

CMP: ₹ 154

Target: ₹ 180 (17%)

Target Period: 12 months

BUY

August 2, 2022

Bottomed-out margins; steady road ahead...

About the stock: Ashok Leyland (ALL) is a pure-play CV manufacturer domestically, with FY22 market share pegged at 16.4%. The company is present in M&HCV trucks and buses as well as LCV goods segments.

- FY22 product mix – LCV goods 42%, trucks 52%, buses 6%

Q1FY23 Results: ALL reported muted results in Q1FY23

- Standalone operating income for Q1FY23 was down 17.4% QoQ to ₹ 7,223 crore, amidst 18.6% sequential decline in volumes at 39,651 units.
- EBITDA came in at ₹ 320 crore with margins at 4.4%, down 444 bps QoQ. All line items witnessed an increase with gross margins down 105 bps QoQ
- Consequent PAT came in at ₹ 68 crore. Muted PAT performance was due to lower than expected margins and higher effective tax rate at 36.8%

What should investors do? ALL's share price has grown at ~7% CAGR over the past five years (from ~₹ 110 levels in August 2017), outperforming Nifty Auto index

- We retain **BUY** rating amidst cyclical recovery underway in the CV space, impending equity raise and consequent valuation pegging for its EV arm

Target Price and Valuation: We value ALL at revised SOTP based target price of ₹ 180 (16x core FY24E EV/EBITDA, 2.5x P/BV for investments; earlier TP ₹ 160)

Key triggers for future price performance:

- Pure play beneficiary of impending M&HCV revival riding on government's infra push and pickup in core industrial activity with passenger (bus) segment to benefit from reopening of workplaces, schools and colleges.
- Blended ASPs to rise amid exports push & improved product mix.
- We build 20% volume & 28% net sales CAGR over FY22-24E; margins seen rising to 8% levels by FY24E on the back of operating leverage benefits and normalized input cost. Return ratios are seen ~17% levels by FY24E
- Expected equity raise in its electric mobility arm i.e. "Switch Mobility" with traction in EV demand from both private as well as government sector.

Alternate Stock Idea: Besides ALL, in our auto OEM coverage we like M&M.

- Focused on prudent capital allocation, UV differentiation & EV proactiveness
- BUY with target price of ₹ 1,500



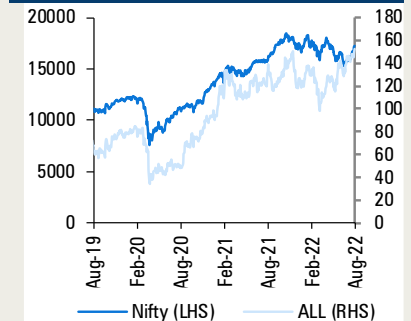
Particulars

Particular	₹ crore
Market Capitalization	45,077.4
Total Debt (FY22)	3,507.1
Cash & Inv. (FY22)	2,345.0
EV (₹ Crore)	46,239.5
52 week H/L (₹)	158 / 93
Equity capital (₹ crore)	293.6
Face value (₹)	1.0

Shareholding pattern

	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	51.5	51.5	51.5	51.5
FII	16.3	15.1	13.5	15.0
DII	19.6	20.7	21.9	21.7
Other	12.6	12.8	13.1	11.7

Price Chart



Recent event & key risks

- Posted muted Q1FY23 Results.
- Key Risk:** (i) slower than anticipated pickup in M&HCV sales volume, (ii) continued pressure on o/p margins amid high discounting in market place

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Raghvendra Goyal
raghvendra.goyal@icicisecurities.com

Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22	5 year CAGR (FY17-22)	FY23E	FY24E	2 year CAGR (FY22-24E)
Net Sales	29,055.0	17,467.5	15,301.5	21,688.3	1.6%	29,339.7	35,309.0	27.6%
EBITDA	3,135.7	1,173.6	535.1	994.5	-14.7%	1,636.0	2,833.2	68.8%
EBITDA Margins (%)	10.8	6.7	3.5	4.6		5.6	8.0	
Net Profit	1,983.2	239.5	(313.7)	541.9	-15.0%	501.9	1,401.1	60.8%
EPS (₹)	6.8	0.8	(1.1)	1.8		1.7	4.8	
P/E	22.8	188.8	NM	83.4		90.1	32.3	
RoNW (%)	24.3	4.7	(4.4)	0.2		6.5	17.1	
RoCE (%)	25.7	4.5	(1.9)	2.1		7.6	17.7	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q1FY23 Results: Margins bottomed out ...

