

ICICI Securities Limited
is the author and
distributor of this report

Annual report analysis
and reco change

White Goods & Durables

Target price Rs477

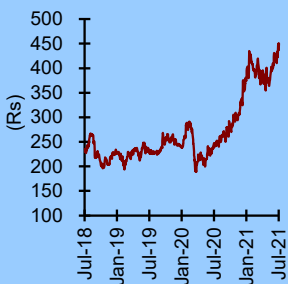
Target price revision
Rs477 from Rs413

Shareholding pattern

| | Sep '20 | Dec '20 | Mar '21 |
|-------------------------|---------|---------|---------|
| Promoters | 26.2 | 17.4 | 11.4 |
| Institutional investors | 55.4 | 71.9 | 77.9 |
| MFs and others | 24.8 | 27.7 | 27.9 |
| FI/ Banks | 0.4 | 8.2 | 9.1 |
| FIs | 31.2 | 36.0 | 40.9 |
| Others | 17.4 | 10.7 | 10.7 |

Source: BSE

Price chart



Crompton Greaves Consumer

ADD

Upgrade from HOLD

Annual report update: Focus on driving efficiencies
across segments

Rs442

Crompton Greaves Consumer (Crompton) is focusing on its 5-dimensional growth strategy comprising investment in: (1) brand excellence, (2) portfolio excellence, (3) go-to-market excellence, (4) operational excellence, and (5) organisational excellence. It continued to introduce premium and differentiated products across all its businesses in FY21 and has saved costs to the tune of Rs1.53bn through its cost excellence programme, *Unnati*. Net working capital days have decreased from 19 in FY20 to -10 in FY21 leading to strong FCF. ECD segment continued to report higher growth than the lighting business even in FY21. We note the steady growth in ECD is margin-accretive at the company level. We remain structurally positive on Crompton given its strong investments in brand-building, distribution expansion, and steady launch of premium products. Upgrade to ADD with a DCF-based target price of Rs477 (42x FY23E; Earlier TP-Rs413).

- **Five-dimensional growth strategy:** Crompton continues to do well in keeping with its 5-dimensional growth strategy comprising investment in: (1) brand excellence, (2) portfolio excellence, (3) go-to-market excellence, (4) operational excellence, and (5) organisational excellence.
- **Urja and Unnati projects to improve efficiencies:** Crompton, in order to achieve operational excellence, and for superior digital transformation, is working on programme *Urja*. The programme supports the company's core business through: (1) technology adoption, (2) improvement in stakeholder relationships, and (3) enhancing data security. Crompton achieved Rs1.53bn in cost-savings through its cost excellence programme, *Unnati*.
- **Lower working capital days leading to higher FCF:** Net working capital days have decreased from 19 in FY20 to -10 in FY21. This improvement is resulting in strong FCF generation.
- **Strong growth in Electric Consumer Durables (ECD) segment:** This vertical contributed 78% of revenues and registered strong YoY growth of 10.9% in FY21. It generated an EBIT margin of 19.7% in FY21 vs 12.6% for lighting products. We note the strong growth in ECD is margin-accretive at the company level.
- **Upgrade to ADD:** We model Crompton to report a PAT CAGR of 7.5% over FY21-FY23E and RoE to be above 30% over FY22E-FY23E. We remain positive on the business model due to its competitive advantages and growth opportunities. We upgrade the stock **ADD** with a DCF-based target price of Rs477 (implied P/E 42x FY23E).

| | | | | | | |
|-------------------------|--------------------|-------------------------|-------------|-------------|--------------|--------------|
| Market Cap | Rs277bn/US\$3.7bn | Year to March | FY20 | FY21 | FY22E | FY23E |
| Reuters/Bloomberg | CROP / CROMPTON IN | Revenue (Rs mn) | 45,203 | 48,035 | 55,190 | 63,069 |
| Shares Outstanding (mn) | 627.8 | Adj. Net Profit (Rs mn) | 4,964 | 6,167 | 6,164 | 7,126 |
| 52-week Range (Rs) | 467/234 | Dil. Rec. EPS (Rs) | 7.9 | 9.8 | 9.8 | 11.4 |
| Free Float (%) | 88.6 | % Chg YoY | 23.7 | 24.2 | (0.0) | 15.61 |
| FII (%) | 40.9 | P/E (x) | 55.8 | 44.9 | 45.0 | 38.9 |
| Daily Volume (US\$'000) | 12,999 | CEPS (Rs) | 8.3 | 10.3 | 10.3 | 11.9 |
| Absolute Return 3m (%) | 14.1 | EV/EBITDA (x) | 45.5 | 37.0 | 34.4 | 29.6 |
| Absolute Return 12m (%) | 85.1 | Dividend Yield (%) | - | 1.2 | 1.4 | 1.5 |
| Sensex Return 3m (%) | 6.8 | RoCE (%) | 34.5 | 34.0 | 37.8 | 37.3 |
| Sensex Return 12m (%) | 44.7 | RoE (%) | 33.8 | 31.9 | 28.4 | 28.8 |

