India Midcaps

RESULT UPDATE

CREDIT ANALYSIS AND RESEARCH

Muted quarter; outlook positive

India Equity Research | Credit Rating

Edelweiss
Ideas create, values protect

Credit Analysis and Research's (CARE) Q4FY17 standalone revenue growth of 1.5% YoY came 5% below estimate to INR764mn and 6% for FY17. Revenue miss was on account of sluggish environment and low growth in bank credit, though volume growth was strong. EBITDA declined 9% YoY as margin plunged by 740bps due to one-off expenses and provisioning. On anticipated uptick in corporate bond market, riding government initiatives, improving macroeconomic outlook and higher budgetary allocation to infra & housing segment, CARE anticipates pick up in credit growth. Thus, we forecast 12% sales CAGR over FY17-19. We move to DCF-based valuation with TP of INR1,755. Maintain 'BUY'.

Sluggish growth further dented by margin contraction

Revenue growth of 1.5% YoY was 5% below estimate due to slowdown in the bank loan ratings and overall subdued environment, while standalone growth for FY17 was 6%. However, volume growth was strong as fresh debt rated grew 7.5% in Q4FY17 and 21% in FY17. SME segment has been strong with its revenue contribution increasing to ~9% from 6-7%. EBITDA margin fell by 740bps leading to EBITDA dip of 9% on skewed spread of expenses, costs related to SME scaling up, conservative provisioning and some one-off expenses. Standalone EBITDA growth for FY17 was 8%.

Shifting strategy to improve outlook

Management proposes to enhance focus at national level (adopting segment-wise approach) to increase specialisation and offer niche products. To achieve this, they will be adding skilled and more specialised employees. Another focus area is to increase branding, visibility and reach going forward. They see brand building as an investment which will also allow premium pricing. Increasing share of non-rating segment is another target, which involves advisory, training and research.

Outlook and valuations: Positive; maintain 'BUY'

On improving macroeconomic outlook and credit environment we expect 12% sales CAGR over FY17-19. We maintain **'BUY'** with TP of INR1,755, moving to DCF-based valuation due to strong ratings visibility and CARE's strong positioning (second largest player) taking 13% growth in first 5 years, declining growth over next 5 years to terminal rate of 7% and discount rate of 11%.

Finanacials (Standalone) (INR mn)

Year to March	Q4FY17	Q4FY16	*Growth %*	Q3FY17	*Growth %*	FY17	FY18E	FY19E
Revenue	764	752	*1.5*	659	*15.8*	2,874	3,164	3,592
EBITDA	471	519	*(9.2)*	443	*6.4*	1,826	2,011	2,294
Adj. Net profit	384	355	*8.2*	452	*(14.9)*	1,474	1,547	1,761
Adj. Dil. EPS (INR)	13.1	12.1	*8.2*	15.4	*(14.9)*	50.0	52.5	59.8
Diluted P/E (x)						30.7	29.2	25.7
EV/EBITDA (x)						22.8	20.4	17.7
ROAE (%)						32.6	29.8	31.0

** Annual numbers are on consolidated basis*

EDELWEISS RATINGS	
Absolute Rating	**BUY**
Investment Characteristics	Growth

MARKET DATA *(R: CREI.BO, B: CARE IN)*	
CMP	: INR 1,536
Target Price	: INR 1,755
52-week range (INR)	: 1,721 / 951
Share in issue (mn)	: 29.5
M cap (INR bn/USD mn)	: 45 / 705
Avg. Daily Vol. BSE/NSE ('000)	: 76.3

SHARE HOLDING PATTERN (%)

	Current	Q2FY17	Q1FY17
Promoters *	-	-	-
MF's, FI's & BKs	38.2	40.1	40.9
FII's	37.8	36.0	32.5
Others	24.0	23.9	26.6
** Promoters pledged shares (% of share in issue)*		*:*	*NIL*

PRICE PERFORMANCE (%)

