

# V-Guard Industries Ltd (VGRD IN)

*Worst is over (floods impact); revival ahead*

INDIA | MIDCAP - ELECTRICALS | Quarterly Update

26 October 2018

## Top takeaways

- Revenues were dented by floods in Kerala and a weak summer. Adjusting for the revenue loss of Rs 250mn due to the floods, revenue growth was 10% yoy. There was strong growth in Digital UPS, Kitchen Appliances, Water Heaters, Wires & Switchgear.
- Volatility in commodity prices and depreciation of the rupee impacted margin. OPM was almost in line.
- Lower interest cost and tax (Sikkim facility benefit) helped PAT.

## Conference call takeaways

- ✓ Non-south market revenue grew 16% yoy in 2Q. VGRD continued to increase its penetration and market share there (it accounted for 35.7% of sales vs. 32.5% yoy). Growth was driven by increased visibility, expansion of product range, and brand penetration. Management expects non-south to contribute 50% of its revenues in 4-5 years.
- ✓ Gross margin difference between south and non-south was ~2% and operating margin difference was 7.5%. Management expects non-south gross margin to increase by 2% over 2-3 years.
- ⇔ South market grew 1.7% yoy; lower growth was majorly because of the impact of Kerala floods. Management expects rebuilding activity in Kerala to make up for sales losses in 2HFY19.
- ✓ VGRD is planning to hike prices by about 3%, which will help it to recover the impact of input cost increases.
- ⇔ Weak summer adversely impacted growth in stabilizers (down 12.4% yoy) and pumps (down 3.9% yoy). Expects strong growth from stabilizers in 2HFY19.
- ✓ VGRD's advertisement spending was 4.6% of sales in 2QFY19; it expects this to come down to 4% for full year FY19.
- ✓ Maintained revenue guidance of 15% for 2-3 years – driven by expansion into non-south markets and introduction of new product categories. Management maintained margin guidance of 10% for FY19 (2HFY19 margin at ~11%).

**Outlook and valuation:** VGRD has successfully negotiated a tricky point in its existence by expanding its geographical and product base, while successfully managing its working capital. Now, it is slowly increasing the contribution from its own manufacturing, which will help improve gross margins. We are convinced that VGRD will continue to successfully monetise its brand equity in southern India while increasing channel sweating in the rest of the country.

We expect a PAT CAGR of 27% over FY18-21. The company's stock price has seen a sharp correction of ~33% over the last month, majorly because of Kerala flood impact and a sell-off in mid-cap stocks. At its current market price, it trades at 34x/27x on FY20/21 EPS and at an EV/EBIDTA of 23x/18x. We value it at a FY21 P/E of 35x (five-year average) and reiterate our BUY recommendation with a target of Rs 225. **Read our recent detail report on VGRD**

[Click Here.](#)

## BUY (Maintain)

CMP RS 174

TARGET Rs 225 (30%)

## COMPANY DATA

O/S SHARES (MN) :	426
MARKET CAP (RSBN) :	73
MARKET CAP (USDBN) :	1.0
52 - WK HI/LO (RS) :	255 / 159
LIQUIDITY 3M (USDMN) :	3.2
PAR VALUE (RS) :	1

## SHARE HOLDING PATTERN, %

	Sep 18	Jun 18	Mar 18
PROMOTERS :	64.2	64.3	64.3
FII / NRI :	11.9	12.0	11.8
FI / MF :	11.4	12.1	12.4
NON PRO :	2.7	2.6	2.6
PUBLIC & OTHERS :	9.9	9.0	9.0

## KEY FINANCIALS

Rs mn	FY18	FY19E	FY20E
Net Sales	23,118	26,496	30,405
EBIDTA	1,870	2,362	2,975
Net Profit	1,331	1,704	2,152
EPS, Rs	3.1	4.0	5.1
PER, x	55.6	43.5	34.4
EV/EBIDTA, x	37.0	29.1	23.1
P/BV, x	9.9	8.4	7.1
ROE, %	17.7	19.3	20.5

## CHANGE IN ESTIMATES

Rs mn	Revised Est.		% Revision	
	FY19E	FY20E	FY19E	FY20E
Revenue	26,496	30,405	0%	0%
EBITDA	2,362	2,975	0%	0%
PAT	1,704	2,152	0%	0%

