

Cautiously optimistic...

About the stock: Thermax Ltd (Thermax) offers integrated solutions in the areas of energy and environment – heating, cooling, power, water & waste management, air pollution control and chemicals.

- It operates in three key segments energy (~70.7% of FY22 revenue), environment segment (~20.6%) and chemicals segment (~8.7%)
- Focus to increase product & services share (~50% in FY22) vs. projects

Q2FY23 Results: Thermax reported decent Q2FY23 results.

- Consolidated revenue at ₹ 2075.3 crore, up 41.7% YoY, on better execution
- EBITDA came in at ₹ 140.6 crore, up 27.8% YoY, with margins at 6.8% impacted by commodity inflation and higher freight cost
- Adjusted PAT came in at ₹ 109.1 crore, grew by 24.2% YoY
- Order inflows for Q2FY23 were decent at ₹ 2015 crore, up 9% YoY

What should investors do? Strong balance sheet, prudent working capital management, recent technological tie-ups, are expected to support growth.

- We remain long term positive on the stock but change our rating from BUY to **HOLD** as we are cautiously optimistic on the stock

Target Price and Valuation: We value Thermax at ₹ 2540 i.e. 45x on average on FY24E & FY25E EPS.

Key triggers for future price performance:

- We expect revenue, EBITDA to grow at CAGR of ~17.4%, 25.1%, respectively, in FY22-25E amid margins gradually returning to normal levels
- Recent broad based recovery in order inflows, strong order enquiry pipeline across industrial sectors likely to ensure decent order inflows, going forward
- Controlled net working capital (NWC), strong balance sheet

Alternate Stock Idea: We also like Larsen & Toubro in our coverage.

- Focus on asset monetisation to further strengthen the balance sheet and improve return ratios. Strong b/s, controlled working capital and strong cash generation
- BUY with a target price of ₹ 2355



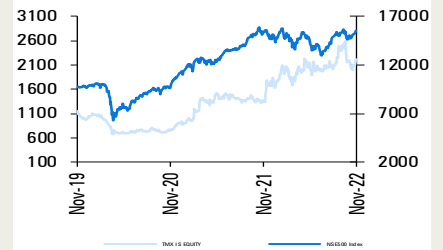
Particulars

Particular	Amount
Market Capitalization	₹ 27166.2 Crore
Total Debt (FY22)	₹ 355.4 Crore
Cash and Inv. (FY22)	₹ 377 Crore
EV	₹ 27144.7 Crore
52 week H/L	₹ 2679 / 1420
Equity capital	₹ 23.8 Crore
Face value	₹ 2

Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	62.0	62.0	62.0	62.0
FII	12.3	11.8	11.9	12.4
DII	15.0	15.7	15.8	15.3
Others	10.7	10.5	10.3	10.3

Price Performance



Recent Events & Key Risks

- (i) Significant decline in expected capex to affect order inflows, (ii) Higher commodity prices to impact profitability. (iii) Significantly higher order inflows

Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Ameya Mahurkar
ameya.mahurkar@icicisecurities.com

Key Financial Summary

Particulars (₹ crore)	FY21	FY22	FY23E	5 Year CAGR (FY17-FY22)	FY24E	FY25E	3 Year CAGR (FY22-FY25E)
Net Sales	4,791.3	6,128.3	8,191.2	12.9%	9,909.8	9,909.8	17.4%
EBITDA	355.2	421.4	587.4	7.9%	824.7	824.7	25.1%
EBITDA Margin (%)	7.4	6.9	7.2		8.3	8.3	
Net Profit	206.6	312.3	435.1	13.5%	615.9	615.9	25.4%
EPS (₹)	17.3	26.2	36.5		51.7	61.0	
P/E (x)	131.5	87.0	62.4		44.1	37.4	
RoNW (%)	7.6	8.9	11.4		14.3	14.4	
RoCE (%)	9.8	11.3	14.6		18.3	18.7	

Source: Company, ICICI Direct Research

* Numbers till FY18 includes standalone business with boiler & heater business of Thermax, which is now classified as discontinued operations from standalone and transferred to its subsidiary TBWES with effect from October 1, 2019. Hence, they will not be reflected in standalone numbers. Instead, they will be reflected in consolidated numbers. Therefore, they will not be comparable.

