

June 5, 2017

## NHPC (NHPC)

₹ 30

### Capacity addition below estimates...

- NHPC reported Q4FY17 results, which were below our estimates on all counts. Lower revenues and higher employee expenses (gratuity provisions) marred profitability
- Revenues came in at ₹ 1362.4 crore, down 16.7% YoY, below our estimate of ₹ 1786.7 crore. During FY17, NHPC commissioned two units of TLDP-IV project worth 80 MW, 50 MW wind power project
- Absolute EBITDA was at ₹ 223 crore vs. estimate of ₹ 907 crore. This was led by higher-than-expected employee expenses. Employee expenses include provisions to the tune of ₹ 199 crore towards provisions relating to increase in the ceiling limit for gratuity. Finance costs for Q4FY17 were at ₹ 249 crore vs. our estimate of ₹ 285 crore
- Lower-than-expected revenues and higher expenses led to miss on PAT at ₹ 168 crore vs. our estimate of ₹ 316 crore

#### Generation up but tariff finalisation hits revenues in Q4FY17

During the quarter, gross generation of NHPC was up 11.7% YoY at 336 crore units vs. our estimate of 333 crore units. However tariffs came in at ₹ 4.52/Kwhr on account of pending tariff approval of some projects. During FY17, the company added 80 MW of capacity from the TLDP IV project (Unit 3, 4) and 50 MW of a wind project. Gross generation was muted during FY17, at 2327.5 crore units vs. 2368.3 crore units. Plant availability factor (PAF) for FY17 was at 82.7% vs. 81.6% in FY16. During FY17, the incentive income earned by NHPC was at ₹ 597 crore vs. ₹ 595 crore in FY16. Capex for FY17 was at ₹ 2438 crore while the same for FY18E was pegged at ₹ 3800 crore. In FY18E, NHPC is expected to spend ₹ 932 crore on Subansiri, ₹ 580 crore on Kishanganga and ₹ 750 on Parbati II. The company also expects to create 430 MW of renewables (solar plus wind) by FY22. The regulated equity for the company as of FY17 was at ₹ 11177 crore while the same is expected to reach ₹ 15528 crore by FY19E on the back of commissioning of projects like Kishanganga and Parbati II.

#### Large projects witness huge cost overruns, time delays

Most upcoming projects like Subansiri (187% cost overrun, 2000 MW), Parbati III (114% cost overrun, 800 MW), Kishanganga (58% cost overrun, 330 MW) have faced massive delays owing to regulatory & environmental issues. Current CWIP is to the tune of ₹ 17350 crore out of which almost ~50% is stuck in Subansiri lower project (₹ 9100 crore).

#### Capacity addition slips timeline again

NHPC has again witnessed a slippage in commissioning of its key projects. Kishanganga, which was supposed to come on stream by Q4FY17 will see operations commencing from Q4FY18 while Parbati II has slipped to FY19E vs. FY18E-19E.

#### Progress on stuck project key; maintain HOLD

Timely addition of capacity has been a challenge for NHPC as in FY17, commissioning of Kishanganga project has slipped into Q4FY18. Also, clarity on commencement on works on Subansiri Lower is yet to come, which has led to significant cost overruns. Though the company is a generous dividend payer, at the same time multiple re-rating has limited scope owing to untimely commissioning of capacity. We maintain **HOLD** rating on the stock with a fair value of ₹ 32/share.

#### Rating matrix

Rating	:	Hold
Target	:	₹ 32
Target Period	:	12 months
Potential Upside	:	5%

#### What's Changed?

Target	Unchanged
EPS FY18E	Changed from ₹2.4 to ₹2.3
EPS FY19E	Introduced at ₹2.5
Rating	Unchanged

#### Quarterly Performance

	Q4Y17	Q4FY16	YoY (%)	Q4FY17	QoQ (%)
Revenue	1362	1616	(16)	1787	(24)
EBITDA	223	581	(62)	907	(75)
EBITDA (%)	16	36	-1958.8	50.7	-3437.4
PAT	168	104	62	215	(22)

#### Key Financials

₹ Crore	FY16	FY17	FY18E	FY19E
Net Sales	7434.1	7271.2	7403.7	8153.7
EBITDA	4244.5	3760.6	4660.3	5131.8
Net Profit	2440.1	2674.0	2658.3	2816.3
EPS (₹)	2.2	2.4	2.4	2.5

