

ICICI Securities Limited  
is the author and  
distributor of this report

## Q1FY21 result review

## Power

Target price: Rs60

## Shareholding pattern

	Dec '19	Mar '20	Jun '20
Promoters	74.9	74.9	74.9
Institutional Investors	16.0	16.4	16.1
MFs and other	3.8	3.9	4.5
FIs/Insurance	5.0	5.0	4.9
FII	7.2	7.5	6.7
Others	9.1	8.7	9.0

Source: NSE

## Price chart



## JSW Energy

**BUY**  
Maintained

Rs46

High FCF increases importance of dividend policy and growth initiatives

JSW Energy's (JSWEL) Q1FY21 consolidated revenue declined 25.2% YoY to Rs18bn, while EBITDA stood at Rs7.5bn, down 7.9% YoY, and PAT stood at Rs2.1bn, down 22.3% YoY. On generation front, Barmer and hydro units performed well; however, thermal generation was lower due to dip in merchant sales and group captive offtake but offtake from long-term customers (ex-group captive) improved. Fuel cost remained low due to subdued international coal prices and lower volumes. JSWEL reduced its net debt by Rs4.5bn QoQ, which further aided the decline in its interest cost (down 3.1% QoQ). JSWEL and GMR have mutually agreed to terminate GMR Kamalanga (GKEL) acquisition, but Ind-Barath Utkal acquisition remains under process awaiting NCLT approval. The company maintains its 10GW target in medium term, where incremental addition will majorly come from renewables. Given the low capex outlook in near term, management indicated that cash will be utilised for debt repayments and/or higher dividends. However, we await more clarity on dividend policy as well as inorganic growth initiatives in the near-term. Maintain BUY with a target price of Rs60.

- **Generation declines due to lower offtake from group captive:** Generation declined 16% YoY to 4,930MUs. Lower ST sales and back down from group captive affected sales at Vijaynagar (down 39% YoY) and Ratnagiri (down 29% YoY), but Barmer sales (up 8% YoY) improved due to higher offtake from discoms (thermal offtake by discoms were up 8% YoY). Hydro generation (down 12.6% YoY) was down due to lower water availability. Earnings were supported by lower fuel cost/unit (down 33% YoY due to lower imported coal prices and generation), lower interest cost (down 11% YoY due to reduction in net debt by Rs4.5bn QoQ to Rs84.9bn) and lower taxes. O&M expenses also reduced YoY due to optimisation, deferment of a part of the expense (CSR etc.) and Rs250mn one-off in Q1FY20. Lower merchant sale on exchanges also reduced expenses. JSWEL aims for 4-6% reduction YoY in O&M expenses for the year. With ~Rs10bn cash, company's other income increased further by Rs310mn one-off due to reversal of liabilities.
- **GKEL acquisition terminated:** With the elapsing of long stop date, both the parties, i.e., JSWEL and GMR have mutually agreed to terminate the acquisition. Ind-Barath Utkal (700MW), at least for now, remains under process, pending approval from NCLT (no hearing during lockdown period), and expects to complete by H1CY21.
- **Medium-term capacity target of 10GW intact:** JSWEL has maintained its 10GW capacity target in the medium term with incremental addition coming mainly from renewables. It will also participate in SECI's upcoming 5GW hybrid tender. Underleveraged balance sheet (net D/E at 0.7x) will help fund high RoE growth projects.
- **Receivables under control:** Receivables are lower by 20% from Mar'20 levels, as of Jul'20-end (lowest in the past six quarters) while overdue is down 33% compared to Mar'20. JSWEL expects it to decline further with the receipt of Rs900bn PFC/REC loans by states. The company received Rs3.5bn more than the amount billed during Q1FY21.
- **Valuation:** With high cash generation, in addition to the current high cash reserves (~Rs10bn), and no visible capex apart from maintenance capex, we expect JSWEL to consider higher dividends and/or buy backs, apart from higher debt repayment. Maintain BUY with a target price of Rs60.