	BSE Midcap Index	Stock	Stock over Index
1 month	4.8	(0.2)	(5.0)
3 months	12.3	12.7	0.4
12 months	34.6	54.3	19.7

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Q4FY17 conference: Key highlights

- **Standalone revenue** grew mere 1.5% YoY in Q4FY17 and 6% for FY17. Revenue growth for FY17, on consolidated basis, was a mere 3%. Overall volume of debt rated spurted 21.5% YoY to INR13.19 lakh cr in FY17 and total number of instruments rated in FY17 was 10,027 as against 7,527 in FY16.
- Volume of debt rated in corporate debt segment grew by strong 35% YoY to INR7.25 lakh cr, while bank loan ratings grew 9% YoY to INR5.93lakh cr in FY17.
- Around 2,030 new clients were added in Q4FY17 and 4,676 in FY17. Thus, total active client base increased to 15,098 (14,575 in Q3FY17).
- **In Q4FY17, 4,041 instruments were rated. In FY17, 10,027 instruments were rated, up 33%.** Number of bank loan ratings declined 3.5% YoY in FY17, as the subdued credit environment continued.
- **EBITDA** margin contracted by 730bps YoY, leading to EBITDA dip of 9% in Q4FY17. Management highlighted this margin contraction was due to spreading of expense being skewed, costs related to scaling up of SME segment, some conservative provisioning and one-off expenses, and guided it would be more appropriate to look at EBITDA margin on an annual basis. Consolidated EBITDA margin for FY17 expanded by 130bps to 63.5%, leading to EBITDA growth of 5%.
- **Other income:** Increased 3.4x YoY in Q4FY17 due to redemption of liquid investment schemes and maturity of fixed maturity plans. As per IND-AS, accrual accounting will have to be followed going forward rather than realisation basis, leading to smoother other income over the years rather than lumpy like earlier.
- **Employee expenses** were flat YoY at INR173mn (22.6% of revenues).
- **Industry:** Bank credit off-take has been slowing down, though private placements, CD and CP markets have grown strongly with good volume growth. Industry performance is a function of wider market; GDP, inflation, monsoon forecast and various other indicators show an improvement in macro environment. Infrastructure and housing focus will also boost the domestic market. Management is positive on improved environment translating into better business going forward.
- **Competition:** Management guided that market share is intact, and they should be able to maintain margin leadership. However, realisations have been impacted due the current intense competitive environment.
- **Strategy**
    - Management wants to increase focus on particular segments to ramp up specialisation and offer niche products. To achieve this, they will be adding skilled and more specialised employees.
    - Another focus area is to increase branding, visibility and reach going forward, celebrating their 25th anniversary. They see brand building as an investment which will also allow premium pricing.
    - Increasing share of non-rating segment is another target, which involves advisory, training and research. CARE Advisory Research & Training. (CART) was incorporated during the year with the objective of rendering financial and management advisory services, undertaking diligence studies and appraisals of all types of projects and other related research.

  - To counter the cut in government subsidy in SME segment, they will focus on cross selling and educating to promote non–subsidy products (e.g. Basel II ratings, which have higher realisations and margins).

- **SME segment** has seen strong growth, with its revenue share rising to ~9% this year from 6-7% earlier.

- Credit environment deteriorated in FY17 as predicted by the Modified Credit Ratio (MCR), which stood at 1.04 versus 1.13 in FY16. However, the ratio continues to be above unity, indicating higher number of upgrades than downgrades

- Cash and cash equivalents, as on March 31, 2017, stood at INR3.7bn versus INR1.7bn as on March 31, 2016.

- **Dividend:** CARE declared dividend of INR10/share for the quarter. Hence, total dividend for FY17 was INR28/share.

- **New developments**

  - Launched the rating of Real Estate Investment Trusts (REITs).

  - Launched the new credit rating system for infrastructure projects.

