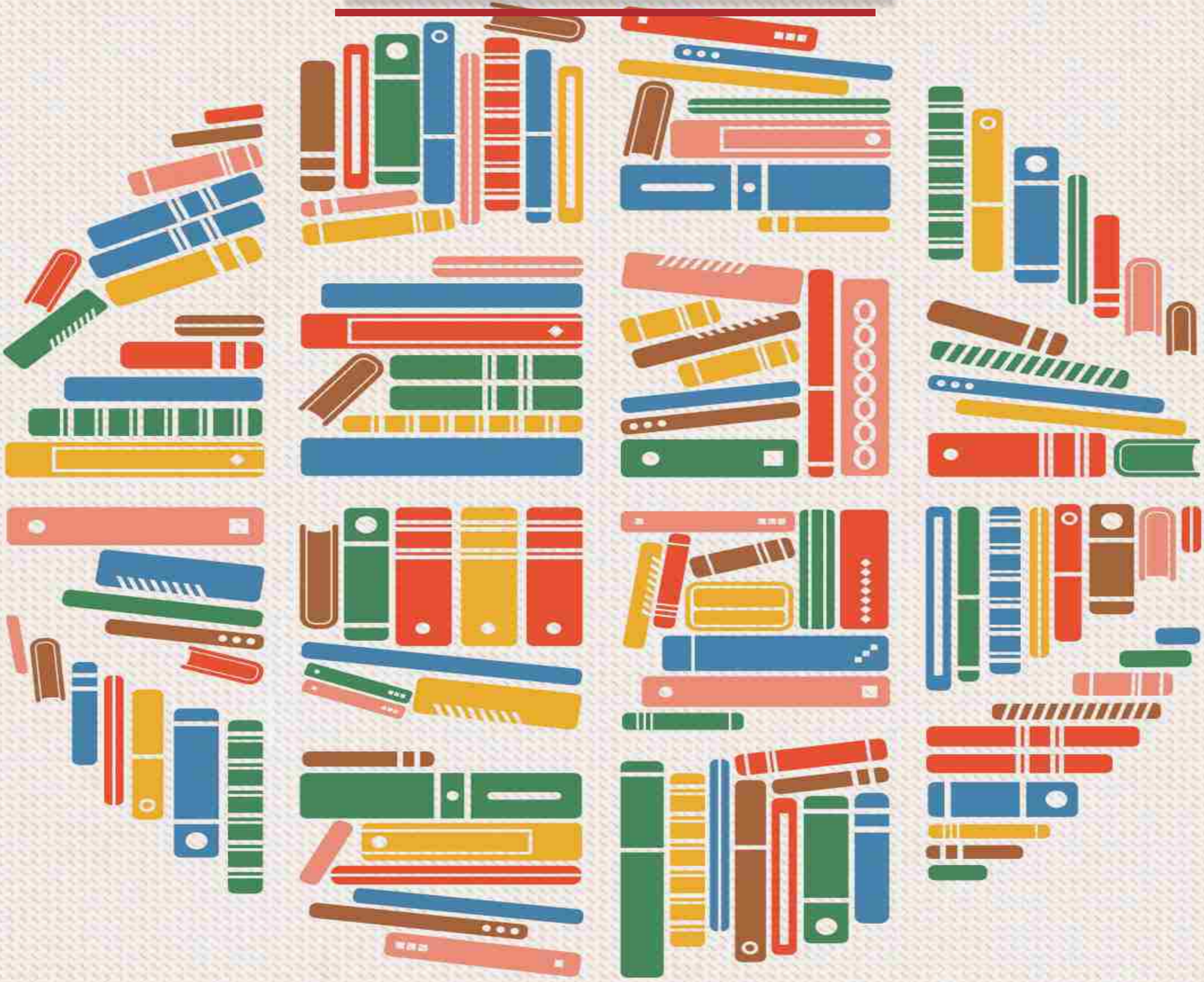
ICICI direct Research

October 17, 2019

Stock TALES



Stock Tales are concise, holistic stock reports across wider spectrum of sectors. Updates will not be periodical but based on significant events or change in price.

