

# HPL Electric & Power (HPLELE)

CMP: ₹ 233

Target: ₹ 305 (+30%)

Target Period: 12 months

December 29, 2023

## Set to thrive on “Smart Meters” opportunity...

About the stock: HPL Electric & Power (HPL), incorporated in 1992, is among India's leading electric equipment manufacturer with a formidable presence across two major segments, 1) Metering & Systems and 2) Consumer & Industrials

- Metering & systems segment contributes ~53% to total revenues (as of FY23) while balance ~47% by consumer & industrials. Company has 7 manufacturing facilities (5 in Haryana & 2 in Himachal) and 2 R&D centers. In meters segment, company has an annual capacity of 11 million units
- Company's revenue grew by 8.9% CAGR during FY20-23 while EBITDA and PAT have grown by 7.9% CAGR and 10.9% CAGR respectively over the same period. During FY23, company reported revenue & EBITDA of ₹ 1262.0 crore and ₹ 156.9 crore respectively, while PAT increased significantly by 3.9x YoY to ₹ 30.2 crore

### Key Investment Thesis:

- Well positioned to capture significant share in enduring “Smart Meters” opportunity: We believe that the ‘Metering & Systems’ segment will be the key growth driving segment for HPL in the coming period. Govt is targeting installation of 25 crore smart meters nationwide, with an ambition of firming transmission & distribution network and reducing the distribution losses. With an annual meter capacity of 11 million units (Utilisation at 70-75%), HPL already commands the market leader position in domestic electric meters market with ~20% market share. The company's order backlog stands at ₹ 2000+ crore (70%+ is contributed by smart meters) as of Nov-2023 (1.5x TTM revenues), ensures medium term revenue visibility
- Strong manufacturing & R&D capabilities with comprehensive product portfolio: With strong design, development & manufacturing capabilities led by backward integrated manufacturing facilities & R&D centers, company has been able to diversify its product portfolio which now covers a wide range of low-voltage electric products including metering solutions, switchgears, lighting products, wires & cables, solar solutions and modular switches. Company remain focused on improving its infrastructure, technology and market reach to maintain its consistent growth and strong position in smart meter, switchgear and wire & cable segments

### Rating and Target Price

- HPL is well positioned to witness healthy growth led by strong demand arising in smart meters segment. Moreover, switchgear & wire & cable segments too is poised to grow considerably in the coming period. We estimate revenue, EBITDA and PAT to grow at 19.7%, 28% and 53% CAGR respectively over FY23-26E as against single digit growth over FY20-23
- We recommend BUY on HPL Electric & Power with a target price of ₹ 305 per share (based on 18x FY26E EPS)

### Key Financial Summary

(Rs crore)	FY21	FY22	FY23	2 Year CAGR (FY21-23)	FY24E	FY25E	FY26E	3 Year CAGR (FY23-26E)
Revenues	875	1,014	1,262	20.1	1,500	1,822	2,166	19.7
EBITDA	119	125	157	14.8	204	268	329	28.0
EBITDA margin (%)	13.6	12.3	12.4		13.6	14.7	15.2	
Net Profit	10	8	30	73.6	50	81	108	53.0
EPS (Rs)	1.6	1.2	4.7		7.8	12.6	16.8	
P/E (x)	149.5	192.0	49.6		29.8	18.4	13.8	
EV/EBITDA (x)	16.6	15.8	12.9		10.6	8.4	7.3	
RoCE (%)	6.0	6.2	8.8		11.0	13.5	15.0	
RoE (%)	1.3	1.0	3.8		6.0	9.1	11.0	

Source: Company, ICICI Direct Research

BUY



### Particulars

Particular	Amount
Market Capitalisation (Rs crore)	1,498
FY23 Gross Debt (Rs crore)	598
FY23 Cash (Rs crore)	70
EV (Rs crore)	2,026
52 Week H/L (Rs)	269 / 75
Equity Capital	64.3
Face Value	10.0