- Standalone operating income came in at ₹ 7,223 crore (down 17.4% QoQ). Total volumes for the quarter were at 39,651 units, down 18.6% sequentially with ASPs for the quarter coming in at ₹ 18.2 lakh/unit, up 1.5% QoQ.
- M&HCV volumes in the total sales volume mix (~63% in Q1FY23 vs. ~66% in Q4FY22). The company also gained market share in the truck segment which as of Q1FY23 was at 31.1% vs 30.6% in Q4FY22.
- EBITDA for the quarter came in at ₹ 320 crore with corresponding margins at 4.4%, down 444 bps QoQ. Gross margin declined was ~105 bps QoQ however was further aggravated by rise in employee cost and other expense which rose 116 bps & 222 bps QoQ respectively.
- Consequent reported profit after tax stood at ₹ 68 crore. Muted PAT performance was due to lower than expected margins and higher effective tax rate at 36.8% vs 9.7% in Q4FY22.

Q1FY23 Earnings Conference Call highlights

- Q1FY23 witnessed strong momentum in domestic market compared to export market with domestic market share increasing QoQ aided by new model launches.
- Company witnessed revival in demand from fleet aggregators & witnessed increase in fleet utilization levels & improvement of free cash flow in hands of fleet operators amidst reduced operating cost.
- Management expects M&HCV truck industry to grow at 15-20% for FY23 primarily led by capex by government & revival in bus demand largely benefitting from reopening of schools and work places.
- Company has taken ~1.5-2% hike during the quarter to offset rising input costs & would take further hikes to recover unrecovered cost, however company is still unable to recover hiked freight rates for which it is in discussion with clients.
- Rise in other expense was largely due to various agreements entered into by company during FY22 and same have been revised due to inflationary scenario, further management expects it to taper gradually going forward.
- Company expects to sustain market share amidst: (i) Increase in truck demand as a result of government spending, (ii) strong product offering with its CNG variant launch in Q1FY22 gaining good traction, (iii) offering existing LCV portfolio in CNG variants in coming 8-9 months
- Hinduja Leyland Finance AUM stood ~₹30k crores with disbursement of ~₹3,500 crores during Q1FY23, it has GNPA at ~3.7% & NNPA at ~2.3%
- Capex incurred in Q1FY23 is ~₹115 crores with guidance for FY23 revised to ~₹750 crores vs ~₹550 crores in Q4FY22.

Due to chip shortage company witnessed 500-1000 units as loss of production in the LCV domain for Q1.

Rise in steel price was ~₹4-5/kg for Q1FY23 and is now stabilizing with cost reduction program in place management expects to improve margins in coming quarters.

Peer comparison

Exhibit 1: Peer Comparison (4-W)

Company	CMP	TP	Rating	Mcap	Total lakh volumes			EBITDA margin (%)			RoCE (%)			EV/EBITDA (x)		
	₹	₹		₹ crore	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Ashok Leyland (ASHLEY)	154	180	Buy	45,077	1.3	1.6	1.9	4.6	5.6	8.0	2.1	7.6	17.7	46.5	28.3	16.1
Tata Motors (TATMOT)	479	530	Buy	1,83,505	7.3	9.1	10.2	12.2	12.3	14.1	4.8	8.2	14.5	7.6	6.3	4.7
M&M (MAHMAH)	1,236	1,500	Buy	1,47,917	4.7	6.1	6.8	12.3	12.3	13.0	9.3	11.9	13.6	20.3	15.8	13.1

Source: Company, ICICI Direct Research; Note – volume data above is for Tata Motors' India business and M&M's automotive business only

We believe ALL would be an outsized beneficiary of the impending CV revival domestically given its presence across industry segments. Blended realisations are set to improve amid exports focus and improved mix. Riding on operating leverage gains, margins and RoCE are set to expand to 8%, 17% by FY24E, respectively.

