

Strong play in EMS industry...

About the Company: Elin Electronics (Elin) operates in the electronics manufacturing services (EMS) industry. It is a manufacturer of fractional horsepower motors, lighting, fans and small/ kitchen appliances, etc, for leading brands in India.

- Elin manufactures and assembles a wide range of products. It serves under both original equipment manufacturer (OEM) and original design manufacturer (ODM) business models
- Among EMS players, the company has a market share of 12% in fractional horsepower motors, 7.2% in LED lighting & flashlights and 10.7% in small appliances as of FY21
- Consolidated revenues grew at a CAGR of ~18% over FY20-22

Key triggers/Highlights:

- Elin's addressable EMS market size in key product segments where it is present (LED lighting, small appliances, fans and fractional horsepower motors) is likely to grow at a CAGR of 29% by FY26 to ₹ 41,600 crore
- A diversified product portfolio enables the company to serve leading brands in the EMS industry. Its market share across its product categories ranges between 7% and 12%
- Elin has strong relationships with its marquee customers for over a decade
- The company is focusing on addition of new product categories to gain wallet share of existing customers as well as to acquire new customers
- The company is focusing on expanding share of ODM (contributes ~10% to the overall revenue) to the business and also expanding its medical diagnostic cartridges business supported by backward integration

What should investors do? Elin caters to its customers through a diversified product portfolio. This has not only helped the company to gain market share over the years but has also aided in gaining wallet share of existing customers. As a result, the revenue has grown at 18% CAGR in FY20-22. Elin has maintained its EBITDA margin in the range of 7-8% over FY20-22 supported by cost control measures, addition of new product categories and increasing focus on high margin ODM business. In addition, PAT has grown at a CAGR of 19% in FY20-22 supported by higher EBITDA. At the upper price band at ₹ 247, the stock is priced at ~31x at FY22 EPS of ₹ 8/share (based on fully diluted post issue of equity).

- We assign **SUBSCRIBE** rating to the IPO

Key risk & concerns

- Dependent on key customers for a substantial portion of its revenue
- Operates in a highly competitive industry wherein some of its competitors have substantially greater financial, manufacturing or marketing resources
- Slow demand of consumer goods amid high inflationary pressure may lead to decline in revenue growth
- Delay in taking price revisions may impact margins of the company



IPO Details

Issue Details

Issue Opens	20th December 2022
Issue Closes	22nd December 2022
Issue Size*	₹ 475 crore
Fresh Issue	₹ 175 crore
Price Band	₹ 234-247
No. of shares on offer (in crore)	1.9
QIB (%)	50
Retail (%)	35
Non-Institutional (%)	15
*based on upper price band	

Shareholding pattern (%)

	Pre-Issue	Post-Issue
Promoter Group	54.0	36.4
Public	46.0	63.6

Objects of issue

Objects of the Issue	₹ crore
Repayment of debt	88.0
Funding capital expenditure for expansion of existing facilities	38
General Corporate Purposes	-
Fresh Issue	175
Offer for sale	300

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Hitesh Taunk
hitesh.taunk@icicisecurities.com

Ashwi Bhansali
ashwi.bhansali@icicisecurities.com

Key Financial Summary

₹ crore	FY20	FY21	FY22	2 Yr CAGR (FY20-22)
Total Revenues	785.6	862.4	1093.8	18%
EBITDA	55.5	66.5	79.0	19%
EBITDA Margins (%)	7.1	7.7	7.2	
PAT	27.5	34.9	39.1	19%
EPS (₹)	5.6	7.1	8.0	
P/E (x)	44.0	34.7	30.9	
RoE (%)	12.1	13.3	12.9	
RoCE (%)	15.4	14.9	15.8	

Company Background

Incorporated in March 1982, Elin is one of India's largest fractional horsepower motors manufacturer and a leading EMS player supplying to major brands of lighting, fans and small/kitchen appliances. It operates under both OEM and ODM business models. Under the OEM model, the company manufactures and supplies products based on designs developed by its customers, who then further distribute these products under their own brands. Under the ODM model (contributes ~10% to the overall revenue), in addition to manufacturing, Elin undertakes the entire value chain from conceptualisation to designing the products. Elin has developed ODM capabilities with respect to lighting products and small appliances. The company is continuously focusing on increasing its revenue from the ODM business. Elin has three manufacturing facilities strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa).

