

CMP: ₹ 151

Target: ₹ 200 (+32%) Target Period: 12-18 months

June 26, 2024

BUY

Riding on multiple tailwinds...

About stock: Ratnaveer Precision Engineering (RPEL), established in 2002, is a Gujarat based stainless steel (SS) product manufacturer focused on producing finished sheets, washers, solar roofing hooks, pipes and tubes

- The company operates out of four manufacturing units in Gujarat with total manufacturing capacity stood at 30000 tonnes as of FY24
- SS finishing line sheets contributed ~47% to total revenues in FY24 followed by SS washers (~23%), tubes & pipes (~17%), sheet metal components (~8%) and SS fasteners & components (~5%)

Investment Rationale

- Expansion of capacities; buoyant capex cycle to drive growth:** We believe that RPEL is well positioned to benefit significantly from the buoyant industrial capex cycle scenario. Company's product portfolio of stainless steel (SS) finished sheets, washers, solar roofing hooks, pipes & tubes etc has a wide usage across large number of industries. Going ahead, company plans to incur capex of ~₹ 106 crore over the next 12 months for expanding its capacities across the key product lines and augmenting the overall product basket with new products (circlips, electro-polished and seamless tubes & pipes and nuts & bolts). With this capex, company targets to meet strong demand for its products, cater higher growth segments and increase its market share in both domestic and export markets. Company expects revenues of ~₹ 1150 crore by FY27E as it factors in additional ~₹ 400 crore sales from this new capex of ₹ 106 crore
- Multiple drivers for margins expansion in place:** Company's expansion into new lines of value-added products (like circlips, electro-polishing tubes & pipes, nuts & bolts) and higher-margin segments like railways, defence, energy etc would help in better volumes growth & realisations. Moreover, the backward integration of manufacturing and usage of captive solar power would help the company in achieving efficiency in the production process, reducing overall production costs and gaining competitive advantage

Rating and Target Price

- We expect company's operational and financial performance to improve significantly over the coming periods, given the strong growth opportunity driven by buoyant capex, augmentation of capacities, improving product mix and operational efficiencies
- We estimate revenue CAGR at ~23% over the period FY24-26E. EBITDA and PAT are expected to increase by ~42% and ~44% CAGR over the same period. Strong earnings growth would also translate into improvement in return ratios for the company during the period. We recommend Buy on RPEL and assign a **target price of ₹ 200** (valuing it at 15x FY26 P/E)



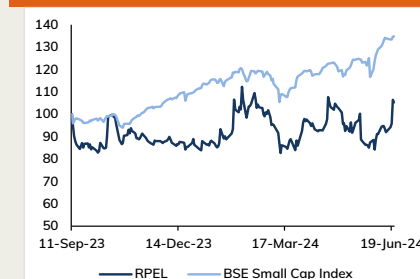
Particulars

Particular	Amount
Market Capitalisation (Rs Crore)	732
FY24 Gross Debt (Rs Crore)	207
FY24 Cash (Rs Crore)	60
EV (Rs Crore)	880
52 Week H/L (Rs)	157 / 107
Equity Capital	48.7
Face Value	10.0

Shareholding pattern

	Sep-23	Dec-23	Mar-24
Promoter	55.5	55.5	55.5
FII	10.5	3.8	0.2
DII	0.0	0.0	0.0
Others	34.0	40.7	14.7

Price Chart



Key risks

- Key Risk: (i) Availability of raw materials (ii) Slowdown in industrial capex (iii) High working capital requirement (iv) High competitive environment

Research Analyst

Chirag Shah
Shah.chirag@icicisecurities.com

Vijay Goel
Vijay.goel@icicisecurities.com

Key Financial Summary

Rs crore	FY21	FY22	FY23	FY24	3 Year CAGR (FY21-24)	FY25E	FY26E	2 Year CAGR (FY24-26E)
Revenues	360	427	480	595	18.3	719	906	23.3
EBITDA	20	28	46	50	35.9	69	101	41.8
EBITDA margin (%)	5.5	6.4	9.5	8.4		9.6	11.1	
Net Profit	5	9	25	31	78.5	44	64	44.0
Diluted EPS (Rs)	1.1	2.0	5.2	6.4		9.1	13.3	
P/E (x)	134.2	77.3	29.2	23.6		16.6	11.4	
EV/EBITDA (x)	43.4	32.8	20.4	17.6		13.5	9.3	
RoCE (%)	10.4	9.8	12.8	11.1		13.1	16.2	
RoE (%)	9.6	14.4	23.6	12.3		14.9	17.9	