Market Cap	Rs75bn/US\$1bn	Year to Mar (consol)	FY19	FY20	FY21E	FY22E
Reuters/Bloomberg	JSWE.BO/JSW IN	Revenue (Rs mn)	91,376	82,727	77,586	81,969
Shares Outstanding (mn)	1,642.8	Net Income (Rs mn)	6,951	7,700	8,098	9,839
52-week Range (Rs)	79/39	DEPS (Rs)	4.2	4.7	4.9	6.0
Free Float (%)	25.0	% Chg YoY	38.2	10.7	5.2	21.5
FII (%)	6.7	P/E (x)	10.9	9.8	9.3	7.7
Daily Volume (US\$/'000)	1,250	P/BV (x)	11.3	11.8	12.0	13.1
Absolute Return 3m (%)	2.9	EV/E (x)	6.2	5.4	4.9	4.0
Absolute Return 12m (%)	(31.5)	Dividend Yield (%)	2.2	2.2	2.2	3.3
Sensex Return 3m (%)	12.2	RoCE (%)	7.3	8.9	7.8	9.0
Sensex Return 12m (%)	1.5	RoE (%)	6.1	6.6	6.8	7.8

## Research Analysts:

Rahul Modi

rahul.modi@icicisecurities.com

+91 22 6637 7373

Anshuman Ashit

anshuman.ashit@icicisecurities.com

+91 22 6637 7419

**Table 1: Q1FY21 consolidated result review***(Rs mn, year ending March 31)*

Particulars	Q1FY21	Q1FY20	Q4FY20	% YoY	% QoQ
Net generation (MU)	4,930	5,867	4,106	(16.0)	20.1
<b>Sales</b>	<b>18,052</b>	<b>24,122</b>	<b>17,934</b>	(25.2)	0.7
<b>Expenses</b>	<b>10,596</b>	<b>16,029</b>	<b>12,186</b>	(33.9)	(13.0)
Fuel	9,155	13,664	9,963	(33.0)	(8.1)
O&M	1,441	2,326	2,136	(38.0)	(32.5)
Staff costs	594	621	591	(4.5)	0.4
Other expenditure	848	1705	1545	(50.3)	(45.1)
Purchase of power	0	39	87		
<b>EBITDA</b>	<b>7,455</b>	<b>8,093</b>	<b>5,748</b>	(7.9)	29.7
Depreciation	2,895	2,913	2,893	(0.6)	0.1
Other Income	816	518	542	57.5	50.5
<b>EBIT</b>	<b>5,376</b>	<b>5,698</b>	<b>3,397</b>	(5.6)	58.3
Exceptional item/Forex loss/(gain)	0	301	0		
Interest	2,404	2,698	2,480	(10.9)	(3.1)
<b>PBT</b>	<b>2,973</b>	<b>3,301</b>	<b>917</b>	(10.0)	224.1
Tax	787	883	26		
Minority	-53.1	326.7	193.1		
<b>PAT</b>	<b>2,132</b>	<b>2,745</b>	<b>1,084</b>	(22.3)	96.6
<i>Avg. realisation/unit sold</i>	<i>3.66</i>	<i>4.11</i>	<i>4.37</i>	(10.9)	(16.2)
<i>Fuel cost/unit sold</i>	<i>1.86</i>	<i>2.33</i>	<i>2.43</i>	(20.3)	(23.5)
<i>EBITDA margin (%)</i>	<i>41.30</i>	<i>33.55</i>	<i>32.05</i>	23.1	28.9
<i>PAT margin (%)</i>	<i>11.81</i>	<i>11.38</i>	<i>6.05</i>	3.8	95.4

