

18 July 2024

India | Equity Research | Q1FY25 results review

Asian Paints

Consumer Staples & Discretionary

Triple impact of industry slowdown, steep competition and higher commodity inflation

We model FY25E to be impacted by: (1) a slowdown in industry growth rates after strong growth over FY21-H1FY24; (2) increase in commodity prices after deflation in FY24; and (3) steep competitive pressures. Asian Paints (APNT) will have to make multiple tough decisions in FY25 to support either margins or market shares. While it needs to raise prices to pass on input inflation, it also needs to raise ad-spend and feet-on-street to drive growth. Its pricing difference also cannot be materially higher than new competitors, as large pricing gap may result in market share loss. APNT also needs healthy profitability in the decorative business to fund the investments in its new businesses such as Beautiful Homes/ Home Décor. While launches at bottom-of-pyramid may result in higher volume growth, value growth may remain muted, in our view.

We model earnings decline in FY25E (first time after FY09) as well as impact on market shares. We reckon [comfortable] competitive equilibrium in paints is likely broken. Retain underweight on large cap paints. Maintain **REDUCE**.

Q1FY25 results

APNT's revenue, EBITDA and PAT declined 2.3%, 20.2% and 24.5%, respectively YoY. Decorative volume growth was 7% YoY. Gross margin contracted 40bps YoY due to ~4% price cuts, inferior revenue mix and higher commodity inflation. EBITDA margin contracted 422bps due to higher employee cost (investments in sales/marketing staff) and higher other expenditure (likely higher ad-spend). Standalone revenues, EBITDA and PAT declined 2.9%, 20.3% and 20.9%, respectively YoY.

Slow-down across segments

Decorative revenues declined 3% YoY. Economy emulsions reported weak performance but waterproofing, distempers and wood finishes did well. While there was slowdown across regions, there are early signs of green shoots in rural markets. There was deceleration in projects business due to elections. Kitchen and bath business reported 5% and 10% revenue growth, respectively YoY on favourable base. International business reported revenue decline of 2% YoY (+1.8% in constant currency terms).

Financial Summary

Y/E March (INR mn)	FY23A	FY24A	FY25E	FY26E
Net Revenue	3,44,886	3,54,947	3,74,928	4,03,007
EBITDA	62,598	75,850	73,428	75,366
EBITDA Margin (%)	18.2	21.4	19.6	18.7
Net Profit	41,668	54,141	48,522	48,786
EPS (INR)	43.4	56.4	50.6	50.9
EPS % Chg YoY	31.9	29.9	(10.4)	0.5
P/E (x)	68.5	52.7	58.8	58.5
EV/EBITDA (x)	44.9	37.1	38.2	37.2
RoCE (%)	23.2	24.7	20.2	18.7
RoE (%)	28.0	31.2	24.6	22.6

Manoj Menon

manoj.menon@icicisecurities.com

+91 22 6807 7209

Aniruddha Joshi

aniruddha.joshi@icicisecurities.com

Karan Bhuwania

karan.bhuwania@icicisecurities.com

Nilesh Patil

nilesh.patil@icicisecurities.com

Market Data

Market Cap (INR)	2,853bn
Market Cap (USD)	34,156mn
Bloomberg Code	APNT IN
Reuters Code	ASPN.BO
52-week Range (INR)	3,568 /2,670
Free Float (%)	47.0
ADTV-3M (mn) (USD)	48.6

Price Performance (%)	3m	6m	12m
Absolute	5.1	(9.8)	(13.3)
Relative to Sensex	(5.6)	(20.2)	(35.5)

Earnings Revisions (%)	FY25E	FY26E
Revenue	(2.1)	(2.1)
EBITDA	(3.2)	(3.2)
EPS	(3.6)	(3.8)

Previous Reports

10-05-2024: [Q4FY24 results review](#)18-01-2024: [Q3FY24 results review](#)

Multiple headwinds in FY25

We believe, APNT is facing multiple headwinds such as: (1) increase in competitive pressures; (2) higher commodity prices; and (3) slowdown in industry growth rates. As Asian Paints is market leader, the onus to drive industry growth is on Asian Paints. While it may increase distribution, step up investments in additional feet-on-street and increase ad-spend, we believe these initiatives will show results (if any) only after a gap of 12-18 months and may impact near-term earnings.

Investments in entry-level products may continue to impact value growth

APNT is focussing on gaining share from smaller/unorganised players and has introduced multiple variants in economy emulsions. It has also introduced Neobharat latex paints. While these products may result in higher volume growth, we believe it will be of limited relevance as value growth will remain muted.

