

Strong sales volumes!

Oberoi Realty's (ORL) Q3FY21 sales volume at 5.1 lakh sq feet was up a staggering ~2.3x YoY, driven by strong volumes across its projects. On the financials front, revenues improved 57.1% YoY to ₹ 828.4 crore wherein residential revenues were at ₹ 703.3 crore, up 84% YoY, given the sale of complete/near complete projects like Esquire, Enigma and Sky City translated into high revenue recognition. The washout performance in hospitality continued with revenues of ₹ 11.1 crore vs. ₹ 38.2 crore in Q3FY20, down 71% YoY, albeit sharply better than ₹ 6.4 crore in Q2, up 74.4% QoQ. Rental revenues (from mall and office assets) were at ₹ 104 crore, up 13.5% YoY. EBITDA margin improved 258 bps YoY to 46.2% on account of strong revenue recognition. PAT at ₹ 286.7 crore, was up 93.4% YoY, owing strong operating performance.

Residential shines; launch response to be key for traction

Sales volume was at 5.1 lakh sq ft, strong growth of ~230% YoY. Sales value was up 220% YoY at ₹ 970.8 crore (excluding subvention costs at ₹ 1,016 crore). The key factors driving demand included a) mortgage rates at all-time low levels, b) buyers preferring better quality homes, especially after lockdown, c) local government interventions such as stamp duty cut and d) higher customer's preference towards readily available inventories/near completion projects. During Q4, ORL is likely to launch projects of ~4-5 mn sq ft (msf) at Borivali Phase II, Goregaon - Exquisite III and Thane. We bake in sales volume estimates at 1.1 msf in FY21 while we bake in 2.1 msf, 2.7 msf volumes in FY22E, FY23E, respectively, with Borivali, Thane, Goregaon volume traction driving the same. Upcoming launches response, therefore, will be key for sales volume traction ahead.

Stake sale in commercial assets on backburner

ORL said that given the gap in valuation expectations, the platform deal for commercial assets is on hold. Recall that ORL had indicated that it intends to dilute a minority share in its portfolio of commercial assets with a dual intent of a) raising required growth capital for funds for business expansion plans and b) unlocking its NPV value of assets by bringing in marquee investor and then going for REIT listing in the medium term. Expected completion dates for under-construction rental projects are a) Commerz III – staggered delivery by the end of FY23, b) Borivali Mall – March-May, 2023 and c) Worli – September 2023.

Valuation & Outlook

ORL's strong sales volume has been aided by the stamp duty cut and preference towards ready/near completion properties. Thus, the launches and their response ahead will be key for volume traction ahead. We incorporate the robust volume traction seen and also bake in strong volumes in FY22 & FY23 given the launch pipeline, which drives our upgrade in NAV valuations. We maintain **BUY** with a revised target price of ₹ 635/share (earlier ₹ 485).



Particulars

Particular	₹ crore
Market Capitalization	19,514.4
Total Debt (FY20)	1,143.9
Cash (FY20)	108.3
EV	20,550.0
52 week H/L (₹)	628 / 290
Equity capital	363.6
Face value (₹)	10.0

Key Highlights

- Q3FY21 sales volume at 5.1 lakh sq ft, was up staggering ~2.3x YoY, driven by strong volumes across the projects
- Maintain BUY with revised target price of ₹ 635 (vs. ₹ 485 earlier)

Key Risks to our call

- Any slowdown in sales volume post stamp duty benefits expiry
- Delay in completion of commercial assets

Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Lokesh Kashikar
lokesh.kashikar@icicisecurities.com

Key Financial Summary

₹ crore	FY19	FY20	FY21E	FY22E	FY23E	CAGR FY20-23E
Net Sales	2582.5	2237.6	2030.7	2985.7	3206.9	12.7%
EBITDA	1155.4	1048.0	953.6	1439.0	1514.5	13.1%
EBITDA Margin (%)	44.7	46.8	47.0	48.2	47.2	
Net Profit	816.9	689.3	645.9	1007.9	1096.8	16.7%
EPS (₹)	22.5	19.0	17.8	27.7	30.2	
P/E (x)	23.9	28.3	30.2	19.4	17.8	
EV/EBITDA (x)	15.3	17.3	18.6	12.0	11.1	
RoE (%)	10.1	7.9	6.9	10.0	10.1	
RoCE (%)	12.4	10.8	8.8	12.9	12.9	

