

Robust performance; on cusp of cyclical recovery...

Ashok Leyland (ALL) reported a healthy operational performance in Q2FY21. Revenues came in at ₹ 2,837 crore, down 28% YoY, courtesy higher than anticipated ASPs (₹ 14.6 lakh/unit). Total CV sales volumes in Q2FY21 were at ~19,444 units (down ~33% YoY). EBITDA came in at ₹ 80.4 crore with corresponding EBITDA margins at 2.8%. Savings were realised under all cost heads. Consequent loss at the PAT level was limited to ₹ 147 crore.

Bottom of domestic CV cycle around the corner

The Indian CV space has been adversely impacted by several demand and supply side issues over the last 18 months. Revised axle load norms along with peak volumes reached in FY19 and faster, efficient goods transport due to GST all coincided with slowing economic activity and tighter financing availability due to NBFC crisis. Covid disruption from March 2020 onwards further added to industry woes. While players across the board recorded encouraging MoM improvement in volumes post lifting of lockdown restrictions, it is only since September that dispatches (ex-buses) reached meaningfully close to pre-Covid levels (ALL posted -0.9%, 13.9% truck volume growth in September & October along with 16.5%, 14.2% LCV volume growth). Firmer freight rates and upturn in freight movement along with government focus on road building and infra spends bode well for the truck segment in particular, while LCV segment remains a beneficiary of last-mile connectivity and e-commerce applications. Management commentary suggests enquiries in tippers, tractor-trailers, multi-axle and LCV segments are rising. We expect domestic truck and LCV recovery to continue gathering pace over H2FY21E. Buses, however, are seen continuing to remain laggards amid ongoing closure of schools and offices along with concerns around public transport. We build ~7% total volume CAGR in FY20-23E.

Exports key to realising long term vision

ALL has in recent times revamped its product portfolio on M&HCV as well as LCV side by introduction of the modular AVTR range and Phoenix platform respectively. The upgraded range features left hand drive functionality along with right hand drive functionality, which is geared towards making the offerings more attractive in export markets. ALL has in the past outlined its ambition of being a top 10 CV manufacturer at the global level. Healthy traction for the company's new products would be key in this regard. It currently has a presence in Middle East & Saarc countries and is looking at Africa and South East Asia as potential growth markets.

Valuation & Outlook

Sales, PAT CAGR are expected at 14.3%, 77.8% CAGR, respectively, in FY20-23E (low base). We believe a cyclical turnaround in domestic CV industry is close, as indicated by sharp improvement in recent volume prints. Hence, we maintain **BUY** on ALL, valuing it at ₹ 100 (SOTP; 10x FY23E CV segment EV/EBITDA, 1.5x P/B for investments). Key upside risk to our estimates is mandatory and affirmative scrappage policy by the central government.

Key Financial Summary

Key Financials	FY19	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E)
Net Sales	29,055.0	17,467.5	14,151.0	21,027.0	26,179.9	14.3%
EBITDA	3,135.7	1,173.6	689.5	1,887.4	2,747.1	32.4%
EBITDA Margins (%)	10.8	6.7	4.9	9.0	10.5	
Net Profit	1,983.2	239.5	(186.4)	715.7	1,368.7	77.8%
EPS (₹)	6.8	0.8	(0.6)	2.4	4.7	
P/E	12.4	103.0	(132.3)	34.5	18.0	
RoNW (%)	24.3	4.7	(2.6)	9.5	16.2	
RoCE (%)	25.7	4.5	(0.0)	9.5	15.8	

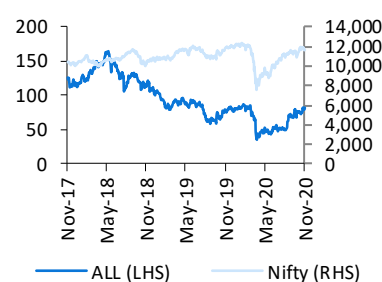
Source: ICICI Direct Research, Company



Particulars

Particular	₹ crore
Market Capitalization	24,587.7
Total Debt (FY 20)	3,281.3
Cash & Inv. (FY 20)	1,322.5
EV (₹ Crore)	26,546.5
52 week H/L (₹)	88 / 34
Equity capital (₹ crore)	293.6
Face value (₹)	1.0

Price chart



Key Highlights

- Q2FY21 revenues fell 28% YoY tracking 33% decline in overall CV volumes. ASPs surprised positively.
- ALL's margins came in at 2.8% amid savings in all cost heads
- Healthy LCV recovery, slowing truck decline bode well; bus underperformance set to continue in coming months. Exports traction key to achieve longer term ambition
- Maintain BUY with revised target price of ₹ 100 (SOTP).

