

Strong recovery despite disruption in peak season...

About the stock: Voltas is a home appliances company specialising in air conditioning and air cooling technology in the B2B and B2C space.

- The company is a market leader with ~26% market share in the RAC
- Healthy b/s reflected by strong return ratios (RoE: ~11%, RoCE: ~15%)

Q1FY22 Results: Healthy performance with revenue, PAT beating our estimates.

- Voltas' consolidated topline grew ~38% YoY to ~ ₹ 1785 crore aided by strong growth in all business segments
- EBITDA margin increased ~246 bps to ~7.6%, UCP segment EBIT margin came in at 12.3% and EMPS segment EBIT margin came in at 4.4%
- PAT increased ~50% to ₹ 122 crore

What should investors do? Voltas' share price has grown by ~3x over the past five years (from ~₹ 360 in July 2016 to ~₹ 1030 levels in August 2021).

- We maintain our BUY rating on the stock

Target Price and Valuation: We value Voltas at ₹ 1170 using SOTP i.e. 7x P/E for EMPS, 7x P/E for EPS and 56x P/E for UCP on FY23E EPS for each.

Key triggers for future price performance:

- Structural demand owing to changing consumer lifestyle (work from home) post pandemic is likely to drive near term demand for RAC
- On a long term basis, we believe, rising income and aspirations of middle class household in India will be a key demand driver for cooling products. AC's penetration at 7% is lowest among white goods segment
- Higher demand of energy efficient products would help drive premiumisation in the air conditioner industry

Alternate Stock Idea: We also like Havells in our coverage universe

- Havells is India's leading electrical appliances & equipment manufacturer and includes other major brands such as Crabtree, Lloyd and Standard
- BUY with a target price of ₹ 1345

VOLTAS

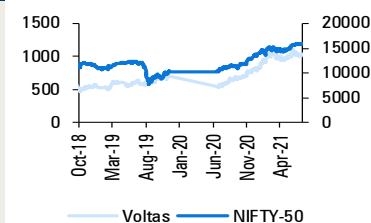
Particulars

Particular	Amount
Market Cap (₹ Crore)	33,404.1
Total Debt (FY21) (₹ Crore)	260.6
Cash & Inv (FY21) (₹ Crore)	708.3
EV (₹ Crore)	32,956.4
52 week H/L	1131 / 585
Equity capital (₹ Crore)	33.1
Face value (₹)	1.0

Shareholding pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	30.3	30.3	30.3	30.3	30.3
FII	9.9	10.7	12.4	14.6	14.4
DII	40.0	39.3	39.2	37.6	37.5
Others	19.8	19.7	18.1	17.5	17.8

Price Chart



Recent event & key risks

- **Key Risk:** (i) Climate change causing shorter summers (ii) Delay in passing on high input prices

Research Analyst

Sanjay Manyal
sanjay.manyal@icicisecurities.com

Hitesh Taunk
hitesh.taunk@icicisecurities.com

Key Financial Summary

(₹ Crore)	FY19	FY20	FY21	5Year CAGR (FY19-21)	FY22E	FY23E	2 Year CAGR (21-23E)
Net Sales	7124.1	7658.1	7555.8	6%	8785.9	9957.5	14.8
EBITDA	611.7	686.7	641.4	8%	812.6	1079.3	29.7
EBITDA Margin (%)	8.6	9.0	8.5		9.2	10.8	
Net Profit	513.9	521.0	528.8	6%	727.3	952.1	34.2
EPS (₹)	15.5	15.8	16.0		22.0	28.8	
P/E(x)	64.2	63.3	62.4		45.4	34.7	
Price/Book (x)	8.0	7.7	6.6		6.7	5.9	
RoE (%)	12.7	13.0	10.6		14.9	17.0	
RoCE(%)	17.3	19.5	15.0		20.2	22.8	

Key takeaways of recent quarter & conference call highlights

Q1FY22 Results:

- Consolidated topline grew ~38% YoY to ~₹ 1785 crore due to a low base and higher demand for ACs in June 2021. UCP division revenue grew ~19% to ₹ 963 crore due to strong seasonal demand. EMPS and EPS division revenues grew ~ 67% YoY and ~142% YoY to ₹ 688 crore and ₹ 115 crore, respectively
- The company has re-organised commercial air conditioner and customer care business from EMPS to UCP segment
- Overall EBITDA margins grew ~246 bps to ~7.6%. However, the quarter witnessed higher discount and marketing related expenses
- PAT grew ~50% YoY to ₹ 122 crore despite losses from JV of ~₹ 35 crore

Q1FY22 Earnings Conference Call highlights:

Unitary Cooling Products:

- The company remained a market leader with ~27% RAC market share
- Voltas has taken a price hike of ~10%
- Total dealer count increased to 22,000
- Selling and distribution expenses were higher in Q1FY22 leading to higher sales and flattish EBIT

Electro mechanical projects services:

- Continuance of construction activities in lockdown aided growth in Q1
- Domestic order book was at ~₹ 3700 crore as on June 30
- International order book was at ~₹ 2450 crore as on June 30, mainly representing UAE and Qatar

Engineering products & services:

- Strong order book for crushing & screening equipment
- After sales support and higher demand for capital machinery drove the bottomline for this segment
- The company is awaiting the announcement of PLI scheme for capital machinery industry

Company related information:

- Voltbek has a market share of ~3% in the refrigerator and washing machine segment
- The company expects the start of festive season to aid growth in sales
- The management expects inventory liquidation by October-November
- Brand promotion expense will range from ~3-3.5% of revenue

Exhibit 1: Peer Comparison

	Mcap ₹ crore	Sales			EBITDA margin			PAT			RoE			RoCE			PE		
		FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Havells Ind	73,620	10427.9	12800.5	15049.4	15.0	13.5	14.8	1039.6	1170.7	1515.7	20.1	21.3	25.7	24.9	25.6	31.1	70.8	62.9	48.6
Voltas	33,007	7555.8	8785.9	9957.5	8.5	9.2	10.8	528.8	727.3	952.1	10.6	14.9	17.0	15.0	20.2	22.8	62.4	45.4	34.7
Bajaj Ele	12,165	4584.6	5508.1	6205.1	6.6	8.2	10.4	189.0	304.3	457.4	10.7	18.4	22.2	15.1	21.8	28.1	64.9	40.3	26.8
V-guard	10,579	2721.2	3236.8	3882.5	11.5	9.9	10.6	201.9	226.3	301.4	16.7	18.5	22.0	23.9	24.2	28.4	52.4	46.8	35.1
CGCEL	29,334	4803.5	5462.9	6566.7	15.0	13.9	14.6	616.7	583.8	749.3	31.9	29.0	33.2	34.4	36.6	42.1	47.6	50.3	39.1