**Deepak Agarwal** (+ 9122 6246 4112)  
dagarwal@phillipcapital.in

**Akshay Mokashe** (+ 9122 6246 4130)  
amokashe@phillipcapital.in

(Rs mn)	Q2FY19	Q2FY18	yoy growth %	Q2FY18	qoq growth %	vs. expectations	Comments
Revenue	5,976	5,599	6.7	6,349	(5.9)	-3%	Flood in Kerala & weak summer
EBITDA	498	670	(25.6)	465	7.3	-1%	Volatility in commodity prices and depreciation of the rupee
EBITDA margin (%)	8.3	12.0	-363bps	7.3	102bps	11bps	
Interest	3	4	(38.5)	2	7.4	-11%	Lower debt
Depreciation	55	47	16.0	52	4.2	5%	
Other income	39	21	90.4	32	21.5	31%	
PBT	480	639	(24.9)	442	8.7	0	
Tax	99	174	(43.5)	98	0.4		Sikkim facility benefit
Tax rate (%)	20.5	27.3	-676bps	22.2	-168bps	-	
PAT	382	465	(17.9)	344	11.0	2%	

**Segment-wise performance for Q2FY19**

V-guard Product Portfolio:	Total Market Share	Organised (%)	Unorganised (%)	Q2Y19 Rev. (Rs mn)	Q1FY18 Rev. (Rs mn)	YoY Share (%) Growth	Kerala adj. growth yoy
Stabilizer	12.5	56%	44%	862	984	(12)	14.4 (3.5)
UPS (Digital + Standalone)	56.5	80%	20%	751	662	13	12.6 20
Pump	10.5	50%	50%	539	561	(4)	9.0 (1)
Cable & Wires	95	57%	43%	1,808	1,643	10	30.3 14.7
Water Heaters (Ele. + Solar)	20.25	65%	35%	1,109	986	12	18.6 26
Fan	65	75%	25%	405	386	5	6.8 21
Kitchen Appliances	-	-	-	307	248	24	5.1 43
Switchgears + M Switches	20	70%	30%	194	130	49	3.2
Air Cooler	40	45%	55%	0	0	n.a.	0.0

