August 4, 2016

Wonderla Holidays (WONHOL) ₹ 403

New park addition leads to higher revenue…

Rating matrix		
Rating	:	Buy
Target	:	₹ 460
Target Period	:	12-18 months
Potential Upside	:	14%

What's changed?	
Target price	Unchanged
EPS FY17E	Changed from ₹12.5 to ₹ 12.2
EPS FY18E	Unchanged
Rating	Unchanged

Quarterly performance

	Q1FY17	Q1FY16	YoY (%)	Q4FY16	QoQ (%)
Revenue	88.9	67.2	32.2	44.5	99.7
EBITDA	39.2	40.3	(2.7)	11.0	256.3
EBITDA (%)	44.1	59.9	1584 bps	24.7	1939 bps
PAT	22.5	28.0	(19.9)	7.6	196.8

Key financials

	FY 15	FY 16E	FY 17E	FY 18E
Net Sales	181.9	205.4	295.5	351.2
EBITDA	80.6	84.2	121.3	159.3
Net Profit	50.6	59.8	69.0	95.2
EPS	9.2	10.6	12.2	16.9

Valuation summary

(x)	FY15	FY16E	FY17E	FY18E
P/E	42.7	37.0	32.1	23.3
Target P/E	50.1	43.4	37.6	27.3
EV / EBITDA	25.1	25.0	17.7	13.5
P/BV	6.1	5.5	4.8	4.1
RoNW (%)	14.2	14.8	15.0	17.6
RoCE (%)	20.2	21.5	18.6	19.6

Stock data

Particular	Amount
Market Capitalisation	₹ 2215 crore
Debt (FY 16)	₹ 5 crore
Cash & cash equivalents (FY 16)	₹ 112 crore
EV	₹ 2108 crore
52 week H/L	430/245
Equity Capital	₹ 56.5 crore
Face value	10.0

Price performance

Return %	1M	3M	6M	12M
Adlabs entertainment	4.5	(3.4)	(23.4)	(48.6)
Wonderla holidays	(2.5)	3.3	1.8	49.2

Research Analyst

Rashesh Shah
rashes.shah@icicisecurities.com

Devang Bhatt
devang.bhatt@icicisecurities.com

- Wonderla Holidays (WHL) reported a mixed set of Q1FY17 numbers. Revenues increased 32.2% YoY to ₹ 88.9 crore (above I-direct estimate of ₹ 82.5 crore) led by 17.9% YoY increase in realisation and 12.2% YoY increase in footfall on account of addition of the new park at Hyderabad
- Bengaluru park revenues increased 9.0% YoY to ₹ 44.4 crore while revenues from Kochi park declined 7.5% YoY to ₹ 22.0 crore mainly led by 24.4% YoY decline in footfall. Hyderabad park reported revenues of ₹ 19.3 crore. Resort revenues increased 11.3% YoY in Q1FY17
- EBITDA margins declined from 59.9% in Q1FY16 to 44.1% (below I-direct estimate of 52.4%) led by higher other expenses

Improving macroeconomic factors to drive growth…

With a higher disposable income and increase in discretionary spend, WHL has been able to increase its blended realisation at 15.6% CAGR in FY11-16. Further, with an in-house technical team and controlled cost structure, the company has maintained average EBITDA margin of ~45% in FY11-16. Consequently, WHL has been able to reduce its payback period from nine years in Kochi to 7.5 years in Bengaluru. The payback period in Hyderabad is expected to further reduce to seven years.

Hyderabad park to witness healthy traction in coming years

The new Hyderabad park became operational on April 20, 2016. The park has witnessed good traction in footfalls with 3000 visitors per day to 2.1 lakh in Q1FY17. Further, the park reported healthy revenues of ₹ 19.4 crore and EBITDA margin of ~23.0% during the quarter. Going forward, the company has guided for footfall of 7 lakh and gross realisation of ₹ 990 leading to gross revenues of ~ 69.0 crore. The company aims to achieve footfall of 10 lakh over the next three years. The restaurants at the Hyderabad park are owned by Wonderla. Hence, WHL will realise higher gross margins (~45%) in the F&B segment, positively impacting overall margins.

Margins to improve led by increased contribution of non ticket revenues

WHL's non ticket revenues per visitor increased 38.7% YoY in Q1FY17. We believe there is significant scope for non-ticket revenues to increase as the company charges for food & beverages (F&B) at MRP unlike other amusement parks that charge way above MRP for F&B products. Apart from reasonable F&B charges, conservative pricing of merchandise by the company has kept its non-ticket revenues at ~22.5% of overall revenues vs. 24% from non-ticket revenues by Adlabs. Further, the addition of fully owned restaurants and compulsory nylon swimming suits will further drive non-ticket revenues over the coming years.

