

## Graphite India (CAREVE)

### Healthy capacity utilisation augurs well....

- Graphite India (GIL) reported a good operational performance for the quarter. For Q1FY18, GIL reported healthy capacity utilisation levels of 95%. The raw material cost (as a percentage of sales) came in lower QoQ & YoY, supporting EBITDA margins. EBITDA margins came in at 10.1% (up 618 bps QoQ and 632 bps YoY)
- Gross income from operations was at ₹ 376.3 crore. After adjusting for excise duty, net operating income was at ₹ 351.0 crore (up 27.6% YoY down 6% QoQ)
- EBITDA for the quarter was at ₹ 35.5 crore (up 239.8% YoY). EBITDA margins came in at 10.1%, broadly in line with our estimate of 11%. The raw material cost (as percentage of sales) during the quarter was at 35.3% (vs. 43.4% in Q4FY17 and 44.7% in Q1FY17)
- The company reported other income of ₹ 21.1 crore (our estimate: ₹ 21.0 crore), depreciation of ₹ 12 crore (our estimate: ₹ 10.4 crore), while interest expense came in at ₹ 1.0 crore (our estimate: ₹ 1.6 crore). Ensuing PAT was at ₹ 29.5 crore (up 168.9% YoY, our PAT estimate of ₹ 35.2 crore)

### Healthy demand prospects; realisations set to improve from H2FY18E...

The fortunes of the graphite electrode sector have been on an uptrend. The key triggers have been 1) consolidation of the graphite electrode market globally, 2) ~20% of global graphite electrode capacity (ex-China) shutting down in the last three years, 3) increase in steel production through EAF route (outside China) coupled with an increase in global steel prices, 4) closure of steel capacity in China leading to a decline in exports of both steel and graphite electrodes from the region. Price realisations of graphite electrodes are firming up with the steel price recovery and increase in demand for graphite electrodes expected to aid the overall performance of GIL. We believe the benefit of higher graphite electrode prices is likely flow in H2FY18 and FY19E.

### Improved realisations to augment operating margins, going forward...

The contracting supply amid healthy demand has resulted in an improvement in graphite electrode prices. We believe the benefit of increased prices will flow in by H2FY18E and FY19E. On the back of healthy capacity utilisation coupled with improved realisations, we expect Graphite India's consolidated operating margins to get augmented to 12.6% and 16.7% in FY18E and FY19E, respectively (2.7% in FY17).

### Healthy balance sheet, net cash status augurs well; maintain BUY...

Graphite India reported healthy utilisation level for of 95% for Q1FY18 (68% in Q1FY17 and 89% in Q4FY17). While realisations were subdued, we expect the same to notably pick up during H2FY18E onwards. Going forward, on a standalone, basis we have modelled capacity utilisation of 90% for FY18E & 94% for FY19E. On a consolidated basis, we have modelled capacity utilisation of 84% for FY18E & 90% for FY19E. We value the company at 10x FY19E EV/EBITDA thereby arriving at a target price of ₹ 280 and maintain **BUY** recommendation. Graphite India has a robust balance sheet, net cash status and healthy cash flow generation, which augurs well for the company.

Rating matrix	
Rating	: Buy
Target	: ₹ 280
Target Period	: 15-18 months
Potential Upside	: 28%

What's Changed?	
Target	Changed from ₹ 200 to ₹ 280
EPS FY18E	Changed from ₹ 8.7 to ₹ 9.6
EPS FY19E	Changed from ₹ 13.7 to ₹ 17.0
Rating	Unchanged

Quarterly Performance (Standalone)					
	Q1FY18	Q1FY17	YoY (%)	Q4FY17	QoQ (%)
Revenue	351.0	275.2	27.6	373.4	-6.0
EBITDA	35.5	10.5	239.8	14.7	141.6
EBITDA (%)	10.1	3.8	632 bps	3.9	618 bps
PAT	29.5	11.0	168.9	62.0	-52.5

Key Financials				
(₹ Crore)	FY16	FY17	FY18E	FY19E
Total Operating Income	1532.3	1467.8	2099.7	2722.7
EBITDA	134.6	39.6	265.5	455.5
Net Profit	82.8	70.5	188.5	332.7
EPS	4.2	3.6	9.6	17.0

