

On cusp of recovery...

About the stock: KEC International (KEC) is one of the EPC majors in key infrastructure sectors such as power T&D, railways, civil, urban infrastructure, solar, smart infrastructure, oil & gas pipelines and cables.

- A strategic shift in portfolio from T&D to non-T&D (13% contribution in FY16 increased to 50% in FY22)
- T&D diversified across countries with entry in ~20 countries in last five years

Q2FY23 Results: KEC reported weak Q2FY23 results given the margin miss.

- Revenue grew 13.3% YoY to ₹ 4064 crore owing to decent growth in non T&D segment
- EBITDA was at ₹ 178 crore, down 29.7% YoY with margins at 4.4%, impacted by elevated logistics costs, execution of legacy projects with adverse commodity prices and SAE Brazil performance
- Consequently, adjusted PAT came in at ₹ 55.2 crore, down 52% YoY
- YTD FY23 order inflows came in strong at ₹ 10465 crore

What should investors do? KEC's share price has grown by ~4x over the past five years (from ~₹ 125 in March 2016 to ~₹ 500 levels in January 2022).

- We remain long term positive and retain our **BUY** rating on the stock

Target Price and Valuation: We value KEC at ₹ 515 i.e. 17x P/E on FY24E EPS.

Key triggers for future price performance:

- We expect revenue to grow at ~18.4% CAGR in FY22-24E owing to strong order book worth ~₹ 27569 crore and L1 orders worth ~₹ 6500 crore
- Strong order pipeline for FY23E to ensure decent order inflow growth
- SAE business' legacy EPC projects will get executed by Q3FY23, which will arrest losses and help to improve margin. Also, execution of new orders with good margins will come into play in H2FY23

Alternate Stock Idea: We also like Larsen & Toubro (L&T) in our coverage.

- L&T has targeted revenues and order inflow CAGR of 15% and 14%, respectively, over FY21-26 with a consolidated RoE of 18%
- BUY with a target price of ₹ 2355



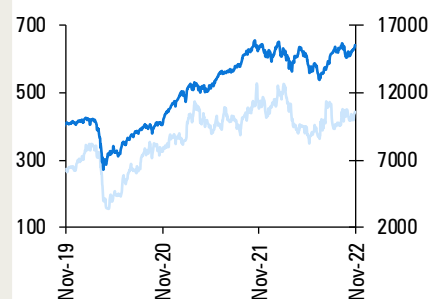
Particulars

Particular	Amount
Market Capitalization	11,183.3
Total Debt (FY22)	2,862.7
Cash and Inv. (FY22)	295.0
EV	13,751.0
52 week H/L	₹550/ 346
Equity capital	₹ 51.4 Crore
Face value	₹ 2

Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	51.8	51.8	51.9	51.9
FII	12.3	12.2	12.2	11.6
DII	26.4	26.4	26.5	26.5
Others	9.6	9.6	9.5	10.0

Price Chart



Recent event & key risk

- (i) Rising commodity prices (ii) Execution delays, order deferrals in T&D space

Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Ameya Mahurkar
ameya.mahurkar@icicisecurities.com

Key Financial Summary

Particulars (₹ crore)	FY20	FY21	FY22	5 Year CAGR (FY17-FY22)	FY23E	FY24E	2 Year CAGR (FY22-FY24E)
Net Sales	11,965.4	13,114.2	13,742.3	10.1%	16,592.2	19,257.1	18.4%
EBITDA	1,234.7	1,141.2	903.5	2.0%	1,124.0	1,728.1	38.3%
EBITDA Margin (%)	10.3	8.7	6.6		6.8	9.0	
Net Profit	565.9	552.7	332.1	3.9%	396.4	779.2	53.2%
EPS (₹)	22.0	21.5	12.9		15.4	30.3	
P/E (x)	19.8	20.2	33.7		28.2	14.4	
RoNW (%)	20.2	17.0	10.6		10.7	17.9	
RoCE (%)	22.3	19.8	11.9		13.8	20.5	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: On the cusp of recovery