Unmatched leadership in domestic amusement industry; maintain BUY

Although in the near term, footfalls at Kochi and Bengaluru have been impacted by higher realisation, we believe the price hike will be absorbed in the coming quarters. In addition, healthy monsoons, an improving macro environment, addition of new rides and new park at Hyderabad will lead to robust growth in footfalls in coming years. Apart from this, the company's focus on increasing non ticket revenues is expected to drive margins. Further, we believe that leadership in the amusement industry, healthy balance sheet (0.3x D/E vs. 1.46x for Adlabs), strong cash flow generation and revenue & EBITDA CAGR of 30.7% and 37.5%, respectively, in FY16-18E demands premium valuations. We have arrived at a DCF based target price of ₹ 460.

Variance analysis

	Q1FY17	Q1FY17E	Q1FY16	YoY (%)	Q4FY16	QoQ (%)	Comments
Net Sales	88.9	82.5	67.2	32.2	44.5	99.7	The increase in revenues was mainly due to 17.1% YoY increase in realisation and 12.2% YoY increase in footfall
Other Income	2.0	3.8	7.4	(73.2)	2.4	(16.4)	Decline in other income was due to utilisation of IPO funds for setting up of new park
Direct operating expenses	15.3	12.3	8.2	87.3	11.4	34.5	
Employee Expenses	9.9	10.3	7.2	37.9	8.1	21.6	Top level hires and new employees for Hyderabad park led to higher employee expenses
Total purchase of stock in trad	7.2	4.2	4.0	79.0	2.9	145.4	
Other expenses	17.3	12.5	7.6	128.5	11.1	56.4	Tax provision of ₹ 5 crore and higher marketing spend at Hyderabad park (~₹ 4 crore) led to increase in other expenses
EBITDA	39.2	43.3	40.3	(2.7)	11.0	256.3	
EBITDA Margin (%)	44.1	52.4	59.9	-1584 bps	24.7	1939 bps	EBITDA margin declined on account of higher operating cost at Hyderabad park and tax provisions
Depreciation	7.2	9.5	4.4	63.2	2.8	159.1	
Interest	0.2	0.2	0.4	(45.6)	0.2	(15.0)	
PBT	33.8	37.2	42.9	(21.3)	10.4	226.0	
Total Tax	11.3	11.9	14.9	(23.9)	2.8	305.0	
PAT	22.5	25.3	28.0	(19.9)	7.6	196.8	The decline in PAT was due to lower operating margins and higher depreciation expenses

Key Metrics	Q1FY17	Q1FY17E	Q1FY16	YoY (%)	Q4FY16	QoQ (%)	
Footfall (in lakhs)	7.9	8.5	7.1	12.2	5.0	59.8	Although footfalls in Kochi and Bengaluru declined by 24.4% YoY and 12.0% YoY, the addition of new park at Hyderabad led to 12.2% YoY increase in overall footfall
Blended realisation (₹)	1,121.8	968.8	951.8	17.9	897.7	25.0	

Source: Company, ICICIdirect.com Research

Change in estimates

	FY17E			FY18E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	Comments
Revenue	289.2	295.5	2.2	350.6	351.2	0.2	We expect revenues to increase at a CAGR of 30.7% in FY16-18E led by new park addition
EBITDA	123.4	121.3	(1.7)	158.4	159.3	0.6	
EBITDA Margin (%)	42.7	41.1	-162 bps	45.2	45.3	17 bps	We expect margins to improve in FY18E
PAT	70.6	69.0	(2.2)	95.2	95.2	0.0	
EPS (₹)	12.5	12.2	(2.3)	16.9	16.9	0.0	

Source: Company, ICICIdirect.com Research

Assumptions

	Current					Earlier		Comments
	FY14	FY15	FY16	FY17E	FY18E	FY17E	FY18E	
Footfall (in lakhs)	23	23	22	30	32	30	32	Addition of new park to drive footfall growth over the next two years
Blended realisation (₹)	670.3	777	924	987	1,094	956	1,091	Blended realisation to be ₹ 1,094 in FY18E

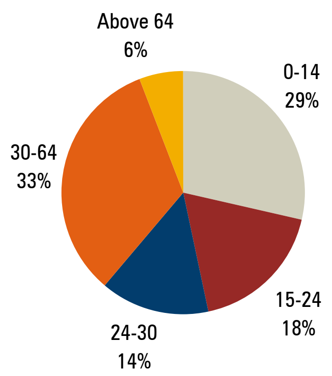
Source: Company, ICICIdirect.com Research

Company Analysis

Favourable demographics

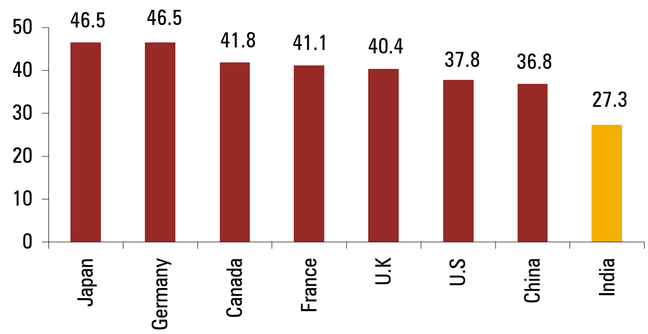
India has a large pool of population that is young. The median age of India's population is 27 years. The country has 61% of its population under the age of 30 and 29% below the age of 14 years, according to latest Census data. According to economic survey, India is expected to be the youngest country in the world with the median age of population at 29 years by 2020. The young population is the main driver of consumer spending and looks for different modes of entertainment. Further, the child population is the influencing factor for parents to visit theme parks and play zones. Hence, this demographic dividend will benefit amusement parks as majority of its customers are in this age bracket.

