

Topline, bottomline prospects dip...

Escorts reported a steady operational performance in Q4FY21. Total operating income was at ₹ 2,211 crore, up 60.1% YoY. Within its segments, gross revenue from tractors was at ₹ 1,739 crore (volumes up 62.1% YoY to 32,588 units, ASPs up 1.9% QoQ to ₹ 5.33 lakh/unit). Gross revenue from construction equipment (CE) grew 53.3% YoY to ₹ 322 crore while railway equipment division (RED) posted revenue growth of 35.6% YoY to ₹ 146 crore. EBITDA margins at 15.6% were down 245 bps QoQ amid gross margin deterioration of 280 bps. Tractor division EBIT margins fell 310 bps on to 17%. Consequent standalone PAT came in at ₹ 266 crore, up 89.6% YoY. Escorts declared a dividend of ₹ 7.5/share for FY21.

Covid resurgence, high base dampen tractor sales outlook

The domestic tractor industry ended FY21 at the highest ever level of 8.99 lakh units (up ~27% YoY) on the back of sustained positivity in rural sentiment (back-to-back years of good rainfall, lesser pandemic incidence) and cash flows (high crop production & procurement and government spends on rural infra). Macroeconomic factors (under-penetration of farm mechanisation, expectation of normal monsoon, continued government focus on boosting rural incomes) remain intact for the industry but the sharp resurgence of Covid-19, including in the rural belt this time around, is seen clouding demand environment over the short term. As per the management, two-third of Escorts dealers are either closed or functioning at limited capacity, at present. Coincidence of Covid pain with high sales volume base has prompted the company to guide for low to mid-single digit volume growth in FY22E. With Escorts also coming off a year of all-time high offtake (1.07 lakh units), prospects for healthy volume growth appear limited. We build 6.5% tractor volume CAGR over FY21-23E.

Cost inflation, product mix deterioration to impact margins

Raw material costs have increased 8-10% for Escorts in the past few months amid a sharp spike in prices of key inputs like steel and rubber (combined form ~70% of a tractor by weight). The company has been able to pass on just ~5% via price hikes so far, with one more scheduled for Q2FY22E. Apart from steep cost inflation, other margin headwinds are beginning to appear. With non-agri tractor segment set to grow faster than agri tractor segment in FY22E, product mix (in hp terms) is set to normalise towards previous levels. Faster growth of lower-margin verticals (CE and RED) vs. tractors is set to impart further pressure while within tractors there are limited avenues for additional operating leverage benefits unless exports performance picks up commensurately. We model a drop in margins to 12.5% in FY22E before they are seen rising to 13.5% in FY23E.

Valuation & Outlook

With moderation in both revenue & margin prospects, we cut EPS estimates for FY22E-23E, going forward. We retain our **HOLD** rating on Escorts, valuing it at ₹ 1,140 on SOTP basis i.e. 13x P/E on core FY23E EPS and 30% holding company discount to treasury shares (earlier target price ₹ 1,500).

Key Financial Summary

Key Financials	FY19	FY20	FY21P	FY22E	FY23E	CAGR (FY21P-23E)
Net Sales	6,196.4	5,761.0	6,929.3	7,735.1	8,671.6	11.9%
EBITDA	733.3	675.8	1,129.2	965.1	1,173.0	1.9%
EBITDA Margins (%)	11.8	11.7	16.3	12.5	13.5	
Net Profit	484.9	485.6	873.3	760.4	942.8	3.9%
EPS (₹)	39.6	39.6	71.2	62.0	76.9	
P/E	29.5	29.4	16.4	18.8	15.1	
RoNW (%)	15.6	14.2	16.2	12.6	13.7	
RoCE (%)	19.3	16.2	18.7	13.8	14.8	