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Decent performance

- Energy segment revenue (that contributes ~70.6% to revenue) grew 38.6% to ₹ 1465 crore, YoY. Environment segment revenue grew 44.1% YoY to ₹ 449.3 crore and chemical segment revenue came in at ₹ 190.3 crore, up 48% YoY
- EBITDA came in at ₹ 140.6 crore, up 27.8% YoY. Consequently, EBITDA margin came in at 6.8% (vs. our estimate of 7.1%). Gross margins contracted 440 bps to 40.6% YoY
- Consolidated order inflow for the quarter came in decent at ₹ 2015 crore (vs. ₹ 1856 crore in Q2FY22). Order booking was spread across multiple industries with core sectors like metal & steel, chemical, refinery & petrochemical continuing to show strength. Consolidated order book as on Q2FY23 was at ₹ 9485 crore, up 46% YoY

Q2FY23 Earnings Conference Call highlights

- For Q2FY23, consolidated order inflow for the quarter came in at ₹ 2015 crore (vs. ₹ 1856 crore in Q2FY22). Major sectors in Q2FY23 order inflows include metal & steel (16%), chemical (12%), refinery & petrochemicals (11%), F&B/agro based (11%), sugar/distillery (9%), power (9%), cement (6%), bioenergy (5%), fertiliser (4%) and others (17%). Consolidated order inflows comprise energy segment (₹ 1495 crore), environment (₹ 331 crore) & chemicals segment contributed ₹ 190 crore. Domestic order inflows contributed 70.2% to ₹ 1415 crore while export orders were at 29.8% (₹ 600 crore)
- Consolidated order book as on Q2FY23 was at ₹ 9485 crore, up 46% YoY. It consists of ~69.8% from energy sector followed by environment (29.4%) and chemicals (0.8%)
- Thermax' inquiry pipeline has plateaued in this quarter. However, consistent demand is seen across sectors. Larger projects are not as good as last year as most bulk orders in the oil & gas segment have been awarded and there seems to be a lack of visibility in the FGD space. Though the company is witnessing a broad based recovery in multiple industries with core sectors like metal & steel, food processing while segments such as cement, edible oil refinery & petrochemical are plateauing. In Europe, there is a good enquiry and pipeline from the waste to energy and biomass segment owing to the current energy crisis. Water, as a space, can be a multi-decadal opportunity for Thermax, going ahead
- On the EBITDA margin front, in the chemical business, the management expects stability to come in the coming quarters. The company is expected to continue to invest in this segment as fairly large business comes from exports and will remain a long term growth area. In the chemical segment, margins are expected to remain at ~15-20%, going forward. In the project business, there is definitely room to improve in terms of margins. The management is expecting sub 10% but these businesses are cash rich in nature. In product and services, the company's focus is on earning double digit margin. Also, they are investing in this business
- In the Indonesia business, there were small losses in the last quarter. Now, the situation is improving as order inflows were intact and there no further losses are expected. In the business in Demark and Poland, the company is witnessing a massive inquiry and is not taking orders beyond a point
- Two FGD projects on a fixed priced basis were impacting profitability. They are on their last legs as they are almost ~90% complete

- Under the new energy business portfolio, Thermax expanded its solar business under FEPL, transitioning from the rooftop-based capex model to the solution-based opex model, projected to grow to a 1 GW scale in the next five years, based on its predominant opex strategy with an IRR of 16-19%. The three projects in Tamil Nadu, Maharashtra and Gujarat are expected to contribute over H2YF23-FY24E

Exhibit 1: Variance Analysis (Consolidated)

