Equity Research

September 6, 2021

BSE Sensex: 58130

ICICI Securities Limited is the author and distributor of this report

Sector update

INDIA

Metals

Non-ferrous counter looks more attractive

With Chinese demand (across commodities) remaining weak as the traditional peak season approaches, there are obvious risks to steel prices – which globally are still at all-time highs and have not seen any meaningful correction (despite sharp drop in iron ore prices). Globally, steel stocks have seen meaningful compression in multiples (*table-7*) as consensus globally expects a sharp correction in steel prices soon. Timing is a concern, and each day the correction gets postponed, deleveraging adds to fair value. *Table-2* highlights the gap that currently exists between MTM, I-Sec and consensus earnings across our coverage universe. We are more constructive on aluminium; maintain BUY on Hindalco. We upgrade JSPL to BUY, and downgrade NMDC to HOLD from *Add*.

Hindalco (BUY)

JSPL (BUY)

SAIL (SELL)

- **Steel equities – MTM earnings continue to look up, adding to the possibility of a year-end risk on**. Weakening Chinese demand (Caixin manufacturing PMI fell below 50 for the first time since Apr'20) and declining iron ore prices continue to bear upon expected FY22 earnings for steel equities. **Consensus (globally)**, including I-Sec, keeps factoring-in a steep drop in steel prices in H2FY22. The drop in prices of some commodities like iron ore and lumber, have shown the template – iron ore corrected 40% in one month. We expect Chinese demand recovery by year-end given government announcements (Link), and Chinese production cuts, as upside risks. Despite such a sharp fall in iron ore prices, **Chinese steel profitability failed to improve, which along with the stimulus announced, puts a base to the fall in regional steel prices**. Domestic (India) retail prices have been under pressure in line with demand weakness; yet, unless steel prices fall by 30-40% from here, that too in a limited timeframe, we believe deleveraging will keep accruing higher fair value for the steel stocks. We upgrade JSPL to **BUY** from ***Add*** with a target price of Rs542/share – EGM on 3rd Sep'21 witnessed minority approval of JSPL's stake sale in JPL to the promoter entity (Worldone).
- **Decarbonisation-driven supply-side reforms can potentially help steel earnings, yet multiples are not expanding anywhere globally.** The periodic attempts to rejig Chinese export duties (as in May'21 and Jul'21; a follow-through is expected in Sep/Oct'21) is an indicator enough, apart from the state narrative, that China wants to follow the decarbonisation priority it has articulated. This will imply constraints on steel production and exports (progressively) out of China. Also, as per CISA presentation, this also entails ~ RMB500/te of added steelmaking costs due to incremental investments. **Globally P/B bands for steel equities are quite compressed irrespective of the improving leverage dynamics (similar trend is seen in India).**
- **Chinese aluminium profitability at record high.** The latest surge in aluminium prices has ensured that gross spreads for Chinese players have reached record highs. Chinese non-ferrous metals industry association held a meeting with top-10 aluminium smelters on a speculative surge in aluminium prices. This highlights the fact that, while power production constraints in regions like Guangxi have led to production cuts [some estimates of the cut are up to 0.5mtpa (Link)], the perceptions of the deficit are not accurate in our view. We have seen more structural statements from Alcoa CEO Mr. Roy Harvey – "country (China) appearing determined to meet its decarbonisation targets…". Hongqiao has relocated ~2mnte of aluminium production from Shandong to its hydro powered smelter in Yunnan province (Link) which we think is quite remarkable. Add to that the increasing demand from EVs will disproportionately benefit aluminium, and that the scrap LME spreads continue to soar (*Chart-10*), we maintain **BUY** on Hindalco. There are risks to aluminium prices due to reversing carry trade as tapering starts, and scrap LME spread deteriorating, **yet Hindalco looks the best-placed play in commodities now.**

Research Analysts:

Abhijit Mitra
abhijit.mitra@icicisecurities.com
+9122 6637 7289

Mohit Lohia
mohit.lohia@icicisecurities.com
+9122 6637 7510

Table 1: Valuation summary

	Reco		Target Price		P/E (x)			EV/E (x)			P/B (x)			RoE		
	Current	Earlier	Current	Earlier	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
Tata Steel	HOLD		1365		20.1	4.1	6.3	7.4	2.9	3.7	2.3	1.5	1.2	12.1	36.5	19.5
JSW Steel	HOLD		682		20.7	8.7	11.2	11.0	6.0	7.0	3.5	2.6	2.1	17.0	29.4	19.0
JSPL	BUY	ADD	542	450	6.2	5.9	8.1	4.5	3.8	4.4	1.1	1.1	0.9	16.6	28.1	16.4
SAIL	SELL		99		12.3	3.2	5.0	6.8	3.0	3.9	1.1	0.8	0.7	7.8	26.6	14.7
Hindalco	BUY	BUY	550	450	18.1	9.3	7.7	8.6	6.3	5.8	1.5	1.4	1.2	9.1	15.6	16.3
NMDC	HOLD	ADD	165	195	7.6	5.2	8.5	5.2	3.8	6.2	1.6	1.6	1.5	20.9	31.7	19.1
NALCO	HOLD		92	39	13.5	8.8	7.8	9.0	4.4	3.5	1.6	1.5	1.3	12.2	16.7	17.0

