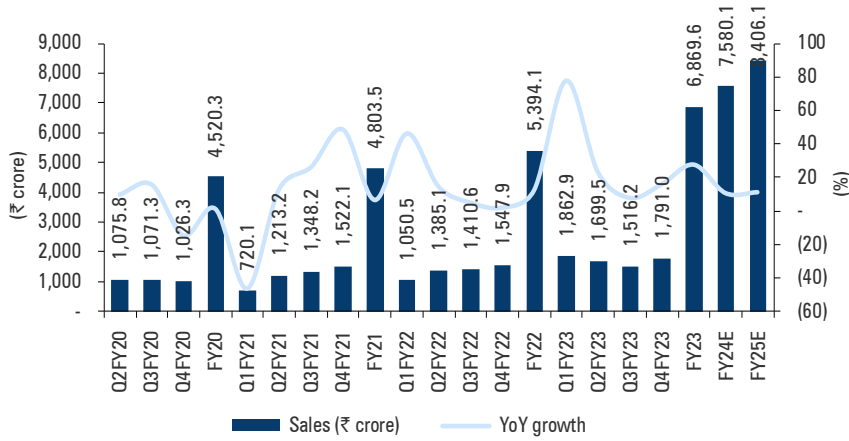
Exhibit 4: Assumptions

(%)	Current					Earlier			Comments
	FY20	FY21E	FY22E	FY23E	FY24E	FY25E	FY24E	FY25E	
ECD	5.5	10.9	14.7	10.3	11.8	12.9	15.0	12.6	We believe increasing focus on premium fans in the topline coupled with new product launches in the appliances business will help drive sales of ECD segment going forward. We build in ECD segment revenue CAGR of 12.4% in FY23-25E
Butterfly				5.1	8.4	9.1	17.6	18.0	We model segment revenue CAGR of ~9% over FY23E-25E considering realignment of distribution channel
Lighting & Products	-10.6	-7.50	3.5	-2.3	5.6	3.0	11.0	12.0	Favourable base and focus on LED panel segment will help drive segment revenue from FY24 onwards