#### Valuation summary

	FY16	FY17	FY18E	FY19E
P/E	13.8	12.6	12.7	12.0
Target P/E	14.5	13.2	13.3	12.6
EV / EBITDA	11.6	13.7	11.1	10.1
P/BV	1.2	1.2	1.2	1.1
RoNW (%)	8.7	9.4	9.0	9.2
RoCE (%)	7.5	7.5	7.3	7.8

#### Stock data

Particular	Amount
Market Capitalization (₹ Crore)	₹ 33765 crore
Total Debt (FY16) (₹ Crore)	₹20142 crore
Cash and Investments (FY16) (₹ Crore)	₹ 5422.1 crore
EV (₹ Crore)	₹ 48485 crore
52 week H/L (₹)	31.8/17.9
Equity capital (₹ Crore)	₹ 11070 crore
Face value	₹ 10

#### Price performance (%)

	1M	3M	6M	12M
NHPC	(4.8)	7.9	6.8	(1.5)
Powergrid	(4.7)	5.7	(0.9)	(6.4)
NTPC	(14.5)	(8.1)	(7.5)	(13.4)

#### Research Analyst

Chirag Shah  
 shah.chirag@icicisecurities.com

### Variance analysis

	Q4Y17	Q4FY17E	Q4FY16	YoY (%)	Q4FY17	QoQ (%)	Comments
Energy sales net	1,337.6	1,761.6	1,585.6	(15.6)	1,761.6	(24.1)	Revenues were lower on account of delay in finalisation of tariff
Other Income	24.9	25.0	30.8	(19.3)	25.0	(0.6)	
Total Income	1,362.4	1,786.6	1,616.4	(15.7)	1,786.6	(23.7)	
G&A	524.9	550.0	740.6	(29.1)	550.0	(4.6)	
Employee expense	614.5	330.0	294.6	108.6	330.0	86.2	
Total expenses	1,139.4	880.0	1,035.1	10.1	880.0	29.5	
EBITDA	223.1	906.6	581.3	(61.6)	906.6	(75.4)	EBITDA was lower on account of lower revenues
EBITDA Margin (%)	16.4	50.7	36.0	-1958.828	50.7	-3437.359	
Depreciation	352.7	370.0	366.5	(3.8)	370.0	(4.7)	
Interest	249.9	285.0	261.8	(4.5)	285.0	(12.3)	
Other Income	242.6	200.0	196.2	23.6	200.0	21.3	Other income was lower than estimates
PBT	494.4	1,334.9	216.9	127.9	1,434.5	(65.5)	
Extraordinary expenses	0.0	0.0	0.0		0.0		
Extraordinary Income	0.0	0.0	0.0		0.0		
Total Tax	28.2	135.5	194.3	(85.5)	135.5	(79.2)	
PAT	168.4	316.2	104.0	62.0	214.7	(21.6)	
Key Metrics							
Generation	336.1	333.6	300.9	11.7	337.2	(0.3)	Generation growth was in line with estimates
Sales	295.7	293.6	763.1	(61.2)	296.8	(0.3)	
Tariff rate (₹/Kwh)	4.2	4.2	4.3	(3.0)	3.0	40.5	

Source: Company, ICICIdirect.com Research

### Change in estimates

(₹ Crore)	FY18E			FY19E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	7,592.0	7,403.7	(2.5)		8,153.7		Delay in capacity addition has led low downward revision of estimates
EBITDA	4,479.1	4,660.3	4.0		5,131.8		
EBITDA Margin (%)	59.0	62.9	395 bps		62.9		
PAT	2,669.3	2,658.3	(0.4)		2,816.3		
EPS (₹)	2.3	2.4	4.4		2.5		

Source: Company, ICICIdirect.com Research

### Assumptions

Crore units	Current				Earlier	
	FY16	FY17	FY18E	FY19E	FY18E	FY19E
Generation	2,367.0	2,327.5	2,327.5	2,827.5	2,582.0	
Sales	2,083.0	2,048.2	2,048.2	2,488.2	2,272.0	
Tariff rate (₹/Kwh)	3.6	3.6	3.6	3.3	3.6	

