BUY (Maintain)

CMP: **INR 465** Target Price: **INR 643 (INR 716)** ▲ 38%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

09 November 2024

India | Equity Research | Q2FY25 results review

Prince Pipes & Fittings

Plastic

Insipid quarter; guiding for better times ahead

Prince Pipes and Fittings (PRINCPIP) reported muted Q2FY25 pipe volume growth of 4.3% YoY (+2.7% QoQ; 5-year CAGR of 4.6%) while revenue receded 6.3% YoY and realisation declined 10.1% YoY (flat QoQ). EBITDA/kg plummeted 49.4% YoY to INR 11.5/kg (22.3% QoQ dip) due to inventory loss of INR 120–150mn (adj. EBITDA/kg of INR 14–15) and higher trade discounts offered amid tepid market conditions. OPM contracted 700bps YoY to 7.3% (230bps QoQ fall), leading to EBITDA/APAT plunging 51.5%/73.1% YoY. Management states that demand in Q2 was impacted by channel de-stocking (as PVC price fell ~16%), but it sees it improving Nov'24 onwards (due to PVC price uptrend) and guides for 8–10% pipe volume growth in FY25. We cut our FY25–27E EBITDA estimates by 9-13% and roll over TP to Sep'25E of INR 643 (earlier INR 716). Maintain **BUY** due to reasonable valuations.

Pipe volume growth of 4.3% YoY

PRINCPIP posted Q2FY25 pipe volume growth of 4.3% YoY (+2.7% QoQ; 5-year CAGR of 4.6%), whereas revenue declined 6.3% YoY (5-year CAGR of 7.5%) and realisation fell 10.1% YoY (flat QoQ). Management stated that demand was adversely impacted in Q2 due to channel de-stocking (as PVC prices fell ~16% in Q2FY25) and adverse weather conditions. It indicated that channel inventory remained low in Oct'24 amid festivities, but has started improving Nov'24 onwards as PVC prices are stabilising and moving on an uptrend, which will likely lead to normalised channel inventory. It expects end-user demand to remain healthy in the medium term across all segments (plumbing, infrastructure and agri) due to affordable PVC price and healthy plumbing market. Management guides for 8–10% YoY pipe volume growth in FY25. Bathware revenue was INR 70mn (+40% QoQ) in Q2FY25. NWC was 93 days (+27 days YoY) in Q2, primarily due to +26 days YoY inventory.

Operating margins contract due to inventory loss

EBITDA margin shrunk 700bps YoY to 7.3% (-230bps QoQ) as gross margin contracted 429bps YoY (-72bps QoQ), leading to EBITDA/APAT declining 51.5%/73.1% YoY. Pipe EBITDA/kg fell 49.4% YoY to INR 11.5 (-22.3% QoQ) due to inventory loss of INR 120–150mn (adj. EBITDA/kg of INR 14–15) and higher channel discounts offered. Management expects margin tailwinds in H2FY25 driven by operating leverage and stable PVC prices. We model pipe EBIDTA/kg of INR 17.4-18.2 for FY25–27E (vs. FY18–24 avg. of ~INR19.7/kg).

Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	25,687	28,523	32,936	37,269
EBITDA	3,107	3,155	3,990	4,560
EBITDA %	12.1	11.1	12.1	12.2
Net Profit	1,673	1,627	2,159	2,581
EPS (INR)	15.1	14.7	19.5	23.3
EPS % Chg YoY	39.5	(2.8)	32.7	19.6
P/E (x)	30.7	31.6	23.8	19.9
EV/EBITDA (x)	16.5	15.9	12.1	10.4
RoCE (%)	10.2	8.7	10.4	11.2
RoE (%)	11.5	10.1	12.1	12.9

Arun Baid
arun.baid@icicisecurities.com
+91 22 6807 7235
Sohil Kaura
sohil.kaura@icicisecurities.com

Market Data

Market Cap (INR)	51bn
Market Cap (USD)	609mn
Bloomberg Code	PRINCPIP IN
Reuters Code	PRCE BO
52-week Range (INR)	776 /461
Free Float (%)	38.0
ADTV-3M (mn) (USD)	1.4

Price Performance (%)	3m	6m	12m
Absolute	(23.3)	(25.8)	(35.5)
Relative to Sensex	(24.1)	(34.0)	(57.9)

ESG Score	2022	2023	Change
ESG score	NA	69.1	NA
Environment	NA	46.4	NA
Social	NA	73.8	NA
Governance	NA	81.4	NA

