

STOCK

IDEA 

Indo-National Ltd.

Recharged for a bright future post diversification...

NOT RATED

Analyst

Umesh Patel

+91-22-4322 1185

umesh.patel@idbicapital.com

Nifty: 8,521; Sensex: 27,808

CMP	Rs908
Target Price	-
Reco	NOT RATED

Key Stock Data

Sector	Consumer Discretionary
Bloomberg	INNA IN/INNLBO
Shares o/s (mn)	3.8
Market cap. (Rs mn)	3,450
Market cap. (US\$ mn)	51
3-m daily average vol.	1,144

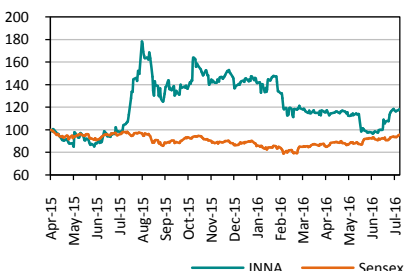
Price Performance

52-week high/low	Rs1,447/732
	-1m -3m -12m
Absolute (%)	21 4 21
Rel to Sensex (%)	16 (6) 21

Shareholding Pattern (%)

Promoters	74.9
Public & Others	25.1

Relative to Sensex



Source: Capitaline

Summary

Indo-National Ltd. (INL) is the 2nd largest player in manufacturing of dry cell batteries in India. It is well known brand in Indian household battery market with strong distributors' network and presence in retail outlets. Sound management team (*backed by Apollo hospital group*), superior position and reputation along with the consistency in paying higher dividends are the key feature. In FY16, it has diversified its business by acquiring composite manufactures – Kinenco, Goa, which could act as a key catalyst in driving overall performance. The stock is currently trading at a P/E of 20.1x its FY16 earnings. We do not have coverage on the stock.

Key business facts and Figures

- Indo-National Ltd. (INL) is charged up to enter into the next growth orbit with promotional and marketing spend, new products launches in H1FY17 and expansion in Southern and Eastern market by increasing supply chain (our channel check hinted).
- The current utilisation rate seems to be approx 80% around. It has currently 6000-6500 Stockiest and distributors and presence in 1.5 million retail outlets/counters focusing on improving brand image and is planning to spend on marketing and promotional expenses (may be roughly 0.5%-1% of sales in FY17 v/s 0.3-0.5% in FY16).
- Acquisition of Kinenco – a strategic move: It acquired Kinenco (world class composite manufactures based in Goa) for undisclosed amount which is into designing, development and manufacturing of wide range of composites part and assembly for Telecommunications, Automotive, Railways, Water Treatment & Process Equipment, Aerospace & Defense. The company is now tapping the opportunities in Railways, Aerospace and Defence sector (Indian market and outsourcing of the parent). It has tie-up with Space, Airforce, ISRO projects as well.
- JV with Kaman (NYSE): Kinenco has a JV (74% stake in Kinenco Kaman Ltd) with Kaman Corporation (an NYSE listed US aerospace company with USD 1.15bn in market cap) for the Aerospace and Defence Sector and Kinenco Alte Train (49% joint venture of Kinenco Pvt. Ltd.) for the opportunities in railways respectively, while other business which do not fall into these buckets comes under in Kinenco (51% subsidiary of Indo-National).
- Our stance: We believe Kinenco has provided a platform that seems to have given Indo-National a sure-shot formula for success in the fast growing areas of Aerospace, Defense and Railways under "Make In India" campaign. With no major capex, decent operating cashflow, clean balance-sheet and better working capital management, it makes comfort to opt for further inorganic strategy (whenever emerge) in the coming years.
- Valuation – steep discount to peer; demanding better valuation:** INL has delivered better margin performance, has a healthier balance sheet, better return ratios (RoE, ROCE) and dividend payout ratios compared to peers. The current valuations of Indo-National are more than justified by the INL franchise alone and the predictability of this business lends a high margin of safety to investors. The gap between valuations of INL and Eveready should narrow further (subject to synergy and performance of Kinenco) in the coming years.