Nirlon Ltd (NIRLON)

ICICI direct Research

CMP: ₹ 225 | Target: ₹ 300 (33%) | Target Period: 18-24 months | **BUY**

October 17, 2019

Ramp up in lease portfolio provides significant upside

Nirlon is the owner, developer & manager of Grade-A office assets at Nirlon Knowledge Park (NKP) - a 23 acre Industrial/Information Technology Park located at Goregaon in Mumbai. NKP has 1.9 msf licensable area across four operational phases which are ~99% licensed. We like Nirlon given the quality of operational assets, strong backing by Reco Berry - an affiliate of GIC and the company ramping up licensing area by ~1.16 msf which would give a fillip to licensing income. We expect Nirlon's licensing fee income to grow 17.2% CAGR to ₹482.7 crore during FY19-23E. Hence, we recommend BUY recommendation on the stock with a NAV-based TP of ₹ 300/share.

Licensing fees expected to grow 17.2% CAGR in FY19-23E

Nirlon has a total operational licensable area of ~1.9 msf across Phase I-IV at Nirlon Knowledge Park (NKP), of which, ~99% area is licensed out. It clocked lease revenues to the tune of ₹255.6 crore in FY19. The company is currently developing Phase-V at NKP with ~1.16 msf licensable area which is expected to become operational in FY21E. Accordingly, Nirlon's licensable area is expected to expand to ~3.0 msf over the next two years. With this, we expect the company's license fee income to grow by 17.2% CAGR to ₹482.7crore in FY19-23E.

Debt expected to peak out in FY20E; debt servicing comfortable

Nirlon's net debt stands at ₹848.3 crore (net D/E: 2.4x) as of FY19. We expect Nirlon's debt to peak out ~₹1,350 crore in FY20E post the completion of Phase-V and then is expected to come down over next 2-3 years. Nonetheless, we remain comfortable as it enjoys DSCR of 3.9x in FY19 on account of i) secure cash flows from existing operational assets ii) moratorium period on debt repayment. HDFC Ltd has granted moratorium on principal payment of existing debt to fund its Phase-V expansion. Even if moratorium period gets over post commencement of Phase-V, we believe Nirlon's DSCR would be comfortable at 1.5x, which would improve further to ~1.8x once Phase-V is 95% licensed. Hence, we remain comfortable on Nirlon debt position despite rise in debt on account of Phase-V expansion.

Valuation & Outlook

We like Nirlon given its quality Grade-A office assets backed by Reco Berry – an affiliate of GIC. It is also on the verge of ramping up licensable area by ~1.16 msf with construction of Phase-V at NKP in FY21E. We thus expect its lease revenues to grow 17.2% CAGR to ₹482.7 crore during FY19-23E. Hence, we recommend **BUY** on the stock with a NAV-based target price of ₹ 300/share. In our valuations, we have considered a 9% cap rate and 15% discount rate. We see deep value in the stock as the planned expansion is not factored in CMP and on operational assets also, the implied cap rate works out to be 9% at current valuation.

NIRLON

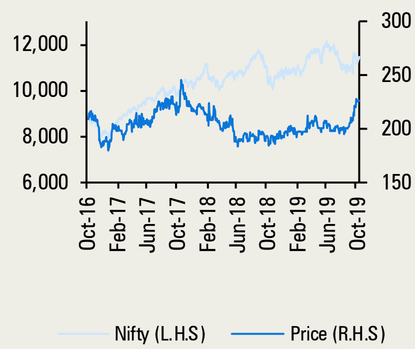
Particulars

Particulars	Amount (₹ crore)
Market Capitalization	2,027.7
Total Debt	853.4
Cash	5.1
EV	2,876.0
52 week H/L (₹)	235/ 165
Equity capital	90.1
Face value (₹)	10.0

Key Highlights

- Nirlon is owner of Grade-A office assets at NKP with licensable area of 1.9 msf.
- With operationalisation of ~1.16 msf in Phase-V, we expect its license fee income to grow at 17.2% CAGR to ₹482.7 crore in FY19-23E.
- We recommend BUY on the stock with NAV based price target of ₹300/share

Price Chart



Research Analyst

Deepak Purswani, CFA
deepak.purswani@icicisecurities.com

Harsh Pathak
harsh.pathak@icicisecurities.com

Stock Tales

ICICI Securities – Retail Equity Research

Key Financial Summary

(₹ crore)	FY17	FY18	FY19E	FY20E	FY21E	CAGR (FY19-21E)
Net Sales	287.7	290.8	298.7	313.7	422.9	16.1%
EBITDA	221.8	220.2	226.1	238.1	296.0	11.5%
EBITDA Margin(%)	77.1	75.7	75.7	75.9	70.0	
Net Profit	51.1	55.7	63.7	81.0	57.9	-15.5%
EPS (₹)	5.7	6.2	7.1	9.0	6.4	
P/E(x)	39.7	36.4	31.8	25.0	35.0	
EV/EBITDA(x)	11.8	11.8	12.7	14.2	10.8	
RoE(%)	20.5	18.8	18.1	19.1	12.2	
RoCE(%)	15.4	14.4	12.4	9.2	10.0	

