

Greenply Industries

BUY

Dominant player in an industry with tailwinds

Summary

We initiate coverage on Greenply Industries with a BUY rating and a target price of Rs171. Greenply is a proxy play on rising real estate sales in India as it is second largest plywood company in India and is on the verge of commissioning a 240,000 cbm Medium-density fibreboard (MDF) plant in Vadodara, Gujarat. We expect the plant to gradually ramp up production during FY24. Post this expansion, we forecast Greenply's sales/EBITDA/net profit to grow at a CAGR of 18%/45%/35%, respectively, over FY23-25E. With this plant, the company will complete its major capex cycle. Hence, we expect its free cashflows to remain strong over FY24-25E and net debt is likely to fall sharply during the same period. Lastly, valuation at (PER of 10x FY25) is inexpensive in our view (Century Plyboards trades at 20x).

Key Highlights and Investment Rationale

- Dominant position in plywood segment:** Greenply Industries is amongst the leading plywood companies in India with a 28% share of the organized market. The company is one of the largest players in the domestic interior infrastructure sector aided by its quality product and strong brand image. Greenply's brands such as 'Green Club 500', Green Club plus 700' and 'Green Gold platinum' in the plywood segment are amongst the leading brands in the premium segment.
- Foraying into fast growing MDF:** The growth in MDF is likely to remain strong (+15%) over the coming five years in India given it's under penetration. Greenply is setting up a 240,000 cbm MDF plant in Vadodara (Gujarat) with a capex of Rs5.9 bn. The plant has revenue potential of Rs6-6.5bn at its peak utilization and will be commissioned by Q4FY23. We expect plant to gradually ramp up during FY24 and expect 65% utilization in FY25 leading to strong growth in overall sales.
- Valuation attractive:** We expect Greenply's free cash flows to remain strong during FY24-25 as it has no major capex plans in FY24-25. Further, leverage is likely to come off gradually. We value the stock at PER of 12x (lower than 8-yr average PER of 25x) FY25E EPS to derive a target price of Rs171.

TP **Rs171**

CMP **Rs137**

Potential upside 25%

Previous Rating --

Price Performance (%)

	-1m	-3m	-12m
Absolute	(1.3)	(14.6)	(19.2)
Rel to Sensex	0.4	(9.8)	(29.3)

V/s Consensus

EPS (Rs)	FY23E	FY24E	FY25E
IDBI Capital	7.4	9.0	14.2
Consensus	7.4	9.0	13.4
% difference	0.4	0.1	6.2

Key Stock Data

Bloomberg / Reuters	MTLM IN / GRPL.BO
Sector	Plywood Boards/ Laminates
Shares o/s (mn)	123
Market cap. (Rs mn)	16,816
3-m daily average value (Rs mn)	1.9
52-week high / low	Rs232 / 134
Sensex / Nifty	59,809 / 17,594

Shareholding Pattern (%)

Promoters	52.3
FII	2.3
DII	32.9
Public	12.5

Financial snapshot

Year	FY21	FY22	FY23E	FY24E	FY25E
Revenue	11,653	15,628	18,089	21,956	25,129
Change (yoy, %)	(18)	34	16	21	14
EBITDA	1,151	1,503	1,549	2,525	3,236
Change (yoy, %)	(26)	31	3	63	28
EBITDA Margin(%)	9.9	9.6	8.6	11.5	12.9
Adj.PAT	633	921	907	1,109	1,750
EPS (Rs)	5.2	7.5	7.4	9.0	14.2
Change (yoy, %)	(35)	46	(2)	22	58
PE(x)	26.6	18.2	18.5	15.2	9.6
Dividend Yield (%)	0.3	0.3	0.4	0.4	0.4
EV/EBITDA (x)	14.9	12.4	15.0	8.8	6.3
RoE (%)	16	19	16	17	22
RoCE (%)	15	18	11	15	20

Source: IDBI Capital Research

Bhavesh Chauhan

bhavesh.chauhan@idbicapital.com
+91-22-2217 1849

Kuber Chauhan

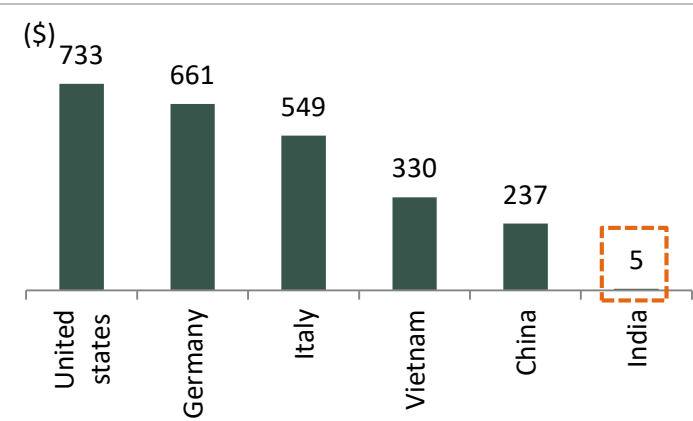
kuber.chauhan@idbicapital.com
+91-22- 2217 1854

Industry overview

Indian furniture market growth to remain strong

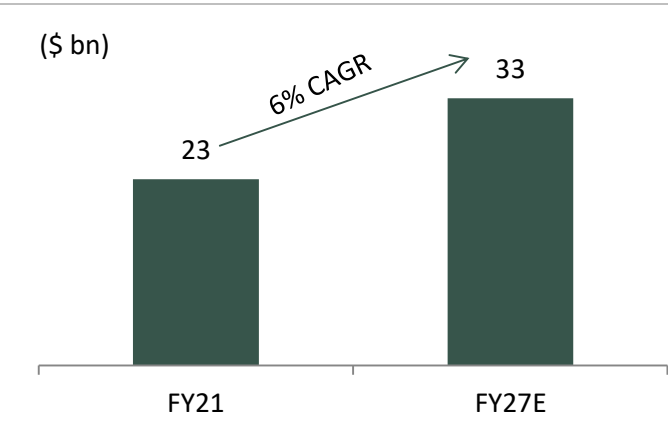
The Indian furniture market is expected to grow by 6% CAGR from \$23 bn in FY21 to \$33 bn in FY27 on the back of rising demand of residential real estate in India. The growth in real estate sector, rise in adoption of ready to made furniture, change in consumer preferences and support of Government’s “Make in India” initiatives are likely to drive the demand for the furniture market in long term. Higher demand from commercial plus residential space and capacity expansion by woodpanel companies are likely to drive furniture market further. Moreover, India’s per capita consumption for furniture products is only \$5 which is significantly lower than other countries.

