Engineers India (ENGIND)

₹ 131

Rating matrix

Rating Matrix		
Rating	:	Buy
Target	:	₹ 160
Target Period	:	12 - 15 months
Potential Upside	:	22%

What's changed?

Target	Changed from ₹ 195 to ₹ 160
EPS FY19E	Changed from ₹ 6.5 to ₹ 6.2
EPS FY20E	Changed from ₹ 7.8 to ₹ 6.7
Rating	Unchanged

Quarterly performance

	Q4FY18	Q4FY17	YoY (%)	Q3FY18	QoQ (%)
Revenue	557.6	500.0	11.5	512.7	8.8
EBITDA	57.5	54.3	6.0	134.8	(57.3)
EBITDA (%)	11.3	12.3	-97 bps	28.5	-1720 bps
PAT	68.9	66.0	4.4	108.4	(36.4)
EPS (₹)	1.1	1.0	11.4	1.7	-36.4

Key financials

₹ Crore	FY17	FY18	FY19E	FY20E
Revenue	1,672	1,967	2,250	2,606
EBITDA	302	413	435	471
EBITDA (%)	20.9	23.1	21.0	19.5
Net Profit	325	378	395	425
EPS (₹)	4.8	6.0	6.2	6.7

Valuation summary

(x)	FY17	FY18	FY19E	FY20E
P/E	27.2	21.9	21.0	19.5
Target P/E	33.2	26.8	25.6	23.8
EV / EBITDA	21.6	14.1	13.5	11.8
P/BV	3.2	3.7	3.5	3.4
RoNW (%)	12	16.7	16.8	17.5
RoCE (%)	19.3	22.7	23.4	22.4

Stock data

Particular	Amount
Market Capitalization	₹ 8278 Crore
Total Debt (FY18)	₹ 6.5 Crore
Cash and Investments (FY18)	₹ 2480.6 crore
EV (FY18)	₹ 5803.9 Crore
52 week H/L (₹)	210 / 130
Equity capital	₹ 316 Crore
Face value	₹ 5

Price performance

Return (%)	1M	3M	6M	12M
Engineers India Ltd	(17.2)	(24.0)	(29.9)	(16.8)
Larsen & Toubro Ltd	(2.2)	4.0	12.6	16.7

Research Analyst

Chirag J Shah
shah.chirag@icicisecurities.com

Sagar K Gandhi
sagar.gandhi@icicisecurities.com

Strong order outlook, margin headwinds ahead

- Engineers India (EIL) reported weak Q4FY18 numbers
- Revenues increased 15% YoY to ₹ 509.7 crore, below our estimate of ₹ 521.7 crore. This was primarily on account of lower order booking in the consultancy segment. Consultancy & turnkey segments contributed 66.2% and 33.8% to the topline, respectively
- The company reported EBITDA margins of 11.2% vs. our estimate of 15.4%. This was primarily on account of higher contribution from the low margin turnkey segment. Consultancy segment also reported weak EBIT margins of 26.5% (normal margins 30-35%). Turnkey segment reported EBIT margins of 7% (normal margins of 8-12%). Accordingly, EBITDA witnessed muted growth of 6% YoY to ₹ 57.5 crore. Other expenses witnessed a sharp jump of 146% YoY due to one-time expenses on oil & gas exploration blocks worth ₹ 26.4 crore
- PAT grew 4.3% YoY to ₹ 68.9 crore (our estimate: ₹ 78.2 crore)