Exhibit 2: Variance Analysis

	Q1FY23	Q1FY23E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Total Operating Income	7,222.9	6,975.6	2,951.0	144.8	8,744.3	-17.4	Topline came in ahead of estimates tracking beat on ASP's despite QoQ decline in share of M&HCV in sales mix
Raw Material Expenses	5,728.1	5,472.1	2,187.3	161.9	6,842.2	-16.3	RM costs came in ahead of estimates at 79.3% of sales, up 110 bps QoQ
Employee Expenses	445.4	418.5	424.3	5.0	437.6	1.8	
Other expenses	729.1	627.8	479.5	52.0	688.5	5.9	Other came in much higher than estimates at 10.1% of sales, up 220 bps QoQ
EBITDA	320.3	457.1	-140.1	-328.6	776.0	-58.7	
EBITDA Margin (%)	4.4	6.6	-4.7	918 bps	8.9	-444 bps	EBITDA margins came in lower at 4.4% tracking more than anticipated rise in all line items
Other Income	25.6	18.5	13.4	91.3	24.2	6.1	
Depreciation	182.4	202.3	183.5	-0.6	195.4	-6.6	
Interest	68.9	67.7	70.7	-2.6	76.5	-9.9	Interest expense came in on expected lines
Tax	39.6	52.9	-100.3	-139.5	97.3	-59.3	
Reported PAT	68.0	161.0	-282.3	124.1	901.4	NM	PAT came in substantially lower tracking miss on margins which were down ~440 bps QoQ
EPS	0.2	0.5	-1.0	124.1	3.1	NM	
Key Metrics							
ASPs (₹ lakh/unit)	18.2	17.6	16.4	11.0	17.9	1.5	ASP's for the quarter stood at ₹ 18.2 lakh/unit up 1.5%QoQ and was ahead of our estimates

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	29,421	29,340	-0.3	34,935	35,309	1.1	Our revenue estimates remain largely unchanged. We expect sales to grow at a CAGR of ~28% over FY22-24E
EBITDA	1,765	1,636	-7.3	2,779	2,833	2.0	
EBITDA Margin (%)	6.0	5.6	-42 bps	8.0	8.0	7 bps	Muted margins reported in Q1FY23 leads to moderation in our margin estimates for FY23E
PAT	604	502	-17.0	1,357	1,401	3.3	
EPS (₹)	2.1	1.7	-17.0	4.6	4.8	3.3	At the PAT level, we expect earnings at the company to grow at a CAGR of ~61% CAGR over FY22-24E building in ~340 bps improvement in EBITDA margins