Source: ICICI Direct Research, Company

Investment rationale

Grade A office asset backed by GIC affiliated company

Nirlon is the owner, developer & manager of Grade-A office assets at Nirlon Knowledge Park (NKP) - a 23 acre Industrial/Information Technology Park located at Goregaon in Mumbai. It has presence in the western suburbs of Mumbai and is located adjacent to Western Express highway - one the main arterial roads and enjoys proximity to other key infrastructure like railway station and international airport. NKP consists of operational Grade-A office assets across four phases (Phase I – IV) with total licensable area of ~1.9 msf. The company is currently developing Phase-V having ~1.16 msf licensable area at NKP, which is expected to be completed by October, 2020. Once this asset becomes operational, Nirlon will have total ~3.0 msf licensable area in Q3FY21E.

Nirlon started planning of Nirlon Knowledge Park in 2006 and completed development of Phase-I in October 2009. Progressively, development of all four phases was completed by March 2015. In December 2015, Reco Berry Pvt Ltd (Reco), an affiliate of GIC Singapore acquired 63.9% stake in Nirlon for ₹1,280 crore vide an open offer (28.4% stake at ₹222/share) & agreements with promoters (35.5% stake). Pursuant to this, Reco Berry became one of the promoters and majority shareholder of Nirlon in 2015.

Some of the licensees at NKP

Exhibit 1: Nirlon Knowledge Park portfolio at a glance

NKP	Constructed Area (msf)	Licensable area (msf)	Completed in
Operational Area			
Phase-I	1.29	0.77	October 2009
Phase-II	0.38	0.31	June 2010
Phase-III	0.55	0.40	September 2013
Phase-IV	0.76	0.40	March 2015
Other Areas	0.01	0.02	
Total Operational Area	**2.99**	**1.90**	
Phase-V	~1.78	~1.16	Ongoing
Total Area	**4.77**	**3.06**	