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Jaimin Desai
jaimin.desai@icicisecurities.com

Exhibit 1: Variance Analysis

	Q2FY21	Q2FY21E	Q2FY20	YoY (%)	Q1FY21	QoQ (%)	Comments
Total Operating Income	2,836.6	2,569.2	3,929.5	-27.8	650.9	335.8	Topline came in ahead of estimates due to beat on ASPs, which, for the quarter were up 7% YoY
Raw Material Expenses	2,020.1	1,936.8	2,713.3	-25.5	417.5	383.9	RM costs came in lower than our estimates at 71% of sales
Employee Expenses	373.6	385.4	432.1	-13.5	354.2	5.5	
Other expenses	362.5	385.4	555.5	-34.7	212.5	70.6	Savings were realised on other expenses as well. For the quarter, it came in at 12.8% of sales, down 130 bps
EBITDA	80.4	-138.4	228.6	-64.8	-333.2	-124.1	
EBITDA Margin (%)	2.8	-5.4	5.8	-298 bps	-51.2	5403 bps	EBITDA margins was a real surprise for the quarter at positive 2.8% vs. our estimate of negative 5.4%, courtesy savings realised under all costs heads
Other Income	21.9	16.7	45.5	-51.9	25.6	-14.5	
Depreciation	171.2	169.7	160.0	6.9	163.7	4.6	Depreciation was on expected lines
Interest	87.2	73.2	30.1	189.6	76.8	13.5	
Tax	-11.1	-91.9	-19.8	-43.6	-161.0	-93.1	
Reported PAT	-146.7	-272.6	38.9	-477.4	-388.8	-62.3	Loss at the PAT level was limited to less than ₹ 150 crore tracking positive EBITDA margin reported for the
EPS	-0.5	-0.9	0.1	-477.4	-1.3	-62.3	
Key Metrics							
ASPs (₹ lakh/unit)	14.6	13.2	13.6	7.1	17.1	-14.5	ASPs for the quarter at ₹ 14.6 lakh/unit

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY21E			FY22E			FY23E Introduced	Comments
	Old	New	% Change	Old	New	% Change		
Revenue	13,944	14151	1.5	18692	21027	12.5	26180	Given the encouraging recovery witnessed in the LCV and truck segment, we revise upward sales volume estimates for FY22E. For FY21E, we broadly maintain overall sales estimates but within sales mix bus segment is expected to be a big laggard. We introduce FY23E estimates. We expect topline to grow at 14.3% CAGR over FY20-23E
EBITDA	975	689	-29.3	1862	1887	1.4	2747	
EBITDA Margin (%)	7.0	4.9	-212 bps	10.0	9.0	-99 bps	10.5	We alter margin estimates for FY21-22E amid commodity cost pressure and competitive market place. We introduce FY23E margins at 10.5%. We expect EBITDA to grow at a CAGR of 32.4% over FY20-23E
PAT	78	-186	-339.3	727	716	-1.5	1369	
EPS (₹)	0.3	-0.6	-339.3	2.5	2.4	-1.5	4.7	We expect the company to report loss at the PAT level for FY21E. We introduce FY23E estimates

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	FY19	FY20	Current			Earlier		Comments
			FY21E	FY22E	FY23E	FY21E	FY22E	
M&HCV Passenger volumes	19,871	23,397	10,053	18,358	22,947	17,633	22,195	Post sharp drop in sales volume in FY20 (down 37% YoY) and FY21E (down 31% YoY), we expect volumes to recover thereby growing 46% in FY22E and 18% thereafter in FY23E. Leading the change of recovery over FY20-23E would be the LCV segment followed by trucks and lastly bus segment. Total volumes are expected to grow at a CAGR of 6.8% over FY20-23E and 32% over FY21-23E
M&HCV Goods volumes	122,987	55,197	34,575	51,426	61,721	32,400	40,826	
LCV volumes	54,508	46,560	43,581	59,031	67,885	37,416	48,642	
Total Sales Volume	197366	125154	88209	128814	152553	87,449	111,663	
YoY Growth (%)		-37%	-30%	46%	18%			
ASPs (₹ lakh/unit)	14.4	12.8	15.6	16.3	17.2	15.8	16.7	