Exhibit 1: Age wise distribution (India)



Source: Census 2011, ICICIdirect.com Research

Exhibit 2: Median age comparison across countries



Source: CIA world factbook, ICICIdirect.com Research,

Rising per capita income and discretionary spend…

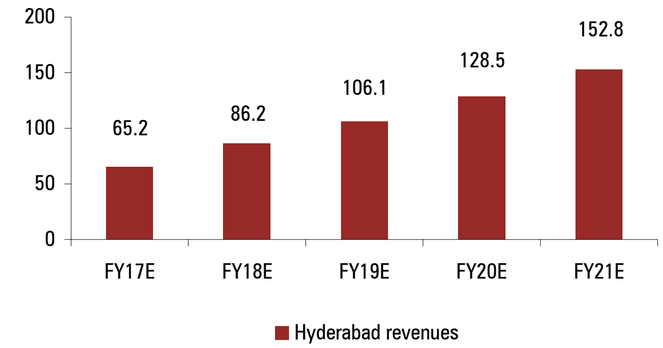
India has witnessed a steady increase in its per capita income over the years. Its per capita income at the current market price is estimated to increase at a CAGR of 15% to ₹ 1.9 lakh in 2014-20E. Apart from rising per capita income, discretionary spend is expected to increase significantly over the coming years led by higher disposable income, change in consumer spends and upgradation of lifestyle. The share of discretionary spend is expected to increase from 59% in FY10 to 67% in FY20. Within discretionary spend, the share of leisure is expected to increase at a CAGR of 6.4% to ₹ 8,98,400 crore in CY13-24.

With a higher disposable income and increase in discretionary spend, entertainment companies (theatres and theme parks) have been able to increase average ticket prices and also witness an improvement in non ticket revenues over the years. WHL has also been able to increase its blended realisation per footfall at a CAGR of 15.6% in FY11-16. A consistent increase in realisation and stable EBITDA margins has enabled the company to reduce its payback period from nine years in Kochi to 7.5 years in Bengaluru. The payback period in Hyderabad is expected to further reduce to seven years led by higher realisation and healthy EBITDA margins.

Hyderabad park next level of growth

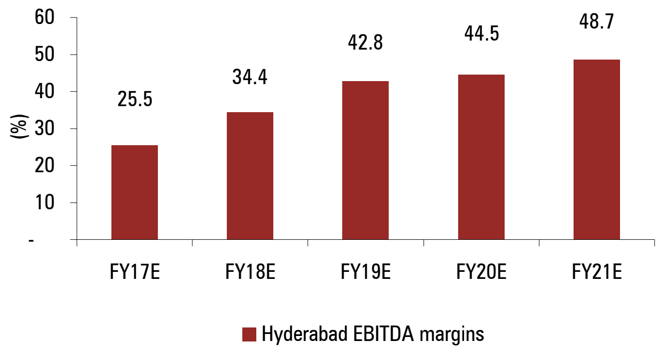
WHL has commissioned a third park in Hyderabad. The park has better connectivity compared to other parks in Hyderabad – it is close to the airport and located outside the ring road that connects to Hyderabad city. Coupled with favourable macros like GDP CAGR of 10% in FY06-14, 1.2 crore people in Hyderabad and a per capita income of ₹ 1,32,862 (one of the highest in south India), the park is expected to witness robust footfall and healthy realisation over the coming years. The company has guided for footfall of 7 lakh and gross realisation of ₹ 990 leading to gross revenues of ~ 69.0 crore. The company aims to achieve footfall of 10 lakh over the next three years. The restaurants at the Hyderabad park are owned by Wonderla. Hence, WHL will realise higher gross margins (~45%) in the F&B segment, positively impacting overall margins.

