

## PHOENIX LAMPS

INR 240



Luminous

BUY

\* Domestic CFL market growing at 40%; Phoenix in a sweet spot to capture this growth

The Indian market for compact fluorescent lamps (CFL) estimated at INR 8.3 bn in 2006 (*Source:ELCOMA India*) has been growing at ~40% over the past few years. Phoenix Lamps is looking to triple its current capacity of 25 mn units to 75 mn units by FY09E, post which the company would be one of the largest producers of CFL in the country. Its association with Eveready Industries will help increase its market penetration and brand awareness. The CFL segment, which contributed 45% to Phoenix Lamps' FY07 turnover, is likely to grow at a CAGR of 46% over FY07-10E and contribute INR 4 bn (64% of total sales) to revenues in FY10E.

\* Domestic market leader in automotive halogen lamps; widening its global reach

Phoenix Lamps, domestic market leader in automotive halogen lamps, is increasing its installed capacity of automotive lamps by 14% to 80 mn pieces by Q1FY09. The company plans to augment its presence in international markets by capitalizing on its existing relationships with OEMs like Suzuki, Renault, and Hyundai. Exports, which mainly included automotive lamps, contributed 33% of revenues in FY07. The automotive lamps business, which contributed 55% to FY07 revenues, is likely to grow at ~11% CAGR over FY07-10E to INR 2.2 bn in FY10E.

\* CFLs gaining favour; rising awareness and affordability fuel growth

Lower energy requirements and heat emissions, higher product life, and increasing affordability, are the main reasons behind consumers switching over to CFL. Proactive measures by the Indian government towards energy conservation such as providing CFLs at lower rates for below-poverty-line households and lowering of VAT in some states, will help augment the market for CFLs in the country. Considering these initiatives to promote CFL, we believe Phoenix Lamps is well placed to exploit opportunities in the domestic market.

\* Outlook and valuations: Attractive; initiating coverage with 'BUY'

The CFL segment, which grew at 48% CAGR over FY04-07, is likely to steer the company's growth over the next few years on the back of a radically changing industry. We expect the company's revenues and profits to grow at a CAGR of 29% and 24%, respectively, over FY07-10E. At INR 240, the stock is trading at 13.8x and 11.2x our FY09E and FY10E EPS of INR 17.4 and INR 21.5 respectively. Given the growth in its CFL segment, decent valuations, and high management pedigree, we initiate coverage on the stock with a 'BUY' recommendation.

#### Financials

| Year to March       | FY07  | FY08E | FY09E | FY10E |
|---------------------|-------|-------|-------|-------|
| Revenues (INR mn)   | 2,778 | 3,507 | 5,015 | 6,051 |
| EBITDA (INR mn)     | 454   | 563   | 775   | 929   |
| Net profit (INR mn) | 315   | 386   | 487   | 601   |
| EPS (INR)           | 11.2  | 13.8  | 17.4  | 21.5  |
| EPS growth (%)      | 12.1  | 22.4  | 26.3  | 23.5  |
| CEPS (INR)          | 15.1  | 18.1  | 23.7  | 28.3  |
| P/E (x)             | 21.3  | 17.4  | 13.8  | 11.2  |
| P/CEPS (x)          | 15.9  | 13.3  | 10.1  | 8.5   |
| EV/EBITDA           | 15.9  | 13.2  | 10.1  | 8.2   |
| Dividend yield (%)  | 1.2   | 1.5   | 1.7   | 1.9   |
| ROE (%)             | 24.1  | 24.4  | 25.2  | 25.1  |

January 3, 2007

**Prakash Kapadia**  
+91-22-4097 9843  
prakash.kapadia@edelcap.com

**Sanjeev Rohra**  
+91-22-4097 9844  
sanjeev.rohra@edelcap.com

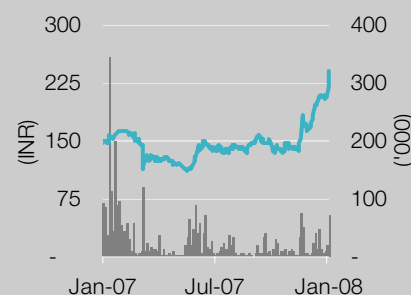
Reuters : PHLM.BO  
Bloomberg : PL IN

#### Market Data

52-week range (INR) : 254 / 108  
Share in issue (mn) : 28.0  
M cap (INR bn/USD mn) : 6.7 / 170.2  
Avg. Dly Vol.BSE ('000) : 50.5