Source: I-Sec research, Company data

Table 2: MTM earnings summary

	MTM (FY22E)		FY22E (I-Sec)		Consensus EBITDA	
	EBITDA	Net Debt/ (Net Cash)	EBITDA	Net Debt/ (Net Cash)	FY22E	FY23E
Tata Steel	738,592	558,234	683,615	595,099	619,183	436,615
JSW	419,966	621,182	338,672	664,098	377,453	340,948
Jindal Steel	172,727	92,172	148,278	115,492	155,393	125,481
SAIL	321,512	285,732	268,323	316,739	260,705	195,838
NMDC	130,515	(35,157)	142,173	(38,703)	118,824	87,349
Hindalco	253,533	414,570	256,680	412,622	240,645	243,981
NALCO	33,546	(34,942)	33,326	(34,942)	31,100	28,000

Source: I-Sec research, Company data

Table 3: Valuation methodology, change in P/B and key risks

	Valuation Methodology	Key risks – Upside	Key risks – Downside
Tata Steel	1.1x FY23E book	Higher steel prices for longer period. Better than expected deleveraging. Resolution of Tata Steel Europe.	Cycle corrects itself Higher capex announcement / Inorganic acquisitions
JSW Steel	1.8x FY23E book	Higher steel prices for longer period. Better than expected deleveraging.	Cycle corrects itself Higher organic capex announcement
Jindal Steel	1.5x FY23E book	Cycle continues to stay strong. Turnaround / asset sale of power operations.	Cycle corrects itself. Higher organic capex announcement, Regulatory risks
Steel Authority	0.6x FY23E book	Cycle continues to stay strong. Higher organic capex announcement. Higher iron ore sales to continue fetching additional EBITDA.	Cycle corrects. Higher organic capex announcement, Raw material integration
Hindalco	1.41x FY23E book (1.31x P/B earlier)	Cycle continues to stay strong. Higher than expected aluminium and alumina prices. Better than expected earnings in Novelis.	Cycle corrects. Contagion risks from VIIL. Novelis profitability contracts due to contraction of scrap LME spreads.
NALCO	1.3x FY23E book (0.9x FY22E earlier)	Cycle continues to stay strong. Higher than expected aluminium and alumina prices. Higher than expected volumes and captive coal mines leading to better than expected cost savings.	Cycle corrects. Higher than expected capex – delay in current projects lead to time and cost overrun.
NMDC	DCF (Reduced long term price assumptions of iron ore to Rs3000/te and long term EBITDA assumptions to Rs1,200/te)	Iron ore prices stage a recovery.	Iron ore moves to a structural oversupply, for the next couple of years driven by lower Chinese steel production and higher scrap usage.

Source: Company data, I-Sec research

Table 4: Earnings estimate change

	FY22E			FY23E		
	New	Old	% Chg	New	Old	% Chg
Tata Steel						
Sales	2,237,264	2,485,051	(10.0)	1,960,489	2,018,153	(2.9)
EBITDA	683,615	876,933	(22.0)	485,744	403,594	20.4
PAT	421,176	566,164	(25.6)	279,699	219,618	27.4
JSPL						
Sales	447,678	444,593	0.7	401,697	401,902	(0.1)
EBITDA	148,278	147,703	0.4	111,397	113,304	(1.7)
PAT	79,379	75,681	4.9	55,411	54,761	1.2
Hindalco						
Sales	1,896,872	1,882,492	0.8	1,922,658	1,799,734	6.8
EBITDA	256,680	284,695	(9.8)	277,747	247,208	12.4
PAT	110,833	129,055	(14.1)	132,520	112,692	17.6
NALCO						
Sales	115,019	109,308	5.2	120,348	105,748	13.8
EBITDA	33,326	36,482	(8.7)	36,738	33,412	10.0
PAT	19,608	21,871	(10.3)	22,121	19,888	11.2

Source: Company data, I-Sec research

Key changes in our assumptions

- Tata Steel European EBITDA reduced in FY22E from US$377/te to US$148/te. For FY23E, it has increased to US$115/te from US$58/te.
- We have increased our: 1) thermal coal procurement price assumption for India operations (for aluminium smelters), and 2) LME aluminium price assumptions for FY22E/FY23E. Our LME aluminium price forecasts for FY22E/FY23E stand at US$2,552/2,500/te. This, adjusted for hedges, works out to ~US$2,300/te for Hindalco India operations.
- We have raised our LME zinc price assumption for FY22E to US$2,900/te from US$2,700/te.