Source: ICICI Direct Research

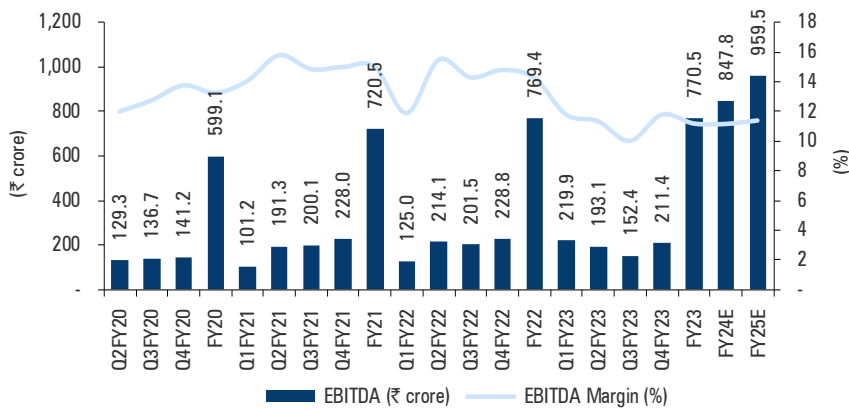
Financial story in charts

Exhibit 5: Revenue growth trend



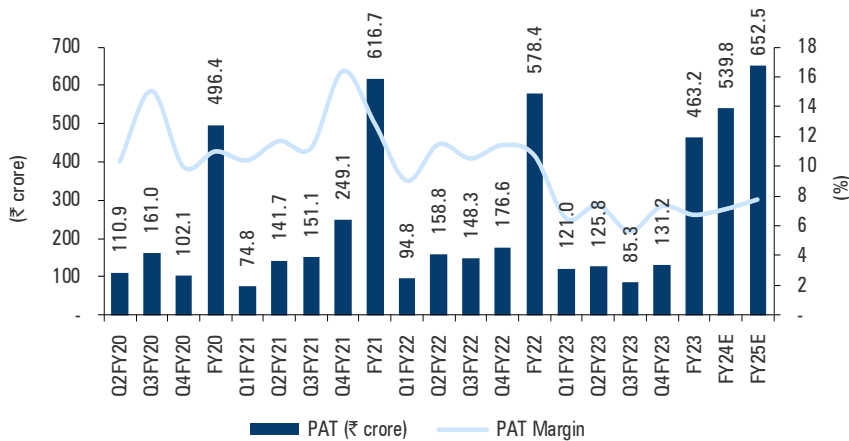
Source: Company, ICICI Direct Research

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)	FY22	FY23	FY24E	FY25E	
Revenue	5,394.1	6,869.6	7,580.1	8,406.1	
Growth (%)	12.3	27.4	10.3	10.9	
Expenses					
Raw material exp	3,701.8	4,680.4	5,146.5	5,680.5	
Employee exp	362.4	540.8	596.9	663.5	
Other exp	463.4	697.8	738.1	818.4	
Total Operating exp	4,624.7	6,099.1	6,732.2	7,446.7	
EBITDA	769.4	770.5	847.8	959.5	
Growth (%)	6.8	0.1	10.0	13.2	
Depreciation	42.3	115.9	128.9	126.1	
Interest	35.3	109.2	87.5	40.7	
Other Income	72.7	66.8	71.0	78.7	
PBT	751.5	612.1	702.5	871.4	
Total Tax	173.2	135.8	162.6	218.9	
Minority Interest	0.0	13.2	0.0	0.0	
PAT	578.4	463.2	539.8	652.5	
Growth (%)	-6.2	-19.9	16.5	20.9	

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement					₹ crore
(Year-end March)	FY22	FY23	FY24E	FY25E	
Profit after Tax	578.4	463.2	539.8	652.5	
Add: Depreciation	42.3	115.9	128.9	126.1	
(Inc)/dec in Current Assets	-273.2	-90.2	-93.3	-177.9	
Inc/(dec) in CL and Provisions	135.0	30.6	-7.7	168.4	
Others	35.3	109.2	87.5	40.7	
CF from operating activities	517.8	628.7	655.2	809.8	
(Inc)/dec in Investments	145.9	76.0	200.0	10.0	
(Inc)/dec in Fixed Assets	-1,896.9	-105.9	-60.0	-80.0	
Others	327.8	-357.4	-1.7	-2.2	
CF from investing activities	-1,423.2	-387.3	138.3	-72.2	
Issue/(Buy back) of Equity	1.2	0.5	3.9	0.0	
Inc/(dec) in loan funds	1,308.7	-685.3	-350.0	-350.0	
Dividend paid & dividend tax	-156.7	-190.8	-196.7	-327.8	
Others	63.4	-171.5	-314.0	-40.7	
CF from financing activities	1,216.6	-1,047.1	-856.8	-718.5	
Net Cash flow	311.3	-805.7	-63.3	19.1	
Opening Cash	603.9	915.2	109.5	46.2	
Closing Cash	915.2	109.5	46.2	65.2	