Maintain REDUCE

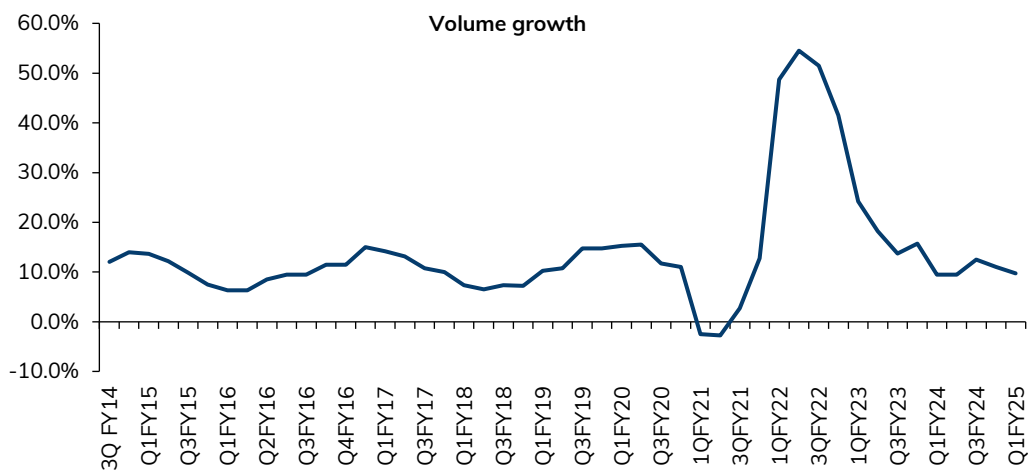
We model APNT likely reporting revenue and CAGR of 6.6% and -5.1%, respectively over FY24–26E. We believe the valuations (P/E of 58.5x FY26E) are stretched, considering the steep increase in competitive pressures amidst sector headwinds like slowdown and higher input prices. With limited scope for margin expansion and likely market share decline, we believe there are multiple triggers for contraction of valuation multiples. We maintain **REDUCE** with a DCF-based revised target price of INR 2,550 (earlier: INR2,600).

Key risks: Lower-than-expected competitive pressures; and steep correction in commodity prices.

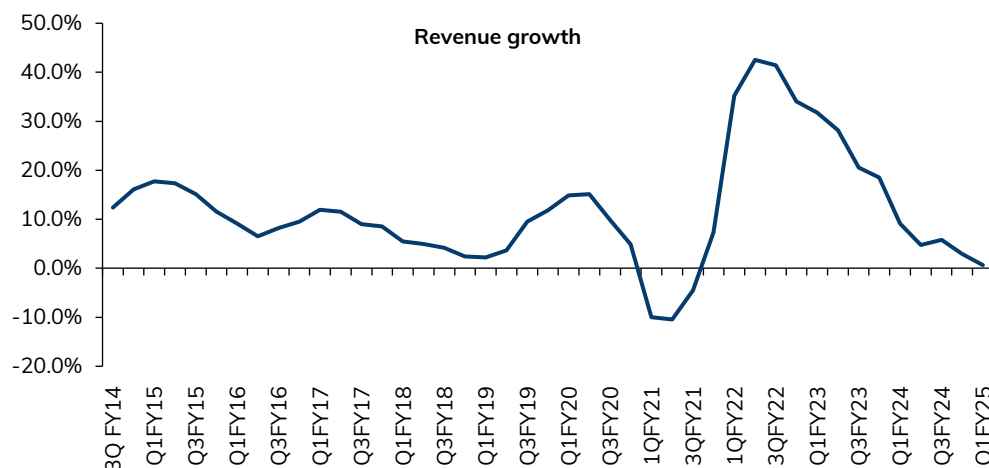
Exhibit 1: Q1FY25 consolidated financial performance

INR mn	Q1FY25	Q1FY24	% YoY	Q4FY24	% QoQ
Net revenues	89,697	91,823	(2.3)	87,308	2.7
Raw materials	51,546	52,404	(1.6)	49,147	4.9
% of sales	57.5%	57.1%	40 bps	56.3%	117 bps
Employee costs	6,742	5,457	23.6	6,142	9.8
% of sales	7.5%	5.9%	157 bps	7.0%	48 bps
Other expenditure	14,472	12,750	13.5	15,105	(4.2)
% of sales	16.1%	13.9%	225 bps	17.3%	-117 bps
Total expenditure	72,760	70,610	3.0	70,394	3.4
EBITDA	16,938	21,213	(20.2)	16,914	0.1
EBITDA margin (%)	18.9%	23.1%	-422 bps	19.4%	-49 bps
Other income	1,562	1,971	(20.7)	1,871	(16.5)
PBDIT	18,500	23,184	(20.2)	18,785	(1.5)
Depreciation	2,277	1,983	14.8	2,256	0.9
PBIT	16,223	21,200	(23.5)	16,529	(1.9)
Interest	554	458	21.0	541	2.4
PBT	15,669	20,743	(24.5)	15,988	(2.0)
Tax	4,168	5,301	(21.4)	3,488	19.5
% of PBT	27%	26%	4.1	22%	21.9
PAT before associates & MI	11,501	15,442	(25.5)	12,500	(8.0)
Share of profit from associates	367	307	19.7	253	45.0
Minority interest	155	234	(33.7)	88	76.5
Extraordinary	786	606	29.7	(448)	-
PAT	12,498	16,120	(22.5)	12,217	2.3
Adj. PAT	11,713	15,514	(24.5)	12,665	(7.5)

Source: Company data, I-Sec research

Exhibit 2: Normalised volume growth (average of past four quarter's volume growth)

