

Gradual recovery in sales, margins going forward...

About the stock: Motherson Sumi (MSS) primarily serves global PV industry with wiring harnesses, vision systems (mirrors) & plastic body parts as key product lines.

- History of successful turnarounds in acquisitions and inorganic-led growth
- SMRPBV order book was at €15.3 billion as of H1FY22

Q2FY22 Results: The company posted a mixed performance in Q2FY22.

- Consolidated net sales (including DWH) fell 10.4% QoQ to ₹ 15,476 crore
- Margins were lower by 43 bps sequentially to 7.3%
- Consequent consolidated PAT was at ₹ 217 crore, down 25.1% QoQ
- Indian entities' performance better than overseas subsidiaries (SMR, SMP)

What should investors do? MSS' stock price has grown at ~14% CAGR from ~₹ 130 levels in November 2016, widely outperforming the Nifty Auto index.

- We downgrade the stock from BUY to **HOLD** amid slower than anticipated recovery in PV auto volumes globally amid persisting chip shortage

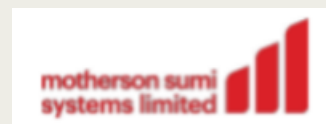
Target Price and Valuation: We value MSS at 33x P/E on FY23E EPS of ₹ 8.5 for an unchanged target price of ₹ 280.

Key triggers for future price performance:

- Backed by a revival of worldwide OEM client volumes, strong order-book and EV neutral product profile, we expect 11.5% FY21-23E net sales CAGR
- Share of EV within order-book at 27% as of H1FY22
- Focus on higher content per vehicle to gain further traction
- Margins seen rising to 10.6% by FY23E on the back of higher capacity utilisation at greenfield plants and general operating leverage benefits
- Well poised to post ~19% RoCE by FY23E

Alternate Stock Idea: Besides MSS, in our ancillary coverage we like Apollo Tyres.

- India CV revival beneficiary focused on debt reduction, higher return ratios
- BUY with a target price of ₹ 275



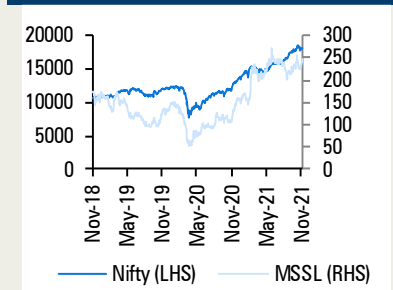
Particulars

Particular	₹ crore
Market Capitalization	77,369
Total Debt (FY21)	10,663
Cash & Investments (FY21)	5,906
EV (₹ Crore)	82,126
52 week H/L (₹)	273 / 126
Equity capital	₹ 315.8 Crore
Face value	₹ 1

Shareholding pattern

	Dec-20	Mar-21	Jun-21	Sep-21
Promoter	61.7	61.7	61.7	61.7
FII	16.1	16.6	16.9	16.4
DII	14.3	13.4	13.0	13.6
Other	7.9	8.2	8.4	8.2

Price Chart



Recent event & key risks

- Posted mixed Q2FY22 results. Indian operations fared well, overseas performance - muted
- Key Risk:** (i) Faster than anticipated recovery in sales over FY22E, FY23E, (ii) Input cost pressure on margins

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Key Financial Summary

Key Financials	FY19	FY20	FY21	5 year CAGR (FY16-21)	FY22E	FY23E	2 year CAGR (FY21-23E)
Net Sales	63,522.9	63,536.9	61,462.9	10.6%	68,767.7	76,350.8	11.5%
EBITDA	5,348.4	5,201.4	4,840.2	6.4%	5,585.1	8,100.8	29.4%
EBITDA Margins (%)	8.4	8.2	7.9		8.1	10.6	
Net Profit	1,613.2	1,170.1	1,039.9	-4.3%	1,370.8	2,688.3	60.8%
EPS (₹)	5.1	3.7	3.3		4.3	8.5	
P/E	48.0	66.1	74.4		56.4	28.8	
RoNW (%)	14.7	10.4	8.8		10.3	18.3	
RoCE (%)	12.4	9.0	6.7		9.3	18.5	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY22 Results:

- Consolidated revenues (including DWH) for the quarter were at ₹ 15,476 crore, down 10.4% QoQ. Indian operations performed better than our estimates
- EBITDA on consolidated basis was at ₹1,130 crore with associated EBITDA margins at 7.3%, down 40 bps QoQ. The company recorded an increase under all cost heads, with gross margins declining by 37 bps QoQ
- Standalone business (including DWH) grew 19.8% QoQ to ₹ 2,670 crore with consequent EBITDA margins at 11.8%, up 100 bps QoQ
- Overseas subsidiaries performance was below expectations on both revenue as well as margin fronts. SMR reported revenues of € 289 million, down 9.1% on QoQ basis while SMP reported revenues of € 801 million, down 15.1% QoQ. EBITDA margins in SMR & SMP were at 7.6% (down 370 bps QoQ) & 6.4% (down 90 bps QoQ), respectively
- Consolidated PAT (including DWH) was at ₹ 217 crore, down 25.1% QoQ

Q2FY22 Earnings Conference Call highlights

- Chip shortage situation is improving gradually but the recovery is not yet at desired levels. The same is affecting global PV offtake despite strong demand
- Raw material prices remain elevated, particularly copper. MSSL has lagged pass through agreements with clients
- Healthy diversification across clients, products and geographies helped MSSL contain consolidated QoQ revenue decline at 11% vs. PV industry volume drop of 22% in Western Europe, 23% in US and 59% in China (heavy and medium trucks)
- MSSL is currently supplying to seven of the global top 10 EV models. Share of EV is SMRPBV order book of €15.3 billion was at 27% as of H1FY22

Peer comparison

Exhibit 1: ICICI Direct coverage universe (auto ancillaries)

Company	CMP	TP	Rating	Mcap	EBITDA margin (%)			RoE (%)			RoCE (%)			P/E (x)		
	₹	₹			₹ crore	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E
Motherson Sumi (MOTSUM)	245	280	Hold	77,369	7.9	8.1	10.6	8.8	10.3	18.3	6.7	9.3	18.5	70.3	56.4	28.8
Minda Industries (MININD)	936	940	Hold	26,733	11.4	10.9	12.0	9.2	9.6	13.7	9.1	10.6	15.1	123.2	86.2	52.7

Source: Company, ICICI Direct Research

MSS is a play on premiumisation in the global PV space, with EV neutral product profile (wiring harnesses, mirrors, plastic parts) leaving it largely immune to the electrification mega change. Backed by higher utilisation levels, operating leverage gains and controlled capex, MSS is well poised to touch ~19% consolidated RoCE by FY23E. Longer term focus on profitable growth along with healthy diversification (Vision 2025) provides directional comfort. We, however, downgrade the stock to HOLD amid slower than anticipated recovery in global PV auto volumes amid persistent semi-conductor (chip) shortages.