Source: ICICI Direct Research

Exhibit 2: Variance Analysis

	Q1FY22	Q1FY22E	Q1FY21	YoY (%)	Q4FY21	QoQ (%)	Comments
Revenue	1,785.2	1,600.4	1,296.9	37.6	2,651.7	-32.7	Favourable base and improved demand condition post ease in lockdown restrictions in UCP segment drives topline
Other Income	75.0	55.4	67.4	11.2	31.6	137.4	
Raw Material Exp	924.3	806.5	534.8	72.8	1,379.6	-33.0	
Employee Exp	147.4	134.4	157.4	-6.3	146.3	0.8	
Purchase of Traded goods	363.3	379.5	373.5	-2.7	593.9	-38.8	
Other Expenses	214.3	156.0	164.6	30.3	201.1	6.6	
EBITDA	135.8	123.9	66.8	103.4	330.7	-58.9	
EBITDA Margin (%)	7.6	7.7	5.1	246 bps	12.5	-487 bps	Improved profitability of EMPS business helped drive overall EBITDA margin
Depreciation	8.6	10.2	8.2	4.7	8.9	-2.9	
Interest	3.5	4.6	6.7	-47.9	10.4	-66.4	
Exceptional items	0.0	0.0	0.0		0.0		
Profit/(loss) from Asso & JVs	(30.6)	(15.2)	(11.7)		(22.2)		Loss from JV & associates companies, which includes losses from Voltas-Beko
PBT	168.1	149.4	107.5	56.3	320.9	-47.6	
Total Tax	45.6	37.3	25.8	77.1	82.1	-44.4	
PAT	122.4	112.0	81.8	49.7	238.7	-48.7	Strong sales growth help drive bottomline during Q4FY21
Key Metrics							
EMPS	688	504	412	67.2	1104	-37.6	Higher revenue is largely attributable to faster execution (as construction activities continued during the lockdown) in both international and domestic operations
EPS	115	57	48	141.7	98	17.8	Strong recovery in both Mozambique and India operations helped drive segment revenue
UCP	963.1	1020	811	18.7	1437	-33.0	Volume growth was at 10% YoY while company has taken price hikes of 8%-10%

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Chg	Old	New	% Chg	
Revenue	8,950.8	8,785.9	(1.8)	9,822.8	9,957.5	1.4	No major change in our revenue estimate for FY22E-FY23E
EBITDA	786.4	812.6	3.3	1,087.9	1079.3	(0.8)	
EBITDA Mar(%)	8.8	9.2	45bps	11.1	10.8	-26bps	We have slightly tweaked our margin estimate downside considering restoration of key operating costs
PAT	699.5	727.3	4.0	956.0	952.1	(0.4)	
EPS (₹)	21.2	22.0	4.0	28.9	28.8	(0.4)	

Source: ICICI Direct Research

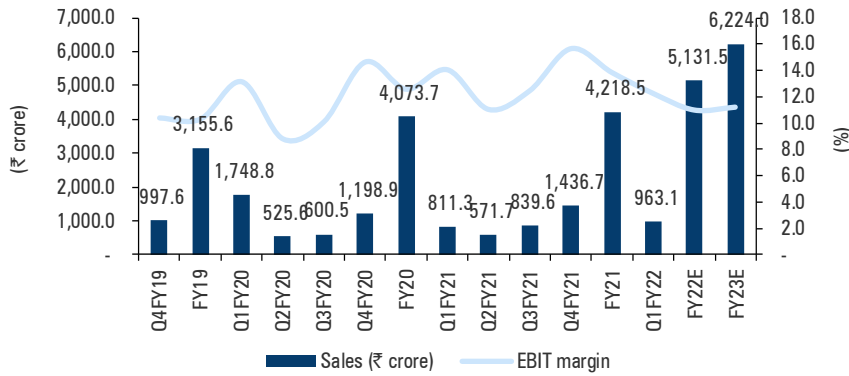
Exhibit 4: Assumptions

	Current				Earlier			Comments
	FY20	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	
EMPS	-10.3	-11.3	7.6	0.9	-1.1	11.6	-8.3	We build in flattish revenue in FY21-23E form this segment considering companies focus to bid for quality orders only
EPS	6.4	8.4	26.9	8.0	-3.8	10.8	8.0	improved traction from after sales service to help drive segment revenue
UCP	29.1	3.6	21.6	21.3	-16.8	25.7	25.9	We model UCP segment revenue CAGR of ~21% for FY21-23E led by 15% volume CAGR in RAC segment

