

November 10, 2017

## Butterfly Gandhimathi (BUTGAN)

₹ 360

### Strong Turnaround on the cards...

- Butterfly Gandhimathi Appliances (BGAL) reported strong set of Q2FY18 results. Revenues for the quarter grew by 29.6% YoY to ₹ 201.0 crore. The growth was supported by healthy traction in cooker/cookware and appliances segment.
- EBITDA margins for the quarter expanded by 250 bps YoY to 8.4%. The margin expansion was driven by improvement in gross margins (up 136 bps YoY) and positive operating leverage owing to strong topline growth (employee expenses down 139 bps YoY). Subsequently, EBITDA came in at ₹ 16.9 crore vs. ₹ 9.1 crore in Q2FY17.
- Strong operational performance coupled with decline in interest expense (down 45.7%) resulted in PAT of ₹ 11.5 crore vs. ₹ 0.6 crore in Q2FY17.

### Worst over, revenue growth rebounds...

Q2 has been a seasonally strong quarter for BGAL as various dealers replenish their inventory a month prior to the start of the new festive season. With normalisation settling in post GST disruption, various traders and Multi brand outlets (MBO's) are witnessing restocking at a gradual pace. This resulted in revenue recovery for BGAL in the retail space, clocking in revenue growth of 15% YoY. Strong traction in PMUY scheme and low base effect of Q2FY17 led to 45% YoY growth for the institutional sales. Segment per se, cooker/cookware and kitchen appliances grew 38% and 13% to ₹ 30.2 crore and ₹ 163.3, respectively. We expect strong revenue trajectory to sustain in H2FY18 owing to improvement in consumer sentiment and low base effect (H2FY17 was adversely impacted owing to demonetisation blues). We have introduced FY20 estimates and expect revenues to grow at a CAGR of 20% in FY17-20E.

### Revenue growth & margin improvement to sustain; Recommend BUY!!

FY17 was a challenging year for the company on account of: a) absence of government orders, b) demonetisation impacting consumer sentiments, c) drought conditions and Vardah cyclones denting sentiments in southern areas. In addition, given the fixed cost nature of the business, low capacity utilisation rates resulted in negative operating leverage leading to losses at the EBITDA level for BGAL in FY17. We believe worst is behind and BGAL is in for better growth rates ahead. The key revenue growth drivers are a) Uptick in consumer sentiments owing to active monsoon in the southern state, b) Foraying into LFS and online distribution channel to provide additional impetus, c) new LPG connections to be released by the government under PMUY scheme and d) favourable base. Subsequently, we expect revenues to grow at a CAGR of 20% over FY17-20E. With strong revenue growth trajectory, we expect operating leverage benefit to kick in. We expect margins to recover from FY18E and touch 7.0% in by FY20E. In addition, management expects to break-even in non-south markets by FY19E. On the balance sheet front, a higher focus on recovery from debtors has led to a significant decline in debtor days from 104 days in FY16 to 74 days in FY17. Efforts to improve the liquidity of the balance sheet has resulted in a reduction in debt to the tune of 35% to ₹ 125 crore as on FY17. The stock price has run up nearly 2x since our last update, however we feel there is more headroom given the strong earnings trajectory and attractive valuation (1.1x and 0.9x Mcap/sales for FY19E and FY20E). Hence we assign a **BUY** rating with a revised target price of ₹ 405 (based on 1.0x FY20E market cap/sales).

Rating matrix		
Rating	:	Buy
Target	:	₹ 405
Target Period	:	12 months
Potential Upside	:	12%

What's changed?	
Target	Changed from ₹ 186 to ₹ 405
EPS FY18E	Changed from ₹ (4.4) to ₹ 1.8
EPS FY19E	Changed from ₹ 2.4 to ₹ 5.4
EPS FY20E	Introduced at ₹ 10.6
Rating	Changed from Hold to Buy

Quarterly performance					
	Q2FY18	Q2FY17	YoY (%)	Q1FY18	QoQ (%)
Revenue	201.0	155.1	29.6	85.9	133.9
EBITDA	16.9	9.1	85.2	(3.2)	LP
EBITDA (%)	8.4	5.9	252 bps	-3.7	LP
PAT	11.5	0.6	1933.6	(8.8)	LP