Source: Company, PhillipCapital India Research

**Segmental**

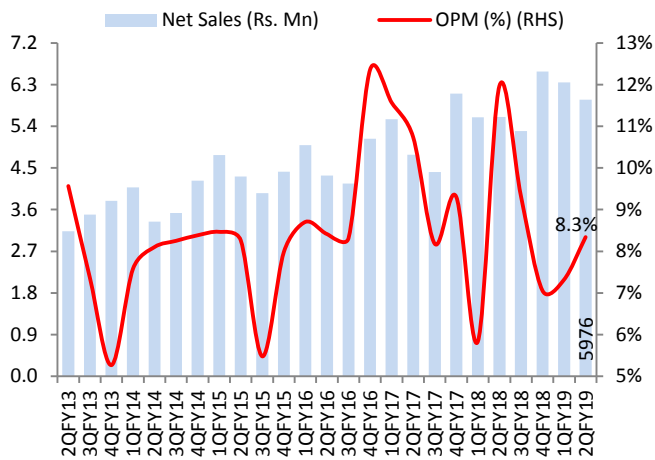
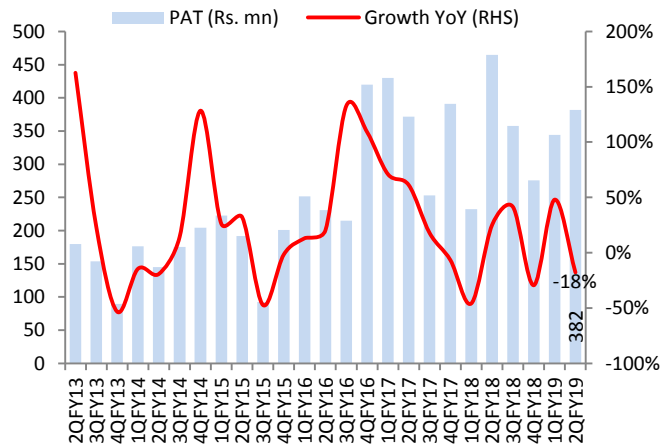
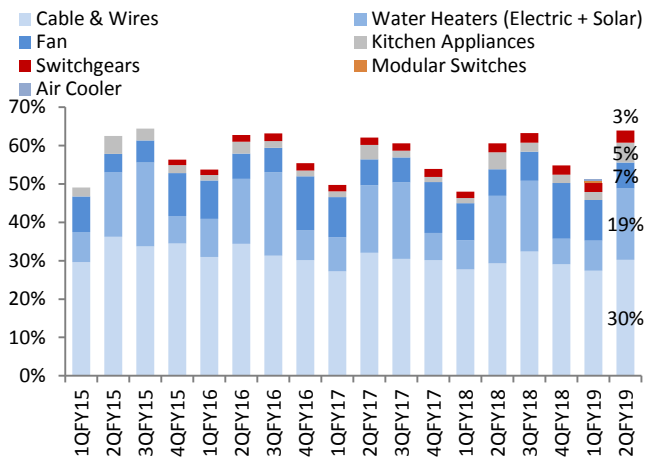
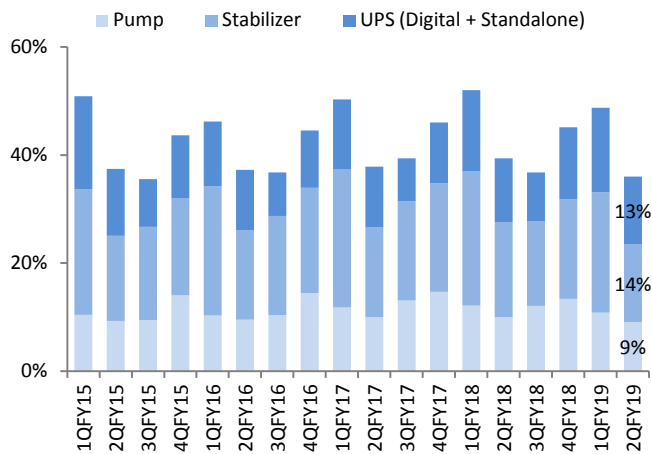
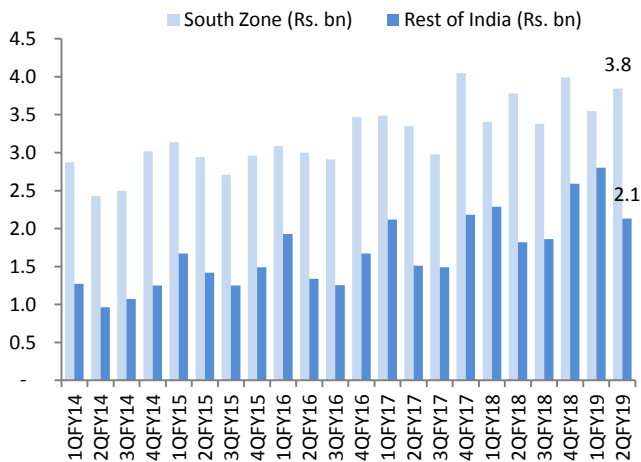
Net Revenues	2QFY19	2QFY18	% yoy	1QFY19	% qoq
Electronic	1,614	1,646	(1.9)	2,405	(32.9)
Electrical/Electro Mechanical	2,541	2,334	8.9	2,614	(2.8)
Consumer Durables	1,821	1,619	12.4	1,330	36.9
<b>Sub-total</b>	<b>5,976</b>	<b>5,599</b>	<b>6.7</b>	<b>6,349</b>	<b>(5.9)</b>
Segment PBIT	2QFY19	2QFY18	% yoy	1QFY19	% qoq
Electronic	203	269	(24.7)	224	(9.2)
Electrical/Electro Mechanical	154	195	(20.8)	183	(15.6)
Consumer Durables	115	180	(35.9)	38	201.6
<b>PBIT</b>	<b>472</b>	<b>644</b>	<b>(26.6)</b>	<b>445</b>	<b>6.2</b>
(-)Interest	3	4	(38.5)	2	7.4
(-)Net Un-allocable Exp.	11	(0)	n.a.	0	n.a.
<b>PBT</b>	<b>459</b>	<b>640</b>	<b>(28.3)</b>	<b>442</b>	<b>3.8</b>
PBIT Margin (%)	2QFY19	2QFY18	% yoy	1QFY19	% qoq
Electronic	12.6	16.4	-	9.3	-
Electrical/Electro Mechanical	6.1	8.3	-	7.0	-
Consumer Durables	6.3	11.1	-	2.9	-
<b>PBIT Margin (%)</b>	<b>7.9</b>	<b>11.5</b>	<b>-</b>	<b>7.0</b>	<b>-</b>