Research Analyst:

Aniruddha Joshi

aniruddha.joshi@icicisecurities.com
+91 22 6637 7249

Manoj Menon

manoj.menon@icicisecurities.com
+91 22 6637 7209

Karan Bhuwania

karan.bhuwania@icicisecurities.com
+91 22 6637 7351

Pranjal Garg

pranjal.garg@icicisecurities.com
+91 22 6637 7249

FY21 annual report highlights

Five-dimensional growth strategy

Crompton continues to do well in keeping with its 5-dimensional growth strategy. It plans to focus as well as invest in: (1) brand excellence, (2) portfolio excellence, (3) go-to-market excellence, (4) operational excellence, and (5) organisational excellence. It has been investing aggressively in branding, distribution expansion, R&D and digitalisation.

Table 1: Five-dimensional growth strategy

| Growth strategy | Particulars |
|---------------------------|---|
| Brand excellence | Crompton is reaching out to consumers via multiple channels. It has enhanced focus on direct-to-consumer programmes, which includes presence on e-commerce channels. |
| Portfolio excellence | Focus on customer-centric innovation by investments in R&D and technology. Focus on investments in premium products and driving their saliency. |
| Go-to-market excellence | Leveraging technology to drive productivity and improve customer reach. Continuous efforts / investments to improve the number of retail touch points. |
| Operational excellence | Several initiatives to drive operational efficiencies. Digital transformation journey with ongoing programme, <i>Urja</i> . |
| Organisational excellence | Investments in developing people skills via extensive opportunities for learning. Initiatives to ensure employees can work from home safely. |

Source: Company data, I-Sec research

New product launches across segments

Crompton continued to introduce premium and differentiated products across all its business segments in FY21. Even though there was lockdown in Q1FY21, the company continued to invest in R&D and introduced multiple premium products.

Chart 1: Multiple new product launches across sub-segments



Pumps



Mini Neo



Armor Digital Control Panel



V6 Borewell submersible ULTIMA MAGNA Series



V4 Borewell submersible 4WSS Series



Aquagold 150

Appliances



Optimus Neo 35i



Ameo Neo



Ritz Plus



Iron



InstaDelight



InstaComfy Lit

Lighting

► B2B



Challenger Pro 500W



Challenger Pro



Pluto Pro Plus



Pluto Pro



Falcon Pro - I



Raptor Pro II



Rover Pro



Parabola

► B2C



Super Lumen



Immensa



Flood Light



Street Light



Star Lord



Star Dura Eye Smile



Star Striko

Source: Company data, I-Sec research

Urja and Unnati projects to drive efficiencies

Crompton, in order to obtain operational excellence and for a better digital transformation, is working on programme *Urja*, which supports the core business through: (1) technology adoption, (2) improvement in stakeholder relationships, and (3) enhancing data security. The next phase of *Urja* is likely to focus on information safety, process simplification, leveraging data, enhancing customer experience, and knowledge management.

Company achieved a massive Rs1.53bn in cost savings through its cost excellence programme, *Unnati*. The benefits were achieved through initiatives across product design optimisation, in-house manufacturing, commercial negotiations, etc.

Segment-wise growth strategy

Crompton plans to grow by expanding its portfolio, premiumisation, channel expansion, rural programmes, exports to SAARC countries and entering into new product segments (such as solar pumps).

Table 2: Growth strategy of the company

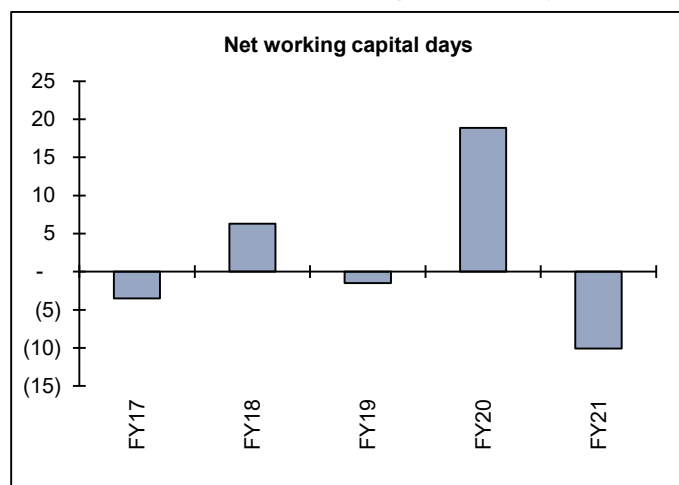
| Segment | Particulars |
|-------------------|---|
| Fans | Company plans to transition its existing portfolio to the new BEE norms. |
| | It stays focused on premiumisation of the portfolio. |
| | Plans to grow by exporting to SAARC countries, channel expansion and rural programmes. |
| Pumps | Plans to leverage its strong brand equity to drive premiumisation in both domestic and agriculture pumps. |
| | Is building a solar pumps segment, to seek benefits under <i>PM Kusum</i> scheme. |
| | Targets healthy growth (larger than market) in the agriculture pump segment. |
| Appliances | Water heater and air cooler product lines expansion will be the core focus. |
| | Also plans to develop full range of kitchen appliances, to maintain growth momentum. |
| | Focused on offering premium features and smart technology at affordable pricing. |
| Lighting business | For B2B segment, the company plans to enter newer categories such as solar and decorative. |
| | For B2C segment, it will increase brand awareness for lighting products. |
| | Plans to have most innovative products in ceiling lights, battens and IoT products |