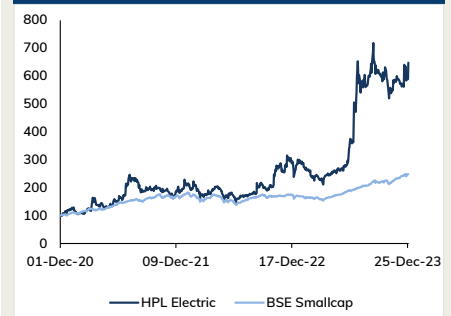
### Shareholding Pattern

	Dec-22	Mar-23	Jun-23	Sep-23
Promoter	72.7	72.7	72.7	72.7
FII	0.4	0.0	0.4	0.0
DII	0.8	0.3	0.2	0.2
Others	26.1	27.0	26.7	27.1

### Risks to our call

- 1) Slowdown in economy or public capex
- 2) Increasing competition in the industry
- 3) Volatility in raw material prices

### Price Performance



### Research Analyst

Chirag Shah  
shah.chirag@icicisecurities.com

Vijay Goel  
vijay.goel@icicisecurities.com

## Company Background

HPL Electric & Power Ltd (HPL), incorporated in 1992, is among India's leading electric equipment manufacturer with a formidable presence across two major segments, 1) Metering & Systems and 2) Consumer & Industrial. In Metering & Systems segment (which is largely institutional and B2B), company is involved in manufacturing of smart & conventional meters while in Consumer & Electrical segment (which is largely B2C), it is engaged in three sub-segments - switchgears, LED (Light-emitting diode) lighting and wires & cables

The company has seven state-of-the-art manufacturing facilities for design, product development, component design and commercial production. Of the seven facilities, five facilities are situated in Haryana (two at Gurugram, two at Kundli and one at Gharanda) and two facilities are situated in Himachal Pradesh (Jabli). The company also has two Research & Development (R&D) centers at Gurugram & Kundli, with 100+ expert engineers

In terms of annual capacity, company has a capacity of 11 million units in metering & systems segment. In other segments, the company has an annual capacity of 16 million units in switchgears, 194 million meters in wires & cables and 26 million units in lighting equipments. As of FY23, Metering & systems segment contributes ~53% to total revenues while balance ~47% of revenue is contributed by consumer & industrial segment

In terms of distribution network, the company has established pan-India distribution network consisting of 90+ branch & representative offices, 15 warehouses, 900+ authorized dealers and 72,000+ retailers

Consolidated revenue of the company has grown by 8.9% CAGR in the last 3 years during the period FY20-23 while EBITDA and PAT have grown by 7.9% CAGR and 10.9% CAGR respectively over the same period. During FY23, company reported revenues of ₹ 1262.0 crore which increased by 24.5% YoY with EBITDA margin remained largely flattish YoY at 12.4%, leading to EBITDA growth of 25.4% YoY to ₹ 156.9 crore. PAT in FY23 increased significantly by 3.9x YoY to ₹ 30.2 crore

Exhibit 1: Product Range

	Metering Solutions	Industrial Switchgears	Domestic Switchgears	Lighting Equipment	Wires and Cables
Product Portfolio	<b>Smart Meter</b>  <b>Net Meter</b>  <b>Prepaid Meter</b>  <b>Trivector Meter</b> 	<b>Industrial Applications</b> ACB      MCCB   Onload Changeover Switch      Automatic Transfer Switch  	<b>Domestic Applications</b> Osafe MCB      Techno (N) MCB   RCCB  Phase Selector 	<b>Consumer LED Products</b> Aries LED      LED Glow 9W  	<b>Fire Resistant Cables</b> 
	Sub-brands	<b>emfis</b> 	<b>Solar Applications</b> DC Disconnecter      String Combiner Box   Solar Cable      solar street light  	<b>Modular Switch &amp; Accessories</b> Toggle Switches      Plug Sockets   Push Bells  	<b>Commercial LED Products</b> Mitered      CRCA Panel  
Customers	Power Utilities	Public & Private Enterprises		Residential & Commercial Users	Networking / Telecom Cables 

Source: Company, ICICI Direct Research

## Investment Rationale

### Well positioned to capture significant share in enduring “Smart Meters” opportunity

Being a leading player with a successful track record of supplying meters over the last two decades, we believe that HPL is well-positioned to capitalise on the smart meter opportunity. and is receiving good traction from customers.