#### Share Holding Pattern (%)

Promoters : 66.1  
MFs, Fls & Banks : 2.0  
Fls : 1.9  
Others : 30.0

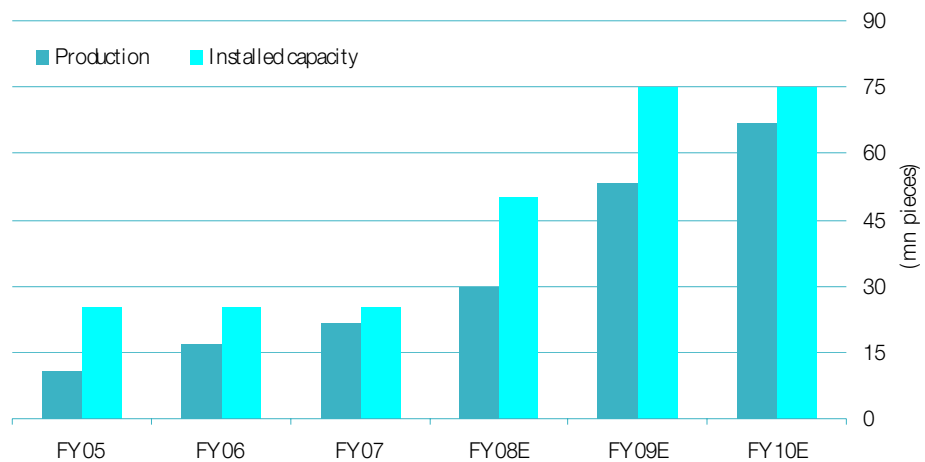


## Investment Rationale

### \* Domestic CFL market growing at 40%; Phoenix Lamps in a sweet spot to capture this growth

The Indian market for CFLs estimated at INR 8.3 bn in 2006 (*Source:ELCOMA India*) has been growing at ~40% over the past few years. Phoenix Lamps, a leading player in CFLs, is looking to triple its current capacity of 25 mn units to 75 mn units by FY09E. Its association with Eveready Industries is a strategic step towards increasing its market penetration and brand awareness in a fiercely competitive market. Favorable market trends towards CFL in domestic as well as international markets puts Phoenix Lamps in a sweet spot for the coming few years. The CFL segment, which contributed 45% to Phoenix Lamps' FY07 turnover, is likely to grow at a CAGR of 46% over FY07-10E and contribute INR 4 bn (64% of total sales) to revenues in FY10E.

Chart 1: Capacity expansions



Source: Company, Edelweiss research

Considering the growth opportunity in the CFL space, Phoenix Lamps is ramping up its current capacity of 25 mn units to 75 mn units by FY09E in two phases:

- ◆ Phase 1: Addition of 25 mn units during Q4FY08E.
- ◆ Phase 2: Addition of 25 mn units during Q2FY09E.

The proposed expansion is at a cost of INR 700-800 mn, which will be funded by debt and internal accruals. With a capacity of 75 mn lamps post expansion, the company would be one of the largest producers of CFL in the country.

### \* Domestic market leader in automotive halogen lamps; widening its global reach

Phoenix Lamps, domestic market leader in automotive halogen lamps, is increasing its installed capacity of automotive lamps by 14% to 80 mn pieces by Q1FY09. The company, with its diverse geographical client base and exports covering over 40 countries (mainly in Europe), has ensured a de-risked business model. Exports, which mainly included automotive lamps, contributed 33% of revenues in FY07. The company plans to augment its presence in international markets by capitalizing on its existing relationships with OEMs like Suzuki, Renault, and Hyundai. The automotive business, which contributed 55% to FY07 revenues, is likely to grow at a steady ~11% CAGR over FY07-10E to INR 2.2 bn in FY10E.