Exhibit 1: Annual per capita consumption of furniture products



Source: IKEA report, IDBI Capital Research

Exhibit 2: Demand projection for furniture industry in India

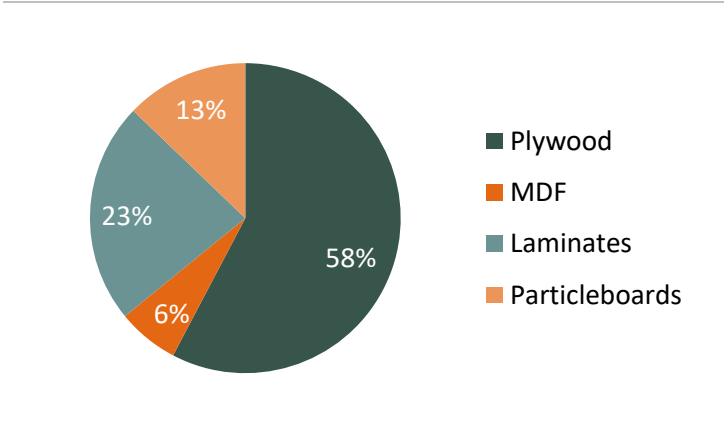


Source: Research & Markets, IDBI Capital Research

Indian wood panel market

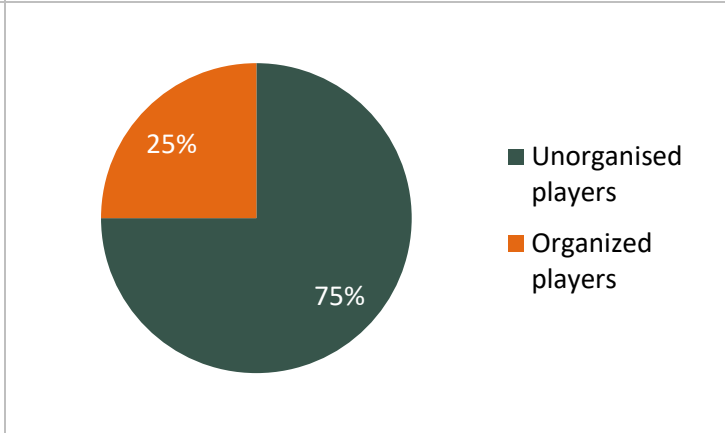
Indian wood panel industry’s estimated size was Rs390 bn in FY22. The industry mainly comprises of plywood, laminates, MDF and Particle boards. The market is dominated by plywood industry, comprising of Rs225 bn of market size. This industry is further bifurcated into different categories such as premium, mass and low end plywood. This segment is been dominated by unorganized players with a share of 75% while MDF segment is been largely been dominated by organized players with a share of 65%.

Exhibit 3: Woodpanel Industry - FY22



Source: Greenply presentation, IDBI Capital Research

Exhibit 4: Unorganized players dominate the plywood industry

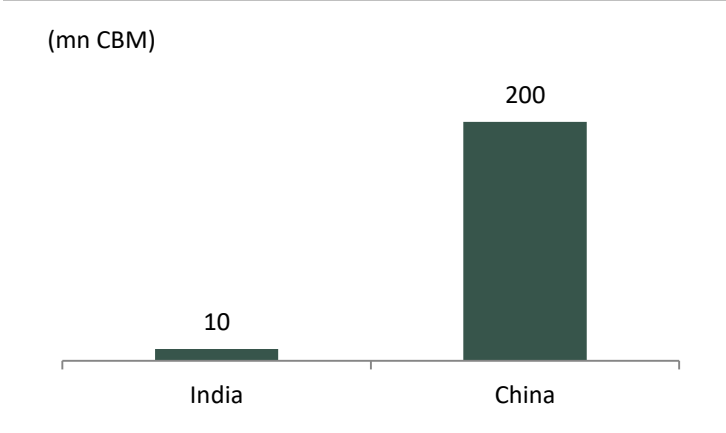


Source: Greenply presentation, IDBI Capital Research

■ Indian Plywood and MDF industry

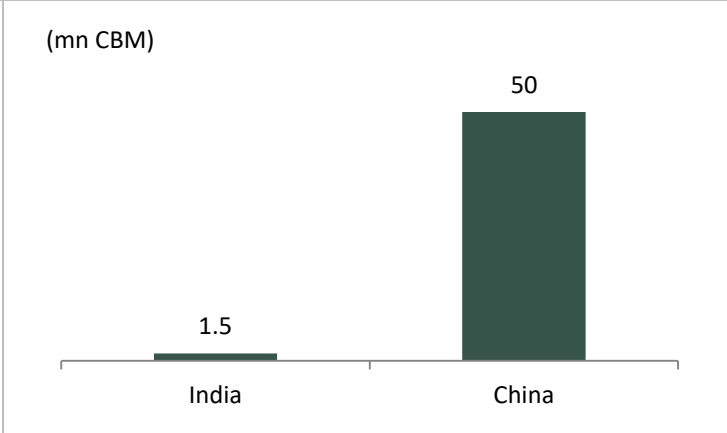
India’s FY21 annual production for plywood is estimated at 10 mn cbm compared to China’s annual production of 200 mn cbm. MDF production is estimated to be around 1.5 mn cbm compared to China’s annual production of 50 mn cbm. These data-points indicate huge headroom for growth in Indian plywood/MDF. In last five years, consumption of MDF segment has grown at a faster pace due to its affordability, flexibility and substitution from low end plywood. Also, companies have expanded their distribution network and exclusive outlets for MDF furniture.