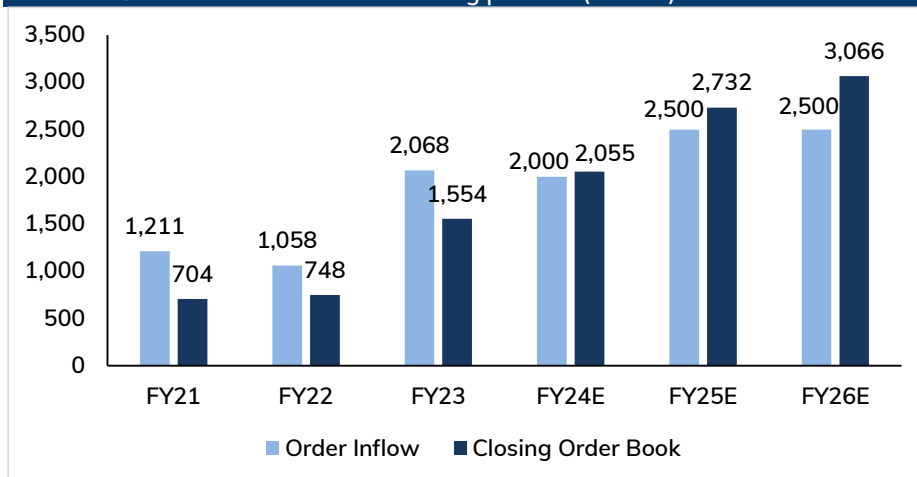
With an ambition of strengthening the transmission & distribution network and reducing the distribution losses, Indian government is committed in terms of making paradigm shift in nationwide conscious energy usage transition through installing about 25 crore smart meters across India

The shift from conventional electronic meters to smart meters presents a monumental growth opportunity in India. Programmes such as the Revamped Distribution Sector Scheme (RDSS), National Smart Grid Mission (NSGM) and Integrated Power Development Scheme (IPDS) require installation of smart metering to strengthen the transmission & distribution network and reduce distribution losses. As per the company, this government’s plan of installing 25-30 crore smart meters nationwide translates into a cumulative opportunity size in excess of ₹ 60,000 crore. As of December 2023, a total of 22.22 crore smart consumer meters have been sanctioned under various schemes, including the utility’s own initiatives, of which awarding of 9.86 crore smart meters (~44% of total sanctions) have been done. In terms of installations, only 79.26 lakh meters have been installed as of now, which is ~8% of total awarding.

HPL currently has an annual capacity of 11 million units in metering & systems segment (with 70-75% capacity utilisation as of FY23) and commands the market leader position in domestic electric meters market with ~20% market share. The company’s order backlog stands at ₹ 2000+ crore as of Sept-2023 (1.5x TTM revenues), which ensures revenue visibility for the short and medium term. Meters & systems segment contributes 85% of the total order book with smart meters comprising of more than 85% of these meter orders

As per the management, enquiry base for metering tenders is at a healthy level as tenders amounting to ~ ₹ 10,000+ crore have been floated or are expected to be floated or expected to be issued in the near term. We believe that the ‘Metering & Systems’ segment will be the key growth driving segment for HPL Electric in the coming period. Order inflows in this segment remained strong at ~₹ 1660 crore during YTD FY24 (as against the total order inflow of ₹ 2068 crore in FY23). We expect order inflows to remain strong over the next few years led by smart meters segment. Revenue from “Metering & Systems” segment is expected to grow at 28% CAGR over FY23-26E to ₹ 1397 crore in FY26E from ₹ 670 crore in FY23