Elin is a leading manufacturer of fractional horsepower motors, lightings, fans, small appliances, etc. It operates under both OEM and ODM business model

Elin's product portfolio includes i) LED lighting, fans and switches including lighting products, ceiling, fresh air and TPW fans and modular switches and sockets (contributes ~30% to overall revenue); (ii) small appliances such as dry and steam irons, toasters, hand blenders, mixer grinders, hair dryers and hair straighteners (contributes ~23% to the overall revenue); (iii) fractional horsepower motors, which are used in mixer grinders, hand blenders, wet grinders, chimneys, air conditioners, heat convectors, TPW fans, etc (contributes ~22% to the overall revenue); and (iv) other miscellaneous products such as terminal block for air conditioners, stainless steel blade for mixer grinders, die casting and radio sets. In addition to its EMS offerings, Elin also manufactures medical diagnostic cartridges for use in diagnostic devices and plastic moulded and sheet metal parts and components, largely for customers in the auto ancillary and consumer durables sectors.

Exhibit 1: Vertical wise revenue contribution

(in ₹ crore)

Particulars	FY20		FY21		FY22	
	Revenue	Contribution (%)	Revenue	Contribution (%)	Revenue	Contribution (%)
-LED lighting, fans and switches	292.8	37.3%	255.8	29.7%	332.6	30.4%
-Small appliances	193.9	24.7%	193.4	22.4%	255.1	23.3%
-Fractional horsepower motors	119.1	15.2%	184.4	21.4%	236.9	21.7%
-Other EMS products	30.1	3.8%	29.6	3.4%	30.9	2.8%
Total EMS (A)	635.9	80.9%	663.2	76.9%	855.5	78.2%
-Medical diagnostic cartridges	4.2	0.5%	42.1	4.9%	16.7	1.5%
-Moulded and sheet metal parts and components	109.7	14.0%	123.3	14.3%	163.5	15.0%
-Others	35.7	4.5%	33.8	3.9%	57.9	5.3%
Total Others (B)	149.7	19.1%	199.19	23.1%	238.21	21.8%
Total (A+B)	785.6	100%	862.4	100%	1093.8	100%

Source: RHP, ICICI Direct Research

As of FY21, Elin has a market share of 12% in fractional horsepower motors. Its key customers in this category include Havells, Bosch, Usha, etc. The company has also started manufacturing BLDC motors and is continuously working on adding other new products to its portfolio. Elin has a market share of 7% in LED lighting & flashlight catering to brands such as Signify and Eveready. In the small appliance vertical, Elin caters to Philips, Bosch, Panasonic, etc, and has a market share of 10.7% in this category.

Exhibit 2: Vertical based key customers

Vertical	Key Customers
LED lighting, fans and switches	Signify Innovations and Eveready
Small appliances	Philips, Bosch, Faber, Panasonic and Usha
Fractional horsepower motors	Havells, Bosch, Faber, Panasonic, Preethi (owned by Philips), Groupe SEB (Maharaja brand) and Usha
Medical diagnostic cartridges	Molbio Diagnostics Private Limited
Moulded and sheet metal parts and components	Denso and IFB