Healthy execution in FY18, robust order inflows expected in FY19E-20E

Revenues in FY18 grew a strong 23.4% YoY on the back of strong execution in both consultancy, turnkey segments. The same is expected to continue in FY19E-20E, albeit at a slower pace (guidance of ~15% YoY). Order inflows for FY18 were at ₹ 2140 crore (₹ 1660 crore in consultancy, ₹ 480 crore in turnkey segment). For FY19E, EIL guided for robust inflows of over ₹ 4000 crore. This is on the back of HPCL Barmer greenfield project (LSTK order ₹ 2500 crore, consultancy order ₹ 700 crore, Gail petrochemical project, Kakinada (₹ 600 crore), BPCL Numaligarh capacity expansion (~6 MMPTA) and IOC's brownfield expansion projects at Koyali, Mathura. Additionally, domestic projects like Maharashtra west coast refinery, Gail's gas processing unit, CPCL's Nagapattinam, IOC's Panipat expansion in Gujarat may also keep the order pipeline robust in FY19E, FY20E. **Accordingly, we estimate healthy inflows of ₹ 3800 crore, ₹ 2500 crore in FY19E, FY20E respectively.**

Healthy overseas and non-hydro opportunities

EIL is expecting healthy overseas opportunities in the hydrocarbon space with strengthening oil prices, especially in the Middle East and North African regions. The management is also pursuing opportunities in the non-hydrocarbon space like strategic crude reserves, large fertiliser projects (like Ramagundam Fertiliser Complex) and infrastructure projects (like Namami Gange, construction of UIDAI data centres, Atal Mission for Rejuvenation and Urban Transformation, defence installations, etc).

Robust b/s, healthy book-to-bill, pick-up in execution to drive profitability

Despite a healthy dividend payout (~67%) and buyback (6.23% of total equity), EIL's balance sheet continues to remain healthy with nil debt and cash balance of ₹ 2480 crore. With a strong order backlog of ₹ 7873 crore (3.8x book-to-bill), we expect healthy execution in FY19E-20E. **We highlight that FY19E and FY20E are expected to witness higher executions from the turnkey segment (order book mix: consultancy 53%, turnkey 47%), leading to an overall decline in margins. EIL is also likely to face project-related risks in this segment of the business.** Accordingly, we now expect EIL to deliver revenue, EBITDA and PAT CAGR of 16.2%, 6.7% and 6%, respectively, in FY18-20E. We value EIL at 24x P/E (25x earlier) on FY20E EPS of ₹ 6.7 to arrive at a target price of ₹ 160 per share (₹ 195 earlier). We maintain our **BUY** recommendation on the company.

Variance analysis

	Q4FY18	Q4FY18E	Q4FY17	YoY (%)	Q3FY18	QoQ (%)	Comments
Revenue	509.7	521.7	442.9	15.1	473.4	7.7	Revenue increased 15.1% YoY to ₹ 509.7 crore primarily on account of lower order booking in the consultancy segment
Raw materials costs	0.0	0.0	0.0		0.0		
Employees Expenses	185.6	198.4	279.0	-33.5	189.0	-1.8	
Other Expenses	266.6	242.9	109.7	143.1	149.6	78.3	
Total Expenditure	452.2	441.4	388.7	16.3	338.6	33.6	
EBITDA	57.5	80.4	54.3	6.0	134.8	-57.3	Muted EBITDA growth of 6% YoY due to higher revenue contribution from low margin turnkey segment. Consultancy and turnkey segments contributed 66.2% and 33.8% to the topline, respectively
EBITDA margins (%)	11.3	15.4	12.3	-97 bps	28.5	-1720 bps	EBITDA margins of 11.2% vs. our estimate of 15.4% as other expenses witnessed a sharp jump of 143% YoY due to one-time expenses on oil & gas exploration blocks amounting to ₹ 26.4 crore
Interest	0.4	0.1	3.0		0.1		
Depreciation	5.8	7.7	6.0	-4.5	5.9	-2.1	
Tax	30.3	40.2	36.3	-16.5	59.7	-49.2	
Other Income	47.9	45.9	57.1	-16.1	39.3	21.9	
PAT	68.9	78.2	66.0	4.4	108.4	-36.4	