Table 5: Weekly snapshot

Commodity	Particular	Size, Grade	CMP (US$/te)	Date	1W	1M	3M
Global Prices							
Iron Ore Fines	China Import	Fe 61.5%	148	01-Sep-21	4	-31	-57
Iron Ore Lumps	Indian Import	Fe 64%	165	01-Sep-21	12	-65	-85
Pellets (India)	China Import	6-20 mm, Fe 64%	163	01-Sep-21	-4	-47	-89
Coking	Australia Exports	Premium HCC	248	30-Aug-21	19	305	80.75
Non Coking	Indian Import	RB2, South Africa Origin	136.2	01-Sep-21	6.1	14.12	32.2
Scrap	Indian Import	Shredded	525	31-Aug-21	-5	-10.8	2.2
Scrap (Ship breaking)	Indian Import	Containers	580	30-Aug-21	0	0	60
Billet	India Export	150*150, 3SP/4SP	600	31-Aug-21	0	-17.5	-12
Sponge Iron	India Export	Lumps, FeM 80	475	26-Aug-21		-10	-20
Pig Iron	India Export	Steel Grade	505	28-Aug-21	-5	-3	-65
HRC	India Export	2.5mm, SAE1006	879	31-Aug-21	-23	-36	-131
CRC	India Export	0.9mm, IS 513 Gr.O	1235	01-Sep-21	0	0	-170
Domestic Prices (India)			**(Rs/te)**				
Fines/Lumps	Iron Ore Index	5-18 mm, Fe 63%, DR Grade	11450	28-Aug-21	-950	-1950	-1675
Fines/Lumps	Iron Ore Index	0-10 mm, Fe 63%	7700	28-Aug-21	-1200	-2100	-1675
Pellets	Raipur	6-20 mm, Fe 63%	12150	31-Aug-21	0	-2200	-3975
Pellets	Bellary	6-20 mm, Fe 63%	11650	31-Aug-21	-350	-1350	-2225
Coal	Ex-India (East)	25-90 mm, Met Coke, Blast Furnace	32500	01-Sep-21	0	4500	5000
Scrap	Ex-Mumbai	HMS	34300	01-Sep-21	-500	-1800	-100
Pig Iron	Ex-Ludhiana, Foundry	Foundry Grade	43400	01-Sep-21	0	-400	-1300
Sponge Iron	Ex-Raipur	Mix, FeM 80%,+/-1	31900	01-Sep-21	-500	-1200	200
Billets	Ex-Mumbai	100*100 mm, IS 2831	43500	01-Sep-21	-200	-2000	700
TMT Re-bars, Secondary Mills	Ex-Mumbai	12-25 mm, Fe 500, IF route, IS 1786	48100	01-Sep-21	-1100	-1500	800
TMT Re-bars, Secondary Mills	Ex-Raipur	12-25 mm, Fe 500, IF route, IS 1786	47300	01-Sep-21	100	-300	-2200
HRC	Ex-Delhi	2.5-8mm, IS2062	64000	01-Sep-21	-300	-400	-3750
HRC	Ex-Mumbai	2.5-8mm, IS2062	65500	01-Sep-21	-800	-1800	-2000
CRC	Ex-Delhi	0.9mm, IS 513 GrO	73800	01-Sep-21	-500	-2950	-7200
CRC	Ex-Mumbai	0.9mm, IS 513 GrO	75500	01-Sep-21	1300	-4000	-8250

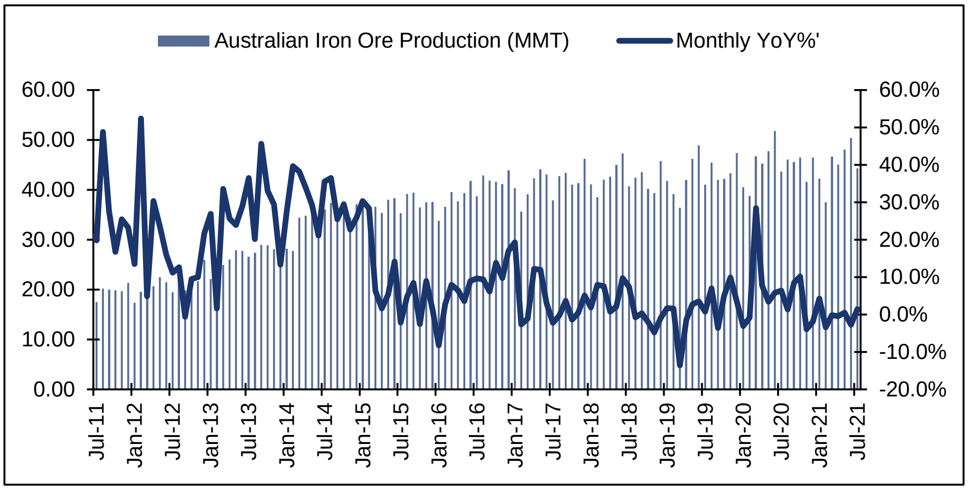
Source: SteelMint, Bloomberg, I-Sec research

Domestic steel trade prices are falling across the board. Indian export prices dropped US$23/te WoW. There is a real risk now that Chinese export HRC price corrects in the peak (demand) season in our view. Coking coal prices in China need to normalise to effect the same.

IRON Ore

There is no improvement in Australian iron ore production. We expect to see a pickup in H2CY21.