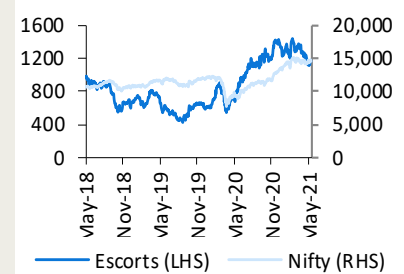
Source: Company, ICICI Direct Research



Particulars

Particular	₹ crore
Market Capitalization	14,281
Total Debt (FY21P)	0
Cash & Investments (FY21P)	2,968
EV	11,312
52 week H/L (₹)	1468 / 763
Equity capital (₹crore)	122.6
Face value	₹ 10

Price Performance



Key Highlights

- Revenues rose 60% YoY in Q4FY21 amid 62% jump in tractor volumes. Margins were down 245 bps QoQ on the back of 280 bps rise in RM costs
- High volume base, spread of Covid in rural areas led to soft outlook for tractors. Product mix deterioration along with commodity cost increase are seen leading to drop in margins

Key risk to our call

- Faster than anticipated revival in volumes post second Covid wave
- Inability to pass on commodity cost increase via price hikes

Research Analyst

Shashank Kanodia, CFA
shashank.kanodia@icicisecurities.com

Jaimin Desai
jaimin.desai@icicisecurities.com

Exhibit 1: Variance Analysis

₹ crore	Q4FY21	Q4FY21E	Q4FY20	YoY (Chg %)	Q3FY21	QoQ (Chg %)	Comments
Total Operating Income	2,210.5	2,177.8	1,380.7	60.1	2,017.4	9.6	Topline came in broadly in line with our
Raw Material Expenses	1,391.4	1,339.3	763.4	82.3	1,206.6	15.3	
Purchase of Traded Goods	122.8	141.6	95.8	28.2	117.9	4.1	RM to sales for the quarter came in at 68.5%, up 280 bps QoQ vs. our expectation of 68%
Employee Expenses	147.0	141.6	129.5	13.5	135.8	8.2	
Other Expenditure	204.7	217.8	197.5	3.6	193.0	6.0	Savings were realised on other expenses
EBITDA	344.7	337.6	194.4	77.3	364.1	-5.3	
EBITDA Margin (%)	15.6	15.5	14.1	151 bps	18.0	-245 bps	EBITDA margins came in near our estimates tracking more than anticipated drop in gross margins and efficiencies realised in other expenses (operating leverage benefits)
Interest	2.6	3.3	2.8	-9.5	3.3	-21.4	
Depreciation	30.4	32.1	27.8	9.6	31.5	-3.4	Depreciation was on expected lines
Total Tax	80.3	85.3	51.2	56.8	95.9	-16.3	
PAT	266.1	255.2	140.4	89.6	287.6	-7.5	PAT was broadly in line with our estimates
Key Metrics (₹ crore)							
Tractor Segment revenue	1,739	1,741	1,058	64.3	1,653	5.2	Tractor segment revenues grew 64% YoY to ₹ 1,739 crore with tractor segment ASP at ₹ 5.33 lakh/unit, up 2% QoQ
CE revenue	322	313	210	53.3	245	31.6	
RED revenue	146	124	108	35.6	117	24.8	Railway division revenues grew 35.6% YoY

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	7,489.9	7,735.1	3.3	8,466.3	8,671.6	2.4	Broadly maintained our estimates. We expect revenues to grow at a CAGR of 11.9% over FY21-23E
EBITDA	1,012.1	965.1	-4.6	1,185.1	1,173.0	-1.0	
EBITDA Margin (%)	13.5	12.5	(100) bps	14.0	13.5	(50) bps	Revised downward our margin estimates amid rise in key commodity prices as well as adverse product mix
PAT	804.9	760.4	-5.5	953.6	942.8	-1.1	
EPS (₹)	65.7	62.0	-5.5	77.8	76.9	-1.1	Downward revision in margin estimates leads to single digit decline in EPS estimates. We expect PAT to grow at a CAGR of 3.9% over FY21-23E

