

Gaining traction...

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

Q3FY23 Results: KEC reported mixed Q3FY23 results given the margin miss.

- Revenue grew 31% YoY to ₹ 4374.6 crore owing to strong growth in T&D segment
- EBITDA was at ₹ 200 crore, down 16.4% YoY with margins at 4.6%, impacted primarily due to execution of legacy projects with adverse commodity prices and performance of SAE Brazil
- Consequently, adjusted PAT came in at ₹ 17.6 crore, down 81.2% YoY
- YTD FY23 order inflows came in strong at ₹ 15500 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 ₹ 545 i.e. 15x P/E on FY25E EPS.

Key triggers for future price performance:

- We expect revenue to grow at ~14.9% CAGR in FY23-25E owing to strong order book worth ~₹ 28981 crore and L1 orders worth ~₹ 6000 crore
- Strong order pipeline for FY23E to ensure decent order inflow growth
- SAE business' legacy EPC projects will get executed by Q4FY23, which will arrest losses and help to improve margin. Also, execution of new orders with good margins will come into play in Q1FY24

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 ₹ 2795



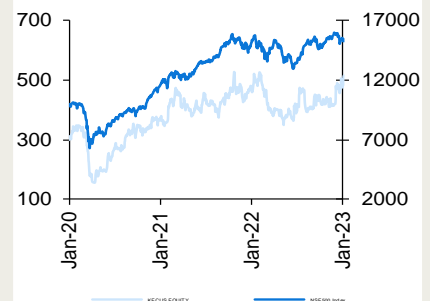
Particulars

Particular	Amount
Market Capitalization	12,083.2
Total Debt (FY22)	2,862.7
Cash and Inv. (FY22)	295.0
EV	14,650.9
52 week H/L	₹50/346
Equity capital	₹51.4 Crore
Face value	₹2

Shareholding pattern

(in %)	Mar-22	Jun-22	Sep-22	Dec-22
Promote	51.8	51.9	51.9	51.9
FII	12.2	12.2	11.6	12.6
DII	26.4	26.5	26.5	25.6
Others	9.6	9.5	10.0	9.9

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)	FY21	FY22	FY23E	5 Year CAGR (FY17-FY22)	FY24E	FY25E	2 Year CAGR (FY23E-FY25E)
Net Sales	13,114.2	13,742.3	16,921.1	10.1%	19,662.2	22,336.5	14.9%
EBITDA	1,141.2	903.5	850.4	2.0%	1,547.0	1,970.7	52.2%
EBITDA Margin (%)	8.7	6.6	5.0		7.9	8.8	
Net Profit	552.7	332.1	169.9	3.9%	626.3	934.3	134.5%
EPS (₹)	21.5	12.9	6.6		24.4	36.3	
P/E (x)	21.9	36.4	71.1		19.3	12.9	
RoNW (%)	17.0	10.6	4.9		15.6	19.4	
RoCE (%)	19.8	11.9	9.6		18.4	21.8	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q3FY23 Results:

- The topline came in at ₹ 4374.6 crore, up 31% YoY, (above our estimate of ₹ 4195 crore). During Q3FY23, the overall T&D business (including SAE Tower) revenue strongly grew 40% YoY to ₹ 2272 crore. While Non-T&D business (Railways, civil, cables, other) registered growth of 20% to ₹ 2269 crore, on a YoY basis led by better execution. The railways business revenue came in at ₹ 897 crore, de-grew 5% while civil business segment revenue registered significant growth of 75% YoY to ₹ 845 crore. Cables business de-grew 5% to ₹ 368 crore, YoY. Oil & gas pipeline revenue came in at ₹ 159 crore. Overall, T&D contributed 52% followed by railways (20.5%), Civil (19.3%) and Cable (8.41%) to revenues
- KEC's 's YTD FY23 order inflows came strong at ₹ 15500 crore, up 10% YoY. The unexecuted order book as on YTD FY23 was at ₹ 28981 crore while the company is L1 in orders worth more than ₹ 6000 crore. T&D business contributed 46% to order book while non- T&D contributed 54% to order book. On order inflow front, T&D contributed 45% followed by Civil (23%), Railways (19%), Cables (6%), Solar (5%) and Oil & Gas (2%). Geographically, international order inflows contribute 28% and domestic contributed 72%
- EBITDA margins came in at 4.6% (below our estimate of 6.6%) and contracted by 259 bps on a YoY basis while it improved sequentially by 19 bps though not up to the mark. Mainly impacted due to execution of legacy projects with adverse commodity prices and performance of SAE Brazil. With the closure of last EPC project in Brazil, a gradual revival in the performance of SAE in the quarters to come. Absolute EBITDA came in at ₹ 200 crore, down 16.4% YoY. Generally, in a rising input environment, fixed price contracts in the international markets puts the company is a weak spot given input price inflation cannot be passed and the same has a negative bearing on the respective project level margins
- Interest cost increased 81.2% YoY to ₹ 149.3 crore. In Q3FY23, net debt (including acceptances) has reduced by ₹ 302 crore QoQ to ₹ 5617 crore, targeting further reduction in Q4FY23. Net working capital days were at 139 days (vs. 148 days in Q2FY23), which 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 ₹ 17.6 crore (below our estimate of ₹ 77.1 crore), which declined 81.2% YoY, impacted by continued headwinds on account of elevated logistic costs, SAE Brazil performance

Q3FY23 Earnings Conference Call highlights

- During Q3FY23, KEC's YTD FY23 order inflows came in healthy at ₹ 15500 crore, up 10% YoY. The unexecuted order book as on YTD FY23 was at ₹ 28981 crore while the company is L1 in orders worth more than ₹ 6000 crore diversified across businesses. With this, KEC's order book plus L1 was at a record level of ₹ 35,000 crore. The management is confident of closing order inflow for FY23E with ~ ₹ 18,000-20,000 crore
- T&D business achieved revenues of ₹ 2,259 crore in Q3FY23 with a strong growth of 40% YoY. The YTD order intake for T&D is at over ₹ 7,000 crore and cabling projects across India, Middle East, Africa & Americas. Also KEC has forayed in the growing segment of HVDC terminal station and secured order from a leading private player. In international T&D, the company continued to expand its presence with multiple order wins in key markets. KEC has re-entered in Kuwait and consolidated their leadership position in the Middle East. Also, it has secured large interconnection orders in Brazil. The overall tender pipeline in T&D continues to remain strong, both in

domestic and international markets given the push for renewables and requirements for new transmission lines substations and underground cabling. The outlook for Middle East remains positive, especially in Saudi and Abu Dhabi