Key Metrics	Q4FY18		Q4FY17	YoY (%)	Q3FY18	QoQ (%)	
Revenue Segmentation							
Con. & Engg. Projects	337.3		350.9	-3.9	384.5	-12.3	Consultancy and turnkey segments contributed 66.2% and 33.8% to the topline, respectively
As a % of Sales	*66.2*		*79.2*		*81.2*		
Turnkey Projects	172.4		92.0	87.3	88.9	94.0	
As a % of Sales	*33.8*		*20.8*		*18.8*		
Segmental EBIT							
Con. & Engg. Projects	89.6		130.5	-31.3	144.0	-37.7	
As a % of EBIT	*88.1*		*80.0*		*93.0*		
Turnkey Projects	12.1		32.5	-62.8	10.8	12.2	
As a % of EBIT	*11.9*		*20.0*		*7.0*		

Source: Company, ICICI Direct Research

Change in estimates

	FY17	FY18	FY19E			FY20E		
(₹ Crore)	Actual	Actual	Old	New	% Change	Old	New	% Change
Revenue	1,672.3	1,967.1	2,412.6	2,250.2	-6.7	2,752.2	2,605.8	-5.3
EBITDA	302.2	413.0	470.3	434.6	-7.6	561.1	470.7	-16.1
EBITDA Margin (%)	20.9	23.1	21.1	21.0	-10 bps	22.0	19.5	-250 bps
PAT	325.0	377.9	408.2	394.7	-3.3	478.5	424.6	-11.3
EPS (₹)	4.8	6.0	6.5	6.2	-3.9	7.6	6.7	-11.6

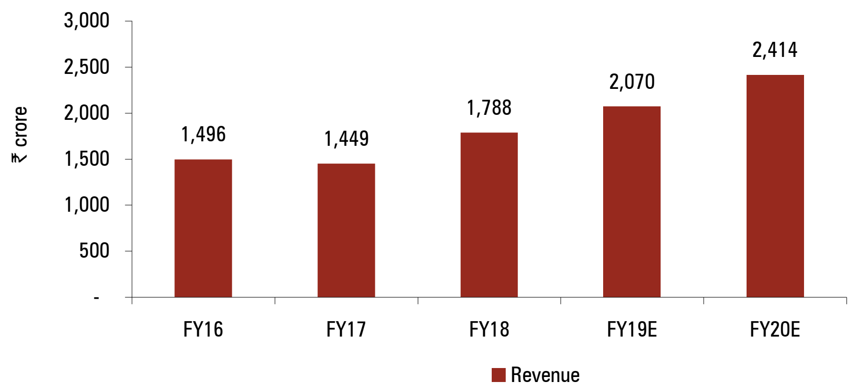
Source: Company, ICICI Direct Research

Company Analysis

Strong order inflows, execution pick-up to drive revenue growth of 16.2% CAGR in FY18-20E

We expect standalone revenues to increase from ₹ 1788 crore in FY17 to ₹ 2414 crore in FY20E at a CAGR of 16.2%. This is mainly on the back of strong order inflows and execution of backlog orders over the next two years. Order backlog as on FY18 was at ₹ 7873 crore. We expect order inflows of ₹ 3800 crore and ₹ 2500 crore in FY19E and FY20E, respectively.