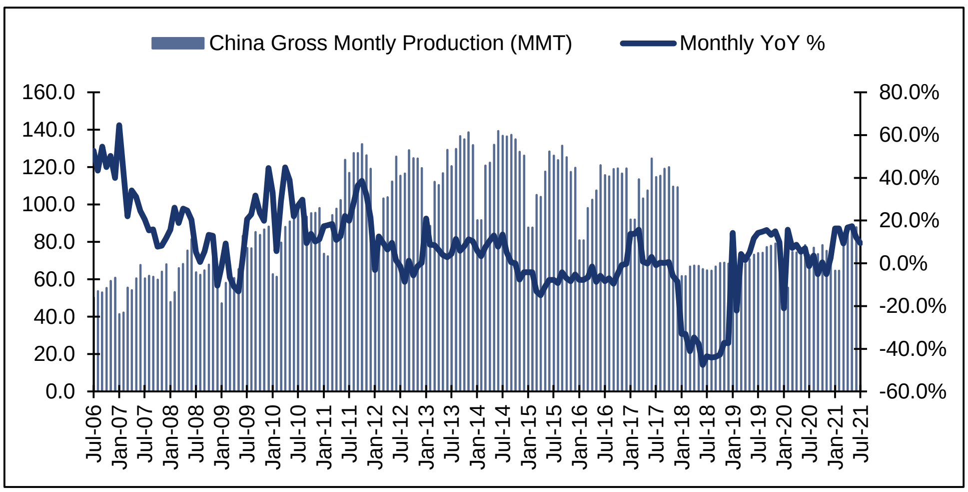
Chart 1: Australian iron ore production (in MMT)



Source: Bloomberg, I-Sec research

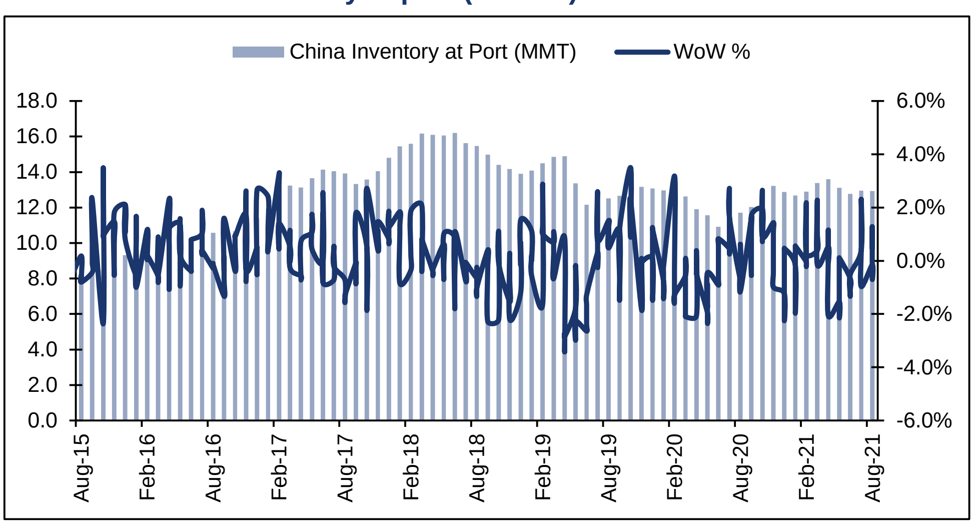
Chinese ore production moves up steadily. While iron ore price has corrected to US$140/te, Chinese ore production will still be profitable.

Chart 2: Chinese Iron Ore Production (in MMT)



Source: Bloomberg, I-Sec research

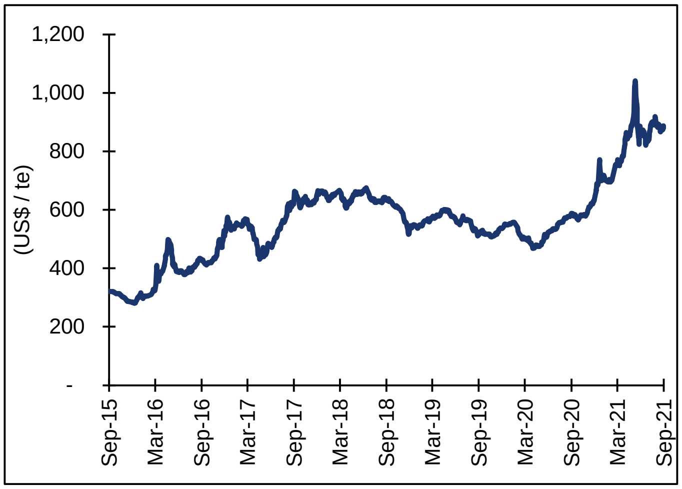
Chart 3: Chinese inventory at port (in MMT)