Source: Company data, I-Sec research

Exhibit 3: Normalised revenue growth*

Source: Company data, I-Sec research, *TTM revenue growth

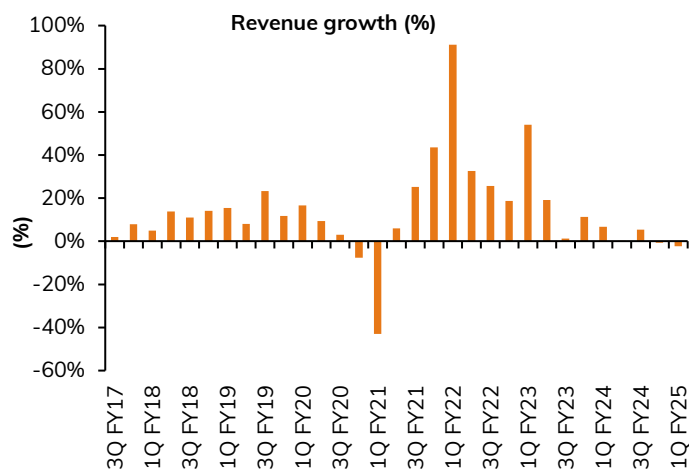
Exhibit 4: Q1FY25 standalone financial performance

INR mn	Q1FY25	Q1FY24	% YoY	Q4FY24	% QoQ
Net revenues	78,816	81,140	(2.9)	74,809	5.4
Raw materials	44,843	45,783	(2.1)	41,382	8.4
% of sales	57%	56%	47 bps	55%	158 bps
Employee costs	5,145	4,046	27.2	4,659	10.4
% of sales	7%	5%	154 bps	6%	30 bps
Other expenditure	12,898	11,313	14.0	13,281	(2.9)
% of sales	16%	14%	242 bps	18%	-139 bps
Total expenditure	62,886	61,142	2.9	59,321	6.0
EBITDA	15,930	19,998	(20.3)	15,488	2.9
EBITDA margin (%)	20.2%	24.6%	-443 bps	20.7%	-49 bps
Other income	2,256	2,168	4.1	1,974	14.2
PBDIT	18,186	22,165	(18.0)	17,462	4.1
Depreciation	1,957	1,721	13.7	1,935	1.1
PBIT	16,229	20,444	(20.6)	15,527	4.5
Interest	304	263	15.7	306	(0.6)
PBT	15,924	20,182	(21.1)	15,221	4.6
Tax	4,000	5,098	(21.5)	3,127	27.9
% of PBT	25.1%	25.3%	(0.6)	21%	22.3
PAT	11,924	15,084	(20.9)	12,094	(1.4)
Minority interest	-	-	-	-	-
Extraordinary items	971	392	147.8	(531)	-
PAT after MI	12,895	15,475	(16.7)	11,563	11.5
Adj. PAT	11,924	15,084	(20.9)	12,094	(1.4)

Source: Company data, I-Sec research

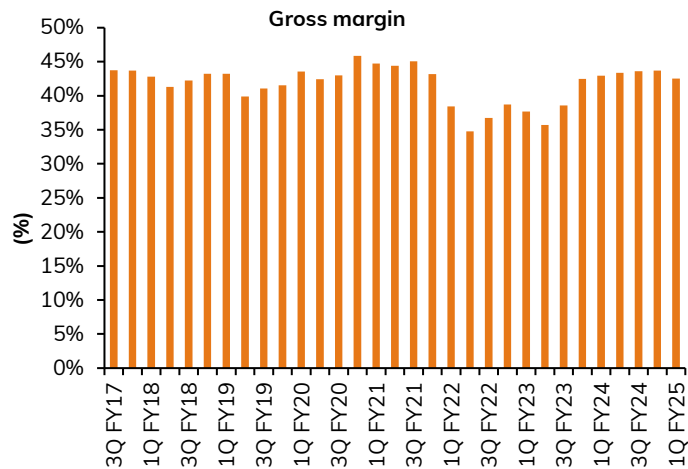
Operational highlights – Quarterly

Exhibit 5: Revenue growth (YoY)