Source: Company data, I-Sec research

**Table 2: Q1FY21 standalone result review***(Rs mn, year ending March 31)*

Particulars	Q1FY21	Q1FY20	Q4FY20	% YoY	% QoQ
Net generation (MU)	1,790	2,616	2,298	(31.6)	(22.1)
<b>Sales</b>	<b>8,044</b>	<b>11,428</b>	<b>10,160</b>	(29.6)	(20.8)
<b>Expenses</b>	<b>6,182</b>	<b>8,969</b>	<b>7,761</b>	(31.1)	(20.3)
Fuel	5,586	8,206	6,723	(31.9)	(16.9)
O&M	596	763	1,038	(21.8)	(42.5)
Staff costs	299	296	297	0.9	0.5
Other expenditure	298	467	740	(36.3)	(59.8)
Purchase of power	0	0	0		
<b>EBITDA</b>	<b>1,862</b>	<b>2,459</b>	<b>2,400</b>	(24.3)	(22.4)
Depreciation	903	921	914	(2.0)	(1.2)
Other Income	186	487	279	(61.9)	(33.5)
<b>EBIT</b>	<b>1,145</b>	<b>2,024</b>	<b>1,765</b>	(43.5)	(35.2)
Exceptional item/Forex loss/(gain)	0	0	0		
Interest	667	864	669	(22.8)	(0.3)
<b>PBT</b>	<b>478</b>	<b>1,161</b>	<b>1,096</b>	(58.8)	(56.4)
Tax	196	411	146	(52.4)	34.2
<b>PAT</b>	<b>283</b>	<b>749</b>	<b>951</b>	(62.3)	(70.3)
<i>Avg. realisation/unit sold</i>	<i>4.49</i>	<i>4.37</i>	<i>4.42</i>	2.9	1.6
<i>Fuel cost/unit sold</i>	<i>1.04</i>	<i>0.94</i>	<i>1.04</i>	10.7	(0.4)
<i>EBITDA margin (%)</i>	<i>23.15</i>	<i>21.51</i>	<i>23.62</i>	7.6	(2.0)
<i>PAT margin (%)</i>	<i>3.51</i>	<i>6.56</i>	<i>9.36</i>	(46.4)	(62.5)

Source: Company data, I-Sec research

## Conference call takeaways

- Discom PPA offtake increased by 8% during the quarter, while merchant sales declined substantially by 83% to 123MUs as both merchant prices and demand remained dismal.
- Company's consolidated finance cost declined 10.9% YoY (3.1% decline QoQ) to Rs2.4bn due to repayment/prepayment of higher cost debt and MCLR reset. Consolidated net LT debt reduced by Rs4.5bn during the quarter to Rs84.9bn (net D/E at 0.7x). It will continue to repay/prepay loans in coming quarters.
- Of the Rs480mn decline in other expenses, Rs240mn can be considered as permanent due to optimisation and adoption of other cost reduction strategies, Rs200mn is one-off during the quarter, while Rs50-60mn had been deferred, to be charged in upcoming quarters.
- Other income was higher due to higher quantum of interest on ~Rs10bn cash in hand and Rs31mn one-offs – reversal of liabilities owed to Himachal Pradesh and disputed amount of Barmer plant.
- Compared to Mar'20, receivable is down 20% while overdue is down 33%. The company expects PFC/REC scheme to help reduce its receivables further. JSWEL does not have any disputed billing. All discoms have started paying.
- Company aims to reach 10GW capacity in the next 3-5 years. This will now be mainly through renewables addition, and thermal addition will not be considered now due to demand uncertainty and feeble outlook for thermal.
- Company is keen on participating in SECI's upcoming 5GW hybrid tender, in which the tariff also includes thermal fuel cost.
- JSWEL has come out with a sustainability policy, which is aimed at improving its ESG compliance. The company has mentioned its targets to be achieved by FY30 in the report. It has also pledged to achieve carbon neutrality by the year 2050.
- The company is still keen on Ind-Barath because of its several attractive characteristics, but it will wait for NCLT approval for any further decision. There was no hearing at NCLT during the lockdown period. The company expects the acquisition to complete by the end of FY21 or the start of FY22.
- 95% of FY20 EBITDA is through long-term PPAs (83% of total capacity is long-term tied up). Only 5% EBITDA is exposed to merchant market.
- PPA tie-up from Dolvi/JSW Steel is likely by H2FY21 after the completion of its expansion. Remaining open capacity is expected to be tied up in the next 24 months by catering to increased group captive requirements and participating in the upcoming RE-thermal hybrid tenders.
- Cash usage during FY21 is expected only for maintenance, equity in Kutehr (minor requirement) and possibly for renewables. It may also be required in case NCLT approves Ind-Barath.
- Company is focussed only in generation space and does not have any interest currently in EPC or distribution space.