- The railway business has achieved revenue of ₹ 897 crore for the quarter. YTD order inflow of ₹ 2,900 crore healthy growth of 1.8x, vis-a-vis last year. This include orders in conventional OHE and composite projects as well as orders in new areas of speed upgradation, technologically enabled areas of metros and emerging areas of TCAS, Train Collision Avoidance System under Kavach, which aims to enhance safety of Indian Railways with world-class technology. The company is witnessing an increase in competition especially in the conventional segment with the entry of road EPC players and Tier-2, Tier-3 EPC contractors
- Civil business has delivered another quarter of strong performance with revenues of ₹ 845 crore, impressive growth of 75% over Q3 last year. The growth has been delivered on the back of robust execution in water pipelines, metro, industrial and residential projects. It secured YTD orders of over ₹ 4,800 crore. During the quarter, the business strengthened its presence with significant order wins in the water pipelines, industrial and data centre segments. KEC has entered in the data centre business and executing four projects across India. The uptake in order intake has significantly improved the order book plus L1 to ~ ₹ 11,000 crore comprising turnkey EPC projects across segments. The business outlook continues to remain healthy largely driven by improvement in private consumption and government capex. This business will continue to be the key growth driver for KEC, going forward
- Oil & gas pipeline: The business has delivered revenues of ₹ 159 crore for the quarter with growth of over two times, vis-a-vis Q3 last year. The business has a strong order book plus L1 of over ₹ 900 crore comprising government and private players. The company is confident of scaling up this business both in India as well as in overseas markets
- Cable business achieved revenues of ₹ 368 crore for the quarter. The business continues to deliver well on the order booking front with good traction from domestic as well as export markets. The business is also progressing well with the development of 10 new products this year of which four products have been commercialised already. The company is in the process of further enhancing the backward integration and augmenting the production capacity of LTE and telecom cables by adding a few balancing equipment
- KEC's tenders are under evaluation with over ₹ 1,11,000 crore in the pipeline. Debt level, including acceptances, has started improving and has reached ₹ 5,617 crore as on December 31, a reduction of more than ₹ 302 crore against Q2FY23. The management expects further improvement in the working capital and is committed to reducing debt levels, going forward. The management is expecting 15% revenue growth for FY24E with order inflow of at least ₹ 22,000-23,000 crore
- On the margins front, Q4FY23E is expected to see 200 bps improvement compared to Q2FY23. The recovery is expected from Q1FY24E onwards as losses in SAE Towers will be over by then. Low margin T&D orders will be completed and high margin news orders execution will come into play. For FY24E, the management expects double digit margins at the company level

Exhibit 1: Variance Analysis

	Q3FY23	Q3FY23E	Q3FY22	YoY (Chg %)	Q2FY23	QoQ (Chg %)	Comments
Revenue	4,374.6	4,195.0	3,340.0	31.0	4,064.0	7.6	Owing to strong growth in T&D, Civil and Oil & Gas businesses
Other Income	1.7	8.0	5.0	-65.9	16.1	-89.3	
Employee Expenses	320.4	376.7	322.7	-0.7	354.5	-9.6	
Raw Material Expenses	1,728.9	1,674.0	1,338.5	29.2	1,661.1	4.1	
Other Operating Expenses	339.1	381.7	290.4	16.8	350.4	-3.2	
Erecting and Contracting Expenses	1,786.3	1,485.7	1,149.4	55.4	1,520.1	17.5	
EBITDA	199.9	277.0	239.0	-16.4	178.0	12.3	
EBITDA Margin (%)	4.6	6.6	7.2	-259 bps	4.4	19 bps	Impacted primarily due to execution of legacy projects with adverse commodity prices and performance of SAE Brazil
Depreciation	40.8	62.4	39.3	4.0	39.9	2.4	
Interest	149.3	116.7	82.4	81.2	127.7	17.0	
PBT	11.4	105.9	122.3	-90.7	26.6	-57.0	
Total Tax	-6.2	28.8	28.7	-121.5	-28.7	-78.5	
Adjusted PAT	17.6	77.1	93.6	-81.2	55.2	-68.1	
Key Metrics							
Order inflows	5,089		6,735	-24.4	6,993.0	-27.2	
Order backlog	28283		22321	26.7	27569	2.6	Backlog and execution cycle ensures reasonable visibility in FY23E-24E

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY23E		FY24E		FY25E			Comments
(₹C crore)	New	Old	New	% Change	Old	New	% Change	
Revenue	16,921.1	19,257.1	19,662.2	2.1	-	22,336.5	-	
EBITDA	850.4	1,728.1	1,547.0	-10.5	-	1,970.7	-	
EBITDA Margin (%)	5.0	9.0	7.9	-113 bps	-	8.8	-	
PAT	169.9	779.2	626.3	-19.6	-	934.3	-	
EPS (₹)	6.6	30.3	24.4	-19.6	-	36.3	-	