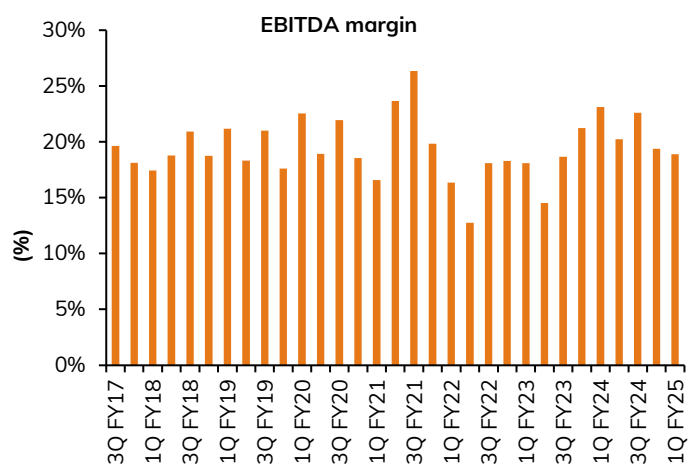
Source: Company data, I-Sec research

Exhibit 6: Gross margin



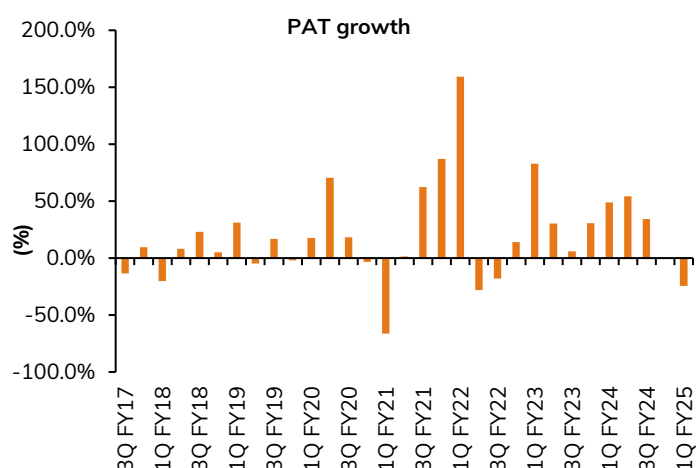
Source: Company data, I-Sec research

Exhibit 7: EBITDA margin



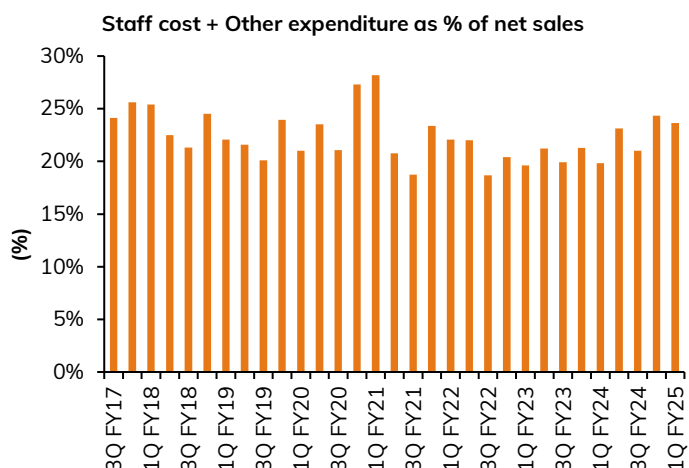
Source: Company data, I-Sec research

Exhibit 8: PAT growth (YoY)