Tale: Financial snapshot (Standalone)

(Rs mn)

Year	Revenue	EBITDA	EBITDA(%)	Adj.PAT	EPS (Rs)	PE(x)	EV/EBITDA (x)	ROE (%)	ROCE (%)
FY13	3,150	132	4.2	59	15.8	57.4	24.0	4.2	5.1
FY14	3,267	249	7.6	129	34.3	26.5	13.3	8.9	12.2
FY15	3,221	379	11.8	289	77.1	11.8	8.5	18.8	18.4
FY16	3,291	329	10.0	169	45.2	20.1	9.7	10.3	13.9

Source: Company; IDBI Capital Research

Company Overview

- Indo National Limited, formerly Nippo Batteries Co. Ltd., started off as manufacturer of dry cell batteries in India. As the 2nd largest player after Eveready with a 29% market share (organised), capacity of 785mn batteries p.a., strong distributors network and presence in retail outlets, Indo National today markets batteries as well as other consumer products such as CFLs, power stations, torches and Emergency Power Backup products under the Nippo brand. The traditional business under the brand Nippo is being recharged through focus on e-commerce and branding efforts not just through electronic media but also through outdoor activities such as hoardings, wall paintings and mobile media like buses.
- New acquisition in FY2016: Indo National now owns 51% of Kineco (acquired in August 2015), which is a well established player in advanced composite manufacturing for the Railways, Aerospace and Defence Sectors, besides other core sectors and has a world class manufacturing setup at Goa.
- Investment in Solar project: Additionally, an investment has been made into a 4.6 MW solar power project, which has now been commissioned and a 15-year PPA with an Apollo Hospitals arm has been put into place; this will give predictable cash flows to the company for the long run.

Table: Product Range

+ Emergency Power	+ Torches
	
+ Power Station	+ CFL
	

Source: Company

■ Management quality is impeccable; lends huge comfort

Indo National is owned by Mr. Dwarkanath Reddy, whose wife Mrs. Suneeta Reddy is the CMD of Apollo Hospitals and daughter of Mr. Prathap Reddy, the Group's founder. The long-term track record of Indo-National is testimony to the Management's execution track record. Mr. Aditya Reddy, son of Mrs. Suneeta Reddy, armed with a much greater role in the business and appointed as a Joint MD w.e.f. 2nd June, 2016.

Investment Rationale

■ Second largest player in India; Business inherently robust

Nippo is consistently been the 2nd player (29% market share) in India with the manufacturing capacity of 785mn batteries p.a., 6000-6500 exclusive stockists, 30 dealers and 1.5mn retail outlets and distributors. The performance metrics of the business have always been superior compared to market leader, in terms of profitability and return on capital employed. Though the revenue was moderately grew during FY12-16, the EBITDA margin expanded steadily over the same period. The lack of focus on product diversification, market share gain and distribution & promotional activities has restricted the growth to a certain extent. However, post acquisition of Kineco Ltd. In FY16 (manufacturer of advance composite products across various segments), the company restructured distribution channels through significant one-time investments during FY16. It has also launched an effective e-commerce strategy that will not only enabled it to gain market share but also laid the roadmap for a more focused market presence. Once these efforts succeed in bringing desired results, it would help company to regain the lost glory and translate into better financial performance.

■ Strategic acquisition: Backing an exemplary management team

INL acquired Kineco Private Limited in FY16 (world class composite manufactures based in Goa) to diversify the business operation, which is into designing, development and manufacturing of wide range of composites part and assembly for Telecommunications, Automotive, Railways, Water Treatment & Process Equipment, Aerospace & Defense. As per media articles, there is significant increase in usage of carbon composites in aerospace and defence in the newer programmes from Boeing and Airbus than before. Kineco employs all the mature processes of composites manufacturing at its facilities and therefore addresses the complete market.

Our Take & analysis: We believe acquisition of 51% stake in Kineco is a great move; both directionally in terms of the focus areas as well as in terms of what it achieves for Indo-National. It gives them a platform that's been in the works for over two decades that's now poised to reap rich rewards.