  - The African Development Bank (AfDB) infused USD39,999 for 9.99% stake in CARE Ratings (Africa) Private Limited (CRAF).

  - CART got incorporated as a wholly owned subsidiary of CARE (see point 3 in Strategy)

  - Signed an MoU with Vishal Group and Emerging Nepal to start a credit rating agency in Nepal to be called CARE Ratings (Nepal) Limited.

  - Industry research department was introduced.

Q3FY17 conference: Key highlights

- Revenue surged 3.5% YoY in Q2FY17 post 18% YoY growth in Q1FY17. As per management there was bunching up of surveillance income in Q1FY17 and hence revenue growth should be seen on a H1 basis. Revenue grew 9.1% in H1FY17 for CARE, whereas the peers ICRA and CRISIL have grown by 8.4% and 5.9% YoY in the ratings segment. Overall volume of debt rated spurted 32.7% YoY to INR6.7lakh crore led by underlying growth in new volume rated as well as gain in market share.

- Volume of debt rated in corporate debt and bank loan segments grew 36% and 26% YoY to 4.01lakh crore and 2.04lakh crore, respectively in H1FY17.

- Around 1,032 and 1,559 new clients were added in Q2FY17 and H1FY17. Thus, total client base increased to 13,159 (12,127 on Q1FY17).

- **In H1FY17, 3,625 instruments were rated, up 11.5% YoY, led by increased NSIC ratings.** Number of bank loan ratings remained flat YoY in H1FY17.

- **H2 trend looks better:** Despite the RBI lowering interest rates and banking growth rate, growth in bank credit to manufacturing sector has not yet picked up. With consumption cycle improving, capacity utilisation increasing, NPA & refinance cycle improving and slight pickup in capex from the government, management expects industry sector growth to pick up in H2FY16. However, it is of the view that private segment investment will remain muted for this year.

- EBITDA grew 7.3% YoY led by 136bps and 126bps reduction in staff cost (ESOP expense of INR13mn in base quarter) and other expenses (on account of rent reduction), as a percentage of revenue, respectively, leading to margin expansion by 261bps to 73.9%.

- **SME picking up:**SME segment forms ~5% of revenue in H1FY17. With increased budgetary allocation from the government, management expects NSIC related SME revenues to pick up in H2FY17. It has rated around 1,000 SMEs YTD.

- **Other income:** Increased 156% YoY due to booking of income on maturity of FMPs. FMP investment stood at INR1.9bn as on September 30, 2016, of which 45% will mature by end FY17. Balance will accrue towards end FY18.

- **Employee cost:** There was no ESOP charge in employee expenses, which led to 136bps YoY decline to INR161mn despite increase in employees from 645 in Q1FY17 to 668 in Q2FY17. The base quarter had an ESOP charge of INR13mn. Management further highlighted that most of the additions have been made in the SME segment.

- Credit environment has declined in H1FY17 as predicted by the Modified Credit Ratio (MCR), which stood at 1.04 versus 1.17 in H1FY16.

- **Cash and cash equivalents, as on September 30, 2016, stood at INR2.9bn versus INR1.7bn as on March 31, 2016.**

- **Capital allocation:** As per management, it has allocated INR45mn in CARE Advisory Research and Training (CART) and wants to expand advisory and research segment there in.

- **Dividend:** CARE declared interim dividend of INR6/share for the quarter. Hence, total interim dividend of INR12/share has been declared in H1FY17.

- **New SEBI guidelines:** SEBI has tightened rules for credit rating agencies (CRA). The new guidelines standardise the rating criteria, method of public disclosures, internal functioning of rating committees and disallows suspension of ratings. As per new norms, persons having business responsibility should not be part of the Rating Committee. However, the MD/ CEO may be a member of the Rating Committee if a majority of the Rating Committee members are independent and there should be an annual review of the Rating Committee.