Source: Bloomberg, I-Sec research

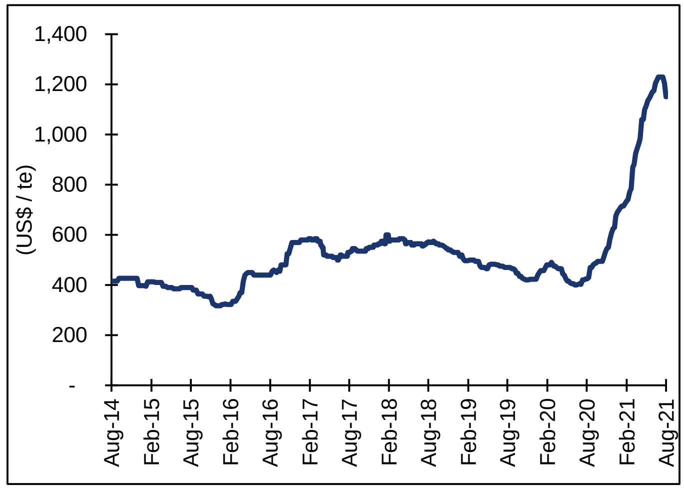
Price trend

Chart 4: Chinese domestic HRC price



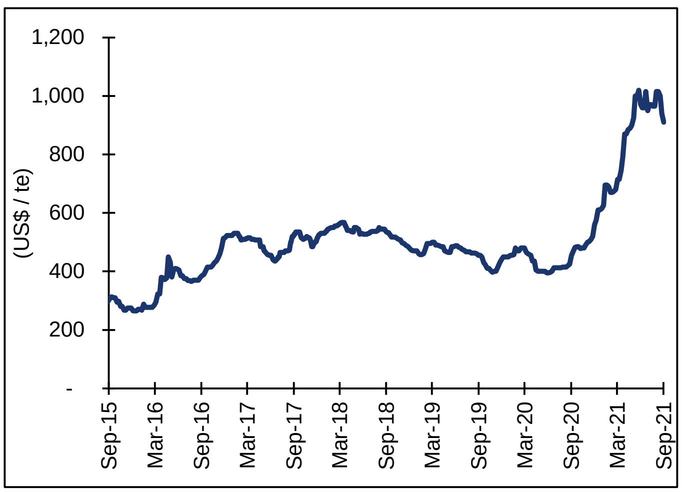
Source: Bloomberg, I-Sec research

Chart 5: North European domestic HRC price



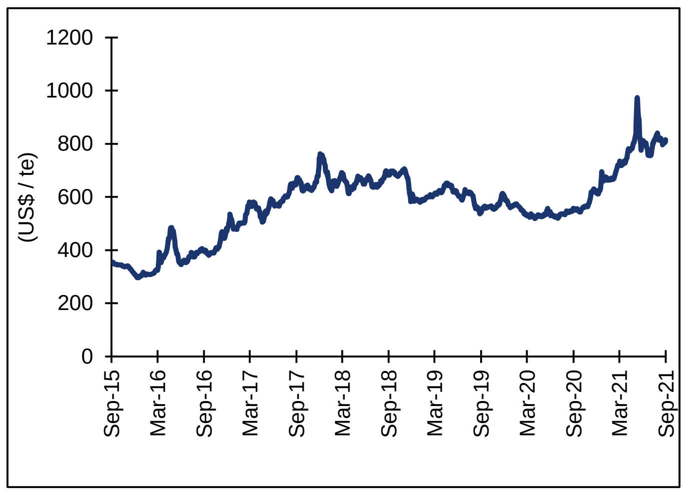
Source: Bloomberg, I-Sec research

Chart 6: South European domestic HRC price



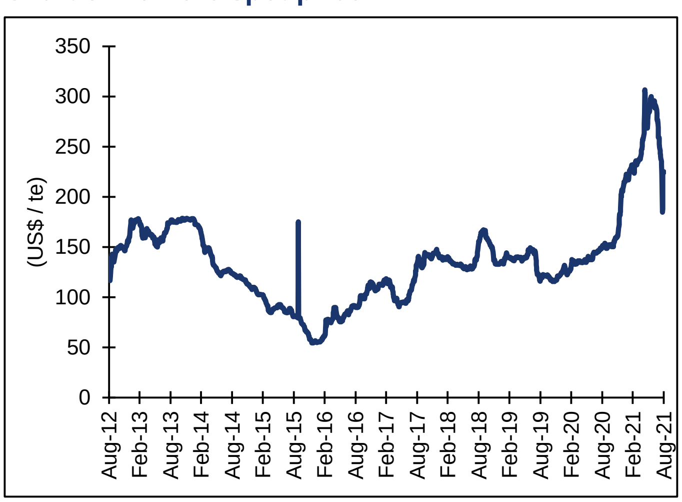
Source: Bloomberg, I-Sec research

Chart 7: Chinese FOB rebar domestic price



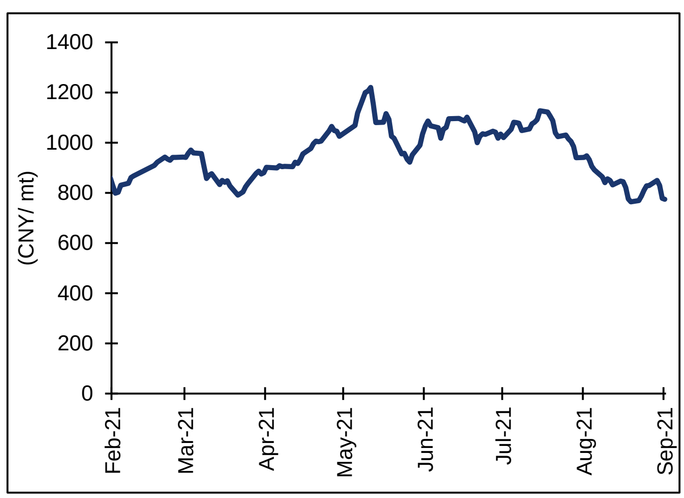
Source: Bloomberg, I-Sec research

Chart 8: Iron ore spot price



Source: Bloomberg, I-Sec research

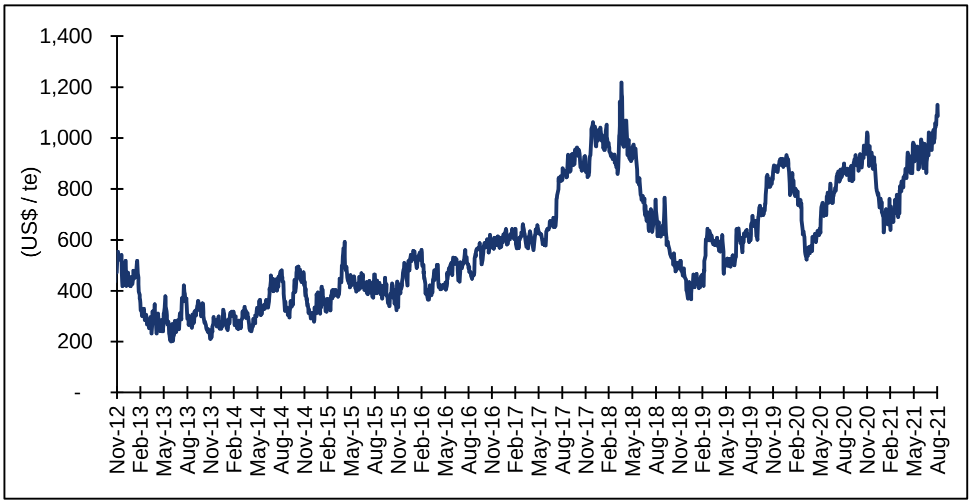