Source: ICICI Direct Research

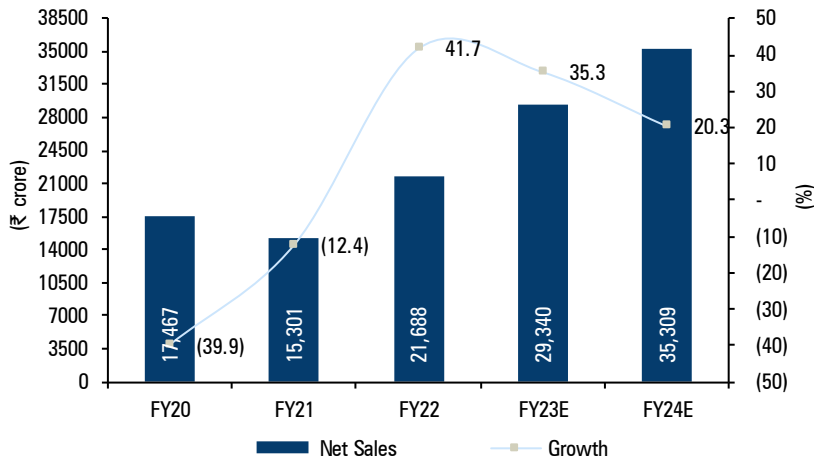
Exhibit 4: Assumptions

	FY19	FY20	FY21	Current			Earlier		Comments
				FY22	FY23E	FY24E	FY23E	FY24E	
M&HCV Passenger volumes	19,871	23,323	5,629	7,799	12,527	15,012	11,270	13,523	With cyclical recovery underway in the domestic CV space, we expect total volumes at the company to grow at a CAGR of 20% over FY22-24E. M&HCV space is seen leading the volume growth at ~27% CAGR in the aforesaid period with LCV space expected to grow at a CAGR of ~10% CAGR over FY22-24E led by its export initiatives as well as e-commerce play. We have largely retained our volume estimates for FY23E & FY24E
M&HCV Goods volumes	1,22,987	55,231	46,178	66,086	87,185	1,04,623	89,102	1,06,923	
Total M&HCV Sales Volume	1,42,858	78,554	51,807	73,885	99,712	1,19,635	1,00,372	1,20,446	
LCV volumes	54,508	46,646	48,908	54,441	59,890	65,879	59,861	65,847	
Total Sales Volume	1,97,366	1,25,200	1,00,715	1,28,326	1,59,602	1,85,515	1,60,233	1,86,294	
YoY Growth (%)		-37%	-20%	27%	24%	16%			
ASPs (₹ lakh/unit)	14.4	12.8	15.2	16.9	18.2	19.0	18.4	18.8	

Source: ICICI Direct Research

Financial story in charts

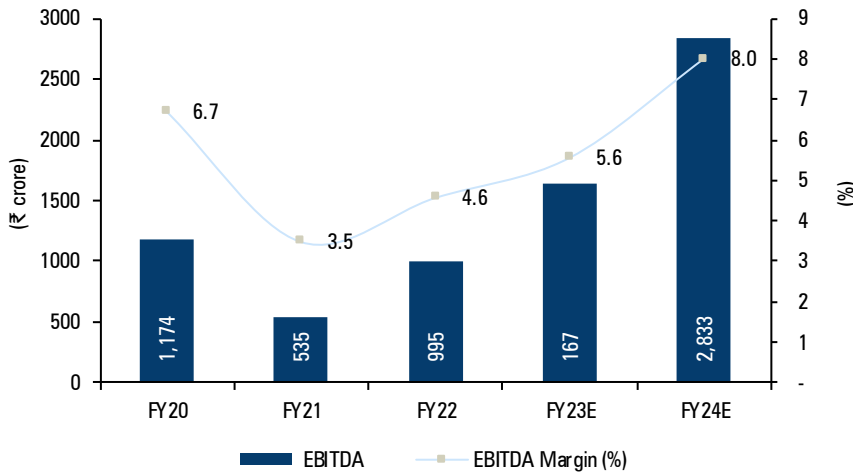
Exhibit 5: Topline trend



We expect sales to grow at a CAGR of 27.6% over FY22-24E backed by 20.2% volume CAGR in the aforesaid period, led by M&HCV segment

Source: Company, ICICI Direct Research

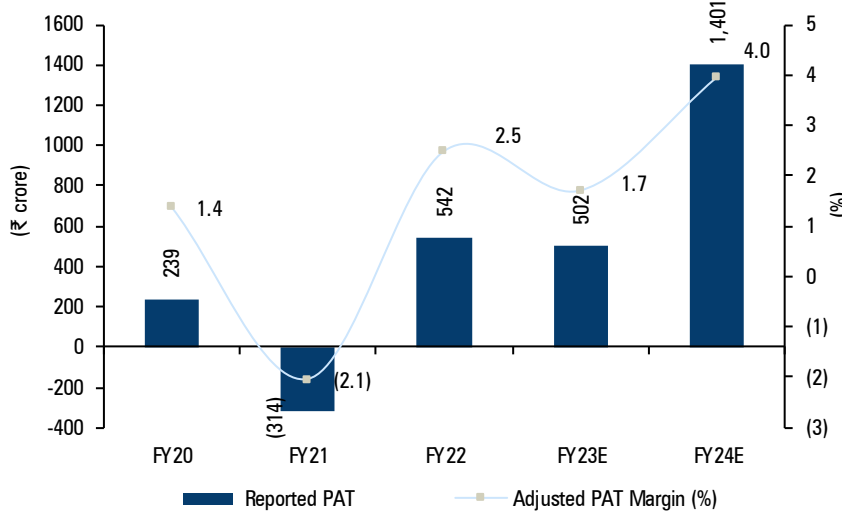
Exhibit 6: Trend in margins



We expect ALL margins to be at 8.0% by FY24E, riding on substantial operating leverage gains and cost control measures