Source: ICICI Direct Research

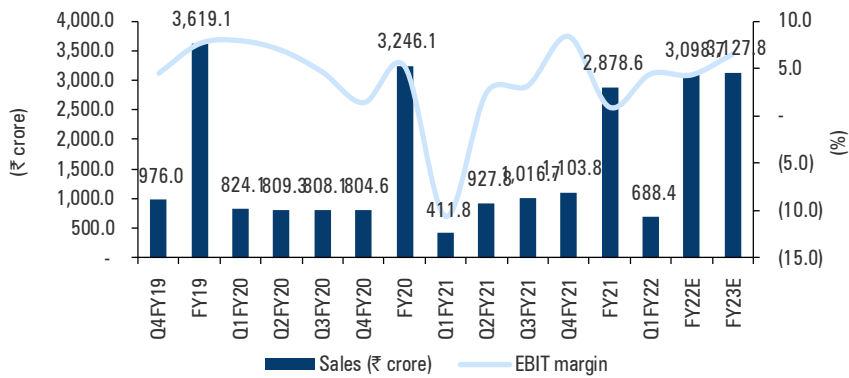
Financial story in charts

Exhibit 5: Strong seasonal demand leads growth in UCP revenue



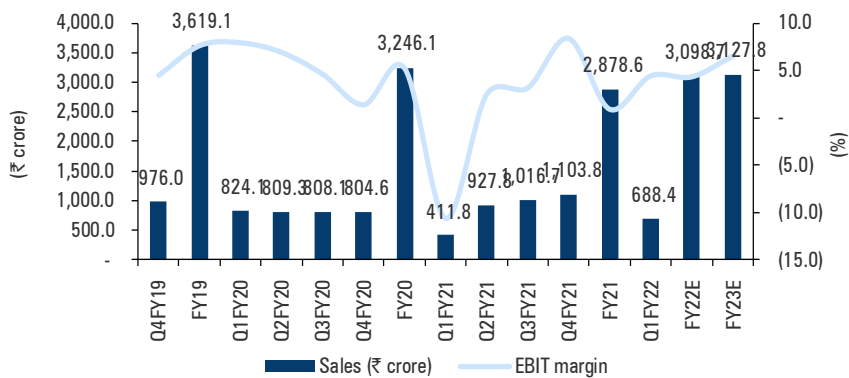
Source: Company, ICICI Direct Research

Exhibit 6: EMPS segment sales aided by continuance of construction activities



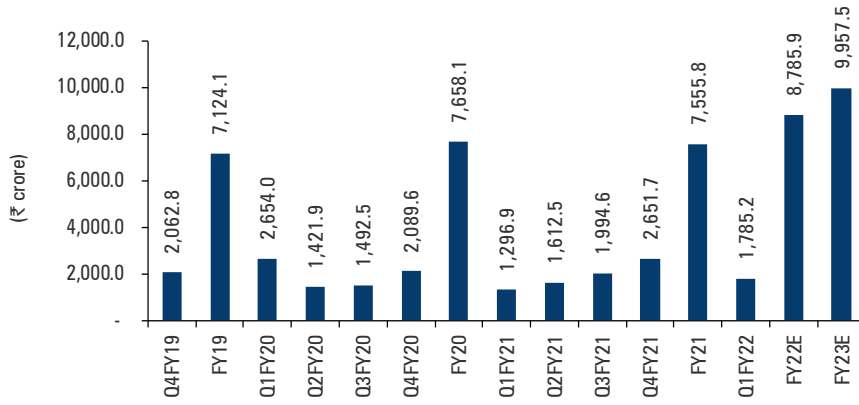
Source: Company, ICICI Direct Research

Exhibit 7: EPS segment sales grow due to higher demand for capital machinery



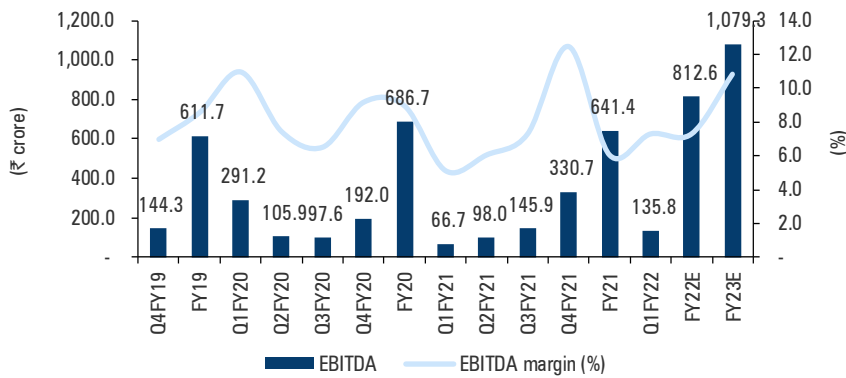
Source: Company, ICICI Direct Research

Exhibit 8: Overall revenue trend



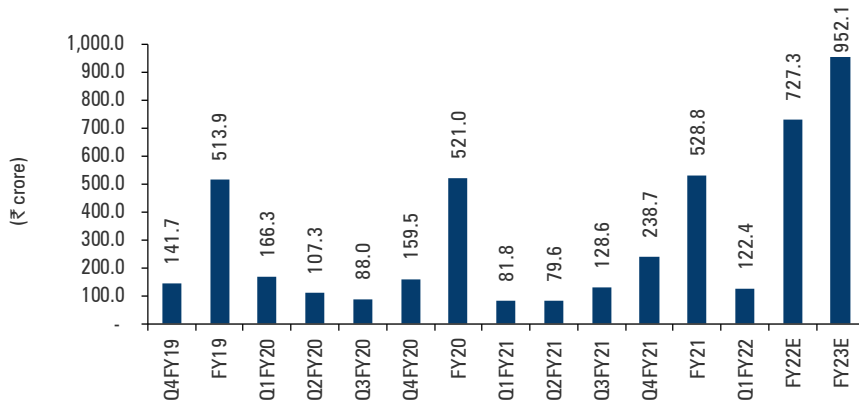
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA margin movement



Source: Company, ICICI Direct Research

Exhibit 10: PAT movement



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Net Sales	7,658.1	7,555.8	8,785.9	9,957.5
Expenses				
Raw Material Expenses	2,986.7	3,716.2	4,574.8	5,118.6
(inc)/Dec in stocks	-	-	-	-
Purchase of traded goods	2,568.3	1,862.3	1,913.9	2,194.4
Employee Expenses	671.7	601.7	616.9	652.5
Other expenses	672.8	683.7	795.8	800.7
Total Operating Expenditure	6,971.4	6,914.4	7,973.3	8,878.2
EBITDA	686.7	641.4	812.6	1,079.3
Other Income	230.6	188.9	277.9	295.3
Interest	21.1	26.2	17.2	10.5
PBDT	896.2	804.1	1,073.4	1,364.1