Exhibit 1: Variance Analysis

	Q3FY21	Q3FY21E	Q3FY20	YoY (Chg %)	Q2FY21	QoQ (Chg %)	Comments
Income from Operation	828.4	500.4	527.4	57.1	316.1	162.1	Among the major segment, revenue from projects/ rent/ hospitality has grown by 84%/ 13.5% and declined by 71% respectively on YoY basis to ₹ 703.3 crore/ ₹ 104 crore/ ₹ 11.1 crore, respectively.
Other Income	9.2	10.0	9.1	0.7	9.2	-0.7	
Operating Cost	373.6	215.2	261.5	42.9	107.5	247.4	
Employee cost	14.7	16.0	15.6	-5.7	10.1	45.4	
Other expenditure	57.6	20.0	20.4	182.7	11.9	384.0	
EBITDA	382.5	249.2	229.9	66.3	186.5	105.1	Beat owing to superior revenues recognition in the residential segment
EBITDA Margin (%)	46.2	49.8	43.6	258 bps	59.0	-1283 bps	
Depreciation	10.3	10.3	11.3	-8.3	10.3	0.6	
Interest	20.2	18.2	19.9	1.3	18.2	10.6	
PBT	361.1	230.7	207.8	73.8	167.2	116.0	
Taxes	74.3	59.7	61.5	21.0	30.1	147.2	
PAT	286.7	172.4	148.2	93.4	138.7	106.6	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY19	FY20	FY21E			FY22E			FY23E	
			Old	New	% Change	Old	New	% Change	New	
Revenue	2582.5	2237.6	1363.1	2030.7	49.0	2168.1	2985.7	37.7	3206.9	Upgrade estimates after strong sales momentum
EBITDA	1155.4	1048.0	646.7	953.6	47.5	1049.4	1439.0	37.1	1514.5	
EBITDA Margin (%)	44.7	46.8	47.4	47.0	-49 bps	48.4	48.2	-21 bps	47.2	
PAT	816.9	689.3	403.8	645.9	60.0	683.8	1007.9	47.4	1096.8	
EPS (₹)	22.5	19.0	11.1	17.8	60.0	18.8	27.7	47.4	30.2	