\* **CFLs gaining favour; rising awareness and affordability fuel growth**

Advantages such as lower energy requirements and heat emissions, higher product life, and increasing affordability, over incandescent bulbs are the main reasons behind countries banning the sale of incandescent bulbs and switching over to CFLs. Although the Indian government has not issued any official policy in this regard, proactive measures towards energy conservation such as providing CFLs at lower rates for below-poverty-line households and lowering of VAT in some states will help augment the market for CFLs in the country. Considering these initiatives to promote CFL, we believe Phoenix Lamps is well placed to exploit opportunities in the domestic markets.

**Table 1: General lighting services versus CFL: How they compare**

|                                  | GLS (60 watt) | CFL (15 watt) | Savings |
|----------------------------------|---------------|---------------|---------|
| Purchase price (INR)             | 12            | 120           |         |
| Efficacy (lumen/watt)            | 12            | 42-60         |         |
| Lifetime (hours)                 | 1,000         | 7,000         |         |
| Cost incurred in 1000 hrs (INR)  | 300           | 75            |         |
| Total cost over 7,000 hrs (INR)  | 2,184         | 645           | 1,539   |
| CO2 emissions per 1,000 hrs (kg) | 52.2          | 13.1          | 39.2    |

Source: Greenpeace

\* **Outlook and valuations: Attractive; initiating coverage with 'BUY'**

Phoenix Lamps' CFL business, which grew at 48% CAGR over FY04-07, is likely to steer the company's growth over the next few years on the back a radically changing industry. Its sales and profits have grown at 23.4% and 50.6% CAGR, respectively, over FY04-07. Profits have grown at a faster pace compared to sales over the past three years on account of lower tax rates. We expect the company's revenues and profits to grow at a CAGR of 29% and 24%, respectively, over FY07-10E. At INR 240, the stock is trading at 13.8x and 11.2x our FY09E and FY10E EPS of INR 17.4 and INR 21.5 respectively. Given the growth in its CFL segment, decent valuations, and high management pedigree, we initiate coverage on the stock with a 'BUY' recommendation.

## Key Risks

\* **Higher than anticipated rise in raw material costs**

Phoenix Lamps' gross margins in the CFL segment are lower than those in the automotive lamps segment mainly due to competitive pressures as well as higher cost of inputs. Since CFLs are likely to account for bulk of future revenues, raw material costs as a percentage of sales will increase, which could result in lower operating margins.

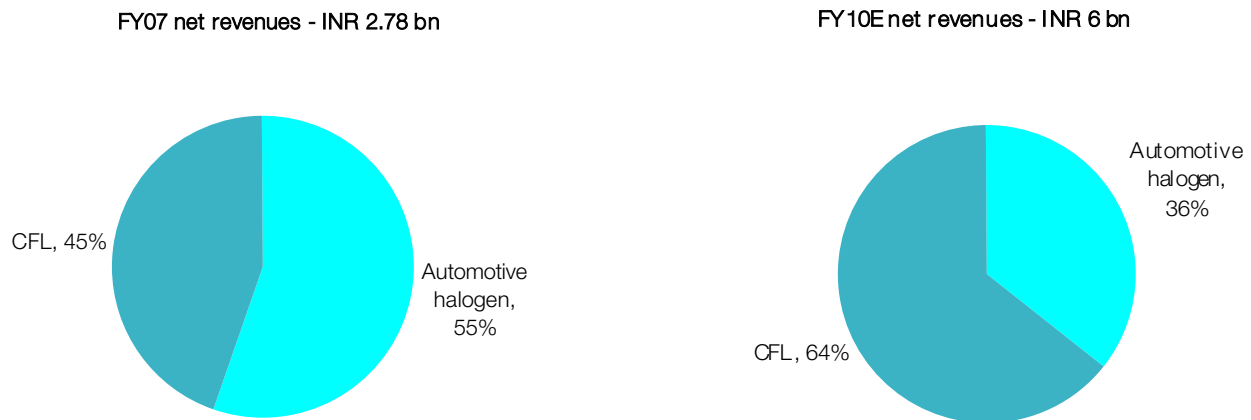
\* **Rising competition**

Domestic players like Havells, Phillips, and Indo Asian Fuse Gear are in an expansion mode which may lead to a price war in the domestic market. However, we believe the market is large enough to accommodate this growth as additional production within the country will be used to substitute imports from China as well as feed the growing export markets.