Valuation summary				
	FY16	FY17	FY18E	FY19E
PE (x)	51.7	60.7	22.7	12.9
Target PE (x)	66.1	77.7	29.1	16.5
EV/EBITDA (x)	30.8	97.5	14.2	7.6
P/BV (x)	2.4	2.3	2.3	2.0
RoNW (%)	4.7	3.8	10.0	15.3
RoCE (%)	4.2	-0.3	9.9	17.1

Stock data	
Particular	Amount
Market Capitalisation	₹ 4123 Crore
Debt (FY17 P)	₹ 259 Crore
Cash & Cash Equivalent (FY17)	₹ 679 Crore
EV	₹ 3700 Crore
52 week H/L	222 / 70
Equity capital	₹ 39.1 Crore
Face value	₹ 2

Price performance (%)				
Return %	1M	3M	6M	12M
HEG	14.1	56.0	155.7	182.3
Graphite India	16.4	81.5	114.6	179.5

#### Research Analyst

Dewang Sanghavi  
dewang.sanghavi@icicisecurities.com

Akshay Kadam  
akshay.kadam@icicisecurities.com

**Variance analysis**

	Q1FY18	Q1FY18E	Q1FY17	YoY (%)	Q4FY17	QoQ (%)	
Revenue	351.0	395.9	275.2	27.6	373.4	-6.0	Topline increased by 27.6% YoY
Other Income	21.1	21.0	17.8	18.7	31.2	-32.3	
Employee Expense	41.1	43.5	35.1	17.2	41.1	0.1	
Raw Material Expense	124.0	158.4	122.9	0.9	161.9	-23.4	The raw material cost (as percentage of sales) during the quarter was at 35.3% (vs. 43.4% in Q4FY17 and 44.7% in Q1FY17)
Power & Fuel Expense	70.9	67.3	52.6	34.8	63.3	12.0	
Other operating expenses	79.5	83.1	54.2	46.9	92.4	-13.9	
EBITDA	35.5	43.5	10.5	239.8	14.7	141.6	
EBITDA Margin (%)	10.1	11.0	3.8	632 bps	3.9	618 bps	EBITDA margin came in broadly in line with our estimate
Depreciation	12.0	10.4	9.7	24.1	12.6	-4.7	
Interest	1.0	1.6	1.4	-32.1	1.1	-16.7	
Exceptional Items	0.0	0.0	0.0	NA	0.0	NA	
PBT	43.7	52.5	17.2	154.5	32.1	35.9	
Tax Outgo	14.2	17.3	6.2	129.0	-29.9	-147.5	
PAT	29.5	35.2	11.0	168.9	62.0	-52.5	PAT came in lower than our estimate
<b>Key Metrics</b>							
Capacity Utilisation Level (%) ; Domestic Operations	95%	90%	68%		89%		Capacity utilisation came in higher than our estimate

Source: Company, ICICIdirect.com Research

**Change in estimates**

(₹ Crore)	FY17	FY18E			FY19E			Comments
		Old	New	% Change	Old	New	% Change	
Revenue	1467.8	2052.1	2099.7	2.3	2512.4	2722.7	8.4	Modelled higher blended realisation estimates for FY18E and FY19E
EBITDA	39.6	226.5	265.5	17.2	366.9	455.5	24.2	
EBITDA Margin (%)	2.7	11.0	12.6	161 bps	14.6	16.7	213 bps	Upward revised EBITDA margin estimates
PAT	70.5	169.5	188.5	11.2	267.6	332.7	24.3	
EPS (₹)	3.6	8.7	9.6	11.2	13.7	17.0	24.3	Upward revised PAT estimates

Source: Company, ICICIdirect.com Research

**Assumptions**

	FY17	Current		Earlier		Comments
		FY18E	FY19E	FY18E	FY19E	
Consolidated capacity utilisation	74	84	90	84	90	Maintained capacity utilisation levels

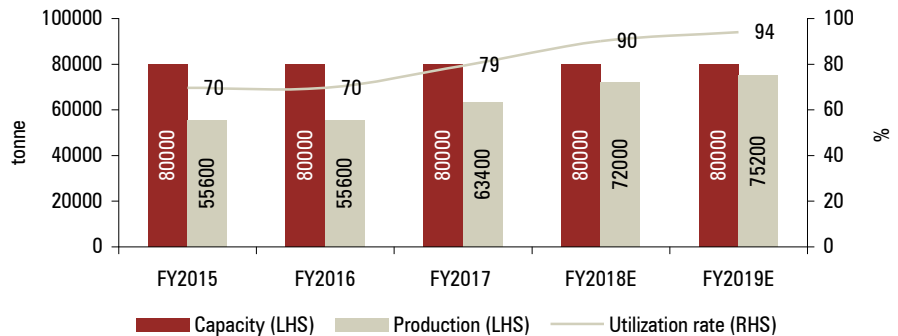
Source: Company, ICICIdirect.com Research