Exhibit 2: Order inflows and order backlog position (₹ crore)



Source: Company, ICICI Direct Research

## Strong manufacturing and R&D capabilities with comprehensive product portfolio

Company's backward integrated state-of-the-art seven manufacturing facilities with two R&D centers have the capabilities of product design and development, component designing, tool manufacturing and commercial production. The in-house R&D capability has helped the company in innovating and developing new products on consistent basis. With this prowess, the company has been able to diversify its product portfolio which now covers a wide range of low-voltage electric products including metering solutions, switchgears, lighting products, wires & cables, solar solutions and modular switches

With strong manufacturing capabilities, brand presence and established pan-India distribution system with strong network of distributors and retailers, HPL has been able to hold market leadership position in domestic electric meters market with ~20% market share. In "on-load change-over switches" market too, the company holds leadership position with 50% market share. In switchgears market, company has 5% market share in low-voltage category. The company is also the 5<sup>th</sup> largest player in LED (Light-emitting diode) lighting products

### Exhibit 3: State-of-the-art manufacturing facilities



**Gurugram**

**Facility I:** Electronic Meters, R&D Center for Smart Meters

**Facility II:** Lighting Equipment and Electronic Meter Parts



**Jabli**

**Facility I:** Switchgear, Electronic Meters, and Parts of Lighting Equipment

**Himachal Energy Facility II:** Electronic Meters, Panel Meters and Clips for Panel Meters



**Kundli**

**Facility I:** Switchgears, Parts of Electronic Energy Meters and Parts of Lighting Equipment

**Facility II:** Lighting Equipment



**Gharaunda**

**Products:** Wires and Cables

Source: Company, ICICI Direct Research

Though "Metering & Systems" will be the key driving segment for the company in the coming years, we believe that the "Consumer & Industrials" segment too hold substantial growth potential in the years to come. As per the industry reports, Indian switchgear and wires & cables market are projected to grow at ~15% CAGR over 2019-23. According to a report, Indian LED lighting market is also projected to grow at ~23% CAGR over 2019-25.

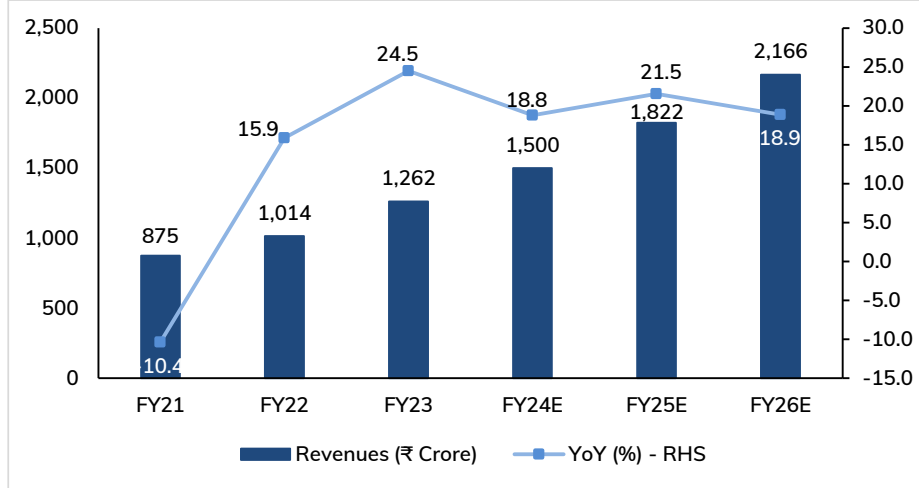
We believe that, the company is well positioned to witness the substantial growth in the coming period led by its strong design, development & manufacturing capabilities along with the significant industry tailwinds. Company is also confident of strong growth cycle unfolding over the next 3-5 years and thus remain focused on improving its infrastructure, technology and market reach to maintain its consistent growth and market-leading position, notably in the Smart Meter, Switchgear and Wire & Cable segments