Exhibit 3: Revenues to grow at CAGR of 23.7% in FY17E-21E



Source: Company, ICICIdirect.com Research

Exhibit 4: Hyderabad margin to improve to 48.7% in FY21E

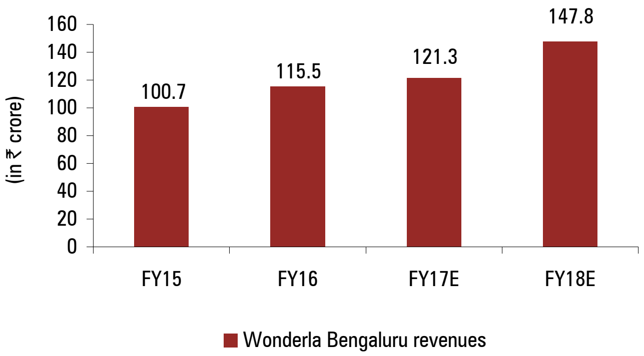


Source: Company, ICICIdirect.com Research

Mature parks to support growth and expansion

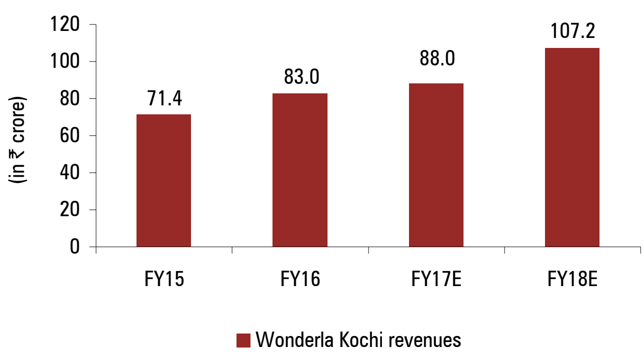
Wonderla has two parks that are mature i.e. Wonderla Kochi and Wonderla Bengaluru. Both parks have been able to clock RoCE of 35%. Both parks have been able to maintain average EBITDA margin of ~45% (in FY11-16) led by stable footfall, competitive pricing and operating leverage (as 70% of cost is fixed). Robust cash flow from these parks and lower capex spend are expected to enable Wonderla to not only support growth but also help the company to fund its Hyderabad capex and losses in the initial years.

Exhibit 5: Bengaluru revenues to grow at 13.1% CAGR



Source: Company, ICICIdirect.com Research

Exhibit 6: Kochi revenues to grow at CAGR of 13.7% in FY16-18E

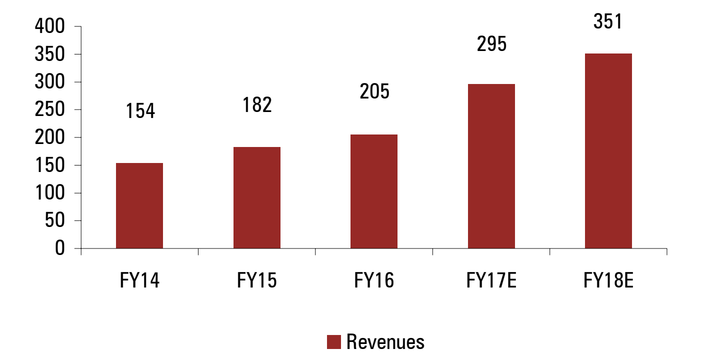


Source: Company, ICICIdirect.com Research

Expect revenue CAGR of 30.8% during FY16-18E

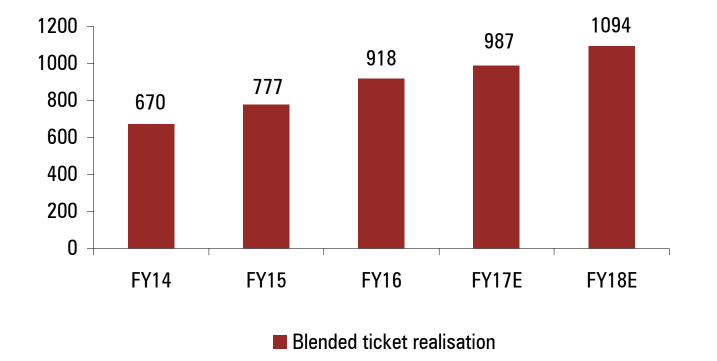
An improving economy, higher discretionary spend, rising footfall, better pricing power, growth in non-ticket revenues and limited competition are likely to remain key drivers of growth in FY16-18E. Given this scenario, we expect the Bengaluru and Kochi parks to grow at a CAGR of ~13.0% in FY16-18E. We expect the addition of the Hyderabad park (operational from April 2016) and Wonderla resort (expected to grow at 15.0% CAGR in FY16-18E) to further drive revenues. Overall, we expect net sales to grow at ~30.8% CAGR to ₹ 351 crore in FY16-18E.

Exhibit 7: Revenues to increase at 30.8% CAGR over FY16-18E



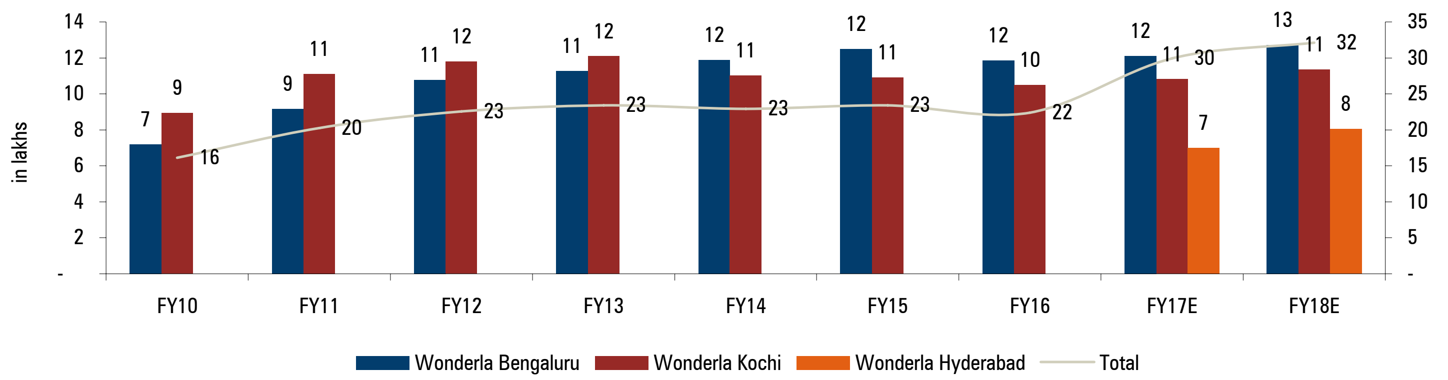
Source: Company, ICICIdirect.com Research

