

Oil&Gas and  
Petrochemicals

Target price Rs104

## Earnings revision

	FY10E	FY11E	FY12E
Sales	↓ 0.3	↑ 17.4	↑ 17.4
EBITDA	↓ 0.6	↑ 18.3	↑ 18.4
EPS	↓ 1.2	↑ 29.3	↑ 30.4

## Shareholding pattern

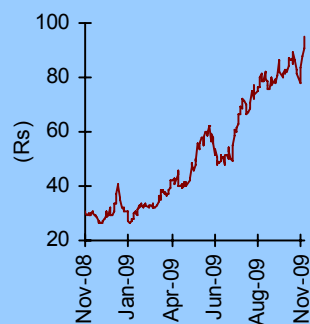
	Mar '09	Jun '09	Sep '09
Promoters	37.8	37.8	37.8
Institutional investors	20.5	21.9	27.3
MFs and UTI	4.5	7.3	9.8
FIs, Banks, Insurance Cos.	3.5	3.5	4.9
FII	12.5	11.1	12.6
Others	41.7	40.3	34.9

Source: NSE

## Target price revision

Rs104 from Rs98

## Price chart



## Amit Mishra, CFA

amit.mishra@icicisecurities.com  
+91 22 6637 7274

## Gagan Dixit

gagan.dixit@icicisecurities.com  
+91 22 6637 7480

## INDIA

## Gujarat State Petronet

**BUY**  
Maintained

## Upping the ante

Rs95

Reason for report: Company update

We raise fair value of Gujarat State Petronet's (GSPL) extant business to Rs92 (from Rs86) on the back of additional capex requirement for capacity expansion of the Anand-Kalol-Mehsana pipeline, which would, in turn, feed the 30-mmscmd capacity requirement of the Mehshana-Bhatinda pipeline (MBPL). The Petroleum & Natural Gas Regulatory Board (PNGRB) has called for bids for MBPL, Bhatinda-Srinagar pipeline (BSPL) and Kakinada-Bhilwara pipeline (KBPL). The bids would be opened in December '09 and final allotment of pipelines would happen in January '10. GSPL bagging any of these bids would unlock significant value for the stock. We value the company's MBPL itself at Rs24/share (RoCE: 12%; D:E::80:20). Ascribing 50% option value to the new pipelines, we raise our fair value to Rs104/share for GSPL. The stock has already run up 94% since we initiated coverage with BUY and outperformed the Sensex 79%; however, we maintain our positive stance on GSPL and believe allocation of new pipeline is the next trigger for the stock.

- **Mehsana feeder pipeline capacity to increase.** As PNGRB has called for bidding for MBPL, the existing feeder pipeline capacity would require to be increased. We estimate that this would entail additional investment of Rs3bn, which would accrue to GSPL regardless of who wins the bid for MBPL.
- **Reasonable possibility of winning bids.** We see limited competition for GSPL as regards upcoming bids, as we believe the only other bidders could be Adani Enterprises and GAIL. We do not expect Reliance Gas Transportation Infrastructure (RGITL) to bid for the pipelines owing to low RoCE and non-linkage with existing infrastructure. Given that it would be managing the feeder pipelines, we believe GSPL has a higher likelihood of winning bids vis-à-vis GAIL.
- **Future capex to improve valuations, earnings.** On account of capex for the pipeline expansion, GSPL's tariffs post regulation (from FY11) would increase to ~Rs700/mscm versus Rs600/mscm estimated earlier, thereby resulting in 29-30% upgrade to our FY11-12E earnings estimates.
- **Recent correction offers attractive entry-point.** Though the stock has already risen 23% in the past week on short-term triggers (bids for the new pipelines), we believe there is further upside if GSPL wins a bid. Long-term investors should look at any correction for buying stock.