Source: ICICI Direct Research

Q2FY21 earnings conference call highlights

Demand and management guidance/outlook

- The company is preparing for good demand in H2FY21E amid easing financing constraints and increased enquiries for tippers, tractor-trailers, multi-axle vehicles and ICVs. Continued improvement in fleet utilisation levels will aid replacement demand, going forward. Buses, however, continue to be impacted by closure of schools, offices and concerns over public transport along with low procurement by STUs. LCV segment remains a relative outperformer, with volumes near pre-Covid levels
- At the industry level, tonnage growth is expected to be higher than volume growth in the coming future
- The company said that new product launches on M&HCV (ICV) as well as LCV side are receiving good feedback and doing well
- Total M&HCV industry volumes in Q2FY21 were up ~4x QoQ but down ~50% YoY to ~24,552 units
- ALL's market share in Q2FY21 was at ~28.5% vs. ~16% in the previous quarter. Market share in ICV (~27% of present portfolio) is at ~22% now vs. ~10-12% five years ago. New offering (Boss) is expected to bolster presence in this segment, going forward
- ALL is looking at Africa as having large exports potential going forward, and is working on setting up distribution there. Among current markets, Bangladesh is expected to revive soon
- ALL said that aftermarket and power solutions revenues are at pre Covid levels
- Spares, engines and LCV form ~14%, ~5% & ~20% of revenues, respectively, in Q2FY21

Revenues, costs and margins

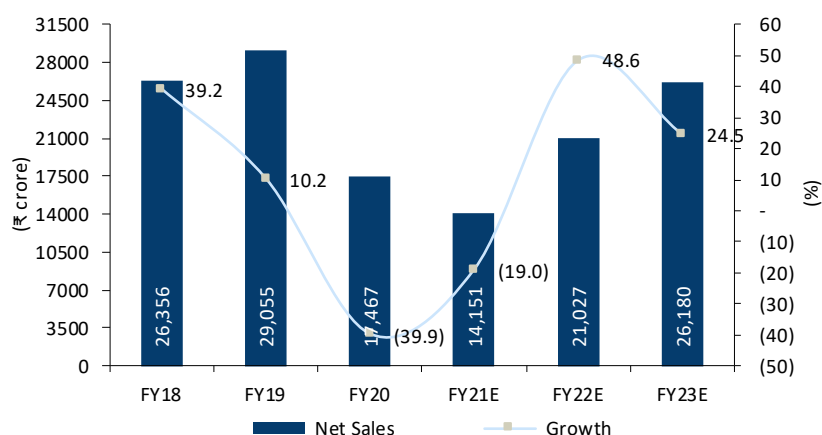
- Under Project Reset, the company is focusing on strengthening profitability via actions on costs, cash and efficiencies. On the costs side, selling and administration costs are seen as continuing to be lower than last year while it is also working on manufacturing aspects. Additionally, ALL is looking at improving mix and VA/VE initiatives while ensuring that growth capex is not hampered. These actions are set to impact financials in a more meaningful manner from FY22E onwards
- ALL took some price hike in October in M&HCV and LCV to partially pass on some commodity costs

Others

- Capex guidance for FY21E was at ~₹ 750 crore (₹ 270 spent thus far, mainly towards AVTR, Bada Dost and EVs)
- Debt was at ~₹ 3,076 crore as of Q2Y21 end vs. ~₹ 4,284 crore in Q1FY21 end
- ALL generated ~₹ 1200 crore CFO in Q2FY21 primarily due to working capital reduction
- ALL's M&HCV inventory as of Q2FY21 was at ~1,853 units. vs. ~1,354 units in Q1FY21
- Inter corporate deposits are at ~₹ 300 crore now, lower by ~₹ 100 crore
- Hinduja Leyland Finance (HLF) revenues and PAT were up YoY in H1FY21, with NPAs at 2.3% of AUM
- Digital initiatives (e.g. spares buying via Leycart app) have witnessed a lot of focus in post Covid months