Exhibit 8: …blended ticket realisation to grow at CAGR of 9.0%



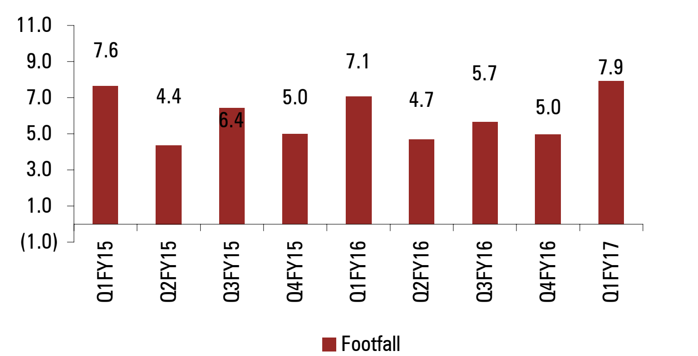
Source: Company, ICICIdirect.com Research

Exhibit 9: Total footfall to increase at CAGR of 19.8% over FY16-18E



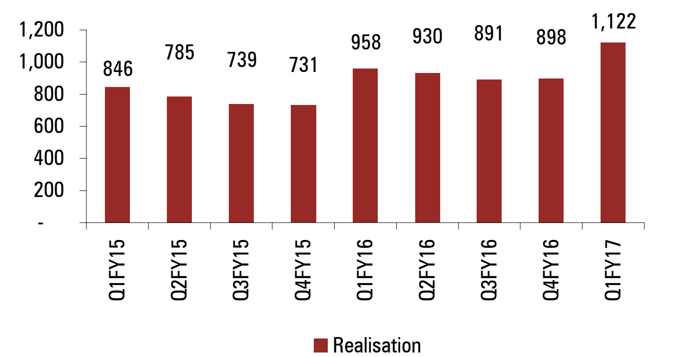
Source: Company, ICICIdirect.com Research

Exhibit 10: Quarterly footfall trend



Source: Company, ICICIdirect.com Research

Exhibit 11: Quarterly realisation trend

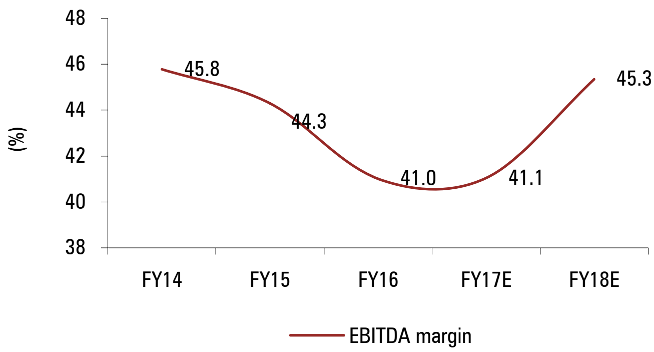


Source: Company, ICICIdirect.com Research

Addition of new park to hit margins initially but improve subsequently

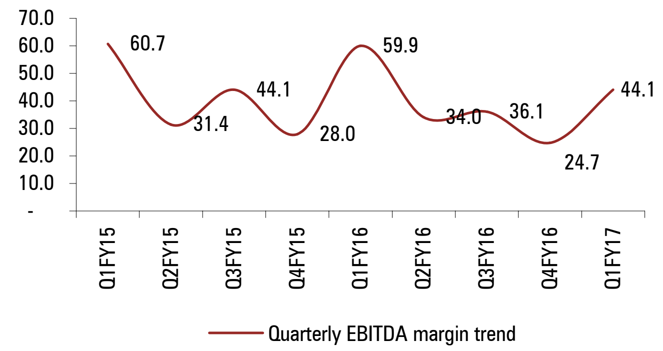
FY17E margins are expected to be lower than FY14 margins due to addition of the new park in Hyderabad. However, they are expected to improve post FY17E driven by improving margins at Hyderabad and operating leverage. Higher occupancy at resorts is further expected to boost margins.

