Equity Research
July 8, 2020
BSE Sensex: 36675

ICICI Securities Limited is the author and distributor of this report

Q4FY20 concall update

Capital Goods

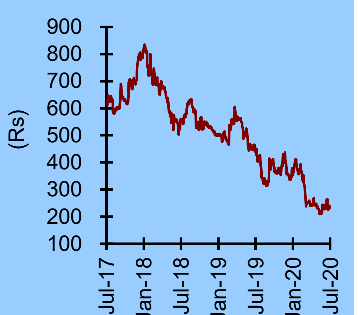
Target price: Rs330

Shareholding pattern

	Sep '19	Dec '19	Mar '20
Promoters	62.3	62.3	62.4
Institutional investors	12.4	12.4	12.2
MFs and others	10.5	10.5	10.6
FIIs	1.9	1.9	1.6
Others	25.3	25.3	25.4

Source: NSE

Price chart



Research Analysts:

Renjith Sivaram
renjith.sivaram@icicisecurities.com
+91 22 6637 7340

Vipin Goel
vipin.goel@icicisecurities.com
+91 22 6637 7397

INDIA

ISGEC Heavy Engineering

BUY
Maintained

On a strong footing despite macro headwinds

Rs243

ISGEC Heavy Engineering's (ISGEC) management, in their concall, shared confidence on buoyancy in certain segments of domestic market like FGD, refinery, civil infra, petchem, fertilisers, hospitals and airports. Pace of execution continues to be slow, impacted by labour unavailability (currently at 75%). The impact on manufacturing margin in Q4FY20 was due to delay in dispatch of equipment and management sees sustainable margins in manufacturing segment at 9% and EPC segment at 5%. The directors' remuneration will be cut by 75% and a 5-30% cut in the salary of white collar employees (> Rs800,000 per annum salary) is expected to reduce overall staff costs by ~15% for FY21. Current orderbook at Rs69bn (1.4x TTM sales) provides growth visibility. We factor-in 8% standalone earnings growth over FY20-FY22E and maintain BUY rating on the stock with an unchanged SoTP-based target price of Rs330.

- **Healthy orderbook provides growth visibility:** Despite challenging environment, ISGEC's current orderbook at Rs69bn (1.4x TTM sales) lends growth visibility. The orderbook constitutes Rs54bn of EPC orders and Rs15bn of orders from products business. Hitachi Zosen booked Rs2.4bn worth of orders in FY20 and has orderbook of Rs4.8bn as of Mar'20. Furthermore, the company is L1 in an FGD order from state.
- **Strong ordering pipeline led by government capex:** Company is confident of traction in government-related ordering and orders related to FGD, civil infra and refinery in FY21. Around 47% of the current orderbook is from government and they are exploring opportunities in defence, buildings and factories including small airports etc. On FGD front, ISGEC will participate in NTPC Lot 6 FGD tenders; company is witnessing enquiries from Uttar Pradesh, Tamil Nadu and Haryana for the same.
- **Sale of Philippines plant delayed due to Covid-19 outbreak:** ISGEC will have to spend on retaining the current manpower and ensuring security of the facility. Hence, consolidated margins are likely to get impacted by Rs100mn-120mn per annum. The entity has a debt of US$35mn and pending construction work worth ~US$15mn. The lender has extended repayment terms for two years and the next installment is in Jan'22. ISGEC will have to either complete the pending work with an overseas loan or find a buyer ready to fund the required capex and recover dues worth ~US$38mn.
- **Maintain BUY:** Due to depressed earnings in FY21E because of lockdown, we value the stock on FY22E earnings with a standalone target P/E multiple of 12x. We value ISGEC Hitachi Zosen at Rs19 (25x FY22E earnings) and Saraswati Sugar Mills at Rs19 (5x FY22E earnings). We maintain our **BUY** rating on the stock with an unchanged SoTP-based target price of Rs330.

