

Q3FY19 result review
and earnings revision

Wood Panel

Target price Rs210

Earnings revision

(%)	FY19E	FY20E
Sales	↓ 1.0	↓ 1.9
EBITDA	↓ 8.5	↓ 7.7
EPS	↓ 7.9	↓ 9.4

Target price revision

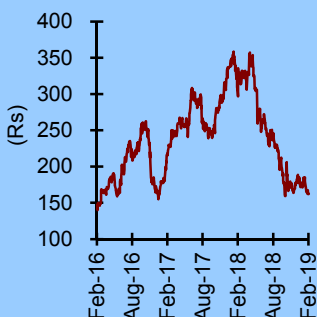
Rs210 from Rs232

Shareholding pattern

	Jun '18	Sep '18	Dec '18
Promoters	72.3	72.3	72.7
Institutional investors	15.6	15.2	14.9
MFs and UTI	5.2	4.4	5.3
FIs/Banks	0.1	0.0	0.0
Insurance	-	-	-
FII	10.3	10.8	9.6
Others	12.1	12.6	12.4

Source: NSE

Price chart



Research Analysts:

Nehal Shah

nehal.shah@icicisecurities.com
+91 22 6637 7235

Jigar Shah

jigar.shah@icicisecurities.com
+91 22 6637 7416

INDIA

Century Plyboards

BUY

Maintained

Rs171

Plywood segment drives overall miss

Century Plyboards (CPBI) declared sluggish Q3FY19 numbers led by disappointing performance of the plywood segment, which reported its lowest segmental EBIDTA margin in last 3-4 years amid flat plywood revenue growth. Plywood performance was largely impacted due to an adverse product mix resulting from higher sales of mid-segment products, which impacted segmental realisations and margins, and the same is likely to sustain in the near term. While MDF staged a smart recovery recording significant traction in volumes and margins, laminate segment margins disappointed for the second successive quarter with weaker than expected margins despite impressive revenue growth. Overall EBITDA margin came in at 13.1% (I-Sec: 15%), down 410bps YoY, which pushed PAT lower to Rs414mn (I-Sec: Rs480mn), down 11% YoY.

- ▶ Factoring-in the weak Q3FY19 numbers, we revise our revenue/earnings estimates downward by 1%/1.9% and 7.9%/9.4% for FY19/FY20, respectively. We now expect CPBI to report revenue and PAT CAGRs of 13.8% and 19.7%, respectively, over FY18-FY21E. Maintain **BUY** with a revised target price of Rs210 (Rs232 earlier), valuing the stock at 20x FY20E earnings.
- ▶ **Adverse mix and higher base in commercial veneer impacts plywood segment, while laminate recovery remains gradual.** Sustained de-growth in commercial veneer volumes (led by higher base YoY) and weaker realisations in plywood segment led to 2.3% YoY decline in segmental revenues for the quarter. Segmental margins were down 200bps YoY to 12.1% led by adverse mix with CPBI focusing more on its mid-segment brand *Sainik*. While laminate segment reported volume/revenue growth of 10%/29% YoY, segmental EBIDTA margin remained subdued at 9% (down 650bps YoY) due to higher costs of phenol & decorative paper and its inability to pass on due to higher competition and lower demand.
- ▶ **MDF makes a strong comeback.** CPBI witnessed sharp rise in MDF margins in Q3FY19, up from 6% to 16% QoQ, led by operating leverage and savings in resin & electricity costs. However, realisations for the quarter were down 3% QoQ at Rs21,964 per CBM led by recent price cuts initiated by CPBI on the back of increasing competitive intensity amid excessive domestic supply (particularly in North India). While the management expects MDF prices to further soften by 3% in Q4FY19, it has guided for 14-15% sustainable margin going forward largely led by operating leverage.
- ▶ **Particle boards continue to flourish while CFS segment buckles under pressure.** Particle board segment continued to report strong numbers with 58% revenue growth YoY and an impressive 20.8% EBITDA margin. Shift in major port operations from Kolkata to Haldia and entry of Allcargo Logistics in the eastern region has hit CPBI's CFS segment with volumes declining by 21% YoY and margins declining 1090bps YoY to 29% in Q3FY19 vs 40.1% in Q3FY18.