Source: Company, ICICI Direct Research

Company Background

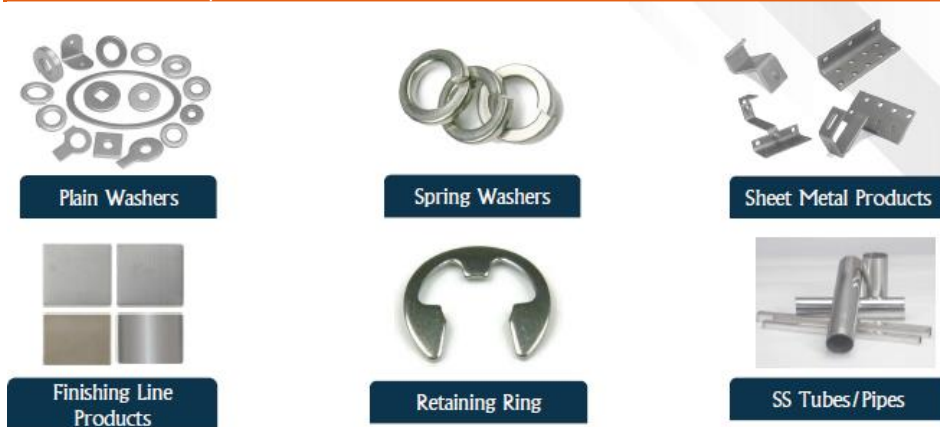
Ratnaveer Precision Engineering, established in 2002, is a Gujarat based stainless steel (SS) product manufacturer focused on producing finished sheets, washers, solar roofing hooks, pipes and tubes.

Company operates out of four manufacturing units in Gujarat, out of which three units (Units I, II and III) are located at Vadodara and the fourth unit (Unit IV) is located at Ahmedabad. Company manufactures SS finishing sheets, SS washers and SS solar mounting hooks at its Unit I and SS pipes & tubes at its Unit II. Unit III and Unit IV are dedicated for the backward integration process. Unit III is the melting unit where company melts steel scrap and turn it into steel ingots and Unit IV is the rolling unit where flat ingots are further processed to turn them into SS sheets which are the raw material for SS washers

Total manufacturing capacity of the company stood at 30000 tonnes as of FY24 end (which comprises of 21000 tonnes of SS finishing sheets capacity, 7000 tonnes of SS washers & solar hooks capacity and 2000 tonne of SS tubes & pipes capacity)

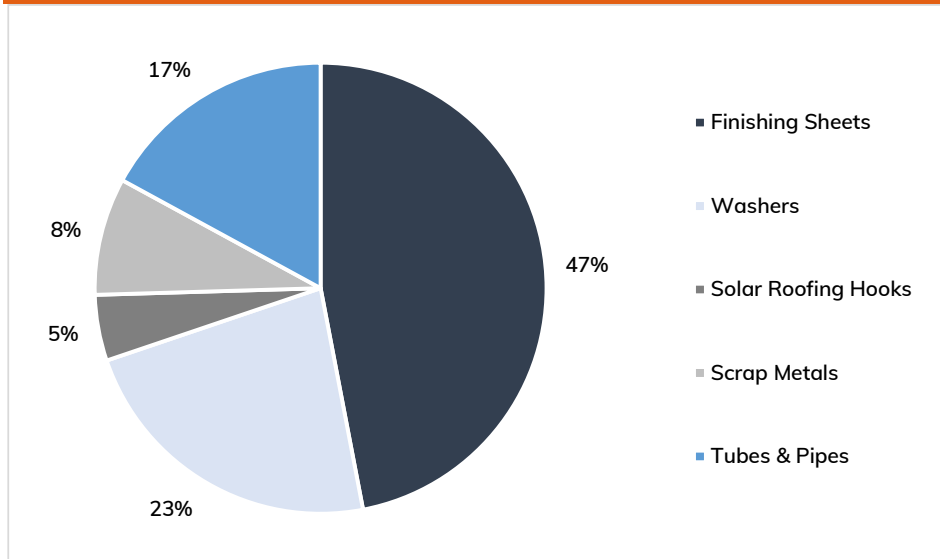
The company's revenue from operations has grown at 18.3% CAGR over the period FY21-24 to ₹ 595 crore in FY24 from ₹ 360 crore in FY21. EBITDA and PAT have grown at ~36% CAGR & ~78% CAGR during the same period to ₹ 50 crore and ₹ 31.1 crore respectively in FY24

Exhibit 1: Product portfolio



Source: Company, ICICI Direct Research

Exhibit 2: Revenue mix – FY24



Source: Company, ICICI Direct Research

Investment Rationale

Strong portfolio of stainless-steel industrial consumable products; Demand expected to remain strong on buoyant capex cycle

Ratnaveer Precision Engineering, one of the leading manufacturers of Stainless Steel (SS) sheets, washers, hooks, and tubes & pipes, is well positioned to witness strong demand for its products led by buoyant capex cycle (including industrials and infrastructure) from both public and private segments