Key financials				
(₹ crore)	FY17	FY18E	FY19E	FY20E
Net Sales	402	503	594	695
EBITDA	(27)	27	37	49
Net Profit	(55)	3	10	19
EPS (₹)	(31.0)	1.8	5.4	10.6

Valuation summary				
	FY17	FY18E	FY19E	FY20E
P/E	-11.6	199.1	66.7	34.0
Target P/E	(13.0)	223.6	74.9	38.2
EV to EBITDA	-27.5	26.8	19.1	14.2
Price to book	3.6	3.6	3.4	3.2
RONW (%)	-30.8	1.8	5.1	9.3
ROCE (%)	(12.6)	5.0	8.5	12.1

Stock data	
Particular	Amount
Market Capitalisation (₹ Crore)	643.7
Debt (FY17) (₹ Crore)	125.1
Cash (FY17) (₹ Crore)	28.2
EV (₹ Crore)	740.5
52 week H/L	372 / 157
Equity Capital (₹ Crore)	17.9
Face Value (₹)	10

Price performance				
	1M	3M	6M	12M
Butterfly Gandhimathi	76.1	114.5	91.5	52.0
TTK Prestige	8.8	5.4	1.1	13.5
Hawkins Cookers	6.9	4.1	-4.4	-0.5

Research Analysts	
Bharat Chhoda	bharat.chhoda@icicisecurities.com
Cheragh Sidhwa	Cheragh.sidhwa@icicisecurities.com

**Variance analysis**

	Q2FY18	Q2FY18E	Q2FY17	YoY (%)	Q1FY18	QoQ (%)	Comments
Revenue	201.0	N/A	155.1	29.6	85.9	133.9	Retail channels sales grew by 15%, while institutional channels sales registered a growth of 40%
Raw Material Expense	120.1	N/A	94.8	26.7	51.4	133.5	
Employee Expenses	15.3	N/A	14.0	9.6	12.2	25.2	
Other Expenses	48.8	N/A	37.3	30.8	25.4	91.7	
EBITDA	16.9	N/A	9.1	85.2	-3.2	LP	
EBITDA Margin (%)	8.4	N/A	5.9	252 bps	-3.7	NA	Margins expanded owing to positive operating leverage
Depreciation	3.1	N/A	2.9	7.0	3.0	5.4	
Interest	3.7	N/A	6.8	-45.7	3.5	6.0	
PBT	11.1	N/A	0.2	7,213.0	-8.8		
Tax Outgo	-0.4	N/A	-0.4	N/A	0.0	N/A	
PAT	11.5	N/A	0.6	1,933.6	-8.8	LP	Strong operational performance resulted in PAT of ₹ 11.5 crore

**Key Metrics**

Segmental sales							
Appliances	163.3	N/A	145	12.6	76.9	112.4	
Cooker / Cookware	30.2	N/A	21.9	37.9	12.2	147.5	
Others	7.5	N/A	5.4	38.9	5.6	33.9	
Total Branded Sales	201.0	N/A	172.3	16.7	94.7	112.2	
Government Orders	0.0	N/A	0.0	N/A	0.0	N/A	

Source: Company, ICICIdirect.com Research

**Change in estimates**

	FY18E			FY19E			FY20E
(₹ Crore)	Old	New	% Change	Old	New	% Change	Introduced
Revenue	453.9	502.9	10.8	528.4	594.2	12.5	695.0
EBITDA	19.5	27.2	39.6	33.4	37.0	10.7	48.9
EBITDA Margin (%)	4.3	5.4	112 bps	6.3	6.2	-10 bps	7.0
PAT	-7.9	3.2	LP	4.3	9.7	124.5	18.9
EPS (₹)	-4.4	1.8	LP	2.4	5.4	125.0	10.6

