

BSE Code: 500575
NSE Code: VOLTAS
Reuters Code: VOLT:NS
Bloomberg Code: VOLT:IN

Near term hiccups but structural growth drivers intact...

Voltas, a Tata Group company, is India's leading air conditioning and engineering services company. In FY16, Voltas derived 47% & 44% of its turnover from Electro-mechanical Projects (EMP) & Unitary Cooling Products (UCP) segment respectively.

Investment Rationale

✍ **Robust brand equity, asset-light business model & strong parentage:** Voltas enjoys a good brand pull in the under-penetrated AC category. Notably, Voltas pursues an asset light business model as it resorts to outsourcing and strategic tie-ups, thereby enabling it to optimise its operating costs. More importantly, Voltas being a Tata group company (Tata's stake at 30%) ensures better corporate governance standards.

✍ **Maintains leadership in AC segment despite intense competition:** Currently, Voltas holds a dominant 22% market share in AC segment in India and has consistently grown faster than the industry. Voltas has been able to successfully maintain its leadership position on account of several factors: 1) wide distribution network (over 11,000 touch-points), 2) broad-based portfolio, 3) strong post-sale support (including 5-year warranty on compressor) and (4) strong advertising focus. With a mere ~5% penetration level of ACs in India, we expect AC business to sustain the growth momentum on the back of (a) rising income levels, (b) increasing urbanisation, (c) easy availability of finance options and (d) energy efficient products. Notably, given the momentary disruption caused by demonetisation drive, we expect UCP division to witness revenue growth of mere 2% in FY17E. However, revenue in UCP segment is expected to bounce back with a growth of 13% in FY18E.

✍ **EMP business to witness gradual recovery:** EMP segment faced headwinds in the past few years due to weak ordering activity, slow execution & cost overruns. Even now, the project execution environment in the Indian & Middle East regions continues to remain challenging. Current order book stands at Rs4,252cr (book to bill ratio of 1.6x). However, we expect overseas ordering activity to gradually pick up pace from H2FY17, as new orders are announced for two mega events in Middle East (Dubai Expo (2020) & Qatar Football World Cup (2022)). With the closure of significant part of low margin projects in FY17 & contribution from high margin (4-5%) projects kicking-in, we expect segment's margins to expand from 1.4% in FY16 to 2.7% in FY18E.

Valuation: Given Voltas' dominant position in AC segment coupled with a gradual recovery in its EMP segment, we expect revenue/PAT to grow at a CAGR of 5.6/16.4% over FY16-18E. Further, EBITDA margin is expected to improve by 80bps to 8.3%. Further, the recent ~20% correction in stock captures the demonetisation impact & risk-reward equation appears to be favourable. We recommend Voltas with BUY rating with a TP of Rs368 at 26x FY18E EPS.

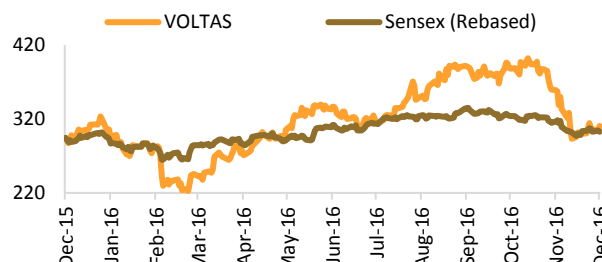
Market Data

Rating	BUY
CMP (Rs.)	336
Target (Rs.)	368
Potential Upside	~10%
Duration	Long Term
Face Value (Rs.)	1.0
52 week H/L (Rs.)	406/211
Adj. all time High (Rs.)	406
Decline from 52WH (%)	37.0
Rise from 52WL (%)	21.0
Beta	1.6
Mkt. Cap (Rs.Cr)	11,098

Fiscal Year Ended

Y/E	FY15	FY16	FY17E	FY18E
Net sales (Rs.Cr)	5,183	5,857	5,793	6,526
Net profit (Rs.Cr)	384	386	389	468
EPS (Rs.)	10.2	10.4	11.7	14.1
P/E (x)	32.8	32.2	28.6	23.7
P/BV (x)	5.3	4.6	4.2	3.7
ROE (%)	17.2	15.3	15.4	16.5