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E	FY27E
Revenue	(5.2)	(4.0)	(3.1)
EBITDA	(13.0)	(8.9)	(9.4)
EPS	(19.6)	(14.7)	(13.1)

Previous Reports

03-08-2024: Q1FY25 results review

23-06-2024: Company Update

Valuation and view

PRINCPIP's operational performance in Q2FY25 was below expectations – marred by inventory losses. Going ahead, PRINCPIP will likely see demand and margin tailwinds with normalised profitability as PVC prices have stabilised (at lower rates) and end-user industry (plumbing and infra) remains healthy. Maintain **BUY** with a Sep'25E target price of INR 643, set at an unchanged 30x Sep'26E P/E due to reasonable valuations and a healthy balance sheet.

Exhibit 1: Q2FY25 result review

INR mn	Q2FY25	Q2FY24	YoY(%)	Q1FY25	QoQ(%)	H1FY25	H1FY24	YoY(%)
Total revenues	**6,221**	**6,565**	**(5.2%)**	**6,045**	**2.9%**	**12,265**	**12,100**	**1.4%**
Raw Materials	4,542	4,511	0.7%	4,370	3.9%	8,911	8,653	3.0%
% of sales	73.0%	68.7%	*429 bps*	72.3%	*72 bps*	72.7%	71.5%	*114 bps*
Employee expense	446	405	10.2%	382	16.9%	828	725	14.1%
% of sales	7.2%	6.2%	*101 bps*	6.3%	*86 bps*	6.7%	6.0%	*76 bps*
Other expense	776	707	9.8%	710	9.2%	1,486	1,327	12.0%
% of sales	*12.5%*	*10.8%*	*170 bps*	*11.8%*	*72 bps*	*12.1%*	*11.0%*	*115 bps*
Total expenditure	**5,764**	**5,623**	**2.5%**	**5,462**	**5.5%**	**11,226**	**10,705**	**4.9%**
% of sales	*92.7%*	*85.7%*	*700 bps*	*90.4%*	*230 bps*	*91.5%*	*88.5%*	*305 bps*
EBIDTA	**457**	**942**	**(51.5%)**	**583**	**(21.6%)**	**1,040**	**1,395**	**(25.5%)**
% of sales	*7.3%*	*14.3%*	*-700 bps*	*9.6%*	*-230 bps*	*8.5%*	*11.5%*	*-305 bps*
Depreciation	276	225	22.3%	257	7.0%	533	443	20.2%
EBIT	**181**	**716**	**(74.7%)**	**325**	**(44.3%)**	**507**	**951**	**(46.7%)**
EBIT Margin (%)	*2.9%*	*10.9%*	*-800 bps*	*5.4%*	*-247 bps*	*4.1%*	*7.9%*	*-373 bps*
Interest Expenses	16	7	137.4%	14	13.1%	31	24	26.8%
Other income	39	40	(0.4%)	26	53.5%	65	78	(16.1%)
PBT	**204**	**749**	**(72.7%)**	**337**	**(39.3%)**	**541**	**1,005**	**(46.2%)**
Income Tax Expense	49	221	(78.1%)	90	(46.1%)	138	281	(50.7%)
Extraordinary Items	-9	179	nm	0	#DIV/0!	-9	179	(104.9%)
Reported PAT	**147**	**706**	**(79.2%)**	**247**	**(40.4%)**	**394**	**903**	**(56.4%)**
APAT	**154**	**570**	**(73.1%)**	**247**	**(37.7%)**	**400**	**766**	**(47.8%)**

Source: I-Sec research, Company data

Exhibit 2: Q2FY25 key operating metrics

	Q2FY25	Q2FY24	YoY(%)	Q1FY25	QoQ(%)	H1FY25	H1FY24	YoY(%)
Sales Volume (MT)	43,301	41,529	4.3%	42,180	2.7%	85,481	78,684	8.6%
Realisation (INR/kg)	142	158	(10.1%)	142	(0.1%)	142	154	(7.6%)
Rep. EBITDA-per-unit (INR/kg)	11.5	22.7	(49.4%)	14.8	(22.3%)	13.1	17.7	(26.1%)
Adj. EBITDA-per-unit (INR/kg)	14.2	22.7	(37.2%)	14.8	(3.5%)	14.5	19.0	(23.7%)
Cash Conversion Cycle								
Debtor (Days)	55	63	-8 days	61	-6 days	55	63	-8 days
Inventory (Days)	88	62	26 days	70	18 days	88	62	26 days
Creditor (Days)	50	59	-9 days	50	0 days	50	59	-9 days
Working Capital (Days)	93	66	27 days	80	13 days	93	66	27 days