Exhibit 1: Revenue trend

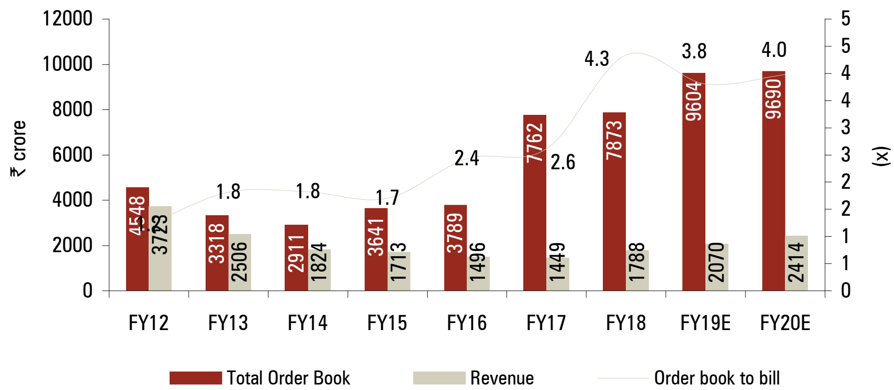


Source: Company, ICICI Direct Research

Order book growth to keep ticking

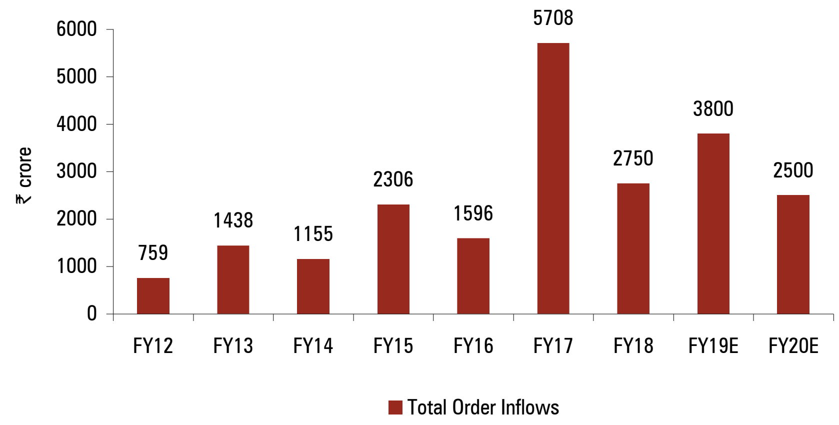
With domestic capex of oil PSUs gaining steam, we expect the order backlog for EIL to keep ticking.

Exhibit 2: Order backlog trend



Source: Company, ICICI Direct Research

Exhibit 3: Order inflows trend

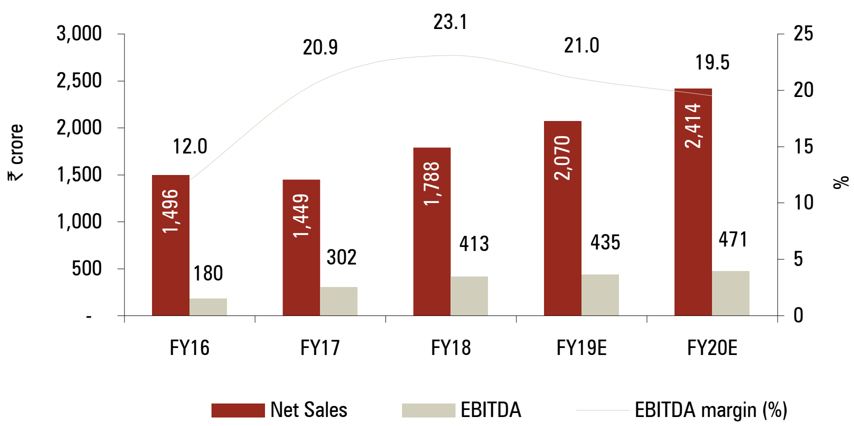


Source: Company, ICICI Direct Research

EBIDTA margins to decline to 19.5% in FY20E

EIL reported strong EBITDA margins of 23.1% in FY18 vs. 12% in FY16. A sharp increase in margins was due to higher proportion of consultancy revenues in the topline. However, the same is expected to change in FY18-20E. This is because we expect a higher proportion of turnkey revenues in the topline in FY18-20E. Thus, we expect margins of 19.5% in FY20E. We expect absolute EBITDA to grow at 6.7% CAGR in FY18-20E.