Exhibit 2: Variance Analysis

Continued operations +DWH	Q2FY22	Q2FY22E	Q2FY21	YoY (%)	Q1FY22	QoQ (%)	Comments
Total Operating Income	15,476.4	14,757.1	16,036	-3.5	17,271	-10.4	Topline came in ahead of estimates tracking out-performance at its Indian operations
Raw Material Expenses	8,888.9	8,416.0	8,976.3	-1.0	9,855.9	-9.8	
Employee Expenses	3,699	3,773	3,734	-1.0	4,125	-10.3	Employee costs was well contained at 23.9% of sales
Other expenses	1,759.0	1,403.2	1,808.3	-2.7	1,955.5	-10.0	
Operating Profit (EBITDA)	1,129.8	1,165.2	1,517	-25.5	1,335	-15.4	
EBITDA margin (%)	7.3	7.9	9.5	-216 bps	7.7	-43 bps	EBITDA margins came in lower than estimates tracking 40 bps increase in RM costs on QoQ basis
Other Income	95.4	86.6	59.3	61.0	159.3	-40.1	
Depreciation	761	742	747	2.0	775	-1.8	Depreciation was on expected lines
Interest	131	118	129	1.9	121	8.7	
PAT	216.9	214.0	338	-35.8	290	-25.1	PAT came in line with our estimates
EPS	0.7	0.7	1.1	-35.8	0.9	-25.1	
Key Metrics							
Standalone revenue (₹ crore)	2679	2213	2075	29.1	2228	20.3	Indian operations (incl-DWH) grew healthy 20.3% QoQ to ₹ 2,679 crore
Standalone margin (%)	11.8	9.8	12.8	-101 bps	10.8	97 bps	Standalone margins also came in healthy at 11.8%
SMR revenue (€ million)	289	298	350	-17.4	318	-9.1	
SMR margin (%)	7.6	10.5	13.4	-580 bps	11.3	-370 bps	SMR margins disappointed at 7.6%, down 370 bps QoQ
SMP revenue (€ million)	801	824	915	-12.5	944	-15.1	
SMP margin (%)	6.4	7.0	7.2	-80 bps	7.3	-90 bps	SMP margins came in muted at 6.4%, down 90 bps QoQ

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	72,474	68,768	-5.1	79,224	76,351	-3.6	Marginally lowered our revenue estimates tracking gradual easing of supply concerns for global car manufacturers amid constrained chip availability. We expect revenues at MSSSL to grow at a CAGR of 11.5% over FY21-23E
EBITDA	6,510	5,585	-14.2	8,639	8,101	-6.2	
EBITDA Margin (%)	9.0	8.1	-86 bps	10.9	10.6	-29 bps	Lowered our margin estimates tracking limited O/p leverage benefits with margins in FY23E expected at 10.6%
PAT	1,746	1,371	-21.5	2,941	2,688	-8.6	
EPS (₹)	5.5	4.3	-21.5	9.3	8.5	-8.6	Downward revision in sales & margin estimates leads to decline in PAT estimates going forward

Source: ICICI Direct Research

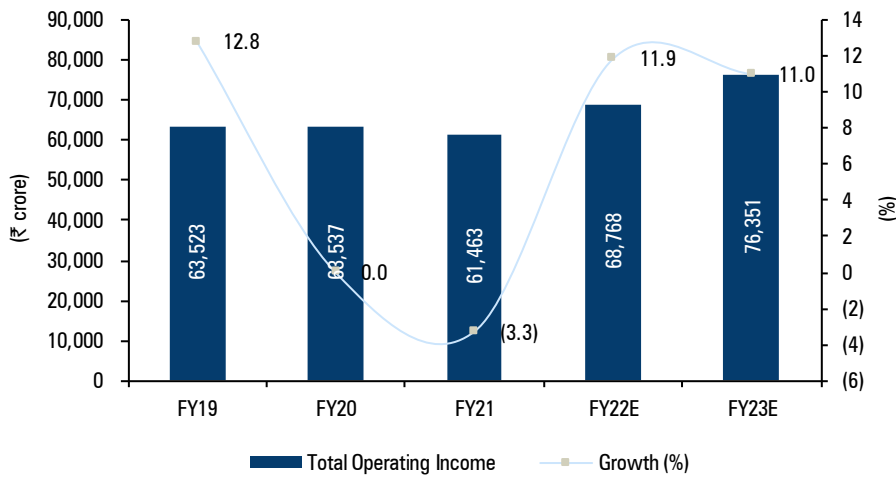
Exhibit 4: Assumptions

	Current						Comments
	FY18	FY19	FY20	FY21	FY22E	FY23E	
Standalone revenues (₹ crore)	7,478	7,581	6,874	7,767	10,504	12,144	Revenues at MSSSL are expected to grow at a CAGR of 11.5% over FY21-23E, led primarily by Indian operations which are expected to grow at a CAGR of ~25% in the aforesaid period. SMR/SMP revenue CAGR is pegged at 6.8%/7.2% respectively over FY21-23E
Standalone margins (%)	18.5	16.8	16.0	11.8	11.9	13.2	
SMR revenues (€ million)	1,576.0	1,603.0	1,540.0	1,286.0	1,305.3	1,466.8	
SMR margins (%)	11.5	11.3	11.8	11.0	10.0	12.5	
SMP revenues (€ million)	3,451.0	3,678.0	4,030.0	3,521.0	3,661.7	4,044.7	
SMP margins (%)	7.2	3.9	3.9	6.0	7.3	10.0	