Source: I-Sec research, Company data

Takeaways from Q2FY25 earnings conference call

- **Demand** remains healthy for plumbing and SWR segment. Agri segment is expected to do well due to affordable PVC prices. PVC prices declined by ~16% in Q2, leading to severe channel de-stocking in the industry, which impacted both volume and profitability. Stocking activity has now resumed, and there is optimism for a strong performance in H2FY25. Margins are expected to improve in H2FY25, driven by operating leverage.

- **Inventory loss** of INR 120–150mn was incurred in Q2FY25 due to falling PVC prices in Q2FY25.

- **Bathware**: The company sees continued growth in the bathware segment generating revenue of INR 70mn and operating loss of INR 30–40mn in Q2FY25. The company launched its first Aquel brand showroom in two locations in north India and also introduced a dedicated website for it. Management expects higher revenues in H2FY25 with EBITDA break-even to be achieved by Q3FY26. Management also indicated a potential increase in manpower expenses in H2FY25 to support expansion in bathware.

- **Water tank** revenue in Q2 was INR 120mn.

- **Distribution**: The company continues to focus on developing the eastern India market. Eastern India is seeing fastest growth with Prince among the top two players in the region.

- **Capacity expansion**: Production at the Bihar plant shall begin in end-Q4FY25 (delayed from Jan'25 due to extended monsoons). Bihar plant is expected to have a 50,000te capacity initially with phase-2 expansion to increase total capacity to 55,000te. The acquisition of Aquel facility in Bhuj is also underway. Prince has completed de-bottlenecking at its Jaipur and Chennai pipe plants during Q2FY25.

- **Capex:** Capex in FY25 shall be INR 3.3–3.5bn in FY25 (includes Bihar plant capex of INR 1.7bn, de-bottlenecking capex of INR 0.3–0.35bn, maintenance capex of INR 0.8–0.9bn, Aquel second tranche acquisition of INR 0.43bn and INR 50–70mn maintenance capex in Aquel).

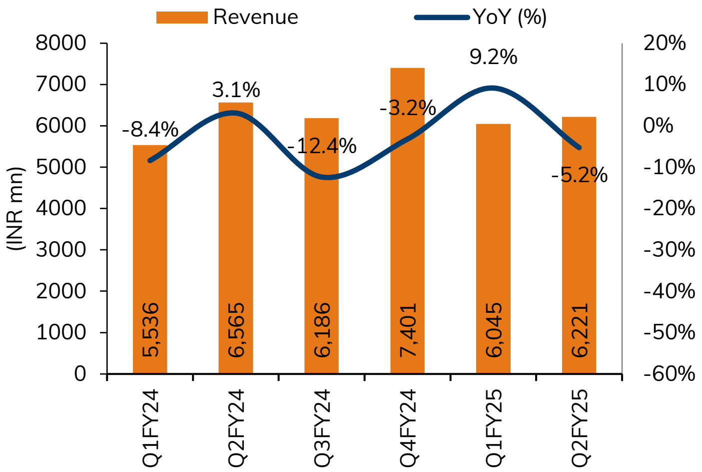
- **Pricing**: The company passed on trade discounts of ~2% to incentivise volume growth in Q2. Channel discount continued in Oct'24, but is expected to phase out as PVC prices have started moving up.

- **Guidance:** The company guides for 8–10% pipe volume growth for FY25.

- **Branding:** A&P expenses in Q2FY25 were 2.5% of revenue and are expected to remain the same for H2FY25. Branding initiatives have been carried out at high footfall travel ports to enhance visibility.