- The topline came in at ₹ 4064 crore, up 13.3% YoY, (above our estimate of ₹ 3946.4 crore). During Q2FY23, the overall T&D business (including SAE Tower) revenue grew 7% YoY to ₹ 2091 crore. Non-T&D business (railways, civil, cables, other) registered growth of 16% to ₹ 2093 crore YoY led by better execution. The railways business revenue came in at ₹ 858 crore, down 13% while civil business segment revenue registering a significant growth of 65% YoY to ₹ 740 crore. Cables business grew 9% to ₹ 390 crore YoY and smart infra business revenue came in at ₹ 25 crore and grew 51% YoY, oil & gas pipeline revenue came in at ₹ 81 crore. Overall, T&D contributed 51% followed by railways (21.1%), civil (18.2%) and cable (9.59%) to revenues
- KEC's YTD FY23 order inflows came strong at ₹ 10465 crore. The unexecuted order book as on YTD FY23 was at ₹ 27569 crore, while the company is L1 in orders worth more than ₹ 6500 crore. T&D business contributed 44% to order book while non-T&D contributed 56% to order book. On order inflow front, T&D contributed 36% followed by civil (30%), railways (24%), cables (6), and oil & gas (4%). Geographically, international order inflows contribute 20% and domestic contributed 80%
- EBITDA margins came in at 4.4% (below our estimate of 6.5%), down 267 bps YoY and 70 bps QoQ, mainly impacted by elevated logistics costs, execution of legacy projects with adverse commodity prices and SAE Brazil performance. Absolute EBITDA came in at ₹ 178 crore, down 29.7% YoY. Generally, in a rising input environment, fixed price contracts in international markets put the company in a weak spot given input price inflation cannot be passed on. The same has a negative bearing on the respective project level margins
- Interest cost increased 74.2% YoY to ₹ 127.7 crore. In Q2FY23, net debt (including acceptances) has reduced by ₹ 156 crore QoQ to ₹ 5919 crore. It is targeting a further reduction in H2FY23. Net working capital day was at 148 days (vs. 148 days in Q1FY23). It is expected to normalise further owing to judicious monitoring of cash flows, focus on collections specially retention receivables and focus on expediting commercial closure of projects
- Adjusted PAT came in at ₹ 55.2 crore (below our estimate of ₹ 89 crore) down 52% YoY, impacted by continued headwinds on account of elevated logistic costs, SAE Brazil performance

Q2FY23 Earnings Conference Call highlights

- During Q2FY23, KEC's YTD FY23 order inflows came in healthy at ₹ 10465 crore with 25% YoY growth. The unexecuted order book as on YTD FY23 was at ₹ 27569 crore while the company is L1 in orders worth more than ₹ 6500 crore diversified across businesses. With this, KEC's order book plus L1 was at a record level of ₹ 34,000 crore. The management is confident of closing order inflow for FY23E with ~ ₹ 18,000-20,000 crore
- In Q2FY23, the overall T&D business (including SAE Tower) revenue grew 7% YoY to ₹ 2091 crore. YTD order intake of ₹ 3,775 crore for T&D and cabling projects across India, Middle East, Africa and America. The company secured five substantial orders in India including two prestigious orders for building digital GIS substations for PGCIL
- Railway business has achieved revenue of over ₹ 850 crore for the quarter. The business has secured YTD order inflows of ~₹ 2,500 crore, a healthy growth of almost 2x vis-a-vis last year. These include orders in the

conventional OHE and composite projects as well as orders in the new areas of speed upgradation and technologically unable areas of metros