Depreciation	32.0	33.9	39.5	44.8
PBT before Exceptional Items	864.2	770.2	1,033.9	1,319.2
Less: Exceptional Items	51.2	-	-	-
Total Tax	223.3	180.4	245.9	317.4
PAT before MI	521.0	528.8	727.3	952.1
PAT after MI	521.0	528.8	727.3	952.1
Profit from Associates	(68.7)	(61.0)	(60.7)	(49.8)
PAT	521.0	528.8	727.3	952.1

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit after Tax	521.0	528.8	727.3	952.1
Depreciation	32.0	33.9	39.5	44.8
Cash Flow before working capital cha	574.1	588.8	784.0	1,007.4
Net Increase in Current Assets	(635.7)	274.8	(738.1)	(696.0)
Net Increase in Current Liabilities	557.5	(273.7)	542.2	517.6
Net cash flow from operating Acti	495.8	589.9	588.1	829.0
Long term loans and advances	(21.5)	57.3	(19.6)	(18.6)
Other non current assets	(17.0)	(5.0)	(15.6)	(14.9)
Liquid Investments	42.6	(703.1)	150.0	(50.0)
(Purchase)/Sale of Fixed Assets	(79.9)	(24.0)	(50.0)	(50.0)
Others	36.2	34.3	-	-
Net Cash flow from Investing Acti	(39.6)	(640.5)	64.8	(133.5)
Proceeds/(Repament) loans	(96.8)	42.8	-	(100.0)
Total Outflow on account of dividend	(154.8)	(165.4)	(116.1)	(232.2)
Others	(217.2)	323.6	(729.2)	(10.5)
Net Cash flow from Financing Acti	(468.8)	201.0	(845.3)	(342.7)
Net Cash flow	(12.6)	150.4	(192.4)	352.7
Cash and Cash Equivalent at the begin	321.0	308.5	459.0	266.7
Cash	308.5	459.0	266.7	619.6