	Q2FY23	Q2FY23E	Q2FY22	YoY (Chg %)	Q1FY23	QoQ (Chg %)	Comments
Total Operating Income	2,075.3	1,752.4	1,469.3	41.2	1,654.5	25.4	Revenue growth came on the back of better execution led by both segments
Other Income	39.8	35.0	36.8	8.4	20.5	93.9	
Raw Material Expenses	1,232.3	972.6	808.0	52.5	970.7	27.0	
Employee Expenses	236.7	234.8	195.6	21.0	214.9	10.1	
Other Expenses	465.7	420.6	355.8	30.9	372.9	24.9	
Total Expenditure	1,934.7	1,628.0	1,359.3	42.3	1,558.5	24.1	
EBITDA	140.6	124.4	110.0	27.8	96.0	46.4	
EBITDA Margin (%)	6.8	7.1	7.5	-71 bps	5.8	97 bps	
Depreciation	29.8	26.4	27.4	8.7	28.6	4.4	
Interest	8.0	4.4	5.1	58.0	6.6	21.5	
Exceptional Item	0.0	0.0	0.0	-	27.9		
PBT	142.6	128.5	114.3	24.8	81.4	75.1	
Total Tax	33.2	33.4	26.4	26.1	22.4	48.2	
PAT	109.4	95.1	87.9	24.4	58.9	85.5	
Adjusted PAT	109.1	95.1	87.9	24.2	58.9	85.1	
Key Metrics							
Energy segment revenues	1,465		1,057	38.6	1,227	19.4	
Environment segment revenues	610		412	48.0	427	42.8	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY24E			FY25E			Comments
	Old*	New	% Change	Old*	New	% Change	
(₹ Crore)							
Revenue	10,002.4	9,909.8	-0.9	-	9,909.8	-	
EBITDA	865.7	824.7	-4.7	-	824.7	-	
EBITDA Margin (%)	8.7	8.3	-38 bps	-	8.3	-	
PAT	648.5	615.9	-5.0	-	615.9	-	
EPS (₹)	54.4	51.7	-5.0	-	61.0	-	

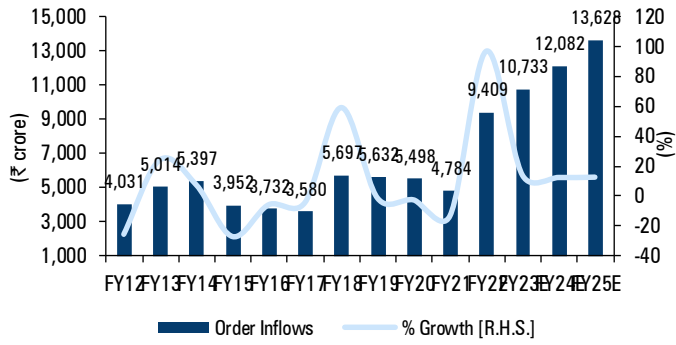
Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	Current			Earlier			Comments
	FY22	FY23E	FY24E	FY25E	FY23E	FY24E	
Order inflow growth (%)	96.7	14.1	12.6	12.8	15.0	12.6	Order inflows expected to continue the momentum in medium term.
Order backlog growth (%)	65.5	30.7	20.1	13.6	34.6	17.7	
Revenue growth (%)	27.9	33.7	21.0	19.7	29.7	28.3	
EBITDA margin (%)	6.9	7.2	8.3	8.3	7.9	8.3	

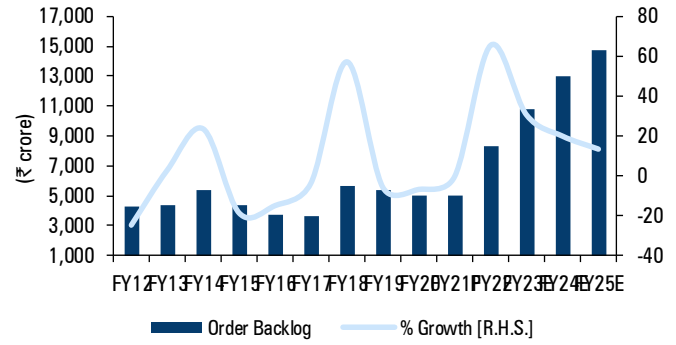
Source: Company, ICICI Direct Research

Exhibit 4: Order inflow trend...



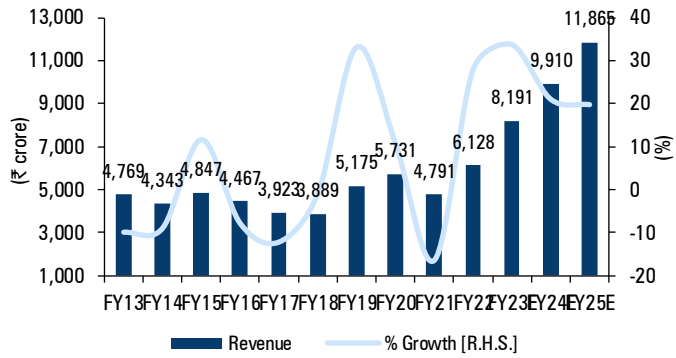
Source: ICICI Direct Research, Company

Exhibit 5: Trend in order backlog...