Source: RHP, ICICI Direct Research

Exhibit 3: Elin's product portfolio



Source: RHP, ICICI Direct Research

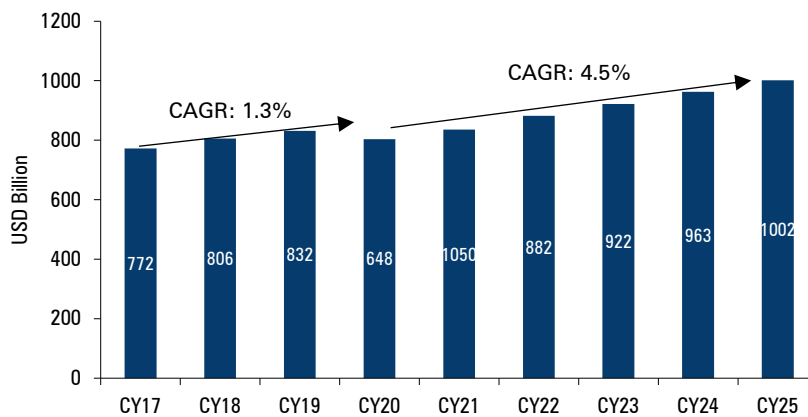
Industry Overview

Global EMS industry to grow at healthy CAGR supported by robust demand

The global EMS industry is likely to grow at ~4.5% CAGR in CY20-25E to US\$1000 billion supported by rising demand for electronic products. The global EMS market witnessed a period of steady growth till 2018, on the back of increased outsourcing activities from OEMs and increasing electronics content. However, in 2019, opportunities started drying up due to a decline in global automotive sales and saturation of consumer electronics sales. In addition, restrictions as a result of heightened trade tensions between the US and China also led to a decline in growth of the industry. While the industry was still coming to terms with these shocks, a bigger blow was awaiting the industry in the form of the Covid-19 pandemic. The pandemic induced lockdown created an even more complicated environment for the industry, affecting demand, supply and manufacturing activities. Despite growing demand, the EMS industry recorded a 3.4% decline in 2020. Moving ahead, the EMS industry is anticipated to grow rapidly over the next few years and has surpassed pre-Covid levels in CY21.

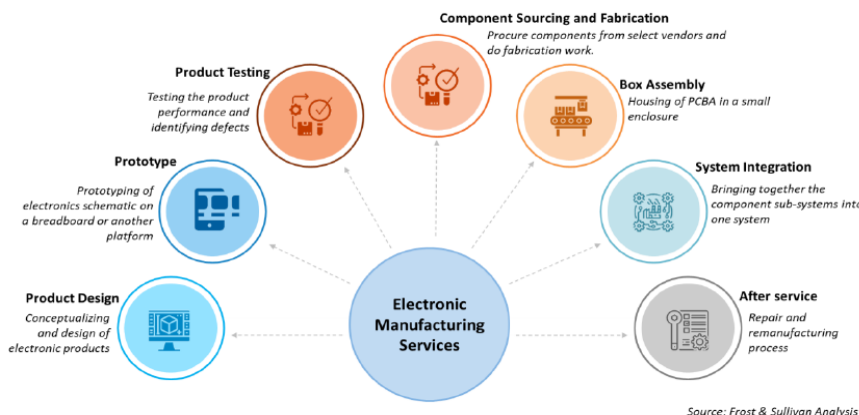
The global EMS industry is likely to grow at a CAGR of ~4.5% over CY20-25E to US\$1000 billion

Exhibit 4: Global EMS industry growth trend



Source: RHP, ICICI Direct Research

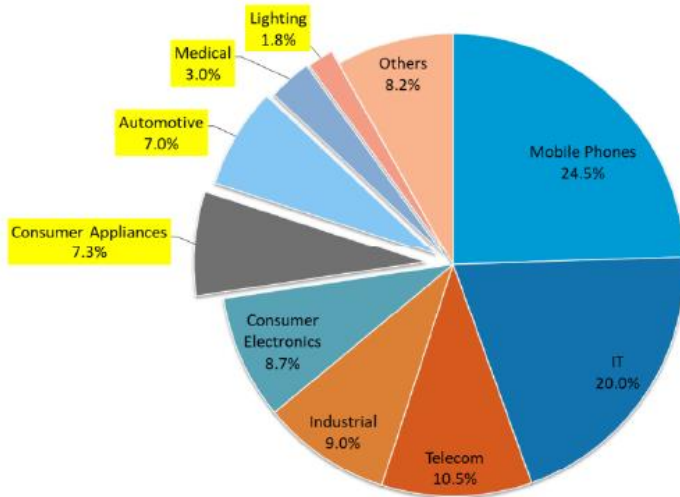
Exhibit 5: Range of services offered by electronic manufacturing service companies



Source: Frost & Sullivan Analysis

Source: RHP, ICICI Direct Research

Exhibit 6: Global EMS market break-up by industry applications



* Segments highlighted in yellow are the key business segments for Elin

* Others include: Aerospace & Defence, Energy, etc.

Source: Frost & Sullivan Analysis

Source: RHP, ICICI Direct Research

Investment Rationale

Elin’s addressable market to grow at CAGR of 29%

The total addressable market size of the product segments where Elin is present (includes LED lightings, fans, small appliances and fractional horsepower motors) was ₹ 11,600 crore as of FY21 and is likely to grow at a CAGR of 29% by FY26 to ₹ 41,600 crore. The share of EMS in total domestic production is ~35-45% currently which is likely to increase as a result of companies largely focusing on branding and marketing of their products to maintain an asset light balance sheet. These companies would hence outsource their requirements to manufacturers like Elin thereby increasing Elin’s opportunity size.