Market Cap	Rs17.8bn/US$238mn
Reuters/Bloomberg	ISGE.BO / IGSEC IN
Shares Outstanding (mn)	73.5
52-week Range (Rs)	451/209
Free Float (%)	37.6
FII (%)	1.6
Daily Volume (US$/'000)	57
Absolute Return 3m (%)	0.2
Absolute Return 12m (%)	(46.2)
Sensex Return 3m (%)	22.5
Sensex Return 12m (%)	(6.0)

Year to Mar	FY19	FY20	FY21E	FY22E
Revenue (Rs bn)	41,289	48,937	41,445	44,150
Rec. Net Income (Rs bn)	1,283	1,531	1,361	1,786
EPS (Rs)	17.5	20.8	18.5	24.3
% Chg YoY	7.9	19.3	(11.1)	31.2
P/E (x)	14.2	11.9	13.3	10.2
CEPS (Rs)	26.4	30.8	28.1	34.0
EV/E (x)	6.6	7.0	7.6	5.5
Dividend Yield (%)	0.8	0.8	1.4	1.4
RoCE (%)	10.1	10.2	8.0	9.6
RoE (%)	10.0	10.9	8.9	10.8

Other highlights

- The company had an order intake of Rs39.2bn in FY20 and orderbook of Rs69.2bn, where Rs54bn is for projects and Rs15bn for products business. Around 47% of the current order book is from govt/PSUs and consolidated orderbook includes Rs15bn worth of export orders.

Covid-19 pandemic

- Pace of execution has been impacted by labour unavailability, which has improved to 75% from 35% at the beginning of the lockdown.
- Issues related to supplies have been resolved as large vendors are now operating at full capacity and small vendors at 50% capacity.
- Around 5-30% salary cut for employees having salary above Rs800,000 is expected to result in 15% reduction in salary costs for FY21. MD and independent directors will take 75% salary cut.
- Due to non-dispatch of equipments manufacturing margins were low in Q4FY20. Management sees 9% as sustainable margins for manufacturing segment and 5% margins for projects business.

Subsidiaries

- Hitachi Zosen - Rs800mn consignment could not be dispatched in Q4FY20, and is now expected in Q1FY20. Hitachi Zosen booked orders worth Rs2.4bn and has an orderbook of Rs4.8bn as of Mar'20.
- Eagle Press factory was shut in March and April. Although order booking has been slow, company has orders in hand for the next few months.

FGD

- Company has participated in FGD tenders from state and is L1 in an FGD order. It is seeing enquiries from NTPC as well from states like UP, TN and Haryana. ISGEC did not participate in NTPC Lot 4 and Lot 5, but will participate in NTPC Lot 6.
- Currently, it has two FGD orders worth Rs12bn which it expects to complete in early FY22.
- It is also into semi-dry FGD now and is importing components from China for an FGD company.

Ordering pipeline

- The company booked some orders in Q1FY21 and is focusing more on govt enquiries in FGD, refinery, fertilisers, hospitals, airports and civil infra. ISGEC is looking at contract manufacturing opportunities in defence; it is exploring civil projects and will be bidding for construction of small airports.
- Currently, there are Rs15-18bn worth of enquiries in the market and the company is L1 in some orders including an FGD order.
- Company is also looking at API pharma as ISGEC Titan makes small pressure vessels; however, it's not a very big opportunity.

- Hitachi Zosen and ISGEC standalone both are into pressure vessels for O&G, where the company will not be able to book more than Rs8bn.

Philippines plant

- Sale is unlikely to complete by Oct'20, hence, it has been consolidated under subsidiaries. Due to travel restrictions to Philippines, plant sale plan has derailed by six months. The company is not doing any capex there.
- Plant has term loan of US$35mn, where the lender has extended repayment terms for two years and the next installment is due in Jan'22.

Others

- ISGEC expects to maintain 20-25% of revenues from international market led by sugar, boiler, presses and pressure equipment.
- Debt increased due to lower collections on account of Covid-19 outbreak and the company preferred borrowing over interest bearing advances worth Rs1bn from PSUs. Around 40% of billing in FY20 was to govt sector.
- Apart from Rs1.8bn capex for ethanol plant, company does not see any material capex (~Rs150mn for FY21). Commercial production of ethanol plant (110klpd) is likely to start by Jun'21.
- Given China issues, although in very early stages, ISGEC has started seeing enquiries for manufacturing in India.