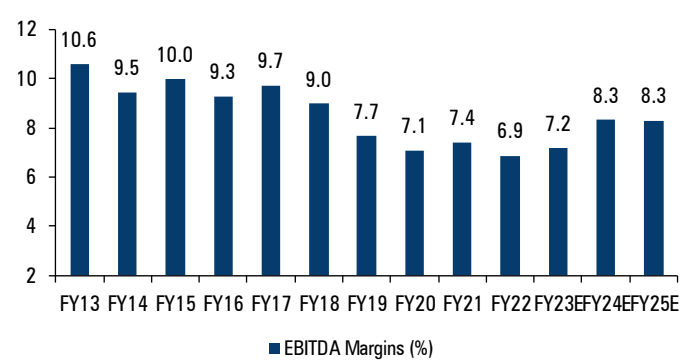
Source: ICICI Direct Research, Company

Exhibit 6: Trend in revenues...



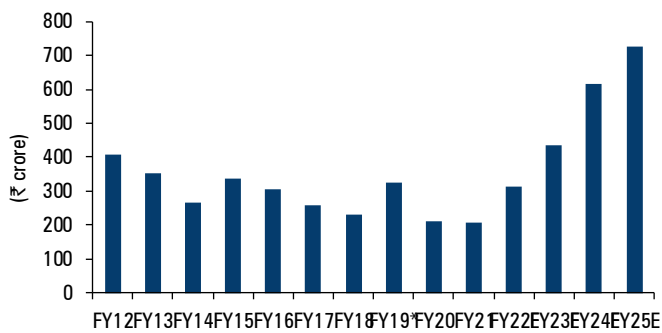
Source: Company, ICICI Direct Research

Exhibit 7: EBITDA margins trend...



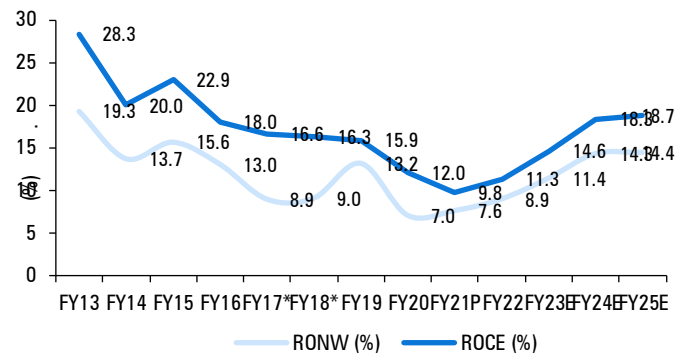
Source: Company, ICICI Direct Research

Exhibit 8: Trend in PAT...



Source: Company, ICICI Direct Research

Exhibit 9: Return ratios to recover in FY20-24E...



Source: Company, ICICI Direct Research

* Numbers till FY18 includes standalone business with boiler & heater business of Thermax, which is now classified as discontinued operations from standalone and transferred to its subsidiary TBWES with effect from October 1, 2019. Hence, we have changed our presentation of historical numbers (FY19, FY20) and forward numbers to consolidated and valued accordingly.

Financial summary (Consolidated)

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Total op. Income	6,128.3	8,191.2	9,909.8	11,865.3
Growth (%)	27.9	33.7	21.0	19.7
Raw Material Expenses	3,485.0	4,835.2	5,522.4	6,613.7
Employee Expenses	812.9	942.4	1,264.9	1,519.2
Other Op. Expenses	1,409.0	1,826.2	2,297.7	2,748.4
Admin. Expenses	0.0	0.0	0.0	0.0
Other expenses	0.0	0.0	0.0	0.0
Total Op. Expenditure	5,734.9	7,637.5	9,106.0	10,901.1
EBITDA	421.4	587.4	824.7	984.0
Growth (%)	18.6	39.4	40.4	19.3
Depreciation	113.2	123.6	130.3	141.2
Interest	25.2	24.3	17.1	15.5
Other Income	127.0	145.4	155.0	155.0
PBT	410.0	584.9	832.3	982.3
Others	0.0	0.0	0.0	0.0
Total Tax	97.8	149.5	216.4	255.4
PAT	312.3	435.1	615.9	726.9
Growth (%)	51.2	39.3	41.5	18.0
EPS (₹)	26.2	38.6	51.7	61.0