- Civil business continues to be on a high growth trajectory as it reported revenues of ₹ 740 crore for the quarter with impressive growth of 65% vis-a-vis Q2 last year. The civil business continues to deliver consistently on the order intake front and secured YTD orders of over ₹ 3,000 crore, strong growth of 25% vis-a-vis last year. During the year, the business strengthened its presence with significant orders in water pipelines, public spaces, industrial and data centre segments. The company is aiming for a revenue of ₹ 4000 crore in FY23E and incremental growth of 35-40% in FY24E
- Cables business achieved revenues of ₹ 390 crore and grew 9% vis-a-vis Q2 last year. The business has achieved its highest ever revenues and profitability in H1. The business is also progressing well with the development of five new products of which three have been successfully commercialised
- KEC's tenders are under evaluation with over ₹ 1,10,000 crore in the pipeline. Debt level, including acceptances, has started improving and has reached ₹ 5,919 crore as on September 30, a reduction of more than ₹ 150 crore against Q1FY23. The management expects an improvement in the working capital in the second half of the financial year and is committed to reducing debt levels, going forward. The company expects to reach interest cost as percentage of sales at 2.8-2.9% in FY23E. Incrementally same should further taper down in FY24E given release of receivables, retention money and higher revenues. The management has increased revenue growth targets from the earlier 15% to 20% for the whole year
- The management is quite hopeful that they will be able to reduce the overall debt level from the current level by at least ₹ 500-700 crore. Remaining normalisation should happen in the next financial year. Also, by FY24E, KEC will do 100 or 110 days of NWC, which used to be there about two years back
- On the margins front, Q3FY23E is expected to see the same level of EBITDA margin compared to Q2FY23. The recovery is expected from Q4FY23E onwards as losses in SAE Towers will be over by then. Low margin T&D orders will be in completion and high margin news orders execution will come into play. For Q2FY23, railway segment margins were in double digits and civil segment is expected to reach those by FY23 end. For FY24E, the management expects double digit margins at the company level

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	YoY (Chg %)	Q1FY23	QoQ (Chg %)	Comments
Revenue	4,064.0	3,946.4	3,587.5	13.3	3,318.1	22.5	Owing to healthy growth in Non T&D
Other Income	16.1	6.0	3.3	390.6	8.0	103.0	
Employee Expenses	354.5	343.3	316.1	12.2	340.6	4.1	
Raw Material Expenses	1,661.1	1,866.7	1,696.8	-2.1	1,313.8	26.4	
Other Operating Expenses	350.4	335.4	298.2	17.5	346.0	1.3	
Erecting and Contracting Expenses	1,520.1	1,144.5	1,023.4	48.5	1,149.2	32.3	
EBITDA	178.0	256.5	253.0	-29.7	168.5	5.6	
EBITDA Margin (%)	4.4	6.5	7.1	-267 bps	5.1	-70 bps	Impacted due to the elevated logistics costs, execution of legacy projects with adverse commodity prices and SAE Brazil performance
Depreciation	39.9	41.0	38.6	3.4	39.3	1.5	
Interest	127.7	99.6	73.3	74.2	100.0	27.7	
PBT	26.6	121.9	100.8	-73.6	37.2	-28.5	
Total Tax	-28.7	32.9	20.5	-240.0	6.1	-570.8	
Adjusted PAT	55.2	89.0	115.1	-52.0	31.1	77.7	

Key Metrics

Order inflows	6,993		2,985	134.3	3,472.0	101.4	
Order backlog	27569		18926	45.7	23720	16.2	Backlog and execution cycle ensures reasonable visibility in FY23E-24E

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22		FY23E		FY24E		Comments
	Actual	Old	New	% Change	Old	New	
Revenue	13,742.3	16,313.2	16,592.2	1.7	18,489.9	19,257.1	4.1
EBITDA	903.5	1,108.4	1,124.0	1.4	1,577.9	1,728.1	9.5
EBITDA Margin (%)	6.6	6.8	6.8	-3 bps	8.5	9.0	47 bps
PAT	332.1	398.5	396.4	-0.5	762.0	779.2	2.3
EPS (₹)	12.9	15.5	15.4	-0.5	29.6	30.3	2.4