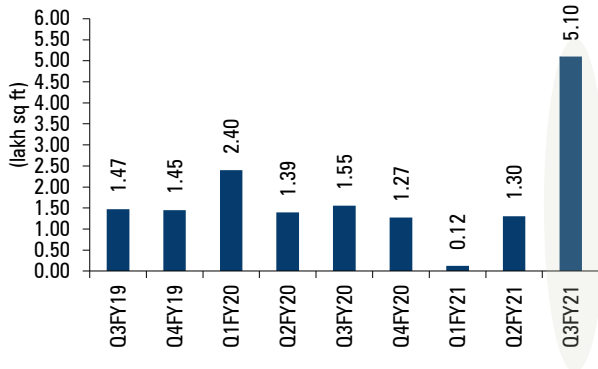
Source: Company, ICICI Direct Research

Conference Call Highlights

- Investment properties performance:** For Commerz-II, the occupancy level remained at an elevated level of 97.4%, which aided 8.2% YoY growth in revenues to ₹ 33.8 crore at a rental rate of ₹ 148/sq ft per month in Q3FY21. However, Commerz-I revenues dropped 8.2% YoY (to ₹ 6.1 crore) with decline in occupancy level to 41.6%. The management expects the occupancy in Commerz-I to revert back to ~70% in the near to medium term. Oberoi Mall's performance during Q3FY21 improved 22.1% YoY (to ₹ 50 crore). However, performance in the Westin Mumbai Garden City project (revenue declined 70.6% YoY to ₹11.3 crore) got impacted with 44.1% YoY decline in average room rate (to ₹ 5,669) and decline in occupancy level (to 37.03%). Overall, the management expects improvement in investment properties performances, going forward, with higher footfalls and consumptions in malls/retailers as well as improved occupancy at Commerz I
- Development properties performance:** Exquisite project has registered 11,602 sq ft, 14,90,386 sq ft of bookings during Q3FY21, till date while total booking value was at ₹ 27 crore, ~₹ 2,500 crore respectively. For Esquire, 1,06,579 sq ft, 18,49,704 sq ft of area was booked during Q3FY21, till date, respectively. Total booking value in Q3FY21, till date was at ₹ 234.1 crore, ~₹ 3,100 crore, respectively. Both projects are ~100% complete. In the Maxima Project, 36,637 sq ft, 59,579 sq ft area was booked in Q3FY21, till date, respectively, while total booking value in the project was at ~₹ 97 crore till date. Similarly, in the Eternia and Enigma Project, total area booked during Q3FY21 was at 52,570 sq ft, 103,688 sq ft, respectively, with booking value of ₹ 77 crore, ₹ 157 crore, respectively. For the Sky City project, the project attracted bookings of 174,675 sq ft during Q3FY21 with value of ₹ 293 crore
- Other highlights:**
 - ORL achieved highest even pre-sales during Q3FY21. Gross value of flats sold (excluding subvention costs) was at ₹ 1,016 crore with 234 units getting booked by buyers. As per the management, the demand for ORL's projects remains strong with a) mortgage rates at all-time low levels, b) buyers preferring better quality homes, especially after lockdown, c) local government interventions in the form of stamp duty cut and d) higher customer's preference towards ORL's readily available inventories/near completion projects
 - The management expects residential flat prices to go up in the near term with strong demands, lower level of inventories at industry level, and increased raw material/commodity prices
 - Evenstar Hotels Pvt Ltd, a wholly owned subsidiary, has purchased and taken possession of hotel property known as Ritz Carlton from Oasis Realty for sale consideration of ₹ 1,040 crore