Source: Company, ICICI Direct Research

Exhibit 10: Balance Sheet					₹ crore
(Year-end March)	FY22	FY23	FY24E	FY25E	
Liabilities					
Equity Capital	126.7	127.2	131.1	131.1	
Reserve and Surplus	2,326.3	2,536.4	2,653.0	2,977.7	
Total Shareholders funds	2,453.0	2,663.6	2,784.1	3,108.8	
Total Debt	1,607.5	922.2	572.2	222.2	
Total Liabilities	4,926.5	4,101.7	3,872.2	3,846.9	
Assets					
Gross Block	2,121.5	2,235.0	2,295.0	2,375.0	
Less: Acc Depreciation	133.5	249.5	378.3	504.4	
Total Fixed Assets	2,001.0	1,991.0	1,922.1	1,876.0	
Goodwill	1,285.5	1,285.5	1,285.5	1,285.5	
Other investmens	0.3	0.4	0.4	0.4	
Liquid Investments	623.8	547.8	347.8	337.8	
Inventory	721.0	743.9	809.9	898.2	
Debtors	615.4	686.1	747.6	829.1	
Other CA	188.5	185.9	151.6	159.7	
Cash	915.2	109.5	46.2	65.2	
Total Current Assets	2,441.4	1,726.0	1,756.0	1,952.9	
Creditors	1,017.8	1,054.2	1,142.2	1,266.7	
Provisions	291.8	299.7	251.3	278.7	
Other CL	212.5	198.9	151.6	168.1	
Total Current Liabilities	1,522.1	1,552.8	1,545.1	1,713.5	
Net current assets	919.3	173.2	210.9	239.4	
Other non current assets	96.9	104.2	105.9	108.2	
Total Assets	4,926.5	4,101.7	3,872.2	3,846.9	

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios				
(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
EPS	9.2	7.3	8.2	10.0
Cash EPS	9.9	9.1	10.2	11.9
BV	39.1	41.9	42.5	47.4
DPS	2.5	3.0	3.0	5.0
Operating Ratios (%)				
EBITDA Margin	14.3	11.2	11.2	11.4
PAT Margin	10.9	6.7	7.1	7.8
Asset Turnover	2.5	3.1	3.3	3.5
Inventory Days	48.8	39.5	39.0	39.0
Debtor Days	41.6	36.5	36.0	36.0
Creditor Days	68.9	55.9	55.0	55.0
Return Ratios (%)				
RoE	24.0	17.4	19.4	21.0
RoCE	16.2	17.6	20.4	23.7
RoIC	33.0	29.1	32.2	37.7
Valuation Ratios (x)				
P/E	28.2	35.7	31.6	26.1
EV / EBITDA	21.6	21.8	19.7	17.0
EV / Net Sales	3.1	2.4	2.2	1.9
Market Cap / Sales	3.1	2.4	2.2	2.0
Price to Book Value	6.6	6.2	6.1	5.5
Solvency Ratios				
Debt / Equity	0.7	0.3	0.2	0.1
Current Ratio	1.2	1.2	1.2	1.2
Quick Ratio	0.6	0.6	0.6	0.6