Market Cap	Rs38bn/US\$534mn	Year to Mar	FY17	FY18E	FY19E	FY20E
Reuters/Bloomberg	CNTP.BO /CPBI IN	Revenue (Rs mn)	18,187	20,239	23,137	26,858
Shares Outstanding (mn)	222.2	Rec. Net Income (Rs mn)	1,905	1,631	1,981	2,577
52-week Range (Rs)	357/159	EPS (Rs)	8.6	7.3	8.9	11.6
Free Float (%)	27.3	% Chg YoY	12.7	(14.4)	21.5	30.0
FII (%)	9.6	P/E (x)	20.8	24.3	20.0	15.4
Daily Volume (US\$/'000)	758	CEPS (Rs)	11.4	11.5	11.1	14.1
Absolute Return 3m (%)	(1.9)	EV/E (x)	14.4	13.6	12.4	10.3
Absolute Return 12m (%)	(47.4)	Dividend Yield (%)	0.6	0.6	0.8	1.1
Sensex Return 3m (%)	3.8	RoCE (%)	23.4	17.8	20.8	22.8
Sensex Return 12m (%)	7.5	RoE (%)	30.1	20.4	20.8	22.6

Please refer to important disclosures at the end of this report

Table 1: Q3FY19 result review

(Rs mn, year ending March 31)

Particulars	Q3FY19	Q3FY19E	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Net Sales	5,788.9	5,895.1	5,099.3	13.5	5,644.5	2.6	16,806.0	14,230.8	18.1
Total Op. Income	5,788.9	5,895.1	5,099.3	13.5	5,644.5	2.6	16,806.0	14,230.8	18.1
Expenditure	5,029.6	5,010.0	4,221.6	19.1	4,902.2	2.6	14,438.9	12,002.0	20.3
Raw Materials	2,443.6	2,395.0	1,767.1	38.3	2,327.0	5.0	7,009.5	4,888.6	43.4
Cost of traded goods	644.0	660.0	840.1	(23.3)	617.9	4.2	1,777.1	2,602.5	(31.7)
Staff Cost	810.0	855.0	722.8	12.1	840.0	(3.6)	2,440.1	2,087.3	16.9
Other Expenditure	1,132.0	1,100.0	891.7	26.9	1,117.3	1.3	3,212.2	2,423.5	32.5
Operating Profit	759.4	885.1	877.7	(13.5)	742.3	2.3	2,367.0	2,228.8	6.2
OPM (%)	13.1	15.0	17.2	-410bps	13.2	-10bps	14.1	15.7	-160bps
Other Income	15.7	10.0	42.3	(62.9)	10.0	56.9	31.5	53.9	(41.6)
Interest	62.5	125.0	62.7	(0.3)	155.0	(59.7)	352.0	204.8	71.9
Depreciation	136.0	125.0	263.0	(48.3)	112.6	20.8	356.8	533.1	(33.1)
Exceptional income	0.0	0.0	0.0		0.0		0.0	0.0	
PBT	576.6	645.1	594.2	(3.0)	484.7	19.0	1,689.7	1,544.8	9.4
Tax	162.5	165.0	127.6	27.3	106.5	52.6	443.7	335.6	32.2
Tax rate (%)	28%	26%	21%		22%		26%	22%	
PAT	414.1	480.1	466.6	(11.2)	378.2	9.5	1,246.0	1,209.2	3.0
NPM (%)	7.2	8.1	9.2	-200bps	6.7	50bps	7.4	8.5	-110bps

Source: Company data, I-Sec research

Table 2: Segment reporting

(Rs mn, year ending March 31)