Source: ICICI Direct Research

Financial story in charts

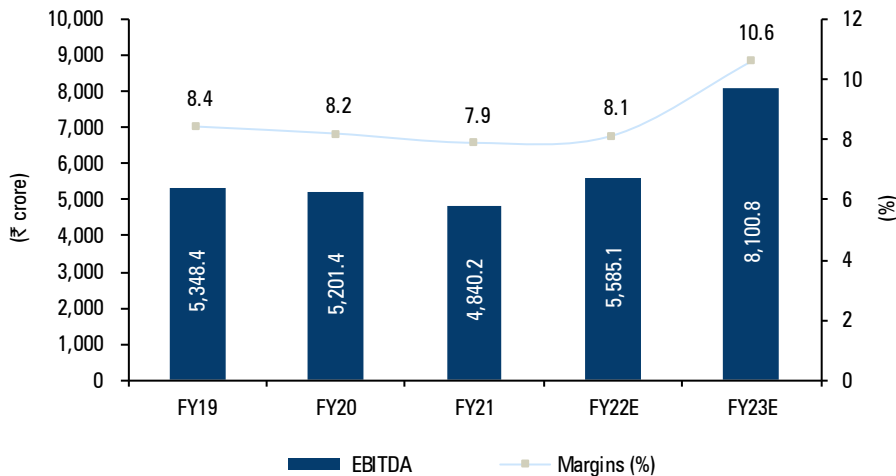
Exhibit 5: Topline trend



We expect sales to grow at 11.5% CAGR in FY21-23E to ₹ 76,351 crore

Source: Company, ICICI Direct Research

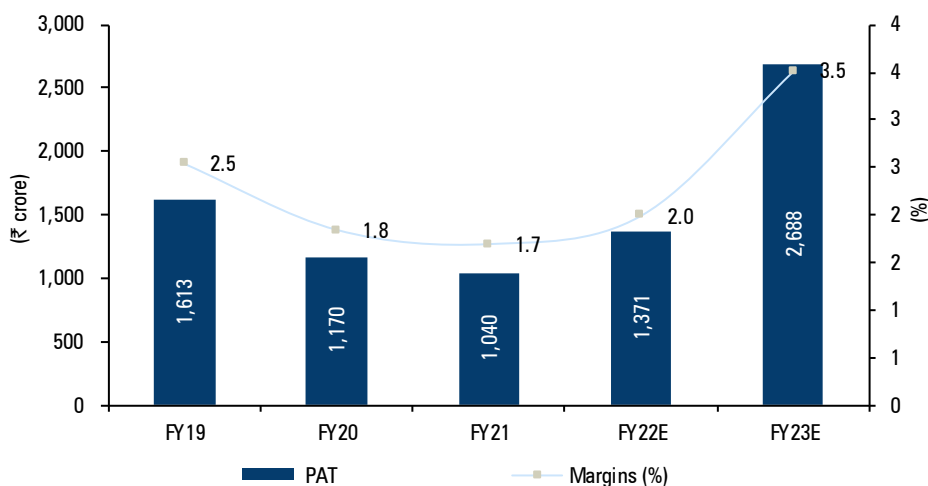
Exhibit 6: EBITDA and EBITDA margin trend