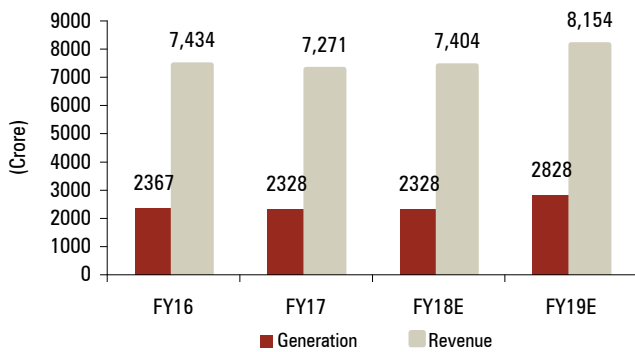
Source: Company, ICICIdirect.com Research

## Company Analysis

### Generation up but tariff finalisation hits revenues in Q4FY17

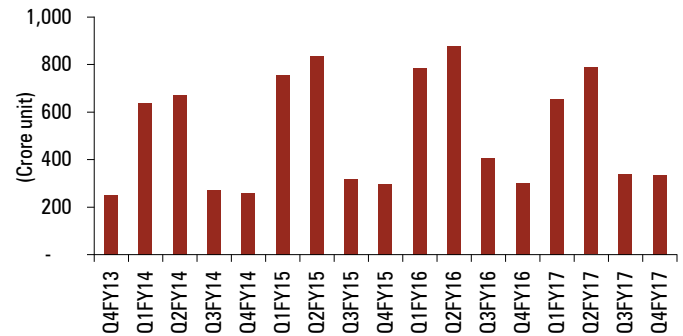
During the quarter, gross generation of NHPC was up 11.7% YoY at 336 crore units vs. our estimate of 333 crore units. However, tariffs came in at ₹ 4.52/Kwhr on account of pending tariff approval of some projects. During FY17, the company added 80 MW of capacity from the TLDP IV project (Unit 3, 4) and 50 MW of a wind project. Gross generation was muted during FY17, at 2327.5 crore units vs. 2368.3 crore units. Plant availability factor (PAF) for FY17 was at 82.7% vs. 81.6% in FY16. During FY17, the incentive income earned by NHPC was at ₹ 597 crore vs. ₹ 595 crore in FY16. Capex for FY17 was at ₹ 2438 crore while the same for FY18E is pegged at ₹ 3800 crore. In FY18E, NHPC is expected to spend ₹ 932 crore on Subansiri, ₹ 580 crore on Kishanganga and ₹ 750 on Parbati II. The company also expects to create 430 MW of renewables (solar plus wind) by FY22. The regulated equity for the company as of FY17 was at ₹ 11177 crore while the same is expected to reach ₹ 15528 crore by FY19E on the back of commissioning of projects like Kishanganga and Parbati II.

**Exhibit 1: Generation and revenue trend**



Source: Company, ICICIdirect.com Research

**Exhibit 2: Quarterly generation trend**



Source: Company, ICICIdirect.com Research

**Exhibit 3: Trend in other income and incentives**

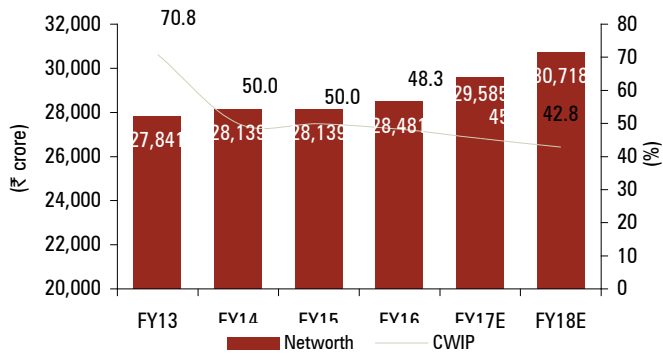
₹ crore	FY17	FY16	FY15	FY14	FY13	FY12	FY11
Incentives	307.4	242	181	171	111	118	118
Secondary Charge	140.7	177	137	86	159	141	141
UI Charges	149.3	176	161	72	116	137	137
Total	597	595	479	329	386	396	396