It also brings to them an exemplary management team, including the founder, Mr. Shekhar Sardesai, who's a visionary in the Advanced Composites Sector and stays on indefinitely as CEO, driver and Joint Venture Partner for the business – he will now have all the capital that the business was hitherto starved of and should be in a position to deliver results seamlessly.

It also brings close knit partnerships with some of the strongest global players and well-established client relationships with large OEM customers.

Kineco has provided a platform that seems to have given Indo-National a sure-shot formula for success in the fast growing areas of Aerospace, Defense and Railways.

■ A closer look at the Kineco platform boosting the conviction...

Kineco is the only mainstream player other than Tata Advanced Materials to employ a complete range of advanced composite manufacturing technologies, including vacuum bagging and autoclave moulding, making it a preferred partner for large clients.

Newer generation models from aircraft majors like Boeing and Airbus use a much higher percentage by weight of carbon composites than older ones, thereby driving demand for players like Kineco.

Kineco has had many firsts to its name; it was the first company in India to manufacture 100% carbon based formula one racing cars, to develop stator rings for power turbines, to manufacture full carbon monocoque chassis for cycles, underslung tanks for railways etc. to name a few.

JV with Kaman: Kineco has a JV with Kaman Corporation (an NYSE listed US aerospace company with USD 1.15bn in market cap) for the Aerospace and Defence Sector and with Schaltbau Holding of Germany (market cap of €m 307) for the Railways business.

Our Take & analysis: All of the above should greatly help Indo-National scale-up quickly to become a major vendor to these fast growing sectors, which should be major beneficiaries of the 'Make in India' theme.

■ **Kineco: Key Offerings and the story so far...**

Kineco operates with 3 business units -

- **Custom Moulded Products:** Composite parts and complete assemblies for Mass Transit (Train Coach Interiors & Exteriors), Bus & Truck and other custom applications.
- **Filament Wound Products:** Pipe, tubes, chemical process equipment and pressure vessels primarily for water treatment. Also manufactures products for high end applications in electrical and aerospace industry (glass & carbon fibre based).
- **Advanced Composites:** Catering to carbon and aramid fiber prepreg based production for defence, aerospace, telecom & marine applications.

Projects undertaken so far include:

- Fibre reinforced plastic shelters for Indian troops in Northern Himalayas, Global supplier of choice for tripod bases for a USD 2bn water treatment equipment company.
- World's first Sky Bus entirely made of composites (for Konkan Railways), Body parts for A1 Grand Prix formula racing cars (for Caparo Vehicles Technologies, UK) and under slung water tanks for AC coaches of Indian Railways and a C-arm (for GE Medical).

While Kineco Kaman (74% subsidiary of Kineco Pvt. Ltd.) and Kineco Alte Train (49% joint venture of Kineco Pvt. Ltd.) will pursue opportunities in Aerospace (both civil and defense applications) and Railways respectively, businesses which do not fall into these buckets will continue to be pursued in Kineco (51% subsidiary of Indo-National).

■ **Abundant opportunity for Kineco - holds great promise going forward**

Opportunities in Aerospace (for the Kaman JV):

Out of the USD 0.6bn revenues (33.7% of total revenues of Kaman, US) from aerospace, 43% was defense, 39% was commercial and 18% was fuelling. The structures market in the US is quite competitive and two key programs supported by Kaman were the A-10 (which Boeing supplied to the US Air Force) and the AH-1Z attack helicopter (which Bell Corp. supplied to the US Marine Corp.). Kaman produces the wing control surfaces (inboard and outboard flaps, slats and deceleron assemblies) for the A-10 and cabins for the AH-1Z. The recent Pentagon decision to continue funding A-10 augurs well for OEM suppliers like Kaman. Similarly, there is a possibility of a major demand thrust for AH-1Z, which could bring similar results for Kaman, with possible upsides for the Kineco JV.