Exhibit 7: Market size of segments where Elin is present*

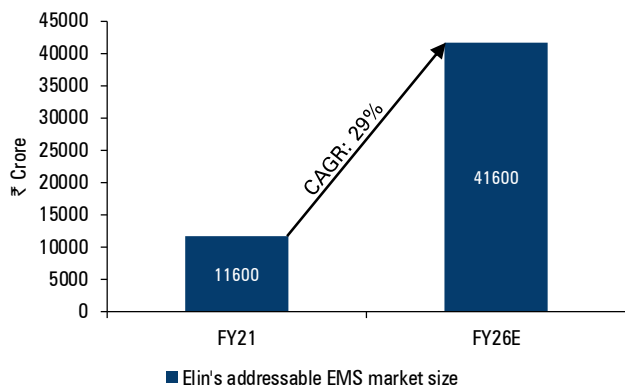
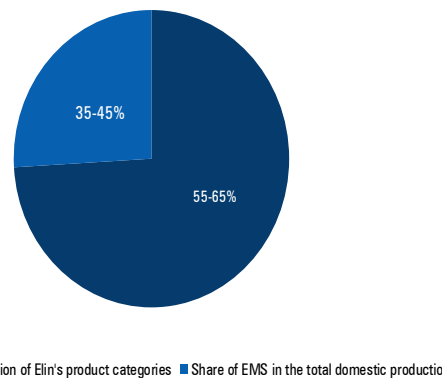


Exhibit 8: Share of EMS in domestic production (in ₹ crore)



Source: RHP, ICICI Direct Research *includes market size of fractional horsepower motors

Source: RHP, ICICI Direct Research

Diversified product portfolio, increasing focus on addition of new product categories

Elin has a wide array of products including LED lighting, small appliances, fractional horsepower motors, etc. In addition, the company is increasingly focusing on adding new product categories. It has recently added fans and medical diagnostic cartridges to its product portfolio. This helps the company to extend its relation with its existing customers as well as to acquire new customers and gain market share. Other key benefits of having a diversified product portfolio include reduction in concentration of revenue from selected customers, lower impact of seasonality occurring in certain products and opportunity to gain wallet share from existing customers. The company’s diverse product portfolio enables it to balance out any impact or risk incurred with respect to any single product, product vertical or customer.

Exhibit 9: Product segment wise domestic market size, Elin’s market share

Segment	Total Domestic Market					Total Domestic Production			Domestic Production by EMS			EMS Share of Production		Elin’s Market Position
	FY21	FY26E	CAGR %	Brand Leader	Customer of Elin	FY21	FY26E	CAGR %	FY21	FY26E	CAGR %	FY21	FY26E	
Small Appliances	73	99	6.3%	Philips	Yes	47	83	11.7%	18	43	19.2%	37%	52%	10.7% (Top 5)
Small Electric Motors (FHP) [#]	23	41	12.4%	N/A (Sold as input)	N/A	17	36	16.0%	N/A	N/A	N/A	N/A	N/A	12.0% (Market leader)
LED Lighting	125	359	23.5%	Signify	Yes	77	319	35.2%	35	229	45.8%	45%	72%	7.2% (Top 2)
Flashlights	5	7	6.7%	Eveready	Yes									
Fans	121	222	12.9%	Crompton	Yes	115	219	13.7%	40	103	20.6%	35%	47%	0.6% (New Entrant)

* All values in INR Billion

[#] Elin supplies small electric motors under its own brand name

Source: Frost & Sullivan Analysis

Source: RHP, ICICI Direct Research

Established relationships with marquee customers

Elin has established long standing relationships with its customers and has marquee customers across its product categories. Its key customers include Signify and Eveready in LED lighting & fans segment, Philips in small appliances segment, Havells & Philips in fractional horsepower motors segment and Molbio in the medical diagnostic cartridges segment. The company has been serving more than 10 customers for over a decade. Overall, the company caters to more than 300 customers and has been able to establish and maintain long-term relationships with its marquee customers for different products. Elin's high customer retention capabilities can be attributed to its one-stop-shop facilities and consistently maintaining quality of products. Elin's efforts in introducing new product categories and acquisition of new customers has helped to reduce revenue contribution from top five customers from 69% in FY20 to ~63% in FY22.