## Company Analysis

The company is a leading manufacturer of graphite electrode with an installed capacity of 98,000 tonne per annum (TPA). The installed capacity in India is 80,000 tonne of which 54,000 tonne is in Durgapur, 13000 tonne in Nashik and 13000 tonne in Bangalore. GIL also owns a plant in Nuremberg (Germany) with an installed capacity of 18,000 tonne. The company commissioned its last capacity expansion in Q1FY14 wherein it installed a capacity of 20,000 tonne at its Durgapur plant while incurring a capex of ₹ 255 crore.

On a standalone basis, the company clocked a capacity utilisation of ~79%. We expect capacity utilisation of 90% in FY18E and 94% in FY19E

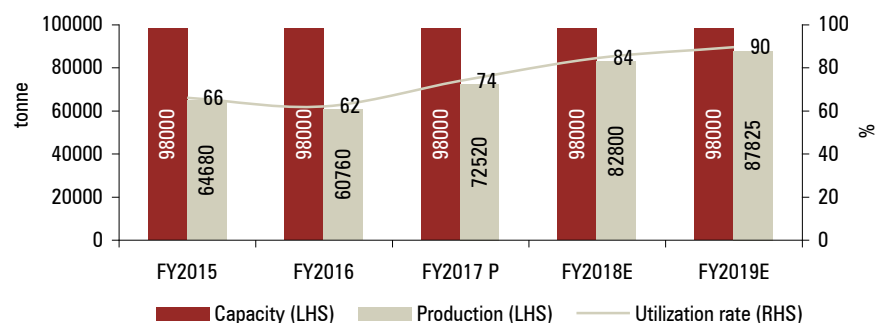
**Exhibit 1: Graphite electrode capacity production & utilisation rate (standalone basis)**



Source: Company, ICICIdirect.com Research

On a consolidated basis, the company clocked a capacity utilisation rate of 74% in FY17. We expect the company to report capacity utilisation of 84% in FY18E and 90% in FY19E

**Exhibit 2: Capacity & utilisation rates (Consolidated basis)**



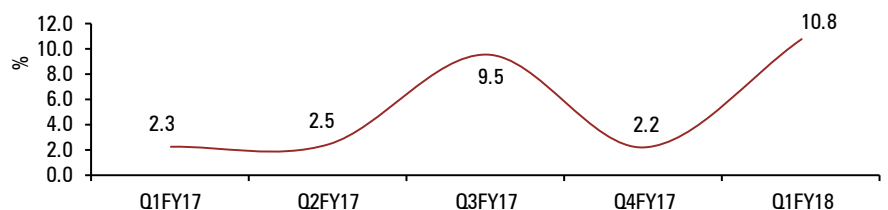
Source: Company, ICICIdirect.com Research

### Segmental performance

Apart from operating the graphite electrode facility, the company also operates a carbon paste facility, calcined petroleum coke facility and some graphite equipment facility. GIL also possesses a high speed steel and alloy steel facility.

For standalone operations in Q1FY18, EBIT margins of graphite electrodes segment improved notably sequentially at 10.8% as compared to 2.2% in Q4FY17

**Exhibit 3: Graphite electrode EBIT performance**



Source: Company, ICICIdirect.com Research

### **Net cash status augurs well for company...**

Better working capital management led to a reduction in debt levels for the company. Going forward, we expect consolidated net cash and cash equivalents balance to increase to ₹ 921 crore at the end of FY19E from ₹ 420 crore at the end of FY17.