Source: Company, ICICI Direct Research

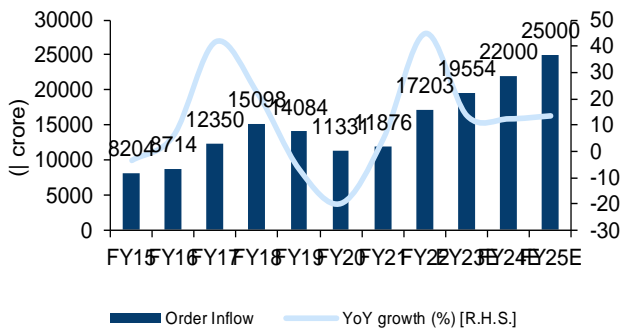
Exhibit 3: Assumptions

	Current			Earlier		Comments
	FY2E	FY24E	FY25E	FY23E	FY24E	
Order Inflow growth	13.7	12.5	13.6	4.4	14.1	Order inflow estimates revised considering bunching up of tendering activities
Order Backlog growth	14.3	8.6	9.0	9.0	4.8	
Revenue growth	23.1	16.2	13.6	20.7	16.1	Strong revenue growth in railways, civil likely to continue amid good traction in international T&D
EBITDA Margins	5.0	7.9	8.8	6.8	9.0	