Elin's marquee customers include Philips, Signify, Havells, Eveready, Usha, Crompton, Bosch, Faber, Molbio, etc

Exhibit 10: Revenue contribution from top customers (in ₹ crore)

Particulars	FY20		FY21		FY22	
	Revenue	Contribution (%)	Revenue	Contribution (%)	Revenue	Contribution (%)
Top 5 customers	542.3	69.0%	542.7	62.9%	691.2	63.2%
Top 10 customers	634.8	80.8%	671.8	77.9%	843.7	77.1%

Source: RHP, ICICI Direct Research

Exhibit 11: Elin's top customers in FY22, duration of relationship with them (in ₹ crore)

Top 5 customers during FY22	Key products purchased	Duration of relationship with Elin	FY20		FY21		FY22	
			Revenue	Contribution (%)	Revenue	Contribution (%)	Revenue	Contribution (%)
Signify	LED lighting and fans	More than 10 years	260.0	33.1%	223.6	25.9%	295.4	27.0%
Philips*	Small appliances and fractional horsepower motors	More than 10 years	171.5	21.8%	149.7	17.4%	226.4	20.7%
Havells	Fractional horsepower motors	More than 10 years	39.9	5.1%	84.7	9.8%	117.4	10.7%
Eveready	LED lighting and fans	More than 10 years	39.1	5.0%	42.3	4.9%	36.5	3.3%
Molbio	Medical diagnostic cartridges	More than 10 years	4.8	0.6%	42.4	4.9%	16.7	1.5%

Source: RHP, ICICI Direct Research *Includes one or more entities

Addition of new product categories to enhance wallet share

Elin is focusing on further diversifying its product portfolio through addition of new product categories. It has recently started manufacturing fans and medical diagnostic cartridges. This helps the company to extend its relationship with its existing customers as well as add new customers. For example, Elin started its relationship with Philips by manufacturing radios in 2001 and subsequently started manufacturing small appliances for them. This has aided the wallet share of Elin with its customers as well as helped enhance its market share across its product categories. Further, major brands are increasing their focus on branding and marketing the products and keeping an asset light balance sheet. This increases the opportunity for Elin to supply more products to its customers.

Increasing contribution to revenue from ODM business

EMS industry customers are increasingly looking for ODM capabilities in their manufacturing partners. The company earns ~10% of its overall revenue from ODM business as of FY22. ODM is a high margin business and Elin's existing relation with its customers is likely to increase the demand for ODM.

The company has developed ODM capabilities with respect to lighting products and small appliances. Its primary ODM capabilities are as given below:

- **Lighting products:** Elin has ODM capabilities in baton lights, down lights, flashlights, wall lights and linear lights. ODM customers in this vertical include Signify and Eveready
- **Small appliances:** Elin has ODM capabilities in irons and mixer grinders. ODM customers in this vertical include Philips, Panasonic, Usha and Faber

Elin caters to six ODM customers currently. The company intends to capitalise on its existing OEM experience and increase its customer base and product portfolio through ODM projects with strong R&D setup and capabilities.

Expansion of medical diagnostics cartridges business

The company started manufacturing medical diagnostic cartridges in 2019. It currently supplies medical diagnostic cartridges to Molbio Diagnostics which is a leading player in diagnostic devices and has its own patented technology in Rapid Point of care equipment that is used for DNA and mRNA extraction. In FY22, this product vertical contributed 1.53% to the company's revenue. Elin intends to expand its customer and product base in relation to medical diagnostics equipment market.

The market size of Rapid Point of care diagnostics devices is expected to grow at CAGR of 18.5% from ₹ 1800 crore in FY21 to ₹ 4200 crore in FY26. Further, increased demand for healthcare and medical products as a result of rising medical tourism is anticipated to boost local production at a rate of 18.5% over the next five years. This is likely to boost demand for Elin's medical diagnostic cartridges.

The company has planned capital expenditure for construction of building and purchase of machinery, which will assist in expansion of medical diagnostics cartridges assembly line. It plans to purchase cartridge assembly line and moulding machine to enhance production of medical diagnostics cartridges. Elin has proposed to double its existing production capacity for medical diagnostic cartridges from 35,000 units per day to 70,000 units per day, as well as focus on manufacturing of other medical diagnostic market, such as steriliser for Philips in a clean room technology setup.