	Q3FY19	Q3FY18	YoY (%)	Q2FY19	QoQ (%)	9MFY19	9MFY18	YoY (%)
Segment Revenue								
Plywood & allied products	3,143.3	3,227.2	(2.6)	3,224.2	(2.5)	9,546.3	9,459.2	0.9
Laminate & allied products	1,137.9	884.9	28.6	1,105.8	2.9	3,158.7	2,724.1	16.0
Particle board	264.8	167.8	57.7	286.4	(7.6)	733.5	539.4	0.0
MDF	882.2	475.9	85.4	612.5	44.0	2,193.5	483.5	NA
CFS	249.6	275.6	(9.4)	264.2	(5.6)	817.8	764.3	7.0
Others	121.0	74.9	61.4	160.1	(24.5)	380.5	279.7	36.0
Total	5,798.7	5,106.3	13.6	5,653.2	2.6	16,830.4	14,250.0	18.1
Segment EBIT								
Plywood & allied products	385.1	421.6	(8.7)	524.1	(26.5)	1,463.3	1,209.1	21.0
Laminate & allied products	88.5	116.2	(23.8)	74.9	18.2	241.6	420.2	(42.5)
Particle board	44.5	14.2	0.0	43.8	0.0	126.8	(23.1)	0.0
MDF	95.1	1.0	NA	(4.7)	NA	137.0	(0.4)	NA
CFS	53.7	85.1	(36.9)	70.7	(24.0)	227.6	219.9	3.5
Others	8.3	3.4	142.5	7.2	15.6	16.0	0.1	16,079.8
Total	675.3	641.6	5.3	716.0	(5.7)	2,212.4	1,825.9	21.2
EBIT Margin (%)			YoY (bps)		YoY (bps)			YoY (bps)
Plywood & allied products	12.3%	13.1%	-81 bps	16.3%	-400 bps	15.3%	12.8%	255 bps
Laminate & allied products	7.8%	13.1%	-535 bps	6.8%	100 bps	7.6%	15.4%	-778 bps
Particle board	16.8%	8.5%	0 bps	15.3%	0 bps	17.3%	-4.3%	0 bps
MDF	10.8%	NA	NA	-0.8%	1,154 bps	6.2%	-0.1%	633 bps
CFS	21.5%	30.9%	-937 bps	26.8%	-523 bps	27.8%	28.8%	-95 bps
Others	6.9%	4.6%	231 bps	4.5%	239 bps	4.2%	0.0%	417 bps
Total	11.6%	12.6%	-92 bps	12.7%	-102 bps	13.1%	12.8%	33 bps
ROCE (%)			YoY (bps)		YoY (bps)			YoY (bps)
Plywood & allied products	29.8%	31.2%	-141 bps	45.2%	-1,533 bps	13.8%	9.7%	410 bps
Laminate & allied products	16.2%	26.9%	-1,067 bps	14.6%	159 bps	5.2%	10.7%	-551 bps
Particle board	27.3%	8.1%	1,927 bps	26.6%	76 bps	8.5%	-1.6%	1,010 bps
MDF	10.8%	0.1%	1,065 bps	-0.5%	1,129 bps	1.7%	0.0%	169 bps
CFS	45.4%	79.5%	-3,411 bps	66.4%	-2,098 bps	22.9%	22.1%	81 bps
Others	91.5%	17.8%	7,373 bps	28.5%	6,300 bps	9.5%	0.1%	939 bps
Total	22.4%	22.0%	40 bps	24.9%	-245 bps	8.5%	6.9%	163 bps

Source: Company data, I-Sec research

Table 3: Change in estimates

(Rs mn)

Estimates	Old		New		% change	
	FY19E	FY20E	FY19E	FY20E	FY19E	FY20E
Revenue	23,137.1	26,857.9	22,912.0	26,351.4	-1.0%	-1.9%
EBITDA	3,586.6	4,225.7	3,280.1	3,898.8	-8.5%	-7.7%
EBITDA margins	15.5%	15.7%	14.3%	14.8%	-120bps	-90bps
PAT	1,981.5	2,576.6	1,824.2	2,333.1	-7.9%	-9.4%
EPS	8.9	11.6	8.2	10.5	-7.9%	-9.4%

Source: Company data, I-Sec research

Key takeaways from management con-call

Plywood division

- Core plywood segment reported volume/revenue growth of 7%/0% YoY in Q3FY19.
- Plywood volume growth was largely driven by its mid-segment brand *Sainik* while its premium segment reported flattish growth for the quarter. Real estate slowdown impacted the premium segment volumes leading to flat growth.
- Volume de-growth of 44% YoY in the commercial veneer segment led to 0.2% YoY decline in volumes for the plywood division.
- Plywood margin (down 200bps to 12.1% in Q3FY19) got impacted due to adverse product mix. With the focus on mid-segment brand likely to persist, the management expects profitability in the near-term to remain under pressure.
- Company is putting up a facility in Gabon for sourcing *Okume*, a cheaper raw material used for manufacturing mid-segment products. The facility is expected to commence operation within the next six months at an estimated cost of Rs300mn.
- Company outsources *Sainik MR* (which is the lower end of brand *Sainik*) and it plans to do so aggressively going forward.
- Management expects plywood segment to grow by 10% for FY20.