Financial story in charts

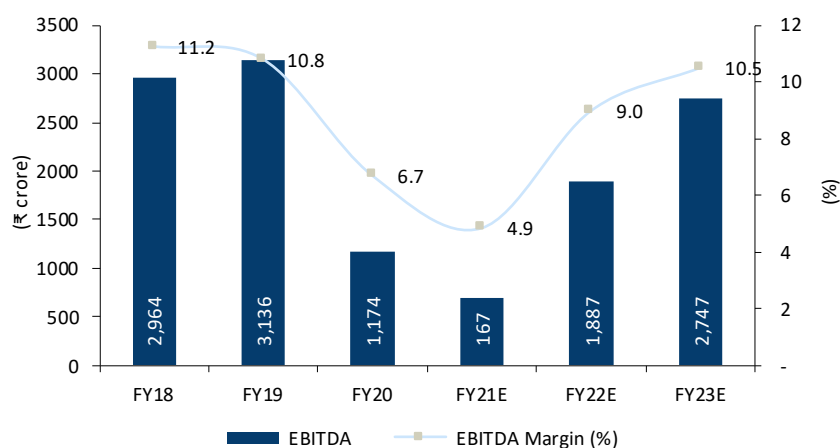
Exhibit 4: Topline trend



We expect sales to grow at 14.3% CAGR over FY20-23E to ₹ 26,180 crore amid ~7% volume CAGR

Source: Company, ICICI Direct Research

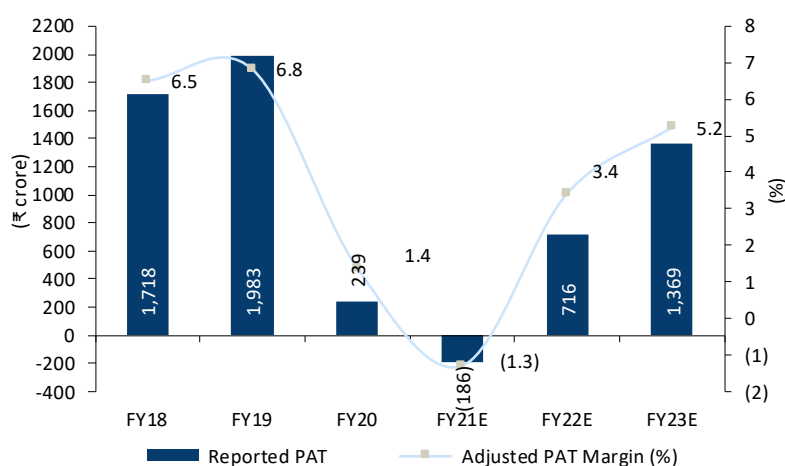
Exhibit 5: EBITDA and EBITDA margin trend



Margins seen growing to 10.5% by FY23E, aided by operating leverage benefits and focus on costs