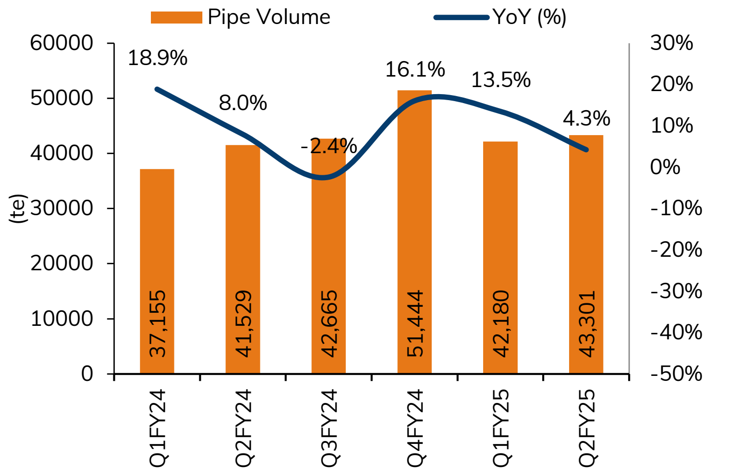
- **Working capital:** Inventory days are expected to moderate to ~70 days by end-FY25 (vs. 88 days in Sep'24). Receivable days is down to 55 days in Sep'24 (vs. 83 days in Mar'24).