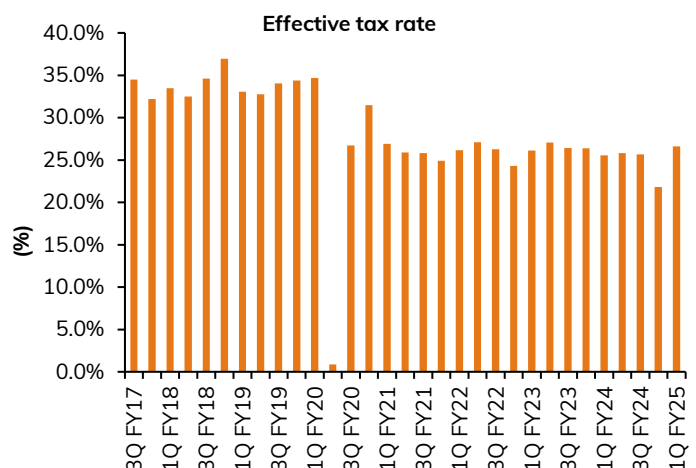
Source: Company data, I-Sec research

Exhibit 9: Staff cost and other expenditure as % of net sales



Source: Company data, I-Sec research

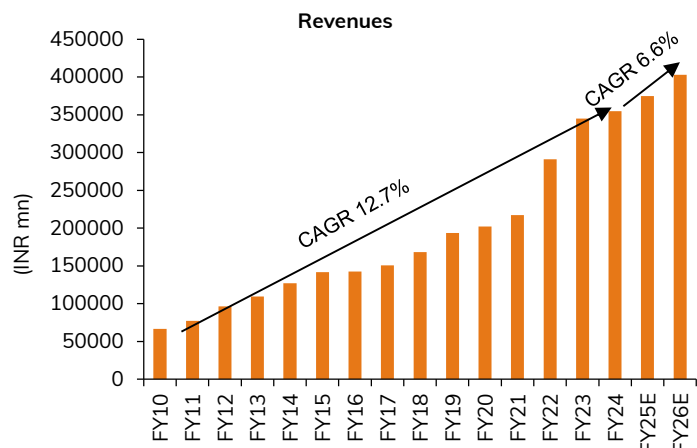
Exhibit 10: Effective tax rate



Source: Company data, I-Sec research

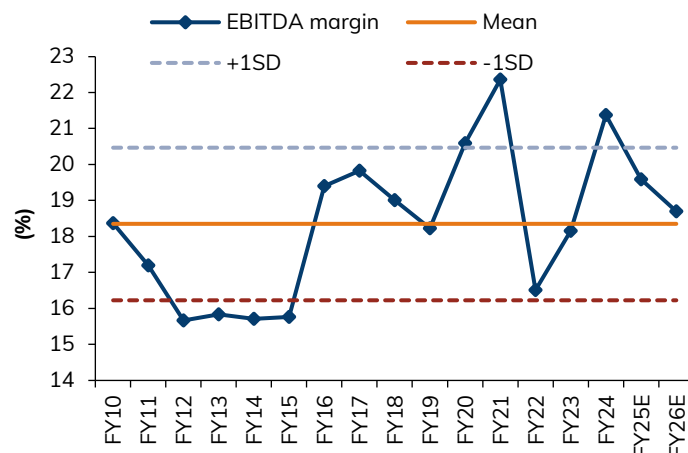
Operational highlights – Annual

Exhibit 11: Revenues and growth rates



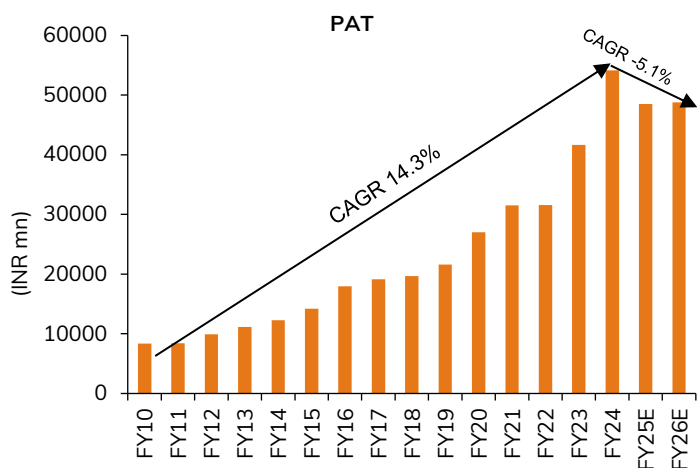
Source: Company data, I-Sec research

Exhibit 12: EBITDA margin



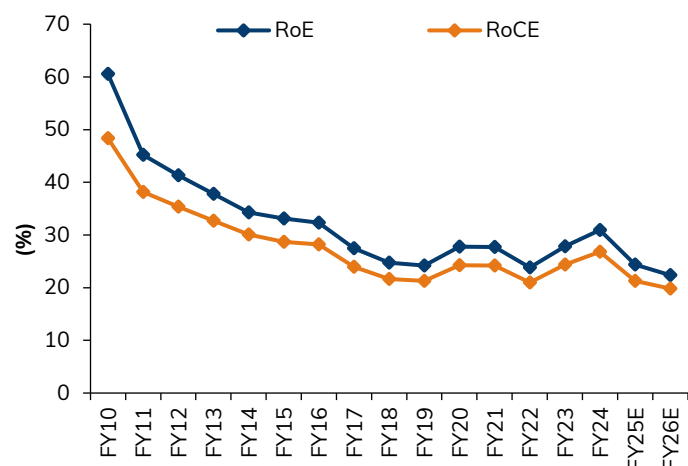
Source: Company data, I-Sec research

Exhibit 13: PAT and growth rates



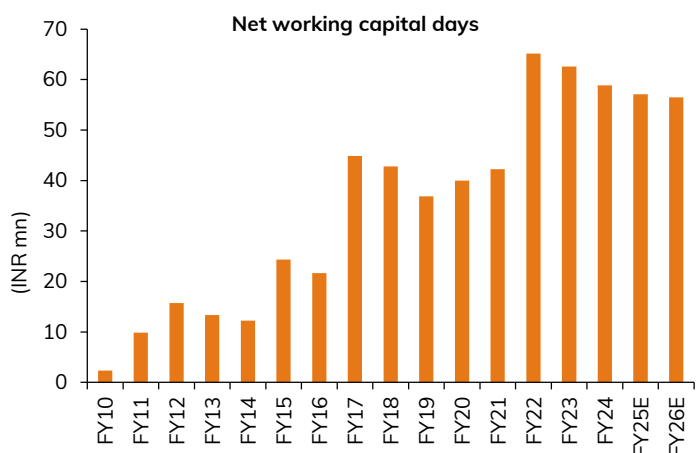
Source: Company data, I-Sec research

Exhibit 14: RoE and RoCE



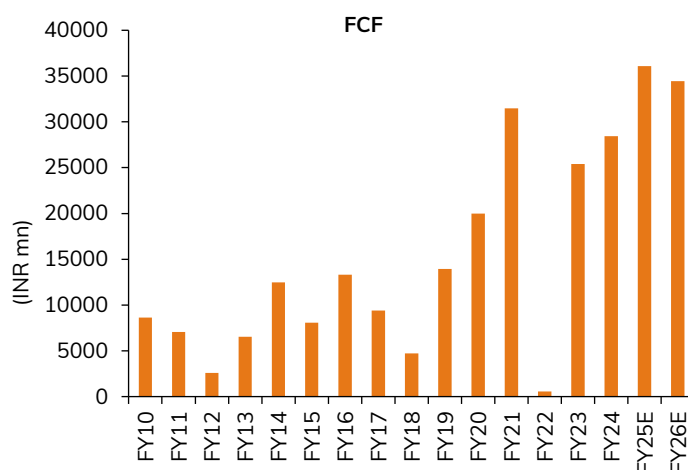
Source: Company data, I-Sec research

Exhibit 15: Net working capital days



Source: Company data, I-Sec research

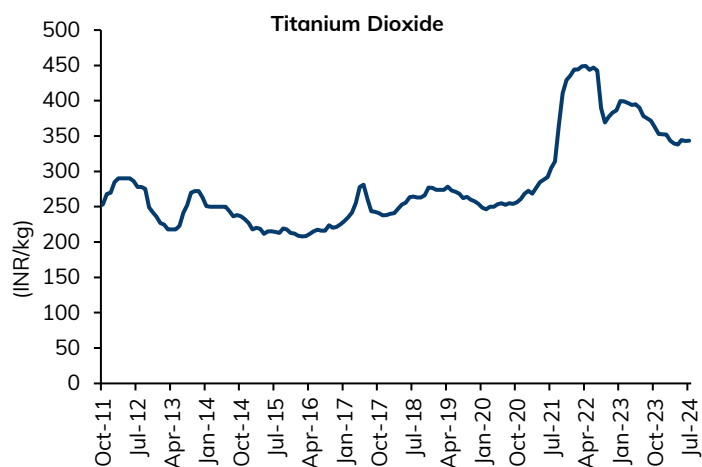
Exhibit 16: Free cash-flow



Source: Company data, I-Sec research

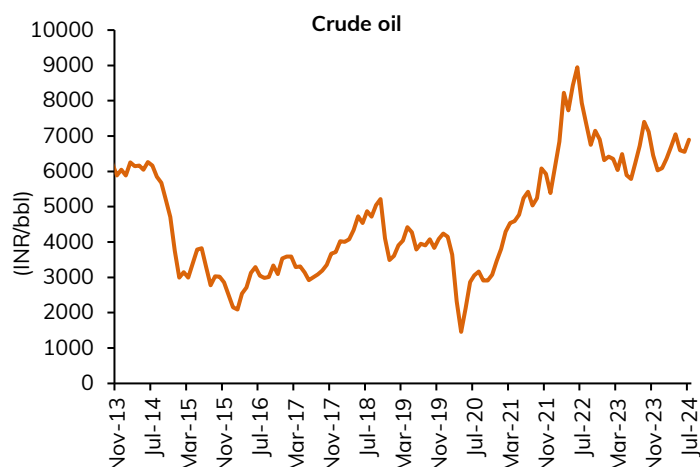
Key raw material prices

Exhibit 17: Titanium di-oxide



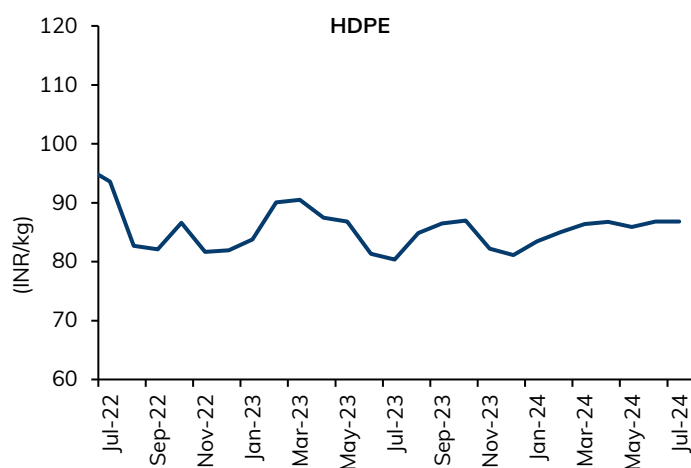
Source: Company data, I-Sec research

Exhibit 18: Crude oil



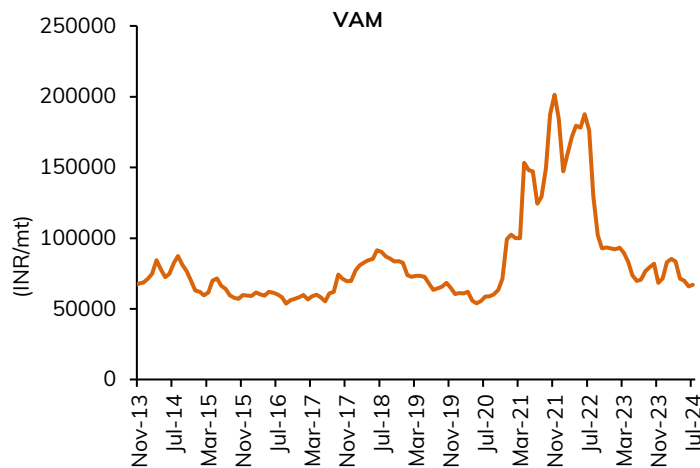
Source: Company data, I-Sec research

Exhibit 19: Packaging material – HPDE



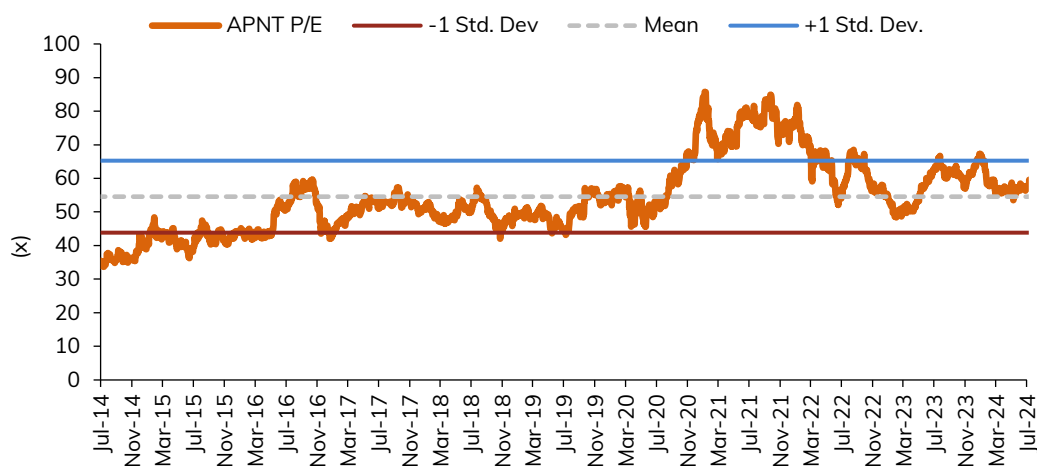
Source: Company data, I-Sec research

Exhibit 20: VAM prices



Source: Company data, I-Sec research

Exhibit 21: Mean P/E and standard deviations



Source: I-Sec research, Bloomberg

Q1FY25 result and conference call takeaways

- The decorative business (India) reported 7%/-3% volume/value growth in Q1FY25 YoY. The volume/value growth stood at 10%/7.8% in Q4FY24 YoY. Despite challenging demand environment, APNT has registered healthy volume growth.
- Value growth was primarily impacted by: (1) change in product mix; and (2) price cuts undertaken in previous quarter. Cumulative value growth for decorative and industrial segment stood at 2.2% YoY in Q1FY25.
- Industrial business registered relatively better growth (+5.8% YoY) led by traction in automotive coatings segment.
- Paint demand in Q1FY25 was impacted by: (1) heatwaves; and (2) general elections. Demand was weak in Apr–May'24, but there was demand revival in Jun'24. Also, early signs of demand revival were visible in the rural demand. Demand in tier-three and tier-four cities is showing signs of improvement.