Table 1: Remuneration to executive directors

(Rs mn)	FY15	FY16	FY17	FY18	FY19	FY20*	FY21E	FY22E
Mr. Aditya Puri(Managing Director)								
Salary			6	6	6			
Contribution to PF			1	1	1			
Other Perquisites			0	0	0			
Commission			135	84	122			
Total			**143**	**92**	**129**	**129**	**32**	**32**
Mrs. Nina Puri (Whole Time Director)								
Salary			3	6	6			
Contribution to PF			0	1	1			
Other Perquisites			0	0	0			
Commission			139	85	122			
Total			**143**	**92**	**129**	**129**	**32**	**32**
Combined								
Salary	7	7	9	12	12			
Contribution to PF	1	2	2	2	2			
Other Perquisites	0	0	0	0	0			
Commission	236	289	275	169	244			
Total	**244**	**298**	**286**	**184**	**259**	**259**	**65**	**65**
% of PBT	***11.2%***	***10.5%***	***10.7%***	***10.9%***	***12.7%***	***12.5%***	***3.6%***	***2.7%***

**Note: For FY20, we have assumed remuneration similar to FY19*

Source: Company data, I-Sec research

Assuming ~75% cut in salary to directors for FY21E, we estimate total remuneration to drop to 3-4% of PBT, which has historically been at 11-13%. The high compensation of top management has been a major overhang for the stock. The plan to substantially cut this remuneration will be seen as a positive development.

Outlook and valuation

Current orderbook at ~Rs69bn provides growth visibility and the order pipeline looks promising. We believe execution should gather pace with the current orderbook providing revenue visibility in near to medium term. Public spending on infrastructure, emission norms and railway projects provides order visibility. We factor-in 8% earnings CAGR over FY20-FY22E and maintain our **BUY** rating with an unchanged SoTP-based target price of Rs330.

We value the standalone business at Rs291 (12x FY22E earnings), ISGEC Hitachi Zosen at Rs19 (25x FY22E earnings) and Saraswati Sugar Mills at Rs19 (5x FY22E earnings), arriving at an SoTP-based target price of Rs330.

Table 2: SoTP valuation

	Method	P/E Multiple	FY22E earnings	Value (Rs mn)	Holding (%)	Holding Value (Rs mn)	Per Share (Rs)
Standalone	FY22E P/E(x)	12	1,786	21,428	100	21,428	291
Saraswati Sugar	FY22E P/E(x)	5	283	1,414	100	1,414	19
ISGEC Hitachi Zosen	FY22E P/E(x)	25	107	2,663	51	1,358	19
Total						**24,199**	**330**

Source: I-Sec research

Standalone result highlights

- Revenue declined 4% YoY to Rs13bn (I-Sec: Rs12.2bn) due to 13% YoY decline in machinery & equipment segment to Rs2.8bn (I-Sec: Rs3.2bn), while EPC declined 3.2% YoY to Rs10.9bn (I-Sec: Rs9.9bn).
- EBITDA margin shrunk 60bps YoY to 4.5% (I-Sec: 4.7%) as machinery & equipment reported EBIT loss of Rs16mn. EPC margin expanded 150bps YoY to 4.2% (I-Sec: 2%).
- Other income declined 68% YoY to Rs22mn resulting in PBT decline of 35% YoY to Rs346mn (I-Sec: Rs428mn). PAT declined 17.7% YoY to Rs257mn (I-Sec: Rs339mn).

Table 3: Quarterly financial highlights (standalone)

(Rs mn)	Q4FY19	4QFY20	YoY(%)	Q3FY20	QoQ(%)	I-Sec est	Var(%)	FY19	FY20	YoY(%)
Net Sales	13,565	13,011	*(4.1)*	13,319	*(2.3)*	12,161	*7.0*	41,289	48,937	*18.5*
EBITDA	686	581	*(15.2)*	820	*(29.1)*	566	*2.8*	2,474	2,785	*12.6*
Margin	5.1	4.5	-59bps	6.2	-169bps	4.7	-18bps	6.0	5.7	-30bps
Depreciation	180	191	*6.5*	185	*3.4*	172	*11.3*	659	737	*11.8*
Finance Cost	41	66	*62.3*	40	*65.1*	61	*9.2*	153	159	*3.7*
Other Income	70	22	*(67.9)*	44	*(49.3)*	95	*(76.5)*	369	186	*(49.6)*
PBT	535	346	*(35.3)*	639	*(45.8)*	428	*(19.1)*	2,031	2,075	*2.2*
Tax	222	89	*(60.0)*	152	*(41.6)*	89	*0.3*	748	544	*(27.3)*
Tax rate	*41.5*	*25.6*	-1590bps	*23.8*	186bps	*20.7*		*36.8*	*26.2*	-1061bps
Reported PAT	313	257	*(17.7)*	487	*(47.1)*	339	*(24.2)*	1,283	1,531	*19.3*
Adjusted PAT	313	257	*(17.7)*	487	*(47.1)*	339	*(24.2)*	1,283	1,531	*19.3*
Margin(%)	2.3	2.0	-33bps	3.7	-168bps	2.8	-81bps	3.1	3.1	2bps
EPS (Rs)	4.3	3.5	*(17.7)*	6.6	*(47.1)*	4.6		90.6	20.8	