Source: Company, ICICI Direct Research

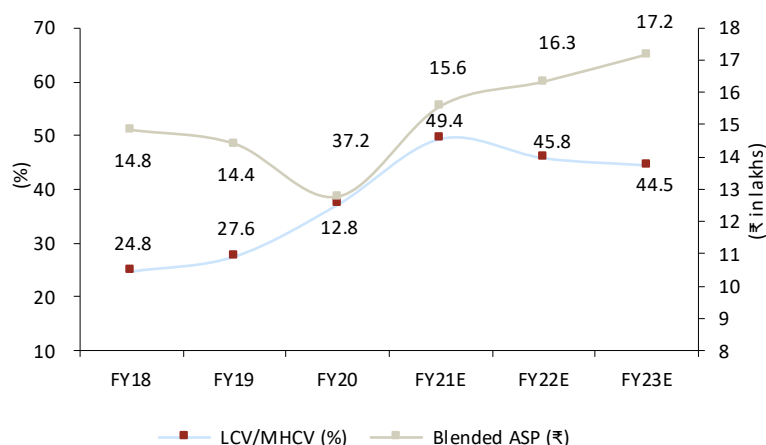
Exhibit 6: Profitability trend



PAT expected to grow to ₹ 1,369 crore by FY22E

Source: Company, ICICI Direct Research

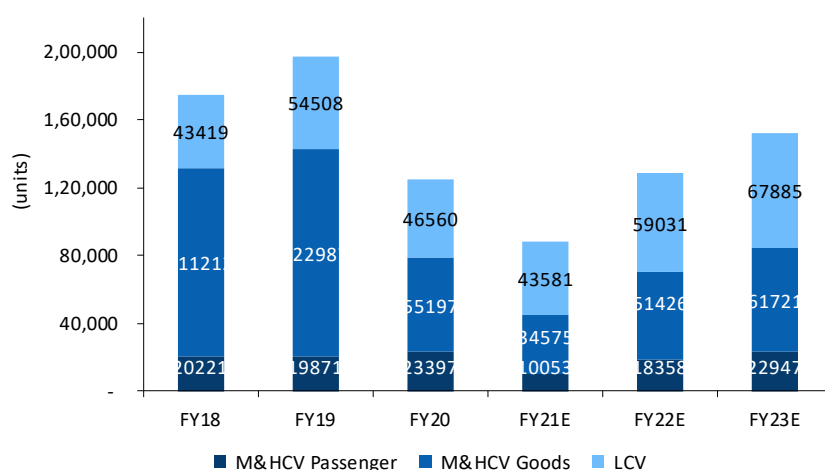
Exhibit 7: Product mix and realisation trend



LCV share of overall CV volumes seen declining to the ~45% mark in coming years given higher M&HCV growth on lower base. The same is seen pushing ASPs higher

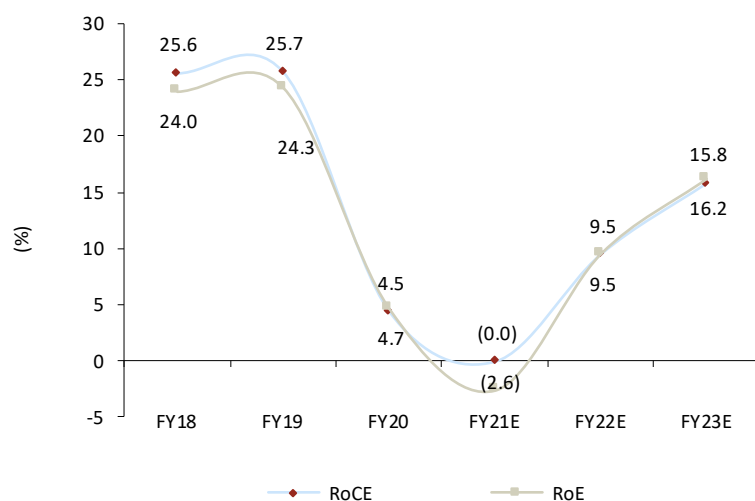
Source: Company, ICICI Direct Research

Exhibit 8: Segment wise volume break-up



Source: Company, ICICI Direct Research

Exhibit 9: Return ratio profile



Despite gradual improvement in return ratios over FY20-23E, they are still seen to be far away from historical highs

Source: Company, ICICI Direct Research

Exhibit 10: SOTP based target price calculation

SOTP	
Target EV/EBITDA (x)	10.0
EBITDA (FY 23E)	2,747.1
Enterprise Value (₹ Crore)	27,470.9
Net Debt (₹ crore)	1,542.3
Target Market cap Core business (₹crore)	25,928.6
Value/Share (A)	88
Strategic Investments FY 23E (₹ crore)	3,269.6
P/BV(x)	1.5
Total Value/Share post applying 30% Holdco. Discount (B)	12
Price target (₹, A+B)	100

Source: ICICI Direct Research

Exhibit 11: Key valuation metrics

	Sales	Growth	EPS	Growth	PE	EV/EBITDA	RoNW	RoCE
	(₹ cr)	(%)	(₹)	(%)	(x)	(x)	(%)	(%)
FY 18	26,356	31.7	5.9	36.6	14.3	7.3	24.0	25.6
FY 19	29,055	10.2	6.8	15.1	12.4	7.6	24.3	25.7
FY 20	17,467	(39.9)	0.8	(87.9)	103.0	22.6	4.7	4.5
FY 21E	14,151	(19.0)	(0.6)	NA	(132.3)	40.0	(2.6)	(0.0)
FY 22E	21,027	48.6	2.4	NM	34.5	14.3	9.5	9.5
FY 23E	26,180	24.5	4.7	91.2	18.0	9.5	16.2	15.8

Source: Bloomberg, ICICI Direct Research

Exhibit 12: Shareholding pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoter	51.1	51.1	51.5	51.5	51.5
FII	17.1	19.2	16.9	15.6	14.6
DII	13.0	12.3	15.0	14.0	17.6
Others	18.8	17.4	16.6	18.9	16.3