Exhibit 12: EBITDA margin to reach 45.3% in FY18E



Source: Company, ICICIdirect.com Research

Exhibit 13: Quarterly EBITDA margin trend

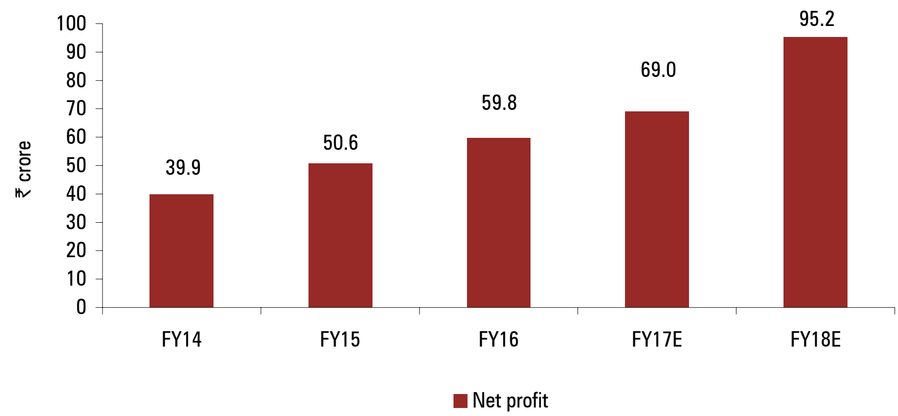


Source: Company, ICICIdirect.com Research

Consistent profitability due to healthy demand outlook

With a sharp rise in realisation and operating leverage benefits, we expect net profit to grow at a CAGR of 26.2% over FY16-18E.

Exhibit 14: Profitability trend



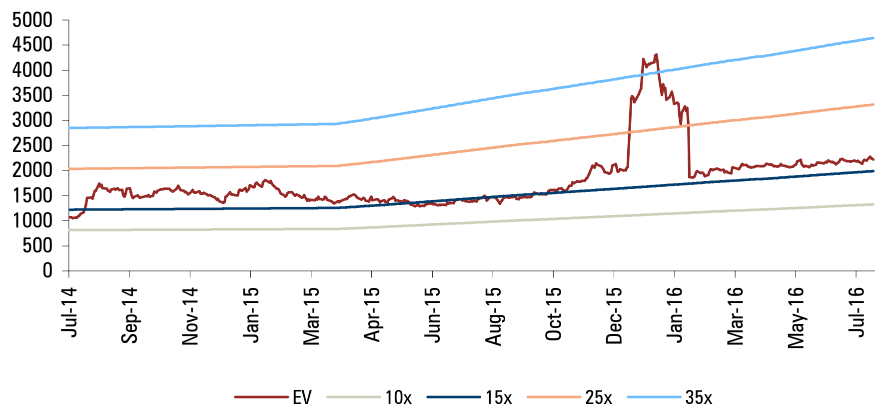
Source: Company, ICICIdirect.com Research

Outlook and valuation

A high entry barrier due to huge capital investment and limited number of large amusement parks in India coupled with favourable demographics and rising discretionary spend augur well for WHL. We expect it to witness a sharp improvement in footfall and realisation led by addition of new parks and favourable demographics. Further, WHL has been able to generate higher cash flow driven by healthy margins at mature parks. As a result of high cash flow generation, the company has been able to keep its debt to equity lower and also been able to expand through internal accruals.

Further, we believe that a healthy balance sheet (0.3x D/E vs. 1.46x for Adlabs), strong cash flow generation and revenue & EBITDA CAGR of 30.7% and 37.5%, respectively, in FY16-18E demands premium valuations. We have arrived at a DCF based target price of ₹ 460.

Exhibit 15: One year forward EV/EBITDA



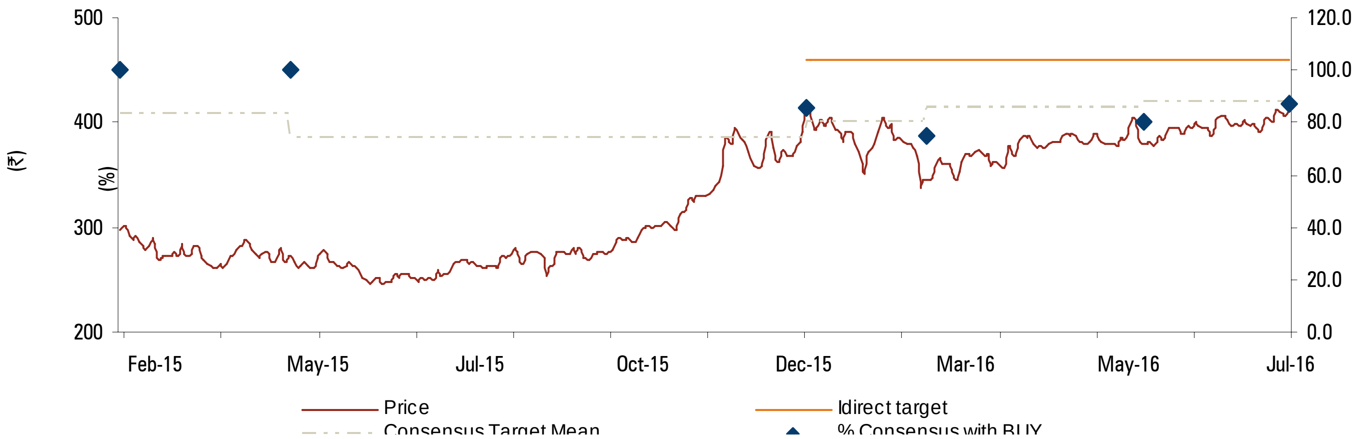
Source: Company, ICICIdirect.com Research