## Revenue growth expected at ~20% CAGR over FY23-26E

Company's revenue grew at 8.9% CAGR over the last 3 years (FY20-23), led by ~9% CAGR in both the segments - metering & systems and consumer & industrials. In consumer & industrials, the sub-segments – switchgears and lighting grew by 4-5% CAGR while cables witnesses sharp 29.4% CAGR during the period.

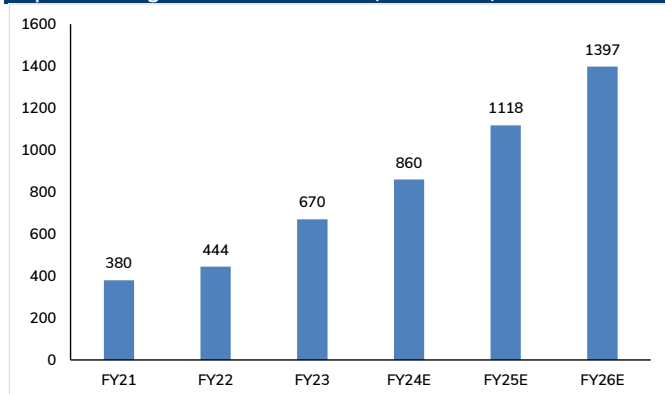
Going ahead, revenue growth is expected to be at ~20% CAGR over FY23-26E to ₹ 2166 crore in FY26E, mainly led by execution of strong order book and expected healthy order inflows in the smart meters segment. In consumer & industrials segment also, company is poised to do well in switch-gears and wires & cables segments with 15% CAGR and 12% CAGR respectively over the same period

Exhibit 4: Healthy revenue growth ahead



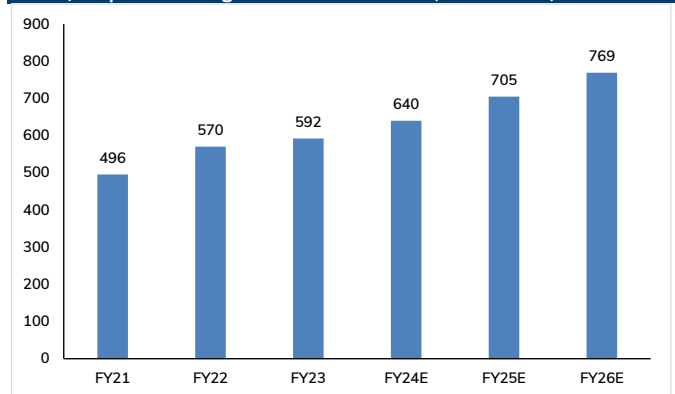
Source: Company, ICICI Direct Research

Exhibit 5: Metering & Systems segment – Revenue (₹ crore) expected to grow at 28% CAGR (FY23-26E)



Source: Company, ICICI Direct Research

Exhibit 6: Consumer & Industrials segment – Revenue (₹ crore) expected to grow at 9% CAGR (FY23-26E)