Stainless Steel Sheets: Company's SS sheet product portfolio comprise of a wide range of finishing sheets and has a wide range of applications in sectors like architecture, building & construction (ABC), automotive, railway & transport (ART), food industry, process industry, and aerospace, among others. The corrosion resistance attribute of the material, along with the ability to incorporate custom finishes has helped increase the usage of SS sheet. Demand of SS sheets has been increasing at a CAGR of ~13% over the last 5-6 years. Going ahead, demand for SS sheets is expected to remain healthy at 10-12% CAGR over the next 5 years as per industry reports, mainly driven by increasing usage in elevators, escalators, commercial kitchens, bus bodies, metro and railways coaches etc

Exhibit 3: Application of SS finish sheets

- Elevators
- Laminates
- Home and office appliances
- Architecture, building & construction
- Industrial machinery & equipment
- Electrical appliances
- Transportation
- For Aesthetic look (Ex. Mall, Airport, Metro Rail).

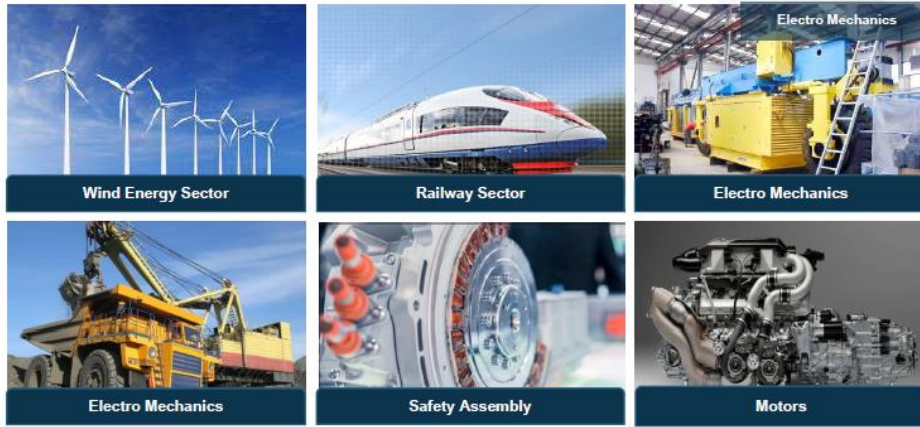


Source: Company, ICICI Direct Research

Stainless Steel Washers: There are numerous uses of washers, as it mainly serves as a spacer to absorb a shock and evenly distribute load of a fastener. The versatile applications of washers along with various engineering products such as nuts, bolts, and fasteners used in almost every industry has supported the demand for washers. There are mainly three types of washers based on their features and application: plain washers, lock washers, and spring washers. The company currently offer over 2500 SKUs of washers to their customers including inner ring washers, spring washers, nord lock washers, retaining rings, internal tooth washers and external tooth washers of different sizes and specifications

Amongst several type of washers available, washers made from SS steel are the most widely used material in washers considering its better strength and superior corrosion resistance attribute. These are widely used in automobile industry, residential, commercial and infrastructure construction and in several other manufacturing and utility sector. Going forward too, the demand for SS washer is expected to be driven by buoyant industrial capex (including sectors like automobile, chemicals, oil & gas, fertilizers, pharma, petrochemical, power, sea water equipments, and many other engineering applications), rapid urbanization (which has accelerated the pace of the infrastructure developments) and real estate construction

Exhibit 4: Application of SS washers



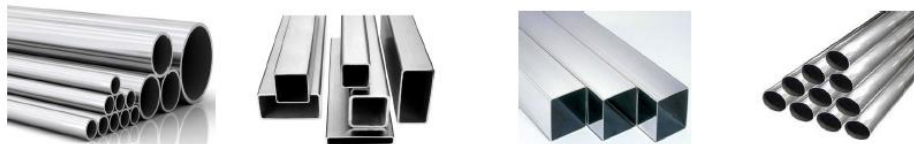
Source: Company, ICICI Direct Research

Stainless Steel tubes & Pipes: SS pipes and tubes are one of the important products in the steel industry and they find wide application in oil & gas, capital goods, power and several other. In the industrial sector, it is used in the manufacturer of the heat exchanger, condensers, and similar industrial equipment that are further used in chemical plants, fertilizer plants, pharmaceuticals, sugar, dairy & dairy products, water desalination and automotive industry amongst other. Additionally, SS pipes & tubes also find application in construction sector also.

“Oil & gas” and “chemical & petrochemical” industry are the two largest consumers of steel pipes and tubes and are driving the demand across the world. Demand for SS pipes & tubes is expected to remain strong on the back of substantial government expenditure planned in major end user industries

Exhibit 5: Application of SS tubes & pipes

- Elevators
- Laminates
- Home and office appliances
- Architecture, building & construction
- Industrial machinery & equipment
- Electrical appliances
- Transportation
- For Aesthetic look (Ex. Mall, Airport, Metro Rail).