Source: Company, ICICIdirect.com Research

### Capacity addition slips timeline again

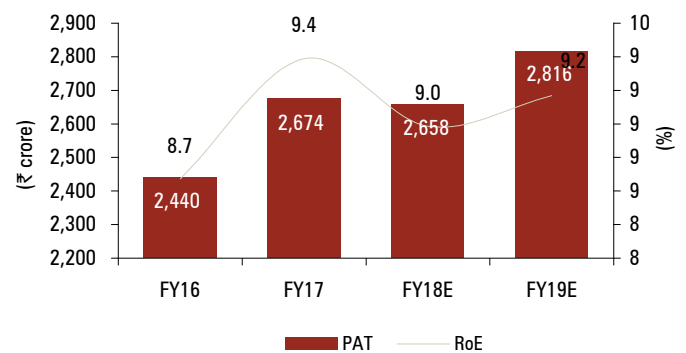
NHPC has again witnessed a slippage in commissioning of its key projects. Kishanganga, which was supposed to come on stream by Q4FY17, will see operations commencing from Q4FY18 while Parbati II has slipped to FY19E vs. FY18E-19E.

**Exhibit 4: CWIP as percentage of network likely to decline, going ahead**



Source: Company, ICICIdirect.com Research

**Exhibit 5: Trend in RoEs expected to improve in FY16-18E**



Source: Company, ICICIdirect.com Research

### Large projects witness huge cost overruns and time delays

Most of the upcoming projects like Subansiri (187% cost overrun, 2000 MW), Parbati III (114% cost overrun, 800 MW), Kishanganga (58% cost overrun, 330 MW) have faced massive delays owing to regulatory and environmental issues. Accordingly, the PSU has been suffering from very low RoEs as a significant chunk of its asset has been blocked in CWIP (CWIP as percentage of network at 50% for FY16) for projects under construction. However, the management has taken the initiative to resolves issues with various projects. However, at the same time, calculated tariff has shot up drastically. For instance, tariff for TLDP IV is ₹ 5/unit while that of Kishanganga works out to ₹ 4.2/unit.

**Exhibit 6: Capex committed on projects under construction**

Project	Capacity (MW)	Total capex	Capex till FY17 (₹ crore)	(₹ Capex still required (₹ crore)
Subansiri lower	2000	17435	9139	8296
Parbati II	800	8398	6191	2207
Kishanganga	330	5751	4817	934
Total	3290	31584	20147	11437

Source: Company, ICICIdirect.com Research

**Exhibit 7: Status of projects under construction and their status**

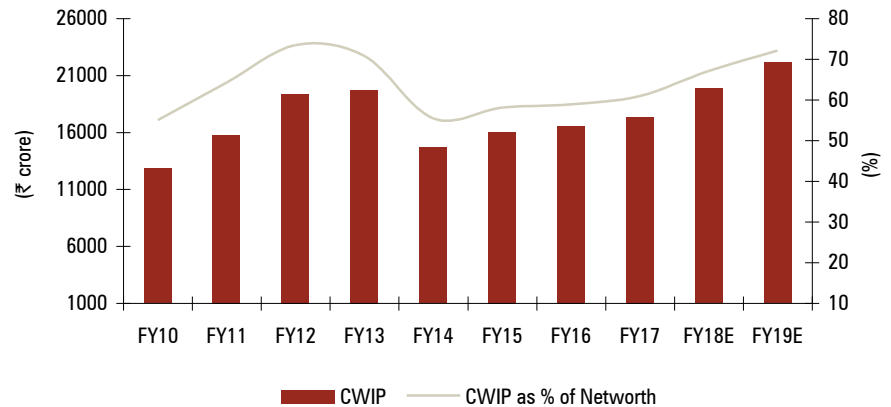
Project	Capacity (MW)	State Code	Expected CoD - Mgmt guidance	Capex (₹/Mw)
Subansiri lower	2000	AP	FY19E	10
Parbati II	800	HP	FY18E	17
Kishanganga	330	J & K	0	0
Total	3130			