Exhibit 5: Plywood production



Source: Industry data, IDBI Capital Research

Exhibit 6: MDF production

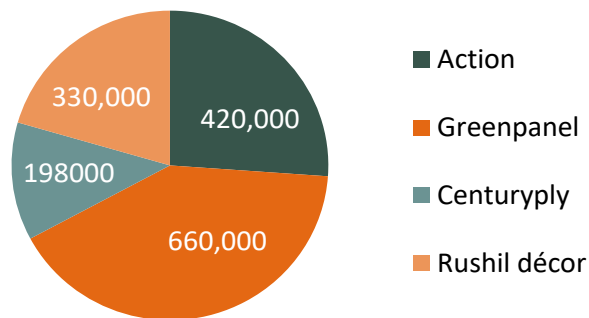


Source: Industry data, IDBI Capital Research

Significant shift towards MDF industry

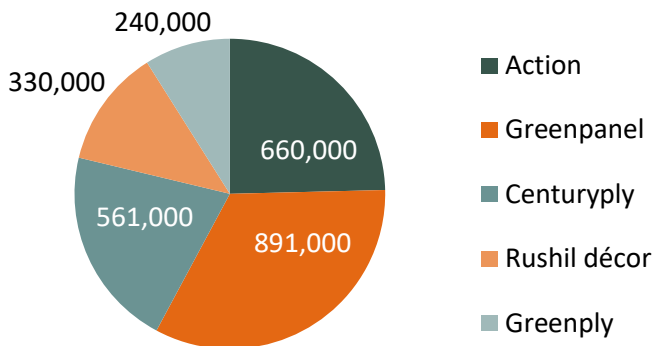
MDF usage in woodpanel industry is growing at the fastest pace among all other categories due to its lower cost and rising acceptability (especially in ready-made furniture). India consumes only 5% of MDF compared to China which indicates significant headroom to grow in India. Therefore, many players are expanding their MDF capacities in India. Our channel checks indicate strong acceptability of MDF in ready-made furniture in recent years.

Exhibit 7: MDF capacity in FY22



Source: Industry data, IDBI Capital Research

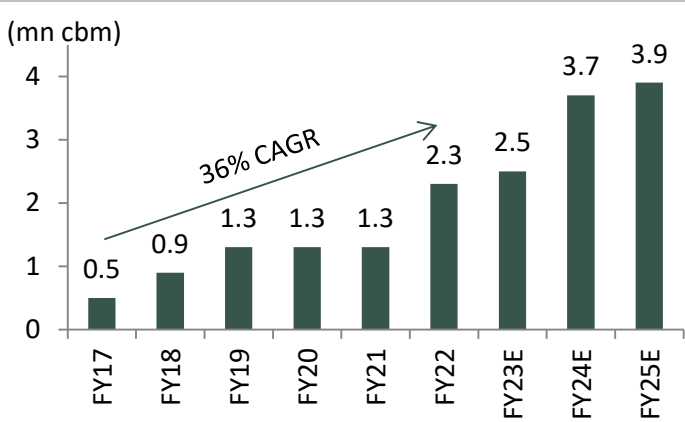
Exhibit 8: MDF capacity by FY25



Source: Industry data, IDBI Capital Research

The Indian MDF industry grew at CAGR of 36% over FY17-22, despite various challenges, including Covid-19 related lockdowns and slowdown in the real estate industry. The current size of the MDF industry is approximately Rs29 bn. Looking ahead, rising urbanization, improving durability and cost benefits (when compared to low grade plywood) will continue to lead to stronger growth of MDF in India.

Exhibit 9: MDF growth to remain strong



Source: Industry data , IDBI Capital Research

Exhibit 10: Woodpanel division - Market size (Rs bn)

Categories	CY21	CY26	CAGR over CY21-26(%)
Plywood	243	300	4.3
MDF	30	60	14.9
Laminates	58	90	9.2
Particle boards	33	64	14.2

Source: Industry data, IDBI Capital Research

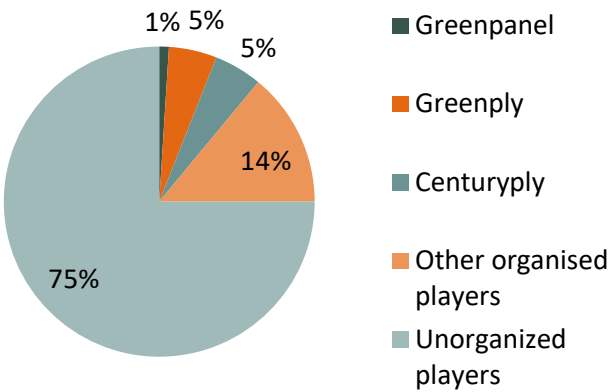
Investment thesis

Greenply has strong presence in premium plywood segment

One of the largest plywood company in India

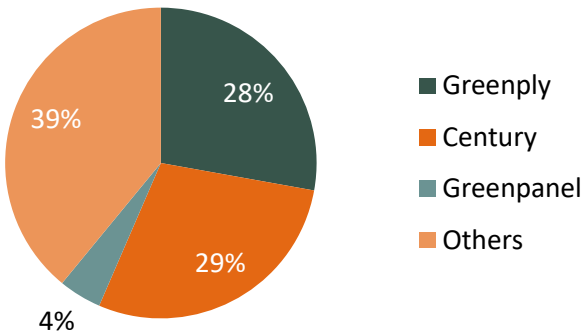
Greenply is amongst the leading plywood manufacturers in India with a 28% share of the organized market, only second to Century Plyboards. The company is mainly focused on premium segment although it company offers a wide range of panel products including plywood, block boards, decorative veneers, doors, and film-faced plywood, among other. Greenply’s brands including ‘Green Club 500’, Green Club plus 700’ and ‘Green Gold platinum’ are amongst the leading brands in the premium segment. Greenply has also gained market share (in some geographies) in lower and mid segment plywood through the outsourcing route with three brands namely ‘Ecotec’, ‘Bharosa’ and ‘Jansathi’.