- As per management, CARE is compliant with the regulation of no business development executive being part o the Rating Committee. Further, it is compliant for ratings above BBB- requiring an external committee.
- The theme of the new guidelines is to ensure greater disclosure and transparency in the relationship between a rating agency and the company raising debt.

Financial snapshot (INR mn)

Year to March	Q4FY17	Q4FY16	*% change*	Q3FY17	*% change*	FY17	FY18E	FY19E
Net revenues	764	752	*1.5*	659	*15.8*	2,874	3,164	3,592
Staff costs	173	171	*0.7*	158	*9.0*	726	811	924
Other expenses	120	62	*93.4*	58	*106.2*	322	342	374
Total expenditure	293	233	*25.4*	216	*35.1*	1,048	1,153	1,298
EBITDA	471	519	*(9.2)*	443	*6.4*	1,826	2,011	2,294
Depreciation	8	9	*(16.3)*	8	*0.2*	34	41	42
EBIT	464	510	*(9.1)*	435	*6.5*	1,792	1,969	2,252
Other income	84	25	*241.3*	163	*(48.4)*	329	306	338
Interest								
Profit before tax	548	535	*2.5*	598	*(8.5)*	2,121	2,275	2,590
Provision for taxes	163	179	*(8.9)*	147	*11.2*	647	728	829
Minority interest								
Reported net profit	384	355	*8.2*	452	*(14.9)*	1,474	1,547	1,761
Adjusted Profit	384	355	*8.2*	452	*(14.9)*	1,474	1,547	1,761
Diluted shares (mn)	29	29		29		29	29	29
Adjusted Diluted EPS	13.1	12.1	*8.2*	15.4	*(14.9)*	50.0	52.5	59.8
Diluted P/E (x)	-	-		-		30.7	29.2	25.7
EV/EBITDA (x)	-	-		-		22.8	20.4	17.7
ROAE (%)	-	-		-		32.6	29.8	31.0
Market cap / rev. (x)	-	-		-		14.5	13.0	11.3
As % of net revenues								
Employee cost	22.6	22.8		24.0		25.2	25.6	25.7
Other expenses	15.7	8.2		8.8		11.2	10.8	10.4
EBITDA	61.7	69.0		67.2		63.5	63.6	63.9
Reported net profit	50.3	47.2		68.5		51.3	48.9	49.0

Change in Estimates

	FY18E			FY19E			
	New	Old	*% change*	New	Old	*% change*	Comments
Net Revenue	3,164	3,387	*(6.6)*	3,592	3,978	*(9.7)*	Adjusted due to muted growth in FY17 and subdued environment
EBITDA	2,011	2,178	*(7.7)*	2,294	2,582	*(11.1)*	Margin expansion reduced due to current performance
EBITDA Margin	*63.6*	*64.3*		*63.9*	*64.9*		
Adjusted Profit After Tax	1,547	1,628	*(4.9)*	1,761	1,868	*(5.7)*	
Net Profit Margin	*48.9*	*48.1*		*49.0*	*47.0*		
Capex	20	29	*(30.2)*	20	29	*(30.2)*	

Company Description

Credit Analysis & Research Ltd (CARE) is primarily engaged in rating services which accounts for around 98% of the total revenue of the company (as of FY13). CARE is the second largest rating company in India in terms of rating turnover. CARE has achieved a steady growth in its ratings business having rating relationships with 15,098, increase in number of assignments to 10,027 and cumulatively rated INR13.18lac crs of debt in FY16.

In the last few years, the company has begun expanding internationally and is providing technical assistance services to countries like Maldives, Hongkong, Nepal and Mauritius. In addition, CARE entered into collaboration with four credit rating agencies from emerging markets like in Brazil, Portugal, Malaysia, and South Africa each to provide ratings in those countries, set up ARC ratings in those countries. CARE also provides research services and it has been expanding its product portfolio to include newer services. The company is exploring opportunities to provide risk management solutions and acquired 75.1% stake in Kalypto, a firm providing risk management software solutions in Nigeria in Nov 2011.