One year Price Chart



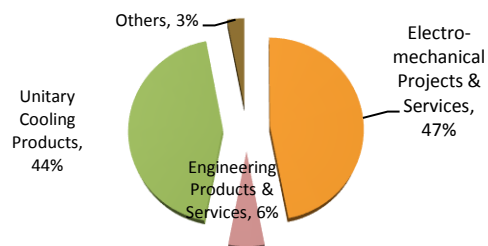
Shareholding Pattern

	Sep-16	Jun-16	Chg.
Promoters (%)	30.3	30.3	-
Public (%)	69.7	69.7	-

VOLTAS: Market leader in AC segment

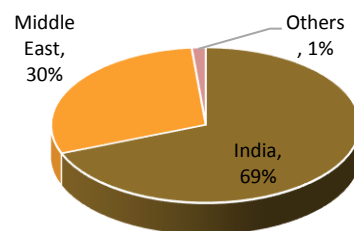
Voltas, a Tata Group company incorporated in 1954, is India's leading air conditioning and engineering services company. It offers engineering solutions in areas such as air conditioning, refrigeration, electro-mechanical projects, textile machinery, mining & construction equipment, material handling equipment and water management & treatment etc. It operates mainly in three segments namely Electro-mechanical Projects (EMP) (47% of revenues), Unitary Cooling Products (UCP) (44% of revenues) and Engineering Products and Services (EPS) (6% of revenues). While Middle East contributed ~30% to the consolidated sales in FY16, India contributed ~70%. It has 3 manufacturing facilities located at Thane, Dadra and Pantnagar.

Segment-wise Revenue Breakup (FY16)

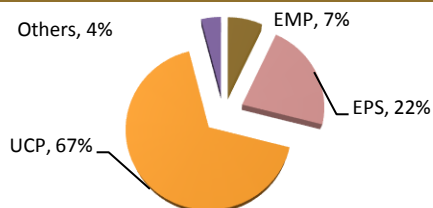


Source: Company, In-house research

Revenue by geography (FY16)



Consolidated EBIT Contribution (FY16)

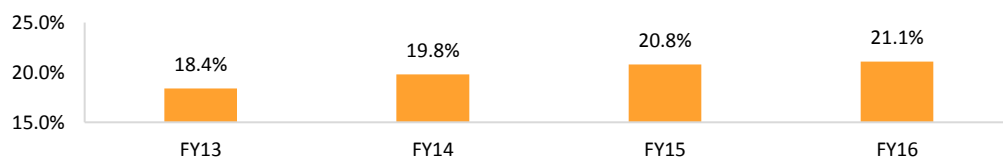


Source: Company, In-house research

Sustaining market leadership in AC business

Voltas' unitary cooling products (UCP) division includes air conditioners (windows and split), deep freezers, chest coolers, visi coolers, water coolers and water dispensers. In FY16, the UCP segment contributed 44% to the consolidated sales & it has reported 11% sales CAGR during FY11-16. Importantly, the contribution of the UCP segment to the consolidated EBIT has increased from 32% in FY11 to 67% in FY16. Over the last several years, Voltas has maintained its market share in the UCP segment owing to its strong brand equity, efficient distribution channels and competitive pricing despite facing stiff competition from MNC & new players. Even in FY16, when there were unseasonal rains in North India, Voltas maintained its leadership position in this segment with market share of 21%. Given strong summer in this fiscal (FY17), Voltas continued to hold a dominant 22% market share in AC segment. More importantly, UCP segment posted robust growth of 25% YoY in H1FY17 with a decent 220bps YoY rise in EBIT margin to 14.1%.

Market share on the rise



Source: Company, In-house research

Growth drivers intact for AC industry

As per industry reports, the sales of room air conditioner (RAC) is projected to grow at a healthy CAGR of 12-13% over FY16-21 to about 7.1mn units. Even the management expects 15% CAGR over the next 5-7 years. With a mere ~5% penetration level of ACs in India, we believe AC business to sustain the growth momentum on the back of (a) rising income levels (salary hikes from the seventh pay commission), (b) increasing urbanisation, (c) easy availability of finance options, (d) improving affordability of products, (e) energy efficiency products & replacement demand. Notably, demand will be largely driven by metro and tier-I, tier-II & tier-III cities. Thus, penetration in urban markets is expected to rise to ~ 37% by FY21 (versus current penetration of 25%).