Source: Company, PhillipCapital India Research

Stabilizer & Fan got higher impact because of Kerala floods

**Other key takeaways**

- ✓ Total touch points at 32,000; to add 3,000-5,000 every year over 2-3 years (increasing by 10% every year), mainly in the non-south market. Two-thirds of distribution is already in the non-south, which provides significant revenue growth potential. This provides significant potential for revenue growth and operating leverage from the non-south market.
- ✓ Water heaters have shown a growth of 14% in 1HFY19. Management expects strong growth in 3Q (mainly because of strong season). The company has hiked prices by around 3% in October 2019.
- ✓ In cables & wires, volume growth was 6.2% and value growth was ~10% in 1HFY19.
- ✓ Switchgears has shown strong growth of 49% yoy in 2QFY19. In 1HFY19, switches revenue was Rs 379mn. Management expects this segment to report FY19 revenue of Rs 800-900mn. It is planning to launch modular switches in the non-south market in 2HFY19.
- ✓ In 2HFY19, VGRD will be launching – solar inverter (in 4QFY19), and adding more products in water heaters, switchgears, and in Air coolers.
- ✓ Working capital has improved by 5 days yoy and 3 days qoq – to 59 days in 2QFY19, majorly because of an increase in creditor days. Management expects further improvement in the working-capital cycle driven by a reduction in inventory days (currently higher inventory is because of the season).
- ✓ By the end of 2QFY19, VGRD had cash and equivalents of Rs 1.5bn (CFO of Rs 1.3mn), which allows it to pursue inorganic opportunities. It is looking for product synergy/providing manufacturing capabilities/strong regional players through which it can expand its geographic footprint.

**Adjusted to higher advertisement cost OPM at 8.3%**

**Net profit trend**

**Product-wise revenue break-up (% of sales)**

**Geographical revenue breakup – non-south market at 36%**

**VGRD: Key ratios**

Key Ratios	Sep'18	June'18	Sep'17
<b>Working Capital Days:</b>	<b>59</b>	<b>62</b>	<b>64</b>
Debtors (days)	53	56	52
Inventory (days)	68	67	64
Creditors (days)	62	61	52
ROE (%)*	17%	18.2%	19.8%
ROCE (%)*	20.1%	22.5%	25.5%

Source: Company, PhillipCapital India Research Note \* Calculations are based on a quarterly annualized basis

## Financials

### Income Statement

Y/E Mar, Rs mn	FY18	FY19E	FY20E	FY21E
<b>Net sales</b>	<b>23,118</b>	<b>26,496</b>	<b>30,405</b>	<b>35,103</b>
Growth, %	10.8%	14.6%	14.8%	15.5%
Raw Material expenses	16,151	18,335	20,827	23,870
Operating expenses	3,395	3,842	4,352	4,944
Employee expenses	1,702	1,957	2,251	2,521
<b>EBITDA (Core)</b>	<b>1,870</b>	<b>2,362</b>	<b>2,975</b>	<b>3,767</b>
Growth, %	-10.4%	26.3%	26.0%	26.6%
Margin, %	8%	9%	10%	11%
Depreciation	191	211	226	232
<b>EBIT</b>	<b>1,679</b>	<b>2,151</b>	<b>2,749</b>	<b>3,535</b>
Growth, %	-12.7%	28.2%	27.8%	28.6%
Margin, %	7%	8%	9%	10%
Interest paid	17	10	10	10
Other Non-Operating Income	111	130	130	130
<b>Pre-tax profit</b>	<b>1,773</b>	<b>2,272</b>	<b>2,869</b>	<b>3,655</b>
Tax provided	442	568	717	914
<b>Profit after tax</b>	<b>1,331</b>	<b>1,704</b>	<b>2,152</b>	<b>2,742</b>
<b>Net Profit</b>	<b>1,331</b>	<b>1,704</b>	<b>2,152</b>	<b>2,742</b>
Growth, %	-7.9%	28.0%	26.3%	27.4%
Margin, %	5.8%	6.4%	7.1%	7.8%
<b>Net Profit (adjusted)</b>	<b>1,331</b>	<b>1,704</b>	<b>2,152</b>	<b>2,742</b>
No. of Eq. Sh O/S (m nos)	426	426	426	426