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	33.1	33.1	33.1	33.1
Reserve and Surplus	4,247.1	4,960.3	4,859.4	5,579.3
Total Shareholders funds	4,280.2	4,993.3	4,892.5	5,612.4
Total Debt	217.9	260.6	260.6	160.6
Deferred Tax Liability	1.4	-	-	-
Other Non Current Liabilities	7.3	26.4	26.4	26.4
Total Liability	4,543.4	5,316.5	5,215.7	5,835.6
Net Block	308.1	315.7	326.2	331.3
Total Fixed Assets	334.4	324.5	335.0	340.2
Other Investments	1,822.9	2,797.1	2,697.1	2,797.1
Goodwill on Consolidation	72.3	72.3	72.3	72.3
Deferred Tax Assets	72.9	55.8	55.8	55.8
Long term loans and advances	177.5	120.2	139.7	158.3
Other non current assets	91.1	96.1	111.7	126.6
Liquid Investments	520.4	249.3	199.3	149.3
Inventory	1,468.9	1,279.6	1,492.4	1,691.4
Debtors	1,833.6	1,800.9	2,094.2	2,373.4
Cash	308.5	459.0	266.7	619.6
Loans and Advances	2.3	2.3	6.6	7.5
Other Current Assets	1,451.4	1,398.6	1,626.4	1,843.2
Net Current Assets	1,452.0	1,601.4	1,605.0	2,136.3
Total Assets	4,543.3	5,316.5	5,215.6	5,835.7

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
Per Share Data				
EPS	15.8	16.0	22.0	28.8
Cash EPS	16.7	17.0	23.2	30.1
BV	129.4	151.0	147.9	169.7
DPS	4.7	5.0	3.5	7.0
Operating Ratios				
EBITDA margin	9.0	8.5	9.2	10.8
PAT margin	7.3	7.0	8.3	9.6
Return Ratios				
RoE	13.0	10.6	14.9	17.0
RoCE	19.5	15.0	20.2	22.8
RoIC	16.5	12.3	15.1	18.7
Valuation Ratios				
EV / EBITDA	47.8	51.4	40.9	30.4
P/E	64.1	63.2	45.9	35.1
EV / Net Sales	4.3	4.4	3.8	3.3
Sales / Equity	1.8	1.5	1.8	1.8
Market Cap / Sales	4.4	4.4	3.8	3.4
Price to Book Value	7.8	6.7	6.8	6.0
Turnover Ratios				
Asset turnover	1.7	1.4	1.7	1.7
Debtors Days	87.4	87.0	87.0	87.0
Creditors Days	128.2	119.1	119.0	119.0
Solvency Ratios				
Debt / Equity	0.1	0.1	0.1	0.0
Current Ratio	1.6	1.7	1.7	1.7
Quick Ratio	1.1	1.2	1.2	1.2

Source: Company, ICICI Direct Research

Exhibit 15: ICICI Direct universe (Consumer Discretionary)