Voltas all set to maintain its numero uno position

We believe the company to maintain its dominant position on account of several factors: 1) wide distribution network (~11,000 touch-points), 2) broad-based portfolio, 3) strong post-sale support (including 5-year warranty on compressor) & (4) strong advertising focus.

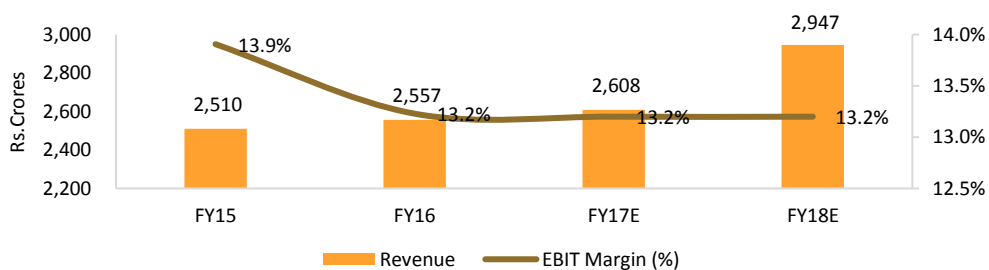
Air cooler business to further boost UCP sales

The company forayed into the air-cooler space in FY16. While Voltas initially launched a few models in FY16, during the current season (CY2016) Voltas launched nearly 15 models of various capacities on pan India basis. As a result, the new product category of air-coolers recorded sales of 50,000 units in its first full summer season nation-wide after selective launch in a few states last year (FY16 sales stood at 70,000 units). Voltas has sold about 50,000 units in H1FY17 moving up to the 4th position in the market. More importantly, Voltas aims to be among top 2 players in this space within next 2 years. Therefore, we expect Voltas to retain its market share in the RAC segment and gain significant share in the air cooler segment.

UCP growth momentum to normalise from FY18 onwards

Given the demonetisation of Rs500 & Rs1000 notes, UCP segment is expected to witness a growth of just 2% YoY in FY17 as ~40% sales are on a cash basis (share of EMI transactions at 30-35%). The management highlighted that demonetisation drive could impact sales to a limited extent in the UCP segment during Q3FY17. Importantly, the third quarter is usually a lean season for Voltas & Q3 sales constitute about 15% of the yearly sales. However, in FY18, when the impact of demonetisation is expected to abate, we estimate UCP segment to witness a revenue growth of 13% YoY (largely driven by volumes) on the back of structural drivers. While the management believes UCP segment's EBIT margin to remain between 12% and 13% on a sustainable basis, we expect UCP segment to post 13.2%/13.2% EBIT margin in FY17E/FY18E.

UCP revenues to grow at a CAGR of 7.4% over FY16-18E



Source: Company, In-house research

EMP business - 47% of sales

Execution of turnkey projects related to mechanical, electrical & public health (MEP) segment comes under company's electromechanical project & services (EMP) business. Interestingly, in the past, Voltas has executed major MEP projects with its strategic partner in Dubai, Abu Dhabi, Qatar, Jeddah, Bahrain and Singapore. These projects include Burj Khalifa (Dubai), Ferrari Experience (Abu Dhabi) and Barwa City (Qatar). However, EMP business of Voltas faced headwinds in the past few years (the segment registered revenue decline of 3% CAGR over FY11-16) due to weak ordering activity, slow execution & cost overruns. While EMP revenue grew 23% YoY in FY16 to Rs27.2bn mainly driven by pick-up in execution of new projects in Qatar, the overall project execution environment in domestic and Middle East markets still remains challenging.

Uptick in order inflows to drive gradual recovery in EMP business

Domestic business

Voltas' current total order book stands at Rs4,252cr, reflecting book-to-bill ratio of 1.6x, of which Rs2,187cr is contributed by the domestic markets. During Q2FY17, orders worth Rs382cr were booked & this included Rs121cr order for a water treatment plant at Agra smart City. Currently, the company is working on the rural electrification projects in MP, Metro rail projects and water purification projects in the domestic market. Notably, the management has stated that domestic order inflows have been slower than expected although ordering activity is expected to gain momentum. Moreover, Voltas expects projects worth ~Rs4,000cr to be awarded over the next 6 months in this space.

