

Execution headwind continues amid Covid-19...

Bhel's Q1FY21 revenues were at ₹ 1990.9 crore with a significant decline of 56.1% YoY impacted by execution headwinds and Covid-19. On the segmental front, power segment revenues fell 67.9% to ₹ 1119.4 crore YoY whereas industrial segment revenue fell 15.4% to ₹ 777.2 crore YoY. The company posted EBITDA level loss of ₹ 1058.9 crore (vs. EBITDA level loss of ₹ 266.7 crore in Q1FY20) YoY owing to less revenue booking and higher-than-expected operating expenses. Net loss came in at ₹ 897.2 crore (vs. net loss of ₹ 216.2 crore in Q1FY20), partly aided by deferred tax adjustment.

Deferral of key projects impacts order inflows...

During Q1FY21, order inflow was at ₹ 1485 crore, down 62% YoY, (₹ 982 crore from power segment, ₹ 442 crore from industrial segment, ₹ 61 crore from exports segment). Bhel's order backlog as on Q1FY21 was at ₹ 108126 crore (₹ 86603 crore in power, ₹ 13447 crore in industrial, ₹ 8073 crore in exports). Of total order backlog, executable orders were at 87967 crore. It is favourably placed in orders like Talcher power plant. However, few power projects including Lara, Singrauli and Pench power plants are getting deferred for awarding/tendering and are likely to get awarded in FY22E.

Operational transformation, Make in India key to revival...

Bhel has initiated a transformational strategy to improve its operational performance, working capital situation and floated a global expression of interest (EoI) to utilise its manufacturing facilities and industrial land under 'Make in India' in which it has received 70+ responses across contract manufacturing, defence, aerospace, railways and expects contract manufacturing to materialise in near term. It has signed three preliminary MoUs with companies for products including marine gas turbine and armoured trucks that are under negotiations for transfer of technologies. Bhel expects to gain good traction in solar EPC, railway electrification, locomotives, aerospace and defence manufacturing owing to Atmanirbhar Bharat package and 'Make in India' for which it has created a separate business development group with focus on in-house manufacturing of bought-out items.

Valuation & Outlook

Execution challenges and high level of receivables (~₹ 35332 crore, down 6.6%, YoY) are key concerns and could hamper medium term growth prospects. However, transformation strategy to optimise operational cost and initiatives like utilisation of manufacturing facilities & industrial land are likely to help diversify in non-power business and provide long term revenue visibility. We revise our target price to ₹ 35 (15x FY22EPS) and maintain our **HOLD** recommendation.

Key risk: Power sector outlook and structural changes remains key concern.



Particulars

Particular	Amount
Market Capitalization	₹12709.5 Crore
Total Debt (FY 20)	₹5008.8 Crore
Cash & Inv. (FY 20)	₹6418.6 Crore
EV	₹11299.7 Crore
52 week H/L	₹61 /19
Equity capital	₹696.4 Crore
Face value	₹2

Key Highlights

- Q1FY21 order inflow at ~₹ 1485 crore, down 62% YoY
- Reported EBITDA loss of ₹ 1058.9 crore (vs. EBITDA loss of ₹ 266.7 crore in Q1FY20) YoY owing to less revenue booking and higher-than-expected operating expenses
- Revise our target price to ₹ 35 (15x FY22EPS) and maintain HOLD rating. However, execution headwinds, long term power sector outlook continue to remain key concern

Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Amit Anwani
amit.anwani@icicisecurities.com