## Company Description

Incorporated in 1991, Phoenix Lamps manufactures automotive halogen lamps, CFL, and halogen lamps for general lighting under the brand *Halonix*. The company has an installed capacity of 95 mn lamps p.a. (70 mn automotive lamps and 25 mn CFLs) and a product portfolio of ~500 types of lamps across segments. Its plants are located at Noida, Dehradun, and Haridwar.

Chart 2: Revenue breakup



Source: Company, Edelweiss Research

The percentage of exports to total revenues has declined from 54% in FY04 to 33% in FY07 which demonstrates the company's focus on domestic markets largely driven by the CFL segment. However, on the back of expanded capacities in the CFL segment, we believe the company is in a good position to tap international markets in addition to the fast growing domestic CFL market.

**Automotive halogen lamps:** Phoenix Lamps is a dominant player in the INR 2-bn domestic automotive lamps industry. This segment has been growing at ~15% and contributed 55% to revenues in FY07, compared to 65% in FY04. Its current customer base includes OEMs like Maruti Suzuki, Tata Motors, Renault, Hyundai, and tier 1 suppliers like Bosch, Hella and Osram (USA). Exports, which mainly included automotive lamps, contributed 33% of revenues in FY07. The company plans to increase its overseas automotive lamps business by capitalizing on its existing relationships with global OEMs like Suzuki, Hyundai, and Renault. The company is in the process of increasing its installed capacity of automotive lamps by 14% to 80 mn pieces by Q1FY09. Other key players in this space are Phillips, Osram, and Jagan Lamps.

**Compact fluorescent lamps (CFL):** One of the early birds in the CFL business, Phoenix Lamps started producing CFLs in 1992-93 and is currently one of the largest manufacturers of CFLs in India with an installed capacity of 25 mn units. This segment of the company has been growing at 48% CAGR since the past three years and contributed 45% to FY07 revenues, compared to 24% in FY04. Phoenix Lamps contract manufactures CFLs for various international and domestic players as well as retails them under its own brand (Own brand sales contribute ~25% of CFL sales). Other players producing CFLs in the country are Havells, Phillips, Bajaj, Surya Roshni, Wipro, and Indo Asian Fuse Gear.

\* **Income tax exemption at Haridwar likely to offset falling EBITDA margins**

The new facility will be commissioned in Haridwar with 100% income tax exemption for five years and a 30% exemption for the next five years; the plant also enjoys 100% excise duty exemption for ten years. Due to the competitive nature of the industry CFLs attract lower margins than automotive lamps and hence overall EBITDA margins of the company are likely to decline going forward. However we believe tax exemptions would help maintain net margins at ~10%.

\* **Distribution tie up with Eveready Industries provides wider footprint**

Phoenix Lamps has tied up with Eveready Industries for sale and distribution of its CFLs, thus leveraging on the latter's distribution reach of 3 mn FMCG outlets throughout the country. These lamps will be sold under the *Eveready Halonix* brand. This, we believe, will help Phoenix Lamps augment its distribution reach as well as increase brand awareness.

\* **Controlling stake by Actis**

Actis has acquired 66% of Phoenix Lamps' equity capital (18,509,587 shares) in March 2007. A leading private equity investor in emerging markets for over 60 years, Actis has USD 3.5 bn of funds under management:

Actis stake acquisition:

- ♦ 8,735,727 from erstwhile promoters (the Gupta family) at INR 190/share.
- ♦ 5,603,860 through an open offer at INR 190/share.
- ♦ 4,170,000 by way of conversion of warrants, allotted in June 2006, at INR 102/share.