### Balance Sheet

Y/E Mar, Rs mn	FY18	FY19E	FY20E	FY21E
Cash & bank	50	425	777	819
Debtors	4,445	4,784	5,321	6,143
Inventory	3,105	3,553	4,038	4,613
Loans & advances	1,023	1,173	1,323	1,473
<b>Total current assets</b>	<b>8,623</b>	<b>9,936</b>	<b>11,460</b>	<b>13,049</b>
Gross fixed assets	2,360	2,810	3,230	3,750
Less: Depreciation	354	564	790	1,023
Add: Capital WIP	75	50	50	50
Net fixed assets	<b>2,081</b>	<b>2,295</b>	<b>2,489</b>	<b>2,777</b>
<b>Total assets</b>	<b>11,546</b>	<b>13,375</b>	<b>15,593</b>	<b>18,369</b>
Current liabilities	3,577	4,091	4,650	5,312
Provisions	400	400	400	400
<b>Total current liabilities</b>	<b>3,977</b>	<b>4,492</b>	<b>5,050</b>	<b>5,712</b>
Debt	24	24	24	24
Deferred Tax Liability	29	29	29	29
<b>Total liabilities</b>	<b>4,030</b>	<b>4,545</b>	<b>5,104</b>	<b>5,765</b>
Paid-up capital	426	426	426	426
Reserves & surplus	7,090	8,405	10,064	12,179
Shareholders' equity	7,516	8,830	10,490	12,604
<b>Total equity &amp; liabilities</b>	<b>11,546</b>	<b>13,375</b>	<b>15,593</b>	<b>18,370</b>