Key Financial Summary

Particulars (₹ crore)	FY18	FY19	FY20	FY21E	FY22E	CAGR (FY20-FY22E)
Net Sales	28,666.9	30,349.0	21,486.1	17,345.5	23,094.1	3.7%
EBITDA	1,343.4	2,142.0	(232.8)	(349.4)	1,505.4	-
EBITDA Margin (%)	4.7	7.1	(1.1)	(2.0)	6.5	-
Net Profit	806.6	1,215.4	(1,472.9)	(719.0)	812.5	-
EPS (₹)	3.3	3.5	(4.2)	(2.1)	2.3	-
P/E (x)	10.6	10.0	(8.3)	(17.0)	15.0	-
RoNW (%)	2.5	3.9	(5.0)	(2.6)	2.9	-
RoCE (%)	5.6	6.9	(0.5)	(1.4)	4.6	-

Source: Company, ICICI Direct Research

Exhibit 1: Variance Analysis

	Q1FY21	Q1FY20	YoY (Chg %)	Q4FY20	QoQ (Chg %)	Comments
Revenue	1,990.9	4,531.7	-56.1	5,049.3	-60.6	Revenue declines due to execution headwinds and supply chain disruptions
Other Income	95.5	145.5	-34.4	148.2	-35.5	
Employee Expenses	1,378.8	1,450.9	-5.0	1,110.3	24.2	
Raw Material Expenses	1,311.5	2,607.3	-49.7	3,594.0	-63.5	Raw material expenses increase due to gross margin decline, less revenues
Provision For Bad Debt	0.0	0.0	-	0.0	-	
Other Operating Expenses	359.5	740.2	-51.4	906.7	-60.3	
EBITDA	-1,058.9	-266.7	297.1	-561.7	88.5	
EBITDA Margin (%)	-53.2	-5.9	-4730 bps	-11.1	-4206 bps	
Depreciation	118.5	114.8	3.2	154.3	-23.2	
Interest	114.6	108.0	6.1	141.2	-18.8	
PBT	-1,196.4	-343.9	247.9	-708.9	68.8	
Total Tax	-299.3	-127.7	134.3	825.2	-136.3	
PAT	-897.2	-216.2	314.9	-1,534.1	-41.5	PAT declined owing to increase in interest expense and aided by deferred tax
Key Metrics						
Power segment rev.	1,119.4	3,491.5	-67.9	3,174.7	-64.7	
Industry segment rev.	777.2	918.8	-15.4	1,418.9	-45.2	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹Crore)	FY21E			FY22E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	17,366.4	17,345.5	-0.1	23,090.0	23,094.1	0.0	Revise execution rates in tandem with headwinds
EBITDA	-290.7	-349.4	-	1,508.0	1,505.4	-0.2	
EBITDA Margin (%)	-1.7	-2.0	-30bps	6.5	6.5	0bps	
PAT	-725.7	-719.0	-	751.6	812.5	8.1	
EPS (₹)	-2.1	-2.1	-1.7	2.2	2.3	6.1	

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier	
	FY 19	FY 20	FY 21E	FY 22E	FY 21E	FY 22E
Order Inflow growth	-41.7	-1.3	-20.6	17.7	-15.1	11.0
Order Backlog growth	-4.7	-3.6	2.6	-0.1	3.2	-0.1
Revenue growth	5.9	-29.2	-19.3	33.1	-19.2	33.0
EBITDA Margins	7.1	-1.1	-2.0	6.5	-1.7	6.5