The erstwhile promoters have signed a three year non-competing agreement with Actis which prohibits them from entering into similar businesses till March 2010.

## Industry Overview

### \* Global CFL industry: Sales have grown 15x

Global CFL sales have grown at a CAGR of ~25% over the past 15 years and have risen 15-fold from 100 mn units in 1990 to more than 1.5 bn units in 2006 (*Source: Australian Greenhouse Office*). Inexpensive labour, cheaper material and economies of large-scale production have helped China increase its market share from 56% in 1997 to more than 90% in 2006. Aided by falling production costs, India is likely to increase its production of CFL to 172 mn units by 2009E (*Source: Australian Greenhouse Office*). This will not only limit India's import of CFL but will also help the country establish a larger global market for CFL exports. Japan, Korea, Germany, and Italy are other countries which help meet the global CFL demand. Phillips, GE and Osram are the largest global players.

### \* Domestic CFL industry: Growing at 35-40% p.a.

The CFL market in India, valued at INR 8.3 bn in 2006, has been growing at ~40% p.a. since the past few years on the back of perceptible advantages of CFL over traditional incandescent bulbs:

- ♦ **Longer life:** Life of a CFL is 7-10x that of an incandescent bulb.
- ♦ **Energy efficient:** CFLs use one fourth to one fifth of the energy consumed by traditional bulbs to produce the same amount of light.
- ♦ **Environment friendly:** CFLs convert only 30% of energy consumed into heat versus 90% by incandescent lamps.

**Table 2: Lighting industry in India as in 2006**

| Category                     | Value (INR bn) | Quantity (mn pieces) |
|------------------------------|----------------|----------------------|
| GLS Lamps                    | 6.9            | 830                  |
| FTL                          | 12.1           | 176                  |
| <b>CFL</b>                   | <b>8.3</b>     | <b>100</b>           |
| Special Lamps                | 4.4            | 14                   |
| Other Lamps                  | 2.2            | NA                   |
| Luminaires                   | 10.0           | NA                   |
| Control Gears and High Masts | 2.1            | NA                   |
| Accessories                  | 2.1            | NA                   |
| Components                   | 2.2            | NA                   |
| Total                        | 50.6           | NA                   |

*Source: ELCOMA India*

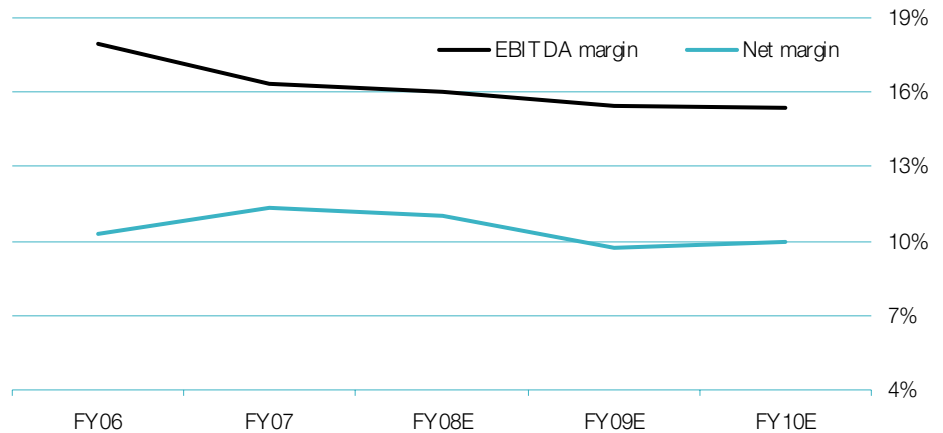
**“Ban the bulb” campaign:** Venezuela and Cuba were the first countries to take a decision in 2005 to phase out incandescent bulbs; Australia and Canada have enacted a law to ban the sale of incandescent bulbs by 2010 and 2012, respectively; the European Union (EU) and California (US) are also considering a similar law.