## Outlook and valuation

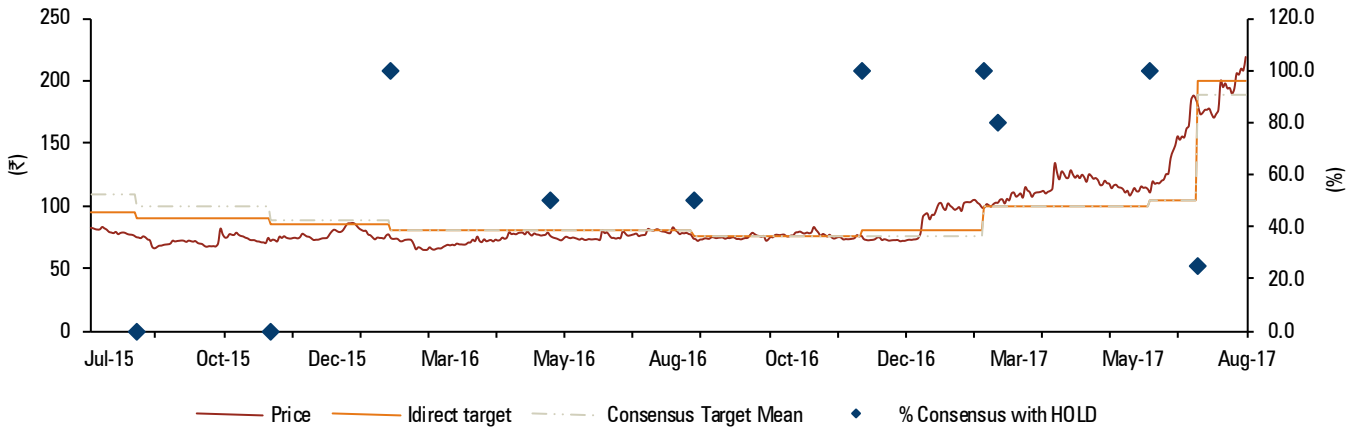
Graphite India reported healthy utilisation level for of 95% for Q1FY18 (68% in Q1FY17 and 89% in Q4FY17). While realisations were subdued, we expect the same to notably pick up during H2FY18E onwards. Going forward, on a standalone, basis we have modelled capacity utilisation of 90% for FY18E & 94% for FY19E. On a consolidated basis, we have modelled capacity utilisation of 84% for FY18E & 90% for FY19E. We value the company at 10x FY19E EV/EBITDA thereby arriving at a target price of ₹ 280 and maintain **BUY** recommendation. Graphite India has a robust balance sheet, net cash status and healthy cash flow generation, which augurs well for the company.

**Exhibit 4: Valuation matrix**

	Revenue (₹ Cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW(%)	RoCE(%)
FY15	1710.7	-14.9	2.9	-55.7	74.3	31.0	3.3	4.4
FY16	1532.3	-10.4	4.2	43.8	51.7	30.8	4.7	4.2
FY17	1467.8	-4.2	3.6	-14.9	60.7	97.5	3.8	-0.3
FY18E	2099.7	43.1	9.6	167.5	22.7	14.2	10.0	9.9
FY19E	2722.7	29.7	17.0	76.5	12.9	7.6	15.3	17.1

Source: Company, ICICIdirect.com Research

### Recommendation history vs. consensus estimate



Source: Bloomberg, Company, ICICIdirect.com Research

### Key events

Date	Event
Feb-10	Fire breaks out in pipe unit factory yard of the company
Mar-10	Converts bonds into shares. Sets bond conversion price at ₹ 55.3
Dec-10	European Union renews tariffs on graphite electrodes from India (tariff at 9.4%)
Mar-11	GIL declares lockout at Titlagarh unit post labour unrest at its plant site
Jun-11	Titlagarh unit resumes production post settlement with labour unions including increase in wages & other benefits
Mar-12	GIL sells its entire stake in its subsidiary Carbon International (engaged in trading activities only) for €4.6 million (₹ 30 crore)
Jul-12	Karnataka State Pollution Control Board orders the company to shut operations in its Bangalore plant till further orders, citing environmental pollution
Aug-12	GIL resumes operations at its Bangalore plant after obtaining stay on the pollution control board order for closure of its plant at Bangalore
Sep-12	The company's international peer Graftech expected to hike electrode prices for 2013 contracts
Nov-13	Global players announce production cuts to support graphite electrode prices
Feb-15	Gol imposes antidumping duty on graphite electrodes (all diameters) originating in or exported from China. The amount of anti-dumping duty ranges from US\$278.19 per MT to US\$922.03 per MT, depending on the Chinese producer/exporter
Mar-16	Board declares interim dividend of ₹ 2.0/share