Chart 9: China iron ore futures



Source: Bloomberg, I-Sec research

Scrap LME spread continues to increase. Higher spread remains a tailwind to Novelis profitability

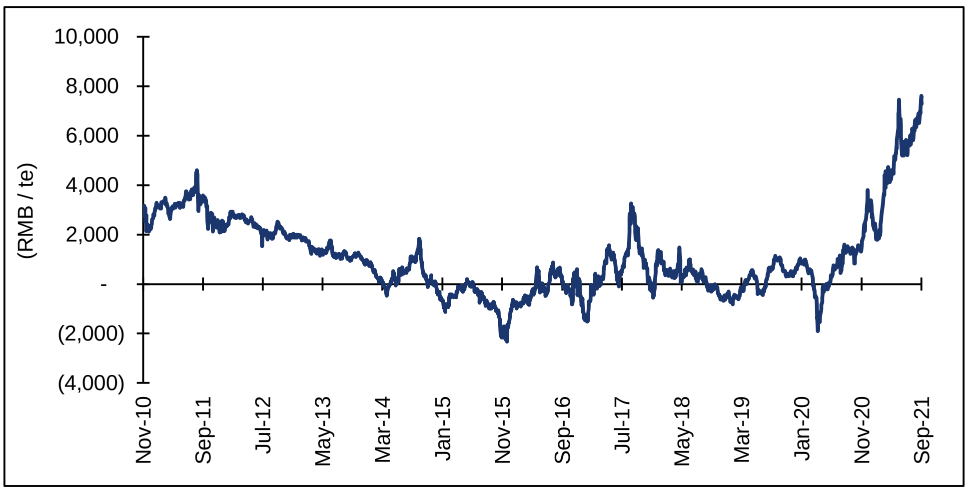
Chart 10: Scrap LME spread



Source: Bloomberg, I-Sec research

Chinese aluminium industry's profitability is at record highs. In a normalised scenario, one should expect significant increase in production in the coming months. The narrative of supply constraints due to restrictions on thermal power should lead to production loss. Moves by some of the large smelters towards hydro power (away from thermal power) has been surprising.