Source: Company, ICICI Direct Research

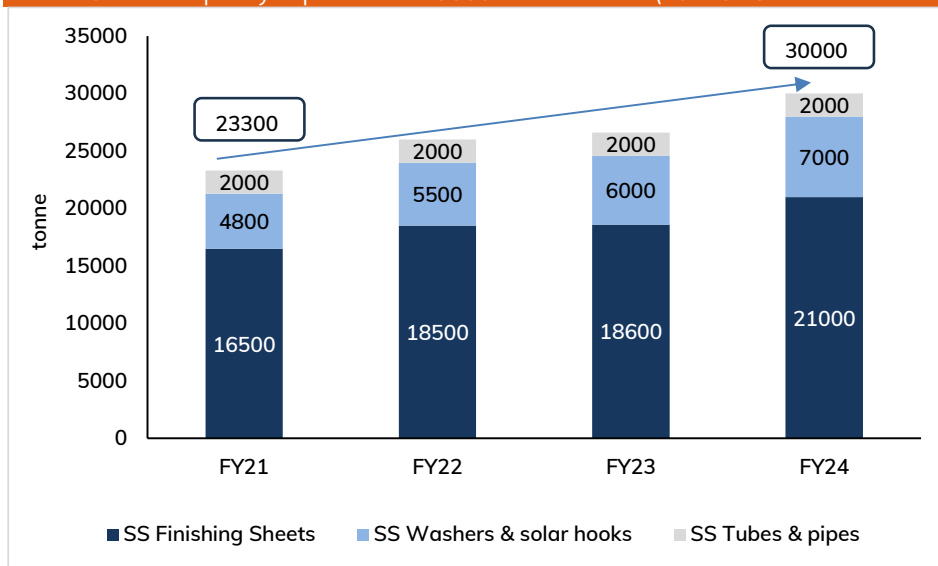
Overall, we believe that strong capex cycle across the industrial and infrastructure segments (led by both public and private capex) presents substantial opportunities for the company’s products in domestic markets. Moreover, India’s emergence as one of the best choices in manufacturing industrial products & components provides a sizable opportunity to company to increase its exports share

Expansion of manufacturing capacities to drive growth

As of FY24, company's overall capacity stood at 30000 tonnes and production at 23027 tonnes (which implies ~77% capacity utilisation). Company's four manufacturing units are strategically located with availability of transportation, which facilitates convenient transportation of its products. Moreover, company incorporates an in-house backward integrated manufacturing facility, which makes it independent to manufacture any product size at any time

During the year, revenues for the company grew by ~24% YoY to ₹ 595.4 crore. In terms of revenue mix, SS finishing line sheets contributed ~47% to total revenues in FY24 followed by SS washers (at ~23%), tubes & pipes (at ~17%), sheet metal components (at ~8%) and SS fasteners & components (at ~5%). In terms of geographical mix, ~92% of the company's revenue is from domestic markets and balance ~8% from exports

Exhibit 6: Total capacity expanded to 30000 tonne in FY24 (~9% CAGR over FY21-24)



Source: Company, ICICI Direct Research

Company has an in-house R&D facility at one of its manufacturing units, wherein it develops tools and moulds for its products. To enhance its product offerings, company has leveraged its manufacturing ability to evolve by virtue of investing in the Research & Development (R&D) activities. Company is focused on undertaking dedicated R&D in its existing products and development of new products and designs in areas where there is significant growth potential and would cater to needs of our customers

Going ahead, company plans to incur capital expenditure of ~₹ 106 crore over the next 12 months for expanding its manufacturing capacities across the key product lines and augmenting the overall product basket. With this capex, company targets to meet strong demand for its products, cater higher growth segments and increase its market share in both domestic and export markets

The capex is planned in two phases 1) ~₹ 46 crore in phase 1 which is expected to be completed by Q2FY24 and 2) ~₹ 60 crore in phase 2 which is expected to be completed by Q1FY25. Apart from the capacity additions and new products addition, company is also in process of installing 4 MW of captive solar power (2 MW each in phase 1 & 2)

In the phase 1 capex, company is increasing its overall capacity in washers, fasteners, nuts & bolts and pipes & tubes. **In washers segment, company is expanding portfolio of SS washers by adding "circlips" into the product line. In tubes & pipes product line, company is in process of expanding the capacity and its product portfolio by adding EP (electro-polishing) tubes & pipes. In fasteners segment, company is strategically adding a nuts & bolts product line with a focus on forward integration**

In phase 2 capex, company plans to further increase its capacities in fasteners and pipes & tubes. In pipes & tubes, company plans to add seamless pipes as a new product and thus augmenting backward integration in the segment. **Company expects to touch revenues of ~₹ 1150 crore by FY27E as it factors in additional ~₹ 400 crore sales from this new capex of ₹ 106 crore**