Source: ICICI Direct Research

Exhibit 3: Assumptions

	Current				Earlier				Comments
	FY18	FY19	FY20	FY21P	FY22E	FY23E	FY22E	FY23E	
Tractor volumes (no's)	80,417	96,412	86,018	106,741	113,141	121,061	111,191	120,087	On a higher base, we expect tractor sales volume to grow at a CAGR of 6.5% over FY21-23E to 1.2 lakh units in FY23E
Average ASP (₹)	492,166	492,053	515,890	530,937	554,708	569,422	543,841	558,596	ASPs are seen rising largely reflecting increase in commodity prices

Source: ICICI Direct Research

Q4FY21 earnings conference call highlights

Tractors division

- **The company expects tractor industry domestically to post low to mid-single digit YoY growth in FY22E.** While macroeconomic factors (crop production, crop prices, good monsoon, financing availability) for the space remain supportive, the pandemic's spread in rural areas this time is seen weighing on sentiment and demand. Over the longer term, the industry is seen expanding to the 12-15 lakh unit per annum range by FY30E from ~9 lakh units clocked in FY21
- Within tractors, non-agri segment is seen growing faster than agri segment, aided partly by lower base. Against usual run rate of 30-35% of overall tractor sales, it had shrunk to 25-30% in FY21. Consequently, industry product mix is expected to worsen from last year's levels as non-agri use tractors usually belong to lower hp range. Offtake from subsidy-linked tractor sales is seen being very limited in FY22E
- **The company expects tractor EBIT margins to be in 17-18% range under normal circumstances, going forward**
- **Commodity costs have increased by 8-10% in H2FY21 and are seen as continuing to exert pressure in coming months. Escorts has undertaken two price hikes since H1FY21 amounting to 5% of ASPs. It expects to take another one sometime in Q2FY22E**
- Escorts' expanded dealer network is at ~1,100. **As of now, two-third of them are either closed or operating in a limited manner**
- The company added that for a typical tractor that weighs ~1.8-1.9 tons, steel and rubber constitute ~1.3-1.4 tons by weight
- Escorts has started supplies of Kubota branded tractors to Kubota in four international markets. Output under joint production agreement with Kubota in FY21 was at ~5,400 units
- The company wants to expand market share in South India into double-digit range
- Escorts said that on an average, replacement cycle in tractors was at seven to eight years at industry level

Construction Equipment division (CE) and Railway Equipment Division (RED)

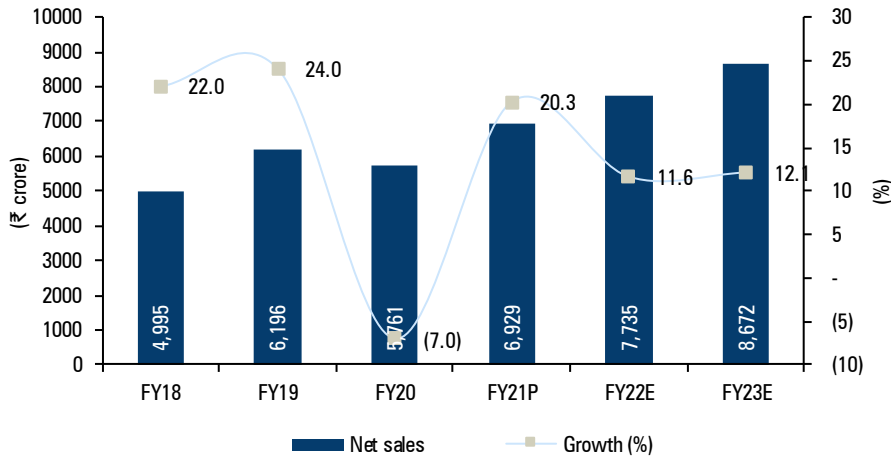
- **Escorts expects CE segment to post high single digit revenue growth in FY22E, with margins set to improve further on operating leverage and cost control efforts**
- **RED is seen attaining normalcy in operations by end of Q2FY22E.** For FY22E, RED revenues are seen growing in low double-digits, with margins seen in the 16-18% range. Present order book of >₹ 340 crore is to be executed in six to eight months
- In FY21, 59% of RED sales were contributed by new products, which have higher import content and, thus, lower margins. This is compared to <40% share in FY20