Source: Company, ICICI Direct Research

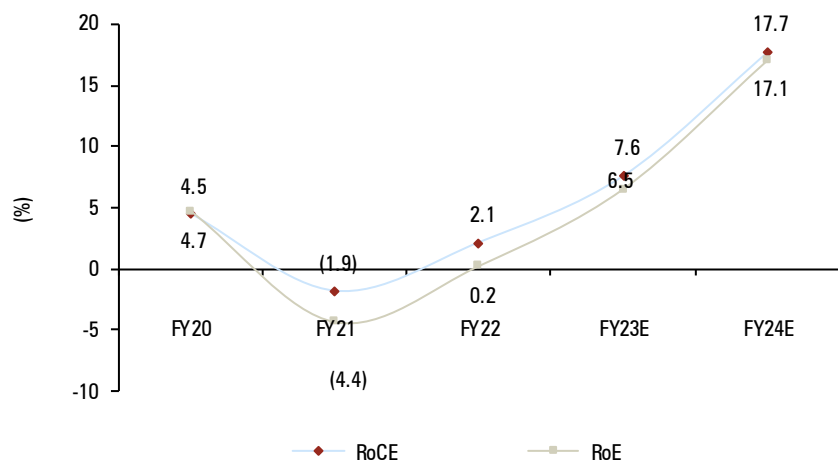
Exhibit 7: Trend in profitability



PAT is expected to reach ₹ 1,401 crore in FY24E

Source: Company, ICICI Direct Research

Exhibit 8: Trend in return ratios



The company is positioned to post healthy double digit return ratios in FY24E

Source: Company, ICICI Direct Research

Exhibit 9: SOTP-based valuation

SOTP	
Target EV/EBITDA (x)	16.0
EBITDA (₹ crore; FY24E)	2,833
Enterprise Value (₹ Crore)	45,331
Net Debt (₹ crore; FY24E)	454
Target Market cap Core business (₹crore)	44,877
Value/Share (A)	155
Strategic Investments FY24E (₹ crore)	3,922
P/BV(x)	2.5
Total Value/Share post applying 20% Holdco. Discount (B)	25
Price target (₹, A+B)	180

Source: Company, ICICI Direct Research

Exhibit 10: Valuation Summary

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY18	26,356	31.7	5.9	36.6	26.2	14.2	24.0	25.6
FY19	29,055	10.2	6.8	15.1	22.8	14.1	24.3	25.7
FY20	17,467	(39.9)	0.8	(87.9)	NM	40.1	4.7	4.5
FY21	15,301	(12.4)	(1.1)	NA	NM	89.7	(4.4)	(1.9)
FY22	21,688	41.7	1.8	NM	NM	46.5	0.2	2.1
FY23E	29,340	35.3	1.7	NM	90.1	28.3	6.5	7.6
FY24E	35,309	20.3	4.8	179.2	32.3	16.1	17.1	17.7

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 11: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total operating Income	15,301.5	21,688.3	29,339.7	35,309.0
Growth (%)	-12.4	41.7	35.3	20.3
Raw Material Expenses	11,403.4	16,761.1	23,064.7	27,250.3
Employee Expenses	1,583.9	1,694.6	1,808.9	1,941.7
Other Expenses	1,779.1	2,238.1	2,830.2	3,283.7
Total Operating Expenditure	14,766.4	20,693.8	27,703.7	32,475.8
EBITDA	535.1	994.5	1636.0	2833.2
Growth (%)	-54.4	85.9	64.5	73.2
Depreciation	747.7	752.8	792.2	829.8
Interest	306.8	301.1	271.9	225.6
Other Income	119.5	76.1	102.7	95.4
PBT	-399.9	16.8	674.6	1873.2
Exceptional chages	12.1	-510.8	-13.0	0.0
Total Tax	-98.2	-14.2	185.8	472.0
PAT	-313.7	541.9	501.9	1401.1
Growth (%)	-231.0	-272.7	-7.4	179.2
EPS (₹)	-1.1	1.8	1.7	4.8