Source: Company, ICICI Direct Research

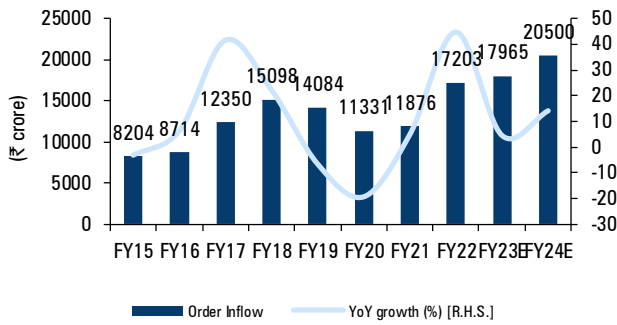
Exhibit 3: Assumptions

	Current			Earlier		Comments
	FY22	FY23E	FY24E	FY23E	FY24E	
Order Inflow growth	44.9	4.4	14.1	15.5	13.2	Order inflow estimates revised considering bunching up of tendering activities
Order Backlog growth	34.2	9.0	4.8	14.4	14.8	
Revenue growth	4.8	20.7	16.1	18.7	13.3	Strong revenue growth in railways, civil likely to continue amid good traction in international T&D
EBITDA Margins	6.6	6.8	9.0	6.8	8.5	

Source: Company, ICICI Direct Research

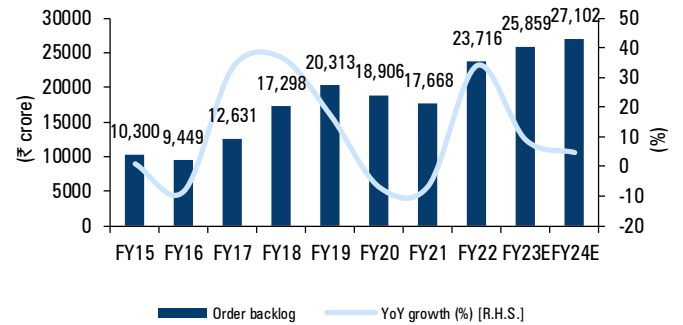
Financial story in charts

Exhibit 4: KEC exhibits strong order inflow trend...