Source: Company, ICICI Direct Research

Exhibit 2: Nirlon Knowledge Park layout

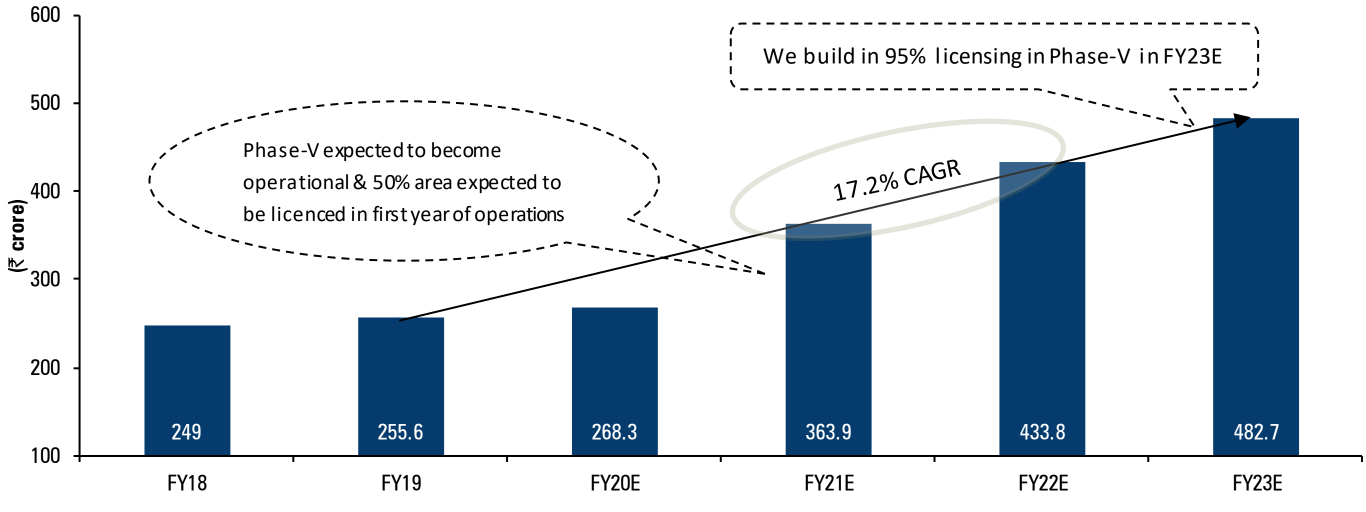
Source: Company, ICICI Direct Research

Ramp up in asset portfolio to drive strong license fees growth

At the 23 acre Nirlon Knowledge Park, the company has completed development of first four phases (Phase I-IV) which have a total operational licensable area of ~1.9 msf. Of this, ~99% area is currently licensed out to several leading and reputed international and Indian corporates viz. Citi, Barclays, Tata Consultancy Services, Morgan Stanley, EY, Subway, Barista Coffee etc. The company's licencing fees grew by 7.5% CAGR to ₹255.6 crore in FY14-19. Average leasing rate for the operational assets (Phase I-IV) stood at ₹113 per sq. ft. per month during FY19.

The company is currently developing Phase-V at NKP with an estimated ~1.16 msf licensable area at an estimated cost of ₹1,198 crore. Construction of Phase-V is expected to be fully completed by Q3FY21E (0.73 msf expected to be completed by April, 2020 and balance area by October, 2020). Once this asset becomes fully operational, Nirlon will have total ~3.0 msf licensable area, which could lead to substantial jump in lease revenues and could provide stable stream of cash flows over long term. We build in 50% licensing at Phase-V in FY21E and expect it to steadily reach ~95% licensing by FY23E. Overall, we anticipate licensing fees to grow 17.2% CAGR to ₹482.7 crore in FY19-23E.

Exhibit 3: Licensing fees expected to grow 17.2% CAGR in FY19-23E

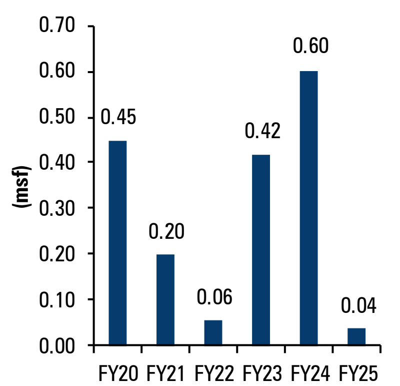


Source: Company, ICICI Direct Research

Nirlon has an escalation clause which enables it to enjoy 15-20% escalation on licensing fees every three years, which could drive rental growth, going ahead. Secondly, it has total ~0.65 msf area for renewals in FY20E & FY21E, of which, the company has already signed LOI to license 0.13 msf in Phase-I. With strong demand for office space in the Mumbai's western suburbs, lease renewals at NKP paves way for significant upward revision in rental rates, which could boost rental income for the company.

Furthermore, NKP is eligible for ~3.34 msf FSI (includes fungible FSI), but has presently used ~2.75 msf including Phase-V, leaving a surplus eligible FSI of ~0.6 msf (equivalent to licensable area of ~0.7 msf, subject to payment of premiums). Utilizing this space could further boost licensing fees, going ahead. However, we have not built in the development given the lack of clarity over plans of the development.