Source: Company data, I-Sec research

Table 4: Segmental highlights (standalone)

Rs mn	Q4FY19	4QFY20	YoY(%)	Q3FY20	QoQ(%)	I-Sec est	Var(%)	FY19	FY20	YoY(%)
Segment Revenue										
Machinery & Equip.	3,192	2,775	-13.0	3,762	-26.2	3,209	*(13.5)*	12,026	12,434	3.4
EPC	11,269	10,913	-3.2	10,207	6.9	9,855	*10.7*	32,214	38,974	21.0
Total	**14,461**	**13,688**	**-5.3**	**13,972**	**-2.0**	13,065	*4.8*	**44,242**	**51,411**	**16.2**
Segmental EBIT										
Machinery & Equip.	337	-16	-104.9	293	-105.6	238	*(106.9)*	1,317	904	-31.4
EPC	300	454	51.3	431	5.3	201	*126.2*	1,166	1,504	29.0
EBIT margins (%)										
Machinery & Equip.	*10.6*	*-0.6*	*-1115bps*	*7.8*	*-838bps*	*7.4*	*-800bps*	*11.0*	*7.3*	*-368bps*
EPC	*2.7*	*4.2*	*150bps*	*4.2*	*-7bps*	*2.0*	*212bps*	*3.6*	*3.9*	*24bps*

Source: Company data, I-Sec research

Consolidated result highlights

- Revenue declined 3% YoY to Rs15.4bn due to 13% YoY decline in machinery & equipment segment to Rs3.5bn and 2.7% YoY decline in EPC to Rs11bn. Sugar segment continued witnessing growth – 8% YoY to Rs1.5bn.
- EBITDA margin shrunk 150bps YoY to 3.4% as machinery & equipment reported EBIT loss of Rs105mn. This was partially supported by 150bps YoY growth in EPC margin to 4.2% and 520bps YoY growth in sugar segment margin to 10.6%.
- Other income grew 26% YoY to Rs187mn and PBT declined 52% YoY to Rs296mn. PAT was 65% YoY, down to R134mn.

Table 5: Quarterly financial highlights (consolidated)

(Rs mn)	Q4FY19	Q4FY20	YoY(%)	Q3FY20	QoQ(%)	FY19	FY20	YoY(%)
Net Sales	15,892	15,415	*(3.0)*	16,857	*(8.6)*	50,507	58,522	*15.9*
EBITDA	770	521	*(32.4)*	926	*(43.8)*	2,662	2,947	*10.7*
Margin	4.8	3.4	-147bps	5.5	-212bps	5.3	5.0	-24bps
Depreciation	231	269	*16.6*	261	*3.2*	825	990	*20.1*
Finance Cost	70	142	*104.7*	97	*46.4*	256	411	*61.0*
Other Income	148	187	*26.1*	291	*(35.8)*	688	620	*(9.9)*
PBT	618	296	*(52.1)*	859	*(65.6)*	2,269	2,165	*(4.6)*
Tax	216	109	*(49.3)*	250	*(56.2)*	871	707	*(18.9)*
Tax rate	*34.9*	*36.9*	205bps	*29.0*	789bps	*38.4*	*32.7*	-574bps
Reported PAT	387	134	*(65.3)*	639	*(79.0)*	1,440	1,508	*4.7*
Adjusted PAT	387	134	*(65.3)*	639	*(79.0)*	1,440	1,508	*4.7*
Margin(%)	2.4	0.9	-156bps	3.8	-292bps	2.9	2.6	-28bps
EPS (Rs)	5.4	1.9	*(63.7)*	8.0	*(75.6)*	19.4	19.9	