We build in 8.1% & 10.6% as EBITDA margins in FY22E and FY23E, respectively

Source: Company, ICICI Direct Research

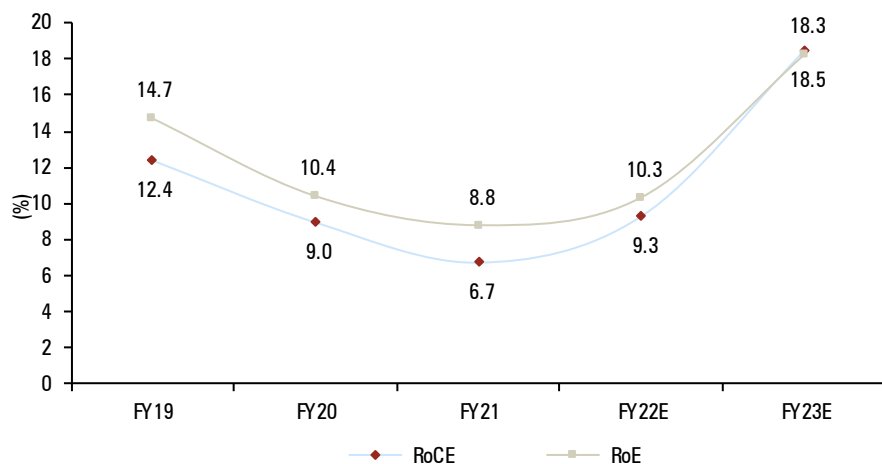
Exhibit 7: Profitability trend



PAT is expected to grow to ₹ 2,688 crore by FY23E

Source: Company, ICICI Direct Research

Exhibit 8: Return ratios trend



RoCE profile at MSS is seen improving to ~18-19% levels by FY23E

Source: Company, ICICI Direct Research

Exhibit 9: SoTP based target price calculation

SOTP Valuation incorporating corporate restructuring		
Particulars	Units	Amount
FY23E Projected PAT (MSSL)	₹ crore	2688
FY23E Minority Interest Added Back (SMRPBV)	₹ crore	1006
MSSL + SMRPBV PAT estimates (FY23E)	₹ crore	3694
New No of Shares (post corporate restructuring)	crore	452
Per Share Value (₹)	₹/share	8.2
P/E Multiple Assigned	x	33
Per Share Value in Target Price (A; MSSL+SMRPBV)	₹/share	270
Particulars	Units	Amount
FY21 Sales of SAMIL Businesses (ex MSSL, ex- SMRP BV)	₹ crore	2650
Approximate SAMIL share	%	50
Apportioned SAMIL Sales	₹ crore	1325
MCap/Sales Multiple	x	3
Equity Value	₹ crore	3975
New No of Shares (post corporate restructuring)	crore	452
Per Share Value (B;SAMIL business Ex-SMRPBV)	₹/share	10
Total Fair Value (A+B)	₹/share	280

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Total operating Income	63,536.9	61,462.9	68,767.7	76,350.8
Growth (%)	0.0	-3.3	11.9	11.0
Raw Material Expenses	36,271.4	34,769.2	39,590.4	43,409.4
Employee Expenses	15,076.9	14,891.4	15,716.5	16,638.8
Other expenses	6,987.1	6,962.0	7,875.6	8,201.9
Total Operating Expenditure	58,335.4	56,622.6	63,182.5	68,250.1
EBITDA	5,201.4	4,840.2	5,585.1	8,100.8
Growth (%)	-2.7	-6.9	15.4	45.0
Depreciation	2,778.0	2,986.5	3,094.5	3,244.9
Interest	598.6	519.0	483.2	358.2
Other Income	230.7	254.3	387.9	297.4
PBT	2,055.4	1,589.0	2,395.4	4,795.2
Total Tax	818.4	41.4	659.9	1,198.8
Minority Interest	124.4	530.3	452.1	1,005.9
Profit from Associates	57.5	84.8	88.0	97.8
Reported PAT	1,170.1	1,039.9	1,370.8	2,688.3
Growth (%)	-27.5	-11.1	31.8	96.1
EPS (₹)	3.7	3.3	4.3	8.5