Source: Company, PhillipCapital India Research Estimates

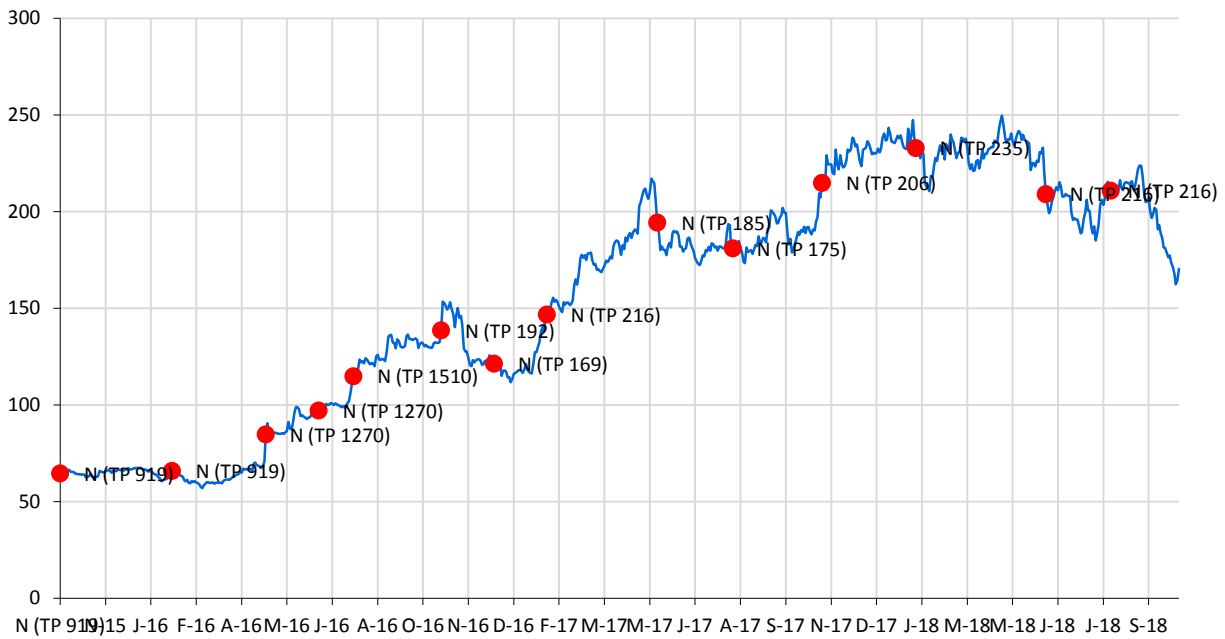
### Cash Flow

Y/E Mar, Rs mn	FY18	FY19E	FY20E	FY21E
Pre-tax profit	1,773	2,272	2,869	3,655
Depreciation	191	211	226	232
Chg in working capital	-1,183	-424	-614	-885
Total tax paid	-408	-568	-717	-914
Other operating activities	169	-120	-120	-120
<b>Cash flow from operating activities</b>	<b>541</b>	<b>1,370</b>	<b>1,644</b>	<b>1,968</b>
Capital expenditure	-413	-425	-420	-520
Chg in investments	137	-300	-500	-900
Other investing activities	4	130	130	130
<b>Cash flow from investing activities</b>	<b>-271</b>	<b>-595</b>	<b>-790</b>	<b>-1,290</b>
Free cash flow	270	774	854	678
Equity raised/(repaid)	27	0	0	0
Debt raised/(repaid)	-33	0	0	0
Dividend (incl. tax)	-358	-390	-492	-627
Other financing activities	-7	-10	-10	-10
<b>Cash flow from financing activities</b>	<b>(370)</b>	<b>(399)</b>	<b>(502)</b>	<b>(636)</b>
Net chg in cash	(100)	375	352	42

### Valuation Ratios

Y/E Mar, Rs mn	FY18	FY19E	FY20E	FY21E
<b>Per Share data</b>				
Dil. EPS (INR)	3.1	4.0	5.1	6.4
Growth, %	(7.9)	28.0	26.3	27.4
Book NAV/ FD share (INR)	17.7	20.7	24.6	29.6
CEPS (INR)	3.6	4.5	5.6	7.0
CFPS (INR)	1.3	3.2	3.9	4.6
DPS (INR)	0.7	0.8	1.0	1.2
<b>Return ratios</b>				
Return on assets (%)	11.5	12.7	13.8	14.9
Return on equity (%)	17.7	19.3	20.5	21.7
Return on capital employed (%)	23.6	25.7	27.3	29.0
<b>Turnover ratios</b>				
Sales/Total assets (x)	3.1	3.0	2.9	2.8
Sales/Net FA (x)	11.5	11.8	12.5	12.9
Working capital/Sales (x)	0.2	0.2	0.2	0.2
Fixed capital/Sales (x)	0.1	0.1	0.1	0.1
Receivable days	69.2	65.0	63.0	63.0
Inventory days	52.6	53.0	53.0	53.0
Loans, Adv (days)	15.9	15.9	15.7	15.1
Payable days	60.6	61.0	61.0	61.0
Working capital days	77.2	72.9	70.7	70.1
<b>Liquidity ratios</b>				
Current ratio (x)	2.2	2.2	2.3	2.3
Quick ratio (x)	1.4	1.4	1.5	1.5
Interest cover (x)	92.7	200.4	248.7	310.8
Dividend cover (x)	4.5	5.3	5.3	5.3
Total debt/Equity (%)	0.0	0.0	0.0	0.0
<b>Valuation</b>				
PER (x)	55.6	43.5	34.4	27.0
PEG (x) - y-o-y growth	(700.2)	155.4	130.9	98.6
Price/Book (x)	9.9	8.4	7.1	5.9
Yield (%)	0.4	0.4	0.6	0.7
EV/Net sales (x)	3.2	2.7	2.4	2.0
EV/EBITDA (x)	37.0	29.1	23.1	18.2
EV/EBIT (x)	41.0	31.8	24.9	19.3

### Stock Price, Price Target and Rating History



### Rating Methodology

We rate stock on absolute return basis. Our target price for the stocks has an investment horizon of one year.