## Financial summary (consolidated)

Table 3: Profit &amp; loss statement

(Rs mn, year ending March 31)

	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Operating Income (Sales)</b>	<b>93,802</b>	<b>98,245</b>	<b>82,634</b>	<b>80,490</b>	<b>91,376</b>	<b>82,727</b>	<b>77,586</b>	<b>81,969</b>
<b>Operating Expenses</b>	<b>57,568</b>	<b>57,984</b>	<b>49,391</b>	<b>52,864</b>	<b>62,845</b>	<b>53,159</b>	<b>49,345</b>	<b>52,671</b>
<b>EBITDA</b>	<b>36,234</b>	<b>40,261</b>	<b>33,244</b>	<b>27,625</b>	<b>28,531</b>	<b>29,569</b>	<b>28,242</b>	<b>29,298</b>
<i>% margins</i>	38.6	41.0	40.2	34.3	31.2	35.7	36.4	35.7
Depreciation & Amortisation	7,898	8,543	9,692	9,661	11,637	11,681	11,685	11,685
Gross Interest	11,375	14,981	16,848	14,559	11,924	10,511	8,803	7,706
Other Income	2,301	1,928	2,211	4,650	3,680	2,870	3,300	3,500
<b>Recurring PBT</b>	<b>19,263</b>	<b>18,665</b>	<b>8,915</b>	<b>8,056</b>	<b>8,650</b>	<b>10,247</b>	<b>11,054</b>	<b>13,408</b>
Add: Extraordinaries	(342)	1,500	-	(4,179)	-	615	-	-
Less: Taxes	5,150	5,563	2,690	2,532	2,124	330	2,874	3,486
Less: Minority Interest	276	129	(65)	495	(426)	(468)	82	82
<b>Net Income (Reported)</b>	<b>13,495</b>	<b>14,474</b>	<b>6,290</b>	<b>849</b>	<b>6,951</b>	<b>10,999</b>	<b>8,098</b>	<b>9,839</b>
<b>Recurring Net Income</b>	<b>13,837</b>	<b>12,974</b>	<b>6,290</b>	<b>5,029</b>	<b>6,951</b>	<b>7,700</b>	<b>8,098</b>	<b>9,839</b>

Source: Company data, I-Sec research

Table 4: Balance sheet

(Rs mn, year ending March 31)

	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Assets</b>								
Total Current Assets	54,096	67,295	68,663	48,911	50,159	64,078	69,666	78,327
<i>of which cash &amp; cash eqv.</i>	17,376	4,328	10,032	6,479	5,458	9,448	18,458	29,067
Total Current Liabilities & Provisions	22,240	41,545	21,805	31,701	29,886	34,064	32,914	33,917
<b>Net Current Assets</b>	<b>31,857</b>	<b>25,750</b>	<b>46,858</b>	<b>17,210</b>	<b>20,273</b>	<b>30,015</b>	<b>36,752</b>	<b>44,410</b>
<b>Investments</b>	<b>2,327</b>	<b>9,369</b>	<b>13,599</b>	<b>20,782</b>	<b>21,083</b>	<b>11,095</b>	<b>11,095</b>	<b>11,095</b>
<i>of which</i>								
<i>Strategic/Group</i>	2,327	9,369	13,599	20,782	21,083	11,095	11,095	11,095
<i>Other Marketable</i>	-	-	-	-	-	-	-	-
<b>Net Fixed Assets</b>	<b>137,777</b>	<b>208,726</b>	<b>203,627</b>	<b>197,516</b>	<b>188,020</b>	<b>175,945</b>	<b>164,261</b>	<b>152,576</b>
<i>of which</i>								
<i>intangibles</i>	1,431	8,999	9,901	12,205	12,173	11,303	11,303	11,303
<i>Capital Work-in-Progress</i>	4,536	3,206	5,269	2,935	4,000	3,913	3,913	3,913
Other long term assets								
<b>Total Assets</b>	<b>171,960</b>	<b>243,844</b>	<b>264,084</b>	<b>235,508</b>	<b>229,375</b>	<b>217,055</b>	<b>212,108</b>	<b>208,081</b>
<b>Liabilities</b>								
Borrowings	92,941	142,036	154,086	118,751	105,549	93,807	82,404	71,001
Deferred Tax Liability	2,930	4,341	5,801	4,632	4,961	4,074	4,074	4,074
Equity Share Capital	16,401	16,268	16,280	16,401	16,409	16,419	16,419	16,419
<i>Face Value per share (Rs)</i>	10	10	10	10	10	10	10	10
Reserves & Surplus	58,780	80,773	87,405	94,697	101,814	100,037	106,493	113,870
<b>Net Worth</b>	<b>75,180</b>	<b>97,041</b>	<b>103,685</b>	<b>111,097</b>	<b>118,222</b>	<b>116,456</b>	<b>122,912</b>	<b>130,289</b>
Other long term liabilities	910	426	512	1,028	642	2,718	2,718	2,718
<b>Total Liabilities</b>	<b>171,961</b>	<b>243,844</b>	<b>264,084</b>	<b>235,508</b>	<b>229,375</b>	<b>217,055</b>	<b>212,108</b>	<b>208,081</b>