Market Cap	Rs53.4bn/US\$1.15bn	<b>Year to March</b>	<b>2009P</b>	<b>2010E</b>	<b>2011E</b>	<b>2012E</b>
Reuters/Bloomberg	GSPT.BO/GUJS IN	Revenue (Rs mn)	4,875	10,364	10,404	10,975
Shares Outstanding (mn)	562	Net Income (Rs mn)	1234	4390	4427	4826
52-week Range (Rs)	95/26	EPS (Rs)	2.2	7.8	7.9	8.6
Free Float (%)	62.2	% Chg YoY	20.3	255.7	0.9	9.0
FII (%)	12.6	P/E (x)	43.3	12.2	12.1	11.1
Daily Volume (US\$/'000)	5,600	CEPS (Rs)	5.2	11.9	13.5	15.0
Absolute Return 3m (%)	37.5	EV/E (x)	15.0	6.8	6.6	5.7
Absolute Return 12m (%)	207.1	Dividend Yield (%)	0.6	1.1	1.1	1.1
Sensex Return 3m (%)	9.1	RoCE (%)	7.7	17.1	15.3	15.3
Sensex Return 12m (%)	67.1	RoE (%)	10.5	31.2	24.8	22.1

## Key triggers for stock run up

### Tariffs to remain high for next 2-3 quarters

GSPL will benefit from the implementation delay in inter-city gas pipeline tariffs (as per the gas pipeline policy) as the company is enjoying higher-than-regulated tariffs in the interim.

As per the previous tariff policy, returns were calculated over the life of the pipeline. This implied that if a company earns lower returns in the initial years of operations, returns in later years would be higher so that the company's RoE over the life of the pipeline would be as per the regulator's specifications.

However, the new policy is prospective and entails that the regulator would not account for the historical returns while calculating pipeline tariff. Hence, if GSPL is able to gain from higher returns in the next few quarters, prior to implementation of the regulated tariff on the pipeline, such returns would be retained by the company. Hence, the company has been earning higher returns via increasing its tariffs. GSPL's returns and tariffs will remain high till the new policy is implemented in full.

Overall, we expect GSPL's blended tariffs to remain at Rs0.85-0.9/scm for the next 2-3 quarters, post which tariffs will likely reduce to ~Rs0.7/scm. Further delay in regulated tariff implementation would offer additional upside to our fair value.

**Table 1: GSPL – Tariffs and transportation volumes**

	Q1 FY07	Q2 FY07	Q3 FY07	Q4 FY07	Q1 FY08	Q2 FY08	Q3 FY08	Q4 FY08	Q1 FY09	Q2 FY09	Q3 FY09	Q4 FY09	Q1 FY10	Q2 FY10
Transportation tariffs (Rs/scm)	0.62	0.65	0.59	0.59	0.62	0.69	0.68	0.72	0.73	0.83	0.97	1.14	0.91	0.89
Transportation volumes (mmscm)	1,152	1,160	1,477	1,398	1,536	1,372	1,623	1,614	1,639	1,431	1,205	1,155	2,304	2,859

Source: Company data, I-Sec Research

### Increased capex on Anand-Mehsana pipeline to improve outlook

With the PNGRB calling for open bids on MBPL (which has 30mmscmd capacity), the company would require increasing capacity of the existing Anand-Mehsana pipeline (which would act as a feeder pipeline to MBPL). As per our rough estimates, this would require additional capex of Rs3-4bn, which would improve the company's gross block and offer better returns.

### Aggressive capex plans to further enhance value

With capex plans underway, GSPL's gross block is expected to grow to Rs41bn by FY11E. Also, the company has already bid for pipelines – MBPL, BSPL and KBPL – and the regulator is expected to call for further bids for their allocation. If GSPL bags these bids, it would potentially triple its gross block, offering significant upside to earnings and valuations.

Moreover, with such huge capex plans, we believe GSPL would require raising significant debt that would lead to higher leverage on the balance sheet. At present, the company has debt-to-equity of 1x, which would significantly increase if it wins any bid. Higher leverage would lead to increased RoE as the company's RoCE is regulated.

### Upside from new pipelines

GSPL has bid for three big pipelines – MBPL, BSPL and KBPL – but is awaiting PNGRB's final decision. Though the pipelines encompass an open bid procedure, tariffs and returns post new policy are yet unclear. However, if we assume 12-13% RoCE and upside from other avenues (such as spot volumes, lower applicable volumes for initial years) as per the new policy, MBPL itself could add Rs24/share, implying upside of 12% to fair value and 25% to current valuations.