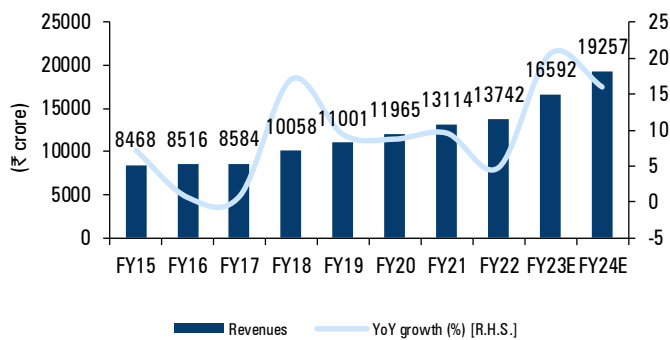
Source: Company, ICICI Direct Research

Exhibit 5: Order backlog trend and visibility



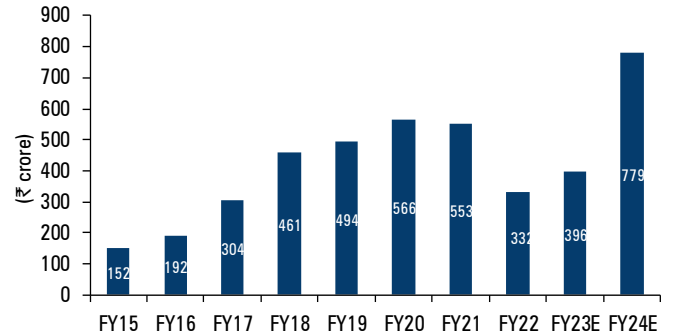
Source: Company, ICICI Direct Research

Exhibit 6: Revenue trend in FY15-24E



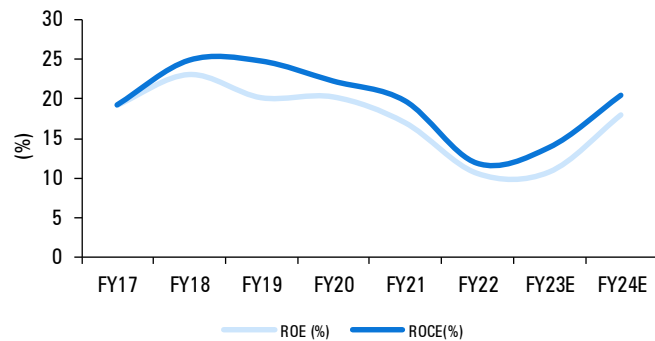
Source: ICICI Direct Research, Company

Exhibit 7: PAT to rise sharply on strong margin recovery



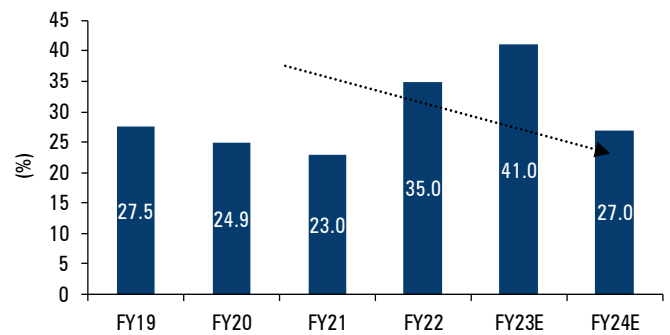
Source: ICICI Direct Research, Company

Exhibit 8: Return ratios



Source: Company, ICICI Direct Research

Exhibit 9: Interest, EBITDA ratio to improve, going ahead



Source: Company, ICICI Direct Research

Financial summary

Exhibit 10: Profit and loss statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Total operating Income	13,114.2	13,742.3	16,592.2	19,257.1
Growth (%)	9.6	4.8	20.7	16.1
Raw Material Expenses	5,700.6	5,949.0	6,777.5	8,124.5
Employee Expenses	1,115.1	1,258.7	1,416.5	1,636.4
Erecting & Contracting Exp.	3,907.0	4,509.2	5,809.8	6,147.5
Administrative Expenses	1,250.3	1,121.9	1,494.5	1,687.6
Total Operating Expenditure	11,973.0	12,838.8	15,498.2	17,596.0
EBITDA	1,141.2	903.5	1,124.0	1,728.1
Growth (%)	-7.6	-20.8	24.4	53.7
Depreciation	152.5	157.9	213.7	229.4
Interest	262.7	316.0	461.1	466.9
Other Income	29.9	13.4	40.1	38.0
Exceptional Item	0.0	43.6	0.0	0.0
PBT	755.9	399.4	489.3	1,069.7
Total Tax	203.2	67.4	92.9	290.5
PAT	552.7	332.1	396.4	779.2
Adjusted PAT	552.7	332.1	396.4	779.2
Growth (%)	-2.3	-39.9	19.4	96.5
EPS (₹)	21.5	12.9	15.4	30.3