Others

- **FY22E capex guidance is at ~₹ 300-325 crore**

Financial story in charts

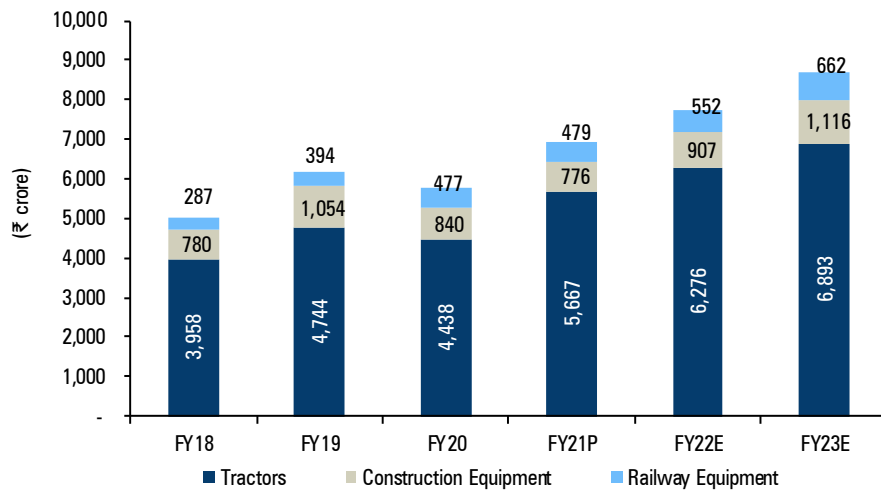
Exhibit 4: Total operating income trend



We expect total operating income to grow at ~11.9% CAGR over FY21-23E on the back of 6.5% growth in tractor volumes

Source: Company, ICICI Direct Research

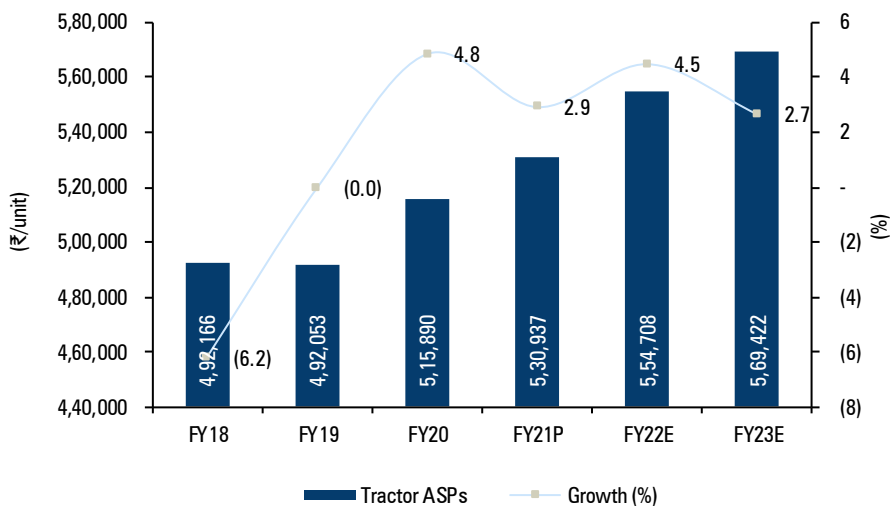
Exhibit 5: Segmental revenue mix



Share of tractors within overall revenues is seen dipping below 80% by FY23E vs. ~82% level clocked in FY21