Source: Company, ICICIdirect.com Research

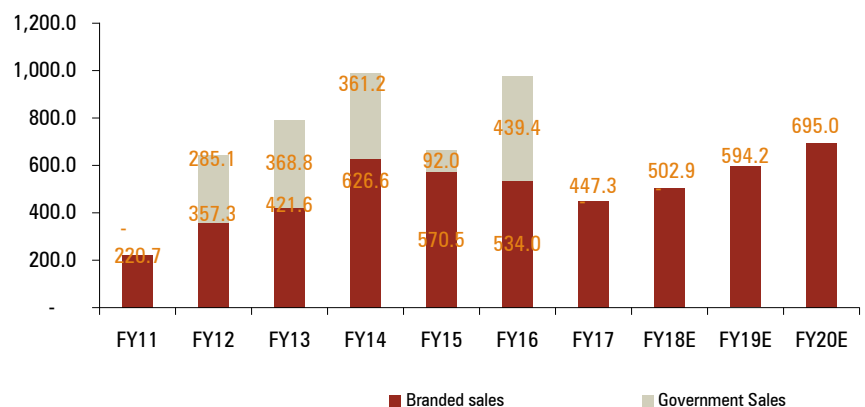
## Company Analysis

### Revenue expected to grow at CAGR of 20% over FY17-20E

BGAL has been in the kitchen appliances segment for about four decades. The company witnessed revenue growth of 58.1% in FY07-14. It has been a south-based player with majority of revenues coming from southern markets. In an effort to expand its geographical reach, the company embarked on a pan-India expansion plan. Since FY12, the company has also been servicing government orders, which have also aided this strong growth. Another factor that contributed to revenue growth has been the capacity expansion done by the company. BGAL has spent ~₹ 150-200 crore on the same. After a strong revenue growth trajectory in FY07-14, revenues declined in FY15 on account of weak consumer sentiment and absence of government orders for a major part of FY15. However, the company received government orders worth ₹ 510 crore in Q4FY15 to be executed by December 2015. Apart from this, it also received a ₹ 90 crore order from Pondicherry Cooperative Wholesale Stores. For FY16, government orders contributed ~₹ 425 crore to the total topline.

FY17 witnessed a disappointing set of numbers. FY17 recorded a revenue de-growth 55% YoY to ₹ 402.3 crore on account of various variables: a) absence of government orders, b) demonetisation impacting consumer sentiments, c) drought conditions and Vardah cyclones denting sentiments in southern areas. Going forward, with a gradual pick-up in consumer sentiments and a strong festive season, we expect revenues to recover from H2FY18 onwards. The company has already expanded its geographical reach and enhanced its product portfolio that provides it the capability to compete with other brands on a pan-India level. BGAL spent ₹ 58 crore on advertisement & sales promotion expense (13% of gross sales) in FY17 and is expected to continue its brand promotion efforts in newer markets. The contribution from non-south markets should increase from current level of ~17%. The management aims to increase the non-south region share to ~30% over the next three years.

**Exhibit 1: Revenue trajectory (gross)**



Source: Company, ICICIdirect.com Research

### PMUY scheme gaining traction

The Pradhan Mantri Ujjwal Yojana Scheme (PMUY) aims to provide LPG connections to over 5 crore families by year end of 2019. The total outlay of the scheme is ₹ 8000 crore. In India, a huge rural population still resorts to usage of cooking fuel that is both unclean as well as damaging for the environment. Due to their low income status, such families are unable to afford LPG connections. Therefore, this scheme would help bridge the gap by providing LPG to families living in below poverty line (BPL), free of cost and reducing air pollution, to a certain extent, caused by emissions from using fossil fuels for cooking in rural areas.

For FY17, ~3.32 crore domestic LPG connections were released by the government of which 2.0 crore LPG connections released was on account of PMUY scheme (60% of total new connections), since its launch in May.

Institutional channel sales were also impacted by demonetisation this quarter. However, going forward, we expect demand for LPG stoves to improve from FY18 onwards on account of new LPG connections to be released by the government under PMUY scheme, which will boost institutional sales.