Source: Company, ICICI Direct Research

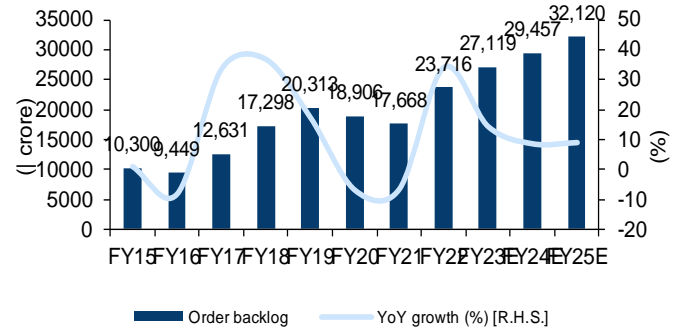
Financial story in charts

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



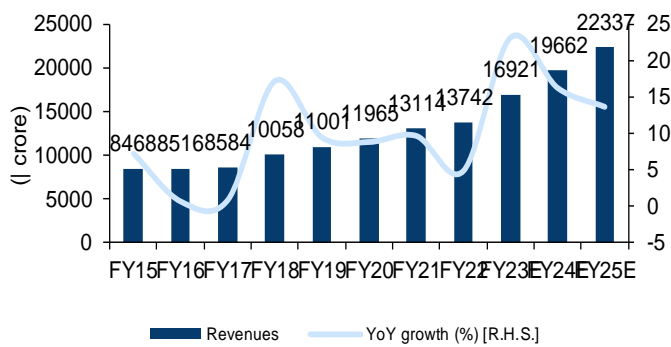
Source: Company, ICICI Direct Research

Exhibit 5: Order backlog trend and visibility



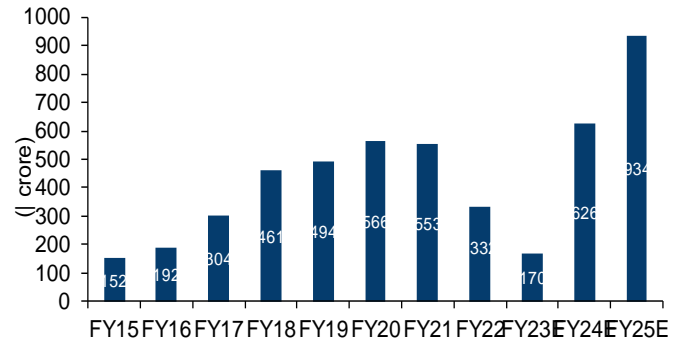
Source: Company, ICICI Direct Research

Exhibit 6: Revenue trend in FY15-24E



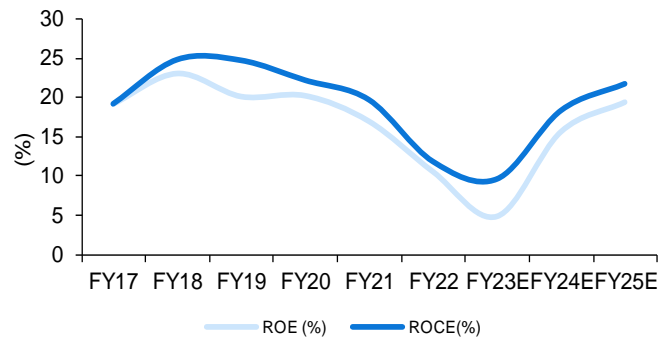
Source: ICICI Direct Research, Company

Exhibit 7: PAT to rise sharply on strong margin recovery



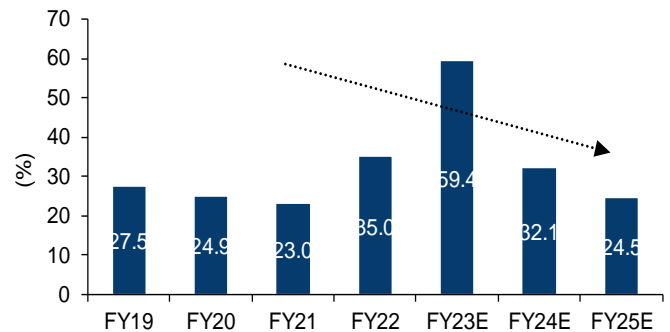
Source: ICICI Direct Research, Company

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)	FY22	FY23E	FY24E	FY25E
Total operating Income	13,742.3	16,921.1	19,662.2	22,336.5
Growth (%)	4.8	23.1	16.2	13.6
Raw Material Expenses	5,949.0	6,924.5	8,195.7	9,158.0
Employee Expenses	1,258.7	1,402.8	1,661.7	1,849.9
Erecting & Contracting Exp.	4,509.2	6,314.8	6,592.4	7,463.0
Administrative Expenses	1,121.9	1,448.6	1,732.4	1,961.9
Total Operating Expenditure	12,838.8	16,090.7	18,182.2	20,432.8
EBITDA	903.5	850.4	1,547.0	1,970.7
Growth (%)	-20.8	-5.9	81.9	27.4
Depreciation	157.9	213.7	229.4	245.6
Interest	316.0	505.0	496.9	481.9
Other Income	13.4	33.8	38.0	38.0
Exceptional Item	43.6	0.0	0.0	0.0
PBT	399.4	165.5	858.7	1,281.2
Total Tax	67.4	-4.4	232.4	346.9
PAT	332.1	169.9	626.3	934.3
Adjusted PAT	332.1	169.9	626.3	934.3
Growth (%)	-39.9	-48.8	268.7	49.2
EPS (₹)	12.9	6.6	24.4	36.3

Source: Company, ICICI Direct Research

Exhibit 11: Cash flow statement				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Profit after Tax	332.1	169.9	626.3	934.3
Add: Depreciation	157.9	213.7	229.4	245.6
(Inc)/dec in Current Assets	-1,779.1	-1,539.0	-1,225.5	-3,025.0
Inc/(dec) in CL and Provisions	929.4	1,010.6	922.2	2,282.5
Others	3.3	3.0	5.0	5.0
CF from operating activities	-359.7	-144.7	552.4	437.4
(Inc)/dec in Investments	-16.5	-15.0	-15.0	-15.0
(Inc)/dec in Fixed Assets	-24.2	-180.0	-180.0	-180.0
Others	0.0	0.0	0.0	0.0
CF from investing activities	-360.7	-334.0	-284.0	-284.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	1,019.3	550.0	-100.0	-100.0
Dividend paid & dividend tax	-103.8	-108.0	-115.7	-128.6
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	918.5	389.0	-215.7	-227.6
Net Cash flow	198.0	-89.8	52.7	-74.2
Opening Cash	97.0	295.0	205.2	258.0
Closing Cash	295.0	205.2	258.0	183.8