- Segments such as SmartCare waterproofing, distempers and wood finishes registered healthy performance while economy emulsion segment posted subdued performance.
- Growth in government sector led project business was impacted due to general elections. However, the builder and factories segments of project business registered relatively better growth YoY. B2B demand has been relatively better than retail.
- Contribution from New products to total revenue stood at ~12% in Q1FY25.
- APNT's capacity expansion and backward integration initiatives are progressing as per schedule. In Q1FY25, APNT has expanded the Mysuru plant capacity from 300,000KL/annum to 600,000KL/annum. Thus, the total capacity at organisational level has increased to 2,200,000KL/annum.
- APNT has distribution network of 165,000 as of Jun'24.
- NeoBharat latex paint business is witnessing strong demand traction across markets. APNT aims to grab market share from unorganised players at bottom-of-the-pyramid via NeoBharat paint variants. The company has introduced both interior and exterior products in this category. APNT has made high investments to promote NeoBharat product range.
- APNT has launched ultra-premium product range in its wood finishes business with brand name Woodtech Empirio.
- APNT's home décor business is performing well and the company commands leadership positions in many sub-categories. APNT has opened 61 beautiful homes stores as of Jun'24. Also, the company has opened its second beautiful home studio in Guwahati. It covers an area of 16,000sq.ft. APNT aims to add 15-20 stores per year in beautiful home business category.
- Kitchen and bath businesses registered 5%/10% revenue growth YoY. Healthy growth in beautiful home business is aiding in kitchen and bath businesses due to high co-relation in the business segments.
- White Teak and Weatherseal business segments reported strong double-digit revenue growth in Q1FY25 YoY.
- APNT's international business revenues declined 2% YoY based on INR term (+1.8% growth YoY on constant currency term). Ethiopia market reported strong revenue growth YoY while Sri Lanka market has started to revive post weak

performance in past quarters. APNT reported subdued performance in Asian market and Egypt markets.

- Gross margin was primarily impacted due to input price inflation and product mix change. However, the sourcing and formulation efficiencies have partly aided to offset the impact of material inflation and product mix change.