Chart 11: Chinese aluminium players' profitability (grid power)



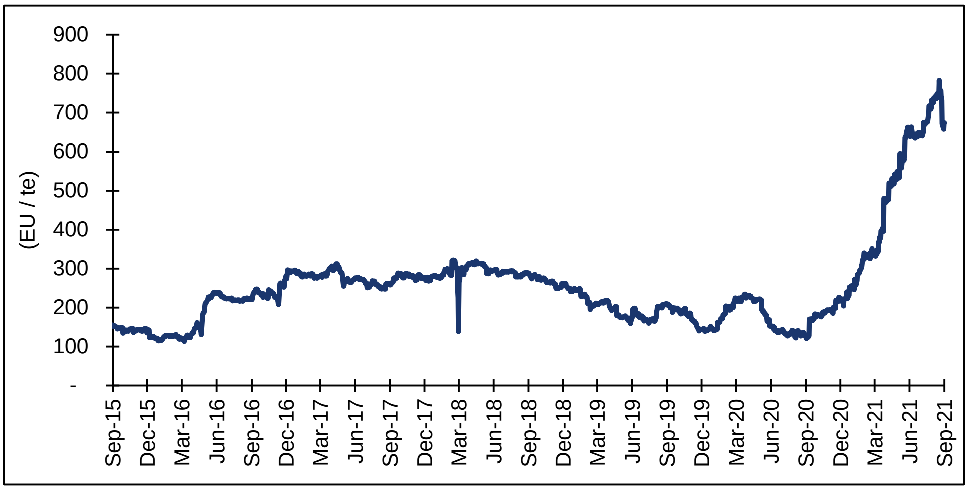
Source: Bloomberg, I-Sec research

Chart 12: Chinese aluminium players' profitability (captive power)

Source: Bloomberg, I-Sec research

Drop in steel prices has started to shrink European profitability (despite sharp drop in iron ore prices).

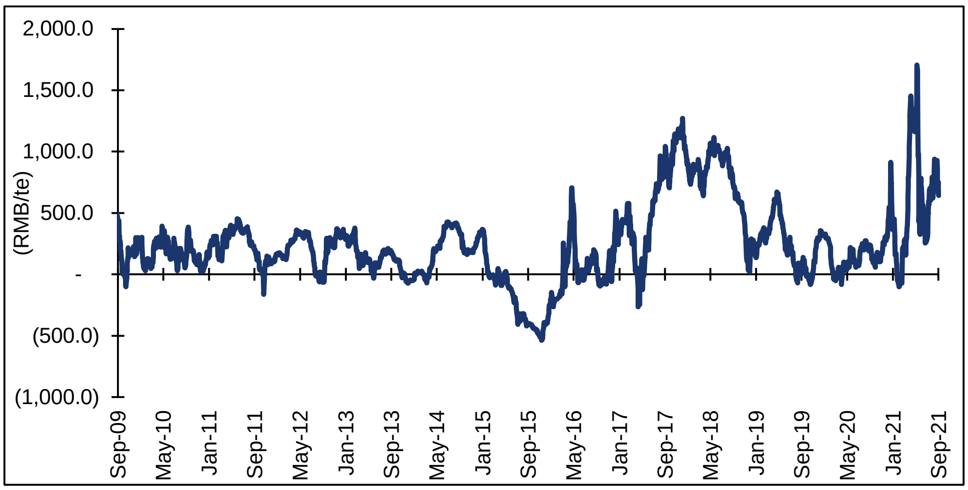
Chart 13: Europe BOF integrated steel profitability



Source: Bloomberg, I-Sec research

Despite lower iron ore prices, Chinese BOF profitability fails to improve due to Chinese coking coal at US$450/te. Normalisation of the same will allow further headoom for steel prices to correct.

Chart 14: China integrated steel profitability



Source: Bloomberg, I-Sec research

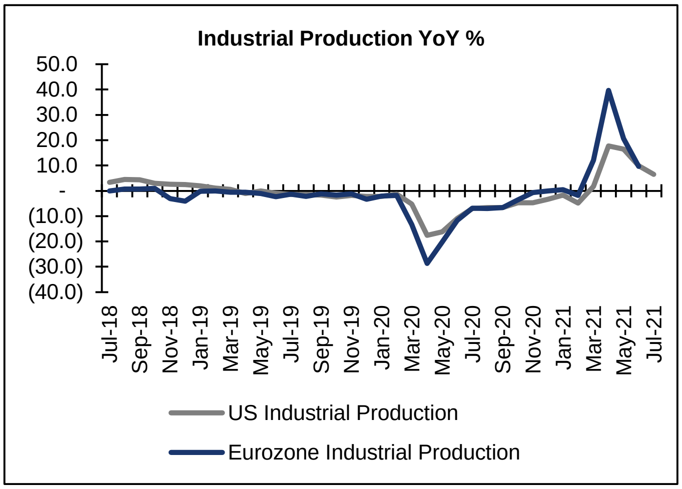
Table 6: Regional players' equity price performance