Source: Company, ICICI Direct Research

Exhibit 12: Balance sheet				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Liabilities				
Equity Capital	51.4	51.4	51.4	51.4
Reserve and Surplus	3,436.7	3,445.5	3,956.1	4,762.9
Total Shareholders funds	3,488.1	3,497.0	4,007.6	4,814.3
Total Debt	2,862.7	3,412.7	3,312.7	3,212.7
Deferred Tax Liability	43.8	48.8	53.8	58.8
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	6,575.8	7,149.6	7,575.2	8,297.0
Assets				
Gross Block	1,897.6	2,067.6	2,247.6	2,427.6
Less: Acc Depreciation	933.8	1,111.9	1,305.7	1,515.7
Net Block	963.9	955.8	941.9	911.9
Capital WIP	30.0	40.0	40.0	40.0
Total Fixed Assets	993.9	995.8	981.9	951.9
Investments	67.0	82.0	97.0	112.0
Inventory	1,066.5	1,112.4	1,096.2	1,412.8
Debtors	5,106.1	6,861.2	7,811.0	8,873.4
Loans and Advances	110.9	135.4	151.7	174.4
Other Current Assets	7,128.9	6,842.3	7,117.8	8,741.1
Cash	295.0	205.2	258.0	183.8
Total Current Assets	13,707.3	15,156.5	16,434.7	19,385.6
Creditors	6,847.3	7,417.5	8,619.0	9,791.4
Provisions	87.8	89.0	103.4	117.5
Total Current Liabilities	9,592.1	10,602.7	11,524.9	13,807.4
Net Current Assets	4,115.3	4,553.8	4,909.8	5,578.2
Others Assets	0.0	0.0	0.0	0.0
Total Assets	6,575.8	7,149.6	7,575.2	8,297.0

Source: Company, ICICI Direct Research

Exhibit 13: Key ratios				
	₹ crore			
(Year-end March)	FY22	FY23E	FY24E	FY25E
Per share data (₹)				
EPS	12.9	6.6	24.4	36.3
Cash EPS	19.1	14.9	33.3	45.9
BV	135.7	136.0	155.9	187.3
DPS	4.0	4.2	4.5	5.0
Cash Per Share	11.5	8.0	10.0	7.1
Operating Ratios (%)				
EBITDA Margin	6.6	5.0	7.9	8.8
PBT / Total Operating income	2.9	1.0	4.4	5.7
PAT Margin	2.7	1.0	3.2	4.2
Inventory days	28.3	24.0	20.3	23.1
Debtor days	135.6	148.0	145.0	145.0
Creditor days	181.9	160.0	160.0	160.0
Return Ratios (%)				
RoE	10.6	4.9	15.6	19.4
RoCE	11.9	9.6	18.4	21.8
RoIC	15.4	11.8	23.2	26.9
Valuation Ratios (x)				
P/E	36.4	71.1	19.3	12.9
EV / EBITDA	16.2	18.0	9.8	7.7
EV / Net Sales	1.1	0.9	0.8	0.7
Market Cap / Sales	0.9	0.7	0.6	0.5
Price to Book Value	3.5	3.5	3.0	2.5
Solvency Ratios				
Debt/EBITDA	3.2	4.0	2.1	1.6
Debt/Equity	0.8	1.0	0.8	0.7
Current Ratio	1.4	1.4	1.4	1.4
Quick Ratio	1.3	1.3	1.3	1.3

Source: Company, ICICI Direct Research

Exhibit 14: ICICI Direct coverage universe (Capital Goods)