Sector / Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Asian Paints (ASIPAI)	2,976	3,665	Buy	2,85,398	33.4	39.5	50.4	89.0	75.3	59.0	61.5	53.2	42.4	25.0	27.6	30.7	29.6	32.6	36.8
Astral Polytechnik (ASTPOL)	2,084	1,915	Hold	31,398	20.3	21.8	29.3	102.6	95.7	71.2	55.0	51.8	39.6	27.5	27.0	31.4	21.5	20.7	23.9
Amber Enterprises (AMBEN)	2,865	3,365	Buy	9,009	24.7	43.3	87.7	116.9	66.8	32.9	41.0	30.3	17.5	7.7	11.1	18.3	5.2	8.8	15.2
Bajaj Electricals (BAJELE)	1,112	1,280	Buy	12,642	16.5	23.8	35.7	64.9	45.0	30.0	40.9	29.6	20.7	15.1	20.0	26.1	10.7	16.8	20.6
Berger Paints (BERPAI)	815	835	Hold	79,153	7.4	9.3	12.3	110.0	87.9	66.3	64.7	56.2	43.5	24.9	28.3	34.6	21.3	24.3	28.4
Crompton Greaves(CROGR)	466	540	Buy	29,218	9.8	9.2	11.9	47.4	50.9	39.3	33.1	32.5	25.4	34.4	36.1	42.1	31.9	28.7	33.2
Dixon Technologies (DIXTEC)	4,284	5,050	Buy	25,083	27.3	52.3	97.4	157.1	81.9	44.0	89.8	54.6	31.1	23.5	34.6	47.4	21.7	33.9	41.7
EPL (ESSPRO)	241	275	Hold	7,604	7.7	9.2	11.4	31.1	26.1	21.2	13.5	12.2	10.2	16.2	17.6	20.6	14.8	16.3	18.7
Havells India (HAVIND)	1,225	1,345	Buy	76,428	16.7	18.8	24.3	73.5	61.3	50.4	44.9	40.9	31.8	24.9	25.6	31.1	20.1	21.3	25.7
Kansai Nerolac (KANNER)	623	750	Buy	33,575	9.9	13.0	16.1	63.9	48.6	39.2	40.8	32.5	26.2	17.2	21.5	23.4	13.2	16.6	18.0
Moldtek Packaging (MOLPLA)	506	675	Buy	1,403	17.3	22.5	30.6	29.5	22.8	16.7	16.1	12.6	9.7	21.4	24.8	29.1	20.7	21.9	24.1
Pidilite Industries (PIDIND)	2,226	2,035	Hold	1,13,036	22.2	26.3	31.8	100.4	84.6	70.0	55.9	47.3	39.9	23.8	23.9	29.9	20.2	20.1	25.2
Polycab India (POLI)	1,823	2,100	Hold	28,138	59.4	59.2	77.7	31.8	31.9	24.3	23.3	21.5	16.6	21.9	21.1	24.2	18.5	16.5	18.5
Supreme Indus (SUPIND)	2,081	2,450	Buy	26,434	77.0	64.1	75.9	27.3	32.8	27.6	20.2	23.0	18.8	33.1	25.1	25.9	30.9	23.4	23.5
Symphony (SYMLIM)	912	1,050	Hold	6,380	15.3	20.8	33.0	64.9	47.8	30.9	48.7	37.6	24.3	15.2	22.1	31.8	14.9	21.1	30.1
Time Techno (TIMTEC)	83	100	Buy	1,877	4.8	8.5	10.8	17.4	9.7	7.7	6.5	5.2	4.4	8.7	12.1	13.7	5.7	9.7	11.3
V-Guard Ind (VGUARD)	240	310	Buy	10,279	4.7	5.5	7.3	59.0	50.4	38.1	37.3	35.4	27.3	23.9	25.1	29.0	16.7	19.2	22.5
Voltas Ltd (VOLTAS)	998	1,170	Buy	33,007	16.0	22.0	28.8	63.2	45.9	35.1	51.4	40.9	30.4	15.0	20.2	22.8	10.6	14.9	17.0

Source: Bloomberg, 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, Akruiti 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) 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 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 endeavor 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.