Source: Company data, I-Sec research

Steady decrease in working capital days

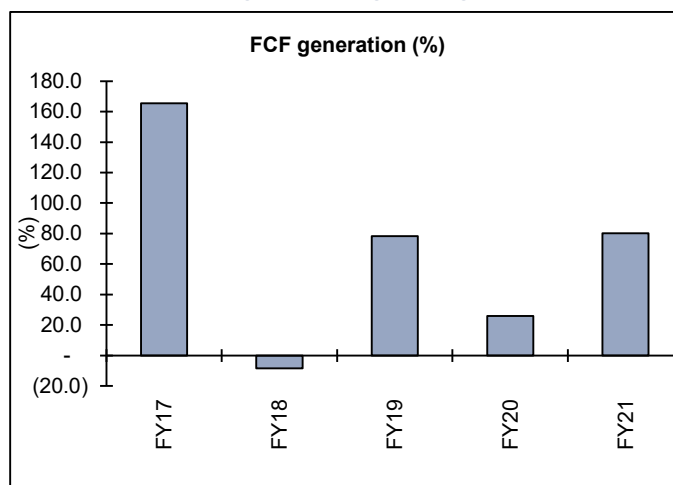
Crompton's net working capital days have decreased from 19 in FY20 to -10 in FY21. Despite higher sales in Q4FY21, it managed to reduce the working capital days on the back of: (1) optimised inventory levels, and (2) increased creditor days. The improvement in working capital days is reflected in strong FCF generation.

Chart 2: Reduction in working capital days...



Source: Company data, I-Sec research

Chart 3: ... leading to strong FCF generation



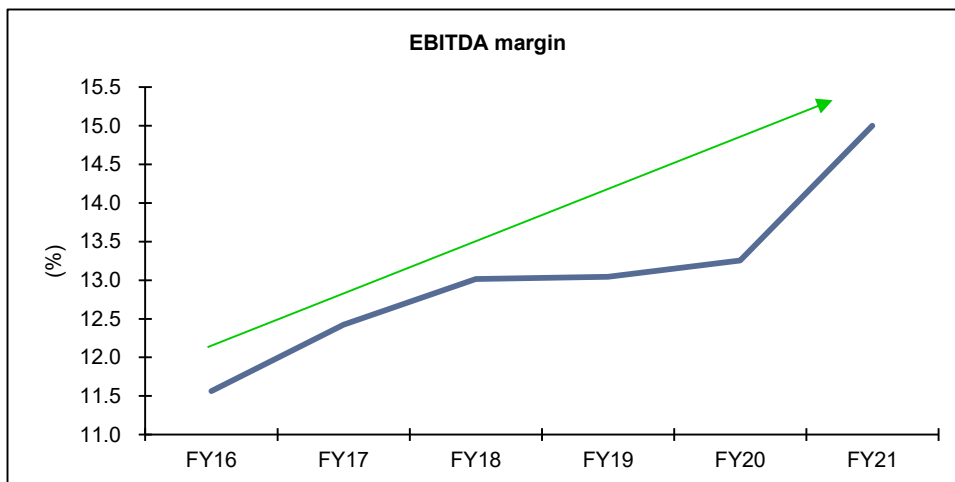
Source: Company data, I-Sec research

EBITDA margin at peak levels in FY21 in past five years

Despite inflationary pressures in key raw materials, Crompton registered strong EBITDA margin of 15% in FY21. The key reasons are: (1) timely price hikes, (2) reduction in adspend as % of sales, (3) other cost-cutting measures post-covid, and (4) strong operating leverage.

While steep inflation in input prices is likely to impact EBITDA margins in H1FY22E, we believe the EBITDA margin is structurally moving upwards considering: (1) the higher revenue share of B2C products, (2) higher revenue share of premium products in B2C products, and (3) benefits of investments in brand-building activities.