Source: Company, ICICIdirect.com Research

## Valuation and outlook

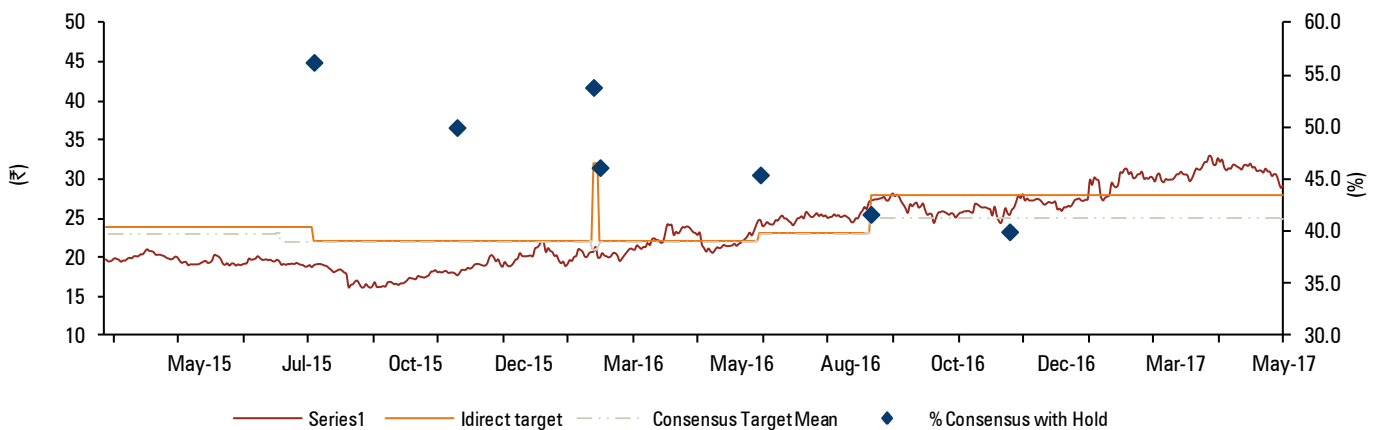
Timely addition of capacity has been a challenge with NHPC as in FY17, commissioning of the Kishanganga project has slipped into Q4FY18. Also, clarity on commencement of works on Subansiri lower is yet to come, which has led to significant cost overruns. Though the company is a generous dividend payer at the same time multiple re-rating has limited scope owing to untimely commissioning of capacity. We maintain **HOLD** rating on the stock with a fair value of ₹ 32/share.

**Exhibit 8: Key catalyst to be conversion of CWIP into gross block for re-rating**



Source: Company, ICICIdirect.com Research

## Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICIdirect.com Research

## Key events

Date	Event
Aug-09	Successful launch of IPO raising ₹ 6048 crore at an issue price of ₹ 36
Mar-10	Reported ~2.4x YoY growth in topline from ₹ 307 crore to ₹ 750 crore due to adoption of the new CERC tariff policy and finalisation of tariff orders for the Dulhasti plant in Q3FY10 and Teesta V in Q4FY10. However, RoE continues to be subdued at ~7% as ₹12,600 crore got stuck in CWIP
Dec-11	Construction at NHPC's 2000 MW Subanshri project was stalled due to local agitation related to its safety and downstream impact. Estimated annual energy generation from the project was 7,421 MUs
Mar-12	NHPC ends the Eleventh Plan with a capacity addition of only 1,150 MW vs. the target of 5,322 MW as various issues like delays in environment clearances, local agitations, geological risks and pre-commissioning hiccups impacted its capacity addition plans
Jun-13	The 280 MW Dhauliganga plant stopped operating post the Uttarakhand flood disaster
Nov-13	The management says the delayed Subanshri project would now be fully commissioned by 2017 vs. the previous target of 2012. The project will also witness close to 100% cost overrun to ₹ 12,000 crore against the original target of ₹ 6285 crore
Nov-13	Share buyback announced value of ₹ 2367.9 crore at a maximum price of ₹ 19.25/share totaling 123.1 crore shares. The company purchased 110.7 crore shares worth more than ₹ 2,130 crore from the government. The government's stake in the company was reduced to 85.96% from 86.36%
Dec-13	CERC proposed a stringent tariff draft for 2014-19, which proposes higher availability of incentives for NHPC plants. The draft, if implemented, would have a negative impact on the company to the tune of 3-4%
Feb-14	CERC issues final tariff order for 2014-19, in line with the draft proposal

Source: Company, ICICIdirect.com Research

## Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Government of India	31-Mar-17	0.75	7,643.4	-604.9
2	Life Insurance Corporation of India	31-Dec-16	0.09	942.1	-23.6
3	LIC Mutual Fund Asset Management Company Ltd.	31-Mar-17	0.09	938.2	938.0
4	Power Finance Corporation Ltd	31-Mar-17	0.03	260.5	0.0
5	Rural Electrification Corporation, Ltd.	31-Mar-17	0.02	184.0	-76.5
6	HDFC Asset Management Co., Ltd.	30-Apr-17	0.01	109.5	0.0
7	The Vanguard Group, Inc.	31-Mar-17	0.01	65.2	(12.8)
8	Dimensional Fund Advisors, L.P.	28-Feb-17	0.00	16.6	0.0
9	Mellon Capital Management Corporation	31-Mar-17	0.00	11.1	-1.4
10	Norges Bank Investment Management (NBIM)	31-Dec-16	0.00	9.0	-12.1