Multiple drivers for margins expansion in place led by operational efficiencies and increasing share of better-margin products & markets

With focus on expanding product portfolio into better-margin new products, expanding into higher-margin geographies and operational efficiencies, we believe that company's margins are set to improve substantially from the current levels

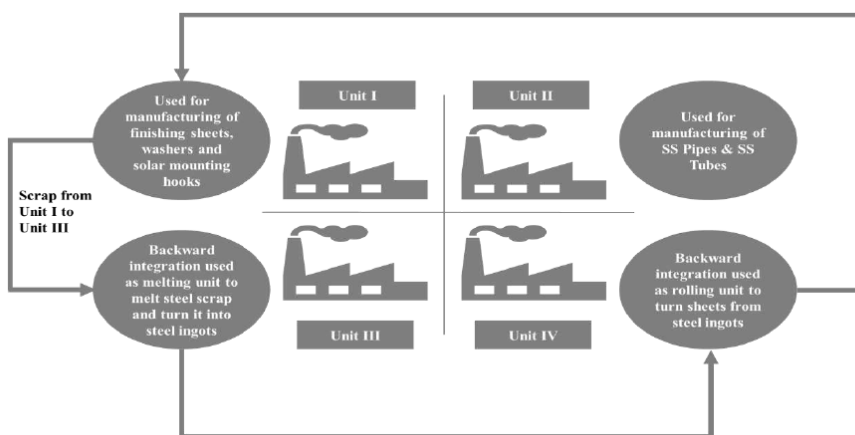
Expanding geographical reach with better-margins better-margin segments like railways, exports: Company's expansion into new product lines (like circlips and electro-polishing tubes & pipes) would help the company in getting better price realisations considering that the products are value-added products

Moreover, with the focus on continuous innovation and expansion into new value-added products, company targets to expand into high-margin segments like automobiles, railways, defence, energy etc in the coming periods. Moreover, company intends to expand its presence into margin-accretive regulated markets such as Europe, Asia Pacific, USA & North America, Australia and Japan. **Company targets to increase its exports share to ~55% of total revenues in the coming period (from ~8% in FY24).** Thus, on account of this, we believe that company's overall price realisations are expected to improve considerably in the coming period

Backward integration: Company has developed a synergistic system of backward integration whereby it processes the waste (being generated in manufacturing of its products) for converting back into the raw material (which is utilized again in manufacturing). Thus, the raw material required is also being generated in-house, while the waste being produced in the manufacturing process is being completely utilized, ensuring economies of scale and minimal wastage. Currently, 11-12% of the company's raw material requirement is generated through backward integration

This backward integration helps the company in achieving efficiency in the production process, gaining competitive advantage, reducing in product costs, control over supply of raw materials and reduce its dependency on third parties for its operations

Exhibit 7: Company's backward integration process



Source: Company, ICICI Direct Research

Usage of captive solar power: As mentioned earlier, company is also in process of installing 4 MW of captive solar power (2 MW each in the two capex phases). With this, company targets to meet ~80% of total power consumption. We believe that company's power cost is expected to come down significantly post the installation of this captive power capacity and would help in improving margins. In terms of cost savings, we estimate power cost savings at ~0.7% of sales (on FY26E revenues)

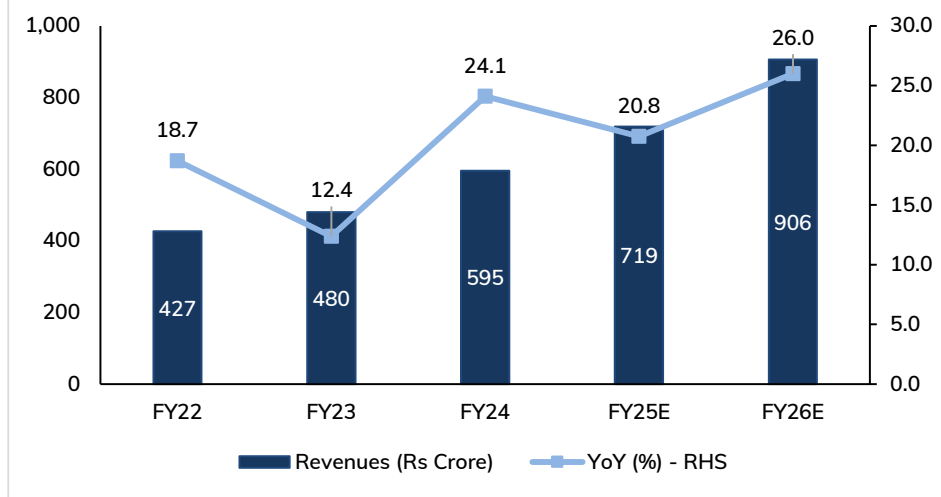
Key Financial Summary

Revenue growth expected to remain strong at ~23% CAGR over FY24-26E

Company's revenue grew at ~18% CAGR over the period FY21-24 to ₹ 595 crore in FY24, led by ~5% CAGR in sales volumes and ~12% CAGR in net realisations