Overseas business

About Rs2,065cr of order book is contributed by the international markets. The international order book largely consists of Middle East contracts, mostly Qatar and Abu Dhabi. Going forward, in the run-up to the Dubai Expo (2020) & Qatar World Cup (2022), we expect gradual pick up in ordering activity from international markets from H2FY17E onwards.

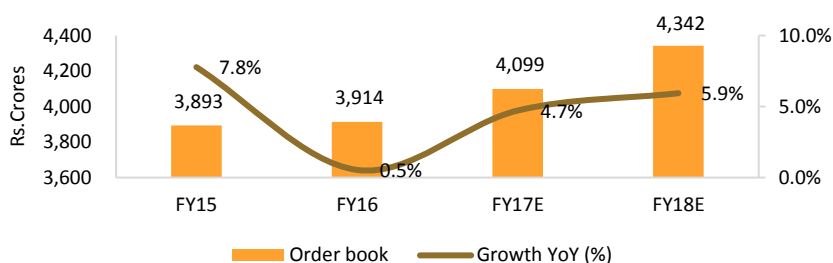
Overall order inflows to grow at a CAGR of 9% over FY16-18E

We expect order inflows to grow at 8%/10% for FY17E/FY18E. Notably, in FY18, we expect revenues of EMP segment to grow by ~11% YoY on the back of surge in order book coupled with better execution.

EBIT margin of EMP segment to improve to 2.7% by FY18E

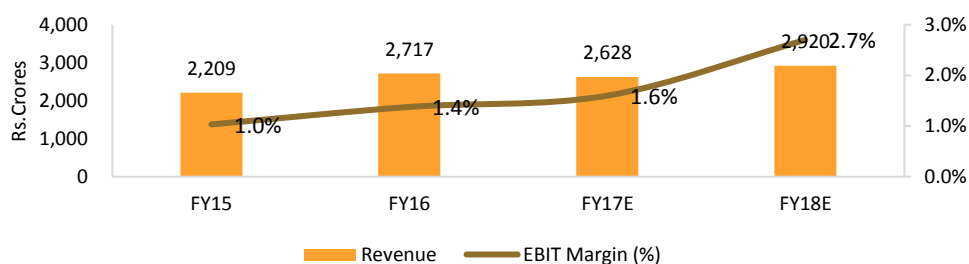
After facing severe headwinds in the past (mainly in the international business), Voltas is incrementally bidding for projects with a margin threshold of ~4-5%. Notably, Voltas posted EBIT loss of Rs49cr/Rs40cr in FY13/FY14. Further, in Q2FY17, EBIT margin declined by 180bps YoY to 1% due to commercial closure of low margin overseas legacy projects. The margin of this division is poised for gradual recovery in the coming quarters as management expects most of the legacy projects to be completed by FY17E and contribution from high margin projects kicks-in. Hence, we expect the segment's margins to expand from 1.4% (just 1% in FY15) in FY16 to 2.7% in FY18E.

Order book improves YoY going forward



Source: Company, In-house research

EBIT margin to improve to 2.7% by FY18E



Source: Company, In-house research

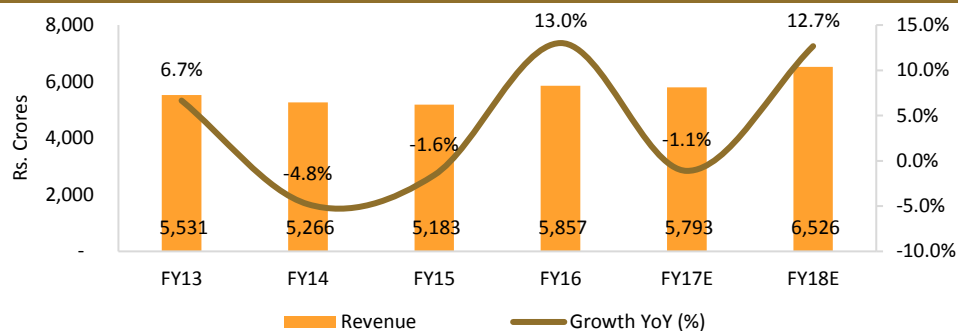
Performance below par during FY12-16

During FY12-16, revenues of Voltas grew at a mere 3.1% CAGR due to sluggish performance of the EMP and Engineering Products & Services (EPS) segments. The EMP segment underperformed (the segment registered ~4% revenue CAGR decline over FY12-16) due to a delay in execution of projects, cost overruns, rising competition and weak ordering activity in India & Middle East. Besides, the performance of the EPS segment (posted revenue decline of 2.6% CAGR) remained muted owing to implementation of mining ban across various states coupled with slowdown in textile machinery business. However, the UCP segment acted as a saviour (the segment registered revenue CAGR of 13.5%) for Voltas with the launch of new models in both window and split categories.