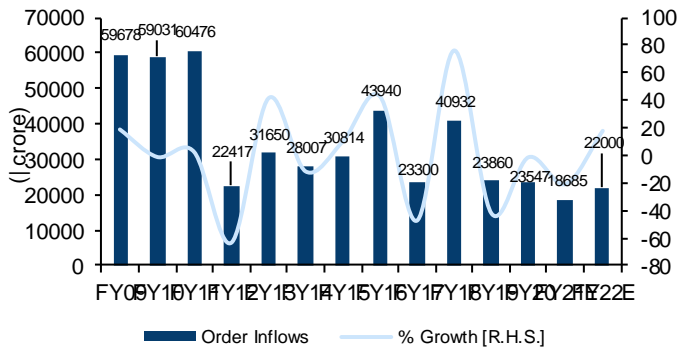
Source: Company, ICICI Direct Research

Conference call highlights

- On the operational front, manufacturing facilities and project site operations gradually improved with 60% pre-Covid levels in August. The operations were also impacted by supply chain disruption. The execution is seeing improvement and is expected to normalise in Q3FY21
- On the working capital front, receivables management is a key concern. Receivables as on Q1FY21 were at ~₹ 35332 crore with a marginal decline of 6.6%, YoY. Cash collection to billing ratio has improved to 133% for Q1FY21 (vs. 114% in Q4FY20). Bhel has supported MSME and other vendors, which also had some impact on working capital. While trade receivables were at ₹ 11836 crore (down by ~₹ 3000 crore, YoY), contract receivables were at ₹ 23496 crore (down ~₹ 2500 crore YoY). Receivables consist of 48% from states, 33% from central, 12% from private and 7% exports. All efforts were on project completions and cash conservation
- Net cash balance as on Q1FY21 were at ₹ 1168 crore (vs. ₹ 1485 crore in Q4FY20). Gross cash and debt were at ₹ 6064 crore and ₹ 4896 crore, respectively, as on Q1FY21
- The global expression of Interest (EOI) floated by Bhel has received 70+ responses across defence, aerospace, railways and contract manufacturing sectors. It has signed three preliminary MoUs with companies for products including marine gas turbine, armoured trucks for which discussions are still on regarding negotiations and transfer of technologies for finalisation. The company expects contract manufacturing to materialise in the near term and other collaborative developments in defence, aerospace to materialise only in the long term
- Bhel is mulling a second leg of global EOI to explore opportunities in propulsion systems, railway signalling, track machines, etc, and expects participation from global manufacturing companies
- The company recently set up a dedicated vertical 'Make in India' business development group for exploring in-house development of major items imported by Bhel and the country to generate alternative business and improve capacity utilisation. To reduce import dependence on China, Bhel is looking for design and in-house manufacturing of component for FGD and air cool compressors (ACC), while for solar modules it is planning to procure from domestic manufacturers. The company is examining entire basket of its bought-out items to be manufactured or procured from the domestic market
- Order inflows for Q1FY21 included FGD (2*500 MW) from NTPC, supply of turbine, gas compressors for Barmer refinery, steam turbines, etc
- Bhel is favourably placed in orders like 2*660 MW Talcher, 700 PWR from NPCIL and number of orders in FGD and boilers. While tendering/awarding process for PENCH, Singrauli and Lara TPP are likely to get deferred to FY22E. Overall, up to 30 GW capacity is at various stages of ordering for the long term
- On productivity and efficiency, Bhel is reworking its capacity in terms of manpower reduction (~2000 people retiring in near term) and enhancing productivity. Focus is on quality, in-house design, and treasury operations for reducing operational and financial cost
- The management said on partnership with Rheinmetall group that discussions are at a very preliminary stage