**Table 2: Fair value upside of Rs24/share from MBPL**

(Rs mn)

	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
Transmission volumes (mmscmd)			12	15	20	22	25	27	27	27
EBITDA			4,113	5,141	6,855	7,540	8,568	9,254	9,254	9,254
Depreciation			1,859	1,859	1,859	1,859	1,859	1,859	1,859	1,859
Interest			2,320	2,241	2,022	1,704	1,303	817	277	0
PBT			(66)	1,041	2,974	3,978	5,406	6,579	7,118	7,395
Operating cashflow			1,804	2,723	4,327	5,160	6,346	7,319	7,767	7,997
Capex	20,000	15,000	3,100	700	700	700	700	700	700	700
Working Capital investment	0	0	235	59	98	39	59	39	0	0
Debt taken (D:E::4:1)	16,000	12,000	1,000	(1,964)	(3,530)	(4,421)	(5,587)	(6,580)	(6,919)	0
FCFE	(4,000)	(3,000)	(531)	(0)	0	0	0	0	148	7,297
PV of FCFE (11.9% cost of equity)	13,307									
<b>Per share value at end-FY10</b>										
<b>(Rs/share)</b>										<b>24</b>

Source: I-Sec Research

## Valuations – We raise fair value to Rs104/share

With increased visibility on capex, we marginally raise fair value of GSPL's existing business 7% to Rs92/share. The sharp recent run-up leaves little upside to the extant business. However, the option value of winning one of the bids for the three new pipelines is significant. We value MBPL at Rs24/share and ascribe 50% probability to the company winning the bid. We maintain our positive stance on the company and raise our fair value to Rs104/share.

**Table 3: DCF valuations**

(Rs mn)

		Remarks
Cost of Equity (%)	11.9	
PV of FCFE from FY11E to FY24E	31,658	Base year FY10
Terminal Value	72,331	Terminal growth at 2%
PV of terminal value	14,987	
<b>Enterprise Value</b>	<b>46,645</b>	
Add: Net cash	4,798	
<b>Value for shareholders</b>	<b>51,443</b>	
Total shares outstanding	562	
<b>GSPL extant business value (Rs/share)</b>	<b>92</b>	
<b>New MBPL pipeline value to GSPL (Rs/share)</b>	<b>12</b>	Rs24/share fair value at 50% option value that GSPL win the bid
<b>GSPL total fair value to equity holders (Rs/share)</b>	<b>104</b>	

Source: I-Sec Research

## GSPL's best-case value at Rs124; worst-case at Rs60

GSPL's best-case value stands at Rs124/share, assuming Rs0.10/scm higher blended pipeline tariffs versus our base-case tariffs and nil CSR contribution. GSPL's worst-case value stands at Rs60/share, assuming Rs0.10/scm lower blended pipeline tariffs versus our base-case tariffs and 30% CSR contribution burden.

**Table 4: Sensitivity analysis – GSPL's value**

	Blended pipelines tariff (Rs/scm)				
	Rs0.6/scm	Rs0.65/scm	Base case (~Rs0.7/scm)	Rs0.75/scm	Rs0.8/scm
With 30% CSR tax	60	66	73	80	87
Without CSR tax	83	94	104	114	124

Source: I-Sec Research

## Understated book leading to higher multiples

GSPL has been using an aggressive 8.3% depreciation policy vis-à-vis peers (GAIL, RGTIL) that account for 3.17% depreciation. This has led to understated book value (BV) for GSPL. If we factor-in 3.17% depreciation since '01, the company's FY09 BV would have been higher Rs28.9/share (Table 5). By FY15E, adjusted BV would have been significantly higher at Rs68/share versus the company's reported BV of Rs39/share, assuming higher depreciation.