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	-313.7	541.9	501.9	1,401.1
Add: Depreciation	747.7	752.8	792.2	829.8
(Inc)/dec in Current Assets	-2,495.2	-511.2	-1,761.8	-1,465.5
Inc/(dec) in CL and Provisions	2,031.6	1,787.7	1,777.1	1,653.6
CF from operating activities	277.2	2872.2	1581.2	2644.7
(Inc)/dec in Investments	-349.1	-1,750.9	400.0	-300.0
(Inc)/dec in Fixed Assets	-681.5	-249.7	-750.0	-550.0
Others	86.3	57.3	-149.2	-143.9
CF from investing activities	-944.3	-1943.3	-499.2	-993.9
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	447.4	-221.7	-500.0	-500.0
Dividend paid & dividend tax	-176.1	-293.6	-293.6	-733.9
Others	-103.7	-189.8	-271.9	-225.6
CF from financing activities	167.6	-705.0	-1065.4	-1459.5
Net Cash flow	-499.4	223.9	16.6	191.3
Opening Cash	1,322.4	823.0	1,046.9	1,063.5
Closing Cash	823.0	1046.9	1063.5	1254.7

Source: Company, ICICI Direct Research

Exhibit 13: Balance Sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Liabilities				
Equity Capital	293.6	293.6	293.6	293.6
Reserve and Surplus	6,683.7	7,043.4	7,251.7	7,918.9
Total Shareholders funds	6977.2	7336.9	7545.2	8212.5
Total Debt	3,728.8	3,507.1	3,007.1	2,507.1
Deferred Tax Liability	170.8	144.4	144.4	144.4
Other non-current liabilities	280.5	254.4	254.4	254.4
Total Liabilities	11346.9	11443.0	11151.3	11318.5
Assets				
Gross Block	8,706.7	9,134.0	9,978.2	10,578.2
Less: Acc Depreciation	3,107.5	3,860.3	4,652.4	5,482.2
Net Block	5599.2	5273.7	5325.8	5096.0
Capital WIP	371.9	194.3	100.0	50.0
Total Fixed Assets	5,971.0	5,468.0	5,425.8	5,146.0
Investments	3,068.7	3,521.6	3,721.6	3,921.6
Inventory	2,142.3	2,075.2	2,813.4	3,385.8
Debtors	2,816.0	3,111.0	4,019.1	4,836.8
Loans and Advances	20.6	0.0	0.0	0.0
Other current assets	1686.7	1990.6	2106.1	2181.5
Cash	823.0	1046.9	1063.5	1254.7
Total Current Assets	7,488.6	8,223.7	10,002.1	11,658.9
Creditors	5,164.7	6,875.2	8,440.2	9,673.7
Provisions	465.0	470.3	577.3	661.7
Other current Liabilities	1,473.5	1,545.3	1,650.4	1,986.2
Total Current Liabilities	7,103.1	8,890.8	10,667.9	12,321.5
Net Current Assets	385.5	-667.1	-665.8	-662.7
Application of Funds	11346.9	11443.0	11151.3	11318.5