Source: Company data, I-Sec research

Table 6: Segmental highlights (consolidated)

Rs mn	Q4FY19	Q4FY20	YoY(%)	Q3FY20	QoQ(%)	FY19	FY20	YoY(%)
Segment Revenue								
Machinery & Equip.	4,044	3,513	-13.1	5,585	-37.1	15,524	16,122	3.9
EPC	11,299	10,998	-2.7	10,311	6.7	32,378	39,290	21.3
Sugar	1,431	1,543	7.8	1,611	-4.2	5,583	5,545	-0.7
Total	**16,774**	**16,091**	**-4.1**	**17,509**	**-8.1**	**53,487**	**60,999**	**14.0**
Segmental EBIT								
Machinery & Equip.	360	-105	-129.2	480	-121.9	1,427	898	-37.1
EPC	306	464	51.4	428	8.2	1,182	1,516	28.2
Sugar	77	163	111.9	140	16.5	200	483	141.9
EBIT margins (%)								
Machinery & Equip.	8.9	-3.0	-1189bps	8.6	-1158bps	9.2	5.6	-362bps
EPC	2.7	4.2	150bps	4.2	6bps	3.7	3.9	21bps
Sugar	5.4	10.6	520bps	8.7	188bps	3.6	8.7	513bps

Source: Company data, I-Sec research

Table 7: Financial assumptions (standalone)

Rs mn	FY18	FY19	FY20	FY21E	FY22E
Segment Revenue					
Manufacturing of machinery & equipment	10,674	12,026	12,434	11,295	11,747
YoY Growth (%)		*12.7*	*3.4*	*-9.2*	*4.0*
Engineering, procurement and construction	17,205	32,214	38,974	32,582	34,863
YoY Growth (%)		*87.2*	*21.0*	*-16.4*	*7.0*
Total	**27,879**	**44,241**	**51,408**	**43,877**	**46,610**
EBIT					
Manufacturing of machinery & Equipment	1,294	1,317	904	1,017	1,175
Engineering, procurement & construction	628	1,166	1,504	1,140	1,569
Unallocated	397	75	-80	-88	-96
Total EBIT	**2,318**	**2,558**	**2,329**	**2,069**	**2,647**
EBIT margin (%)					
Manufacturing of machinery & Equipment	12.1	11.0	7.3	9.0	10.0
Engineering, procurement & construction	3.6	3.6	3.9	3.5	4.5
Total	**8.9**	**6.2**	**4.8**	**5.0**	**6.0**

Source: Company data, I-Sec research

Financial summary (standalone)

Table 8: Profit & loss statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Total Income	**41,289**	**48,937**	**41,445**	**44,150**
Operating Expenses	38,815	46,152	38,923	41,032
EBITDA	**2,474**	**2,785**	**2,522**	**3,118**
% margins	*6.0*	*5.7*	*6.1*	*7.1*
Depreciation & Amortisation	659	737	703	714
EBIT	**1,815**	**2,048**	**1,819**	**2,403**
Gross Interest	153	159	167	175
Other Income	369	186	167	159
PBT before exceptionals	**2,031**	**2,075**	**1,819**	**2,387**
Add: Extraordinaries/ Exceptionals	-	-	-	-
Add: Share in associates	-	-	-	-
PBT	**2,031**	**2,075**	**1,819**	**2,387**
Less: Taxes	748	544	458	602
Less: Minority Interests	-	-	-	-
Net Income (Reported)	**1,283**	**1,531**	**1,361**	**1,786**
Adjusted Net Income	**1,283**	**1,531**	**1,361**	**1,786**