Exhibit 11: Overall market share in plywood segment



Source: Industry data, IDBI Capital Research

Exhibit 12: Organized players market share



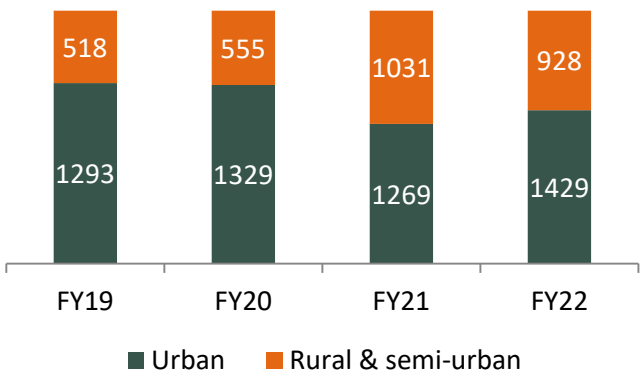
Source: Industry data, IDBI Capital Research

Strong distribution network to increase penetration across its geographical presence.

■ **Strong distribution network and reach**

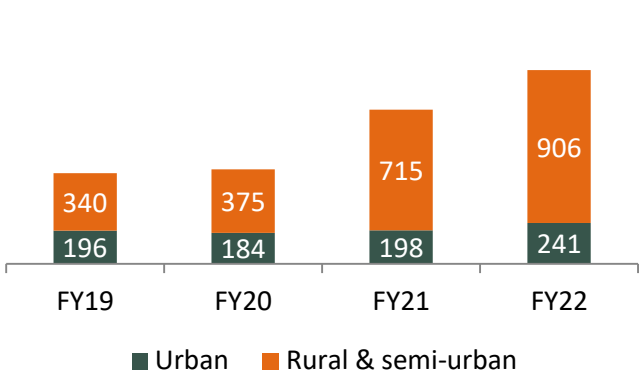
Greenply has a strong distribution network of over 2,300 dealers spread across over 1,100 cities, towns and villages. The company caters to 27 states and 6 union territories which are been served through 55 branches. The dealership mix is tilted towards urban cities (61%) as compare to rural and semi-rural cities (39%) in FY22. The company’s distribution network is supported by its marketing team which is present across India. Moreover, the company will be commissioning its MDF plant in Vadodara (Gujarat) in Q4FY23 for which company has already appointed a new sales team. The team will set up newer distribution channels and develop market strategies.

Exhibit 13: Greenply’s dealer network



Source: Greenply presentation, IDBI capital Research

Exhibit 14: No. of cities covered by Greenply



Source: Greenply presentation, IDBI capital Research

Exhibit 15: Greenply has PAN India presence



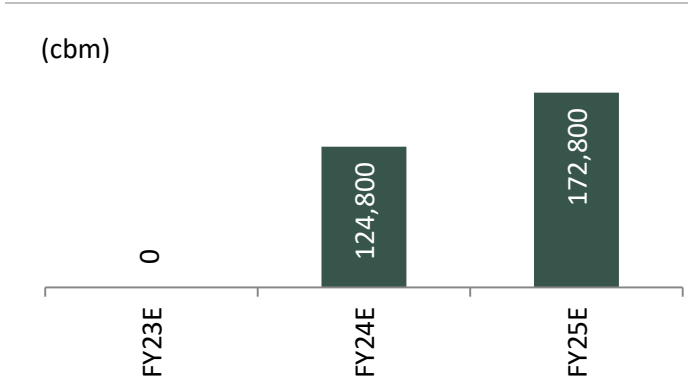
Source: Greenply presentation, IDBI Capital Research

Foraying into MDF space to provide better product mix

■ Foraying in fast growing MDF segment

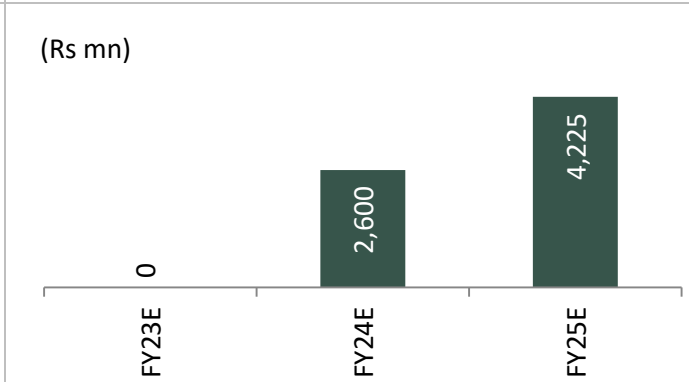
In Q2FY22, Greenply forayed into MDF division. It incurred capex of Rs5.9 bn for setting up a MDF plant in Vadodara (Gujarat). The plant will have an installed capacity of 240,000 CBM which will have revenue potential of Rs6-6.5 bn at its peak utilization (likely in 4 years). The plant is expected to commence operations by Q4FY23. However, we expect meaningful profitability from this plant to commence from FY25.