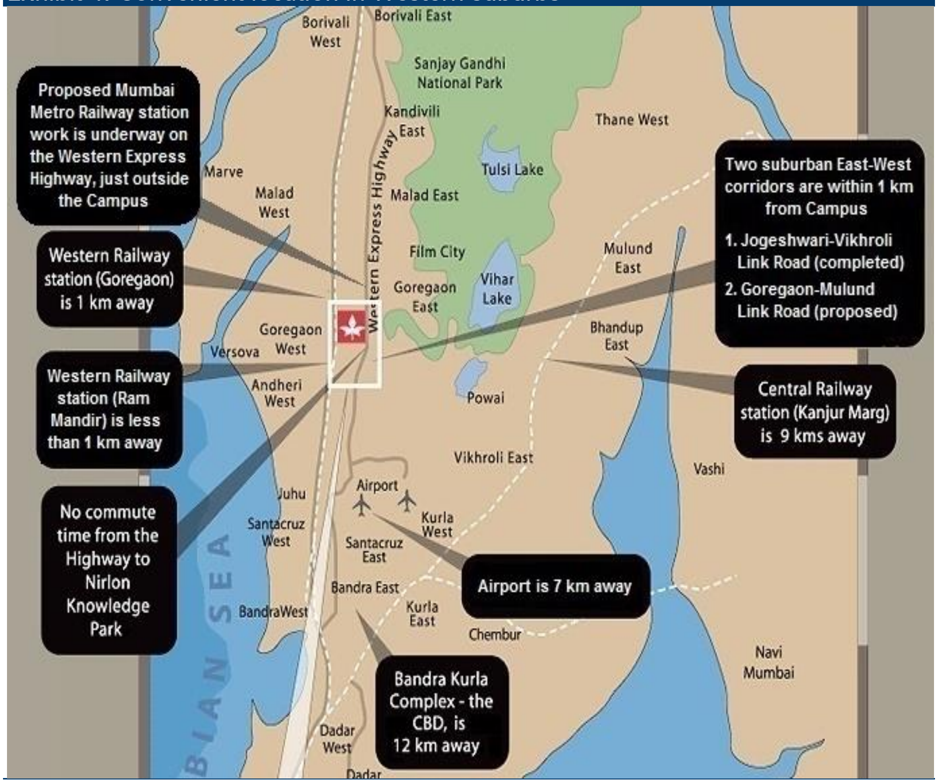
Area coming up for renewals



Well connected with proximity to key public infrastructure

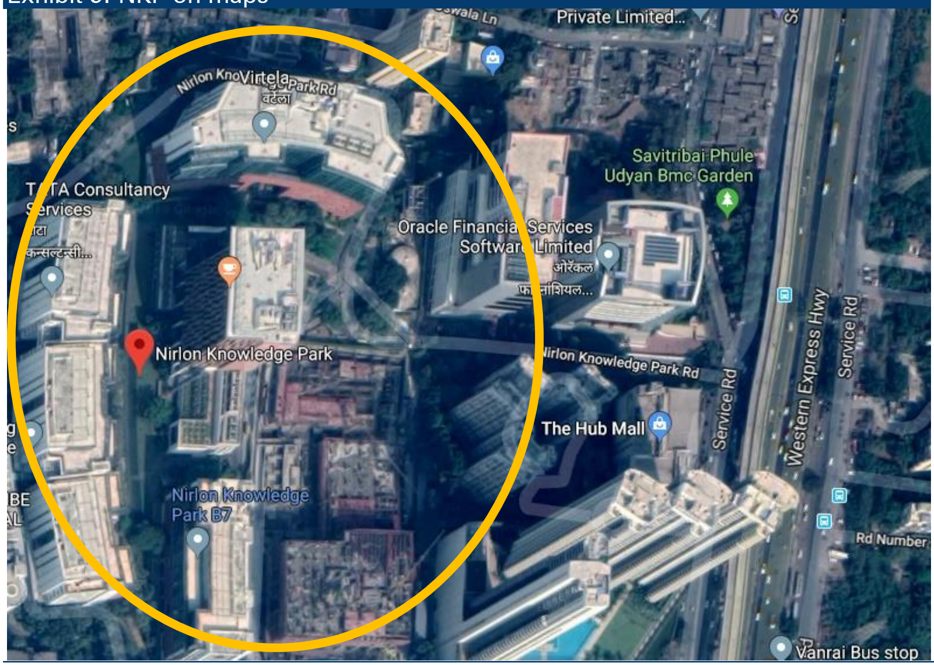
Nirlon Knowledge Park is located adjacent to the Western Express Highway, one of main arterial roads in Mumbai. It is located close to the international airport and also enjoys proximity to railway station. One of the under construction Mumbai Metro railway stations is located just outside the NKP campus. Being so well connected makes NKP a sought-after office property for companies as it makes commute convenient in a crowded metropolitan city like Mumbai. Also, the ongoing key public infrastructure upgradation near NKP could act as a tailwind in further driving value of Nirlon's office assets in future.