The Indian government has not issued any official policy in this regard. However, Greenpeace had launched a “ban the bulb” campaign across the country in April 2007 and according to their study, switching over to CFL will help India save 12,000 MW a year, leading to a 4% reduction in CO2 emission.

**\* Financial Outlook**

We are optimistic on the Indian CFL industry and believe that Phoenix Lamps will be a major beneficiary of the growth in the CFL industry over the next few years. We expect revenues and profits to grow at 29% and 24% respectively over FY07-10E driven by the CFL segment.

**Chart 3: Marginal decline in margins due to higher contribution of CFL**



Source: Company, Edelweiss research

As can be seen from the graph above, Phoenix Lamps' EBITDA margins have dipped from 17.9% in FY06 to 16.3% in FY07, mainly on account of a change in product mix in favor of CFL. Raw material costs as a percentage of sales have increased from 48% in FY06 to 52% in FY07, primarily due to the competitive nature of the CFL industry as well as higher costs of inputs. We expect EBITDA and net margins to marginally decline to 15.3% and 9.9% respectively in FY10E.

## Financial Statements

| Income statement              |       |       |       |       | (INR mn) |
|-------------------------------|-------|-------|-------|-------|----------|
| Year to March                 | FY06  | FY07  | FY08E | FY09E | FY10E    |
| Net Sales                     | 2,327 | 2,778 | 3,507 | 5,015 | 6,051    |
| Raw material cost             | 1,110 | 1,439 | 1,969 | 2,897 | 3,518    |
| Goods for resale              | 43    | 4     | -     | -     | -        |
| Employee cost                 | 214   | 248   | 274   | 351   | 417      |
| Power & fuel cost             | 64    | 60    | 70    | 100   | 121      |
| Other mfg exp                 | 298   | 346   | 368   | 517   | 611      |
| Selling & administration exp. | 178   | 216   | 249   | 356   | 430      |
| Miscellaneous expenses        | 3     | 12    | 14    | 20    | 24       |
| Total operating expenses      | 1,910 | 2,324 | 2,944 | 4,241 | 5,122    |
| EBITDA                        | 417   | 454   | 563   | 775   | 929      |
| Depreciation                  | 143   | 108   | 121   | 177   | 192      |
| EBIT                          | 274   | 347   | 441   | 597   | 737      |
| Interest expense              | 69    | 72    | 69    | 106   | 117      |
| Other income                  | 34    | 28    | 35    | 30    | 30       |
| Profit before tax             | 239   | 302   | 407   | 521   | 650      |
| Provision for tax             | 10    | (25)  | 21    | 34    | 49       |
| Profit after tax              | 229   | 327   | 386   | 487   | 601      |
| Extraordinary income / loss   | (10)  | 12    | -     | -     | -        |
| Net profit                    | 239   | 315   | 386   | 487   | 601      |
| Earnings per share (INR)      | 10.0  | 11.2  | 13.8  | 17.4  | 21.5     |
| Shares outstanding (mn)       | 23.8  | 28.0  | 28.0  | 28.0  | 28.0     |
| Dividend (INR/share)          | 2.0   | 2.9   | 3.5   | 4.0   | 4.5      |

### Common size metrics as % on revenues

| Year to March      | FY06 | FY07 | FY08E | FY09E | FY10E |
|--------------------|------|------|-------|-------|-------|
| Operating expenses | 82.1 | 83.7 | 84.0  | 84.6  | 84.7  |
| Depreciation       | 6.1  | 3.9  | 3.5   | 3.5   | 3.2   |
| EBITDA margins     | 17.9 | 16.3 | 16.0  | 15.4  | 15.3  |
| Net profit margins | 10.3 | 11.3 | 11.0  | 9.7   | 9.9   |