Rating	Criteria	Definition
BUY	>= +15%	Target price is equal to or more than 15% of current market price
NEUTRAL	-15% > to < +15%	Target price is less than +15% but more than -15%
SELL	<= -15%	Target price is less than or equal to -15%.

## Disclosures and Disclaimers

PhillipCapital (India) Pvt. Ltd. has three independent equity research groups: Institutional Equities, Institutional Equity Derivatives, and Private Client Group. This report has been prepared by Institutional Equities Group. The views and opinions expressed in this document may, may not match, or may be contrary at times with the views, estimates, rating, and target price of the other equity research groups of PhillipCapital (India) Pvt. Ltd.

This report is issued by PhillipCapital (India) Pvt. Ltd., which is regulated by the SEBI. PhillipCapital (India) Pvt. Ltd. is a subsidiary of Phillip (Mauritius) Pvt. Ltd. References to "PC IPL" in this report shall mean PhillipCapital (India) Pvt. Ltd. unless otherwise stated. This report is prepared and distributed by PC IPL for information purposes only, and neither the information contained herein, nor any opinion expressed should be construed or deemed to be construed as solicitation or as offering advice for the purposes of the purchase or sale of any security, investment, or derivatives. The information and opinions contained in the report were considered by PC IPL to be valid when published. The report also contains information provided to PC IPL by third parties. The source of such information will usually be disclosed in the report. Whilst PC IPL has taken all reasonable steps to ensure that this information is correct, PC IPL does not offer any warranty as to the accuracy or completeness of such information. Any person placing reliance on the report to undertake trading does so entirely at his or her own risk and PC IPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

This report does not regard the specific investment objectives, financial situation, and the particular needs of any specific person who may receive this report. Investors must undertake independent analysis with their own legal, tax, and financial advisors and reach their own conclusions regarding the appropriateness of investing in any securities or investment strategies discussed or recommended in this report and should understand that statements regarding future prospects may not be realised. Under no circumstances can it be used or considered as an offer to sell or as a solicitation of any offer to buy or sell the securities mentioned within it. The information contained in the research reports may have been taken from trade and statistical services and other sources, which PCIL believe is reliable. PhillipCapital (India) Pvt. Ltd. or any of its group/associate/affiliate companies do not guarantee that such information is accurate or complete and it should not be relied upon as such. Any opinions expressed reflect judgments at this date and are subject to change without notice.

**Important:** These disclosures and disclaimers must be read in conjunction with the research report of which it forms part. Receipt and use of the research report is subject to all aspects of these disclosures and disclaimers. Additional information about the issuers and securities discussed in this research report is available on request.

**Certifications:** The research analyst(s) who prepared this research report hereby certifies that the views expressed in this research report accurately reflect the research analyst's personal views about all of the subject issuers and/or securities, that the analyst(s) have no known conflict of interest and no part of the research analyst's compensation was, is, or will be, directly or indirectly, related to the specific views or recommendations contained in this research report.

### Additional Disclosures of Interest:

Unless specifically mentioned in Point No. 9 below:

1. The Research Analyst(s), PCIL, or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. The Research Analyst, PCIL or its associates or relatives of the Research Analyst affiliates collectively do not hold more than 1% of the securities of the company (ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The Research Analyst, his/her associate, his/her relative, and PCIL, do not have any other material conflict of interest at the time of publication of this research report.
4. The Research Analyst, PCIL, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
5. The Research Analyst, PCIL or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
6. PCIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
7. The Research Analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
8. The Research Analyst and PCIL has not been engaged in market making activity for the company(ies) covered in the Research report.
9. Details of PCIL, Research Analyst and its associates pertaining to the companies covered in the Research report:

Sr. no.	Particulars	Yes/No
1	<b>Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by PCIL</b>	No
2	<b>Whether Research Analyst, PCIL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1% of the company(ies) covered in the Research report</b>	No
3	Whether compensation has been received by PCIL or its associates from the company(ies) covered in the Research report	No
4	PCIL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report	No
5	Research Analyst, his associate, PCIL or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months	No

**Independence:** PhillipCapital (India) Pvt. Ltd. has not had an investment banking relationship with, and has not received any compensation for investment banking services from, the subject issuers in the past twelve (12) months, and PhillipCapital (India) Pvt. Ltd. does not anticipate receiving or intend to seek compensation for investment banking services from the subject issuers in the next three (3) months. PhillipCapital (India) Pvt. Ltd. is not a market maker in the securities mentioned in this research report, although it, or its affiliates/employees, may have positions in, purchase or sell, or be materially interested in any of the securities covered in the report.