Going ahead, we estimate revenue growth to remain strong at ~23% CAGR over FY24-26E to ₹ 906 crore in FY26E, as the volume growth is expected to remain healthy (on strong demand, expanding capacities and expanding product portfolio)

Exhibit 8: Healthy revenue growth ahead



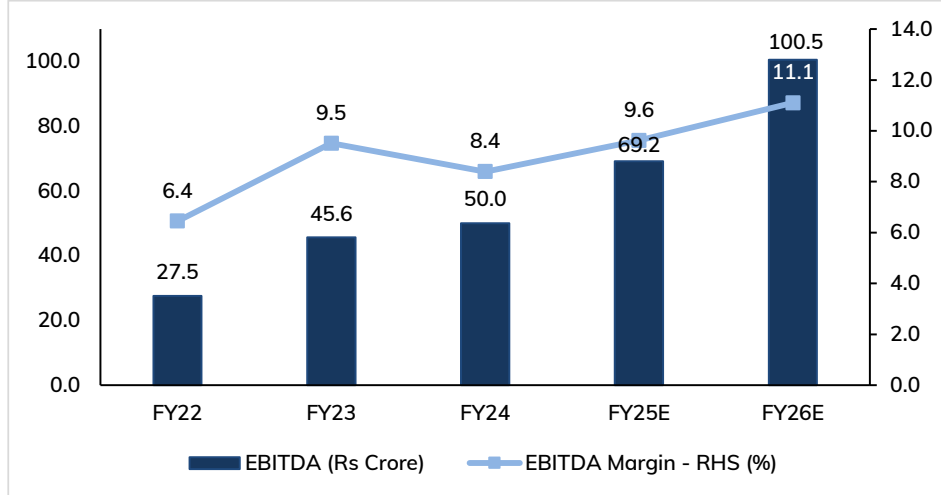
Source: Company, ICICI Direct Research

Margins to improve significantly; EBITDA expected at ~42% CAGR (FY24-6E)

Company's EBITDA increased by ~36% CAGR over FY21-24, led by healthy revenue growth and considerable improvement in EBITDA margins (8.4% in FY24 as against 5.5% in FY21)

Going ahead, we estimate EBITDA margins to improve further to 11.1% by FY26E (led by improvement in share of better-margin products, increasing contribution from higher margin target segments and operational efficiencies etc). We estimate EBITDA CAGR at ~42% over FY24-26E to ₹ 100.5 crore in FY26E

Exhibit 9: EBITDA & EBITDA margin trend

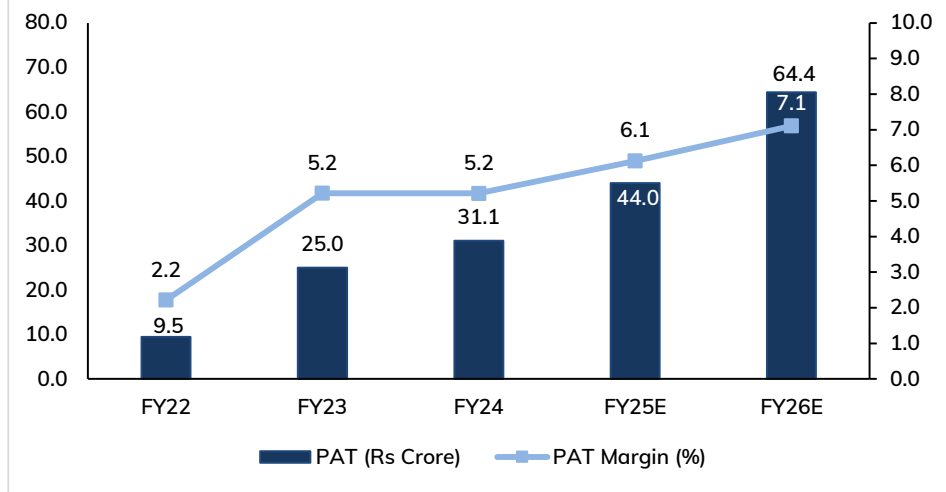


Source: Company, ICICI Direct Research

PAT expected to grow ~44% CAGR over FY24-26E

We expect company's PAT to grow at ~44% CAGR over FY24-26E to Rs 64.4 crore in FY26E (from Rs 31.1 crore in FY24), mainly led by sharp improvement in operational performance during the period (as mentioned above)