Elin has planned to double its existing production capacity for medical diagnostic cartridges from 35,000 units per day to 70,000 units per day

Focus on backward integration to enable one-stop-shop facility for customers

Elin has enhanced its backward integration over the years. In 2019, the company installed in-house die casting and coating facility to manufacture aluminium sole plates which is one of the primary raw components for irons. This resulted in enhanced profitability, improved quality and savings on logistics cost. Further, in 2020, the company started manufacturing stainless steel blades in-house with a high quality manufacturing setup which is used for mixer grinders. Currently, the company is selling stainless steel blades as a standalone product to various other mixer grinder manufacturers. This has resulted in improved quality and increase in revenue.

The company continues to purchase various equipment and machinery to further enhance its moulding capacity, automation of moulding machines and motor assembly process, sheet metal production capacity, among others. As a result, this is likely to further enhance its backward integration.

Upgradation, expansion of existing facilities through proceeds of issue

Elin has three manufacturing facilities which are strategically located in Ghaziabad (Uttar Pradesh), Baddi (Himachal Pradesh) and Verna (Goa). The manufacturing facilities are equipped with high quality machinery, assembly lines and full power backup for 100% capacity that enable the company to meet the quality requirements of its customers in a timely manner.

Exhibit 12: Details of Elin's manufacturing facilities

Location	Land area (in square meter)	Freehold/leasehold	Products manufactured	Key machinery/ equipment
Ghaziabad, Uttar Pradesh	19,868.9	Leasehold	Fractional horsepower motors, LED lighting, fans and switches, plastic moulded parts and sheet metal components	Tool manufacturing machinery, plastic moulding machinery, sheet metal fabrication machinery, product assembly lines, PCB manufacturing SMT lines
Verna, Goa	7,500.0	Leasehold	Medical diagnostic cartridges, plastic moulded parts and sheet metal components	Tool manufacturing machinery, plastic moulding machinery, product assembly lines

Source: RHP, ICICI Direct Research

The company intends to utilise ~₹ 37.6 crore for capital expenditure towards upgrading and expanding its existing facilities at Ghaziabad, Uttar Pradesh, and Verna, Goa.

Key Risks

Dependent on key customers for substantial portion of its revenue

Elin is dependent on certain customers who have contributed to a substantial portion of its total revenues. Its top five customers accounted, cumulatively, for 69.03%, 62.93% and 63.2% of its revenue from operations in FY20, FY21 and FY22, respectively. Further, its top 10 customers accounted, cumulatively, for 80.81%, 77.90% and 77.14% of its revenue from operations in FY20, FY21 and FY22, respectively.

Its largest customer (across its product verticals) accounted for 33.10%, 25.93%, and 27.01% of its revenue from operations FY20, FY21 and FY22, respectively. There is no guarantee that the company will be able to retain the business of its existing key customers or maintain the current level of business with each of these customers.

Operates in highly-competitive industry

Elin as well as its customers operate in a competitive industry, with participants in the organised and the unorganised sector. Some of its competitors in the industry may have greater design, engineering, manufacturing, financial capabilities, or superior resources. The company's customers evaluate the product suppliers based on several factors. Therefore, Elin is exposed to risks of its competitors having better resources. In addition, major OEMs typically outsource the same type of products to at least two or three outsourcing partners in order to diversify their supply risks. The competitive nature of the industry may result in substantial price competition. Increased competition could result in significant price competition, reduced revenues, lower profit margins, or loss of market share.

Slowdown in demand for consumer goods may lead to decline in revenue

Demand for Elin's products may get impacted due to factors such as high inflation, change in regulatory norms, etc. In such cases, demand from rural areas would especially slow down. This is likely to result in lower revenue growth in the short-term, which may in turn affect the margins and profitability of the company.

Delay in taking price revisions may impact margins

Elin's business is highly impacted by volatility in prices of raw materials and input costs. In addition, to be at par with competition, the company will have to calibrate its pricing accordingly. Any delay in taking price hikes will, in turn, negatively impact the company's margins and operational performance.