Exhibit 1: Quarterly revenue



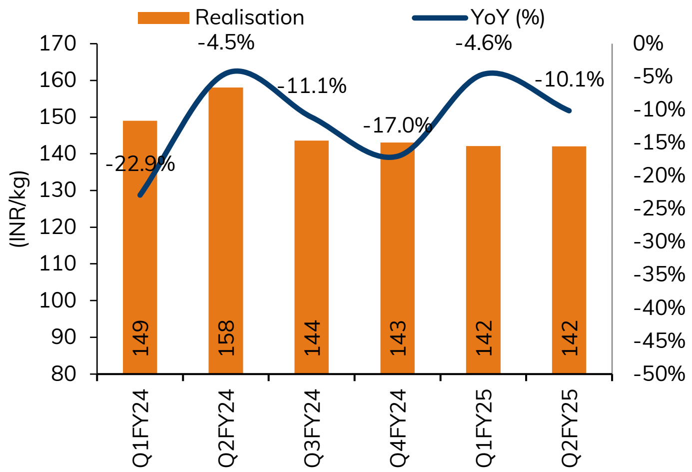
Source: I-Sec research, Company data

Exhibit 2: Quarterly volume



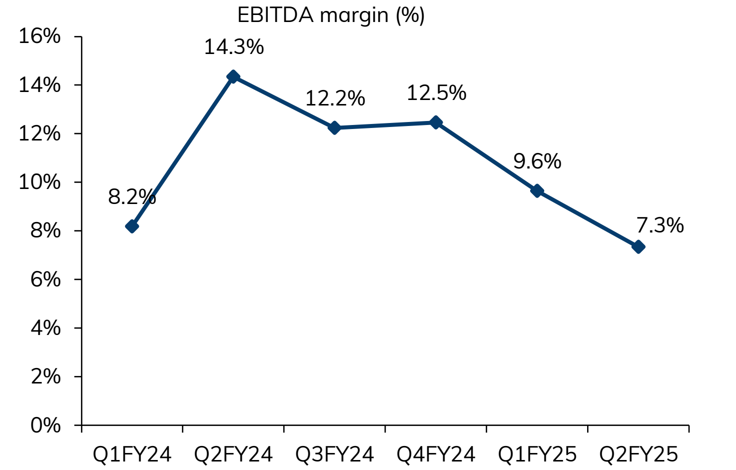
Source: I-Sec research, Company data

Exhibit 3: Quarterly realisation



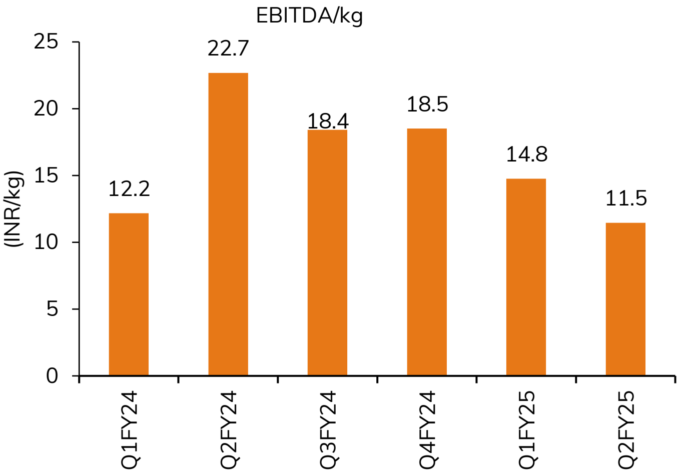
Source: I-Sec research, Company data

Exhibit 4: Quarterly EBITDA margin



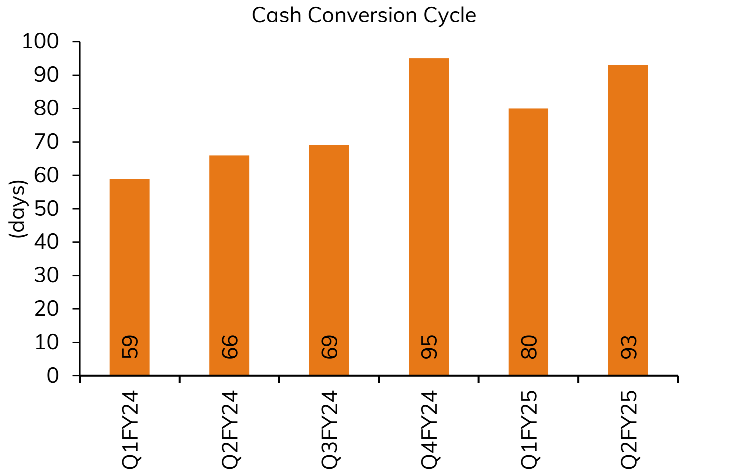
Source: I-Sec research, Company data

Exhibit 5: Quarterly reported EBITDA per unit



Source: I-Sec research, Company data

Exhibit 6: Quarterly cash conversion cycle



Source: I-Sec research, Company data

Valuation

PRINCPIP is one of the major pipe players in the industry. It has plants in seven locations and manufactures pipes and fittings on a wide base of polymer resins (CPVC, UPVC, HDPE, PPR). It also has multiple collaborations, which enable it to have a wider distribution reach (via UltraTech business solutions platform) and has a secure CPVC supply (via Lubrizol), which may enable it to benefit from the growing preference for organised players. Maintain **BUY** with a Sep'25E target price of INR 643, set at an unchanged 30x Sep'26E P/E.

Key downside risks

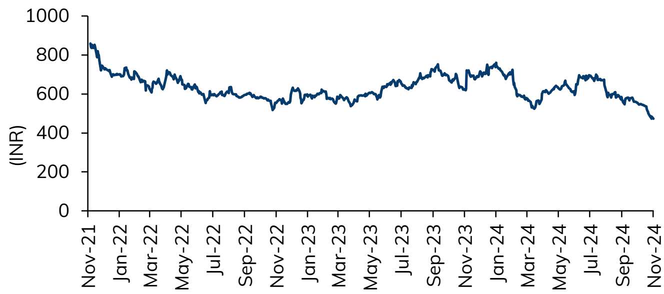
- **Slowdown in housing market:** Any unexpected demand slowdown in housing market may adversely affect growth in the pipe segment.
- **Sharp fall in PVC resin prices:** A sharp and sudden fallen in PVC resin prices may adversely affect the profitability of the company.
- **Adverse product mix:** Any change in the product mix away from CPVC/plumbing segment could adversely affect profitability.

Exhibit 7: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	60.9	60.9	60.9
Institutional investors	23.7	24.8	24.8
MFs and others	15.6	16.1	16.5
FIs/Banks	0.0	1.7	0.5
Insurance	0.6	0.6	0.6
FIIs	7.5	6.4	7.3
Others	15.4	14.3	14.3

Source: Bloomberg

Exhibit 8: Price chart



Source: Bloomberg

Financial Summary

Exhibit 9: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	**25,687**	**28,523**	**32,936**	**37,269**
Operating Expenses	22,580	25,367	28,946	32,709
EBITDA	**3,107**	**3,155**	**3,990**	**4,560**
EBITDA Margin (%)	12.1	11.1	12.1	12.2
Depreciation & Amortization	912	1,111	1,300	1,379
EBIT	**2,196**	**2,044**	**2,690**	**3,181**
Interest expenditure	65	66	59	44
Other Non-operating Income	96	197	255	332
Recurring PBT	**2,227**	**2,175**	**2,886**	**3,470**
Less: Taxes	(612)	(548)	(727)	(888)
PAT	1,615	1,627	2,159	2,581
Profit / (Loss) from Associates	-	-	-	-
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	210	-	-	-
Net Income (Reported)	**1,825**	**1,627**	**2,159**	**2,581**
Net Income (Adjusted)	**1,673**	**1,627**	**2,159**	**2,581**