Source: Company data, I-Sec research

Table 9: Balance sheet

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Assets				
Total Current Assets	34,945	35,880	37,127	40,780
of which cash & cash eqv.	2,475	2,176	2,288	4,513
Total Current Liabilities & Provisions	28,397	26,218	26,501	28,756
Net Current Assets	**4,073**	**7,487**	**8,338**	**7,511**
Investments	1,692	1,693	1,710	1,727
Other Non-Current Assets	791	1,497	1,523	1,550
Net Fixed Assets	**5,187**	**5,263**	**5,359**	**5,445**
Goodwill	-	-	-	-
Total Assets	**14,219**	**18,115**	**19,218**	**20,747**
Liabilities				
Borrowings	**747**	**3,410**	**3,410**	**3,410**
Deferred Tax Liability	-	-	-	-
Minority Interest	-	-	-	-
Equity Share Capital	**74**	**74**	**74**	**74**
Face Value per share (Rs)	1.00	1.00	1.00	1.00
Reserves & Surplus	13,398	14,632	15,735	17,263
Net Worth	**13,472**	**14,705**	**15,809**	**17,337**
Total Liabilities	**14,219**	**18,115**	**19,218**	**20,747**

Source: Company data, I-Sec research

Table 10: Cashflow statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Operating Cashflow	**1,682**	**2,213**	**2,064**	**2,516**
Working Capital Changes	(3,757)	(2,729)	(471)	690
Capital Commitments	(999)	(813)	(800)	(800)
Free Cashflow	**(3,074)**	**(1,329)**	**792**	**2,406**
Cashflow from Investing Activities	**1,994**	**1,011**	**294**	**(437)**
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	(76)	2,663	-	-
Interest paid	(153)	(159)	(167)	(175)
Dividend paid	(147)	(147)	(257)	(257)
Extraordinary Items/Others	**(1,800)**	**(2,339)**	**(550)**	**689**
Chg. in Cash & Bank balance	**(3,255)**	**(300)**	**112**	**2,225**

Source: Company data, I-Sec research

Table 11: Key ratios

(Year ending March 31)

	FY19	FY20	FY21E	FY22E
Per Share Data (in Rs.)				
Diluted adjusted EPS	17.5	20.8	18.5	24.3
Recurring Cash EPS	26.4	30.8	28.1	34.0
Dividend per share (DPS)	2.0	2.0	3.5	3.5
Book Value per share (BV)	183.2	200.0	215.0	235.8
Growth Ratios (%)				
Operating Income	57.9	18.5	(15.3)	6.5
EBITDA	45.7	12.5	(9.4)	23.6
Recurring Net Income	7.9	19.3	(11.1)	31.2
Diluted adjusted EPS	7.9	19.3	(11.1)	31.2
Diluted Recurring CEPS	4.4	16.8	(9.0)	21.1
Valuation Ratios				
P/E	14.2	11.9	13.3	10.2
P/CEPS	9.3	8.0	8.8	7.3
P/BV	1.3	1.2	1.1	1.0
EV / EBITDA	6.6	7.0	7.6	5.5
EV / Operating Income	0.4	0.4	0.5	0.4
EV / Op. FCF (pre -Capex)	(10.1)	(10.3)	8.8	4.5
Operating Ratios				
Raw Material/Sales (%)	69.3	72.8	67.0	67.0
SG&A/Sales (%)	17.6	15.1	19.4	18.1
Other Income / PBT (%)	18.2	9.0	9.2	6.7
Effective Tax Rate (%)	36.8	26.2	25.2	25.2
NWC / Total Assets (%)	17.0	22.5	22.8	19.7
Inventory Turnover (days)	54.0	38.1	62.0	60.0
Receivables (days)	159.5	148.5	170.0	165.0
Payables (days)	121.3	96.9	120.0	122.0
Net D/E Ratio (x)	(0.1)	0.1	0.1	(0.1)
Return/Profitability Ratios (%)				
Recurring Net Income Margins	3.1	3.1	3.3	4.0
RoCE	10.1	10.2	8.0	9.6
RoNW	10.0	10.9	8.9	10.8
Dividend Payout Ratio	11.5	9.6	18.9	14.4
Dividend Yield (%)	0.8	0.8	1.4	1.4
EBITDA Margins	6.0	5.7	6.1	7.1

Source: Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92, Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet_babbar@icicisecuritiesinc.com, Rishi_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

ANALYST CERTIFICATION
I/We, *Renjith Sivaram, BE, MBA (Finance); Vipin Goel, MBA, B.Tech* 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the 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 Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a 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.
Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.
Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.
ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Retail Research.
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.
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.
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.
This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.