**Exhibit 2: Total new domestic LPG connections released every year**

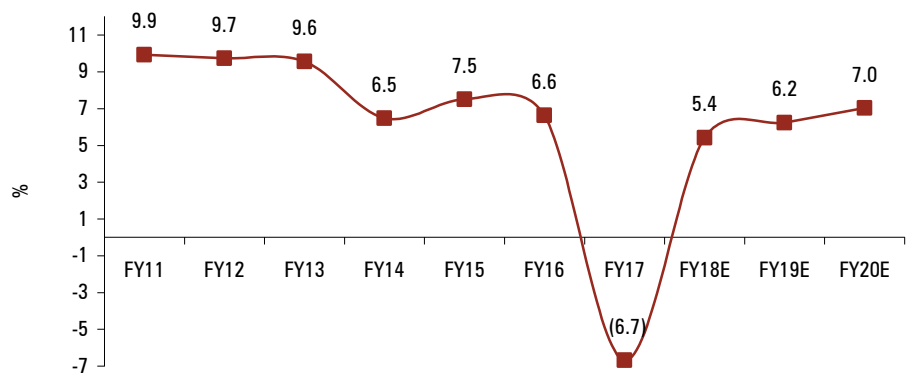


Source: Ministry of petroleum & natural gas, ICICIdirect.com Research

### Better utilisation levels to improve margins

A decline in sales and a poor operational performance led BGAL to report a loss at the EBITDA level in FY17. However, on account of absence of government orders (lower margin), gross margins expanded 600 bps YoY in FY17. BGAL reported an EBITDA loss of ₹ 26.9 crore vs. profit of ₹ 59.8 crore in FY16. Going ahead, we expect a pick-up in branded sales growth, which would lead to higher utilisation and improvement in margins. We expect operating margins to recover from FY18E onwards and touch 5.4% in FY18E, 6.2% in FY19E and 7% by FY20E. Over the medium term, the management aims to touch the operating margin levels of its peers.

**Exhibit 3: EBITDA margin trend**

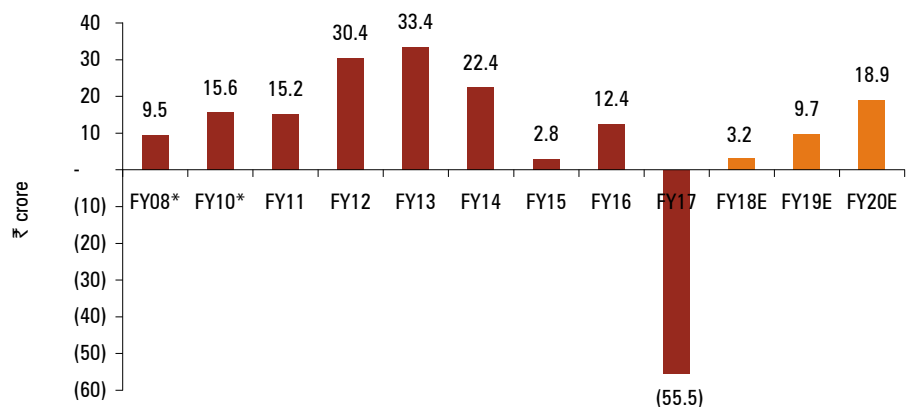


Source: Company, ICICIdirect.com Research

### Expect profitability to return from FY18E onwards

The revenue and profitability of BGAL saw a revival in FY16 on account of significant contribution from government orders. For FY17, the company reported a net loss of ₹ 55.5 crore vs. net profit of ₹ 12.4 crore in FY16. Going forward, we expect BGAL to turn profitable in FY18E and report a net profit of ₹ 18.9 crore by FY20E.