Opportunities in Railways (for the Schaltbau JV):

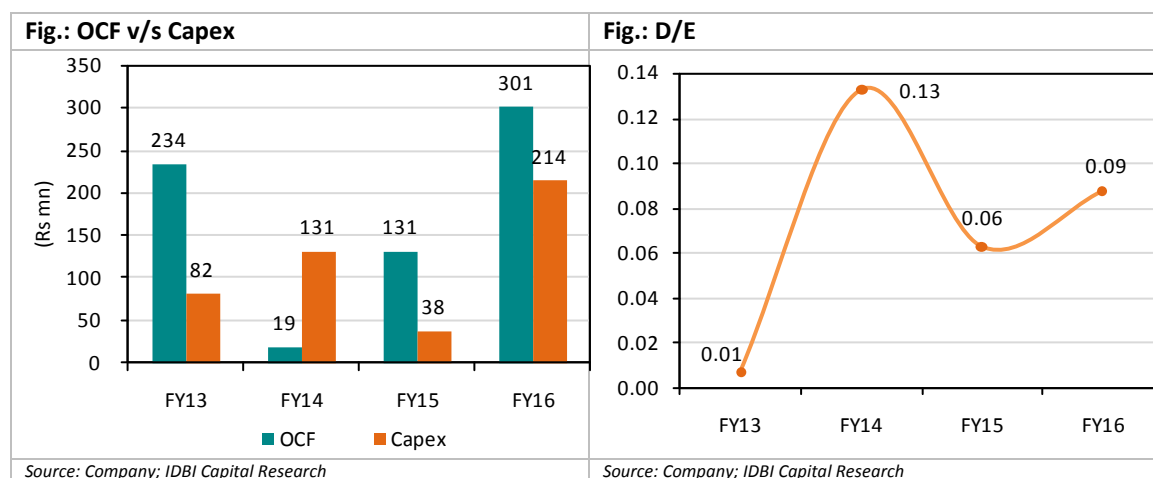
Schaltbau Holding of Germany, one of the world's largest players in rail technologies with revenues of €m 500 in CY15 (65% of this was in rail), acquired Alte Train and stepped into Alte's shoes as the JV partner with Kineco in India. €220mn of this was from their Mobile Transportation Technology division, which could be the relevant pie for the Kineco JV to tap. They provide Driver Desk, Lighting Systems, Door Systems, HVAC systems, Static converter and earthing devices, Service for rolling stock, Platform Screen Doors, Information & Communication Systems and Interior & Sanitation Systems - in short, they're an end-to-end railway supplier.

Other Opportunities (for Kineco Pvt Ltd):

Kineco has technical capabilities for manufacturing GRE piping systems for the oil industry and shall be well poised to tap the domestic demand, once the capex cycle rebounds. The other areas that present composite manufacturing opportunities are automobiles, industrial equipment tools, pressure tanks, scrubbers, chemical process equipment, structural winding, masts & tubes.

■ **Net debt-free status + decent cashflow = Suited for inorganic growth strategy**

With the Kineco acquisition, Indo-National immediately deploys some of the surplus cash in its balance sheet, which was hitherto weighing down on return metrics. It gives a platform which can potentially absorb large sums of incremental cash going forward and can gradually branch into areas of vertical synergy through inorganic growth / joint ventures in areas such as defense electronics etc. A lot of traction expected in defence, railway orders in the coming years under “Make In India” campaign. With no major capex, decent operating cashflow, clean balance-sheet and better working capital management, it makes comfort for INL to opt for further inorganic strategy (whenever emerge) in the coming years.



■ **Set to deliver healthy earnings growth in FY16-18E**

INL is continuously emphasizing on operating performance through cost optimization, restructuring of supply chain and R&D activities. During FY13-FY16, Operating margin improved from single digits to over 10%; earnings tripled (thanks to the management efforts of bringing operational efficiency and decline in price of lead – a key raw material).

Pricing power for the battery business has improved with sustained price hikes, led by the market leader Eveready and further expected to improve with the anti-dumping duty (Industry has already proposed but yet no clarity) on cheap imports, which are likely to improve the health of the domestic industry.

No major capex ahead, steady operating cash flows and better working capital management to drive performance. Earnings could grow at a healthy for the Nippo franchise. Consistently paying dividend to shareholders – FY16 payout at Rs 25/ share.

Kineco: The Kineco platform could add upwards of Rs 0.8-1bn in revenues in FY17 and Rs1.5 bn in FY18 (approx). However, it would be interesting to see the performance of Kineco during current fiscal, which could act as a key catalyst for driving growth of Indo-National Limited.