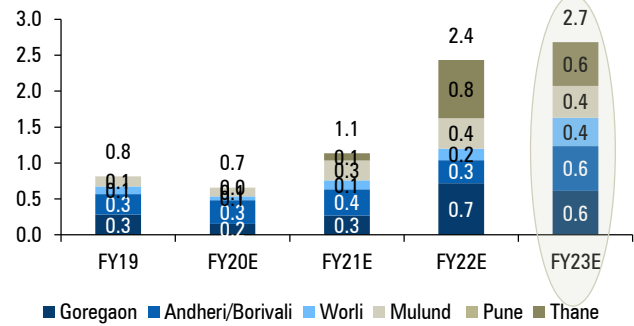
Company Analysis

Exhibit 3: Quarterly sales volumes trend



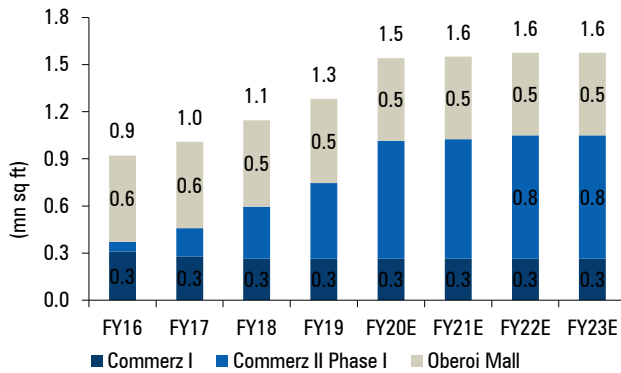
Source: Company, ICICI Direct Research

Exhibit 4: Sales volumes to improve from here on



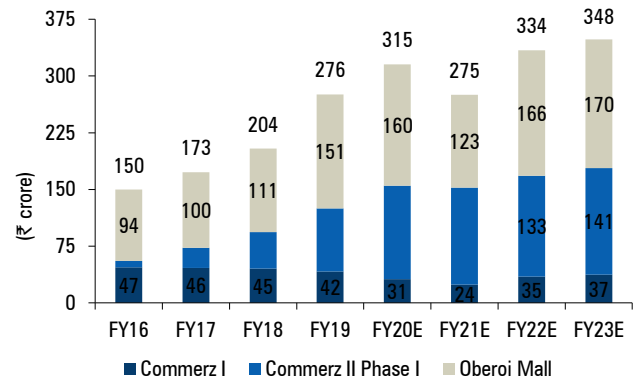
Source: Company, ICICI Direct Research

Exhibit 5: Leasing trend



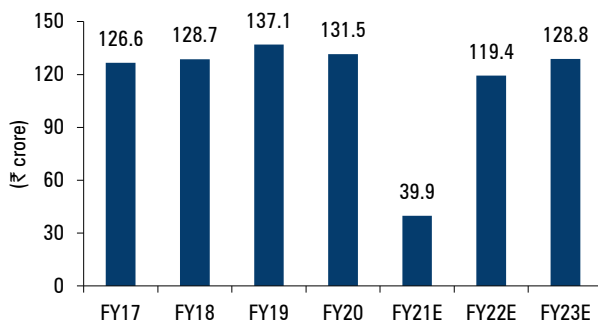
Source: Company, ICICI Direct Research

Exhibit 6: Leasing revenues trend



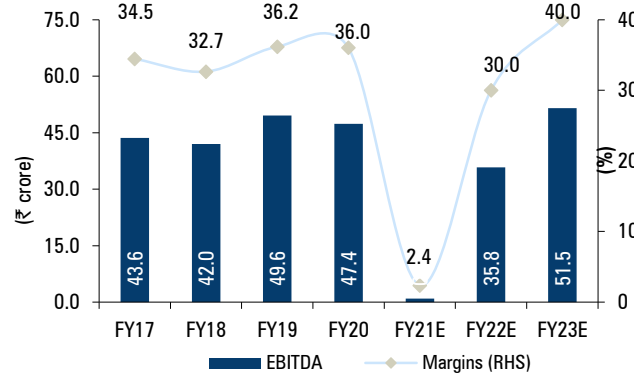
Source: Company, ICICI Direct Research

Exhibit 7: Hotel revenue trend



Source: Company, ICICI Direct Research

Exhibit 8: Westin's operating profit trend



Source: Company, ICICI Direct Research

Exhibit 9: Ongoing residential projects operational metrics

Particulars	Q3FY21	Q2FY21	Q1FY21	Q4FY20	Q3FY20
Area Booked (sq ft)					
Oberoi Esquire	106579	14079	7191	20361	26872
Oberoi Exquisite	11620	29305	-	5895	17601
Three Sixty West	24614	24611	-	1860	10394
Maxima	36637	-	-	9139	13803
Prisma	-	-	-	7806	2602
Eternia	52570	1670	-	22270	11730
Enigma	103688	24533	3411	13644	6822
Sky City	174675	36038	1706	46484	65326
Total	5,10,383	1,30,236	12,308	1,27,459	1,55,150
Sales Value (₹ crore)					
Oberoi Esquire	234.1	30.1	16.7	42.0	59.3
Oberoi Exquisite	27.0	67.7	-	13.0	35.5
Three Sixty West	121.3	126.7	-	17.6	54.3
Maxima	61.1	0.0	7.0	14.7	21.9
Prisma	-	-	-	16.0	5.1
Eternia	76.8	2.5	-	33.7	17.1
Enigma	157.2	40.3	5.5	19.0	9.8
Sky City	293.3	60.0	2.0	74.3	100.4
Avg. Realization for the quarter (₹/sq ft)					
Oberoi Esquire	21,968	21,372	23,154	20,618	22,053
Oberoi Exquisite	23,270	23,088	-	22,087	20,180
Three Sixty West	49,277	51,481	-	94,839	52,233
Maxima	16,688	-	-	16,107	15,853
Prisma	-	-	-	20,471	19,666
Eternia	14,603	15,090	-	15,123	14,546
Enigma	15,160	16,406	16,124	13,889	14,302
Sky City	16,789	16,660	11,547	15,984	15,372
Project Completion (%)					
Oberoi Esquire	100.0	100.0	100.0	100.0	100.0
Oberoi Exquisite	100.0	100.0	100.0	100.0	100.0
Three Sixty West	*	*	*	*	*
Maxima	*	*	*	*	*
Prisma	100.0	100.0	100.0	100.0	100.0
Eternia	68.0	67.0	65.0	64.0	58.0
Enigma	66.0	64.0	63.0	62.0	*
Sky City	75.0	74.0	72.0	72.0	68.0
Inventory as on Date (sq ft)					
Oberoi Esquire	272327	378906	392985	400176	420567
Oberoi Exquisite	57224	68844	98149	98149	104044
Three Sixty West	1631374	1655988	1680600	1680600	1682460
Maxima	351016	387653	387653	387653	281301
Prisma	9171	9171	9171	9171	16977
Eternia#	1044690	1097260	1098930	1098930	930680
Enigma#	1150034	1253722	1278255	1281666	1097906
Sky City#	794848	969523	1005561	1007267	1046884