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios				
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	-1.1	1.8	1.7	4.8
Cash EPS	1.5	4.4	4.4	7.6
BV	23.8	25.0	25.7	28.0
DPS	0.6	1.0	1.0	2.5
Cash Per Share	2.8	3.6	3.6	4.3
Operating Ratios (%)				
EBITDA Margin	3.5	4.6	5.6	8.0
PBT / Net sales	-2.6	0.1	2.3	5.3
PAT Margin	-2.1	2.5	0.9	1.5
Inventory days	51.1	34.9	35.0	35.0
Debtor days	67.2	52.4	50.0	50.0
Creditor days	123.2	115.7	105.0	100.0
Return Ratios (%)				
RoE	-4.4	0.2	6.5	17.1
RoCE	-1.9	2.1	7.6	17.7
RoIC	-2.1	2.7	9.1	21.7
Valuation Ratios (x)				
P/E	-144.1	83.4	90.1	32.3
EV / EBITDA	89.7	46.5	28.3	16.1
EV / Net Sales	3.1	2.1	1.6	1.3
Market Cap / Sales	2.9	2.1	1.5	1.3
Price to Book Value	6.5	6.2	6.0	5.5
Solvency Ratios				
Debt/Equity	0.5	0.5	0.4	0.3
Current Ratio	1.1	0.9	0.9	0.9
Quick Ratio	0.7	0.6	0.6	0.6

Source: Company, ICICI Direct Research

Exhibit 15: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP	TP	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)		(₹ Cr)	FY22P	FY23E	FY24E	FY22P	FY23E	FY24E	FY22P	FY23E	FY24E	FY22P	FY23E	FY24E	FY22P	FY23E	FY24E
Apollo Tyre (APOTYR)	222	230	Buy	14,114	10.1	12.7	19.4	22.1	17.5	11.4	7.3	6.3	4.8	6.3	7.3	10.3	5.4	6.6	9.4
Ashok Leyland (ASHLEY)	154	180	Buy	45,077	1.8	1.7	4.8	83.4	90.1	32.3	46.5	28.3	16.1	2.1	7.6	17.7	0.2	6.5	17.1
Bajaj Auto (BAAUTO)	3,975	4,180	Hold	1,15,038	173.4	218.4	247.2	22.9	18.2	16.1	17.8	13.2	11.5	18.4	27.1	29.3	17.6	24.5	26.3
Balkrishna Ind. (BALIND)	2,384	2,475	Buy	46,077	73.0	81.4	103.2	32.7	29.3	23.1	24.2	19.6	15.3	15.9	18.0	21.7	20.4	19.4	20.7
Bharat Forge (BHAFOR)	750	840	Buy	34,904	23.1	23.9	30.0	32.4	31.4	25.0	18.9	16.6	13.9	9.6	10.7	12.6	15.2	15.1	16.8
Eicher Motors (EICMOT)	3,089	2,480	Hold	84,418	61.3	87.6	107.2	50.4	35.3	28.8	35.0	24.9	20.3	13.3	17.3	18.7	13.3	16.9	18.2
Escorts Kubota (ESCORT)	1,722	1,840	Hold	22,725	55.8	70.1	82.2	30.9	24.6	20.9	18.8	15.5	12.7	10.4	10.9	11.5	9.3	10.6	11.2
Hero Moto (HERHON)	2,841	2,495	Hold	56,730	123.8	156.1	176.3	22.9	18.2	16.1	14.5	11.3	9.9	16.3	20.7	22.2	15.7	18.7	19.9
M&M (MAHMAH)	1,236	1,500	Buy	1,47,917	41.2	49.9	59.3	30.0	24.8	20.9	20.3	15.8	13.1	9.3	11.9	13.6	13.1	13.8	14.6
Maruti Suzuki (MARUTI)	9,004	10,000	Buy	2,71,993	124.7	236.8	333.3	72.2	38.0	27.0	40.7	22.8	16.6	5.1	11.5	15.2	7.0	12.1	15.3
Minda Industries (MININD)	524	575	Buy	29,928	6.2	9.6	12.5	84.1	54.8	42.0	34.4	26.7	21.6	10.2	13.1	15.9	10.3	13.9	15.6
Tata Motors (TATMOT)	479	530	Buy	1,83,505	-29.9	-9.5	17.9	-16.0	-50.2	26.8	7.6	6.3	4.7	4.8	8.2	14.5	-23.5	-8.1	13.2

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, Shashank Kanodia, CFA, MBA (Capital Markets), and Raghvendra Goyal, 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 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 or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest 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 a 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.