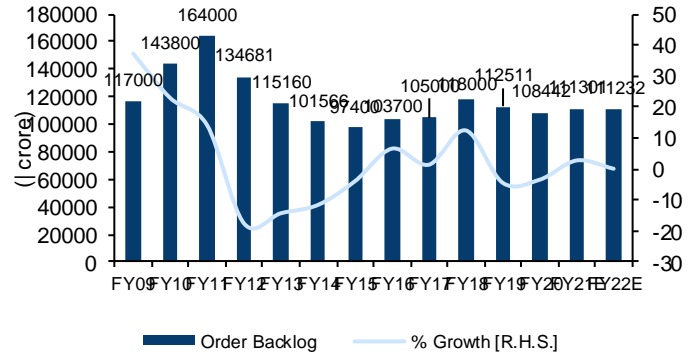
Financial story in charts

Exhibit 2: Order inflows trend over FY09-22E



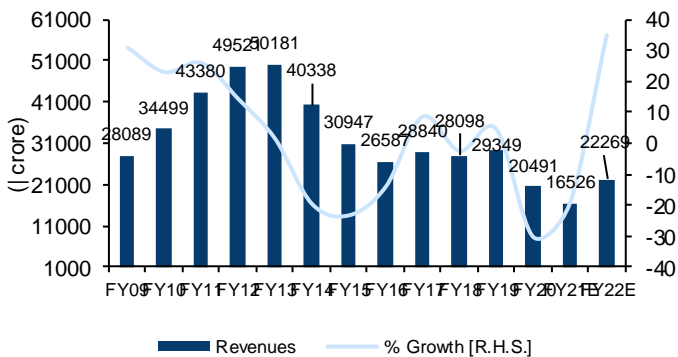
Source: ICICI Direct Research, Company

Exhibit 3: Order backlog trend over FY09-22E



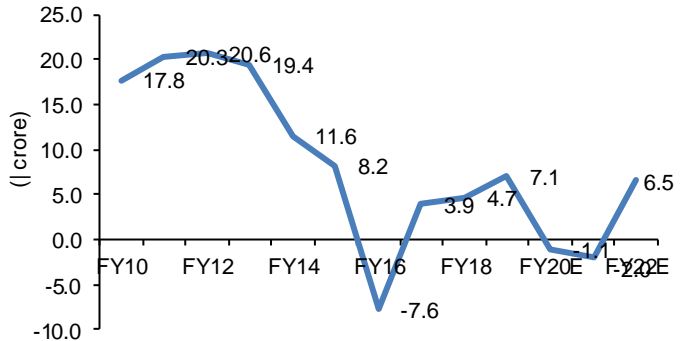
Source: ICICI Direct Research, Company

Exhibit 4: Overall revenue to decline over FY09-22E...



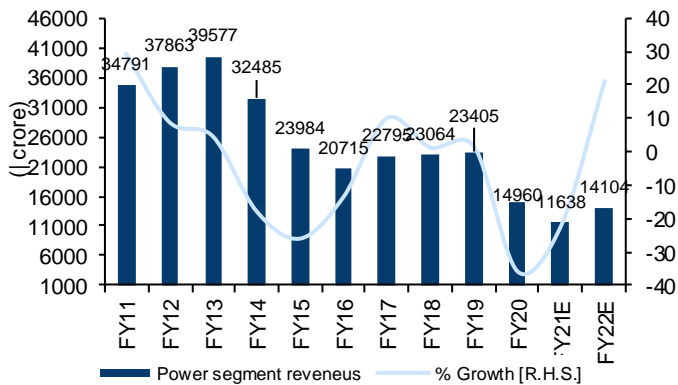
Source: Company, ICICI Direct Research

Exhibit 5: Trend in EBITDA margins...



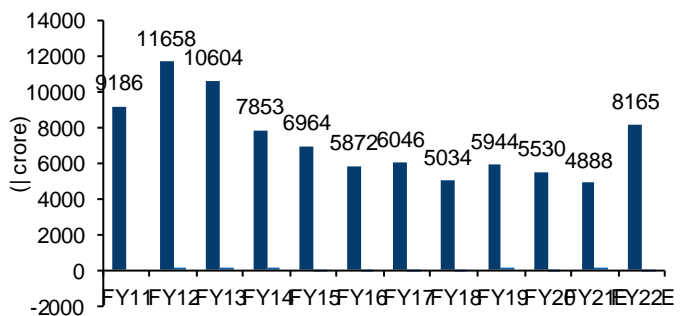
Source: Company, ICICI Direct Research

Exhibit 6: Power segment revenue trend...