Valuation and Outlook

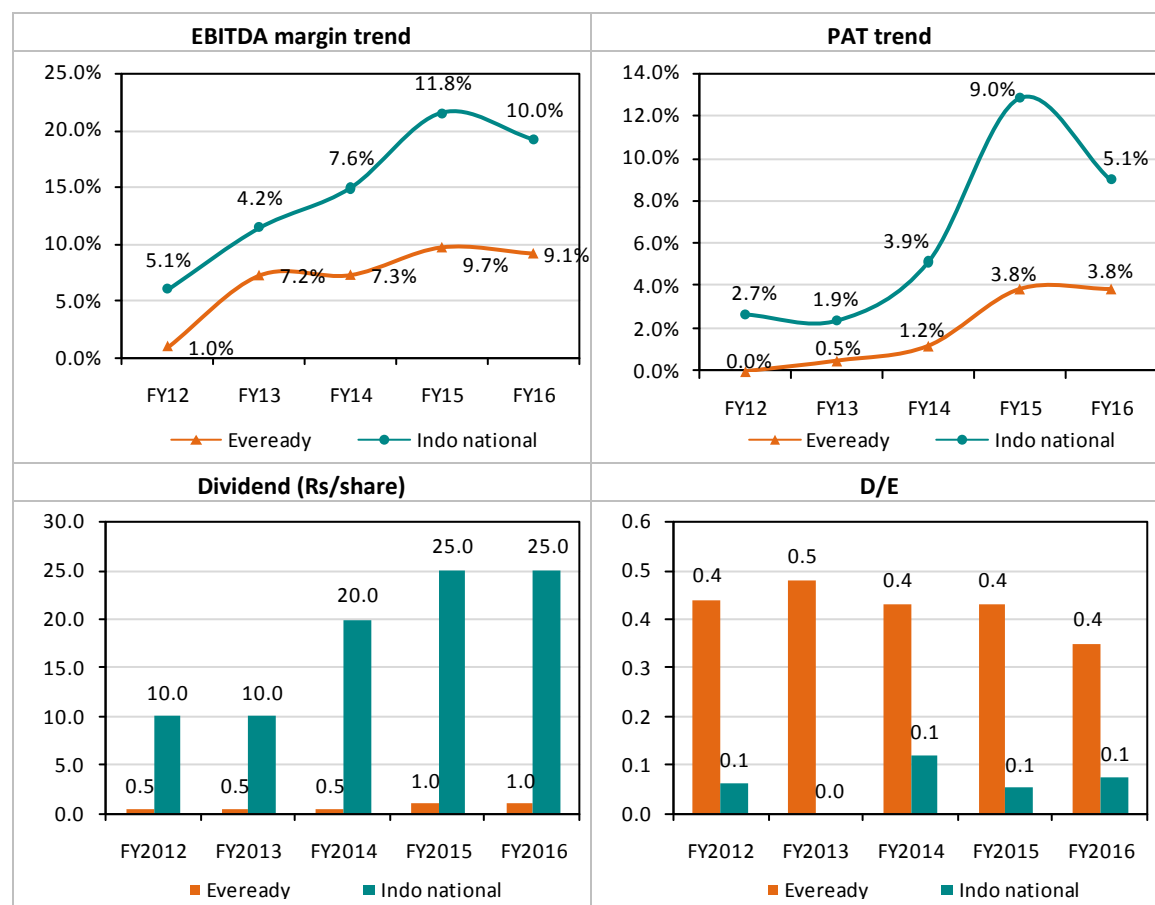
■ Steep discount to peers; valuation to surely catch up

Nippo has delivered better margin performance, has a healthier balance sheet, better return ratios (RoE, ROCE) and dividend payout ratios compared to peers.

Well positioned in financial comparison to its closest peer – Eveready (which has given 10 times return to investors in just 3 years time frame with improving fundamentals). It could be the finest stock in the household battery segment (with better OPM of 11% v/s Eveready's 9.5%, balance-sheet and lower valuation compare to peer). Consistently paying high dividend (absolute dividend of Rs 25/share v/s Rs 1 dividend of Eveready).