Exhibit 16: MDF sales volume over FY23-FY25E



Source: Company, IDBI Capital Research

Exhibit 17: Revenue from MDF division to gradually increase

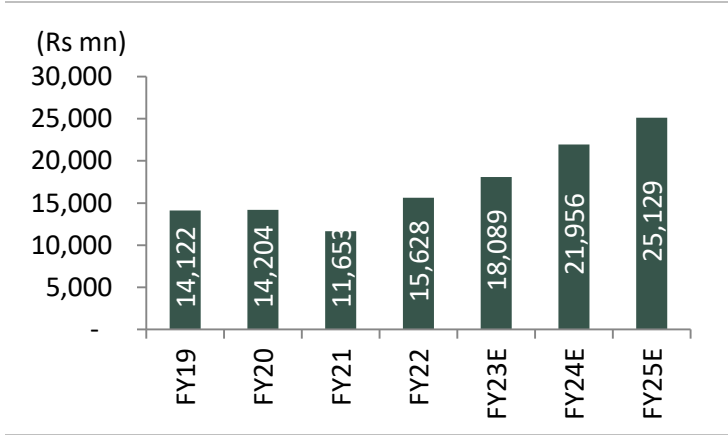


Source: Company, IDBI Capital Research

■ **FCFF to improve; Leverage to come off;**

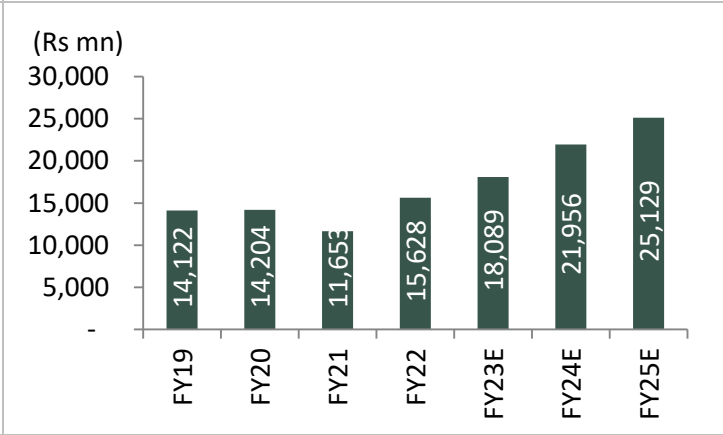
We expect Greenply to generate strong cash-flows from FY24 as it has not lined up any major capex plans over FY24-25 and will mainly focus on ramping up MDF production. Hence, its leverage is likely to come off meaningfully in the coming two years.

Exhibit 18: Sales to grow at a CAGR of 18% over FY23-25E



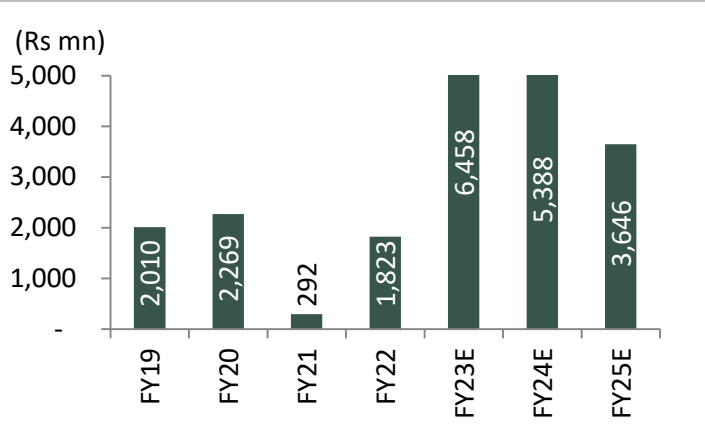
Source: Company; IDBI Capital Research

Exhibit 19: EBITDA to grow at a CAGR of 45% over FY23-25E



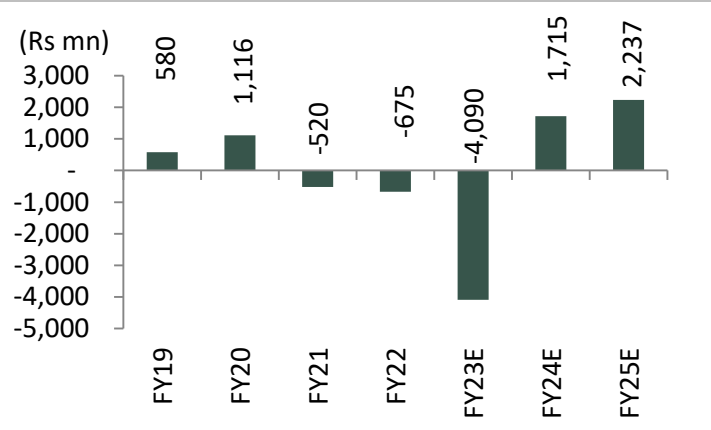
Source: Company; IDBI Capital Research

Exhibit 20: Net debt to come off gradually



Source: Company; IDBI Capital Research

Exhibit 21: FCFF to improve over coming years

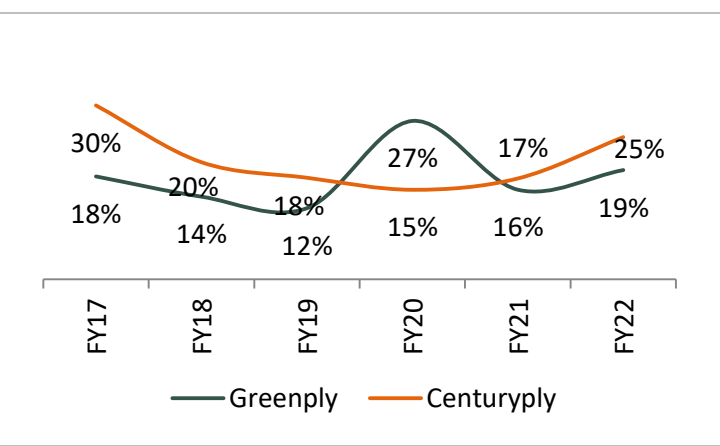


Source: Company; IDBI Capital Research

Peer comparison

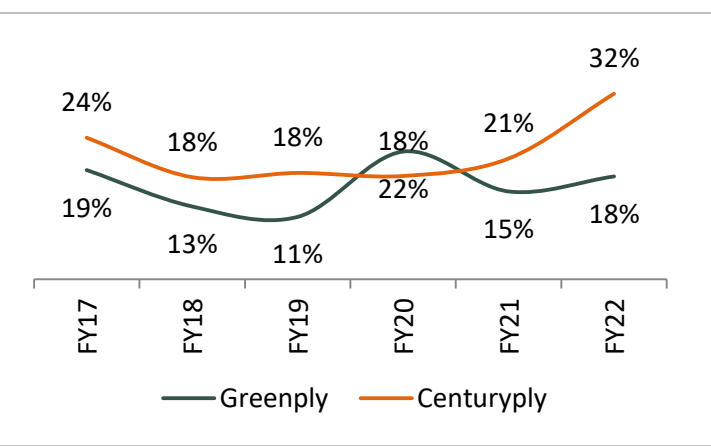
We have compared Greenply with its Century Plyboards in Indian wood panel industry. Century has a diverse product range compared to Greenply. Also, it has higher return ratios over Greenply. However, Greenply scores over Century in working capital management.