FY17 to remain soft, revenue to pick up momentum from FY18 onwards

Given the momentary disruption caused by the demonetization drive, UCP segment (contributed 44% to revenues in FY16) is expected to witness growth of just 2% YoY in FY17E as ~40% sales are on a cash basis. Further, EMP segment (contributed 47%) is estimated to post a revenue decline of ~3% YoY in FY17E due to execution delays. Therefore, overall revenue growth is projected to fall 1.1% YoY in FY17E. However, in FY18, when the impact of demonetization is expected to abate, we believe overall sales to grow by ~13% YoY mainly aided by UCP division. We expect UCP segment to witness a revenue growth of 13% YoY (largely driven by volumes) in FY18E on the back of several structural drivers including rising income levels & consistent demand from tier 2 & 3 cities (urbanisation impact).

Revenue to pick up momentum from FY18 onwards



Source: Company, In-house research

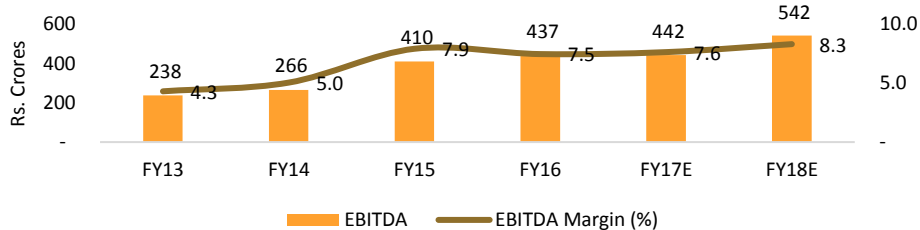
Weak performance of EMP segment led to margin decline

During FY12-16, EBITDA margin of Voltas remained in the range of 4-8%. Notably, EBITDA margin in FY13 plummeted to ~4% on the backdrop of sharp cost overruns due to delay in execution of projects. Voltas recorded an EBIT loss of Rs49cr in EMP segment during FY13 as against Rs309cr EBIT profit recorded during FY10 (Voltas posted decade-high EBIT in EMP segment in FY10). However, the margins of UCP segment held relatively steady during the period under review and provided support to overall margins. This coupled with execution of higher margin projects helped improve the EBITDA margin to 7.5% in FY16.

EBITDA margin to improve by 80bps over FY16-18E

We believe sustained growth in revenue from the UCP segment and a gradual recovery in EMP segment led by timely execution of new projects will aid margins. The management also believes EMP segment's EBIT margin to remain between 4% and 5% on a sustainable basis. We have estimated overall EBITDA margin of 7.6%/ 8.3% for FY17E/FY18E, considering the improved project execution cycle and focus on higher margin orders, going forward.

EBITDA margin to improve to 8.3% by FY18E

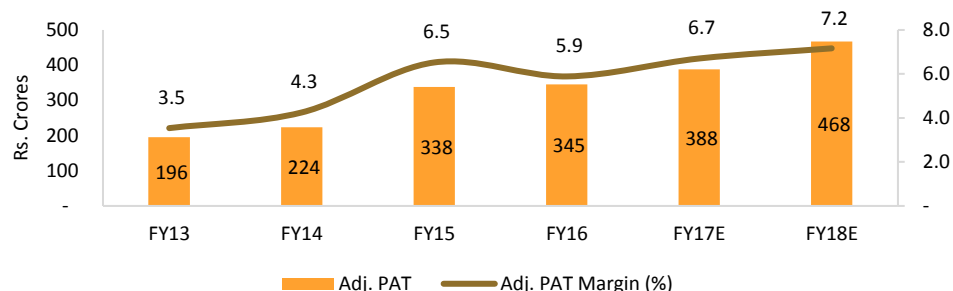


Source: Company, In-house research

PAT margin to improve by 130bps

In FY16, Adj. PAT stood at Rs345cr, reporting a growth of just 2.5% CAGR over FY12-16. We expect Adj. PAT to grow at a CAGR of 16.4% with 130bps improvement in PAT margin over FY16-18E.