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	552.7	332.1	396.4	779.2
Add: Depreciation	152.5	157.9	213.7	229.4
(Inc)/dec in Current Assets	-798.3	-1,779.1	-1,219.2	-1,322.6
Inc/(dec) in CL and Provisions	848.2	929.4	752.9	990.4
Others	3.3	3.0	5.0	5.0
CF from operating activities	755.1	-359.7	143.9	676.5
(Inc)/dec in Investments	-17.0	-16.5	-15.0	-15.0
(Inc)/dec in Fixed Assets	-132.2	-24.2	-180.0	-180.0
Others	0.0	0.0	0.0	0.0
CF from investing activities	-499.0	-360.7	-334.0	-284.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-218.4	1,019.3	250.0	0.0
Dividend paid & dividend tax	-102.8	-103.8	-129.7	-138.9
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	0.0	7.6	0.0	0.0
CF from financing activities	-311.8	918.5	67.3	-138.9
Net Cash flow	-55.7	198.0	-122.8	253.5
Opening Cash	152.7	97.0	295.0	172.2
Closing Cash	97.0	295.0	172.2	425.7

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Liabilities				
Equity Capital	51.4	51.4	51.4	51.4
Reserve and Surplus	3,205.5	3,436.7	3,650.4	4,290.7
Total Shareholders funds	3,256.9	3,488.1	3,701.8	4,342.1
Total Debt	1,843.4	2,862.7	3,112.7	3,112.7
Deferred Tax Liability	55.2	43.8	48.8	53.8
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	5,282.4	6,575.8	7,054.5	7,709.8
Assets				
Gross Block	1,895.4	1,897.6	2,067.6	2,247.6
Less: Acc Depreciation	779.6	933.8	1,111.9	1,305.7
Net Block	1,115.7	963.9	955.8	941.9
Capital WIP	17.9	30.0	40.0	40.0
Total Fixed Assets	1,133.6	993.9	995.8	981.9
Investments	50.4	67.0	82.0	97.0
Inventory	842.2	1,066.5	1,070.1	1,093.1
Debtors	5,384.7	5,106.1	6,818.7	7,650.1
Loans and Advances	99.7	110.9	130.6	150.6
Other Current Assets	5,306.7	7,128.9	6,612.1	7,060.4
Cash	97.0	295.0	172.2	425.7
Total Current Assets	11,730.2	13,707.3	14,803.7	16,379.8
Creditors	6,174.9	6,847.3	7,273.3	8,441.4
Provisions	65.1	87.8	87.3	101.3
Total Current Liabilities	8,662.7	9,592.1	10,345.0	11,335.4
Net Current Assets	3,067.6	4,115.3	4,458.7	5,044.4
Others Assets	0.0	0.0	0.0	0.0
Total Assets	5,282.4	6,575.8	7,054.5	7,709.8

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
	₹ crore			
(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
EPS	21.5	12.9	15.4	30.3
Cash EPS	27.4	19.1	23.7	39.2
BV	126.7	135.7	144.0	168.9
DPS	4.0	4.0	4.2	4.5
Cash Per Share	3.8	11.5	6.7	16.6
Operating Ratios (%)				
EBITDA Margin	8.7	6.6	6.8	9.0
PBT / Total Operating income	5.8	2.9	2.9	5.6
PAT Margin	4.2	2.7	2.4	4.0
Inventory days	23.4	28.3	23.5	20.7
Debtor days	149.9	135.6	150.0	145.0
Creditor days	171.9	181.9	160.0	160.0
Return Ratios (%)				
RoE	17.0	10.6	10.7	17.9
RoCE	19.8	11.9	13.8	20.5
RoIC	23.9	15.4	17.1	26.5
Valuation Ratios (x)				
P/E	20.2	33.7	28.2	14.4
EV / EBITDA	11.3	15.2	12.6	8.0
EV / Net Sales	1.0	1.0	0.9	0.7
Market Cap / Sales	0.9	0.8	0.7	0.6
Price to Book Value	3.4	3.2	3.0	2.6
Solvency Ratios				
Debt/EBITDA	1.6	3.2	2.8	1.8
Debt / Equity	0.6	0.8	0.8	0.7
Current Ratio	1.3	1.4	1.4	1.4
Quick Ratio	1.2	1.3	1.3	1.3

Source: Company, ICICI Direct Research

Exhibit 14: ICICI Direct coverage universe (Capital Goods)