Source: Company, ICICI Direct Research

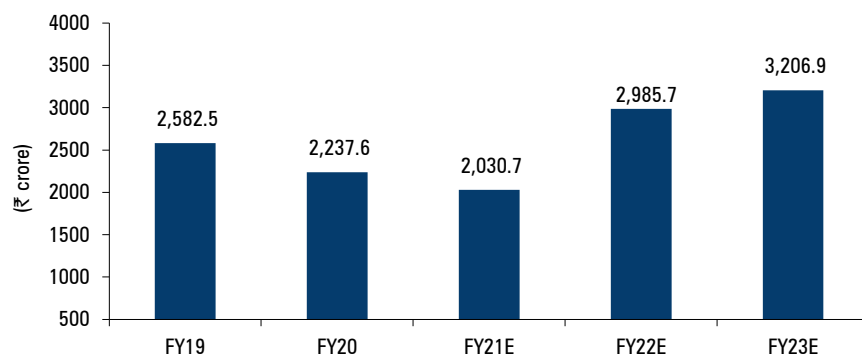
Exhibit 10: Operational trend in Oberoi's rental and hospitality portfolio

	Q3FY21	Q2FY21	Q1FY21	Q4FY20	Q3FY20
Oberoi Mall (Retail Property)					
Operating Revenue (₹ crore)	49.9	35.0	1.5	39.8	40.9
EBITDA margin (%)	97.1	94.8	31.2	94.8	95.4
Occupancy (%)	93.4	93.6	95.0	95.0	96.9
Realisation (₹/sqft/month)	NA	NA	NA	253	255
Commerz I (Commercial Space)					
Operating Revenue (₹ crore)	6.1	5.5	4.4	4.4	6.7
EBITDA margin(%)	92.1	88.9	86.7	86.7	94.0
Occupancy (%)	41.6	33.6	33.6	25.6	50.6
Realisation (₹/sqft/month)	149	143	140	145	143
Commerz II Phase I (Commercial Space)					
Operating Revenue (₹ crore)	33.8	32.6	32.6	32.2	31.2
EBITDA margin(%)	98.0	87.6	98.8	94.6	95.5
Occupancy (%)	93.4	97.4	100.0	100.0	100.0
Realisation (₹/sqft/month)	148	142	139	137	133
The Westin Mumbai Garden City (Hospitality)					
Operating Revenue (₹ crore)	11.3	6.6	2.5	29.6	38.4
EBITDA margin(%)	-0.7	-9.8	-194.9	30.6	39.8
Average Room Rate (₹)	5669	4775	7426	9771	10148
Occupancy (%)	37.0	40.5	7.2	62.2	79.3
RevPAR (₹)	1957	1622	459	6290	8094