Exhibit 10: PAT expected to grow ~44% CAGR over FY24-26E

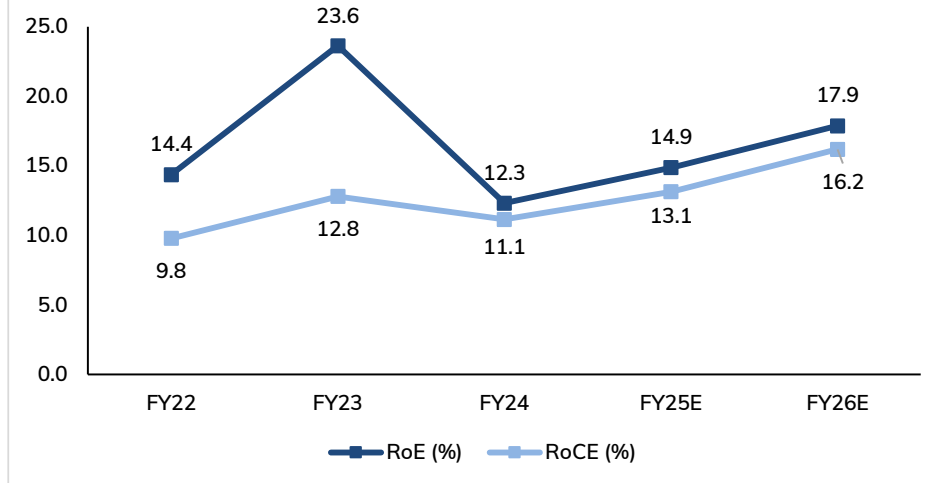


Source: Company, ICICI Direct Research

Return ratios to improve considerably over FY24-26E

The company plans capital expenditure of ₹ 106 crore over the next 12 months, mainly for expanding capacities across the key product lines (adding new lines for newer products). We believe that company's asset turns on this new capex to remain strong considering the robust demand for newer products with better realisations. Thus, we expect strong earnings growth to translate into improvement in return ratios for the company during the period FY24-26E

Exhibit 11: Return ratios to improve



Source: Company, ICICI Direct Research

Risk and Concerns

Availability of raw materials

Company's major raw materials include stainless steel sheets, stainless steel coils, stainless steel wire and stainless steel scrap. Company purchases of its raw materials are concentrated from a few suppliers (over 60% of raw material is procured from top 3 domestic suppliers). Some part of raw materials and consumables are also imported by the company (USA, Singapore, Malaysia, Hong Kong and UAE constituted the top 5 countries from which the company imports its raw materials). Moreover, company doesn't have long-term agreements with its raw material suppliers. Any delay in procurement of raw materials by the company may impact its operational performance and thus financial condition and cash flows

Slowdown in industrial and infrastructure capex in domestic and export markets

Company's revenue and profitability growth is primarily dependent on the demand of SS fasteners, SS washers, SS tubes & pipes, SS finishing line sheets (in domestic and export markets), which are dependent on public and industrial capex. Any slow-down in the capex cycle in end user segments (Oil & Gas, Consumer, Engineering, Metals, Pharma, Cement, Agro & Chemicals, Automobile etc) may hurt the demand for the company's products and thus revenues and profitability

Significant working capital requirements

Company's business requires significant amount of working capital primarily as a considerable amount of time passes between purchase of raw materials and collection of receivables post sales to customers. As a result, company is required to maintain sufficient stock at all times in order to meet manufacturing requirements as well as extend credit period to customers as per the industry practice, thus increasing its working capital requirements. Any mismanagement in working capital requirements may impact company's operations, financial condition and cash flows

Higher competitive environment

Company operates in a highly competitive & fragmented industry with low barriers to entry. Company competes with a range of organized and unorganized players, both at the national and regional level. Moreover, company's competitors may further affect its business by entering into exclusive arrangements with its existing or potential clients. Any further significant increase in competition may impact company's operational and financial performance

.

Financial Summary

Exhibit 12: Profit and loss statement ₹ crore

Year-End March	FY23	FY24	FY25E	FY26E
Revenue	479.7	595.4	718.9	905.8
% Growth	12.4	24.1	20.8	26.0
Other income	1.4	7.0	8.2	8.2
Total Revenue	479.7	595.4	718.9	905.8
% Growth	12.4	24.1	20.8	26.0
Total Raw Material Costs	392.3	512.2	609.7	757.2
Employee Expenses	7.9	6.8	8.4	10.1
other expenses	33.9	26.4	31.7	38.0
Total Operating Expenditure	434.1	545.4	649.8	805.3
Operating Profit (EBITDA)	45.6	50.0	69.2	100.5
% Growth	65.8	9.6	38.4	45.3
Interest	12.3	12.1	13.0	13.6
PBDT	34.7	44.9	64.4	95.1
Depreciation	4.0	5.8	8.6	13.6
PBT before Exceptional Items	30.7	39.1	55.7	81.5
Total Tax	5.7	8.0	11.7	17.1
PAT before MI	25.0	31.1	44.0	64.4
PAT	25.0	31.1	44.0	64.4
% Growth	164.3	24.0	41.8	46.3
Diluted EPS	5.2	6.4	9.1	13.3