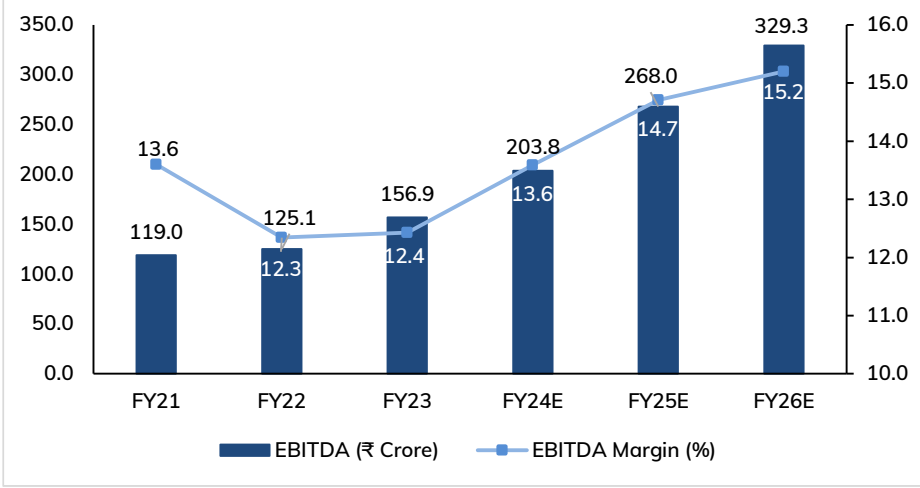


Source: Company, ICICI Direct Research

## EBITDA margins expected to improve over FY23-26E; EBITDA expected at ~28% CAGR

Company's EBITDA margin stood at 12.3-12.4% during FY22-23, contracted from 13.6% in FY21 due to unprecedented rise in raw material costs. Going ahead, we estimate EBITDA margins to improve gradually to ~15% by FY26E led by pick-up in execution in meters business (where margins are relatively better) and positive operating leverage. We estimate EBITDA CAGR of 28% over FY23-26E to ₹ 329.3 crore in FY26E from ₹ 156.9 crore in FY23

Exhibit 7: EBITDA & EBITDA margin trend

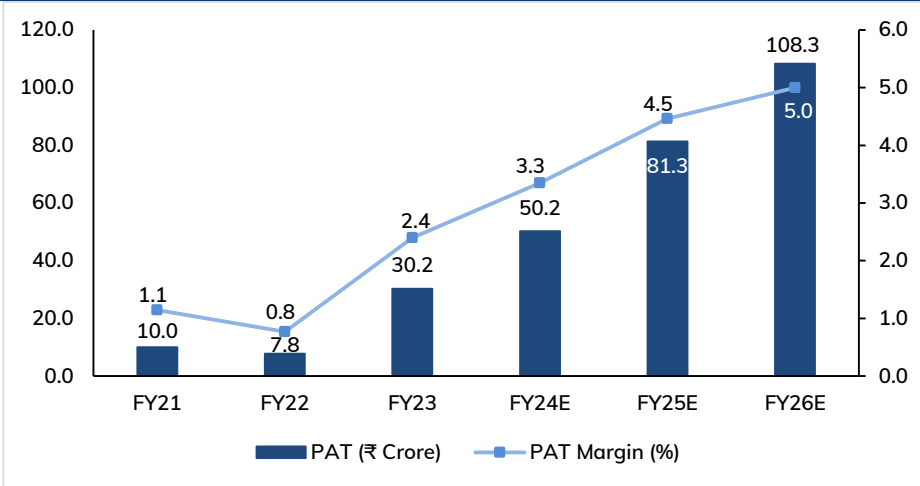


Source: Company, ICICI Direct Research

### PAT expected to grow ~53% CAGR over FY23-26E

PAT increased significantly in FY23 by 3.9x YoY to ₹ 30.2 crore, mainly led by sharp growth in revenues and maintained operating margins during the year. Over the period FY20-23, PAT CAGR stands at 10.9% YoY. Going ahead, we estimate PAT CAGR of 53% over FY23-26E to ₹ 108.3 crore in FY26 led by strong revenue growth and improvement in margins