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	1,170.1	1,039.9	1,370.8	2,688.3
Add: Depreciation	2,778.0	2,986.5	3,094.5	3,244.9
(Inc)/dec in Current Assets	1,579.3	-1,628.2	-962.9	-2,048.6
Inc/(dec) in CL and Provisions	594.6	1,873.4	231.7	2,003.3
CF from operating activities	6,122.0	4,271.6	3,734.2	5,887.9
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-4,782.5	-2,550.3	-2,000.0	-2,200.0
Others	617.0	153.2	533.1	982.3
CF from investing activities	(4,165.5)	(2,397.1)	(1,466.9)	(1,217.7)
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	247.2	-1,106.9	-2,000.0	-3,000.0
Dividend paid & dividend tax	-1,136.9	-473.7	-631.6	-1,263.2
Inc/(dec) in Sec. premium	265.0	733.4	0.0	0.0
Others	0.0	0.0	0.0	0.0
CF from financing activities	(624.7)	(847.2)	(2,631.6)	(4,263.2)
Net Cash flow	1,331.9	1,027.3	-364.3	407.1
Opening Cash	3,547.0	4,878.9	5,906.2	5,541.8
Closing Cash	4,878.9	5,906.2	5,541.8	5,948.9

Source: Company, ICICI Direct Research

Exhibit 12: Balance Sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Liabilities				
Equity Capital	315.8	315.8	315.8	315.8
Reserve and Surplus	10,945.1	12,244.8	12,984.0	14,409.1
Total Shareholders funds	11,260.9	12,560.6	13,299.8	14,724.9
Total Debt	11,770.1	10,663.2	8,663.2	5,663.2
Deferred Tax Liability	462.8	336.3	376.3	417.8
Minority Interest / Others	3,565.0	4,023.3	4,475.4	5,481.3
Total Liabilities	29,433.9	30,149.7	29,686.0	29,475.1
Assets				
Gross Block	24,876.4	27,401.6	29,678.5	31,978.5
Less: Acc Depreciation	8,603.0	11,589.5	14,684.1	17,929.0
Net Block	16,273.4	15,812.1	14,994.4	14,049.5
Capital WIP	851.8	876.9	600.0	500.0
Total Fixed Assets	17,125.2	16,689.0	15,594.4	14,549.5
Investments	3,006.7	2,813.3	3,113.3	3,213.3
Goodwill	2406.0	2471.8	2471.8	2471.8
Inventory	5,156.6	4,995.6	5,652.1	6,275.4
Debtors	6,578.2	7,187.6	7,536.2	8,367.2
Loans and Advances	31.9	27.2	30.4	33.8
Other Current Assets	4,219.6	5,404.1	5,358.7	5,949.6
Cash	4,878.9	5,906.2	5,541.8	5,948.9
Total Current Assets	20,865.2	23,520.7	24,119.3	26,574.9
Creditors	10,309.1	11,140.7	11,304.3	12,550.8
Provisions	205.2	496.8	504.0	559.6
Other current liabilities	5548	6298	6359	7060
Total Current Liabilities	16,061.9	17,935.3	18,167.0	20,170.3
Net Current Assets	4,803.3	5,585.4	5,952.3	6,404.6
Other non-current Asset	1589.8	1567.9	1754.2	1947.6
Deferred Tax Asset	503.0	1,022.4	800.1	888.3
Application of Funds	29,433.9	30,149.7	29,686.0	29,475.1