- Commodity inflation (if any) may continue to exert pressure on gross margin in near-term. If the commodity inflation persists the company may increase the product prices again in coming months.
- The company aims to maintain EBITDA margin range of 18–20%.
- Overall staff cost has inflated due to higher investments in recruiting additional workforce. APNT has added employees in its newer businesses. The employee addition has been done in business segments like waterproofing and latex paint.
- In kitchen and bath business, the company is focusing on: (1) service business; (2) expanding product portfolio via introducing newer designs; and (3) premiumisation. Project business contributes relatively less than retail segment in kitchen and bath business.
- Currently, there is 5–6% gap in volume and value growth and it may continue in near term.
- APNT's product pricing is relatively premium to peers considering its brand equity and product quality. The company may continue to maintain its product pricing structure irrespective of competition.
- APNT targets double-digit volume growth for Q2FY25. Key triggers for the same are: (1) Improved demand trend in Jun'24 than Apr-May'24; (2) Signs of demand revival in rural demand; and (3) possibility of higher stocking at dealers ahead of festive season.

Exhibit 22: Shareholding pattern

%	Dec'23	Mar'24	Jun'24
Promoters	52.6	52.6	52.0
Institutional investors	27.6	27.6	27.0
MFs and others	3.9	3.8	3.0
Fls/Banks, Insurance	5.9	7.2	7.0
FIIIs	17.8	16.6	17.0
Others	19.8	19.8	21.0

Source: Bloomberg, I-Sec research

Exhibit 23: Price chart



Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 24: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Net Sales	3,44,886	3,54,947	3,74,928	4,03,007
Operating Expenses	70,723	78,195	79,713	85,435
EBITDA	62,598	75,850	73,428	75,366
EBITDA Margin (%)	18.2	21.4	19.6	18.7
Depreciation & Amortization	8,580	8,530	10,995	13,049
EBIT	54,018	67,320	62,433	62,317
Interest expenditure	1,445	2,052	2,430	2,430
Other Non-operating Income	3,865	6,880	4,219	4,648
Recurring PBT	56,439	72,148	64,221	64,535
Profit / (Loss) from Associates	939	1,330	1,410	1,494
Less: Taxes	14,935	18,464	16,184	16,263
PAT	41,504	53,684	48,038	48,272
Less: Minority Interest	774	873	925	981
Extraordinaries (Net)	(358)	883	-	-
Net Income (Reported)	41,310	55,024	48,522	48,786
Net Income (Adjusted)	41,668	54,141	48,522	48,786