Source: Company, ICICI Direct Research

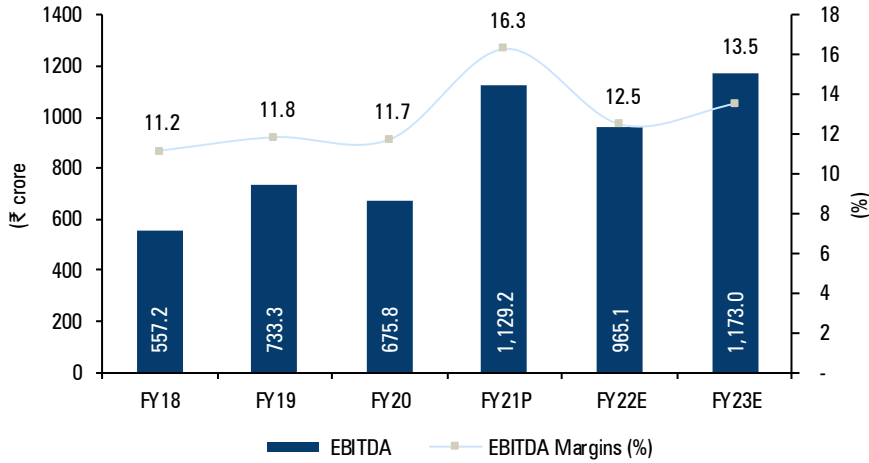
Exhibit 6: Trend in tractor ASPs



Tractor ASPs are expected to grow at 3.6% CAGR over FY21-23E, primarily led by RM costs increase

Source: Company, ICICI Direct Research

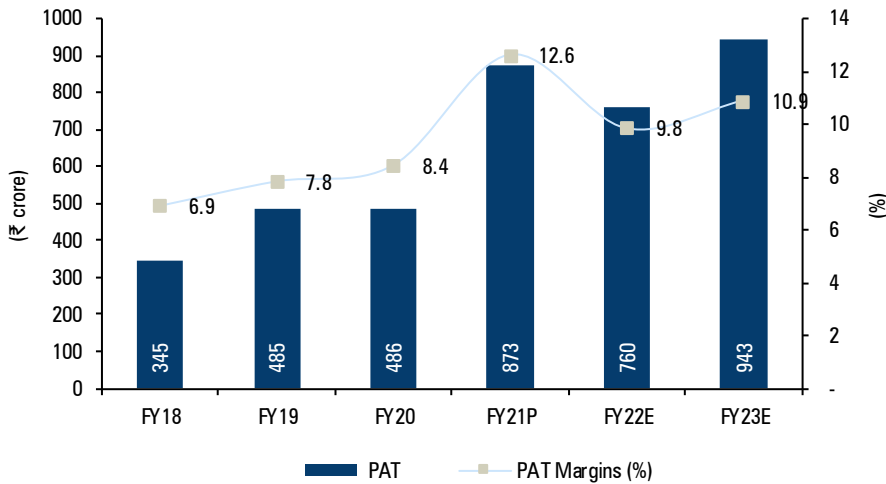
Exhibit 7: EBITDA trend and margin profile



EBITDA margins are seen declining to 12.5% in FY22E before increasing to 13.5% in FY23E