Exhibit 4: EBITDA and EBITDA margin trend

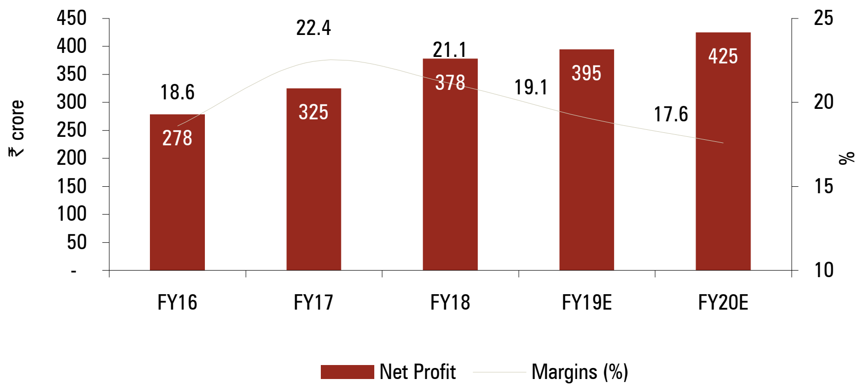


Source: Company, ICICI Direct Research

PAT to grow at 6% CAGR in FY18-20E

Going forward, we expect PAT growth rates to decelerate to 6% CAGR in FY18-20E. We expect PAT of ₹ 425 crore in FY20E.

Exhibit 5: PAT trend

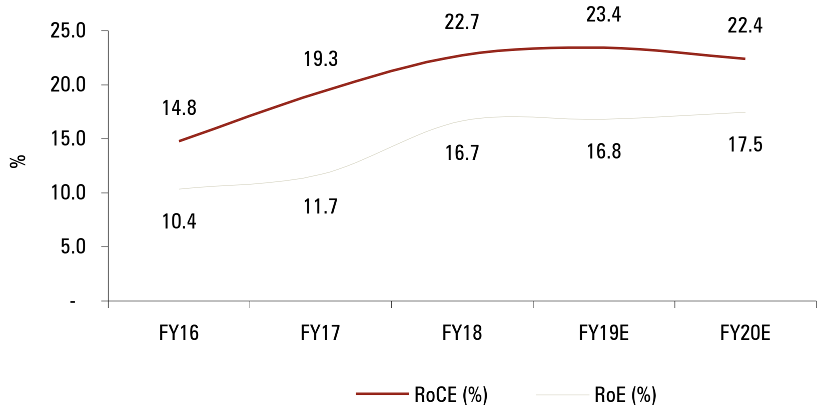


Source: Company, ICICI Direct Research

Return ratios to remain stable in FY18-20E

We expect stable return ratios with RoE and RoCEs of 17.5% and 22.4%, respectively, in FY20E.

Exhibit 6: RoE, RoCE trend



Source: Company, ICICI Direct Research

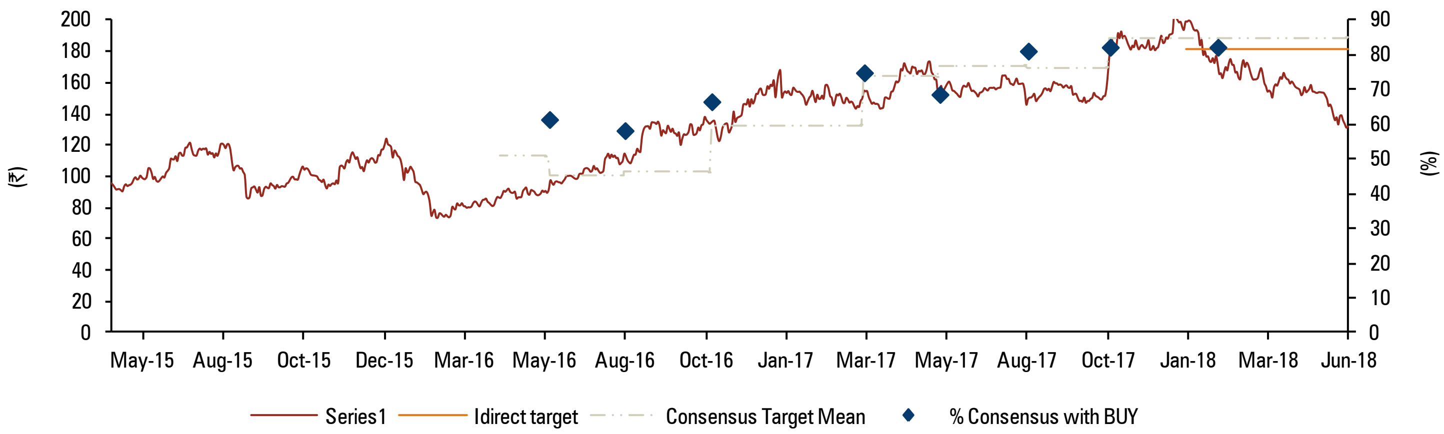
EIL has a sound track record of delivering topline and bottomline growth despite the cyclical nature of the industry due to volatile oil prices. Across business cycles, EIL has managed to keep its P&L and networth ticking. The same is reflected in the growth of topline, bottomline and net worth of 11.3%, 6.8% and 11% CAGR in FY07-16, respectively