Exhibit 22: ROE comparison (%)



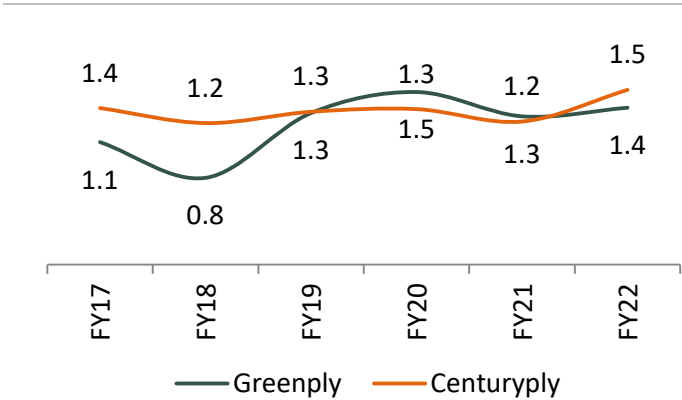
Source: Company; IDBI Capital Research

Exhibit 23: ROCE comparison (%)



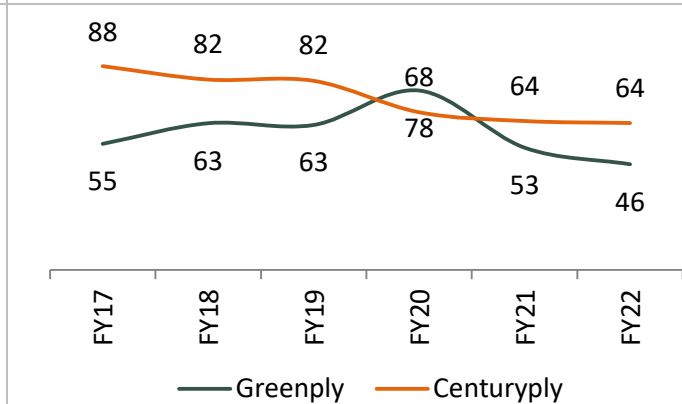
Source: Company; IDBI Capital Research

Exhibit 24: Asset turnover (x)



Source: Company; IDBI Capital Research

Exhibit 25: Greenply scores over Century in working capital days



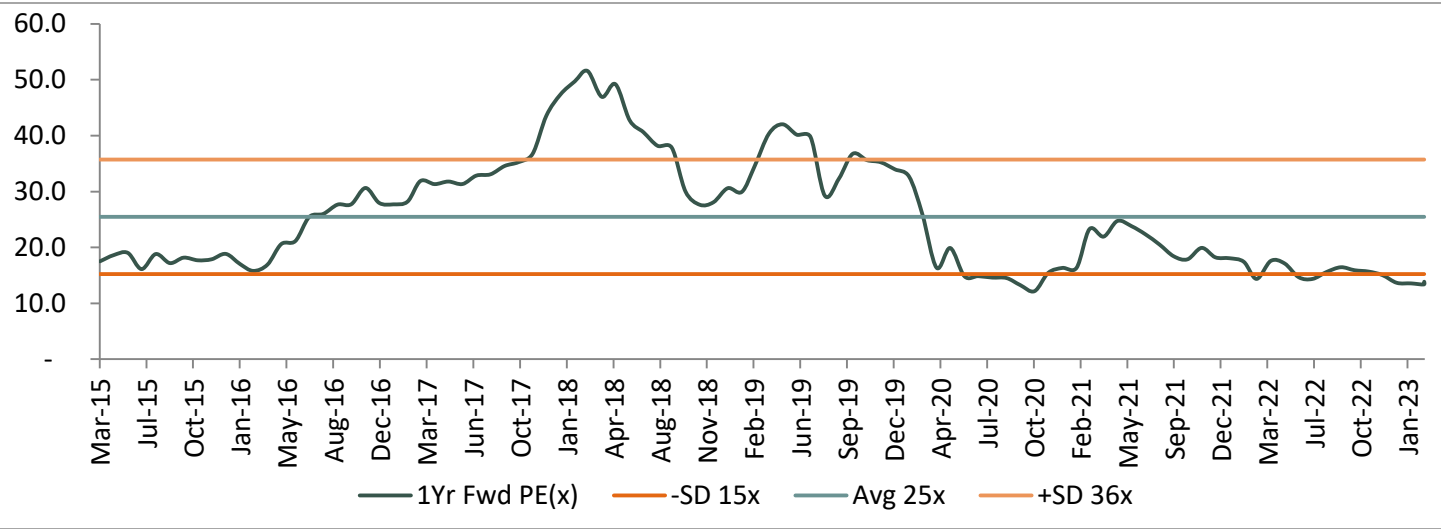
Source: Company; IDBI Capital Research

Greenply trades at a steep discount to Century Plyboards

Valuation and Outlook

With structural tailwinds in the real estate industry, we forecast Greenply’s EPS to grow at CAGR of 19% over FY22-25E. Greenply stock trades at a significant discount to Century Plyboards. We value the stock at PER of 12x on our FY25 EPS to derive a target price of Rs171.

Exhibit 26: One-year forward PER trend



Source: Company, IDBI Capital

Exhibit 27:Peer valuation

	PER			P/BV			ROE		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Centuryply board	35.1	24.4	20.0	6.3	5.3	4.4	19	24	24
Greenply Industries	18.5	15.2	9.6	2.8	2.4	1.9	16	17	22
Greenpanel Industries	13.8	12.7	11.9	2.9	2.4	2.0	23	21	18
Greenlam Industries	34.3	26.4	19.5	4.3	3.8	3.2	15	16	18
Average	25.4	19.7	15.3	4.1	3.5	2.9	18	20	21

Source: Bloomberg (except greenply & centurply board), IDBI Capital Research

Corporate governance check

■ Independent directors' representation on the board

Independent directors constituted between 50-75% of Greenply's Board of Directors in the last five years indicating higher role of professionals compared to the promoters.