Investment Theme

With majority of revenues coming from ratings as compared to diversified profile of other companies, the company is well placed to leverage the cyclical and structural uptick in the bank loan and corporate debt ratings. Being the second largest rating agency in India by revenue market share, CARE is well-positioned to take advantage of India's cyclical recovery in the CDR and BLR ratings leading to 12%CAGR over FY17-19E. With operating leverage, we expect a cyclical and structural turnaround to lead to 12% EBITDA CAGR over FY17-19E and average of 63.7% OPM.

Key Risks

Risk of defaults

Any rating default by a client would hamper the credibility of the rating agency. However SEBI's mandatory disclosures of default rates would keep the rating agency under control of the watch guard.

Concentration risk

CARE's business is concentrated on rating revenues which account for 98% of consolidated revenues as compared to CRISIL and ICRA which are more diversified in revenue profile. As a result macroeconomic concern would impact the growth of the company. However, the company has taken small steps towards diversification with the acquisition of Kalypto, a risk management company in Nigeria. Also the company is developing its business outside India having entered Maldives, Nepal, Mauritius, Brazil, Portugal, Malaysia and South Africa through various route like technical assistance to local agencies and JV route.

High margin sustenance

CARE has one of the highest operating margins in the industry due to its cost competitiveness and technology-driven ratings methodology. The company's foray into newer geographies and services may potentially impact margins in the medium term. However management is comfortable sustaining operating margins at ~63% and plus.

Financial Statements

Key Assumptions

Year to March	FY16	FY17	FY18E	FY19E
Macro				
GDP(Y-o-Y %)	7.2	6.5	7.1	7.7
Inflation (Avg)	4.9	4.8	5.0	5.2
Repo rate (exit rate)	6.8	6.3	6.3	6.3
USD/INR (Avg)	65.0	67.5	67.0	67.0
Sector				
Corp debt iss. growth(%)	5.0	19.6	20.0	18.0
Banking cr. growth (%)	14.0	9.0	12.0	14.0
Company				
Corporate Debt ratings				
Vol of debt rated(INRbn)	5,400	7,250	6,889	8,073
Bank Loan Ratings				
Number of new assigments	6,038	5,828	6,318	6,949
SME				
Nos	1,072	1,179	1,356	1,654
Rating revenues (INR mn)				
CDR inc(INR mn)	1,150	1,305	1,447	1,695
BLR inc(INR mn)	1,321	1,297	1,381	1,526
SME	181	207	236	271

Income statement **(INR mn)**

Year to March	FY16	FY17	FY18E	FY19E
Net revenue	2,794	2,874	3,164	3,592
Gross profit	2,037	2,149	2,352	2,668
Employee costs	756	726	811	924
Other Expenses	299	322	342	374
EBITDA	1,739	1,826	2,011	2,294
Depreciation	42	34	41	42
EBIT	1,697	1,792	1,969	2,252
Add: Other income	86.9	328.55	305.89	337.88
Profit Before Tax	1,784	2,121	2,275	2,590
Less: Provision for Tax	588	647	728	829
Reported Profit	1,196	1,474	1,547	1,761
Adjusted Profit	1,196	1,474	1,547	1,761
Shares o /s (mn)	29	29	29	29
Adjusted Basic EPS	40.7	50.0	52.5	59.8
Diluted shares o/s (mn)	29	29	29	29
Adjusted Diluted EPS	40.7	50.0	52.5	59.8
Adjusted Cash EPS	41.9	51.6	53.9	61.2
Dividend per share (DPS)	28.0	28.0	32.0	35.5
Dividend Payout Ratio(%)	79.8	64.9	70.7	68.9

Common size metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating expenses	37.8	36.5	36.4	36.1
Depreciation	1.5	1.2	1.3	1.2
EBITDA margins	62.2	63.5	63.6	63.9
Net Profit margins	42.8	51.3	48.9	49.0