**Suitability and Risks:** This research report is for informational purposes only and is not tailored to the specific investment objectives, financial situation or particular requirements of any individual recipient hereof. Certain securities may give rise to substantial risks and may not be suitable for certain investors. Each investor must make its own determination as to the appropriateness of any securities referred to in this research report based upon the legal, tax and accounting considerations applicable to such investor and its own investment objectives or strategy, its financial situation and its investing experience. The value of any security may be positively or adversely affected by changes in foreign exchange or interest rates, as well as by other financial, economic, or political factors. Past performance is not necessarily indicative of future performance or results.

Sources, Completeness and Accuracy: The material herein is based upon information obtained from sources that PCIPL and the research analyst believe to be reliable, but neither PCIPL nor the research analyst represents or guarantees that the information contained herein is accurate or complete and it should not be relied upon as such. Opinions expressed herein are current opinions as of the date appearing on this material, and are subject to change without notice. Furthermore, PCIPL is under no obligation to update or keep the information current. Without limiting any of the foregoing, in no event shall PCIPL, any of its affiliates/employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind including but not limited to any direct or consequential loss or damage, however arising, from the use of this document.

Copyright: The copyright in this research report belongs exclusively to PCIPL. All rights are reserved. Any unauthorised use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the PCIPL's prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

Caution: Risk of loss in trading/investment can be substantial and even more than the amount / margin given by you. Investment in securities market are subject to market risks, you are requested to read all the related documents carefully before investing. You should carefully consider whether trading/investment is appropriate for you in light of your experience, objectives, financial resources and other relevant circumstances. PhillipCapital and any of its employees, directors, associates, group entities, or affiliates shall not be liable for losses, if any, incurred by you. You are further cautioned that trading/investments in financial markets are subject to market risks and are advised to seek independent third party trading/investment advice outside PhillipCapital/group/associates/affiliates/directors/employees before and during your trading/investment. There is no guarantee/assurance as to returns or profits or capital protection or appreciation. PhillipCapital and any of its employees, directors, associates, and/or employees, directors, associates of PhillipCapital's group entities or affiliates is not inducing you for trading/investing in the financial market(s). Trading/Investment decision is your sole responsibility. You must also read the Risk Disclosure Document and Do's and Don'ts before investing.

Kindly note that past performance is not necessarily a guide to future performance.

For Detailed Disclaimer: Please visit our website [www.phillipcapital.in](http://www.phillipcapital.in)

**For U.S. persons only:** This research report is a product of PhillipCapital (India) Pvt Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S.-regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances, and trading securities held by a research analyst account.

This report is intended for distribution by PhillipCapital (India) Pvt Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by the U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated, and/or transmitted onward to any U.S. person, which is not a Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, PhillipCapital (India) Pvt Ltd. has entered into an agreement with a U.S. registered broker-dealer, Decker & Co, LLC. Transactions in securities discussed in this research report should be effected through Decker & Co, LLC or another U.S. registered broker dealer.

#### **If Distribution is to Australian Investors**

This report is produced by PhillipCapital (India) Pvt Ltd and is being distributed in Australia by Phillip Capital Limited (Australian Financial Services Licence No. 246827).

This report contains general securities advice and does not take into account your personal objectives, situation and needs. Please read the Disclosures and Disclaimers set out above. By receiving or reading this report, you agree to be bound by the terms and limitations set out above. Any failure to comply with these terms and limitations may constitute a violation of law. This report has been provided to you for personal use only and shall not be reproduced, distributed or published by you in whole or in part, for any purpose. If you have received this report by mistake, please delete or destroy it, and notify the sender immediately.

#### **PhillipCapital (India) Pvt. Ltd.**

**Registered office:** No. 1, 18th Floor, Urmi Estate, 95 Ganpatrao Kadam Marg, Lower Parel West, Mumbai 400013