\*Excluding revaluation reserves

Source: Company data, I-Sec research

Table 5: Quarterly trend

(Rs mn, year ending March 31)

	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20
Total Revenues	23,606	24,308	24,217	19,246	24,122	21,186	19,486	17,934	18,052
EBITDA	7,762	8,613	7,387	4,768	8,093	9,348	6,380	5,748	7,455
Margin (%)	32.9	35.4	30.5	24.8	33.5	44.1	32.7	32.1	41.3
Other income	673	1,370	701	936	518	1,133	676	542	816
Add: Extraordinaries	-	-	-	-	301	-	2,655	-	-
<b>Net profit</b>	<b>2,292</b>	<b>3,160</b>	<b>1,461</b>	<b>39</b>	<b>2,745</b>	<b>3,530</b>	<b>1,287</b>	<b>1,084</b>	<b>2,132</b>

Source: Company data, I-Sec research

**Table 6: Cashflow statement***(Rs mn, year ending March 31)*

	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Operating Cashflow</b>	<b>30,384</b>	<b>40,685</b>	<b>34,775</b>	<b>24,208</b>	<b>29,001</b>	<b>19,168</b>	<b>25,284</b>	<b>25,728</b>
Working Capital Changes	(2,977)	(6,941)	(15,404)	26,094	(4,083)	(5,752)	2,273	2,951
Capital Commitments	(1,857)	(71,923)	(3,692)	(1,245)	(2,173)	(476)	-	-
<b>Free Cashflow</b>	<b>25,550</b>	<b>(38,178)</b>	<b>15,679</b>	<b>49,057</b>	<b>22,745</b>	<b>12,939</b>	<b>27,557</b>	<b>28,679</b>
<b>Cashflow from Investing Activities</b>	<b>2,509</b>	<b>(5,114)</b>	<b>(2,020)</b>	<b>(2,532)</b>	<b>3,379</b>	<b>12,858</b>	<b>3,300</b>	<b>3,500</b>
Issue of Share Capital	-	(133)	12	121	8	10	-	-
Buyback of shares								
Inc (Dec) in Borrowings	(8,124)	49,095	12,050	(35,335)	(13,202)	(11,741)	(11,403)	(11,403)
Dividend paid	(14,655)	(18,235)	(20,103)	(15,379)	(13,565)	(12,152)	(10,443)	(10,167)
<b>Extraordinary Items</b>	<b>44</b>	<b>(533)</b>	<b>10</b>	<b>(63)</b>	<b>(81)</b>	<b>(118)</b>	<b>-</b>	<b>-</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>5,325</b>	<b>(13,097)</b>	<b>5,627</b>	<b>(4,132)</b>	<b>(716)</b>	<b>1,796</b>	<b>9,010</b>	<b>10,609</b>