**Exhibit 4: PAT trend**



Source: Company, ICICIdirect.com Research

## Valuation

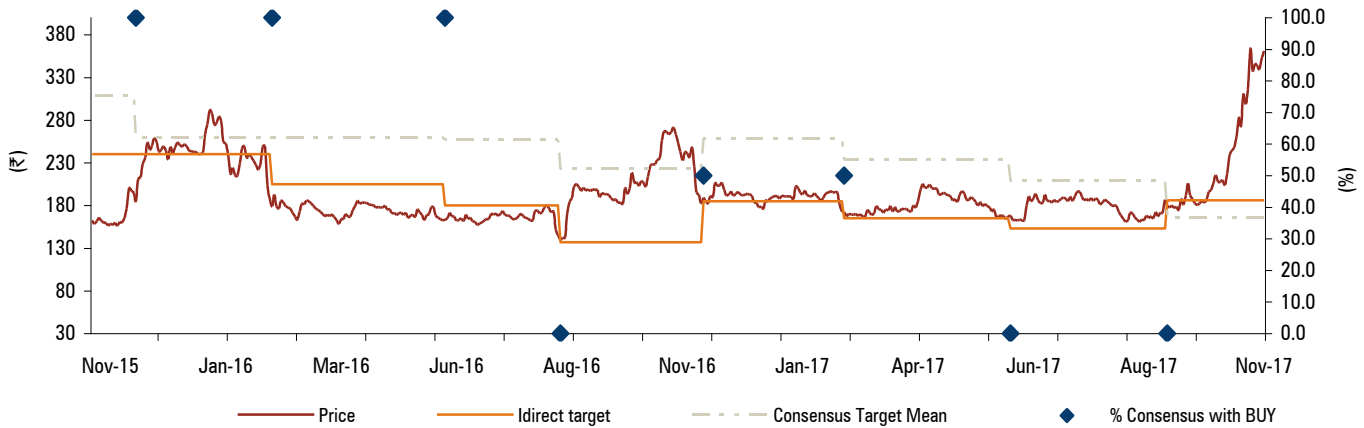
FY17 was a challenging year for the company on account of: a) absence of government orders, b) demonetisation impacting consumer sentiments, c) drought conditions and Vardah cyclones denting sentiments in southern areas. In addition, given the fixed cost nature of the business, low capacity utilisation rates resulted in negative operating leverage leading to losses at the EBITDA level for BGAL in FY17. We believe worst is behind and BGAL is in for better growth rates ahead. The key revenue growth drivers are a) Uptick in consumer sentiments owing to active monsoon in the southern state, b) Foraying into LFS and online distribution channel to provide additional impetus, c) new LPG connections to be released by the government under PMUY scheme and d) favourable base. Subsequently, we expect revenues to grow at a CAGR of 20% over FY17-20E. With strong revenue growth trajectory, we expect operating leverage benefit to kick in. We expect margins to recover from FY18E and touch 7.0% in by FY20E. In addition, management expects to break-even in non-south markets by FY19E. On the balance sheet front, a higher focus on recovery from debtors has led to a significant decline in debtor days from 104 days in FY16 to 74 days in FY17. Efforts to improve the liquidity of the balance sheet has resulted in a reduction in debt to the tune of 35% to ₹ 125 crore as on FY17. The stock price has run up nearly 2x since our last update, however we feel there is more headroom given the strong earnings trajectory and attractive valuation (1.1x and 0.9x Mcap/sales for FY19E and FY20E). Hence we assign a BUY rating with a revised target price of ₹ 405 (based on 1.0x FY20E market cap/sales).

**Exhibit 5: Valuations**

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY17	402.3	(55.3)	(31.0)	NA	NA	NA	-30.8	-12.6
FY18E	502.9	25.0	1.8	-105.8	199.1	26.8	1.8	5.0
FY19E	594.2	18.2	5.4	198.6	66.7	19.1	5.1	8.5
FY20E	695.0	17.0	10.6	95.8	34.0	14.2	9.3	12.1

Source: Company, ICICIdirect.com Research

### Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

### Key events

Mar-10	On the back of expanded capacity, the company continued to report healthy revenue growth. Revenues grew 48.2% YoY to ₹ 49.2 crore in Q5FY10
Sep-10	rise, the operational performance was impacted owing to higher costs
Nov-10	Revenues grow 50% YoY to ₹ 79.8 crore. Albeit, operating margin declined 70 bps YoY to 11.1%
May-11	Revenues grow 48.7% YoY to ₹ 68.5 crore in Q1FY12
Jul-11	Bags first order from the Tamil Nadu government worth ₹ 285 crore
Dec-11	While revenue growth continues led by both branded and government sales growth, interest costs started to rise owing to increasing debt. This impacted the profitability of the company
Jun-13	Launches 50 new SKUs during the year thereby boosting sales growth
Oct-13	After several quarters of strong growth, revenues remain flat at ₹ 101 crore while operating margin dipped marginally (30 bps to 11%), PAT de-grew 23.3% YoY to ₹ 6.
May-14	Launches four new product categories, 60 new SKUs and expanded pan-India presence to all states
Aug-15	Bags order worth ₹ 90 crore from Pondicherry Cooperative Wholesale Stores for Butterfly brand TTWG & Mixer Grinder products
Nov-16	Launches 57 new SKUs in H1FY17
Mar-17	Launches 65 new SKUs in FY17