PAT margin to improve to 7.2% by FY18E

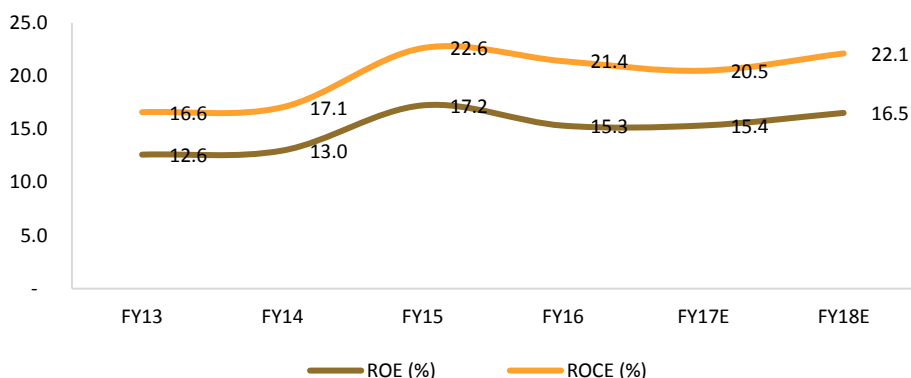


Source: Company, In-house research

Balance sheet remains healthy

Voltas pursues an asset light business model as it resorts to outsourcing and strategic tie-ups, thereby enabling it to control its operating costs. Since FY13, Voltas has been generating strong operating cash flows (OCF) over the years. During FY13-16, OCF has grown at a CAGR of ~48%. As of March'16, Voltas is a net debt free company, with cash & cash equivalents of Rs1,654cr. The working capital position witnessed healthy improvement with debtor days reducing from 95 to 81 YoY and inventory days declining from 88 to 79 YoY in FY16. Likewise, working capital as a percentage of sales fell from 9.7% in FY15 to 8.4% in FY16. We believe that Voltas would report improvement in its ROE and ROCE on the back of healthy profitability coupled with strong revenue growth. ROE is expected to improve from 15.3% in FY16 to 16.5% in FY18E. Likewise, ROCE is projected to increase from 21.4% in FY16 to 22.1% in FY18E.

Return ratios set to improve



Source: Company, In-house research

Key Risks:

- Sluggishness in domestic as well as Middle East capex cycle.
- Rising competition in UCP segment may hurt margin.
- Rise in material prices to put pressure on margin.

Profit & Loss Account (Consolidated)

Y/E (Rs.Cr)	FY15	FY16	FY17E	FY18E
Total operating Income	5,183	5,857	5,793	6,526
Raw Material cost	3,597	4,126	4,124	4,659
Employee cost	590	670	652	734
Other operating expenses	586	625	576	591
EBITDA	410	437	442	542
Depreciation	28	28	29	30
EBIT	382	409	413	512
Interest cost	23	15	18	18
Other Income	109	118	164	177
Profit before tax	467	511	559	671
Tax	128	160	162	194
Profit after tax	340	351	397	476
Minority Interests	3	9	(1)	(1)
P/L from Associates	2	2	(10)	(10)
Adjusted PAT	338	345	388	468
E/o income / (Expense)	46	41	1	-
Reported PAT	384	386	389	468

Balance Sheet (Consolidated)

Y/E (Rs.Cr)	FY15	FY16	FY17E	FY18E
Paid up capital	33	33	33	33
Reserves and Surplus	2,069	2,362	2,630	2,960
Net worth	2,102	2,395	2,663	2,993
Minority interest	16	26	25	24
Total Debt	122	260	260	260
Other non-current liabilities	128	154	170	187
Total Liabilities	2,368	2,835	3,117	3,463
Total fixed assets	189	221	222	222
Capital WIP	4	1	2	2
Goodwill	80	72	72	72
Investments	1,094	1,526	1,676	1,876
Net Current assets	751	689	793	909
Deferred tax assets (net)	35	51	51	51
Other non-current assets	215	274	302	332
Total Assets	2,368	2,835	3,117	3,463