Exhibit 4: Convenient location in Western suburbs



Source: Company, ICICI Direct Research

Exhibit 5: NKP on maps

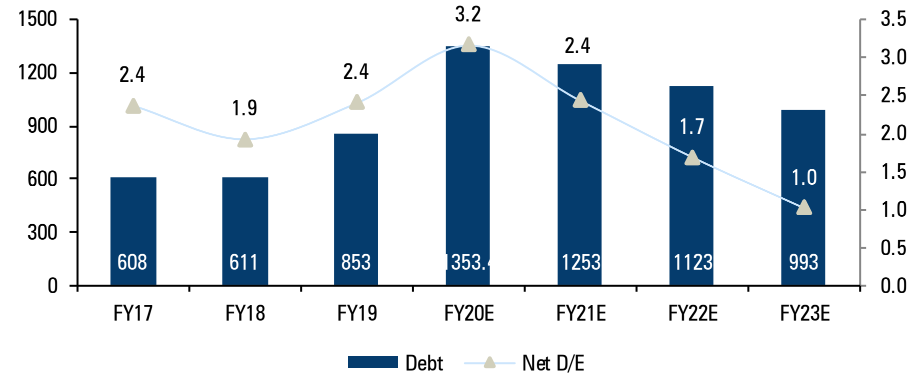


Source: Google Maps, ICICI Direct Research

Debt expected to peak out in FY20E

Nirlon reported net debt worth ₹848.3 crore (net D/E: 2.4x) in FY19. The company is currently developing Phase-V at NKP at an estimated cost of ₹1,198.3 crore, which would be partly funded through internal accruals (₹ 578.3 crore), deposits (₹ 35.0 crore) and debt (₹ 585.0 crore). Out of ₹1198.3 crore, it has already incurred ₹633 crore as on Q1FY20. Since, Phase-V is expected to get completed in FY20E, we believe Nirlon debt is expected to peak out in FY20E. We anticipate Nirlon's debt to reach at ₹1,353.4 crore in FY20E. This would result in net D/E at 3.2x by FY20E end. Thereafter, it is expected to come down significantly when Phase-V is expected to get operational.

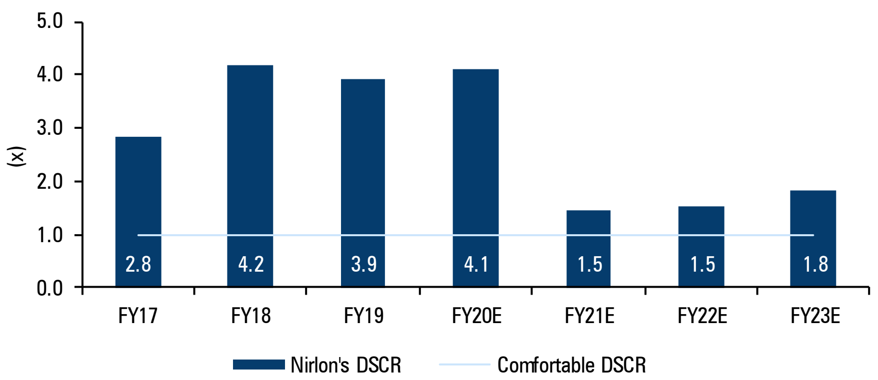
Exhibit 6: Debt expected to peak out at ₹1,353.4 crore in FY20E



Source: Company, ICICI Direct Research

Although debt levels appear to be high, Nirlon's debt serviceability ratio is currently at very comfortable at 3.9x. About 99% licensing of existing operational assets gives high visibility on cash flows, thus lending us comfort on debt serviceability. Another reason lending us comfort on debt service coverage ratio (DSCR) is the moratorium period on repayment of principal amount of debt. At the request of Nirlon, its lender - HDFC Ltd, has granted a moratorium on principal payment (effective from May 15, 2017), which requires the company to repay only the interest amount on these outstanding loans till FY23E or till Phase-V completion. Even if principal repayment starts post commencement of Phase-V, we believe Nirlon's DSCR would be comfortable at 1.5x, which is expected to improve further to ~1.8x once Phase-V is 95% licensed in FY23E. Hence, we remain comfortable on Nirlon's debt position despite rise in the debt on account of Phase-V expansion.

Exhibit 7: Debt service coverage ratio



Source: Company, ICICI Direct Research

Mumbai market leasing on strong footing

Office space supply has been lagging demand since CY13, which has brought down vacancy levels, thus supporting rental growth. As per Knight Frank report, lease transactions in top eight markets in India grew 26% YoY to 27.4 msf, while weighted average rentals grew 10% Yoy to ₹ 80 psf per month in H1CY19. IT/ITeS sector accounted for 35% of the lease transactions in H1CY19 compared to 28% YoY.

Mumbai office market lease transactions grew strongly by 61% YoY to 4.6 msf in H1CY19. These included large transactions from BFSI segment, media, consulting, e-commerce and co-working players. Average rentals grew 7.8% YoY to ₹117 psf per month during this period. Interestingly, office space vacancy was declined by 370 bps YoY to 17.8% in H1CY19. Western suburbs which includes Goregaon (where Nirlon Knowledge Park is located) contributed of 29% of total absorption in H1CY19. With strong leasing seen in the Mumbai office market and current trends showing strong demand for office space, Nirlon which has Grade-A assets that are already leased by leading international and domestic corporates would be the key beneficiary of this trend.