Source Company data, I-Sec research

Exhibit 10: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Assets				
Inventories	4,379	4,865	5,472	6,094
Cash & cash eqv.	1,156	2,552	4,101	4,541
Sundry Debtors	5,849	4,142	4,873	5,616
Other Current Assets	1,516	1,641	1,805	2,042
Trade payables	2,491	3,104	3,595	4,052
Other Current Liabilities	1,810	1,921	2,189	2,469
Net Current Assets	**8,599**	**8,174**	**10,467**	**11,772**
Investments	3	3	3	3
Net Fixed Assets	8,089	10,278	9,678	10,246
Other Non Current Assets	240	240	240	240
Total Assets	**16,931**	**18,695**	**20,388**	**22,261**
Liabilities				
Borrowings	1,144	1,444	1,194	744
Other Non Current Liabilities	343	343	343	343
Total Liabilities	**1,487**	**1,787**	**1,537**	**1,087**
Equity Share Capital	1,106	1,106	1,106	1,106
Reserves & Surplus	14,338	15,802	17,745	20,069
Total Net Worth	**15,444**	**16,908**	**18,851**	**21,174**
Minority Interest	-	-	-	-
Total Liabilities & Net Worth	**16,931**	**18,695**	**20,388**	**22,261**

Source Company data, I-Sec research

Exhibit 11: Quarterly trend

(INR mn, year ending March)

	Dec-23	Mar-24	Jun-24	Sep-24
Net Sales	6,186	7,401	6,045	6,221
% growth (YOY)	-12.4	-3.2	9.2	-5.2
EBITDA	757	923	583	457
Margin %	12.2	12.5	9.6	7.3
Other Income	30	53	26	39
Extraordinaries	-0	-	-	-9
Adjusted Net Profit	377	546	247	154

Source Company data, I-Sec research

Exhibit 12: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Operating Cashflow	**569**	**4,558**	**2,715**	**3,095**
Working Capital Changes	(2,222)	1,820	(743)	(865)
Capital Commitments	(2,093)	(3,300)	(700)	(1,947)
Free Cashflow	**(1,525)**	**1,258**	**2,015**	**1,148**
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	**(2,093)**	**(3,300)**	**(700)**	**(1,947)**
Issue of Share Capital	-	-	-	-
Inc (Dec) in Borrowings	563	300	(250)	(450)
Dividend paid	(111)	(163)	(216)	(258)
Others	88	0	0	0
Cash flow from Financing Activities	**541**	**137**	**(466)**	**(708)**
Chg. in Cash & Bank balance	(984)	1,396	1,550	440
Closing cash & balance	**1,156**	**2,552**	**4,101**	**4,541**

Source Company data, I-Sec research

Exhibit 13: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	16.5	14.7	19.5	23.3
Adjusted EPS (Diluted)	15.1	14.7	19.5	23.3
Cash EPS	23.4	24.8	31.3	35.8
Dividend per share (DPS)	1.0	1.5	2.0	2.3
Book Value per share (BV)	139.7	152.9	170.5	191.5
Dividend Payout (%)	6.6	10.0	10.0	10.0
Growth (%)				
Net Sales	(5.2)	11.0	15.5	13.2
EBITDA	23.4	1.6	26.4	14.3
EPS (INR)	39.5	(2.8)	32.7	19.6
Valuation Ratios (x)				
P/E	30.7	31.6	23.8	19.9
P/CEPS	19.9	18.8	14.9	13.0
P/BV	3.3	3.0	2.7	2.4
EV / EBITDA	16.5	15.9	12.1	10.4
EV / Sales	2.0	1.8	1.5	1.3
Dividend Yield (%)	0.2	0.3	0.4	0.5
Operating Ratios				
Gross Profit Margins (%)	29.2	27.8	28.9	29.1
EBITDA Margins (%)	12.1	11.1	12.1	12.2
Effective Tax Rate (%)	27.5	25.2	25.2	25.6
Net Profit Margins (%)	6.5	5.7	6.6	6.9
NWC / Total Assets (%)	35.1	23.7	24.3	25.1
Net Debt / Equity (x)	0.0	(0.1)	(0.2)	(0.2)
Net Debt / EBITDA (x)	0.0	(0.4)	(0.7)	(0.8)
Profitability Ratios				
RoCE (%) (post-tax)	10.2	8.7	10.4	11.2
RoE (%)	11.5	10.1	12.1	12.9
Cash Conversion Cycle (on net sales)				
Inventory Days	62	62	61	60
Receivables Days	83	53	54	55
Payables Days	35	40	40	40

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, Arun Baid, MBA; Sohil Kaura, M.Com (Finance); 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 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 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.