Exhibit 28: Representation of independent directors and promoters

	FY17	FY18	FY19	FY20	FY21	FY22
Promoters group Directors	2	2	2	3	3	3
Independent Directors	5	5	5	5	4	5
Total Directors	7	7	7	8	7	8
Share of promoter directors (%)	29	29	29	38	43	38
Share of independent directors (%)	71	71	71	63	57	63

Source: Company; IDBI Capital Research

■ Promoter group compensation analysis

Greenply's promoters' compensation has remained high in the recent years despite rise in net profits. Over FY18-22, it has been in the range of 5-11% of net profit.

Exhibit 29: Promoters group compensation

(Rs mn)	FY18	FY19	FY20	FY21	FY22
Rajesh Mittal	52	38	36	37	60
Sanidhya Mittal	5	19	15	14	24
Total compensation	57	57	51	51	83
Net profit	1,106	797	473	609	947
Total compensation as a % of net profit	5%	7%	11%	8%	9%

Source: Company; IDBI Capital Research

■ Related party transaction

The promoters have lent loans to Greenply. However, the proportion of loans is insignificant.

Exhibit 30: Promoter loans to Greenply

(Rs mn)	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Loans given by promoters to Greenply	99	47	163	221	212	183	189
Debt (excluding promoters)	2,601	4,410	6,959	2,279	2,462	1,734	2,729
Total debt	2,700	4,457	7,122	2,500	2,674	1,917	2,919

Source: Company; IDBI Capital Research

■ Contingent liabilities

Greenply's contingent liability is not significant as a proportion of its net worth.

Exhibit 31: Contingent liabilities

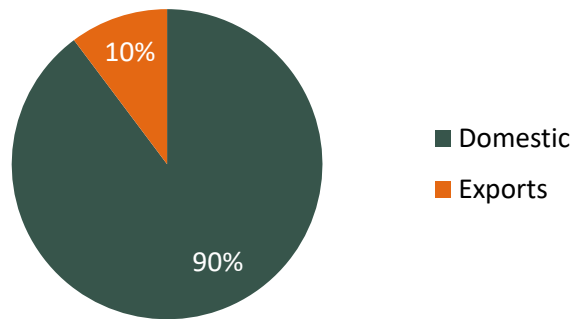
(Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22
Contingent liabilities (Rs mn)	482	540	445	512	560	556
Net worth (Rs mn)	7,727	8,775	3,352	3,779	4,367	5,382
<i>Contingent liabilities as a % of net worth</i>	<i>6</i>	<i>6</i>	<i>13</i>	<i>14</i>	<i>13</i>	<i>10</i>

Source: Company; IDBI Capital Research

Company overview

Incorporated in 1990, Greenply is one of India’s largest woodpanel companies. It is engaged in the manufacturing of plywood and is on the verge of commissioning a MDF plant. The company has four manufacturing facilities of plywood, one each in Nagaland, West Bengal, Gujarat and Uttar Pradesh with a plywood capacity of 48.4 mn sqm. The company’s major brands in the plywood premium segment are ‘Green Club 500’ ‘Green Club plus 700’ ‘Green Gold platinum’. As a part of backward integration initiatives, the company has face veneer peeling capacity of 96,000 CBM in Gabon, West Africa.

Exhibit 32: Geographical mix – FY22



Source: Company; IDBI Capital Research

Exhibit 33: Plant locations and capacities

Location	Capacities (mn sqm)
Kriparampur, West Bengal	11
Tizit, Nagaland	8.1
Bamanbore, Gujarat	15.8
Sandila, Lucknow	13.5

Source: Company; IDBI Capital Research

Key Employees

Exhibit 34: Key management persons

Name	Designation	Details
Mr. Rajesh Mittal	Chairman & MD	He is a promoter of the company who joined Greenply in 1984. He is a commerce graduate with 30 years of experience.
Mr. SanidhyaMittal	Joint MD	He is B.com graduate with 5 years of experience. He is focused on strengthening branding.
Mr. Manoj Tulsian	Joint MD & CEO	Prior to Joining Greenply Industries, he was associated with couple of brands such as Kalpataru, VIP industries and Gabriel India.
Mr. Indranil Roy	Chief Sales and Business Officer	He is a gold medalist from the prestigious IISWBM Kolkata and holds 30 years of experience in sales & marketing. He was previously associated with the companies such as VIP Industries, Century Pulp & Paper, Safari Industries, Whirlpool India, Panasonic and Titan.

Source: Company; IDBI Capital Research

Key risks

Slowdown in real estate sales: A general slowdown in real economy/rising interest rate could affect real estate sales which in turn could lead to weak sales for woodpanel industry.

Margin compression in MDF: Existing MDF players are expanding capacities and Greenply is on the verge of commencing its MDF plant. Rising imports/slowdown in real estate could pressurize MDF margins.

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23E	FY24E	FY25E
Net sales	14,204	11,653	15,628	18,089	21,956	25,129
<i>Change (yoy, %)</i>	0.6	(18)	34	16	21	14
Operating expenses	(12,648)	(10,503)	(14,125)	(16,541)	(19,430)	(21,893)
EBITDA	1,556	1,151	1,503	1,549	2,525	3,236
<i>Change (yoy, %)</i>	8.9	(26)	31	3	63	28
<i>Margin (%)</i>	11.0	9.9	9.6	8.6	11.5	12.9
Depreciation	(257)	(231)	(258)	(359)	(597)	(656)
EBIT	1,299	920	1,244	1,190	1,928	2,580
Interest paid	(208)	(166)	(119)	(242)	(542)	(338)
Other income	20	84	99	92	96	97
Pre-tax profit	1,112	837	1,224	1,039	1,482	2,340
Tax	(134)	(205)	(303)	(132)	(374)	(590)
<i>Effective tax rate (%)</i>	12.1	24.4	24.7	12.7	25.2	25.2
Minority Interest	-	-	-	-	-	-
Net profit	977	633	921	907	1,109	1,750
Exceptional items	-	-	-	-	-	-
Adjusted net profit	977	633	921	907	1,109	1,750
<i>Change (yoy, %)</i>	30.8	(35)	46	(2)	22	58
EPS	8.0	5.2	7.5	7.4	9.0	14.2
Dividend per share	0.4	0.4	0.4	0.5	0.5	0.5
<i>Dividend Payout %</i>	5.0	7.8	5.3	6.8	5.5	3.5