Exhibit 8: Mumbai market office transactions snapshot

	H1CY19	H1CY18	Change YoY	Comments
MMR office market at a glance				
Transactions (msf)	4.6	2.9	61%	
Weighted average rental (₹ psf per month)	117	109	7.8%	
Stock (msf)	142.5	138.4	3%	
Vacancy (%)	17.8%	21.5%	--	
Business District activity (transactions in msf)				
CBD & Off-CBD	0.09	0.08	15%	Nariman Point, Cuffe Parade, Ballard Estate, Mahalaxmi, Worli
BKC & Off-BKC	0.66	0.27	145%	BKC, Bandra (East), Kalina, Kalanagar
Central Mumbai	0.12	0.18	-32%	Parel, Lower Parel, Dadar, Prabhadevi
Western Suburbs	0.90	0.87	4%	Andheri, Jogeshwari, Goregaon, Malad
Central Suburbs	1.34	0.55	143%	Kurla, Ghatkopar, Vikhroli, Kanjurmarg, Powai, Bhandup, Chembur
Peripheral Business Distrcit	1.45	0.86	69%	Thane, Airoli, Vashi, Ghansoli, Robale, Belapur

Source: Knight Frank, ICICI Direct Research

Key Risks & Concerns

- Low dividend payout ratio
- Lower than expected absorption and leasing in Mumbai office market

Valuations

We like Nirlon given its quality Grade-A office assets backed by Reco Berry – an affiliate of GIC. It is also on the verge of ramping up licensable area by ~1.16 msf with construction of Phase-V at NKP in FY21E. Hence, we expect its lease revenues to grow 17.2% CAGR to ₹482.7crore during FY19-23E. Hence, we recommend **BUY** on the stock with a NAV-based target price of ₹ 300/share. In our valuations, we have considered a 9% cap rate and 15% discount rate. We see deep value in the stock as the planned expansion is not factored in CMP and on operational assets also, the implied cap rate works out to be 9% at current valuation.

Exhibit 9: Valuations

Parameter	NAV (₹ crore)	NAV/share (₹)	Comments
NKP Phase I-IV	2986.1	331.3	We have considered cap rate of 9% and discount rate of 15% on FY20E basis
NKP Phase-V	1074.5	119.2	
Gross Asset Valuation (FY20E)	**4060.6**	**450.6**	
Less: FY20E Net Debt	1346.0	149.4	
Target Valuation	**2714.5**	**301.2**	
Rounded off target price		**300.0**	

Source: Company, ICICI Direct Research

Sensitivity Analysis

We have considered a cap rate of 9% and discount rate of 15% to value Nirlon's office assets. Based on our analysis, every 1% change in our cap rate assumption will impact our target price by 5-9% whereas, every 1% change in our discount rate assumption will impact our target price by 7-11%

Exhibit 10: Sensitivity Analysis

		Cap rate (%)				
		7%	8%	9%	10%	11%
Discount rate (%)	13%	420	390	360	340	320
	14%	390	350	330	310	290
	15%	350	320	300	280	270
	16%	320	300	280	260	250
	17%	300	270	250	240	220

Source: Company, ICICI Direct Research

Financial summary

Exhibit 11: Profit and loss statement ₹ crore

₹ crore	FY18	FY19	FY20E	FY21E
Net Sales	290.8	298.7	313.7	422.9
Other Income	2.8	1.3	1.4	1.4
Total revenues	**293.6**	**300.0**	**315.1**	**424.3**
Property Management Expense:	31.7	32.6	33.6	63.4
Employee Cost	5.7	4.7	5.0	-
Other Expenditure	33.2	35.3	37.0	63.4
Total Operating Expenditure	**70.5**	**72.6**	**75.6**	**126.9**
EBITDA	220.2	226.1	238.1	296.0
Interest	65.6	69.7	70.4	115.1
Depreciation	72.2	58.9	60.4	104.7
PBT	85.3	98.8	108.8	77.7
Tax	29.6	35.1	27.7	19.8
Reported PAT	**55.7**	**63.7**	**81.0**	**57.9**
Minority Interests	-	-	-	-
Profit for the company	**55.7**	**63.7**	**81.0**	**57.9**
EPS (₹)	**6.2**	**7.1**	**9.0**	**6.4**