Source: Company, ICICI Direct Research

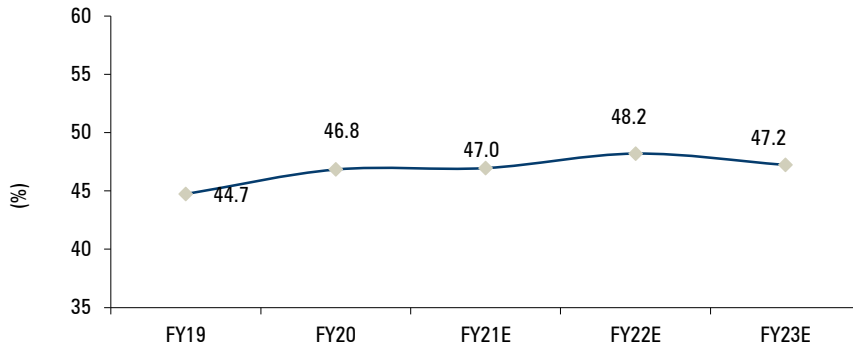
Financial story in charts

Exhibit 11: Revenue trend



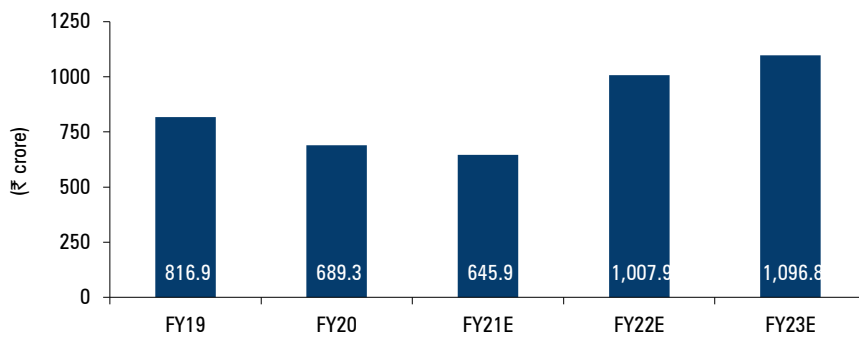
Source: Company, ICICI Direct Research

Exhibit 12: EBITDA margin trend



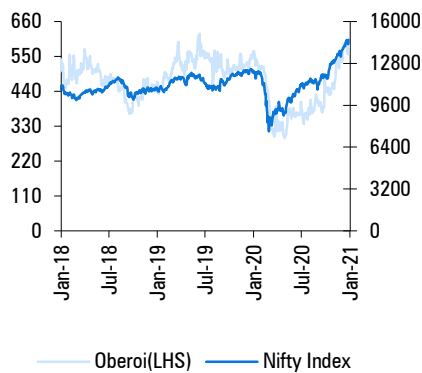
Source: Company, ICICI Direct Research

Exhibit 13: PAT trend



Source: Company, ICICI Direct Research

Exhibit 14: Price performance



Source: Company, ICICI Direct Research

Valuation & Outlook

ORL's strong sales volume has been aided by the stamp duty cut and preference towards ready/near completion properties. Thus, the launches and their response ahead will be key for volume traction ahead. We incorporate the robust volume traction seen and also bake in strong volumes in FY22 & FY23 given the launch pipeline, which drives our upgrade in NAV valuations. We maintain **BUY** with a revised target price of ₹ 635/share (earlier ₹ 485).