Growth ratios (%)

Year to March	FY16	FY17	FY18E	FY19E
Revenues	7.2	2.9	10.1	13.5
EBITDA	9.0	5.0	10.1	14.1
PBT	(9.4)	18.9	7.3	13.8
Adjusted Profit	(13.2)	23.2	5.0	13.8
EPS	(14.4)	23.0	5.0	13.8

Balance sheet				(INR mn)
As on 31st March	FY16	FY17	FY18E	FY19E
Share capital	294	295	295	295
Reserves & Surplus	3,793	4,658	5,112	5,660
Shareholders' funds	4,087	4,952	5,406	5,955
Minority Interest	-	5	5	5
Long Term Liabilities	57	40	40	40
Def. Tax Liability (net)	22	35	35	35
Sources of funds	**4,165**	**5,032**	**5,486**	**6,034**
Net Block	553	526	505	483
Capital work in progress	-	1	1	1
Intangible Assets	82	83	83	83
Total Fixed Assets	635	610	589	566
Non current investments	2,206	793	793	793
Cash and Equivalents	1,729	3,688	4,139	4,672
Sundry Debtors	236	253	277	315
Loans & Advances	143	146	146	146
Other Current Assets	73	36	36	36
Current Assets (ex cash)	452	436	460	497
Other Current Liab	857	494	494	494
Total Current Liab	(405)	(59)	(34)	3
Uses of funds	**4,165**	**5,032**	**5,486**	**6,034**
BVPS (INR)	139.0	168.2	183.6	202.2

Free cash flow				(INR mn)
Year to March	FY16	FY17	FY18E	FY19E
Reported Profit	1,196	1,474	1,547	1,761
Add: Depreciation	42	34	41	42
Interest (Net of Tax)	19	-	-	-
Others	(361)	(726)	(49)	(75)
Less: Changes in WC	(169)	(363)	(24)	(38)
Operating cash flow	1,064	1,144	1,564	1,766
Less: Capex	29	29	20	20
Free Cash Flow	**1,035**	**1,116**	**1,544**	**1,746**

Cash flow metrics

Year to March	FY16	FY17	FY18E	FY19E
Operating cash flow	1,064	1,144	1,564	1,766
Investing cash flow	(409)	(1,974)	(20)	(20)
Financing cash flow	(658)	(957)	(1,093)	(1,213)
Net cash Flow	(2)	(1,786)	451	533
Capex	(29)	(29)	(20)	(20)
Dividend paid	(910)	(957)	(1,093)	(1,213)

Profitability and efficiency ratios

Year to March	FY16	FY17	FY18E	FY19E
ROAE (%)	31.2	32.6	29.8	31.0
ROACE (%)	46.5	46.9	43.9	45.6
ROA	30.5	32.0	29.4	30.6
Debt / Cap employed (%)	21.1	10.5	9.6	8.8

Operating ratios

Year to March	FY16	FY17	FY18E	FY19E
Total Asset Turnover	0.7	0.6	0.6	0.6
Fixed Asset Turnover	4.4	4.6	5.3	6.2
Equity Turnover	0.7	0.6	0.6	0.6

Valuation parameters

Year to March	FY16	FY17	FY18E	FY19E
Adj. Diluted EPS (INR)	40.7	50.0	52.5	59.8
Y-o-Y growth (%)	*(14.4)*	*23.0*	*5.0*	*13.8*
Adjusted Cash EPS (INR)	41.9	51.6	53.9	61.2
Diluted P/E (x)	37.8	30.7	29.2	25.7
P/B (x)	11.1	9.1	8.4	7.6
EV / Sales (x)	15.6	14.5	13.0	11.3
EV / EBITDA (x)	25.0	22.8	20.4	17.7
Dividend Yield (%)	1.8	1.8	2.1	2.3