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement ₹ crore				
(Year-end March)	FY20	FY21E	FY22E	FY23E
Total operating Income	17,467.5	14,151.0	21,027.0	26,179.9
Growth (%)	-39.9	-19.0	48.6	24.5
Raw Material Expenses	12,369.2	10,139.8	15,128.8	18,790.0
Employee Expenses	1,615.1	1,524.0	1,599.9	1,780.3
Other Expenses	2,309.6	1,797.7	2,410.8	2,862.5
Total Operating Expenditure	16,293.8	13,461.5	19,139.5	23,432.8
EBITDA	1173.6	689.5	1887.4	2747.1
Growth (%)	-62.6	-41.3	173.7	45.5
Depreciation	669.8	693.4	735.9	785.4
Interest	109.5	320.9	277.8	222.7
Other Income	123.3	87.2	83.1	90.8
PBT	517.7	-237.5	956.8	1829.8
Others	0.0	0.0	0.0	0.0
Total Tax	122.4	-54.5	241.1	461.1
PAT	239.5	-186.4	715.7	1368.7
Growth (%)	-87.9	-177.8	-484.0	91.2
EPS (₹)	0.8	-0.6	2.4	4.7

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement ₹ crore				
(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit after Tax	239.5	-186.4	715.7	1,368.7
Add: Depreciation	669.8	693.4	735.9	785.4
(Inc)/dec in Current Assets	2,683.8	424.4	-1,820.2	-1,364.1
Inc/(dec) in CL and Provisions	-3,383.5	-714.7	2,117.0	1,586.5
CF from operating activities	319.1	537.6	2026.2	2599.2
(Inc)/dec in Investments	-83.1	-200.0	-150.0	-200.0
(Inc)/dec in Fixed Assets	-1,243.4	-750.0	-500.0	-600.0
Others	-275.1	-318.8	-237.8	-234.6
CF from investing activities	-1601.7	-1268.8	-887.8	-1034.6
Issue/(Buy back) of E equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	2,648.9	900.0	-350.0	-650.0
Dividend paid & dividend tax	-176.7	0.0	-293.6	-440.3
Others	-1,240.8	-320.9	-277.8	-222.7
CF from financing activities	1231.5	579.1	-921.3	-1313.0
Net Cash flow	-51.1	-152.1	217.1	251.6
Opening Cash	1,373.6	1,322.5	1,170.3	1,387.5
Closing Cash	1322.5	1170.3	1387.5	1639.1

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet ₹ crore				
(Year-end March)	FY20	FY21E	FY22E	FY23E
Liabilities				
Equity Capital	293.6	293.6	293.6	293.6
Reserve and Surplus	6,970.4	6,784.1	7,206.2	8,134.6
Total Shareholders funds	7264.0	7077.6	7499.8	8428.1
Total Debt	3,281.3	4,181.3	3,831.3	3,181.3
Deferred Tax Liability	264.8	264.8	264.8	264.8
Other non-current liabilities	327.3	327.3	327.3	327.3
Total Liabilities	11318.2	12031.8	12103.9	12382.3
Assets				
Gross Block	7,802.9	8,897.0	9,497.0	10,147.0
Less: Acc Depreciation	2,359.8	3,053.2	3,789.1	4,574.5
Net Block	5443.1	5843.8	5707.9	5572.5
Capital WIP	594.1	250.0	150.0	100.0
Total Fixed Assets	6,037.2	6,093.8	5,857.9	5,672.5
Investments	2,719.6	2,919.6	3,069.6	3,269.6
Inventory	1,238.0	1,163.1	1,728.2	2,151.8
Debtors	1,179.8	1,163.1	1,728.2	2,151.8
Loans and Advances	23.0	18.6	27.7	34.5
Other current assets	0.0	0.0	0.0	0.0
Cash	1322.5	1170.3	1387.5	1639.1
Total Current Assets	3,763.3	3,515.2	4,871.6	5,977.1
Creditors	2,623.9	2,326.2	3,456.5	4,303.5
Provisions	624.9	554.0	823.1	1,024.8
Other current Liabilities	685.5	555.3	825.2	1,027.4
Total Current Liabilities	3,248.8	2,880.1	4,279.6	5,328.4
Net Current Assets	514.5	635.0	592.0	648.7
Application of Funds	11318.2	12031.8	12103.9	12382.3