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
EPS	3.7	3.3	4.3	8.5
Cash EPS	12.5	12.8	14.1	18.8
BV	35.7	39.8	42.1	46.6
DPS	3.0	1.5	2.0	4.0
Cash Per Share	15.4	18.7	17.5	18.8
Operating Ratios				
EBITDA Margin (%)	8.2	7.9	8.1	10.6
PBIT / Net sales (%)	3.8	3.0	3.6	6.4
PAT Margin (%)	1.8	1.7	2.0	3.6
Inventory days	29.6	29.7	30.0	30.0
Debtor days	37.8	42.7	40.0	40.0
Creditor days	59.2	66.2	60.0	60.0
Return Ratios (%)				
RoE	10.4	8.8	10.3	18.3
RoCE	9.0	6.7	9.3	18.5
RoIC	11.4	8.9	12.0	24.5
Valuation Ratios (x)				
P/E	66.1	70.3	56.4	28.8
EV / EBITDA	16.2	17.0	14.4	9.5
EV / Net Sales	1.3	1.3	1.2	1.0
Market Cap / Sales	1.2	1.3	1.1	1.0
Price to Book Value	6.9	6.2	5.8	5.3
Solvency Ratios				
Debt/EBITDA	2.3	2.2	1.6	0.7
Debt / Equity	1.0	0.8	0.7	0.4
Current Ratio	1.0	1.0	1.0	1.0
Quick Ratio	0.7	0.7	0.7	0.7

Source: Company, ICICI Direct Research

Exhibit 14: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP	TP	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)			FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Apollo Tyre (APOTYR)	231	275	Buy	14,670	5.5	12.3	18.9	41.9	18.7	12.2	6.9	7.1	5.1	7.6	6.8	9.7	6.4	6.6	9.4
Ashok Leyland (ASHLEY)	146	160	Buy	42,736	-1.1	0.4	4.6	-136.6	330.1	31.4	85.4	38.1	15.7	-1.9	3.2	16.5	-4.4	1.9	17.7
Bajaj Auto (BAAUTO)	3,637	4,220	Hold	1,05,244	157.4	164.9	191.3	23.1	22.1	19.0	16.9	16.1	13.5	18.2	18.9	22.0	18.1	18.6	21.1
Balkrishna Ind. (BALIND)	2,361	2,900	Buy	45,642	59.8	72.3	85.1	39.5	32.7	27.7	25.8	22.4	18.3	19.3	18.8	20.4	19.2	19.9	20.1
Bharat Forge (BHAFOR)	775	950	Buy	36,082	-2.7	18.8	26.4	NM	41.1	29.3	44.7	19.6	15.7	2.2	10.2	13.1	3.3	15.0	17.4
Eicher Motors (EICMOT)	2,724	3,050	Hold	74,447	49.3	66.9	100.6	55.3	40.7	27.1	37.5	27.4	18.4	11.3	14.7	19.1	11.8	14.4	18.6
Escorts (ESCORT)	1,579	1,900	Buy	19,355	71.2	71.0	84.0	22.2	22.2	18.8	14.5	14.6	12.0	18.7	15.7	16.0	16.2	14.1	14.6
Hero Moto (HERHON)	2,683	3,070	Hold	53,580	148.4	147.8	192.2	18.1	18.2	14.0	11.2	11.2	8.3	20.8	19.1	23.1	19.5	17.7	20.8
M&M (MAHMAH)	937	1,125	Buy	1,16,488	2.3	35.3	40.5	416.2	26.6	23.2	17.4	16.6	13.9	9.5	9.6	11.2	2.7	11.8	11.7
Maruti Suzuki (MARUTI)	7,453	6,000	Sell	2,25,140	140.0	88.4	200.0	53.2	84.3	37.3	34.1	41.5	21.2	4.3	2.5	8.9	8.2	5.0	10.6
Minda Industries (MININD)	936	940	Hold	26,733	7.6	10.9	17.8	123.2	86.2	52.7	38.0	30.4	22.8	9.1	10.6	15.1	9.2	9.6	13.7
Motherson (MOTSUM)	245	280	Hold	77,369	3.3	4.3	8.5	NM	56.4	28.8	17.0	14.4	9.5	6.7	9.3	18.5	8.8	10.3	18.3
Tata Motors (TATMOT)	503	600	Buy	1,92,599	-35.0	-13.9	35.7	NM	-36.2	14.1	7.3	7.6	4.5	6.3	6.7	16.2	-23.6	-10.3	21.0

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

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

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc. as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit 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 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 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 beneficial ownership 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.