Chart 4: EBITDA margin at peak levels in past five years



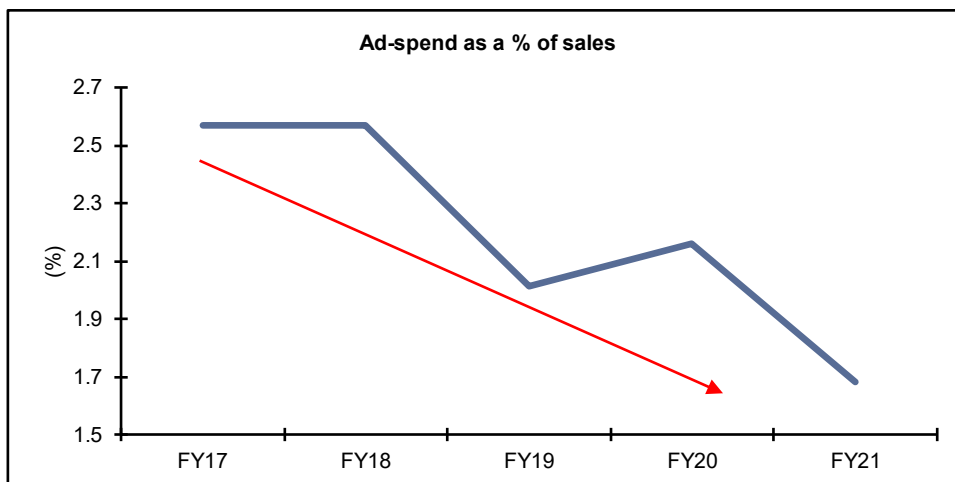
Source: Company data, I-Sec research

Reduction in adspend to sales ratio; likely to increase in H2FY22

Adspend as a proportion of net sales has declined from 2.1% in FY20 to 1.6% in FY21. We reckon two likely reasons: (1) strong revenue growth in H2FY21 leading to lower adspend as % of net sales, and (2) focus on cost-saving measures.

While adspend is likely to be lower even in Q1FY22 due to localised lockdowns, we expect the company to increase its adspend in medium to long term.

Chart 5: Reduction in ad-spend to sales ratio

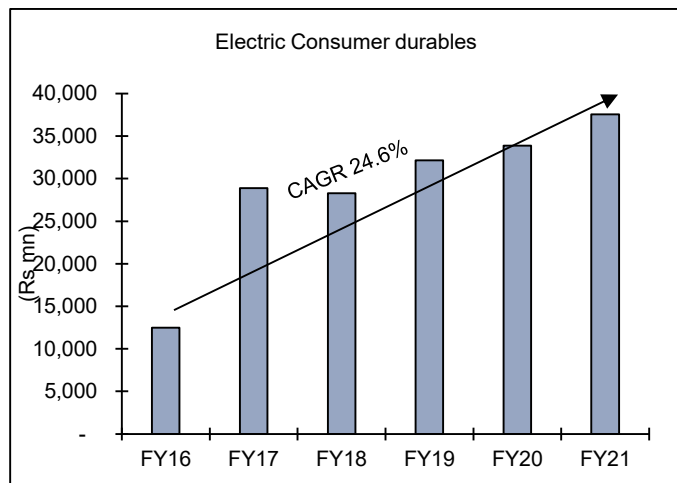


Source: Company data, I-Sec research

Segment-wise details

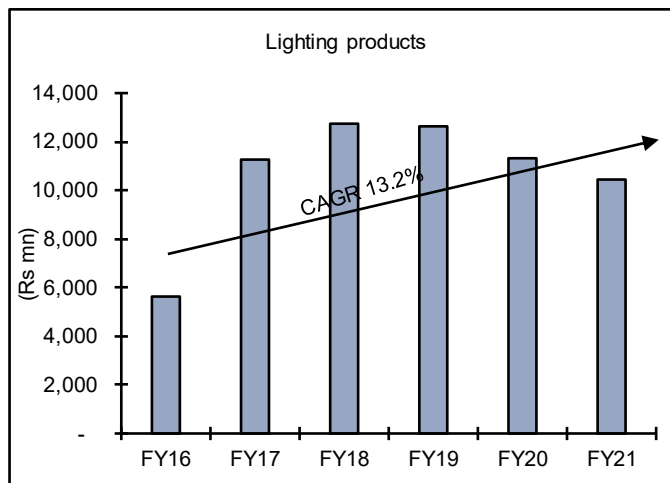
ECD vertical grew 10.9% in FY21. Rising revenue share of ECD is margin-accretive at the company level. We also expect the profitability of lighting business to stabilise considering that the erosion in realisations in LED lighting has been largely arrested.

Chart 6: ECD segment growing at ...