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Investor Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	V.m.chettiar & Sons India Pvt. Ltd.	30-Jun-17	19.6%	3.51	0.00
2	LLM Appliances, Ltd.	30-Jun-17	17.0%	3.05	0.00
3	Reliance Nippon Life Asset Management Limited	30-Jun-17	13.7%	2.45	0.00
4	Seshadri (V M)	30-Jun-17	7.0%	1.25	0.00
5	Narayanan (Lakshmi V M)	30-Jun-17	5.6%	1.00	0.00
6	Balasubramaniam (V M)	30-Jun-17	3.2%	0.57	0.00
7	Gangadharam (V M)	30-Jun-17	2.8%	0.49	0.00
8	Kumaresan (V M)	30-Jun-17	2.7%	0.49	0.00
9	Arksun Systems Solutions Pvt. Ltd.	30-Jun-17	1.8%	0.32	-0.02
10	Mangalam (V M K)	30-Jun-17	1.2%	0.22	0.00

Source: Reuters, ICICIdirect.com Research

### Shareholding Pattern

(in %)	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17
Promoter	65.1	65.1	65.1	65.1	65.1
FII	-	0.9	0.7	0.7	0.6
DII	13.7	13.7	13.8	13.8	13.8
Others	21.2	20.3	20.4	20.4	20.5

### Recent Activity

BUY			SELL		
Investor name	Value (Mn)	Shares (Mn)	Investor name	Value (Mn)	Shares (Mn)
			Arksun Systems Solutions Pvt. Ltd.	-0.06	-0.02

Source: Reuters, ICICIdirect.com Research



## Financial summary

Profit and loss statement ₹ Crore				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Total operating Income	402.3	502.9	594.2	695.0
Growth (%)	-55.3	25.0	18.2	17.0
Raw Material Expenses	251.7	295.1	354.6	414.7
Employee Expenses	50.0	55.3	59.4	62.6
Manufacturing & Other Expense	127.5	125.2	143.2	168.9
Total Operating Expenditure	429.3	475.7	557.2	646.1
EBITDA	-26.9	27.2	37.0	48.9
Growth (%)	PL	LP	35.9	32.2
Depreciation	11.6	11.9	12.2	12.7
Interest	21.3	16.1	15.5	14.4
Other Income	3.2	4.0	4.5	5.2
PBT	-56.6	3.2	13.8	27.0
Growth (%)	-395.2	-105.7	326.6	95.8
Total Tax	-1.1	0.0	4.1	8.1
PAT	-55.5	3.2	9.7	18.9
Growth (%)	LP	PL	198.6	95.8
EPS (₹)	-31.0	1.8	5.4	10.6

Source: Company, ICICIdirect.com Research

Cash flow statement ₹ Crore				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Profit after tax	-55.5	3.2	9.7	18.9
Add: Depreciation	11.6	11.9	12.2	12.7
(Inc)/dec in Current Assets	193.9	-38.6	-10.5	-28.3
Inc/(dec) in CL and Provisions	-57.2	51.0	27.2	27.9
Others	-	-	-	-
CF from operating activities	92.8	27.5	38.5	31.2
(Inc)/dec in Investments	(0.1)	-	-	-
(Inc)/dec in Fixed Assets	-9.3	-10.6	-12.0	-13.7
(Inc)/dec in CWIP	-1.3	4.2	0.0	0.0
Others	-4.0	0.0	0.1	0.2
CF from investing activities	-14.7	-6.3	-11.9	-13.6
Issue/(Buy back) of Equity	-	-	-	-
Inc/(dec) in loan funds	-67.2	-1.2	-20.9	-6.9
Others	4.0	-10.2	-2.3	-4.5
CF from financing activities	-63.2	-11.4	-23.2	-11.4
Net Cash flow	14.9	9.8	3.4	6.2
Opening Cash	13.4	28.2	38.0	41.4
Closing Cash	28.2	38.0	41.4	47.6