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios				
(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
EPS	0.8	-0.6	2.4	4.7
Cash EPS	3.1	1.7	4.9	7.3
BV	24.7	24.1	25.5	28.7
DPS	0.5	0.0	1.0	1.5
Cash Per Share	4.5	4.0	4.7	5.6
Operating Ratios (%)				
EBITDA Margin	6.7	4.9	9.0	10.5
PBT / Net sales	3.0	-1.7	4.6	7.0
PAT Margin	1.4	-1.3	3.4	3.1
Inventory days	25.9	30.0	30.0	30.0
Debtor days	24.7	30.0	30.0	30.0
Creditor days	54.8	60.0	60.0	60.0
Return Ratios (%)				
RoE	4.7	-2.6	9.5	16.2
RoCE	4.5	0.0	9.5	15.8
RoIC	5.4	0.0	10.9	18.4
Valuation Ratios (x)				
P/E	72.0	-134.2	34.5	18.0
EV / EBITDA	22.6	40.0	14.3	9.5
EV / Net Sales	1.5	2.0	1.3	1.0
Market Cap / Sales	1.4	1.7	1.2	0.9
Price to Book Value	3.4	3.5	3.3	2.9
Solvency Ratios				
Debt/E equity	0.5	0.6	0.5	0.4
Current Ratio	1.1	1.1	1.1	1.1
Quick Ratio	0.7	0.8	0.8	0.8

Source: Company, ICICI Direct Research

Exhibit 17: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP	TP	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)			FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
Apollo Tyre (APOTYR)	154	175	Buy	8,809	8.3	6.4	11.6	18.5	24.0	13.2	7.7	6.0	5.3	4.5	5.0	7.0	4.8	3.3	6.3
Ashok Leyland (ASHLEY)	84	100	Buy	24,588	0.8	-0.6	2.4	103.0	-132.3	34.5	22.6	40.0	14.3	4.5	0.0	9.5	4.7	-2.6	9.5
Bajaj Auto (BAAUTO)	2,980	3,570	Buy	86,232	176.2	142.5	180.2	16.9	20.9	16.5	13.5	15.0	10.9	23.9	24.1	27.3	25.6	18.5	20.7
Balkrishna Ind. (BALIND)	1,450	1,700	Buy	28,031	48.9	48.1	58.6	29.7	30.2	24.7	22.8	18.0	14.9	14.4	17.6	19.7	18.8	16.7	18.2
Bharat Forge (BHAFOR)	490	415	Hold	22,813	7.5	3.5	13.7	65.3	140.6	35.8	22.8	30.9	17.1	5.8	2.2	7.9	7.8	3.0	11.1
Eicher Motors (EICMOT)	2,140	2,470	Buy	58,336	67.0	46.6	71.3	31.9	46.0	30.0	23.7	29.7	20.3	17.3	11.5	15.4	18.3	11.6	15.4
Escorts (ESCORT)	1,340	1,460	Buy	16,426	39.6	59.5	71.0	33.8	22.5	18.9	22.9	15.0	12.6	16.2	15.3	15.3	14.2	14.0	14.5
Exide Industries (EXIIND)	165	180	Buy	14,025	9.7	6.3	8.9	11.8	18.0	12.9	10.1	12.5	9.7	15.7	10.3	13.5	13.4	8.2	10.7
Hero Moto (HERHON)	2,945	3,450	Buy	58,812	181.9	123.6	161.8	16.2	23.8	18.2	13.2	15.2	11.4	21.3	16.6	20.6	22.7	16.0	19.0
M&M (MAHMAH)	615	760	Buy	76,457	11.2	29.1	40.0	55.1	21.1	15.4	12.6	13.0	9.8	12.9	10.8	13.8	6.4	9.2	11.6
Maruti Suzuki (MARUTI)	6,900	6,335	Reduce	2,08,435	187.1	132.1	191.8	36.9	52.3	36.0	23.7	33.8	21.9	7.4	3.6	7.6	11.7	7.8	10.6
Minda Industries (MININD)	327	370	Hold	8,574	5.9	2.8	10.0	55.4	116.2	32.6	15.4	17.9	11.5	10.2	6.3	12.7	10.3	4.0	13.0
Tata Motors (TATMOT)	140	165	Buy	50,368	-33.3	-16.6	6.1	NM	NM	22.9	5.2	4.8	3.5	1.3	2.8	6.4	-18.7	-10.6	3.7

Source: Bloomberg, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors 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, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Shashank Kanodia, CFA, MBA (Capital Markets), and Jaimin Desai, CA, 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 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 Retail 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 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.