Source: Company, ICICIdirect.com Research

### Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position	Change
1	Emerald Co., Ltd.	30-Jun-2017	61.2	119.6M	0
2	Fidelity Management & Research Company	30-Jun-2017	4.2	8.2M	-3.0M
3	SBI Funds Management Pvt. Ltd.	30-Jun-2017	2.8	5.5M	-2.0M
4	GKN PLC	30-Jun-2017	2.0	4.0M	0
5	Life Insurance Corporation of India	30-Jun-2017	1.9	3.7M	0
6	L&T Investment Management Limited	30-Jun-2017	1.8	3.5M	0.3M
7	Government of India	31-Mar-2017	1.6	3.1M	3.1M
8	The New India Assurance Co. Ltd.	30-Jun-2017	1.4	2.8M	-0.3M
9	Edgbaston Investment Partners LLP	30-Jun-2017	1.3	2.6M	-3.2M
10	Retail Employees Superannuation Pty. Ltd.	30-Jun-2017	1.3	2.5M	0

Source: Reuters, ICICIdirect.com Research

### Shareholding Pattern

(in %)	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Promoter	65.2	65.2	65.2	65.2	65.2
FII	12.6	12.7	12.5	12.6	10.3
DII	3.9	7.3	7.4	8.4	8.1
Others	18.3	14.9	14.9	13.8	16.4

### Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Government of India	5.3M	3.1M	Edgbaston Investment Partners LLP	-8.2M	-3.2M
Global IVY Ventures L.L.P.	6.0M	2.4M	Fidelity Management & Research Company	-7.6M	-3.0M
L&T Investment Management Limited	0.8M	0.3M	SBI Funds Management Pvt. Ltd.	-5.1M	-2.0M
Dimensional Fund Advisors, L.P.	0.0M	0.0M	CD Equifinance Pvt. Ltd.	-1.2M	-0.5M
Taurus Asset Management Co. Ltd.	0.0M	0.0M	The New India Assurance Co. Ltd.	-0.8M	-0.3M

Source: Reuters, ICICIdirect.com Research

## Financial summary

Profit and loss statement		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Total Operating Income	1532.3	1467.8	2099.7	2722.7	
Growth (%)	-10	-4	43	30	
Raw Material Expenses	646.1	585.1	744.7	974.9	
Employee Expenses	201.2	222.5	265.2	286.6	
Other expenses	550.4	620.6	824.2	1,005.7	
Total Operating Expenditure	1,397.8	1,428.2	1,834.2	2,267.2	
EBITDA	134.6	39.6	265.5	455.5	
Growth (%)	-1.6	-70.6	571.3	71.6	
Depreciation	49.2	46.4	58.5	59.8	
Interest	9.5	7.9	9.3	6.7	
Other Income	49.4	86.5	83.6	107.6	
PBT	125.4	71.8	281.3	496.6	
Exceptional Item	0.0	0.0	0.0	0.0	
Total Tax	42.6	1.3	92.8	163.9	
PAT	82.8	70.5	188.5	332.7	
Growth (%)	43.8	-14.9	167.5	76.5	
EPS (₹)	4.2	3.6	9.6	17.0	

Source: Company, ICICIdirect.com Research

Balance sheet		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
<b>Liabilities</b>					
Equity Capital	39.1	39.1	39.1	39.1	
Reserve and Surplus	1,712.0	1,818.5	1,853.6	2,141.1	
Total Shareholders funds	1,751.1	1,857.6	1,892.7	2,180.2	
Total Debt	302.3	259.2	205.2	130.2	
Deferred Tax Liability	72.8	85.0	85.0	85.0	
Minority Interest / Others	0.0	0.0	0.0	0.0	
Total Liabilities	2,126.2	2,201.8	2,183.0	2,395.4	
<b>Assets</b>					
Gross Block	1,416.5	1,539.1	1,583.1	1,608.1	
Less: Acc Depreciation	825.3	871.7	930.2	990.1	
Net Block	591.2	667.4	652.9	618.0	
Capital WIP	65.5	32.1	3.1	3.1	
Total Fixed Assets	656.7	699.5	655.9	621.1	
Investments	416.0	631.0	656.0	856.0	
Inventory	748.5	602.1	613.7	672.7	
Debtors	484.8	441.5	454.6	498.3	
Loans and Advances	112.3	11.7	95.8	50.8	
Other Current Assets	17.1	103.5	78.5	53.5	
Cash	21.0	51.5	121.1	194.9	
Total Current Assets	1,383.7	1,210.1	1,363.7	1,470.2	
Current Liabilities	271.2	316.0	409.1	448.5	
Provisions	58.9	25.7	83.5	103.4	
Current Liabilities & Prov	330.1	341.7	492.7	551.9	
Net Current Assets	1,053.6	868.4	871.0	918.4	
Others Assets	0.0	2.9	0.0	0.0	
Application of Funds	2,126.2	2,201.8	2,183.0	2,395.4	