### Growth metrics (%)

| Year to March | FY06 | FY07 | FY08E | FY09E | FY10E |
|---------------|------|------|-------|-------|-------|
| Revenues      | 20.6 | 19.4 | 26.2  | 43.0  | 20.6  |
| EBITDA        | 10.2 | 8.8  | 23.9  | 37.6  | 19.9  |
| PBT           | 40.3 | 26.4 | 34.7  | 28.1  | 24.8  |
| Net profit    | 91.3 | 31.7 | 22.4  | 26.3  | 23.5  |
| EPS           | 91.3 | 12.1 | 22.4  | 26.3  | 23.5  |

| Cash flow statement              |            |             |           |           | (INR mn)  |
|----------------------------------|------------|-------------|-----------|-----------|-----------|
| Year to March                    | FY06       | FY07        | FY08E     | FY09E     | FY10E     |
| Cash flow from operations        | 382        | 410         | 528       | 699       | 842       |
| Cash for working capital         | (167)      | (205)       | (243)     | (512)     | (354)     |
| Net operating cash flow- A       | 215        | 205         | 285       | 186       | 488       |
| Net purchase of fixed assets     | (113)      | (200)       | (370)     | (400)     | (50)      |
| Net cash flow from investing- B  | (113)      | (199)       | (370)     | (400)     | (50)      |
| Proceeds from equity             | -          | 415         | -         | -         | -         |
| Proceeds from preference issue   | -          | (97)        | -         | -         | -         |
| Proc./Repayments from borrowings | 123        | (298)       | 240       | 425       | (225)     |
| Dividend payments                | (63)       | (110)       | (113)     | (129)     | (145)     |
| Net cash flow from financing- C  | 60         | (91)        | 127       | 296       | (370)     |
| <b>Net cash flow (A+B+C)</b>     | <b>161</b> | <b>(85)</b> | <b>43</b> | <b>82</b> | <b>68</b> |



| <b>Balance sheet</b>            |              |              |              |              | (INR mn)     |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>As on 31st March</b>         | <b>FY06</b>  | <b>FY07</b>  | <b>FY08E</b> | <b>FY09E</b> | <b>FY10E</b> |
| Equity capital                  | 238          | 280          | 280          | 280          | 280          |
| Preference capital              | 229          | 132          | 132          | 132          | 132          |
| Reserves & surplus              | 316          | 894          | 1,167        | 1,525        | 1,981        |
| Shareholders funds              | 783          | 1,305        | 1,578        | 1,937        | 2,393        |
| Secured loans                   | 558          | 510          | 750          | 1,175        | 950          |
| Unsecured loans                 | 250          | -            | -            | -            | -            |
| Deferred tax liability          | 85           | 55           | 30           | 5            | (20)         |
| <b>Source of funds</b>          | <b>1,676</b> | <b>1,870</b> | <b>2,358</b> | <b>3,116</b> | <b>3,323</b> |
| Gross block                     | 2,016        | 2,055        | 2,617        | 3,017        | 3,067        |
| Depreciation                    | 1,193        | 1,295        | 1,417        | 1,594        | 1,786        |
| Net block                       | 823          | 760          | 1,201        | 1,423        | 1,282        |
| Capital work in progress        | 37           | 192          | -            | -            | -            |
| Net fixed assets                | 860          | 952          | 1,201        | 1,423        | 1,282        |
| Cash, bank bal & deposits       | 130          | 27           | 23           | 47           | 41           |
| Inventory                       | 423          | 464          | 586          | 838          | 1,011        |
| Sundry debtors                  | 431          | 589          | 743          | 1,063        | 1,282        |
| Loans & advances                | 27           | 76           | 76           | 76           | 76           |
| Other Current assets            | 6            | 8            | 8            | 8            | 8            |
| Total current assets            | 1,017        | 1,164        | 1,437        | 2,032        | 2,419        |
| Sundry creditors                | 65           | 57           | 77           | 110          | 133          |
| Others                          | 74           | 81           | 90           | 100          | 100          |
| Provisions                      | 62           | 109          | 113          | 129          | 145          |
| Total current liabilities       | 201          | 247          | 280          | 339          | 378          |
| Net current assets              | 816          | 918          | 1,157        | 1,693        | 2,041        |
| <b>Application of funds</b>     | <b>1,676</b> | <b>1,870</b> | <b>2,358</b> | <b>3,116</b> | <b>3,323</b> |
| Book value (BV) per share (INR) | 33           | 47           | 56           | 69           | 85           |