Exhibit 15: Valuation

Location	Type	Status	Saleable Area (in mn sq ft)	NAV	NAV Multiple	Value (₹ cr)	₹/share
Goregaon			10.1	9,831.5		9,831.5	270.4
Oberoi Mall	Retail	Completed	0.6	2,011.6	1.0	2,011.6	55.3
Commerz I	Commercial	Completed	0.4	433.3	1.0	433.3	11.9
Westin	Hotel	Completed	0.4	537.4	1.0	537.4	14.8
Exquisite I	Residential	Ongoing	1.5	205.1	1.0	205.1	5.6
Exquisite II	Residential	Ongoing	1.5	544.5	1.0	544.5	15.0
Commerz II Phase I	Commercial	Ongoing	0.7	1,447.9	1.0	1,447.9	39.8
Exquisite III	Residential	Planned	1.9	536.7	1.0	536.7	14.8
Commerz II Phase II	Commercial	Planned	1.7	4,003.1	1.0	4,003.1	110.1
Oberoi International school	Social Infrastructure	Ongoing	0.3				
Education complex		Planned	0.9	111.9	1.0	111.9	3.1
Hospital		Planned	0.4				
Andheri/Borivali			3.1	5,367.0		5,367.0	147.6
Oberoi Maxima	Residential	Ongoing	0.3	278.4	1.0	278.4	7.7
Oberoi Prisma	Residential	Ongoing	0.7	6.0	1.0	6.0	0.2
Oberoi Splendour IT park	Commercial	Planned	0.1	79.6	1.0	79.6	2.2
Oberoi Splendour school	Social Infrastructure	Planned	0.4	14.7	1.0	14.7	0.4
Borivali	Residential	Ongoing	4.5	2,722.2	1.0	2,722.2	74.9
Borivali	Mall	Planned	1.6	2,266.1	1.0	2,266.1	62.3
Worli			3.6	3,031.9		2,422.2	66.6
Oasis Residential	Residential	Ongoing	2.3	1,123.0	1.0	1,123.0	30.9
Oasis Hospitality	Hotel	Ongoing	0.3	689.5	1.0	689.5	19.0
I-Ventures	Mall	Planned	1.0	1,219.4	0.5	609.7	16.8
Thane	Residential	Planned	10.2	2,413.9	1.0	2,413.9	66.4
Mulund			3.2	2,627.9		2,627.9	72.3
Eternia	Residential	Ongoing	1.6	1,645.8	1.0	1,645.8	45.3
Enigma	Residential	Ongoing	1.6	887.3	1.0	887.3	24.4
Mulund Commercial	Commercial	Planned	0.1	94.9	1.0	94.9	2.6
Pune			1.3	101.8		-	-
Sangam city - Residential	Residential	Planned	0.8	38.4	-	-	-
Sangam city - Commercial	Commercial	Planned	0.3	33.7	-	-	-
Sangam city - Retail	Retail	Planned	0.3	29.7	-	-	-
Net cash/ (Debt)				(638.2)	1.0	(638.2)	(17.6)
Total			31.6	22,735.8	1.0	22,024	606
Premium to NAV (5%)						1,101	30
Rounded off Target price						23,126	636
							635

Source: Company, ICICI Direct Research

Financial summary

Exhibit 16: Profit and loss statement				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Net Sales	2,237.6	2,030.7	2,985.7	3,206.9
Other Operating Income	0.0	0.0	0.0	0.0
Total Operating Income	2,237.6	2,030.7	2,985.7	3,206.9
Growth (%)	-13.4	-9.2	47.0	7.4
Operating Costs	1,035.7	930.8	1,385.8	1,515.4
Employee Expenses	64.2	61.0	67.1	73.8
Other Expenses	89.7	85.3	93.8	103.2
Total Operating Expenditure	1,189.7	1,077.1	1,546.7	1,692.4
EBITDA	1,048.0	953.6	1,439.0	1,514.5
Growth (%)	55.2	-17.5	50.9	5.2
Depreciation	44.9	53.3	55.3	57.3
Interest	88.5	100.4	164.4	148.8
Other Income	48.4	55.7	120.2	150.0
PBT	963.0	855.6	1,339.6	1,458.4
Prior Period Adjustments	0.0	0.0	0.0	0.0
Total Tax	279.6	215.6	337.6	367.5
PAT before profit from associates	683.4	640.0	1,002.0	1,090.9
Minority Interest	0.0	0.0	0.0	0.0
Profit from associates	5.9	5.9	5.9	5.9
PAT	689.3	645.9	1,007.9	1,096.8
EPS (₹)	19.0	17.8	27.7	30.2

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Profit after Tax	689.3	645.9	1,007.9	1,096.8
Depreciation	44.9	53.3	55.3	57.3
Interest	88.5	100.4	164.4	148.8
Others	-54.3	-61.6	-126.2	-155.9
Net Increase in Current Assets	-787.8	-130.0	-893.9	-306.5
Net Increase in Current Liabilities	-93.9	493.0	717.6	208.8
Net cf from operating activities	-43.3	1,101.0	925.1	1,049.3
(Purchase)/Sale of Fixed Assets	-209.1	-664.9	-241.4	-260.7
Others	-54.3	-61.6	-126.2	-155.9
Net cf from Investing Activities	339.5	-603.3	-115.2	-104.8
Inc / (Dec) in Equity Capital	-89.0	0.0	0.0	0.0
Inc / (Dec) in Loan Funds	-441.9	500.0	0.0	0.0
(Payment) of Dividend & Div. Tax	0.0	0.0	-252.0	-274.2
Interest paid	-88.5	-100.4	-164.4	-148.8
Net cf from Financing Activities	-619.4	399.6	-416.4	-423.0
Net Cash flow	-323.2	897.4	393.6	521.4
Opening Cash/Cash Equivalent	431.5	108.3	1,005.7	1,399.3
Closing Cash/ Cash Equivalent	108.3	1,005.7	1,399.3	1,920.7