Source Company data, I-Sec research

Exhibit 25: Balance sheet

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Total Current Assets	1,38,382	1,43,354	1,57,731	1,71,595
of which cash & cash eqv.	8,438	10,840	17,757	21,139
Total Current Liabilities & Provisions	69,999	74,482	80,501	87,256
Net Current Assets	68,383	68,872	77,230	84,339
Investments	51,511	57,204	57,204	57,204
Net Fixed Assets	55,420	67,274	78,279	88,878
ROU Assets	-	-	-	-
Capital Work-in-Progress	10,196	26,984	26,984	26,984
Total Intangible Assets	2,285	4,192	4,192	4,192
Long Term Loans & Advances	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	1,87,795	2,24,526	2,43,888	2,61,596
Liabilities				
Borrowings	20,174	27,000	27,000	27,000
Deferred Tax Liability	3,162	3,289	3,289	3,289
Provisions	-	-	-	-
Other Liabilities	-	-	-	-
Equity Share Capital	959	959	959	959
Reserves & Surplus	1,58,963	1,86,324	2,05,686	2,23,394
Total Net Worth	1,59,922	1,87,283	2,06,646	2,24,353
Minority Interest	4,537	6,954	6,954	6,954
Total Liabilities	1,87,795	2,24,526	2,43,888	2,61,596

Source Company data, I-Sec research

Exhibit 26: Quarterly trend

(INR mn, year ending March)

	Sept-23	Dec-23	Mar-24	Jun-24
Net Sales	84,786	91,031	87,308	89,697
% Growth (YoY)	0.2	5.4	(0.6)	(2.3)
EBITDA	17,162	20,561	16,914	16,938
Margin %	20.2	22.6	19.4	18.9
Other Income	1,652	1,386	1,871	1,562
Extraordinaries	(6)	168	(448)	786
Adjusted Net Profit	12,058	14,467	12,665	11,713

Source Company data, I-Sec research

Exhibit 27: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24A	FY25E	FY26E
Operating Cashflow	42,553	65,593	58,077	58,107
Working Capital Changes	(7,270)	1,913	(1,441)	(3,728)
Capital Commitments	(17,170)	(37,172)	(22,000)	(23,648)
Free Cashflow	25,383	28,421	36,077	34,459
Other investing cashflow	(11,242)	(3,785)	-	-
Cashflow from Investing Activities	(28,412)	(40,958)	(22,000)	(23,648)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	4,208	6,826	-	-
Dividend paid	(24,603)	(27,001)	(29,160)	(31,078)
Others	5,762	-	-	-
Cash flow from Financing Activities	(14,634)	(20,175)	(29,160)	(31,078)
Chg. in Cash & Bank balance	(493)	4,460	6,917	3,381
Closing cash & balance	8,151	12,899	17,757	21,139

Source Company data, I-Sec research

Exhibit 28: Key ratios

(Year ending March)

	FY23A	FY24A	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	43.4	56.4	50.6	50.9
Adjusted EPS (Diluted)	43.4	56.4	50.6	50.9
Cash EPS	52.4	65.3	62.0	64.5
Dividend per share (DPS)	25.6	28.1	30.4	32.4
Book Value per share (BV)	166.7	195.2	215.4	233.9
Dividend Payout (%)	59.0	49.9	60.1	63.7
Growth (%)				
Net Sales	18.5	2.9	5.6	7.5
EBITDA	30.3	21.2	(3.2)	2.6
EPS (INR)	31.9	29.9	(10.4)	0.5
Valuation Ratios (x)				
P/E	68.5	52.7	58.8	58.5
P/CEPS	56.8	45.5	47.9	46.1
P/BV	17.8	15.2	13.8	12.7
EV / EBITDA	44.9	37.1	38.2	37.2
P / Sales	8.3	8.0	7.6	7.1
Dividend Yield (%)	0.0	0.0	0.0	0.0
Operating Ratios				
Gross Profit Margins (%)	38.7	43.4	40.8	39.9
EBITDA Margins (%)	18.2	21.4	19.6	18.7
Effective Tax Rate (%)	26.5	25.6	25.2	25.2
Net Profit Margins (%)	12.1	15.3	12.9	12.1
Net Debt / Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Debt / EBITDA (x)	(0.6)	(0.5)	(0.7)	(0.7)
Fixed Asset Turnover (x)	4.1	3.7	3.4	3.0
Working Capital Days	77	64	61	61
Inventory Turnover Days	80	65	64	65
Receivables Days	60	54	53	54
Payables Days	47	42	43	45
Profitability Ratios				
RoCE (%)	23.2	24.7	20.2	18.7
RoE (%)	28.0	31.2	24.6	22.6
RoIC (%)	34.0	36.1	29.3	27.0

Source Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION

I/We, Manoj Menon, MBA, CMA; Aniruddha Joshi, CA; Karan Bhuwania, MBA; Nilesh Patil, MBA; 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. 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. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 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.

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 icidirect.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 Institutional 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 Retail 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 in 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Investment 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

For any queries or grievances: Mr. Bhavesh Soni Email address: headservicequality@icicidirect.com Contact Number: 18601231122