**Ratios**

| <b>Year to March</b> | <b>FY06</b> | <b>FY07</b> | <b>FY08E</b> | <b>FY09E</b> | <b>FY10E</b> |
|----------------------|-------------|-------------|--------------|--------------|--------------|
| ROE (%)              | 30.5        | 24.1        | 24.4         | 25.2         | 25.1         |
| ROCE (%)             | 18.4        | 20.7        | 19.3         | 19.0         | 21.6         |
| Inventory days       | 66          | 61          | 61           | 61           | 61           |
| Debtor days          | 68          | 77          | 77           | 77           | 77           |
| Fixed assets t/o     | 1.2         | 1.4         | 1.4          | 1.7          | 2.0          |
| Debt/Equity          | 1.0         | 0.4         | 0.5          | 0.6          | 0.4          |

**Valuation parameters**

| <b>Year to March</b> | <b>FY06</b> | <b>FY07</b> | <b>FY08E</b> | <b>FY09E</b> | <b>FY10E</b> |
|----------------------|-------------|-------------|--------------|--------------|--------------|
| EPS (INR)            | 10.0        | 11.2        | 13.8         | 17.4         | 21.5         |
| Y-o-Y growth (%)     | 91.3        | 12.1        | 22.4         | 26.3         | 23.5         |
| CEPS (INR)           | 16.0        | 15.1        | 18.1         | 23.7         | 28.3         |
| P/E (x)              | 23.9        | 21.3        | 17.4         | 13.8         | 11.2         |
| P/CEPS (x)           | 15.0        | 15.9        | 13.3         | 10.1         | 8.5          |
| Price/BV (x)         | 7.3         | 5.2         | 4.3          | 3.5          | 2.8          |
| EV/Sales (x)         | 2.8         | 2.6         | 2.1          | 1.6          | 1.3          |
| EV/EBITDA (x)        | 15.3        | 15.9        | 13.2         | 10.1         | 8.2          |

## Edelweiss Securities

8<sup>th</sup> Floor, Chander Mukhi,  
Nariman Point, Mumbai – 400 021  
Board: (91-22) 4097 9797  
Email: [pcg.research@edelcap.com](mailto:pcg.research@edelcap.com)



Naresh Kothari – 2286 4246

Co-Head, Private Client Services

Mohan Natarajan – 4097 9758

Co-Head, Private Client Services

### RATING INTERPRETATION

|             |   |                   |   |
|-------------|---|-------------------|---|
| <b>Buy</b>  | Expected to appreciate more than 20% over a 12-month period | <b>Accumulate</b> | Expected to appreciate up to 20% over a 12-month period |
| <b>Sell</b> | Expected to depreciate more than 10% over a 12-month period |                   |   |

**Email addresses:** [firstname.lastname@edelcap.com](mailto:firstname.lastname@edelcap.com)

**eg.** [naresh.kothari@edelcap.com](mailto:naresh.kothari@edelcap.com)

*unless otherwise specified*

This document has been prepared by Edelweiss Securities Private Limited (Edelweiss). Edelweiss and its holding company and associate companies are a full service, integrated investment banking, portfolio management and brokerage group. Our research analysts and sales persons provide important input into our investment banking activities. This document does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable, but we do not represent that it is accurate or complete and it should not be relied on as such. Edelweiss or any of its affiliates shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors. We and our affiliates, officers, directors, and employees may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as advisor or lender / borrower to such company (ies) or have other potential conflict of interest with respect to any recommendation and related information and opinions. This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 Edelweiss and affiliates to any registration or licensing requirements within such jurisdiction. The distribution of this document in certain jurisdictions may be restricted by law, and persons in whose possession this document comes, should inform themselves about and observe, any such restrictions. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. Edelweiss reserves the right to make modifications and alterations to this statement as may be required from time to time. However, Edelweiss is under no obligation to update or keep the information current. Nevertheless, Edelweiss is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Neither Edelweiss nor any of its affiliates, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report. Analyst holding in stock: No.