Exhibit 8: PAT trend

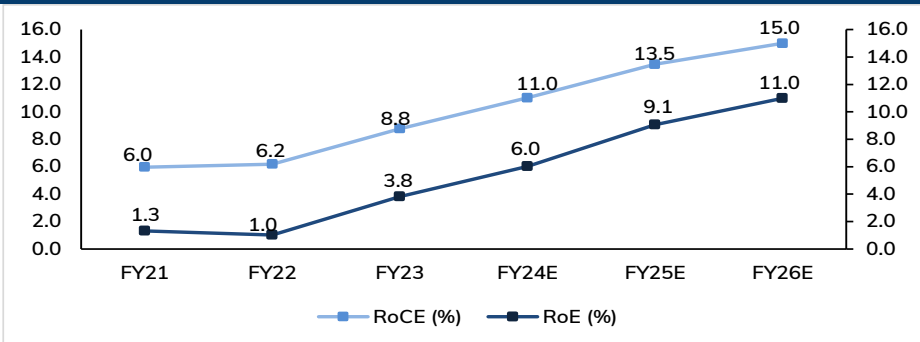


Source: Company, ICICI Direct Research

### Return ratios to improve considerably over FY23-26E

Going ahead, we expect the return ratios to improve over the period FY23-26E as asset turnover ratio and margins are expected to see further improvement. RoCE (Return on Capital Employed) and Return on Equity (RoE) are estimated to improve to 15% and 11% by FY26E respectively from 8.8% and 3.8% respectively in FY23

Exhibit 9: Return ratios



Source: Company, ICICI Direct Research

## Key risk and concerns

### Increasing competition in the industry and challenges arising due to the transition from conventional to smart meter

---

Increasing competition in the smart meter industry and challenges arising due to the transition from conventional to smart meter may impact the opportunities to the company from this industry, which in-turn may impact the operations and financials

### Volatility in raw material prices

---

Fluctuations in the prices of raw materials or unforeseen disruption in the procurement of raw materials on time may significantly impact the Company's manufacturing cost, further resulting in the inability to supply the products to customers at competitive prices

### Slow macro-economic growth

---

The global economic slowdown and fear of global recession would directly and indirectly impact all the sectors in India including the power sector, resulting in demand compression and lower revenue for the Company. It may also impact the Company's export business

## Financial summary

### Exhibit 10: Profit and loss statement ₹ crore

(₹ Crore)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	1,014	1,262	1,500	1,822	2,166
% Growth	15.9	24.5	18.8	21.5	18.9
Other income	4.2	3.6	4.0	4.5	5.0
Total Revenue	1,014	1,262	1,500	1,822	2,166
% Growth	15.3	24.5	18.8	21.5	18.9
Total Raw Material Costs	653	842	997	1,203	1,419
Employee Expenses	124	144	167	194	228
other expenses	112	120	132	158	190
Total Operating Expendit	889	1,105	1,296	1,554	1,837
Operating Profit (EBITDA)	125	157	204	268	329
% Growth	5.1	25.4	29.9	31.5	22.9
EBITDA Margin	12.3	12.4	13.6	14.7	15.2
Interest	68	75	89	103	121
PBDT	61	85	118	169	213
Depreciation	47	38	41	44	47
PBT before Exceptional It	14	47	77	125	167
Total Tax	6	16	27	44	58
PAT before MI	8	30	50	81	108
PAT	8	30.2	50	81	108
% Growth	(22.1)	287.3	66.1	62.0	33.1
EPS	1.2	4.7	7.8	12.6	16.8