Outlook and valuation

EIL has a sound track record of delivering topline and bottomline growth despite the cyclical nature of the industry due to volatile oil prices. Across business cycles, EIL has managed to keep its P&L and networth ticking. The same is reflected in the growth of topline, bottomline and net worth of 11.3%, 6.8% and 11% CAGR in FY07-16, respectively. On the valuation front, EIL has commanded ~17x its earnings, which is the 10-year average of two year's forward earnings. However, in time of positive growth outlook, the company has commanded premium over average multiples.

Despite a healthy dividend payout (~67%) and buyback (6.23% of total equity), EIL's balance sheet continues to remain healthy with nil debt and cash balance of ₹ 2480 crore. With a strong order backlog of ₹ 7873 crore (3.8x book-to-bill), we expect healthy execution in FY19E-20E. **We highlight that FY19E and FY20E will witness higher executions from the turnkey segment (order book mix: consultancy 53%, turnkey 47%), leading to overall decline in margins. EIL is likely to face project-related risks in this segment of the business.** Accordingly, we now expect EIL to deliver revenue, EBITDA and PAT CAGR of 16.2%, 6.7% and 6%, respectively, in FY18-20E. We value EIL at 24x P/E (25x earlier) on FY20E EPS of ₹ 6.7 to arrive at a target price of ₹ 160 per share (₹ 195 earlier). We maintain our **BUY** recommendation on the company.

Recommendation history vs. consensus



Source: Bloomberg, Company, ICICI Direct Research, Initiated coverage on 16th March 2017

Key events

Date/Year	Event
Jun-14	Navratna status accorded to the Company
Jan-15	EIL, National Fertilizers Limited and Fertilizer Corporation of India Limited form a JVC for setting up new Ammonia and Urea plants of 2200 MT per day and 3850 MT per day capacity respectively at the existing site of Ramagundam Fertilizer Plant in Telangana
Jun-15	EIL's Abu Dhabi Office wins orders worth ₹ 150 Crores
Jan-16	Government of India (promoter of EIL announces OFS of 3,36,93,660 equity shares representing 10% of the total paid up equity share capital
Apr-16	EIL signs contract with Bangladesh Petroleum Corporation (BPC) for providing PMC Services in Bangladesh
Sep-16	EIL signs contract with IOCL for providing EPCM services for implementing BSVI quality upgradation programs at its six refinery locations
Nov-16	EIL announces bonus of 1:1
Jan-17	HPCL awards contract of ~₹ 2500 crore of Vizag Refinery Modernization Project (VRMP) to EIL
Mar-17	Board approves buyback of 6.23% of paid-up equity share capital at ₹ 157 per share for an aggregate consideration not exceeding ₹ 658.8 crore

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	O/S	Position	Position Change
1	Government of India	31-12-2017	52.02%	328.69M	0
2	ICICI Prudential Asset Management Co. Ltd.	31-12-2017	6.79%	42.89M	+14.17M
3	Life Insurance Corporation of India	31-12-2017	3.54%	22.38M	0
4	Reliance Nippon Life Asset Management Lir	31-12-2017	2.86%	18.07M	+11.11M
5	L&T Investment Management Limited	30-06-2017	2.46%	15.54M	+2.56M
6	UTI Asset Management Co. Ltd.	31-12-2017	1.61%	10.17M	-1.44M
7	General Insurance Corporation of India	31-12-2017	1.30%	8.20M	-0.25M
8	LIC Mutual Fund Asset Management Compa	31-12-2017	1.19%	7.54M	-1.04M
9	Goldman Sachs Asset Management (India) I	31-03-2018	1.08%	6.84M	+0.30M
10	IDFC Asset Management Company Private I	31-03-2018	0.92%	5.80M	+0.13M