Adjusted FY16 standalone EPS stood at Rs 48 (excluding other income and considering full tax rates) and the stock is trading at a P/E of 20.1x its FY16 earnings (against 37x for Eveready on FY16 earnings). It could potentially generate handsome returns (as valuations of its Nippo franchise catch up with Eveready and the markets start factoring upsides from Kinenco in coming years). The valuation of the solar power asset could add another Rs80 per share (at cost post pay down of debt) and actual value markets could attribute may be a lot higher as markets begin to impute a much higher multiple to reported numbers from the Kinenco business. (Defense and Aerospace focused stocks are richly valued – for example, Dynamics Technologies trades at over 100x and Bharat Electronics Ltd at 37x its FY16 EPS.

Figure: Peer group – Eveready v/s Indo National Ltd.



Source: Company; IDBI Capital Research

Financial summary (Standalone)

Profit & Loss Account

(Rs mn)

Year-end: March	FY13	FY14	FY15	FY16
Net sales	3,150	3,267	3,221	3,291
Growth (%)	(0.7)	3.7	(1.4)	2.2
Operating expenses	(3,018)	(3,018)	(2,842)	(2,962)
EBITDA	132	249	379	329
Growth (%)	(17.8)	89.1	52.0	(13.1)
Depreciation	(53)	(53)	(54)	(51)
EBIT	79	197	325	278
Interest paid	(22)	(17)	(14)	(7)
Other income	6	5	90	48
Pre-tax profit	42	183	401	319
Tax	(3)	(56)	(112)	(150)
Effective tax rate (%)	7.1	30.5	27.9	46.9
Net profit	39	127	289	169
Adjusted net profit	59	129	289	169
Growth (%)	(29.7)	117.0	124.7	(41.4)
Shares o/s (mn nos)	4	4	4	4

Balance Sheet

(Rs mn)

Year-end: March	FY13	FY14	FY15	FY16
Net fixed assets	522	599	565	733
Investments	-	-	-	318
Other non-curr assets	7	7	4	5
Current assets	1,310	1,501	1,593	1,422
Inventories	378	422	410	336
Sundry Debtors	625	755	852	691
Cash and Bank	245	262	266	323
Loans and advances	47	46	50	49
Total assets	1,838	2,107	2,162	2,478
Shareholders' funds	1,419	1,458	1,617	1,674
Share capital	38	38	38	38
Reserves & surplus	1,381	1,421	1,579	1,636
Total Debt	-	174	86	125
Secured loans	-	-	-	-
Unsecured loans	-	174	86	125
Other liabilities	84	93	112	176
Curr Liab & prov	335	382	347	283
Current liabilities	247	242	189	134
Provisions	88	140	159	149
Total liabilities	419	648	545	584
Total equity & liabilities	1,838	2,107	2,162	2,478
Book Value (Rs)	378	389	431	446

Source: Company; IDBI Capital Research

Cash Flow Statement

(Rs mn)

Year-end: March	FY13	FY14	FY15	FY16
Pre-tax profit	42	183	401	319
Depreciation	53	53	54	51
Tax paid	(14)	(51)	(99)	(150)
Chg in working capital	133	(167)	(139)	230
Other operating activities	20	2	(86)	(141)
CF from operations (a)	234	19	131	310
Capital expenditure	(82)	(130)	49	(214)
Chg in investments	-	-	-	-
Other investing activities	-	-	-	-
CF from investing (b)	(170)	43	(39)	(214)
Equity raised/(repaid)	(20)	(2)	-	-
Debt raised/(repaid)	-	-	-	45
Dividend (incl. tax)	(44)	(44)	(88)	(85)
Chg in minorities	-	-	-	-
Other financing activities	-	-	-	-
CF from financing (c)	(64)	(45)	(88)	(39)
Net chg in cash (a+b+c)	(1)	17	4	57