Company	CMP		Rating	M Cap		EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
	(₹)	TP (₹)		(₹Cr)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	
L&T (LARTOU)	2,146	2,795	Buy	301141	59.8	74.5	90.1	35.9	28.8	23.8	8.7	10.7	12.1	11.8	13.4	14.6	
Siemens Ltd	2,922	3,630	Buy	104055	35.4	46.4	53.8	82.5	63.0	54.3	15.6	18.2	19.1	11.3	13.4	14.0	
AIA Engineering (AIAENG)	2,795	3,230	Buy	26359	107.3	97.9	107.0	26.1	28.6	26.1	23.5	18.6	18.2	18.5	14.9	14.3	
Thermax (THERMA)	1,954	2,536	Hold	23280	36.5	51.7	61.0	53.5	37.8	32.0	14.6	18.3	18.7	11.4	14.3	14.4	
KEC International (KECIN)	475	545	Buy	12212	6.6	24.4	36.3	71.9	19.5	13.1	9.6	18.4	21.8	4.9	15.6	19.4	
Greaves Cotton (GREAVE)	143	209	Buy	3306	0.7	3.9	3.6	202.0	36.8	40.0	2.5	10.4	10.6	1.3	7.5	7.7	
Elgi Equipment (ELGEQU)	381	520	Hold	12065	7.2	9.4	11.4	53.2	40.6	33.4	19.0	21.4	22.0	19.8	21.3	21.1	
Bharat Electronics (BHAELE)	93	135	Buy	68127	3.2	3.8	4.5	29.1	24.5	20.7	26.1	28.4	30.0	19.5	21.2	22.4	
Cochin Shipyard (COCSHI)	487	745	Buy	6403	42.9	38.6	42.8	11.3	12.6	11.4	10.9	10.5	10.6	12.7	11.0	11.3	
SKF (SKFIND)	4,496	5,215	Buy	22229	77.0	108.7	130.3	58.4	41.4	34.5	26.0	30.7	31.3	20.6	23.3	23.4	
Timken India (TIMIND)	3,060	3,560	Buy	23017	43.5	61.3	71.2	70.3	49.9	43.0	25.3	36.2	42.0	19.7	27.9	32.2	
NRB Bearing (NRBBEA)	146	220	Buy	1414	7.8	9.2	12.1	18.7	15.9	12.1	15.0	15.3	19.2	12.6	12.6	14.8	
Action Construction (ACTCON)	331	385	Buy	3945	8.8	15.1	19.2	37.6	21.9	17.3	23.0	25.6	26.7	13.9	18.3	18.9	
Data Patterns (DATPAT)	1407	1,555	Buy	7300	18.1	22.0	30.4	77.7	64.0	46.3	23.8	24.9	28.4	16.4	18.2	21.0	
HAL (HINAER)	2,360	3,300	Buy	78899	151.9	132.7	145.0	15.5	17.8	16.3	27.4	30.5	30.1	26.3	23.1	22.8	
ABB (ABB)	2,834	3,275	Buy	60060	25.5	40.5	37.2	111.3	70.0	76.1	45.0	49.2	57.3	11.2	12.9	15.1	
Ador Welding (ADOWEL)	817	1,014	Buy	1110	33.2	34.1	48.3	24.6	24.0	16.9	19.9	21.6	26.5	13.6	15.7	19.3	
Bharat Dynamics (BHADYN)	929	1,200	Buy	17027	27.3	33.0	42.7	34.1	28.2	21.8	24.6	24.7	27.9	17.3	17.7	20.0	
Mazagon Dock (MAZDOC)	769	1,025	Hold	15500	30.3	39.8	46.6	25.4	19.3	16.5	20.0	22.9	23.5	16.1	18.2	18.5	
Solar Industries India (SOLIN)	3,929	4,700	Buy	35557	48.8	76.6	99.7	80.6	51.3	39.4	22.5	32.5	34.6	23.9	29.0	28.8	
Anup Engineering (THEANU)	1,134	1,080	Buy	1122	62.7	49.5	72.3	18.1	22.9	15.7	15.3	16.6	19.4	12.2	12.5	14.5	
Control Prints (CONTROLPR)	443	555	Buy	723	24.7	28.7	34.6	17.9	15.4	12.8	17.9	21.4	23.4	13.8	15.4	16.3	
KSB Ltd. (KSBPUM)	1,794	2,180	Buy	6244	43.7	50.0	62.2	41.1	35.9	28.8	15.7	16.0	18.3	14.7	14.9	15.9	

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.