Source: Company, ICICI Direct Research

Exhibit 18: Balance sheet				
	₹ crore			
(Year-end March)	FY20	FY21E	FY22E	FY23E
Equity Capital	363.6	363.6	363.6	363.6
Preference Capital	0.0	0.0	0.0	0.0
Reserve and Surplus	8,265.9	8,911.8	9,667.8	10,490.4
Total Shareholders funds	8,629.5	9,275.4	10,031.4	10,854.0
Total Debt	1,143.9	1,643.9	1,643.9	1,643.9
Total Liabilities	11,193	12,832	14,305	15,337
Assets				
Gross Block	1,281.8	1,331.8	1,381.8	1,431.8
Less Accumulated Depreciation	234.8	288.1	343.3	400.6
Net Block	1,047.0	1,043.7	1,038.4	1,031.1
Capital WIP	304.9	919.8	1,111.2	1,321.9
Total Fixed Assets	1,352.0	1,963.5	2,149.6	2,353.0
Goodwill on consolidation	0.0	0.0	0.0	0.0
Investments	2,442.3	2,442.3	2,442.3	2,442.3
Inventory	5,317.3	4,629.5	4,614.4	4,662.4
Debtors	115.2	266.4	315.9	375.2
Loans and Advances	1,161.0	1,827.6	2,687.2	2,886.2
Cash	108.3	1,005.7	1,399.3	1,920.7
Other Current Assets	632.1	632.1	632.1	632.1
Total Current Assets	7,334.0	8,361.3	9,648.8	10,476.7
Creditors	1,418.7	1,911.8	2,629.3	2,838.1
Provisions	0.8	0.8	0.8	0.8
Net Current Assets	5,914.4	6,448.7	7,018.6	7,637.7
Deferred Tax Assets	64.8	64.8	64.8	64.8
Total Assets	11,193	12,832	14,305	15,337

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
(Year-end March)	FY20	FY21E	FY22E	FY23E
Per share data (₹)				
EPS	19.0	17.8	27.7	30.2
Cash EPS	20.2	19.2	29.2	31.7
BV	237.3	255.1	275.9	298.5
Operating profit per share	28.8	26.2	39.6	41.7
Cash Per Share	3.0	27.7	38.5	52.8
Operating Ratios (%)				
EBITDA Margin	46.8	47.0	48.2	47.2
PBT / Net Sales	43.0	42.1	44.9	45.5
PAT Margin	30.5	31.5	33.6	34.0
Inventory days	867	832	564	531
Debtor days	19	48	39	43
Creditor days	232	344	322	323
Return Ratios (%)				
RoE	7.9	6.9	10.0	10.1
RoCE	10.8	8.8	12.9	12.9
RoIC	14.6	13.9	20.8	21.6
Valuation Ratios (x)				
P/E	28.3	30.2	19.4	17.8
EV / EBITDA	17.3	18.6	12.0	11.1
EV / Net Sales	8.1	8.7	5.8	5.2
Market Cap / Sales	8.7	9.6	6.5	6.1
Price to Book Value	2.3	2.1	1.9	1.8
Solvency Ratios (x)				
Debt / EBITDA	1.1	1.7	1.1	1.1
Debt / Equity	0.1	0.2	0.2	0.2
Current Ratio	5.1	3.8	3.1	3.0
Quick Ratio	1.3	1.4	1.4	1.4

Source: Company, 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, Bhupendra Tiwary, CFA, MBA (Finance), Lokesh Kashikar, MMS, 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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst 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 and its analysts, persons reporting to analysts and their relatives are generally prohibited 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, 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 and ICICI Securities as a entity 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.