Source: Company, ICICI Direct Research

### Exhibit 11: Cash flow statement ₹ crore

(₹ Crore)	FY22	FY23	FY24E	FY25E	FY26E
Profit after Tax	8	30	50	81	108
Depreciation	47	38	41	44	47
Interest	68	75	89	103	121
Cash Flow before WC changes	123	144	181	229	276
Changes in inventory	(64)	21	(110)	(103)	(132)
Changes in debtors	8	(98)	(112)	(134)	(160)
Changes in loans & Advances	(0)	(0)	-	-	-
Changes in other current assets	4	(5)	(11)	(5)	(9)
Net Increase in Current Assets	(54)	(78)	(233)	(243)	(301)
Changes in creditors	39	1	66	64	68
Changes in provisions	(2)	1	0	-	-
Net Inc in Current Liabilities	33	(14)	68	66	72
Net CF from Operating activities	102	52	16	52	47
Changes in def tax assets	3	8	(0)	-	(1)
(Purchase)/Sale of Fixed Assets	(40)	(43)	(43)	(40)	(40)
Net CF from Investing activities	(43)	(18)	(45)	(41)	(42)
Dividend and Dividend Tax	(1)	(6)	(10)	(16)	(22)
Net CF from Financing Activities	(57)	(43)	(20)	1	(8)
Net Cash flow	2	(10)	(49)	13	(3)
Opening Cash/Cash Equivalent	79	80	70	22	34
Closing Cash/ Cash Equivalent	80	70	22	34	31

Source: Company, ICICI Direct Research

### Exhibit 12: Balance sheet ₹ crore

(₹ Crore)	FY22	FY23	FY24E	FY25E	FY26E
Equity Capital	64.3	64.3	64.3	64.3	64.3
Reserve and Surplus	700	729	769	834	920
Total Shareholders funds	764	794	833	898	985
Total Debt	565	598	678	798	933
Total Liabilities	1,353	1,430	1,550	1,735	1,957
Gross Block	594	644	686	726	766
Acc: Depreciation	156	194	236	280	326
Net Block	438	450	450	446	440
Capital WIP	10	9	10	10	10
Total Fixed Assets	454	459	460	456	450
Non Current Assets	48	39	41	41	43
Inventory	507	486	596	699	831
Debtors	505	603	715	849	1,009
Loans and Advances	1	1	1	1	1
Other Current Assets	25	30	41	46	55
Cash	80	70	22	34	31
Total Current Assets	1,135	1,203	1,388	1,643	1,941
Current Liabilities	229	230	296	359	427
Provisions	7	8	8	90	91
Total Current Liabilities	285	270	339	405	476
Net Current Assets	851	933	1,049	1,238	1,464
Total Assets	1,353	1,430	1,550	1,735	1,957

Source: Company, ICICI Direct Research

### Exhibit 13: Key ratios

(Year-end March)	FY22	FY23	FY24E	FY25E	FY26E
EPS	1.2	4.7	7.8	12.6	16.8
Cash per Share	12.5	10.9	3.4	5.3	4.9
BV	118.9	123.4	129.6	139.7	153.2
Dividend per share	0.1	1.0	1.6	2.5	3.4
Dividend payout ratio	0.1	0.2	0.2	0.2	0.2
EBITDA Margin	12.3	12.4	13.6	14.7	15.2
PAT Margin	0.8	2.4	3.3	4.5	5.0
RoE	1.0	3.8	6.0	9.1	11.0
RoCE	6.2	8.8	11.0	13.5	15.0
RoC	6.2	9.0	10.9	13.5	15.0
EV / EBITDA	15.8	12.9	10.5	8.4	7.3
P/E	191.1	49.4	29.7	18.3	13.8
EV / Net Sales	1.9	1.6	1.4	1.2	1.1
Sales / Equity	1.3	1.6	1.8	2.0	2.2
Market Cap / Sales	1.5	1.2	1.0	0.8	0.7
Price to Book Value	2.0	1.9	1.8	1.7	1.5
Asset turnover	0.8	0.9	1.0	1.1	1.1
Debtors Turnover Ratio	2.0	2.3	2.3	2.3	2.3
Creditors Turnover Ratio	4.8	5.5	5.7	5.6	5.5
Debt / Equity	0.7	0.8	0.8	0.9	0.9
Current Ratio	3.7	4.3	4.1	4.1	4.1
Quick Ratio	1.9	2.4	2.3	2.3	2.3

Source: Company, ICICI Direct Research



## RATING RATIONALE

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

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

## ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM, Vijay Goel, 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. 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. 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](http://www.icicibank.com).

## Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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](http://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 endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

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

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

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

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

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

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

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

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.