Cash Flow Statement (Consolidated)

Y/E (Rs.Cr)	FY15	FY16	FY17E	FY18E
Pretax profit	514	552	549	661
Depreciation	28	28	29	30
Chg. in Working Capital	74	(77)	(47)	(95)
Others	(201)	(75)	(146)	(159)
Tax paid	(104)	(153)	(162)	(194)
Cash flow from operating activities	311	275	223	243
Capital expenditure	(34)	(52)	(30)	(30)
Chg. in investments	(348)	(390)	(150)	(200)
Other investing cashflow	279	75	164	177
Cash flow from investing activities	(104)	(367)	(16)	(53)
Equity raised/(repaid)	0	-	-	-
Debt raised/(repaid)	(142)	138	-	-
Dividend paid	(71)	(88)	(121)	(138)
Other financing activities	(23)	(14)	(18)	(18)
Cash flow from financing activities	(236)	36	(139)	(156)
Net chg in cash	(29)	(56)	69	34

Key Ratios (Consolidated)

Y/E	FY15	FY16	FY17E	FY18E
Growth (%)				
Net Sales	(1.6)	13.0	(1.1)	12.7
EBITDA	54.4	6.6	1.1	22.7
Net profit	51.1	2.0	12.6	20.4
Margin (%)				
EBITDA	7.9	7.5	7.6	8.3
EBIT	7.4	7.0	7.1	7.8
NPM	6.5	5.9	6.7	7.2
Return Ratios (%)				
RoE	17.2	15.3	15.4	16.5
RoCE	22.6	21.4	20.5	22.1
Per share data (Rs.)				
EPS	10.2	10.4	11.7	14.1
DPS	2.2	2.6	2.8	3.2
Valuation(x)				
P/E	32.8	32.2	28.6	23.7
EV/EBITDA	26.8	25.6	25.2	20.5
EV/Net Sales	2.1	1.9	1.9	1.7
P/B	5.3	4.6	4.2	3.7
Turnover Ratios (x)				
Net Sales/GFA	11.3	12.1	11.0	11.7
Sales/Total Assets	1.1	1.1	1.0	1.0

Rating Criteria

Large Cap.	Return	Mid/Small Cap.	Return
Buy	More than equal to 10%	Buy	More than equal to 15%
Hold	Upside or downside is less than 10%	Accumulate*	Upside between 10% & 15%
Reduce	Less than equal to -10%	Hold	Between 0% & 10%
		Reduce/sell	Less than 0%

* To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

* VOLTAS is a large-cap company.

Disclaimer:

The SEBI registration number is INH200000394.

The analyst for this report certifies that all the views expressed in this report accurately reflect his / her personal views about the subject company or companies, and its / their securities. No part of his / her compensation was / is / will be, directly / indirectly related to specific recommendations or views expressed in this report.

This material is for the personal information of the authorized recipient, and no action is solicited on the basis of this. It is not to 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 have reviewed the report, and in so far as it includes current or historical information, it is believed to be reliable, though its accuracy or completeness cannot be guaranteed. Neither Wealth India Financial Services Pvt. Ltd., nor any person connected with it, accepts any liability arising from the use of this document. The recipients of this material should rely on their own investigations and take their own professional advice. Price and value of the investments referred to in this material may go up or down. Past performance is not a guide for future performance.

We and our affiliates, officers, directors, and employees worldwide:

1. Do not have any financial interest in the subject company / companies in this report;
2. Do not have any actual / beneficial ownership of one per cent or more in the company / companies mentioned in this document, or in its securities at the end of the month immediately preceding the date of publication of the research report, or the date of public appearance;
3. Do not have any other material conflict of interest at the time of publication of the research report, or at the time of public appearance;
4. Have not received any compensation from the subject company / companies in the past 12 months;
5. Have not managed or co-managed the public offering of securities for the subject company / companies in the past 12 months;
6. Have not received any compensation for investment banking, or merchant banking, or brokerage services from the subject company / companies in the past 12 months;
7. Have not served as an officer, director, or employee of the subject company;
8. Have not been engaged in market making activity for the subject company;

This document is not for public distribution. It has been furnished to you solely for your information, and must not be reproduced or redistributed to any other person.