**Table 5: GSPL – BV understated due to accelerated depreciation**

(Rs/share)

	Mar '09	Mar '10	Mar '11	Mar '12	Mar '13	Mar '14	Mar '15
Reported BV	21.7	28.4	35.1	42.5	53.0	62.3	72.5
Adjusted BV *	28.9	38.2	48.5	59.9	75.6	89.7	104.4
<b>Understated BV</b>	<b>7.2</b>	<b>9.8</b>	<b>13.4</b>	<b>17.4</b>	<b>22.6</b>	<b>27.4</b>	<b>31.9</b>

\* Adjusted as per PNGRB gas pipeline policy

Source: I-Sec Research

## Earnings revision

We marginally reduce our FY10 earnings and raise FY11E & FY12E earnings 29-30% owing to better long-term tariff assumptions. We assume higher tariff of Rs0.7/scm mainly due to higher long-term capex on account of capex on the Anand-Mehsana pipeline. Management expects slightly higher tariffs at Rs0.75/scm, mainly on account of higher maintenance capex assumption in later years.

Since pipeline infrastructure is still in the nascent stage in India, I-Sec as well as management estimates for long-term maintenance are subject to some change, and the regulator may have to go ahead with management's view on future capex. In such a scenario, our tariff and future capex estimates would rise, improving our fair value estimates for the stock. We believe long-term investors should stay invested in GSPL as it offers exposure to a continuously improving gas supply situation in the country.

Moreover, GAIL, the only competitor in the gas transportation business, suffers from uncertainties over petrochemical prices as well as subsidy burden. We prefer GSPL, given the pure transportation business as well as improved visibility to future expansion. Vis-à-vis GAIL, GSPL's higher leverage, albeit due to recent pipeline infrastructure, also improves our outlook on GSPL.

**Table 6: Earnings revision**

(Rs mn)

	FY10E			FY11E			FY12E		
	Old	Revised	Chg (%)	Old	Revised	Chg (%)	New	Revised	Chg (%)
Sales	10,394	10,364	(0.3)	8,862	10,404	17.4	9,348	10,975	17.4
EBITDA	9,839	9,780	(0.6)	8,235	9,746	18.3	8,672	10,267	18.4
Net income	4,441	4,390	(1.2)	3,422	4,427	29.3	3,700	4,826	30.4
EPS (Rs)	7.9	7.8	(1.2)	6.1	7.9	29.3	6.6	8.6	30.4

Source: I-Sec Research

However, our earnings are largely dependent on the government's decision on CSR implementation. If the government decides to implement CSR in the next three years, it would lead to 30-33% decline in our forecasted earnings.

## Risks

- CSR contribution at 30%.** The Gujarat government has implemented 30% CSR contribution on state PSUs earlier, which would be applicable to GSPL as well. This was a significant negative development and GSPL's future profitability and expansion plans could be affected. This would be detrimental to government plans of encouraging investment in gas infrastructure. However, given the regulated returns for GSPL, we believe implementation of 30% CSR contribution is unfeasible in the long term as it would discourage investment in the sector. Moreover, there has been no progress on this front, since the policy was announced. Even in the Gujarat state budget and industry policy '09, there was no mention of CSR contribution. We believe there is very less chance of the Gujarat government implementing CSR contribution.
- Lower RoCE on competitive bids on new pipelines.** Though we ascribe 50% possibility of GSPL winning the MBPL bid (which would lead to Rs12/share fair value addition, assuming 12% RoCE), increased competition on new pipelines would result in lower RoCE and hence lower-than-expected fair value from new pipelines.

## Financial Summary

Table 7: Profit and Loss statement

(Rs mn, year ending March 31)

	FY09P	FY10E	FY11E	FY12E
<b>Operating Income (Sales)</b>	<b>4,875</b>	<b>10,364</b>	<b>10,404</b>	<b>10,975</b>
<b>Operating Expenses</b>	<b>630</b>	<b>585</b>	<b>658</b>	<b>708</b>
<b>EBITDA</b>	<b>4,245</b>	<b>9,780</b>	<b>9,746</b>	<b>10,267</b>
Depreciation & Amortisation	1,705	2,313	3,167	3,601
Gross Interest	870	1,038	1,291	1,083
Other Income	243	213	398	495
<b>Recurring PBT</b>	<b>1,914</b>	<b>6,642</b>	<b>5,686</b>	<b>6,079</b>
Add: Extraordinaries	-	25	-	-
Less: Taxes	679	2,252	1,258	1,253
- Current tax	535	1,992	1,037	1,016
- Deferred tax	145	259	222	237
<b>Net Income (Reported)</b>	<b>1,234</b>	<b>4,415</b>	<b>4,427</b>	<b>4,826</b>
<b>Recurring Net Income</b>	<b>1,234</b>	<b>4,390</b>	<b>4,427</b>	<b>4,826</b>