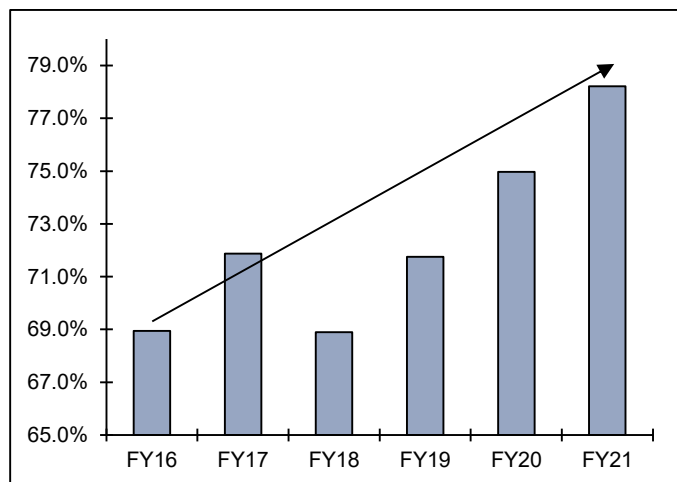
Source: Company data, I-Sec research

Chart 7: ...faster rate than the lighting segment



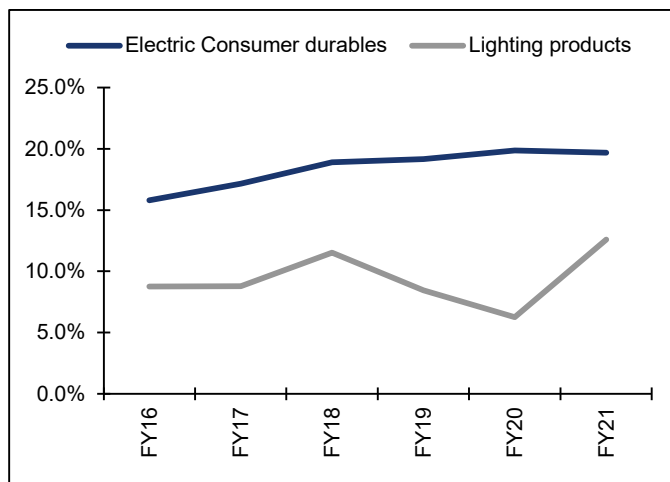
Source: Company data, I-Sec research

Chart 8: Rising revenue share of ECD



Source: Company data, I-Sec research

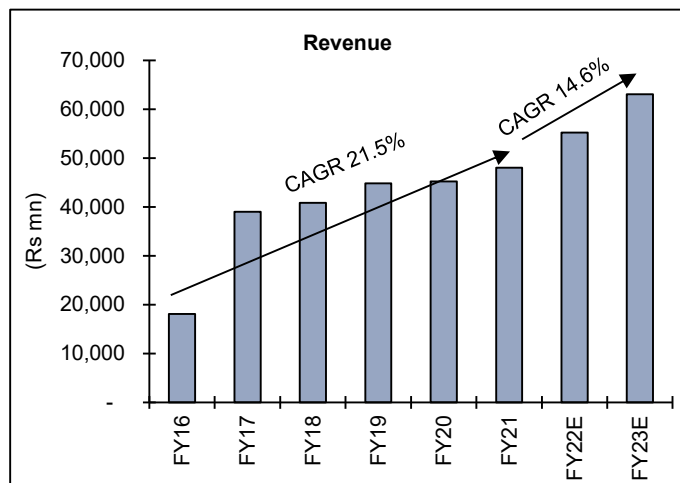
Chart 9: ECD and lighting products' margins