Source: Company, ICICIdirect.com Research

Cash flow statement		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
Profit after Tax	82.8	70.5	188.5	332.7	
Add: Depreciation	49.2	46.4	58.5	59.8	
(Inc)/dec in Current Asset	182.2	204.0	-84.0	-32.7	
Inc/(dec) in CL & Provision	-69.3	11.6	151.0	59.2	
Others	-9.3	9.3	2.9	0.0	
CF from operating activities	235.5	341.7	317.0	419.0	
(Inc)/dec in Investments	-46.6	-215.1	-25.0	-200.0	
(Inc)/dec in Fixed Assets	-56.5	-89.1	-15.0	-25.0	
Others	0.0	0.0	0.0	0.0	
CF from investing activities	-103.2	-304.2	-40.0	-225.0	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-64.8	-43.1	-54.0	-75.0	
Dividend paid & div. tax	-47.0	-47.0	-47.0	-47.0	
Inc/(dec) in Share Cap	-31.2	83.0	-106.4	1.7	
Others	0.0	0.0	0.0	0.0	
CF from financing activities	-142.9	-7.1	-207.3	-120.2	
Net Cash flow	-10.5	30.4	69.6	73.8	
Opening Cash	31.5	21.0	51.5	121.1	
Closing Cash	21.0	51.5	121.1	194.9	

Source: Company, ICICIdirect.com Research

Key ratios		(₹ crore)			
(Year-end March)	FY16	FY17	FY18E	FY19E	
<b>Per share data (₹)</b>					
EPS	4.2	3.6	9.6	17.0	
Cash EPS	6.8	6.0	12.6	20.1	
BV	89.6	95.1	96.9	111.6	
DPS	2.0	2.0	2.0	2.0	
Cash Per Share	1.1	2.6	6.2	10.0	
<b>Operating Ratios (%)</b>					
EBITDA Margin	8.8	2.7	12.6	16.7	
PBT / Total Operating income	8.2	4.9	13.4	18.2	
PAT Margin	5.4	4.8	9.0	12.2	
Inventory days	178.3	149.7	135.0	135.0	
Debtor days	115.5	109.8	100.0	100.0	
Creditor days	64.6	78.6	90.0	90.0	
<b>Return Ratios (%)</b>					
RoE	4.7	3.8	10.0	15.3	
RoCE	4.2	-0.3	9.9	17.1	
RoIC	4.2	-0.3	10.5	18.7	
<b>Valuation Ratios (x)</b>					
P/E	51.7	60.7	22.7	12.9	
EV / EBITDA	30.8	97.5	14.2	7.6	
EV / Net Sales	2.7	2.6	1.8	1.3	
Market Cap / Sales	2.8	2.9	2.0	1.6	
Price to Book Value	2.4	2.3	2.3	2.0	
<b>Solvency Ratios</b>					
Debt/EBITDA	2.2	6.6	0.8	0.3	
Debt / Equity	0.2	0.1	0.1	0.1	
Current Ratio	4.2	3.5	2.8	2.7	
Quick Ratio	1.9	1.8	1.5	1.4	

Source: Company, ICICIdirect.com Research

### ICICIdirect.com coverage universe (Graphite Electrodes)

Sector/Company	CMP		Rating	M Cap		EPS (₹)			P/E (x)			EV/EBITDA (x)			ROCE(%)			ROE(%)		
	(₹)	TP (₹)		(₹ Cr)	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	FY17	FY18E	FY19E	
Graphite India	219	280	Buy	4279	3.6	9.6	17.0	60.7	22.7	12.9	97.5	14.2	7.6	-0.3	9.9	17.1	3.8	10.0	15.3	
HEG	475	600	Buy	1900	-12.5	17.6	34.9	NA	27.0	13.6	31.9	11.5	7.6	0.9	9.9	15.7	-5.7	7.5	12.9	

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, Akruiti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
**research@icicidirect.com****

## ANALYST CERTIFICATION

We /I, Dewang Sanghavi MBA (FIN) and Akshay Kadam MBA (FIN), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, *inter alia*, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities 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.

It is confirmed that Dewang Sanghavi MBA (FIN) and Akshay Kadam MBA (FIN), Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

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

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

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that Dewang Sanghavi MBA (FIN) and Akshay Kadam MBA (FIN), 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.