Laminate division

- The company's laminate segment continued to face challenges in terms of higher cost of phenol & decorative paper amid INR depreciation and higher competition.
- Laminate segment volumes grew 10% YoY while revenues grew 29% YoY.
- Laminate EBITDA margin came in at 9% vs 15.5% YoY and 8% QoQ led by higher input costs. Company expects the margin to recover gradually as price hikes start getting absorbed.
- Laminate capacity utilisation for Q3FY19 was at 100% with five lines under operation. Company expects 10% revenue growth in the segment for FY19.

MDF division

- MDF reported volume/revenue growth of 48%/44% on a QoQ basis. Realisation was down 3% QoQ to Rs21,964 per CBM.

- Company had cut MDF prices by 2-3% in Dec'18, which did not impact Q3FY19 realisations materially. Therefore, Q4FY19 realisations would get impacted to that extent.
- MDF EBITDA margin came in at 16% vs 6% QoQ mainly led by operating leverage, lower input costs (resin and timber) and lower electricity cost (per unit cost down from Rs6.5 to Rs5 YoY).
- Resin consumption in MDF was down 20% YoY due to new machinery purchased to improve efficiency.
- Capacity utilisation was at 81% in Q3FY19. Management is thus contemplating to expand its MDF capacity further.
- The expansion can either be a brownfield one at its current Hoshiyarpur facility (where the incremental cost would be Rs1bn-1.3bn for additional 400CBM per day capacity) or a greenfield plant in Uttar Pradesh (with manufacturing capacity of 600CBM per day at a cost of Rs3bn-3.5bn) where they have got the requisite license.
- Company expects MDF segmental EBITDA margin in 14-15% range going forward.

Others

- **Particle board:** The segment continued doing well with 58% revenue growth YoY and 20.8% EBITDA margin, up from 18.9% QoQ, and is running at 100% capacity utilisation.
- Company is contemplating to expand into particle board segment by setting up a new plant in Uttar Pradesh with a capex of Rs1bn and capacity of 400CBM per day.
- **Logistics (CFS):** CFS division reported 21% YoY and 9% QoQ decline in volumes due to shift in major port operations from Kolkata to Haldia and entry of Allcargo Logistics in the eastern region.
- Company booked forex gain of Rs40mn in Q3FY19.
- Total debt stood at Rs4.7bn as at the end of Q3FY19 as against Rs4.5bn QoQ.

Capex

- Estimated capex for Q4FY19/FY19 likely at Rs300mn/Rs1.6bn.
- Capex for FY20 likely at Rs890mn (Rs640mn for plywood unit in Punjab and Rs250mn for Gabon commercial veneer unit).

Financial summary

Table 4: Profit & Loss statement

(Rs mn, year ending March 31)

	FY18	FY19E	FY20E	FY21E
Net Revenues	20,239	22,912	26,351	29,632
Operating Expenses	16,929	19,632	22,453	25,108
EBITDA	3,311	3,280	3,899	4,524
% margins	16.4%	14.3%	14.8%	15.3%
Depreciation & Amortisation	907	500	586	636
Gross Interest	358	442	373	336
Other Income	79	47	79	89
Recurring PBT	2,124	2,385	3,019	3,641
Less: Taxes	463	596	755	910
Less: Minority Interest	31	31	31	31
Add: Share of Profit of Associates	-	67	100	100
Net Income (Reported)	1,631	1,824	2,333	2,800
Extraordinary (Net)	-	-	-	-
Recurring Net Income	1,631	1,824	2,333	2,800

Source: Company data, I-Sec research

Table 5: Balance sheet

(Rs mn, year ending March 31)