Source: Company data, I-Sec research

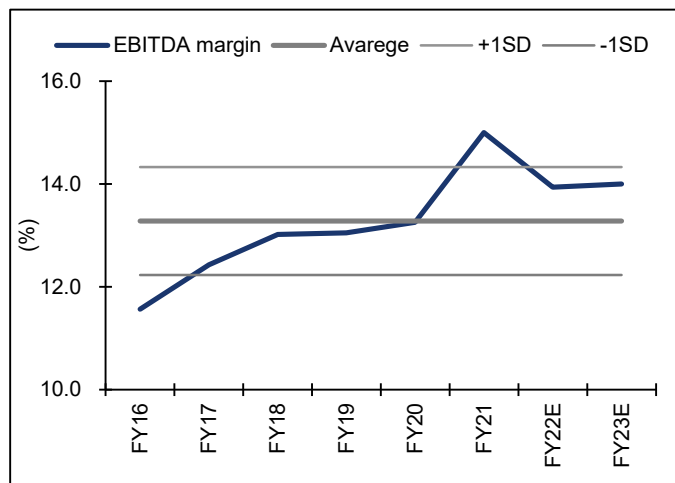
Key ratios – Annual

Chart 10: Revenue and revenue growth



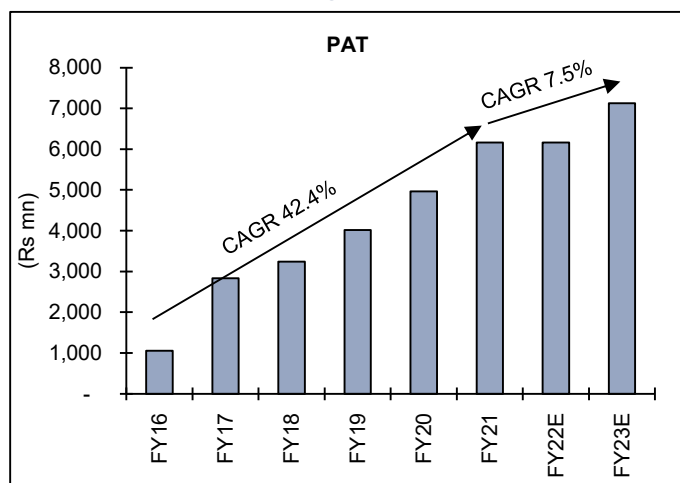
Source: Company data, I-Sec research

Chart 11: EBITDA margin



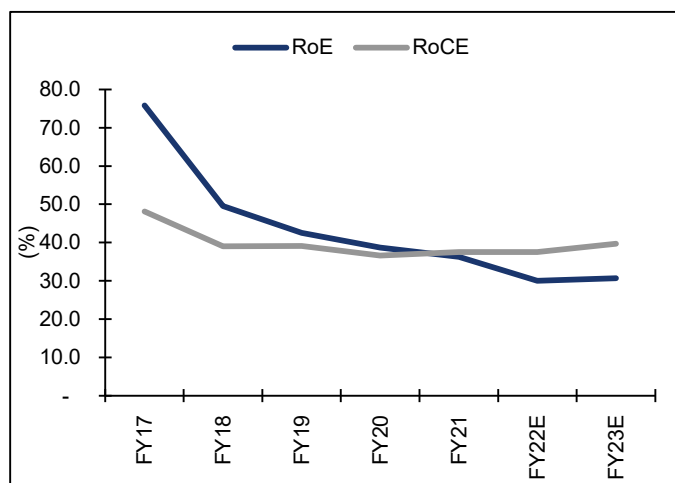
Source: Company data, I-Sec research

Chart 12: PAT and PAT growth



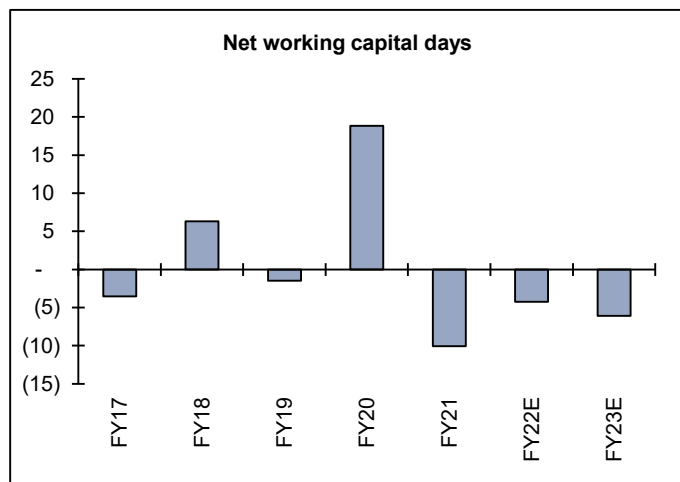
Source: Company data, I-Sec research

Chart 13: RoE and RoCE



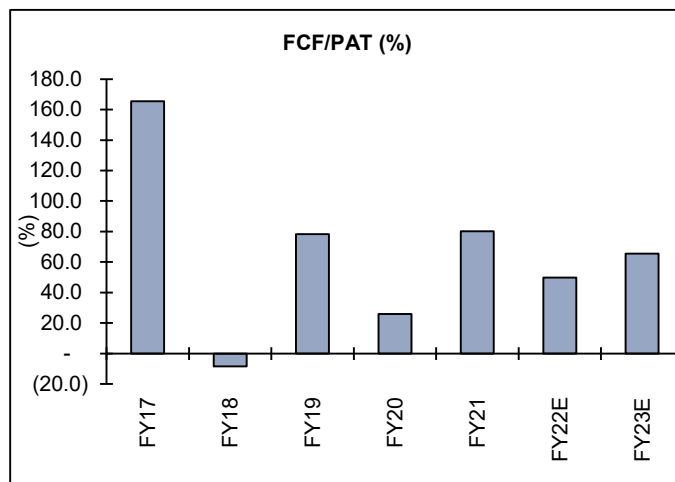
Source: Company data, I-Sec research

Chart 14: Net working capital days



Source: Company data, I-Sec research

Chart 15: FCF/PAT (%)



Source: Company data, I-Sec research

Valuation and risks

We model Crompton to report revenue and PAT CAGRs of 14.6% and 7.5% over FY21-FY23E and RoCE to increase to 37.3% in FY23E from 34% in FY21. At our DCF-based target price of Rs477, the implied P/E works out to 42x FY23E EPS. Upgrade to **ADD**.