Financial Ratios

Year-end: March	FY13	FY14	FY15	FY16
Adj EPS (Rs)	15.8	34.3	77.1	45.2
Adj EPS growth (%)	(29.7)	117.0	124.7	(41.4)
EBITDA margin (%)	4.2	7.6	11.8	10.0
Pre-tax margin (%)	1.3	5.6	12.5	9.7
RoE (%)	4.2	8.9	18.8	10.3
RoCE (%)	5.1	12.2	18.4	13.9
Turnover & Leverage ratios (x)				
Asset turnover	1.7	1.7	1.5	1.4
Leverage factor	1.3	1.4	1.4	1.4
Net margin (%)	1.9	3.9	9.0	5.1
Net Debt/Equity	(0.2)	(0.1)	(0.1)	(0.1)
Working Capital & Liquidity ratios				
Inventory days	44	47	47	37
Receivable days	72	84	97	77
Payable days	23	24	19	10

Valuations

Year-end: March	FY13	FY14	FY15	FY16
PER (x)	57.4	26.5	11.8	20.1
Price/Book value (x)	2.4	2.3	2.1	2.0
PCE (x)	30.3	18.8	9.9	15.4
EV/Net sales (x)	1.0	1.0	1.0	1.0
EV/EBITDA (x)	24.0	13.3	8.5	9.7
Dividend Yield (%)	1.3	1.3	2.6	2.5



Notes

Dealing	(91-22) 6637 1150	dealing@idbicapital.com
---------	-------------------	-------------------------

Key to Ratings**Stocks:**

BUY: Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto $\pm 5\%$; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

IDBI Capital Markets & Securities Ltd. (Formerly known as "IDBI Capital Market Services Ltd.")

Equity Research Desk

3rd Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021. Phones: (91-22) 4322 1212; Fax: (91-22) 2285 0785; Email: info@idbicapital.com

SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

Compliance Officer: Christina D'souza; Email: compliance@idbicapital.com; Telephone: (91-22) 4322 1212

Disclaimer

This document has been prepared by IDBI Capital Markets & Securities Ltd. (IDBI Capital) and is meant for the recipient only for use as intended and not for circulation. This document should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this document.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behaviour of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

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 IDBI Capital 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.

IDBI Capital, its directors or employees or affiliates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its affiliates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or their affiliate companies or act as advisor or lender / borrower to such company(ies)/affiliate companies or have other potential conflict of interest.

This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk.

E-mail is not a secure method of communication. IDBI Capital Market Services Limited cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrive late. IDBI Capital, its directors or employees or affiliates accept no liability for any damage caused, directly or indirectly, by this email.

Disclosures

I, Umesh Patel, certify that (1) the views expressed in this report accurately reflect my personal views about all of the subject companies and securities and (2) no part of my compensation was, is or will be directly or indirectly related to the specific recommendations or views expressed in this report

IDBI Capital Markets & Securities Ltd. ("IDBI Capital") and its associates (IDBI Capital is a wholly owned subsidiary of IDBI Bank Ltd. IDBI Asset Management Ltd., IDBI MF Trustee Company Ltd. and IDBI Intech Ltd.) are a full-service, banking, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependant family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital Markets & Securities Ltd. generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital Markets & Securities Ltd. and its affiliates holds beneficially owns or controls, including the right to vote for directors, 1% of more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital Markets & Securities Ltd. established in 1993, is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital Markets & Securities Ltd. is one of India's leading brokerage and distribution house.

IDBI Capital Markets & Securities Ltd. is a corporate trading and clearing member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), and a dealer of the OTC Exchange of India (OTCEI) and is also a SEBI registered Merchant Banker and Portfolio Manager. Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like merchant banking, depository services and Portfolio Management.

IDBI Capital Markets & Securities Ltd. is also a depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI)

We hereby declare that our activities were neither suspended nor we have materially defaulted with any stock exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to primarily institutional investors and their employees, directors , fund managers, advisors who are registered with us.

The Research Analyst has not served as an officer, director or employee of Subject Company.

We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report.

Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital Markets & Securities Ltd. or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital Markets & Securities Ltd. or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report.

Price history of the daily closing price of the securities covered in this note is available at nseindia.com and economictimes.indiatimes.com/markets/stocks/stock-quotes.