Source: Company data, I-Sec research

**Table 7: Key ratios***(Year ending March 31)*

	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Per Share Data (Rs)</b>								
EPS(Basic Recurring)	8.4	8.0	3.9	3.1	4.2	4.7	4.9	6.0
Diluted Recurring EPS	8.4	8.0	3.9	3.1	4.2	4.7	4.9	6.0
Recurring Cash EPS	13.3	13.2	9.8	9.0	11.3	11.8	12.0	13.1
Dividend per share (DPS)	2.0	2.0	2.0	0.5	1.0	1.0	1.0	1.5
Book Value per share (BV)	45.8	59.7	63.7	67.7	72.0	70.9	74.9	79.4
<b>Growth Ratios (%)</b>								
Operating Income	7.8	4.7	(15.9)	(2.6)	13.5	(9.5)	(6.2)	5.6
EBITDA	11.4	11.1	(17.4)	(16.9)	3.3	3.6	(4.5)	3.7
Recurring Net Income	33.3	(6.2)	(51.5)	(20.1)	38.2	10.8	5.2	21.5
Diluted Recurring EPS	33.3	(5.5)	(51.5)	(20.6)	38.2	10.7	5.2	21.5
Diluted Recurring CEPS	17.6	(0.2)	(25.8)	(8.8)	26.5	4.2	2.1	8.8
<b>Valuation Ratios (x)</b>								
P/E	5.5	5.8	11.9	15.0	10.9	9.8	9.3	7.7
P/CEPS	3.5	3.5	4.7	5.1	4.1	3.9	3.8	3.5
P/BV	1.0	0.8	0.7	0.7	0.6	0.6	0.6	0.6
EV / EBITDA	4.2	5.3	6.6	6.8	6.2	5.4	4.9	4.0
EV / Operating Income	1.6	2.2	2.6	2.3	1.9	1.9	1.8	1.4
EV / Operating FCF	5.9	(5.6)	14.0	3.8	7.7	12.4	5.1	4.1
<b>Operating Ratios</b>								
SG&A cost / Revenue	52.3	50.1	49.1	54.8	59.5	54.4	50.9	52.5
Operating expenses / Revenue	61.4	59.0	59.8	65.7	68.8	64.3	63.6	64.3
Other Income / PBT (%)	11.9	10.3	24.8	57.7	42.5	28.0	29.9	26.1
Effective Tax Rate (%)	26.7	29.8	30.2	31.4	24.6	3.2	26.0	26.0
NWC / Total Assets (%)	8.4	8.8	13.9	4.6	6.5	9.5	8.6	7.4
Inventory Turnover (days)	34.8	40.0	44.1	37.0	26.4	43.9	43.9	43.9
Receivables (days)	45.6	108.0	96.4	52.2	57.0	92.8	85.0	70.0
Payables (days)	103.9	159.3	156.6	160.7	106.8	110.1	110.1	110.1
Net D/E Ratio (x)	1.0	1.4	1.4	1.0	0.8	0.7	0.5	0.3
<b>Return/Profitability Ratios (%)</b>								
Recurring Net Income Margins	14.8	13.2	7.6	6.2	7.6	9.3	10.4	12.0
RoCE	14.7	10.0	7.3	6.7	7.3	8.9	7.8	9.0
RoNW	19.6	15.1	6.3	4.7	6.1	6.6	6.8	7.8
Dividend Payout Ratio	0.2	0.3	0.5	0.2	0.2	0.2	0.2	0.3
Dividend Yield	4.3	4.3	4.3	1.1	2.2	2.2	2.2	3.3
EBITDA Margins	38.6	41.0	40.2	34.3	31.2	35.7	36.4	35.7

Source: Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet\_babbar@icicisecuritiesinc.com, Rishi\_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)  
BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return

#### ANALYST CERTIFICATION

I/We, *Rahul Modi, Masters in Finance; Anshuman Ashit, B.E., PGDM*; 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. 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 Limited is a SEBI registered Research Analyst with 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](http://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 generally prohibits its analysts, persons reporting to analysts and their relatives 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 [icidirect.com](http://icidirect.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 Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Retail 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 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.