Financial summary

Exhibit 13: Profit and loss statement			
	₹ crore		
(Year-end March)	FY20	FY21	FY22
Revenue	785.6	862.4	1,093.8
Growth (%)		9.8	26.8
Raw material expense	553.8	624.7	815.7
Employee expenses	106.3	108.0	125.2
Advertisement Exp	0.0	0.0	0.0
Other expenses	70.0	63.2	73.8
Total Operating Exp	730.1	795.9	1,014.7
EBITDA	55.5	66.5	79.0
Growth (%)		19.9	18.9
Depreciation	9.4	11.8	14.4
Interest	11.7	9.7	12.7
Other Income	0.8	2.5	0.9
PBT	35.1	47.5	52.9
Total Tax	7.6	12.6	13.7
PAT	27.5	34.9	39.1

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement			
	₹ crore		
(Year-end March)	FY20	FY21	FY22
Profit after Tax	27.5	34.9	39.1
Add: Depreciation	9.4	11.8	14.4
(Inc)/dec in Current Assets	46.2	-126.0	-9.4
Inc/(dec) in CL and Provisions	-24.7	40.1	-6.5
Others	11.7	9.7	12.7
CF from operating activities	70.2	-29.5	50.3
(Inc)/dec in Investments	-11.7	11.5	12.4
(Inc)/dec in Fixed Assets	-31.4	-18.5	-41.1
Others	7.2	-2.3	0.4
CF from investing activities	-35.9	-9.3	-28.3
Issue/(Buy back) of Equity	1.9	0.0	13.6
Inc/(dec) in loan funds	-16.8	43.9	-11.4
Dividend paid & dividend tax	0.0	0.0	0.0
Others	-12.3	-10.0	-24.6
CF from financing activities	-27.2	33.8	-22.5
Net Cash flow	7.0	-4.9	-0.4
Opening Cash	3.3	10.3	5.4
Closing Cash	10.3	5.4	4.9

Source: Company, ICICI Direct Research

Exhibit 15: Balance sheet			
	₹ crore		
(Year-end March)	FY20	FY21	FY22
Liabilities			
Equity Capital	6.8	6.8	20.4
Reserve and Surplus	220.9	255.4	282.7
Total Shareholders funds	227.8	262.3	303.1
Total Debt	69.9	113.8	102.3
Other non current liabilities	5.8	8.0	9.4
Total Liabilities	303.4	384.0	414.8
Assets			
Gross Block	272.3	286.0	326.4
Less: Acc Depreciation	117.8	124.8	138.4
Total Fixed Assets	154.5	161.2	188.0
Investments	25.1	13.6	1.2
Inventory	79.9	115.0	119.7
Debtors	90.8	182.6	177.4
Loans and Advances	0.0	0.0	0.0
Other CA	9.0	8.0	17.9
Cash	10.3	5.4	4.9
Total Current Assets	190.0	311.0	319.9
Creditors	68.2	104.6	99.2
Provisions	1.4	1.6	1.8
Other CL	14.7	18.1	16.8
Total Current Liabilities	84.2	124.3	117.8
Net current assets	105.8	186.7	202.2
Other non current assets	18.0	22.4	23.5
Total Assets	303.4	384.0	414.8

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios			
	₹ crore		
(Year-end March)	FY20	FY21	FY22
Per share data (₹)			
EPS	5.6	7.1	8.0
Cash EPS	7.5	9.5	10.9
BV	46.5	53.5	61.9
DPS	0.0	0.0	0.0
Operating Ratios (%)			
EBITDA Margin	7.1	7.7	7.2
PAT Margin	3.5	4.0	3.6
Asset Turnover	2.9	3.0	3.4
Inventory Days	37.1	48.7	40.0
Debtor Days	42.2	77.3	59.2
Creditor Days	31.7	44.3	33.1
Return Ratios (%)			
RoE	12.1	13.3	12.9
RoCE	15.4	14.9	15.8
RoIC	15.9	14.6	16.0
Valuation Ratios (x)			
P/E	44.0	34.7	30.9
EV / EBITDA	22.9	19.8	16.5
EV / Net Sales	1.6	1.5	1.2
Market Cap / Sales	1.5	1.4	1.1
Price to Book Value	5.3	4.6	4.0
Solvency Ratios			
Debt / Equity	0.3	0.4	0.3
Current Ratio	2.6	2.9	3.1
Quick Ratio	1.4	1.8	1.9

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective (>two years)



Pankaj Pandey

Head – Research

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**

ANALYST CERTIFICATION

I/We, Sanjay Manyal, MBA (Finance), Hitesh Taunk, 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 INZ00183631 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.