Source: Company data, I-Sec Research

Table 8: Balance sheet

(Rs mn, year ending March 31)

	FY09P	FY10E	FY11E	FY12E
<b>Assets</b>				
Total Current Assets	4,695	9,695	9,912	13,031
of which cash & cash eqv.	1,451	3,880	4,079	6,930
Total Current Liabilities & Provisions	3,006	5,251	5,273	5,512
<b>Net Current Assets</b>	<b>1,689</b>	<b>4,444</b>	<b>4,640</b>	<b>7,519</b>
<b>Investments</b>	<b>356</b>	<b>356</b>	<b>356</b>	<b>356</b>
of which Strategic/Group	356	356	356	356
<b>Net Fixed Assets</b>	<b>22,857</b>	<b>29,561</b>	<b>31,674</b>	<b>29,685</b>
of which Capital Work-in-Progress	8,236	6,382	2,922	3,306
<b>Total Assets</b>	<b>24,904</b>	<b>34,364</b>	<b>36,672</b>	<b>37,563</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>11,538</b>	<b>16,981</b>	<b>15,298</b>	<b>11,783</b>
<b>Deferred Tax Liability</b>	<b>1,146</b>	<b>1,405</b>	<b>1,627</b>	<b>1,864</b>
Equity Share Capital	5,620	5,620	5,620	5,620
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus*	6,663	10,395	14,165	18,333
Less: Misc. Exp. #	63	63	63	63
<b>Net Worth</b>	<b>12,219</b>	<b>15,952</b>	<b>19,722</b>	<b>23,890</b>
<b>Total Liabilities</b>	<b>24,904</b>	<b>34,364</b>	<b>36,672</b>	<b>37,563</b>

\*excluding revaluation reserves; # not written-off

Source: Company data, I-Sec Research

Table 11: Quarterly trend

(Rs mn, year ending March 31)

	Dec-08	Mar-09	Jun-09	Sep-09
Net sales	1,174	1,320	2,108	2,548
% growth (YoY)	6.2	13.7	76.4	114.8
EBITDA	1,016	1,129	1,980	2,406
Margin (%)	86.5	85.5	93.9	94.4
Other income	58	44	35	59
Add: Extraordinaries	-	-	-	25
<b>Recurring net profit</b>	<b>276</b>	<b>348</b>	<b>805</b>	<b>1,076</b>

Source: Company data, I-Sec Research

Table 9: Cashflow statement

(Rs mn, year ending March 31)

	FY09P	FY10E	FY11E	FY12E
<b>Operating Cash flow</b>	<b>2,841</b>	<b>6,749</b>	<b>7,418</b>	<b>8,168</b>
Working Capital Changes	(2,417)	(326)	3	(28)
Capital Commitments	(3,303)	(9,017)	(5,280)	(1,611)
<b>Free Cash Flow</b>	<b>(2,879)</b>	<b>(2,594)</b>	<b>2,141</b>	<b>6,528</b>
<b>Cash flow from Investing Activities</b>	<b>243</b>	<b>213</b>	<b>398</b>	<b>495</b>
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	1,878	5,443	(1,683)	(3,515)
Dividend paid	(361)	(658)	(658)	(658)
<b>Extraordinary Items</b>	<b>-</b>	<b>25</b>	<b>-</b>	<b>-</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(1,119)</b>	<b>2,430</b>	<b>199</b>	<b>2,851</b>

Source: Company data, I-Sec Research

Table 10: Key ratios

(Year ending March 31)