Table 3: DCF-based valuation

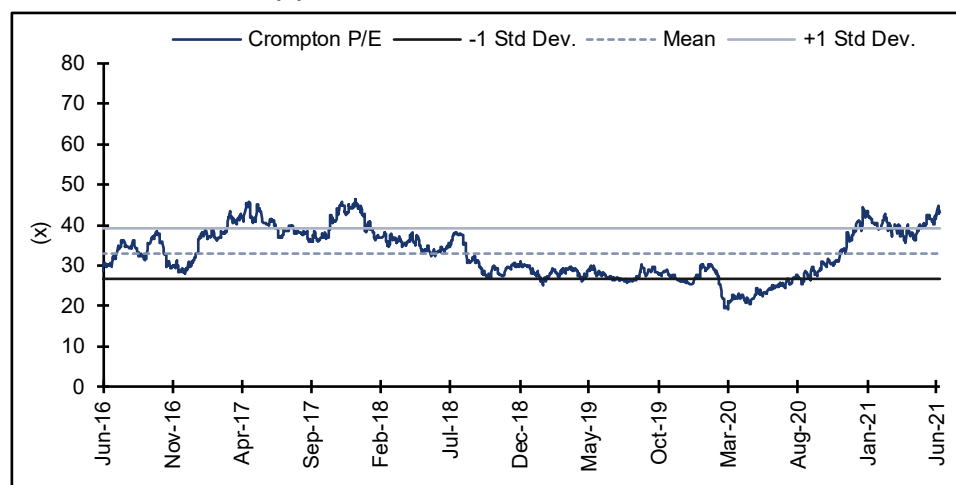
| Particulars | Amt (Rs) |
|---------------------------------------|------------|
| Cost of Equity (%) | 10.4% |
| Terminal growth rate (%) | 5.0% |
| Discounted interim cash flows (Rs mn) | 88,288 |
| Discounted terminal value (Rs mn) | 2,11,064 |
| Total equity value (Rs mn) | 2,99,352 |
| Value per share (Rs) | 477 |

Source: Company data, I-Sec research

Mean P/E and standard valuation

The stock has traded at an average P/E of 33x over the past five years. Considering the strong earnings growth now and improving return ratios, we expect the company to trade at premium valuations.

Chart 16: Mean P/E (x) and standard deviation



Source: Company data, I-Sec research

Risks

Sharp increase in input prices and competitive pressures

Major increase in input prices and/or increase in competitive pressures will result in downside to our estimates.

Delays in launch of new products

Any delays in launch of new products may result in lower earnings than estimated.

Financial summary

Table 4: Profit & Loss statement

(Rs mn, year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|-----------------------------|---------------|---------------|---------------|---------------|
| Operating Income | 45,203 | 48,035 | 55,190 | 63,069 |
| Operating Expenses | 39,212 | 40,830 | 47,498 | 54,241 |
| EBITDA | 5,991 | 7,205 | 7,692 | 8,828 |
| % margins | 13.3 | 15.0 | 13.9 | 14.0 |
| Depreciation & Amortisation | 268 | 297 | 309 | 326 |
| Gross Interest | 407 | 429 | 278 | 49 |
| Other Income | 591 | 758 | 1,005 | 923 |
| PBT | 5,907 | 7,236 | 8,110 | 9,376 |
| Add: Extraordinaries | - | - | 0 | 0 |
| Less: Taxes | 943 | 1,070 | 1,946 | 2,250 |
| Reported Net Income | 4,964 | 6,167 | 6,164 | 7,126 |
| Recurring Net Income | 4,964 | 6,167 | 6,164 | 7,126 |