Source: Reuters, ICICIdirect.com Research

## Shareholding Pattern

(in %)	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Promoter	85.96	74.60	74.60	74.51	74.50
FII	2.59	3.31	3.61	3.71	3.45
DII	4.35	9.61	10.43	10.39	11.16
Others	7.82	12.48	11.36	11.39	10.89

## Recent Activity

Investor name	Value	Shares	Investor name	Value	Shares
LIC Mutual Fund Asset Management Company Ltd.	465.72	938.00	Government of India	-300.32	-604.88
Pzena Investment Management, LLC	0.71	1.82	Rural Electrification Corporation, Ltd.	-38.00	-76.53
Harding Loevner LP	0.18	0.42	Life Insurance Corporation of India	-9.18	-23.57
Taurus Asset Management Co. Ltd.	0.11	0.22	The Vanguard Group, Inc.	-6.35	-12.79
			Norges Bank Investment Management (NBIM)	-4.72	-12.13



## Financial summary

Profit and loss statement				
₹ Crore				
(Year-end March)	FY16	FY17	FY18E	FY19E
Total operating Income	7,434	7,271	7,404	8,154
Growth (%)	9	(2)	2	10
Gen. Admin. & other exp	2,072	1,933	1,629	1,794
Employee Expenses	1,116	1,575	1,111	1,223
Provisions	0	0	0	0
Exp. On project mgmt	0	0	0	0
Other expenses	2	3	4	5
Total Operating Expenditure	3,190	3,511	2,743	3,022
EBITDA	4,244	3,761	4,660	5,132
Growth (%)	1	(11)	24	10
Depreciation	1,452	1,388	1,481	1,631
Interest	1,067	1,073	1,173	1,273
Other Income	920	1,459	1,100	1,100
Exceptional items				
PBT	2,647	2,761	3,110	3,333
Total Tax	757	801	902	967
PAT	2,440	2,674	2,658	2,816
Growth (%)	17	10	(1)	6
EPS (₹)	2.2	2.4	2.4	2.5

Source: Company, ICICIdirect.com Research

Cash flow statement				
₹ Crore				
(Year-end March)	FY16	FY17	FY18E	FY19E
Profit before Tax	2,647	2,761	3,110	3,333
Add: Depreciation	1,452	1,388	1,481	1,631
(Inc)/dec in Current Assets	(847)	135	(110)	(623)
Inc/(dec) in CL and Provisions	416	(90)	73	413
Others	311	273	271	307
CF from operating activities	3,979	4,467	4,825	5,060
(Inc)/dec in Investments	0	0	0	0
(Inc)/dec in Fixed Assets	(3,317)	(3,209)	(4,300)	(5,303)
Others	271	272	273	274
CF from investing activities	(3,046)	(2,937)	(4,027)	(5,029)
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	1,061	1,000	1,500	1,500
Dividend paid & dividend tax	(1,943)	(2,331)	(1,554)	(1,684)
Inc/(dec) in Sec. premium	0	1	2	3
Others	(1,067)	(1,073)	(1,173)	(1,273)
CF from financing activities	(1,949)	(2,404)	(1,226)	(1,454)
Net Cash flow	(1,016)	(874)	(427)	(1,423)
Opening Cash	3,842	2,857	2,045	1,715
Closing Cash	2,857	2,045	1,715	430