Peer comparison valuation

	Market cap	Diluted P/E (X)		EV / EBITDA (X)		P/B (X)	
Name	(USD mn)	FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Credit Analysis and Research	705	29.2	25.7	20.4	17.7	8.4	7.6
Crisil	2,083	35.7	30.2	24.4	20.4	12.4	10.6
ICRA	654	48.1	38.5	34.7	27.3	7.7	6.9
Median	-	35.7	30.2	24.4	20.4	8.4	7.6
AVERAGE	-	37.7	31.5	26.5	21.8	9.5	8.4

Source: Edelweiss research

Additional Data

Directors Data

S.B. Mainak	Non Executive Chariman	Dr. Ashima Goyal	Independant director
A.K. Bansal	Independant director	Rajesh Mokashi	Managing Director and Chief Executive Officer

Auditors - Khimji Kunverji & Co

**as per last available data*

Holding Top -10

	Perc. Holding		Perc. Holding
Franklin Resources	11.88	Goldman Sachs Group	3.40
Life Insurance Corporation of India	9.79	Norges Bank	3.18
Canara Bank	8.90	Government Pension Fund	3.17
Templeton AMC	4.88	UTI Asset Management	2.70
Reliance Capital	3.92	Vanguard Group	2.12

**as per last available data*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
26 Aug 2016	Industrial Development Bank Of India	Sell	329593	1211.49

**as per last available data*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
26 Sep 2016	CANARA BANK	Sell	50868.00
08 Sep 2016	IDBI BANK LIMITED.	Sell	722119.00
01 Sep 2016	IDBI BANK LIMITED.	Sell	800773.00

**as per last available data*

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Coverage group(s) of stocks by primary analyst(s): Credit Rating

Credit Analysis and Research, Crisil, ICRA

Recent Research

Date	Company	Title	Price (INR)	Recos
15-May-17	**ICRA**	Focus on core to facilitate margin expansion; *Result Update*	4,199	Hold
24-Apr-17	**Crisil**	Subdued performance further dented by external factors; *Result Update*	1,912	Hold
21-Feb-17	**Crisil**	Short-term hiccups likely; long-term story intact ; *Result Update*	2,056	Hold

Distribution of Ratings / Market Cap

Edelweiss Research Coverage Universe

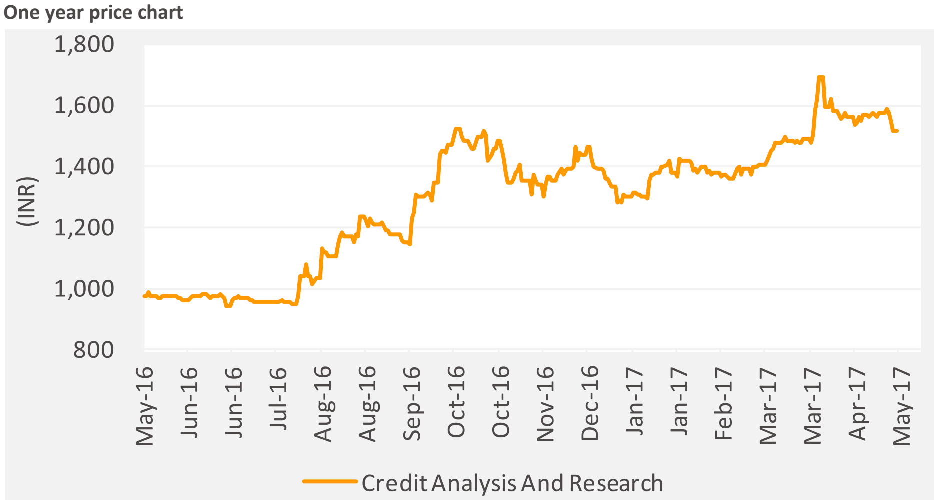
	Buy	Hold	Reduce	Total
Rating Distribution* * 1stocks under review	161	67	11	240

	> 50bn	Between 10bn and 50 bn	< 10bn
Market Cap (INR)	156	62	11

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



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