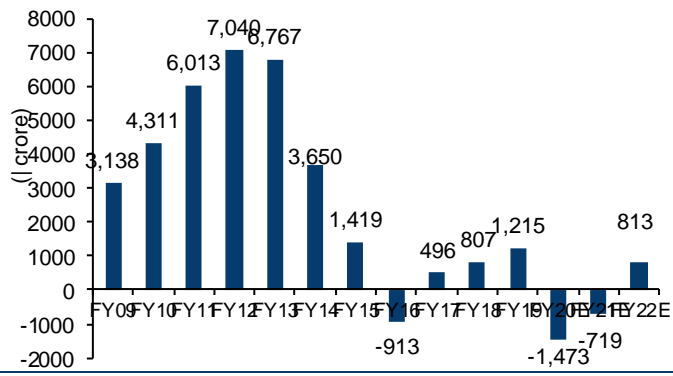
Source: Company, ICICI Direct Research

Exhibit 7: Industry segment revenue trend...



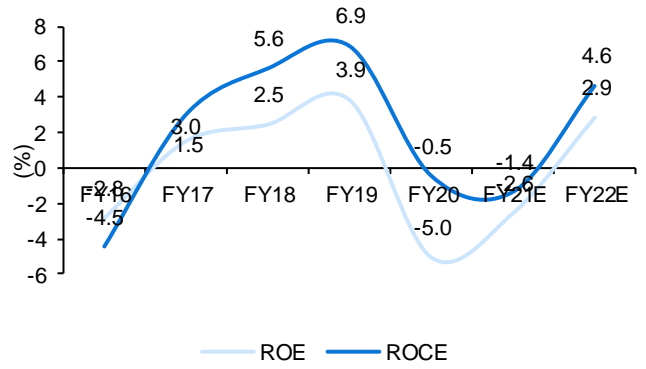
Source: Company, ICICI Direct Research

Exhibit 8: Trend in profitability...



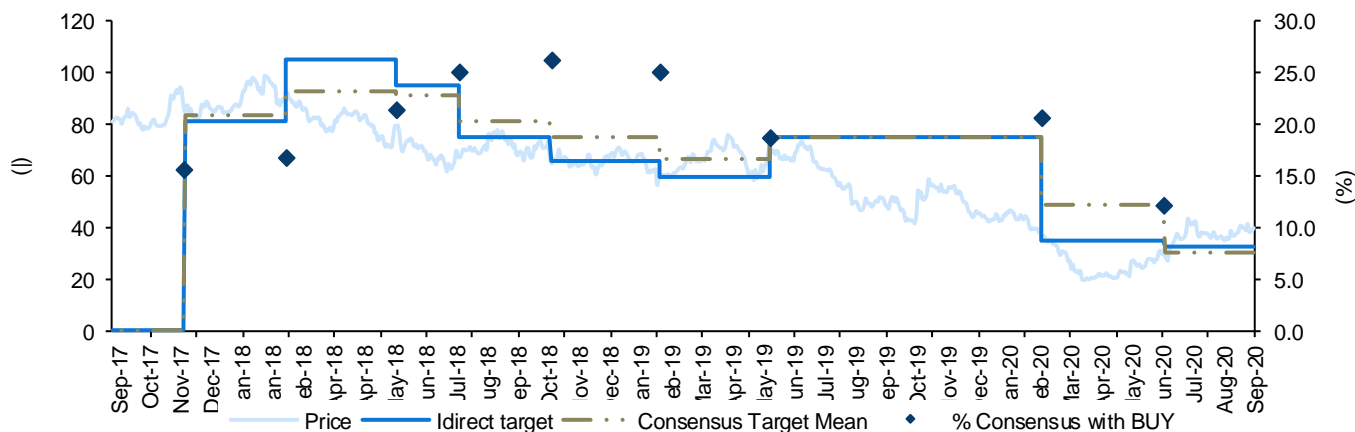
Source: Company, ICICI Direct Research

Exhibit 9: RoR, RoCE trend...