Source: Company data, I-Sec research

Table 5: Balance sheet

(Rs mn, year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|-------------------------------------|---------------|---------------|---------------|---------------|
| Assets | | | | |
| Total Current Assets | 17,417 | 26,067 | 26,281 | 31,054 |
| <i>Cash and Current Investments</i> | 5,889 | 13,737 | 12,558 | 15,690 |
| Total Current Liabilities | 9,191 | 13,656 | 14,365 | 16,415 |
| Net Current Assets | 8,225 | 12,410 | 11,917 | 14,639 |
| Loans and advances | 306 | 262 | 262 | 262 |
| Deferred Tax Assets | 507 | 586 | 586 | 586 |
| Net Fixed Assets with CWIP | 9,289 | 9,259 | 9,449 | 9,773 |
| Total Assets | 18,327 | 22,517 | 22,214 | 25,259 |
| Liabilities | | | | |
| Borrowings | 1,797 | 2,988 | 288 | 288 |
| Provisions | 1,846 | 214 | 214 | 214 |
| Equity Share Capital | 1,255 | 1,255 | 1,255 | 1,255 |
| Face Value per share (Rs) | 2.0 | 2.0 | 2.0 | 2.0 |
| Reserves & Surplus* | 13,429 | 18,059 | 20,456 | 23,502 |
| Net Worth | 14,683 | 19,314 | 21,712 | 24,757 |
| Total Liabilities | 18,327 | 22,517 | 22,214 | 25,259 |

Source: Company data, I-Sec research

Table 6: Cashflow statement

(Rs mn, year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|---|----------------|----------------|----------------|----------------|
| Operating Cashflow ex WC | 4,829 | 6,858 | 6,473 | 7,452 |
| Working Capital Changes | (721) | 1,445 | (685) | 410 |
| Capital Commitments ex asset sale | 494 | 5,229 | 1,750 | 1,900 |
| Free Cashflow | 3,614 | 3,074 | 4,037 | 5,962 |
| Cashflow from Investing Activities | 89 | (4,957) | (1,750) | (1,900) |
| Inc (Dec) in Borrowings | (2,949) | 1,373 | (2,700) | - |
| Dividend paid including taxes | - | 3,452 | - | - |
| Cashflow from Financing Activities | (5,127) | (962) | (6,466) | (4,080) |
| Chg. in Cash & Bank balance | (931) | 2,384 | (2,429) | 1,882 |

Source: Company data, I-Sec research

Table 7: Key ratios

(Year ending March 31)

| | FY20 | FY21 | FY22E | FY23E |
|---------------------------------|-------|-------|-------|-------|
| Per Share Data (in Rs.) | | | | |
| EPS(Basic Recurring) | 7.9 | 9.8 | 9.8 | 11.4 |
| Diluted Recurring EPS | 7.9 | 9.8 | 9.8 | 11.4 |
| Recurring Cash EPS | 8.3 | 10.3 | 10.3 | 11.9 |
| Dividend per share (DPS) | - | 5.5 | 6.0 | 6.5 |
| Book Value per share | 23.4 | 30.8 | 34.6 | 39.4 |
| FCF per share | 5.8 | 4.9 | 6.4 | 9.5 |
| Growth Ratios (%) | | | | |
| Revenue | 0.9 | 6.3 | 14.9 | 14.3 |
| EBITDA | 2.5 | 20.3 | 6.8 | 14.8 |
| Recurring Net Income | 23.7 | 24.2 | (0.0) | 15.6 |
| Valuation Ratios (x) | | | | |
| P/E | 55.8 | 44.9 | 45.0 | 38.9 |
| P/CEPS | 52.9 | 42.9 | 42.8 | 37.2 |
| P/BV | 18.9 | 14.3 | 12.8 | 11.2 |
| EV / EBITDA | 45.5 | 37.0 | 34.4 | 29.6 |
| EV / FCF | 75.5 | 86.7 | 65.6 | 43.9 |
| FCF Yield(%) | 1.3 | 1.1 | 1.5 | 2.2 |
| Operating Ratios (%) | | | | |
| Inventory Days | 37.4 | 39.4 | 39.0 | 39.0 |
| Receivables (days) | 37.4 | 37.3 | 37.0 | 37.0 |
| Other Current Liabilities Days | 22.3 | 38.1 | 35.0 | 35.0 |
| Payables (days) | 52.0 | 65.7 | 60.0 | 60.0 |
| WC Days | 1 | (27) | (19) | (19) |
| Net D/E Ratio (x) | (0.3) | (0.6) | (0.6) | (0.6) |
| Net D/EBITDA Ratio (x) | (0.7) | (1.5) | (1.6) | (1.7) |
| Asset Turnover(x) | 2.5 | 2.1 | 2.5 | 2.5 |
| Profitability Ratios (%) | | | | |
| Recurring Net Income Margins | 11.0 | 12.8 | 11.2 | 11.3 |
| RoCE | 34.5 | 34.0 | 37.8 | 37.3 |
| RoE | 33.8 | 31.9 | 28.4 | 28.8 |
| Dividend Payout Ratio | - | 0.56 | 0.61 | 0.57 |
| EBITDA Margins | 13.3 | 15.0 | 13.9 | 14.0 |

Source: Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Aniruddha Joshi, CA; Manoj Menon, MBA, CMA; Karan Bhuwania, MBA; Pranjal Garg, MBA 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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 Institutional 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 Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.