Company	CMP			M Cap (₹ Cr)	EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating		FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
L&T (LARTOU)	2,015	2,355	Buy	282745	56.8	66.1	76.7	35.5	30.5	26.3	8.9	9.3	11.6	12.1	12.9	13.6
Siemens Ltd	2,943	3,660	Buy	104806	29.5	36.7	50.5	99.8	80.1	58.3	13.9	15.7	19.2	10.1	11.6	14.2
AIA Engineering (AIAENG)	2,709	3,011	Buy	25551	64.6	79.8	86.0	41.9	33.9	31.5	16.5	17.9	17.1	13.2	14.3	13.6
Thermax (THERMA)	2,345	2,405	Buy	27942	26.2	38.7	53.4	89.5	60.6	43.9	11.3	15.4	18.7	8.9	12.0	14.6
KEC International (KECIN)	435	515	Buy	11184	12.9	15.4	30.3	33.7	28.2	14.4	11.9	13.8	20.5	10.6	10.7	17.9
Greaves Cotton (GREAVE)	158	209	Buy	3641	0.7	3.5	3.6	222.5	44.7	44.1	2.5	9.4	10.7	1.3	6.7	7.7
Elgi Equipment (ELGEQU)	499	520	Hold	15814	7.2	9.4	11.4	69.7	53.2	43.7	19.0	21.4	22.0	19.8	21.3	21.1
Bharat Electronics (BHAELE)	110	135	Buy	80261	3.2	3.8	4.5	34.3	28.9	24.4	26.1	28.4	30.0	19.5	21.2	22.4
Cochin Shipyard (COCSHI)	596	445	Buy	7837	42.9	38.6	42.3	13.9	15.4	14.1	10.9	12.5	12.7	12.7	10.8	11.1
SKF (SKFIND)	4,512	5,215	Buy	22306	77.0	108.7	130.3	58.6	41.5	34.6	26.0	30.7	31.3	20.6	23.3	23.4
Timken India (TIMIND)	2,691	3,561	Buy	20241	43.5	61.3	71.2	61.9	43.9	37.8	25.3	36.2	42.0	19.7	27.9	32.2
NRB Bearing (NRBBEA)	181	220	Buy	1756	7.8	9.2	12.1	23.2	19.7	15.0	15.0	15.3	19.2	12.6	12.6	14.8
Action Construction (ACTCON)	333	365	Buy	3961	8.8	13.9	18.2	37.8	23.9	18.3	23.0	24.0	25.8	13.9	17.1	18.3
Data Patterns (DATPAT)	1408	1,555	Buy	7305	18.1	22.0	30.4	77.7	64.1	46.4	23.8	24.9	28.4	16.4	18.2	21.0
HAL (HINAER)	2,592	2,860	Buy	86657	151.9	130.9	143.1	17.1	19.8	18.1	27.4	30.6	30.8	26.3	23.2	23.4
ABB (ABB)	3,268	3,275	Buy	69252	25.5	38.9	43.7	128.3	84.1	74.8	45.0	49.2	64.9	11.2	13.0	17.6
Ador Welding (ADOWEL)	830	890	Buy	1129	33.2	37.5	49.3	25.0	22.1	16.8	19.9	23.8	26.8	13.6	17.1	19.3
Bharat Dynamics (BHADYN)	996	1,068	Buy	18255	27.3	33.0	42.7	30.4	25.2	19.5	24.6	24.7	27.9	17.3	17.7	20.0
Mazagon Dock (MAZDOC)	804	562	Buy	16216	30.3	31.2	40.1	27.4	26.6	20.7	20.0	18.1	20.9	16.1	14.6	16.6

Source: Company, ICICI Direct Research

ANALYST CERTIFICATION

I/We, Chirag Shah, PGDBM and Ameya Mahurkar, MFM (Masters in Financial Management), 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 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 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.