Shareholding Pattern

(in %)	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18
Promoter	57.0	57.0	54.2	52.0	52.0
FII	6.9	6.2	6.6	5.9	5.6
DII	19.9	20.4	22.1	25.6	26.5
Others	16.3	16.4	17.1	16.5	15.9

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
ICICI Prudential Asset Management Co. Ltd.	+44.24M	+14.17M	Tata Asset Management Limited	-7.76M	-3.19M
Reliance Nippon Life Asset Management Limited	+34.70M	+11.11M	Jupiter Asset Management Ltd.	-8.73M	-3.00M
Comgest S.A.	+2.77M	+0.89M	UTI Asset Management Co. Ltd.	-4.50M	-1.44M
JM Financial Asset Management Pvt. Ltd.	+1.86M	+0.76M	LIC Mutual Fund Asset Management Company Ltd.	-3.24M	-1.04M
Goldman Sachs Asset Management (India) Private Ltd.	+0.73M	+0.30M	RAM Active Investments S.A.	-2.10M	-0.67M

Source: Reuters, ICICI Direct Research

Financial summary (Standalone)

Profit and loss statement				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Net Sales	1,449	1,788	2,070	2,414
Other operating income	-	-	-	-
Revenue	1,449	1,788	2,070	2,414
% Growth	*(15.4)*	*23.4*	*15.8*	*16.6*
Other income	224	179	181	192
Total	1,672	1,967	2,250	2,606
Total Raw Material Costs	-	-	-	-
Employee Expenses	744	757	828	917
Other expenses	402	617	807	1,026
Total Operating Expenditure	1,146	1,375	1,635	1,943
Operating Profit (EBITDA)	302	413	435	471
% Growth	*41.0*	*36.7*	*5.2*	*8.3*
Interest	3	1	1	2
PBDT	523	592	614	661
Depreciation	23	24	21	23
PBT before Exceptional Items	500	568	594	638
Total Tax	175	190	199	213
PAT before MI	325	378	395	425
Minority Interest	-	-	-	-
PAT	325	378	395	425
% Growth	*5.5*	*16.3*	*4.4*	*7.6*
EPS	4.8	6.0	6.2	6.7

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Profit after Tax	325.0	377.9	394.7	424.6
Depreciation	22.5	23.8	20.5	22.8
Interest	3.2	0.6	1.2	2.1
Cash Flow before WC changes	350.7	402.3	416.4	449.4
Changes in inventory	(0.0)	(0.0)	(0.1)	(0.2)
Changes in debtors	(21.0)	(161.8)	(71.6)	(97.4)
Changes in loans & Advances	102.6	0.4	(0.9)	(1.8)
Changes in other current assets	(123.2)	110.2	(2.0)	(4.3)
Net Increase in Current Assets	(64.0)	(154.7)	(74.6)	(103.7)
Changes in creditors	20.4	(4.9)	40.9	40.9
Changes in provisions	23.5	163.4	(57.2)	90.0
Net Increase in Current Liabilities	(166.0)	830.9	(31.4)	369.2
Net CF from Operating activities	120.6	1,078.4	310.4	714.9
Changes in deferred tax assets	(50.5)	(33.9)	63.9	-
(Purchase)/Sale of Fixed Assets	(45.0)	(19.7)	(45.0)	(50.0)
Net CF from Investing activities	(174.1)	(27.1)	(65.0)	(50.0)
Dividend and Dividend Tax	(242.6)	(304.3)	(308.9)	(332.3)
Net CF from Financing Activities	(251.8)	(881.3)	(324.5)	(342.9)
Net Cash flow	(305.3)	170.1	(79.0)	322.1
Opening Cash/Cash Equivalent	2,615.8	2,310.5	2,480.6	2,401.6
Closing Cash/ Cash Equivalent	2,310.5	2,480.6	2,401.6	2,723.6