	FY18	FY19E	FY20E	FY21E
Assets				
Total Current Assets	9,439	10,655	12,103	12,690
of which cash & cash eqv.	211	104	149	107
Total Current Liabilities & Provisions	2,778	3,939	4,609	5,528
Net Current Assets	6,662	6,716	7,494	7,161
Investments	0	0	0	0
Net Fixed Assets	6,548	8,765	9,178	9,542
Capital Work-in-Progress	1,264	-	-	-
Goodwill	3	-	-	-
Total Assets	14,477	15,481	16,673	16,704
Liabilities				
Borrowings	5,754	5,125	4,200	4,200
Deferred Tax Liability	23	23	23	23
Minority Interest	184	215	246	276
Equity Share Capital	223	223	223	223
Face Value per share (Rs)	1	1	1	1
Reserves & Surplus*	8,293	9,895	11,982	11,982
Less: Misc. Exp. n.w.o.	-	-	-	-
Net Worth	8,516	10,118	12,204	12,204
Total Liabilities	14,477	15,481	16,673	16,704

*Excluding revaluation reserves

Source: Company data, I-Sec research

Table 6: Quarterly trend (consolidated)

(Rs mn, year ending March 31)

	Mar-18	Jun-18	Sep-18	Dec-18
Net revenues	5,441	5,373	5,644	5,789
% growth (YoY)	11.4	22.5	18.9	13.5
EBITDA	832	865	742	759
Margin (%)	15.3	16.1	13.2	13.1
Other income	13	6	10	16
Extraordinary (Net)	-	-	-	-
Net profit	357	454	378	414

Source: Company data, I-Sec research

Table 7: Cashflow statement

(Rs mn, year ending March 31)

	FY18	FY19E	FY20E	FY21E
Operating Cashflow	2,535	2,481	3,163	1,127
Working Capital Changes	227	(130)	(703)	321
Capital Commitments	(2,604)	(1,450)	(1,000)	(1,000)
Free Cashflow	158	901	1,460	448
Cashflow from Investing Activities	(0)	-	-	-
Issue of Share Capital	-	-	-	-
Inc (Dec) in Borrowings	(360)	(629)	(925)	-
Dividend paid	(268)	(379)	(490)	(490)
Change in Deferred Tax Liability	9	-	-	-
Chg. in Cash & Bank balance	(461)	(107)	45	(42)

Source: Company data, I-Sec research

Table 8: Key ratios

(Year ending March 31)

	FY18	FY19E	FY20E	FY21E
Per Share Data (in Rs.)				
EPS	7.3	8.2	10.5	12.6
Cash EPS	11.5	10.3	12.8	15.1
Dividend per share (DPS)	1.0	1.5	2.0	2.0
Book Value per share (BV)	38.2	45.6	55.1	55.2
Growth (%)				
Net Sales	11.1	14.0	15.0	12.4
EBITDA	6.1	-0.9	18.9	16.0
PAT	-14.4	11.9	27.9	20.0
Cash EPS	1.6	-10.9	24.5	18.1
Valuation Ratios (x)				
P/E	23.3	20.9	16.3	13.6
P/CEPS	14.8	16.6	13.4	11.3
P/BV	4.5	3.8	3.1	3.1
EV / EBITDA	13.2	13.1	10.8	9.3
EV / Sales	2.2	1.9	1.6	1.4
Operating Ratios				
Raw Material / Sales (%)	49.1	55.4	55.4	54.9
Employee cost / Sales (%)	15.6	13.5	13.4	13.4
SG&A / Sales (%)	13.5	12.4	12.4	12.5
Other Income / PBT (%)	3.7	2.0	2.6	2.4
Effective Tax Rate (%)	21.8	25.0	25.0	25.0
Working Capital (days)	102.6	97.0	90.0	82.0
Inventory Turnover (days)	69.5	65.0	60.0	58.0
Receivables (days)	64.9	65.0	60.0	54.0
Payables (days)	31.8	33.0	30.0	30.0
Net D/E Ratio (x)	0.6	0.5	0.3	0.3
Profitability Ratios (%)				
Net Income Margins	8.3	7.8	8.6	9.2
RoACE	17.8	18.9	21.1	23.8
RoAE	20.4	19.2	20.5	22.5
Dividend Payout	16.4	20.8	21.0	17.5
Dividend Yield	0.6	0.9	1.2	1.2
EBITDA Margins	16.5	14.3	14.8	15.3

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, #37-16 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

ANALYST CERTIFICATION

We I, *Nehal Shah, CA; Jigar Shah, CA*; 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. 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 broking and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Single Registration is INZ000183631 for stock Broker. 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 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 *Nehal Shah, CA; Jigar Shah, CA*; 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 *Nehal Shah, CA; Jigar Shah, CA*; 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.

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.