	FY09P	FY10E	FY11E	FY12E
<b>Per Share Data (in Rs.)</b>				
Diluted Recurring EPS	2.2	7.8	7.9	8.6
Recurring Cash EPS	5.2	11.9	13.5	15.0
Dividend per share (DPS)	0.5	1.0	1.0	1.0
Book Value per share (BV)	21.7	28.4	35.1	42.5
<b>Growth Ratios (%)</b>				
Operating Income	16.7	112.6	0.4	5.5
EBITDA	16.5	130.4	(0.3)	5.3
Recurring Net Income	20.3	255.7	0.9	9.0
Diluted Recurring EPS	20.3	255.7	0.9	9.0
Diluted Recurring CEPS	10.6	128.1	13.3	11.0
<b>Valuation Ratios (% YoY)</b>				
P/E	43.3	12.2	12.1	11.1
P/CEPS	18.2	8.0	7.0	6.3
P/BV	4.4	3.3	2.7	2.2
EV / EBITDA	15.0	6.8	6.6	5.7
EV / Operating Income	13.0	6.4	6.2	5.3
EV / Operating FCF	149.7	10.4	8.7	7.2
<b>Operating Ratio</b>				
SG&A/Sales (%)	8.1	4.7	5.1	5.0
Other Income / PBT (%)	12.7	3.2	7.0	8.2
Effective Tax Rate (%)	35.5	33.9	22.1	20.6
NWC / Total Assets (%)	1.0	1.6	1.5	1.6
Working capital cycle (days)	(72.6)	14.1	19.7	19.1
Receivables (days)	35.6	29.5	40.1	39.1
Payables (days)	8,765	283,615	483,136	621,683
D/E Ratio (%)	103.8	115.3	85.8	57.1
<b>Return/Profitability Ratio (%)</b>				
Recurring Net Income Margins	25.3	42.4	42.6	44.0
RoCE	7.7	17.1	15.3	15.3
RoNW	10.5	31.2	24.8	22.1
Dividend Payout Ratio	25.0	12.7	12.7	11.6
Dividend Yield	0.6	1.1	1.1	1.1
EBITDA Margins	87.1	94.4	93.7	93.5
Diluted Recurring EPS	2.2	7.8	7.9	8.6

Source: Company data, I-Sec Research

*I-Sec investment ratings (all ratings relative to Sensex over next 12 months)*

**BUY:** +10% outperformance; **HOLD:** -10% to +10% relative performance; **SELL:** +10% underperformance

## ANALYST CERTIFICATION

We *I, Amit Mishra, PGDM, BE, CFA; Gagan Dixit, PGDM, BTech* research analysts and the authors of this report, hereby certify that all of the views expressed in this research report accurately reflect our personal views about any and all of 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 aren't registered as research analysts by FINRA and might not be an associated person of the ICICI Securities Inc.

## Disclosures:

ICICI Securities Limited (ICICI Securities) and its affiliates are a full-service, integrated investment banking, investment management and brokerage and financing group. We along with affiliates are leading underwriter of securities and participate in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. ICICI Securities generally prohibits its analysts, persons reporting to analysts and their dependent family members 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 reasonable basis, ICICI Securities, its subsidiaries and associated companies, their directors and employees ("ICICI Securities and affiliates") are 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 is 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 may 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 judgement by any recipient. The recipient should independently evaluate the investment risks. The value and return of investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities and affiliates accept no liabilities 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. 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 and its affiliates might have managed or co-managed a public offering for the subject company in the preceding twelve months. ICICI Securities and affiliates might have received 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 public offerings, corporate finance, investment banking or other advisory services in a merger or specific transaction. ICICI Securities and affiliates expect to receive compensation from the companies mentioned in the report within a period of three months following the date of publication of the research report for services in respect of public offerings, corporate finance, investment banking or other advisory services in a merger or specific transaction. It is confirmed that *Amit Mishra, PGDM, BE, CFA; Gagan Dixit, PGDM, BTech* research analysts and the authors of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Our research professionals are paid in part based on the profitability of ICICI Securities, which include earnings from Investment Banking and other business.

ICICI Securities or its affiliates collectively 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.

It is confirmed that *Amit Mishra, PGDM, BE, CFA; Gagan Dixit, PGDM, BTech* research analysts and the authors of this report or any of their family members does not serve as an officer, director or advisory board member 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. ICICI Securities and affiliates may act upon or make use of information contained in the report prior to the publication thereof.

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.