Source: Company, ICICI Direct Research

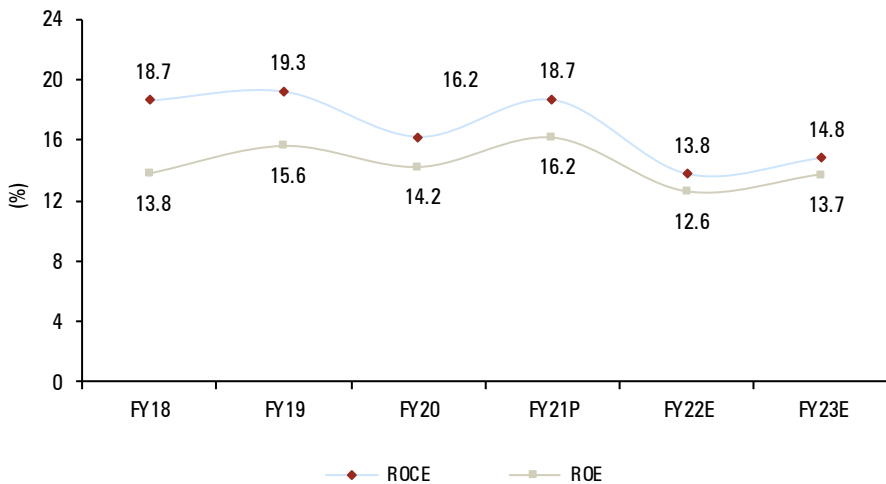
Exhibit 8: Profitability trend



PAT is seen growing at ~3.9% CAGR over FY21P-23E

Source: Company, ICICI Direct Research

Exhibit 9: Trend in return ratios



We expect the company to clock ~15% RoCE levels in coming years

Source: Company, ICICI Direct Research

Exhibit 10: Valuation Summary

	Sales	Growth	EPS	Growth	PE	EV/EBITDA	RoNW	RoCE
	(₹ cr)	(%)	(₹)	(%)	(x)	(x)	(%)	(%)
FY18	4995	22.0	28.1	114.9	41.4	24.2	13.8	18.7
FY19	6196	24.0	39.6	40.6	29.5	19.0	15.6	19.3
FY20	5761	-7.0	39.6	0.1	29.4	19.7	14.2	16.2
FY21P	6929	20.3	71.2	79.9	16.4	10.0	16.2	18.7
FY22E	7735	11.6	62.0	-12.9	18.8	11.5	12.6	13.8
FY22E	8672	12.1	76.9	24.0	15.1	9.0	13.7	14.8

Source: Company, ICICI Direct Research

Exhibit 11: SOTP valuation matrix

Particulars	Amount (₹)
FY23E EPS (₹/share, A)	76.9
P/E Multiple (x, B)	13.0
Value of Base Business (C = A*B)	1000
No of Treasury Shares (crore)	2.1
Current Market Price (₹/share)	1,165
Value of Investments (₹ crore)	2,499
Holding company discount (%)	30
Revised value of Investments (₹ crore)	1,749
Contribution per share (₹/share, D)	140
Target Price (C+D)	1140
Potential Upside (%)	-2

Source: ICICI Direct Research

Exhibit 12: Shareholding pattern

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoters	40.3	36.6	36.6	36.6	36.6
FII	19.3	18.6	21.6	23.8	26.0
DII	10	9.1	8.5	7.1	5.6
Others	30.4	35.7	33.3	32.5	31.9

Source: Company, ICICI Direct Research

Financial Summary

Exhibit 13: Profit and loss statement		₹ crore			
(Year-end March)	FY20	FY21P	FY22E	FY23E	
Total operating Income	5,761.0	6,929.3	7,735.1	8,671.6	
Growth (%)	-7.0	20.3	11.6	12.1	
Raw Material Expenses	3,449.3	4,153.6	4,927.7	5,437.6	
Employee Expenses	510.3	534.6	566.9	614.8	
Other expenses	755.2	671.8	780.4	891.2	
Total Operating Expenditure	5,085.1	5,800.1	6,770.0	7,498.6	
EBITDA	675.8	1129.2	965.1	1173.0	
Growth (%)	-7.8	67.1	-14.5	21.5	
Depreciation	104.6	115.7	129.6	151.6	
Interest	15.5	11.0	8.8	7.0	
Other Income	92.3	154.6	159.4	187.9	
PBT	638.9	1,157.1	986.1	1,202.3	
Total Tax	153.3	283.1	248.5	303.0	
Tax rate	24.0	24.5	25.2	25.2	
PAT	485.6	873.3	760.4	942.8	
Growth (%)	0.1	79.9	-12.9	24.0	
EPS (₹)	39.6	71.2	62.0	76.9	