Balance Sheet

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23E	FY24E	FY25E
Shareholders' funds	3,779	4,367	5,382	6,092	7,139	8,828
Share capital	123	127	258	123	123	123
Reserves & surplus	3,657	4,240	5,123	5,969	7,017	8,705
Total Debt	2,371	1,572	2,549	7,161	5,644	4,295
Other liabilities	2,357	1,594	2,608	7,220	5,703	4,354
Curr Liab & prov	3,728	1,939	1,864	2,158	2,619	2,998
Current liabilities	3,381	3,127	3,526	3,980	4,641	5,217
Provisions	348	212	225	225	225	225
Total liabilities	5,738	4,720	6,134	11,200	10,343	9,571
Total equity & liabilities	9,517	9,087	11,515	17,292	17,483	18,399
Net fixed assets	3,194	3,147	4,621	9,863	9,766	9,609
Investments	-	-	-	-	-	-
Other non-curr assets	507	521	1,402	1,412	1,423	1,435
Current assets	5,815	5,419	5,492	6,017	6,293	7,355
Inventories	1,771	1,792	2,256	2,478	2,707	2,960
Sundry Debtors	3,565	1,939	1,864	2,158	2,619	2,998
Cash and Bank	103	1,280	726	703	256	649
Loans and advances	198	248	510	535	562	590
Other current assets	178	160	136	142	150	157
Total assets	9,517	9,087	11,515	17,292	17,483	18,399

Cash Flow Statement

(Rs mn)

Year-end: March	FY20	FY21	FY22	FY23E	FY24E	FY25E
Pre-tax profit	1,112	837	1,224	1,039	1,482	2,340
Depreciation	210	193	201	359	597	656
Tax paid	(198)	(164)	(311)	(132)	(374)	(590)
Chg in working capital	(2,374)	1,301	(252)	(86)	(56)	(83)
Other operating activities	-	-	-	-	-	-
Cash flow from operations (a)	(1,250)	2,168	861	1,180	1,649	2,323
Capital expenditure	(712)	(146)	(1,675)	(5,600)	(500)	(500)
Chg in investments	-	-	-	-	-	-
Other investing activities	-	-	-	-	-	-
Cash flow from investing (b)	(712)	(146)	(1,675)	(5,600)	(500)	(500)
Equity raised/(repaid)	-	5	131	(136)	-	-
Debt raised/(repaid)	155	(800)	978	4,612	(1,517)	(1,349)
Dividend (incl. tax)	(49)	(49)	(49)	(61)	(61)	(61)
Chg in minorities	-	-	-	-	-	-
Other financing activities	-	-	-	-	-	-
Cash flow from financing (c)	106	(844)	1,059	4,415	(1,578)	(1,410)
Net chg in cash (a+b+c)	(1,856)	1,178	246	(5)	(429)	413

Financial Ratios

Year-end: March	FY20	FY21	FY22	FY23E	FY24E	FY25E
Book Value (Rs)	30.8	36	44	50	58	72
Adj EPS (Rs)	8.0	5.2	7.5	7.4	9.0	14.2
Adj EPS growth (%)	30.8	(35)	46	(2)	22	58
EBITDA margin (%)	11.0	9.9	9.6	8.6	11.5	12.9
Pre-tax margin (%)	7.8	7.2	7.8	5.7	6.8	9.3
Net Debt/Equity (x)	0.6	0.1	0.3	1.1	0.8	0.4
ROCE (%)	22.1	15	18	11	15	20
ROE (%)	27.4	16	19	16	17	22
DuPont Analysis						
Asset turnover (x)	1.4	1.3	1.5	1.3	1.3	1.4
Leverage factor (x)	2.8	2.3	2.1	2.5	2.6	2.2
Net margin (%)	6.9	5.4	5.9	5.0	5.1	7.0
Working Capital & Liquidity ratio						
Inventory days	46	56	53	50	45	43
Receivable days	92	61	44	44	44	44
Payable days	67	71	56	55	57	58

Valuations

Year-end: March	FY20	FY21	FY22	FY23E	FY24E	FY25E
PER (x)	17.2	26.6	18.2	18.5	15.2	9.6
Price/Book value (x)	4.4	3.8	3.1	2.8	2.4	1.9
EV/Net sales (x)	1.3	1.5	1.2	1.3	1.0	0.8
EV/EBITDA (x)	12.3	14.9	12.4	15.0	8.8	6.3
Dividend Yield (%)	0.3	0.3	0.3	0.4	0.4	0.4

Source: Company; IDBI Capital Research



Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
---------	-------------------	-------------------------

Key to Ratings Stocks:

BUY: 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

IDBI Capital Markets & Securities Ltd.**Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2215 1787; 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) 2217 1907

Disclaimer

This report has been published by IDBI Capital Markets & Securities Ltd.(hereinafter referred to as “IDBI Capital”) for private circulation. This report 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 report. The information contained herein is strictly confidential and meant for 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 the prior written consent of IDBI Capital.

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, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. 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 behavior 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 associates 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 report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital 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 arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

Analyst Disclosures

We, Bhavesh Chauhan and Kuber Chauhan, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, we will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Other Disclosure

IDBI Capital Markets & Securities Ltd.(herein after referred to as “IDBI Capital”) was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India’s leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates 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 associates 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 dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital 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 sales people, 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. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. 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 associates, 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 and its associates 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 hereby declares 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 advice 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. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, 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)/associates 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. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. 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 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 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 www.bseindia.com; www.nseindia.com and www.economictimes.indiatimes.com/markets/stocks/stock-quotes.