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement ₹ crore

₹ crore	FY18	FY19	FY20E	FY21E
Profit before Tax	**85.3**	**98.8**	**108.8**	**77.7**
Depreciation	72.2	58.9	60.4	104.7
Interest paid	65.6	69.7	70.4	115.1
Cash Flow before wc changes	226.2	233.5	238.1	296.0
Net Increase in Current Assets	8.0	12.4	(3.8)	(24.1)
Net Increase in Current Liabilities	(1.3)	5.1	13.9	58.4
Net cash flow from op. activities	**212.3**	**224.0**	**220.4**	**310.5**
Purchase of Fixed Assets	(120.7)	(405.4)	(641.0)	0.3
(Purchase)/Sale of Investments	-	-	-	-
Net cash flow from inv. activities	**(118.1)**	**(404.9)**	**(639.6)**	**1.7**
Proceeds from Borrowing	96.9	242.5	500.0	(100.0)
Interest Paid	(68.0)	(86.7)	(70.4)	(115.1)
Dividend Paid	(6.8)	(6.8)	(8.1)	(8.1)
Net cash flow from fin. activities	**(73.7)**	**147.7**	**421.5**	**(223.3)**
Net Cash flow	20.5	(33.2)	2.3	88.9
Opening Cash	16.6	37.1	5.1	7.3
Closing Cash	**37.1**	**5.1**	**7.3**	**96.3**

Source: Company, ICICI Direct Research

Exhibit 13: Balance sheet ₹ crore

₹ crore	FY18	FY19	FY20E	FY21E
Equity Capital	90.1	90.1	90.1	90.1
Reserves & Surplus	206.8	262.3	335.2	385.0
Networth	296.9	352.5	425.4	475.1
Total Debt	610.9	853.4	1,353.4	1,253.4
Other non-current liabilities	138.3	157.1	162.5	197.3
Source of Funds	**1,046.1**	**1,363.0**	**1,941.3**	**1,925.8**
Gross Block	1,321.9	1,342.5	1,342.5	2,542.5
Less: Accumulated Dep	486.8	551.0	611.4	716.1
Net Block	835.2	791.5	731.0	1,826.3
Capital WIP	141.2	559.3	1,200.3	0.0
Total Fixed Assets	**976.4**	**1,350.8**	**1,931.4**	**1,826.4**
Other non-current assets	83.8	46.2	51.6	69.5
Inventories	-	-	-	-
Trade Receivables	2.6	2.4	2.5	3.4
Loans & Advances	2.2	2.2	2.3	3.1
Cash & Bank Balances	37.8	5.1	7.3	96.3
Other Current Assets	16.8	14.6	12.9	17.4
Total Current Assets	21.6	19.2	17.7	23.8
Trade Payable	8.4	7.7	8.1	10.9
Provisions	0.5	0.5	0.5	0.7
Other Current Liabilities	64.6	51.1	59.1	79.6
Total Current Liabilities	73.5	59.3	67.7	91.3
Net Current Assets	**69.7**	**11.2**	**8.9**	**98.4**
Application of Funds	**1,046.1**	**1,363.0**	**1,941.2**	**1,925.8**

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios

	FY18	FY19	FY20E	FY21E
Per Share Data				
Reported EPS	6.2	7.1	9.0	6.4
Cash EPS	14.2	13.6	15.7	18.0
BVPS	32.9	39.1	47.2	52.7
Operating Ratios				
EBITDA / Net Sales	75.7	75.7	75.9	70.0
PAT / Net Sales	19.1	21.3	25.8	13.7
Return Ratios				
RoE	18.8	18.1	19.1	12.2
RoCE	14.4	12.4	9.2	10.0
RoIC	17.1	21.0	24.3	10.5
Valuation Ratios				
EV / EBITDA	11.8	12.7	14.2	10.8
P/E	36.4	31.8	25.0	35.0
EV / Net Sales	8.9	9.6	10.8	7.5
Market Cap / Sales	7.0	6.8	6.5	4.8
Price to Book Value	6.8	5.8	4.8	4.3
Turnover Ratios				
Asset turnover	0.3	0.2	0.2	0.2
Gross Block Turnover	0.2	0.2	0.2	0.2
Solvency Ratios				
Net Debt / Equity	1.9	2.4	3.2	2.4
Current Ratio	0.3	0.3	0.3	0.3
Quick Ratio	0.3	0.3	0.3	0.3

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors 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, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

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

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with 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 generally prohibits its analysts, persons reporting to analysts and their relatives 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, 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 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.