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement		₹ crore			
(Year-end March)	FY20	FY21P	FY22E	FY23E	
Profit after Tax	485.6	873.3	760.4	942.8	
Add: Depreciation	104.6	115.7	129.6	151.6	
(Inc)/dec in Current Assets	190.7	269.3	-387.5	-245.3	
Inc/(dec) in CL and Provisions	112.4	-55.7	125.9	226.0	
CF from operating activities	893.1	1202.7	628.4	1075.1	
(Inc)/dec in Investments	-247.2	-1,013.3	-200.0	-500.0	
(Inc)/dec in Fixed Assets	-210.4	-103.5	-280.0	-311.8	
Others	-39.9	-119.2	-25.0	-69.3	
CF from investing activities	-497.5	-1235.9	-505.0	-881.1	
Issue/(Buy back) of Equity	0.0	12.2	-12.2	0.0	
Inc/(dec) in loan funds	-280.1	-6.6	0.0	0.0	
Dividend paid & dividend tax	-36.8	-91.9	-91.9	-122.6	
Inc/(dec) in Sec. premium	0.0	1,029.8	0.0	0.0	
Others	8.4	88.1	0.0	0.0	
CF from financing activities	-308.5	1031.6	-104.2	-122.6	
Net Cash flow	87.1	998.3	19.2	71.5	
Opening Cash	231.1	318.3	1,316.6	1,335.8	
Closing Cash	318.3	1316.6	1335.8	1407.2	

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet		₹ crore			
(Year-end March)	FY20	FY21P	FY22E	FY23E	
Liabilities					
Equity Capital	122.6	134.8	122.6	122.6	
Reserve and Surplus	3,357.5	5,256.8	5,925.2	6,745.4	
Total Shareholders funds	3480.1	5391.6	6047.8	6868.0	
Total Debt	6.6	0.0	0.0	0.0	
Other non-current Liabilities	83.7	106.7	109.2	111.7	
Long-term Provisions	30.1	49.0	67.8	86.6	
Total Liabilities	3600.5	5547.3	6224.7	7066.3	
Assets					
Gross Block	2,645.8	2,794.5	3,094.5	3,394.5	
Less: Acc Depreciation	1,012.7	1,109.6	1,219.9	1,348.3	
Net Block	1,633.0	1,684.9	1,874.5	2,046.2	
Capital WIP	104.4	41.2	16.2	16.2	
Total Fixed Assets	1737.4	1726.0	1890.7	2062.4	
Net Intangible Asset	52.3	51.5	37.1	25.6	
Investments	1,172.8	2,322.8	2,572.8	3,122.8	
Inventory	822.2	674.5	847.7	950.3	
Debtors	756.5	698.4	847.7	950.3	
Loans and Advances	37.7	32.8	45.9	42.3	
Other Current Assets	265.8	189.4	241.3	284.9	
Cash	318.3	1316.6	1335.8	1407.2	
Total Current Assets	2,200.4	2,911.6	3,318.3	3,635.1	
Creditors	1,264.0	1,187.1	1,271.5	1,425.5	
Provisions & Other Curr.Liab	447.7	468.9	510.4	582.4	
Total Current Liabilities	1,711.7	1,656.0	1,781.9	2,007.9	
Net Current Assets	488.7	1255.6	1536.4	1627.2	
Net Deferred Tax Asset	-30.3	-23.0	-23.0	-23.0	
Other non-current assets	119.0	154.5	150.8	191.4	
Application of Funds	3600.5	5547.3	6224.7	7066.3	

Source: Company, ICICI Direct Research

Exhibit 16: Key ratios					
(Year-end March)	FY20	FY21P	FY22E	FY23E	
Per share data (₹)					
EPS	39.6	71.2	62.0	76.9	
Cash EPS	48.1	80.7	72.6	89.3	
BV	283.9	439.8	493.4	560.3	
DPS	2.5	7.5	7.5	10.0	
Cash Per Share	78.0	242.1	260.0	306.6	
Operating Ratios					
EBITDA Margin (%)	11.7	16.3	12.5	13.5	
PAT Margin (%)	8.4	12.6	9.8	10.9	
Inventory days	52.1	35.5	40.0	40.0	
Debtor days	47.9	36.8	40.0	40.0	
Creditor days	80.1	62.5	60.0	60.0	
Return Ratios (%)					
RoE	14.2	16.2	12.6	13.7	
RoCE	16.2	18.7	13.8	14.8	
RoIC	23.3	42.1	29.1	32.8	
Valuation Ratios (x)					
P/E	29.4	16.4	18.8	15.1	
EV / EBITDA	19.7	10.0	11.5	9.0	
EV / Net Sales	2.3	1.6	1.4	1.2	
Market Cap / Sales	2.5	2.1	1.8	1.6	
Price to Book Value	4.1	2.6	2.4	2.1	
Solvency Ratios					
Debt/ EBITDA	0.0	0.0	0.0	0.0	
Debt / Equity	0.0	0.0	0.0	0.0	
Current Ratio	1.4	1.2	1.4	1.4	
Quick Ratio	0.8	0.7	0.8	0.8	