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement ₹ crore

Year-End March	FY23	FY24	FY25E	FY26E
Profit after Tax	25.0	31.1	44.0	64.4
Depreciation	4.0	5.8	8.6	13.6
Interest	12.3	12.1	13.0	13.6
Cash Flow before WC changes	41.4	49.0	65.7	91.6
Changes in inventory	(34.5)	(39.1)	(30.8)	(59.3)
Changes in debtors	(23.1)	18.6	(10.4)	(11.9)
Changes in loans & Advances	-	-	-	-
Changes in other current assets	1.2	(16.3)	(3.6)	(11.9)
Net Increase in Current Assets	(56.3)	(36.7)	(44.8)	(83.1)
Changes in creditors	(3.8)	6.5	9.2	13.8
Changes in provisions	0.6	(1.1)	0.2	0.4
Net Inc in Current Liabilities	(0.5)	2.7	10.7	16.3
Net CF from Operating activities	(15.4)	15.0	31.6	24.8
Changes in deferred tax assets	-	-	-	-
(Purchase)/Sale of Fixed Assets	(18.4)	(66.0)	(70.7)	(10.0)
Net CF from Investing activities	(15.9)	(66.0)	(70.4)	(11.1)
Dividend and Dividend Tax	-	-	-	-
Net CF from Financing Activities	42.0	80.2	7.0	(13.6)
Net Cash flow	10.6	29.2	(31.8)	0.1
Opening Cash/Cash Equivalent	19.7	30.3	59.5	27.8
Closing Cash/ Cash Equivalent	30.3	59.5	27.8	27.9

Source: Company, ICICI Direct Research

Exhibit 14: Balance Sheet ₹ crore

Year-End March	FY23	FY24	FY25E	FY26E
Equity Capital	34.9	48.7	48.7	48.7
Reserve and Surplus	71.1	203.4	247.4	311.9
Total Shareholders funds	106.0	252.1	296.1	360.6
Total Debt	230.0	207.2	227.2	227.2
Deferred tax Liab	4.7	5.7	5.7	5.7
Total Liabilities	340.7	465.1	529.1	593.5
Gross Block	58.6	69.7	115.7	180.7
Acc. Depreciation	23.7	29.6	38.2	51.8
Net Block	34.9	40.1	77.5	128.9
Capital WIP	8.8	45.3	70.0	15.0
Total Fixed Assets	58.9	119.0	181.1	177.5
Non Current Assets	3.2	4.2	3.9	5.0
Inventory	205.8	244.9	275.8	335.0
Debtors	63.4	44.8	55.2	67.0
Other Current Assets	27.2	43.5	47.1	59.0
Cash	30.3	59.5	27.8	27.9
Total Current Assets	326.9	392.8	405.8	489.0
Current Liabilities	37.4	44.0	53.2	67.0
Other Current Liab	10.9	7.1	8.6	11.0
Total Current Liabilities	48.3	51.0	61.8	78.0
Net Current Assets	278.6	341.8	344.1	411.0
Total Assets	340.7	465.1	529.1	593.5

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios

Year-End March	FY23	FY24	FY25E	FY26E
Diluted EPS	5.2	6.4	9.1	13.3
Cash per Share	6.3	12.3	5.7	5.8
BV	21.9	52.0	61.1	74.3
EBITDA Margin	9.5	8.4	9.6	11.1
PAT Margin	5.2	5.2	6.1	7.1
RoE	23.6	12.3	14.9	17.9
RoCE	12.8	11.1	13.1	16.2
RoC	13.6	11.0	12.2	15.5
EV / EBITDA	20.4	17.6	13.5	9.3
P/E	29.2	23.6	16.6	11.4
EV / Net Sales	1.9	1.5	1.3	1.0
Sales / Equity	4.5	2.4	2.4	2.5
Market Cap / Sales	1.5	1.2	1.0	0.8
Price to Book Value	6.9	2.9	2.5	2.0
Asset turnover	1.4	1.3	1.4	1.5
Debtors Turnover Ratio	9.3	11.0	14.4	14.8
Creditors Turnover Ratio	12.2	14.6	14.8	15.1
Debt / Equity	2.2	0.8	0.8	0.6
Current Ratio	6.8	7.3	6.8	6.6
Quick Ratio	2.1	1.9	1.8	1.8

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, MBA (Finance), Vijay Goel, MBA (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH00000990. 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.

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 Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headsservicequality@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 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.