Source: Company, ICICI Direct Research

Exhibit 10: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 11: Top 10 Shareholders

Rank	Investor Name	Filing Date	% O/S	Position (%)	Change
1	Government Of India	30-Jun-20	63.2	2,199.65m	0.00m
2	Life Insurance Corp	30-Jun-20	10.1	350.65m	0.00m
3	Sbi Funds Management	31-Jul-20	3.5	122.73m	(1.81)m
4	Invesco Ltd	30-Jun-20	2.1	74.62m	6.56m
5	Credit Agricole Grou	31-Mar-20	1.9	64.93m	0.00m
6	Pinebridge Investmen	31-Dec-19	1.9	64.56m	(1.61)m
7	Hdfc Asset Managemen	30-Jun-19	1.6	54.29m	54.29m
8	Icici Prudential Gro	31-Mar-20	1.5	51.20m	51.20m
9	Icici Prudential Ass	31-Jul-20	1.1	38.28m	(1.64)m
10	Jpmorgan Chase & Co	31-Mar-20	0.8	28.77m	(17.37)m

Source: Reuters, ICICI Direct Research

Exhibit 12: Shareholding Pattern

(in %)	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Promoter	63.2	63.2	63.2	63.2	63.2
FII	12.1	11.4	10.0	9.4	5.1
DII	18.8	19.1	19.2	17.8	18.2
Others	5.9	6.4	7.6	9.6	13.5

Source: Company, ICICI Direct Research

Financial summary

Exhibit 13: Profit and loss statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Total operating income	30,349.0	21,486.1	17,345.5	23,094.1
Growth (%)	5.9	-29.2	-19.3	33.1
Raw Material Expenses	17,764.1	13,711.6	10,768.5	14,195.5
Employee Expenses	6,240.2	5,403.4	5,016.5	5,017.8
Other Operating Expens	4,202.6	2,603.9	1,909.9	2,375.5
Provision For Bad Debt	0.0	0.0	0.0	0.0
Other expenses	0.0	0.0	0.0	0.0
Total Operating Expenditu	28,207.0	21,718.9	17,694.9	21,588.8
EBITDA	2,142.0	-232.8	-349.4	1,505.4
Growth (%)	59.4	-110.9	50.1	-530.8
Depreciation	474.8	502.9	493.9	510.6
Interest	286.9	507.0	506.5	437.1
Other Income	677.6	580.6	391.4	528.2
PBT	2,057.9	-662.1	-958.3	1,085.8
Others	0.0	0.0	0.0	0.0
Total Tax	842.5	810.9	-239.3	273.3
PAT	1,215.4	-1,472.9	-719.0	812.5
Growth (%)	50.7	-221.2	-51.2	-213.0
EPS (₹)	3.5	-4.2	-2.1	2.3

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Profit after Tax	1,215.4	-1,472.9	-719.0	812.5
Add: Depreciation	474.8	502.9	493.9	510.6
(Inc)/dec in Current Asse	1,060.7	4,551.6	-390.2	-74.6
Inc/(dec) in CL and Provi	-1,651.7	-2,884.5	977.3	-144.1
Others	3.3	3.0	5.0	5.0
CF from operating act	1,099.1	697.0	362.0	1,104.4
(Inc)/dec in Investments	21.4	-0.1	100.0	0.0
(Inc)/dec in Fixed Assets	-405.6	-428.5	-100.0	-323.0
Others	0.0	0.0	0.0	0.0
CF from investing acti	-4,965.9	-3,492.1	-1,434.1	235.5
Issue/(Buy back) of Equi	-37.9	0.0	0.0	0.0
Inc/(dec) in loan funds	2,495.5	2,456.1	-110.0	-560.0
Dividend paid & dividend	-763.0	-503.3	-335.4	-503.1
Inc/(dec) in Sec. premiur	0.0	0.0	0.0	0.0
Others	0.0	7.6	0.0	0.0
CF from financing acti	78.9	1,710.3	-445.4	-1,063.1
Net Cash flow	-3,787.8	-1,084.8	-1,517.5	276.8
Opening Cash	11,291.2	7,503.4	6,418.6	4,901.1
Closing Cash	7,503.4	6,418.6	4,901.1	5,178.0