Source: Company, ICICI Direct Research

Exhibit 17: ICICI Direct coverage universe (Auto & Auto Ancillary)

Sector / Company	CMP		TP	Rating	M Cap (₹ Cr)	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	(₹)				FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Apollo Tyre (APOTYR)	208	260	BUY	13,209	5.5	9.9	16.2	37.7	21.1	12.8	6.4	6.6	4.7	7.6	6.1	9.1	6.4	5.3	8.2	
Ashok Leyland (ASHLEY)	112	150	Buy	32,784	-1.7	1.4	4.6	-65.1	80.5	24.6	112.5	23.2	12.5	-3.6	6.1	16.4	-6.9	5.9	17.5	
Bajaj Auto (BAAUTO)	3,850	4,500	BUY	1,11,407	157.4	183.5	210.0	24.5	21.0	18.3	18.2	14.9	12.7	18.2	21.9	25.2	18.1	20.6	23.1	
Balkrishna Ind. (BALIND)	1,896	2,250	Buy	36,653	59.8	68.2	80.5	31.7	27.8	23.6	20.8	17.9	15.1	19.3	20.4	21.6	19.2	19.0	19.4	
Bharat Forge (BHAFOR)	650	670	Hold	30,262	-5.2	11.8	19.1	NM	55.3	34.1	44.9	24.0	17.4	1.2	7.1	11.1	3.7	10.2	14.9	
Eicher Motors (EICMOT)	2,415	3,050	Hold	65,833	48.7	73.3	94.2	49.6	32.9	25.6	32.7	22.5	17.7	11.7	15.3	16.7	12.0	15.8	17.5	
Escorts (ESCORT)	1,165	1,140	Hold	14,281	71.2	62.0	76.9	16.4	18.8	15.1	10.0	11.5	9.0	18.7	13.8	14.8	16.2	12.6	13.7	
Exide Industries (EXIIND)	185	200	Hold	15,725	8.9	9.3	11.0	15.6	15.0	12.6	10.9	10.4	9.0	14.0	13.8	15.1	11.0	10.5	11.5	
Hero Moto (HERHON)	2,810	3,440	Buy	56,116	148.4	170.8	196.5	18.9	16.4	14.3	12.0	10.1	8.7	20.8	23.1	24.5	19.5	20.7	21.7	
M&M (MAHMAH)	742	1,000	Buy	92,245	10.8	36.0	44.8	68.6	20.6	16.6	14.2	12.7	10.3	9.6	9.6	11.4	7.7	11.1	12.5	
Maruti Suzuki (MARUTI)	6,740	6,080	Reduce	2,03,602	140.0	172.9	225.1	48.1	39.0	29.9	30.0	22.3	16.6	4.3	6.6	9.1	8.2	9.5	11.4	
Minda Industries (MININD)	510	625	Buy	13,867	5.8	11.6	17.9	87.6	43.8	28.5	21.5	14.9	11.6	8.7	14.2	19.1	8.7	15.9	19.5	
Motherson (MOTSUM)	230	225	Hold	72,632	2.5	6.7	8.1	NM	34.5	28.5	16.9	9.8	8.3	6.0	16.3	18.9	7.1	16.1	17.4	
Tata Motors (TATMOT)	312	375	Buy	1,12,248	-50.8	23.1	32.6	NM	13.5	9.6	6.1	4.2	3.4	4.7	11.6	13.8	-41.3	15.8	18.2	

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 Jaimin Desai, 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 Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ00183631 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 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 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, target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

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

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

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

Since associates of ICICI Securities 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.