Exhibit 16: Valuation

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY15	181.9	18.4	9.2	(3.3)	42.7	25.1	14.2	20.2
FY16	205.4	12.9	10.6	15.2	37.0	25.0	14.8	21.5
FY17E	295.5	62.5	12.2	33.0	32.1	17.7	15.0	18.6
FY18E	351.2	71.0	16.9	59.2	23.3	13.5	17.6	19.6

Source: Company, ICICIdirect.com Research

Recommendation history vs consensus estimate



*Source: Bloomberg, Company, ICICIdirect.com Research, * Initiated coverage on 22 December 2015*

Key events

Date	Event
May-14	Wonderla got listed
Feb-16	Wonderla has signed an MOU with karnataka government to invest ₹ 150 crore in karnataka over the next 2 years
Apr-16	Wonderla opens Hyderabad park

Source: Company, ICICIdirect.com Research

Top 10 Shareholders

Rank	Name	Last filing date	% O/S	Position (m)	Change (m)
1	Kochouseph (Chittilappily Thomas)	31-Mar-2016	30.8%	17.4	0.0
2	Chittilappily (Arun K)	31-Mar-2016	14.0%	7.9	0.0
3	Kochouseph (Sheela)	31-Mar-2016	12.5%	7.0	0.0
4	Kochouseph (Mithun Chittilappily)	31-Mar-2016	11.1%	6.3	0.0
5	Chittilappily (Priya Sarah Arun)	31-Mar-2016	2.7%	1.5	0.0
6	Joseph (Priya Sarah Cheeran)	08-Jun-2015	2.7%	1.5	1.5
7	Handelsbanken Asset Management	29-Feb-2016	2.2%	1.3	-0.1
8	DNB Asset Management (Asia) Limited	31-Mar-2016	2.0%	1.1	0.0
9	Infrastructure Leasing & Financial Services, Ltd.	31-Mar-2016	1.6%	0.9	-0.4
10	UTI Asset Management Co. Ltd.	31-Mar-2016	1.4%	0.8	0.4

Shareholding Pattern

(in %)	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16
Promoter	70.99	70.99	70.99	70.99	70.99
FII	9.13	9.13	10.43	10.41	10.49
DII	1.98	3.34	3.19	4.35	5.13
Others	17.90	16.54	15.39	14.25	13.39

Source: Reuters, ICICIdirect.com Research

Recent Activity

Buys			Sells		
Investor Name	Value (in mn)	Shares (in mn)	Investor Name	Value (in mn)	Shares (in mn)
Aperios Emerging Connectivity Master Fund Ltd	3.9	0.7	Infrastructure Leasing & Financial Services, Ltd.	(2.4)	(0.4)
UTI Asset Management Co. Ltd.	2.3	0.4	Aditya Birla Capital Advisors Private Limited	(1.5)	(0.2)
Union KBC Asset Management Company Pvt. Ltd.	0.2	0.0	ICICI Prudential Asset Management Co. Ltd.	(1.0)	(0.2)
Van Eck Associates Corporation	0.1	0.0	Handelsbanken Asset Management	(0.6)	(0.1)
Mahesh (M B)	0.0	0.0	DNB Asset Management (Asia) Limited	(0.2)	(0.0)

Source: Reuters, ICICIdirect.com Research

Financial summary

Profit and loss statement ₹ Crore

Year-end March	FY 15	FY16	FY 17E	FY 18E
Total Operating Income	181.9	205.4	295.5	351.2
	18.4%	12.9%	43.9%	18.9%
Direct operating expenses	32.0	36.1	54.6	59.9
Purchase of stock-in-trade	11.2	13.5	15.1	17.5
Employee Expenses	27.1	31.0	42.0	46.2
Other Expenses	31.0	40.5	62.5	68.5
Total Operating Expenditure	101.3	121.2	174.2	192.0
EBITDA	80.6	84.2	121.3	159.3
Other income	10.2	18.1	12.0	14.2
Interest	1.7	1.3	0.8	0.8
PBDT	89.1	100.9	132.5	172.7
Depreciation	16.2	13.9	34.4	34.7
PBT	72.9	87.0	98.1	138.0
Total Tax	22.3	27.2	29.1	42.8
PAT	50.6	59.8	69.0	95.2
EPS	9.2	10.6	12.2	16.9