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 (%)			
					FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E	FY22	FY23E	FY24E	FY25E
Asian Paints (ASIPAI)	3,085	3,425	Hold	2,95,852	32.2	43.7	51.9	56.6	95.9	70.5	59.5	54.5	61.0	46.7	38.6	34.1	27.1	30.8	32.7	30.8	23.0	26.5	27.3	24.8
Berger Paints (BERPAI)	626	670	Hold	60,810	8.6	8.9	11.3	13.3	73.0	70.7	55.6	47.2	45.9	41.2	33.3	29.0	23.3	22.2	27.2	28.7	21.2	19.1	23.7	24.3
Kansai Nerolac (KANNER)	408	440	Hold	21,988	6.4	8.7	10.7	12.7	64.1	46.9	38.2	32.0	33.7	26.7	22.4	18.8	11.7	14.0	17.4	19.0	8.3	10.3	13.0	14.1
Pidilite Industries (PIDIND)	2,535	2,535	Hold	1,28,727	23.8	25.4	34.6	41.2	106.7	99.9	73.4	61.6	69.5	64.5	48.8	41.4	21.7	21.5	25.3	26.9	18.4	17.9	20.9	22.1
Sheela Foam (SHEFOA)	1,031	1,280	Buy	10,058	22.3	20.6	27.3	33.6	46.3	50.0	37.8	30.6	32.6	32.9	25.0	21.1	17.9	14.1	16.1	21.4	15.6	12.6	14.1	19.1
Bajaj Electricals (BAJELE)	1,201	1,275	Hold	13,793	10.8	19.5	31.1	36.8	110.9	61.7	38.6	32.7	54.8	37.7	27.2	23.1	13.5	20.2	24.6	24.3	7.8	13.5	18.2	18.1
Crompton Greaves(CROGR)	260	295	Hold	16,539	9.2	7.3	8.2	10.0	28.2	35.7	31.6	26.1	21.6	21.8	19.7	17.0	16.2	17.6	20.4	23.7	24.0	17.4	19.4	21.0
Havells India (HAVIND)	1,264	1,425	Buy	79,164	19.1	17.2	24.9	29.4	66.3	73.6	50.8	43.0	43.8	48.2	34.7	29.3	23.7	20.6	26.9	29.8	20.0	16.3	21.9	24.2
Polycab India (POLI)	3,431	3,780	Hold	51,274	61.4	85.8	93.5	108.3	55.9	40.0	36.7	31.7	39.7	26.7	24.0	20.5	20.2	25.7	25.5	25.5	15.6	19.3	19.0	19.0
Symphony (SYMLIM)	874	1,085	Hold	6,114	17.3	22.7	28.4	36.2	50.5	38.5	30.8	24.2	36.9	32.4	25.3	19.6	15.9	21.0	25.0	28.4	14.4	21.2	24.2	26.7
V-Guard Ind (VGUARD)	249	310	Buy	10,664	5.3	4.6	6.7	8.9	46.7	54.2	37.0	28.1	31.4	34.2	21.5	17.7	21.2	16.0	22.0	23.5	16.2	14.0	17.0	18.7
Voltas Ltd (VOLTAS)	810	870	Hold	26,789	15.3	4.1	20.0	25.5	52.9	196.7	40.6	31.7	38.3	46.1	30.3	24.0	14.0	11.4	17.6	19.8	9.2	4.5	13.3	15.1
Amber Enterprises (AMBEN)	2,070	2,430	Hold	6,975	33.0	48.6	64.0	88.4	62.7	42.6	32.3	23.4	26.6	18.1	15.6	12.5	6.8	9.3	12.1	14.2	6.4	8.6	10.7	12.9
Dixon Technologies (DIXTEC)	3,232	3,055	Hold	19,182	32.1	40.4	68.1	88.5	100.8	79.9	47.4	36.5	51.0	39.9	26.9	21.0	17.7	22.0	27.9	29.1	19.1	24.6	31.7	31.0
Supreme Indus (SUPIND)	2,732	3,200	Buy	34,704	76.2	68.1	83.2	98.6	35.8	40.1	32.8	27.7	27.5	28.3	23.4	19.4	25.9	21.2	26.1	27.5	25.2	19.7	23.5	24.4
Astral Ltd (ASTPOL)	1,677	1,780	Hold	45,111	18.2	17.1	25.3	32.1	92.0	98.2	66.4	52.2	59.0	55.0	42.0	33.5	26.7	21.3	26.2	28.7	21.1	17.0	21.9	23.8
EPL (ESSPRO)	194	182	Hold	6,130	7.0	6.5	8.4	11.9	27.7	30.0	23.0	16.2	11.4	11.1	9.1	7.5	12.6	12.9	17.1	20.5	12.1	11.5	14.7	19.2
Time Techno (TIMTEC)	82	95	Hold	1,854	8.5	10.4	13.0	15.2	9.6	7.9	6.3	5.4	5.1	4.4	3.9	3.4	11.3	13.0	14.5	15.4	9.3	10.9	12.4	13.0
Moldtek Packaging (MOLPLA)	931	1,110	Hold	3,088	20.4	24.2	29.1	37.0	45.7	38.4	32.0	25.1	25.9	23.1	18.8	14.8	18.6	17.0	18.6	21.3	13.9	14.4	15.1	16.5

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,
Third floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com**

ANALYST CERTIFICATION

I/We, Hitesh Taunk, MBA (Finance), Sanjay Manyal, MBA (Finance) and Ashwi Bhansali, MBA 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. 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.

Investments 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. Anoop Goyal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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.