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(₹ Crore)	FY17	FY18	FY19E	FY20E
Equity Capital	336.9	316.0	316.0	316.0
Reserve and Surplus	2,439.0	1,951.9	2,029.8	2,113.6
Total Shareholders funds	2,776.0	2,267.8	2,345.8	2,429.6
Minority Interest	-	-	-	-
Other Non Current Liabilities	12.2	8.6	-	-
Total Debt	1.2	6.5	-	-
Total Liabilities	2,789	2,283	2,346	2,430
Gross Block	484.7	439.1	455.9	505.9
Acc: Depreciation	214.8	169.4	189.9	212.7
Net Block	269.9	255.1	266.0	293.3
Capital WIP	55.7	51.8	80.0	80.0
Total Fixed Assets	325.6	307.0	346.0	373.3
Non Current Assets	277.8	313.6	325.0	325.0
Inventory	1.1	1.1	1.2	1.4
Debtors	383.1	544.9	616.5	713.9
Loans and Advances	10.8	10.3	11.3	13.0
Other Current Assets	417.9	521.4	521.4	521.4
Cash	2,310.5	2,480.6	2,401.6	2,723.6
Total Current Assets	3,258.6	3,583.4	3,579.0	4,004.7
Current Liabilities	222.9	218.0	258.9	299.8
Provisions	463.4	626.8	569.6	659.7
Net Current Assets	2,026.7	1,520.7	1,547.6	1,604.2
Total Assets	2,789	2,283	2,346	2,430

Source: Company, ICICI Direct Research

Key ratios				
(Year-end March)	FY17	FY18	FY19E	FY20E
Per Share Data				
EPS	4.8	6.0	6.2	6.7
Cash per Share	34.3	39.3	38.0	43.1
BV	41.2	35.9	37.1	38.4
Dividend per share	3.0	4.0	4.1	4.4
Dvidend payout ratio	0.6	0.7	0.7	0.7
Operating Ratios				
EBITDA Margin	20.9	23.1	21.0	19.5
PAT Margin	22.4	21.1	19.1	17.6
Return Ratios				
RoE	11.7	16.7	16.8	17.5
RoCE	19.3	22.7	23.4	22.4
Valuation Ratios				
EV / EBITDA	21.6	14.1	13.5	11.8
P/E	27.2	21.9	21.0	19.5
EV / Net Sales	3.9	3.0	2.6	2.1
Sales / Equity	0.6	0.9	1.0	1.1
Market Cap / Sales	5.3	4.2	3.7	3.2
Price to Book Value	3.2	3.7	3.5	3.4
Turnover Ratios				
Asset turnover	3.5	4.5	4.9	5.2
Debtors Turnover Ratio	4.5	4.2	3.9	3.9
Creditors Turnover Ratio	7.9	8.9	9.4	9.3
Solvency Ratios				
Debt / Equity	0.0	0.0	-	-
Current Ratio	0.7	0.6	0.6	0.7
Quick Ratio	0.7	0.6	0.6	0.7

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: >15%/20% for large caps/midcaps, respectively, with high conviction;
Buy: >10%/15% for large caps/midcaps, respectively;
Hold: Up to +/-10%;
Sell: -10% or more;

Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

Disclaimer

ANALYST CERTIFICATION

We /I, *Chirag Shah PGDBM; Sagar Gandhi MBA (Finance)*, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. ICICI Securities Limited is a Sebi registered Research Analyst with Sebi Registration Number – INH000000990. ICICI Securities is a wholly-owned subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant 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 prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

It is confirmed that *Chirag Shah PGDBM; Sagar Gandhi MBA (Finance)*, Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that *Chirag Shah PGDBM; Sagar Gandhi MBA (Finance)*, Research Analysts do not serve as an officer, director or employee of the companies mentioned in the report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.