Source: Company, ICICIdirect.com Research

Cash flow statement ₹ Crore

Year-end March	FY 15	FY16	FY 17E	FY 18E
Profit before tax	72.9	87.0	98.1	138.0
Depreciation	16.2	13.9	34.4	34.7
Interest	1.7	1.3	0.8	0.8
Other income	(7.5)	(18.1)	(12.0)	(14.2)
Cash Flow before WC changes	83.7	84.2	121.3	159.3
Net Increase in Current Assets	(5.3)	(8.3)	(0.9)	(4.6)
Net Increase in Current Liabilities	3.0	14.0	18.2	6.1
Taxes Paid	(25.2)	(27.2)	(29.1)	(42.8)
Net CF from Operating activities	56.2	58.6	109.5	118.0
(Purchase)/Sale of Fixed Assets	(36.9)	(146.5)	(150.0)	(120.0)
(Purchase)/Sale of Investments	(194.3)	109.9	(40.0)	(80.0)
Other Income	7.7	18.1	12.0	14.2
Net CF from Investing activities	(223.5)	(18.5)	(178.0)	(185.8)
Inc / (Dec) in Loan	(8.8)	(5.8)	63.9	93.4
Interest	(2.1)	(1.3)	(0.8)	(0.8)
Dividend paid incl of taxes	(9.9)	(11.3)	(11.3)	(14.1)
Proceeds from IPO	170.0	-	-	-
Net CF from Financing Activities	149.3	(20.4)	51.9	78.5
Net Cash flow	(17.9)	19.7	(16.6)	10.8
Opening Cash/Cash Equivalent	20.0	8.3	28.0	11.4
Closing Cash/ Cash Equivalent	8.3	28.0	11.4	22.2

Source: Company, ICICIdirect.com Research

Balance sheet ₹ Crore

Year-end March	FY 15	FY16	FY 17E	FY 18E
Equity Capital	56.5	56.5	56.5	56.5
Reserve and Surplus	299.9	346.5	404.2	485.3
Total Shareholders funds	356.4	403.0	460.7	541.8
Total Debt	11.0	5.2	69.1	162.6
Deferred Tax Liability	-	-	-	-
Long-term provisions	2.0	2.5	2.5	2.5
Total Liabilities	369.5	410.7	532.4	706.9
Net Block	138.8	81.1	426.7	512.0
Capital WIP	39.8	230.0	-	-
Total Fixed Assets	178.6	311.1	426.7	512.0
Intangible assets	0.6	0.6	0.6	0.6
Non current asset	8.7	15.8	17.5	19.9
Inventory	4.1	6.6	6.7	7.9
Debtors	0.5	0.8	0.8	1.0
Loans and Advances	2.3	3.8	3.8	4.5
Other Current Assets	0.3	1.3	0.4	0.5
Current investments	194.3	84.4	124.4	204.4
Cash	8.3	28.0	11.4	22.2
Total Current Assets	209.8	124.9	147.5	240.5
Current Liabilities				
Trade payables	3.5	9.7	14.0	15.4
Provisions	14.9	17.3	24.8	27.4
Other current liabilities	9.8	14.6	21.1	23.2
Total Current liabilities	28.1	41.7	59.9	66.0
Net Current Assets	181.7	83.2	87.6	174.5
Total Assets	369.5	410.7	532.4	706.9

Source: Company, ICICIdirect.com Research

Key ratios

(Year-end March)	FY 15	FY16	FY 17E	FY 18E
Per Share Data (₹)				
EPS	9.2	10.6	12.2	16.9
Cash EPS	12.1	13.1	18.3	23.0
BV	64.7	71.3	81.5	95.9
Dividend Per share	1.8	2.0	2.0	2.5
Operating Ratios (%)				
EBITDA Margin	44.3	41.0	41.1	45.3
EBIT margin	35.4	34.2	29.4	35.5
PAT Margin	27.8	29.1	23.4	27.1
Inventory days	8.2	11.7	8.2	8.2
Debtor days	1.0	1.4	1.0	1.0
Creditor days	7.0	17.3	17.3	16.0
Return Ratios (%)				
RoE	14.2	14.8	15.0	17.6
RoCE	20.2	21.5	18.6	19.6
RoIC	50.6	23.6	21.9	26.0
Valuation Ratios (x)				
P/E	42.7	37.0	32.1	23.3
EV / EBITDA	25.1	25.0	17.7	13.5
EV / Net Sales	11.1	10.3	7.3	6.1
Market Cap / Sales	12.2	10.8	7.5	6.3
Price to Book Value	6.1	5.5	4.8	4.1
Solvency Ratios (x)				
Debt / Equity	0.03	0.01	0.15	0.30
Current Ratio	0.6	0.7	0.5	0.5
Quick Ratio	0.4	0.5	0.4	0.4

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, Rashesh Shah, CA, and Devang Bhatt, PGDBM 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 Sebi registered Research Analyst having registration no. INH000000990.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 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.

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 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 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 have any material conflict of interest at the time of publication of this report.

It is confirmed that Rashesh Shah, CA, and Devang Bhatt, PGDBM, 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 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 Rashesh Shah, CA, and Devang Bhatt, PGDBM, 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.