Source: Company, ICICIdirect.com Research

Balance sheet ₹ Crore				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Liabilities				
Equity Capital	17.9	17.9	17.9	17.9
Reserve and Surplus	162.0	163.0	170.3	184.7
Total Shareholders funds	179.9	180.9	188.2	202.6
Total Debt	125.1	123.9	103.0	96.1
Deferred Tax Liability	8.0	-	-	-
Minority Interest / Others	-	-	-	-
Total Liabilities	312.9	304.8	291.3	298.7
Assets				
Gross Block	223.8	234.4	246.4	260.1
Less: Acc Depreciation	56.5	68.4	80.6	93.3
Net Block	167.3	165.9	165.8	166.8
Capital WIP	4.2	-	-	-
Total Fixed Assets	171.5	165.9	165.8	166.8
Investments	0.1	0.1	0.1	0.1
Inventory	108.8	122.6	122.1	127.6
Debtors	81.3	103.3	110.7	129.5
Loans and Advances	17.3	20.1	23.8	27.8
Other Current Assets	-	-	-	-
Cash	28.2	38.0	41.4	47.6
Total Current Assets	235.7	284.1	298.0	332.5
Current Liabilities	90.0	140.7	166.5	192.7
Provisions	4.4	4.6	5.9	7.7
Total Current Liabilities	94.3	145.3	172.5	200.4
Net Current Assets	141.3	138.8	125.5	132.1
Deferred Tax Assets	-	(0.0)	(0.1)	(0.3)
Application of Funds	312.9	304.8	291.3	298.7

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Per share data (₹)				
EPS	-31.0	1.8	5.4	10.6
Cash EPS	-24.5	8.5	12.2	17.7
BV	100.6	101.2	105.3	113.3
DPS	0.0	0.0	1.1	2.1
Cash Per Share	15.8	21.3	23.2	26.6
Operating Ratios				
EBITDA Margin (%)	-6.7	5.4	6.2	7.0
PBT Margin (%)	-14.1	0.6	2.3	3.9
PAT Margin (%)	-13.8	0.6	1.6	2.7
Inventory days	98.7	89.0	75.0	67.0
Debtor days	73.8	75.0	68.0	68.0
Creditor days	75.4	74.0	78.0	80.0
Return Ratios (%)				
RoE	-30.8	1.8	5.1	9.3
RoCE	-12.6	5.0	8.5	12.1
RoIC	-20.1	1.2	3.9	7.5
Valuation Ratios (x)				
P/E	NA	199.1	66.7	34.0
EV / EBITDA	NA	26.8	19.1	14.2
EV / Net Sales	1.8	1.5	1.2	1.0
Market Cap / Sales	1.6	1.3	1.1	0.9
Price to Book Value	3.6	3.6	3.4	3.2
Solvency Ratios				
Debt/EBITDA	NA	4.6	2.8	2.0
Debt / Equity	0.7	0.7	0.5	0.5
Current Ratio	2.5	2.0	1.7	1.7
Quick Ratio	1.3	1.1	1.0	1.0

Source: Company, ICICIdirect.com Research



## **RATING RATIONALE**

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

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



**Pankaj Pandey**

**Head – Research**

**pankaj.pandey@icicisecurities.com**

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

## ANALYST CERTIFICATION

We /I, Bharat Chhoda, MBA and Cheragh Sidhwa, MBA 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.

## 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 is a wholly-owned 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](http://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.

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 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.

It is confirmed that, Bharat Chhoda, MBA and Cheragh Sidhwa, MBA, Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

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.

It is confirmed that, Bharat Chhoda, MBA and Cheragh Sidhwa, MBA, Research Analysts do not serve as an officer, director or employee of the companies mentioned in the 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.