Contact Us:
Funds India

Uttam Building, Third Floor|

No. 38 & 39| Whites Road|

Royapettah|Chennai – 600014|

T: +91 7667 166 166

Email: contact@fundsindia.com

I, Rohit Joshi, employee of Dion Global Solutions Limited (Dion) is engaged in preparation of this report and hereby certify that all the views expressed in this research report (report) reflect my personal views about any or all of the subject issuer or securities.

Disclaimer

This report has been prepared by Dion and the report & its contents are the exclusive property of the Dion and the client cannot tamper with the report or its contents in any manner and the said report, shall in no case, be further distributed to any third party for commercial use, with or without consideration.

Recipient shall not further distribute the report to a third party for a commercial consideration as this report is being furnished to the recipient solely for the purpose of information.

Dion has taken steps to ensure that facts in this report are based on reliable information but cannot testify, nor make any representation or warranty, express or implied, to the accuracy, contents or data contained within this report. It is hereby confirmed that wherever Dion has employed a rating system in this report, the rating system has been clearly defined including the time horizon and benchmarks on which the rating is based.

Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this report is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. Dion has not taken any steps to ensure that the securities referred to in this report are suitable for any particular investor. This report is not to be relied upon in substitution for the exercise of independent judgment. Opinions or estimates expressed are current opinions as of the original publication date appearing on this report and the information, including the opinions and estimates contained herein, are subject to change without notice. Dion is under no duty to update this report from time to time.

Dion or its associates including employees engaged in preparation of this report and its directors do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of securities, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

The investments or services contained or referred to in this report may not be suitable for all equally and it is recommended that an independent investment advisor be consulted. In addition, nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to individual circumstances or otherwise constitutes a personal recommendation of Dion.

REGULATORY DISCLOSURES:

Dion is engaged in the business of developing software solutions for the global financial services industry across the entire transaction lifecycle and inter-alia provides research and information services essential for business intelligence to global companies and financial institutions. Dion is listed on BSE Limited (BSE) and is also registered under the SEBI (Research Analyst) Regulations, 2014 (SEBI Regulations) as a Research Analyst vide Registration No. INH100002771. Dion's activities were neither suspended nor has it defaulted with requirements under the Listing Agreement and / or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with the BSE in the last five years. Dion has not been debarred from doing business by BSE / SEBI or any other authority.

In the context of the SEBI Regulations, we affirm that we are a SEBI registered Research Analyst and in the course of our business, we issue research reports /research analysis etc that are prepared by our Research Analysts. We also affirm and undertake that no disciplinary action has been taken against us or our Analysts in connection with our business activities.

In compliance with the above mentioned SEBI Regulations, the following additional disclosures are also provided which may be considered by the reader before making an investment decision:

1. Disclosures regarding Ownership

Dion confirms that:

- (i) Dion/its associates have no financial interest or any other material conflict in relation to the subject company (ies) covered herein at the time of publication of this report.
- (ii) It/its associates have no actual / beneficial ownership of 1% or more securities of the subject company (ies) covered herein at the end of the month immediately preceding the date of publication of this report.

Further, the Research Analyst confirms that:

- (i) He, his associates and his relatives have no financial interest in the subject company (ies) covered herein, and they have no other material conflict in the subject company at the time of publication of this report.
- (ii) he, his associates and his relatives have no actual/beneficial ownership of 1% or more securities of the subject company (ies) covered herein at the end of the month immediately preceding the date of publication of this report.

2. Disclosures regarding Compensation:

During the past 12 months, Dion or its Associates:

(a) Have not managed or co-managed public offering of securities for the subject company (b) Have not received any compensation for investment banking or merchant banking or brokerage services from the subject company (c) Have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject. (d) Have not received any compensation or other benefits from the subject company or third party in connection with this report

3. Disclosure regarding the Research Analyst's connection with the subject company:

It is affirmed that I, Rohit Joshi employed as Research Analyst by Dion and engaged in the preparation of this report have not served as an officer, director or employee of the subject company

4. Disclosure regarding Market Making activity:

Neither Dion /its Research Analysts have engaged in market making activities for the subject company.

Copyright in this report vests exclusively with Dion.