Source: Company, ICICI Direct Research

Exhibit 15: Balance sheet				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Liabilities				
Equity Capital	696.4	696.4	696.4	696.4
Reserve and Surplus	30,703.5	28,484.8	27,430.4	27,739.9
Total Shareholders funds	31,399.9	29,181.2	28,126.8	28,436.3
Total Debt	2,552.7	5,008.8	4,898.8	4,338.8
Deferred Tax Liability	0.0	0.0	0.0	0.0
Minority Interest / Others	0.0	0.0	0.0	1.0
Total Liabilities	43,817.5	43,557.4	42,343.0	42,092.5
Assets				
Gross Block	5,750.6	6,050.8	6,257.5	6,532.5
Less: Acc Depreciation	2,866.7	3,315.3	3,785.6	4,272.7
Net Block	2,883.9	2,735.5	2,471.9	2,259.7
Capital WIP	223.2	306.7	200.0	250.0
Total Fixed Assets	3,107.1	3,042.2	2,671.9	2,509.7
Investments	669.4	669.5	569.5	569.5
Inventory	8,113.5	8,905.5	9,024.3	8,974.0
Debtors	12,009.6	7,107.6	7,357.5	7,443.4
Loans and Advances	157.5	135.0	136.0	135.6
Other Current Assets	10,556.0	10,136.9	10,157.3	10,196.7
Cash	7,503.4	6,418.6	4,901.1	5,178.0
Total Current Assets	38,339.9	32,703.6	31,576.3	31,927.8
Creditors	11,375.1	8,892.0	8,942.3	8,907.7
Provisions	2,485.5	3,081.8	3,755.7	3,830.3
Total Current Liabilities	20,598.5	17,714.0	18,691.3	18,547.3
Net Current Assets	17,741.4	14,989.6	12,885.0	13,380.5
Others Assets	0.0	0.0	0.0	1.0
Application of Funds	43,817.5	43,557.4	42,343.0	42,092.5

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
	₹ crore			
(Year-end March)	FY19	FY20	FY21E	FY22E
Per share data (₹)				
EPS	3.5	-4.2	-2.1	2.3
Cash EPS	4.9	-2.8	-0.6	3.8
BV	90.2	83.8	80.8	81.7
DPS	1.8	1.2	0.8	1.2
Cash Per Share	21.5	18.4	14.1	14.9
Operating Ratios (%)				
EBITDA Margin	7.1	-1.1	-2.0	6.5
PBT / Total Operating inc	7.0	-3.2	-5.8	4.9
PAT Margin	4.0	-6.9	-4.1	3.5
Inventory days	100.9	158.6	199.3	147.1
Debtor days	149.4	126.6	162.5	122.0
Creditor days	141.5	158.4	197.5	146.0
Return Ratios (%)				
RoE	3.9	-5.0	-2.6	2.9
RoCE	6.9	-0.5	-1.4	4.6
RoIC	12.1	-6.1	-7.6	9.0
Valuation Ratios (x)				
P/E	10.0	-8.3	-17.0	15.0
EV / EBITDA	3.6	-48.5	-36.4	7.9
EV / Net Sales	0.3	0.6	0.8	0.5
Market Cap / Sales	0.4	0.6	0.8	0.6
Price to Book Value	0.4	0.4	0.4	0.4
Solvency Ratios				
Debt/EBITDA	1.2	-21.5	-14.0	2.9
Debt / Equity	0.1	0.2	0.2	0.2
Current Ratio	1.5	1.5	1.4	1.4
Quick Ratio	1.1	1.0	0.9	1.0

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 categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



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

ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM and Amit Anwani, 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. 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 icidirect.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 Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional 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 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.