Source: Company, ICICIdirect.com Research

Balance sheet				
₹ Crore				
(Year-end March)	FY16	FY17	FY18E	FY19E
Liabilities				
Equity Capital	11,071	11,071	11,071	11,071
Reserve and Surplus	17,068	17,411	18,515	19,647
Total Shareholders funds	28,139	28,481	29,585	30,718
Total Debt	20,142	21,142	22,642	24,142
AAD	1,606	1,606	1,606	1,606
Deferred tax balance	767	767	767	767
Total Liabilities	50,653	51,996	54,600	57,232
Assets				
Gross Block	38,339	40,777	42,577	45,577
Less: Acc Depreciation	11,729	13,118	14,599	16,229
Net Block	26,610	27,659	27,978	29,348
Capital WIP	16,579	17,350	19,850	22,153
Total Fixed Assets	43,188	45,009	47,829	51,501
Investments	2,479	2,479	2,479	2,479
Inventory	72	72	72	72
Debtors	3,055	2,988	3,043	3,351
Loans and Advances	3,122	3,054	3,110	3,425
Other Current Assets	1,589	1,668	1,752	1,839
Cash	2,857	2,045	1,715	430
Total Current Assets	10,695	9,828	9,692	9,117
Current Liabilities	4,097	4,007	4,080	4,493
Provisions	4,148	4,563	5,019	5,521
Total Current Liabilities	8,245	8,570	9,099	10,014
Net Current Assets	2,450	1,258	592	-897
Others Assets	1,986	1,986	1,986	1,986
Application of Funds	50,653	51,996	54,600	57,232

Source: Company, ICICIdirect.com Research

Key ratios				
(Year-end March)	FY16	FY17	FY18E	FY19E
Per share data (₹)				
EPS	2.2	2.4	2.4	2.5
Cash EPS	3.2	3.5	3.7	3.7
BV	25.0	25.4	25.7	26.7
DPS	0.7	0.7	1.8	1.2
Cash Per Share	2.6	1.8	1.5	0.4
Operating Ratios (%)				
EBITDA Margin	61.5	57.1	51.8	63.0
PBT / Total Operating income	41.1	35.6	38.0	42.0
PAT Margin	30.8	32.8	36.8	35.9
Inventory days	NA	NA	NA	NA
Debtor days	140.0	150.0	150.0	150.0
Return Ratios (%)				
RoE	8.7	9.4	9.0	9.2
RoCE	7.5	7.5	7.3	7.8
RoIC	8.0	7.8	7.6	7.9
Valuation Ratios (x)				
P/E	13.8	12.6	12.7	12.0
EV / EBITDA	12.0	14.1	11.7	11.2
EV / Net Sales	6.9	7.3	7.4	7.0
Market Cap / Sales	4.5	4.6	4.6	4.1
Price to Book Value	1.2	1.2	1.2	1.1
Solvency Ratios				
Debt/EBITDA	4.7	5.6	4.9	4.7
Debt / Equity	0.7	0.7	0.8	0.8
Current Ratio	1.3	1.1	1.1	0.9
Quick Ratio	0.3	0.2	0.2	0.0

Source: Company, ICICIdirect.com Research

## ICICIdirect.com coverage universe (Utilities)

Sector / Company	CMP	Target	Rating	M Cap	EPS (₹)			P/E (x)			EV/EBITDA (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating	(₹ Cr)	FY16	FY17	FY18E	FY16	FY17	FY18E	FY16	FY17	FY18E	FY16	FY17	FY18E	FY16	FY17	FY18E
NHPC (NHPC)	30	32	Hold	33,655	2.2	2.2	2.4	13.8	13.8	12.7	11.6	10.4	9.9	7.7	8.4	8.4	8.7	8.5	8.5
NTPC (NTPC)	162	176	Hold	131,268	12.5	13.0	14.4	13.0	12.4	11.2	11.7	10.2	10.0	8.0	7.7	8.1	12.9	11.0	11.1
Power Grid (POWGRI)	206	230	Buy	107,771	11.5	14.0	17.3	17.7	14.6	12.8	10.9	10.2	9.3	7.1	7.4	7.7	14.1	15.3	15.9

Source: Company, ICICIdirect.com Research



## **RATING RATIONALE**

ICICIdirect.com endeavours to provide objective opinions and recommendations. ICICIdirect.com assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Strong Buy, Buy, Hold and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock.

Strong Buy: > 15%/20% for large caps/midcaps, respectively, with high conviction;

Buy: > 10%/15% for large caps/midcaps, respectively;

Hold: Up to +/-10%;

Sell: -10% or more;



**Pankaj Pandey**

**Head – Research**

**pankaj.pandey@icicisecurities.com**

**ICICIdirect.com Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
**research@icicidirect.com****

## Disclaimer

### ANALYST CERTIFICATION

We */, Chirag Shah PGDBM*, 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.

### 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 is a wholly-owned 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.

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.

It is confirmed that *Chirag Shah PGDBM*; Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

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.

It is confirmed that *Chirag Shah PGDBM*; Research Analysts do not serve as an officer, director or employee of the companies mentioned in the 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.