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit after Tax	312.3	435.1	615.9	726.9
Add: Depreciation	113.2	123.6	130.3	141.2
(Inc)/dec in Current Assets	-425.1	-676.1	-1,032.0	-1,000.6
Inc/(dec) in CL and Provisions	672.2	543.0	636.5	693.2
Others	3.3	3.0	5.0	5.0
CF from operating activities	672.7	425.6	350.7	560.7
(Inc)/dec in Investments	-584.2	-20.0	-20.0	-20.0
(Inc)/dec in Fixed Assets	-86.2	-80.0	-111.5	-213.5
Others	0.0	0.0	0.0	0.0
CF from investing activities	-736.8	-160.0	-190.9	-295.7
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	50.4	0.0	-30.0	-30.0
Dividend paid & dividend tax	-84.4	-107.2	-131.1	0.0
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	0.0	7.6	0.0	0.0
CF from financing activities	-20.3	-107.2	-161.1	-30.0
Net Cash flow	-84.4	158.4	-1.3	235.1
Opening Cash	461.4	377.0	535.3	534.0
Closing Cash	377.0	535.3	534.0	769.1

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Liabilities				
Equity Capital	22.5	22.5	22.5	22.5
Reserve and Surplus	3,470.5	3,798.4	4,283.3	5,010.2
Total Shareholders funds	3,493.1	3,821.0	4,305.8	5,032.7
Total Debt	355.4	355.4	325.4	295.4
Deferred Tax Liability	3.1	3.1	3.1	3.1
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	3,997.6	4,350.5	4,830.4	5,552.3
Assets				
Gross Block	2,006.7	2,056.0	2,256.0	2,456.0
Less: Acc Depreciation	852.4	962.5	1,079.3	1,206.9
Net Block	1,154.3	1,093.6	1,176.8	1,249.1
Capital WIP	44.3	75.0	0.0	0.0
Total Fixed Assets	1,198.6	1,168.6	1,176.8	1,249.1
Investments	703.4	723.4	743.4	763.4
Inventory	727.0	709.3	919.7	1,030.7
Debtors	1,423.7	1,907.5	2,334.9	2,795.7
Loans and Advances	5.2	12.8	9.0	17.1
Other Current Assets	865.0	937.0	1,243.1	1,367.3
Cash	377.0	535.3	534.0	769.1
Total Current Assets	3,397.9	4,102.0	5,040.8	5,979.9
Creditors	1,459.8	1,795.3	2,036.3	2,438.1
Provisions	206.8	396.8	450.0	538.8
Total Current Liabilities	3,459.9	4,002.9	4,639.4	5,332.6
Net Current Assets	1,347.3	1,638.7	2,032.9	2,575.3
Others Assets	0.0	0.0	0.0	0.0
Application of funds	3,997.6	4,350.5	4,830.4	5,552.3

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
EPS	26.2	36.5	51.7	61.0
Cash EPS	35.7	46.9	62.6	72.9
BV	293.1	320.7	361.4	422.4
DPS	7.1	9.0	11.0	0.0
Cash Per Share	31.6	44.9	44.8	64.5
Operating Ratios (%)				
EBITDA Margin	6.9	7.2	8.3	8.3
PBT / Total Operating income	6.7	7.1	8.4	8.3
PAT Margin	5.1	5.3	6.2	6.1
Inventory days	43.3	31.6	33.9	31.7
Debtor days	84.8	85.0	86.0	86.0
Creditor days	86.9	80.0	75.0	75.0
Return Ratios (%)				
RoE	8.9	11.4	14.3	14.4
RoCE	11.3	14.6	18.3	18.7
RoIC	21.7	33.6	38.8	44.6
Valuation Ratios (x)				
P/E	87.0	62.4	44.1	37.4
EV / EBITDA	64.4	45.9	32.7	27.1
EV / Net Sales	4.4	3.3	2.7	2.2
Market Cap / Sales	4.4	3.3	2.7	2.3
Price to Book Value	7.8	7.1	6.3	5.4
Solvency Ratios				
Debt/EBITDA	0.8	0.6	0.4	0.3
Debt / Equity	0.1	0.1	0.1	0.1
Current Ratio	0.9	0.9	1.0	1.0
Quick Ratio	0.7	0.7	0.8	0.8

Source: Company, ICICI Direct Research

Exhibit 14: ICICI Direct coverage universe (Capital Goods)

Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
L&T (LARTOU)	2,000	2,355	Buy	280640	56.8	66.1	76.7	35.2	30.2	26.1	8.9	9.3	11.6	12.1	12.9	13.6
Siemens Ltd	2,905	3,660	Buy	103453	29.5	36.7	50.5	98.5	79.1	57.5	13.9	15.7	19.2	10.1	11.6	14.2
AIA Engineering (AIAENG)	2,745	3,011	Buy	25891	64.6	79.8	86.0	42.5	34.4	31.9	16.5	17.9	17.1	13.2	14.3	13.6
Thermax (THERMA)	2,280	2,536	Hold	27168	36.5	51.7	61.0	62.4	44.1	37.4	14.6	18.3	18.7	11.4	14.3	14.4
KEC International (KECIN)	409	515	Buy	10515	12.9	15.4	30.3	31.7	26.5	13.5	11.9	13.8	20.5	10.6	10.7	17.9
Greaves Cotton (GREAVE)	149	209	Buy	3445	0.7	3.5	3.6	210.5	42.3	41.7	2.5	9.4	10.7	1.3	6.7	7.7
Elgi Equipment (ELGEQU)	503	520	Hold	15933	7.2	9.4	11.4	70.2	53.6	44.1	19.0	21.4	22.0	19.8	21.3	21.1
Bharat Electronics (BHAELE)	107	135	Buy	77995	3.2	3.8	4.5	33.3	28.1	23.7	26.1	28.4	30.0	19.5	21.2	22.4
Cochin Shipyard (COCSHI)	667	745	Buy	8767	42.9	38.6	42.8	15.5	17.3	15.6	10.9	10.5	10.6	12.7	11.0	11.3
SKF (SKFIND)	4,836	5,215	Buy	23908	77.0	108.7	130.3	62.8	44.5	37.1	26.0	30.7	31.3	20.6	23.3	23.4
Timken India (TIMIND)	2,901	3,561	Buy	21821	43.5	61.3	71.2	66.7	47.3	40.7	25.3	36.2	42.0	19.7	27.9	32.2
NRB Bearing (NRBBEA)	149	220	Buy	1444	7.8	9.2	12.1	19.1	16.2	12.3	15.0	15.3	19.2	12.6	12.6	14.8
Action Construction (ACTCON)	347	365	Buy	4132	8.8	15.1	19.2	39.4	23.0	18.1	23.0	25.6	26.7	13.9	18.3	18.9
Data Patterns (DATPAT)	1370	1,555	Buy	7108	18.1	22.0	30.4	75.6	62.3	45.1	23.8	24.9	28.4	16.4	18.2	21.0
HAL (HINAER)	2,486	2,860	Buy	83129	151.9	130.9	143.1	16.4	19.0	17.4	27.4	30.6	30.8	26.3	23.2	23.4
ABB (ABB)	3,025	3,275	Buy	64094	25.5	38.9	43.7	118.8	77.8	69.2	45.0	49.2	64.9	11.2	13.0	17.6
Ador Welding (ADOWEL)	853	890	Buy	1160	33.2	37.5	49.3	25.7	22.7	17.3	19.9	23.8	26.8	13.6	17.1	19.3
Bharat Dynamics (BHADYN)	947	1,200	Buy	17348	27.3	33.0	42.7	34.7	28.7	22.2	24.6	24.7	27.9	17.3	17.7	20.0
Mazagon Dock (MAZDOC)	798	562	Buy	16085	30.3	31.2	40.1	26.3	25.6	19.9	20.0	18.1	20.9	16.1	14.6	16.6
Solar Industries India (SOLIN)	4,049	4,701	Buy	36639	48.8	76.6	99.7	83.0	52.9	40.6	22.5	32.5	34.6	23.9	29.0	28.8
Anup Engineering (THEANU)	879	1,085	Buy	870	62.7	49.5	72.3	14.0	17.8	12.2	15.3	16.6	19.4	12.2	12.5	14.5
Control Prints (CONTROLPR)	419	520	Buy	684	24.7	28.7	34.6	16.9	14.6	12.1	17.9	21.4	23.4	13.8	15.4	16.3
KSB Ltd. (KSBPUM)	1,829	2,180	Buy	6365	43.7	50.0	62.2	41.9	36.6	29.4	15.7	16.0	18.3	14.7	14.9	15.9

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

ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM and Ameya Mahurkar, MFM (Masters in Financial Management), 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 broking 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 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 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.