	1M%	3M%	6M%	YTD%
China				
Angang Steel Co Ltd	28.0	25.8	51.2	81.0
Baoshan Iron & Steel Co	39.3	26.2	14.1	68.4
Maanshan Iron & Steel	49.9	63.5	107.6	129.6
Hunan Valin Steel Tube & -Ahunan Valin Steel Tube &	15.1	9.2	14.2	61.7
China Steel Corp	2.3	(3.5)	50.7	53.5
Japan Steel				
Nippon Steel Corp	13.9	13.6	33.9	64.5
JFE Holdings	34.5	29.2	50.3	78.7
Kobe	(3.5)	(3.0)	(1.3)	24.1
Korea Steel				
Posco	0.5	(4.1)	12.3	20.8
Dongkuk Steel Mill Co Ltd	(0.7)	(13.6)	112.6	140.2
Hyundai Steel Co	(0.7)	(6.9)	16.8	22.5
US Steel				
Nucor	8.1	7.7	85.0	116.7
US Steel	4.1	4.1	43.7	60.6
Steel Dynamics	4.3	5.0	50.8	82.9
Russia Steel				
Severstal	(5.4)	2.9	24.6	31.8
Evraz	(3.8)	(9.5)	(1.5)	27.7
Magnitogorsk	9.4	17.5	38.1	40.9
Brazil- Steel				
CSN	(24.1)	(28.6)	5.9	7.7
Gerdau	(13.4)	(20.1)	10.9	12.3
Usinas	(20.8)	(19.2)	3.0	11.4
India Steel				
Tata Steel	3.0	26.8	82.9	121.4
JSW STEEL	(5.5)	(4.0)	60.0	77.5
SAIL	(11.2)	(1.2)	54.0	63.6
Jindal Steel	(8.4)	(4.8)	8.0	42.3
Europe Steel				
THYSSENKRUP	10.3	(6.0)	(22.8)	12.1
SALZGITTER	(3.1)	20.0	22.0	43.9
Arcelormittal	(2.1)	3.7	36.5	49.0
Aluminum				
Alcoa	16.2	21.2	52.2	103.5
Rusal	9.4	0.2	37.1	66.0
Hindalco	3.0	13.7	26.1	89.1
Nalco	(2.6)	23.5	45.1	109.7
Norsk Hydro	5.5	10.7	24.0	54.0
Aluminium Corp of China	25.7	28.9	36.8	105.2
Century Aluminum	(15.4)	(1.8)	(29.2)	14.2
Miners				
BHP Billton	(19.7)	(17.7)	(21.3)	(3.7)
Rio Tinto	(13.0)	(12.8)	(15.3)	(1.8)
Fortescue	(13.4)	(14.7)	(13.8)	(15.1)
Vale	(12.7)	(16.2)	7.5	13.0
Coal India	1.3	(3.7)	(7.6)	6.2
Peabody	50.2	118.8	310.3	610.0
Cliffs Resources	(0.5)	21.3	69.3	66.6
Zinc				
Teck resources	6.9	0.2	10.5	31.1
Freeport Mcmoran	(1.0)	(13.4)	3.6	39.4
First Quantum	(5.0)	(15.7)	(10.1)	10.9

Source: Bloomberg, I-Sec research

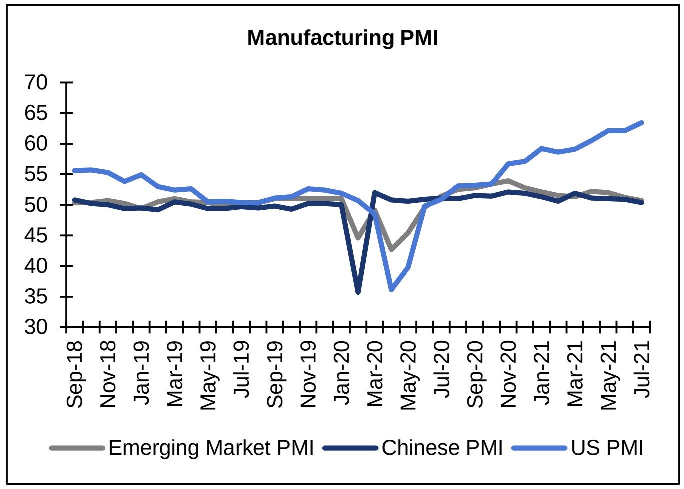
Global macro data

Chart 15: Growth in Industrial Production



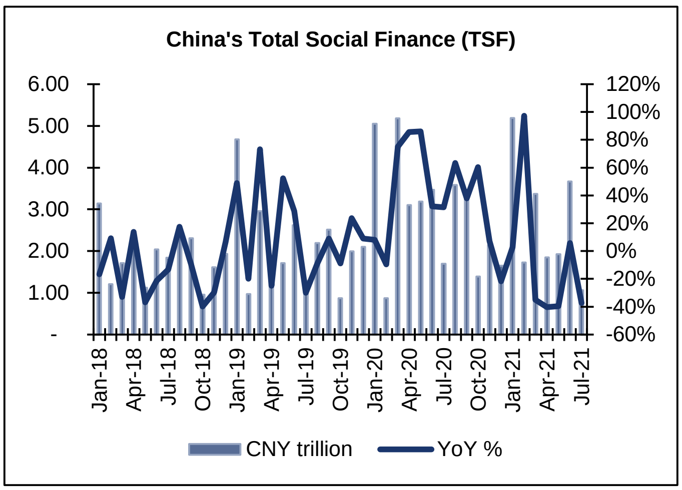
Source: Bloomberg, I-Sec research

Chart 16: Manufacturing PMI



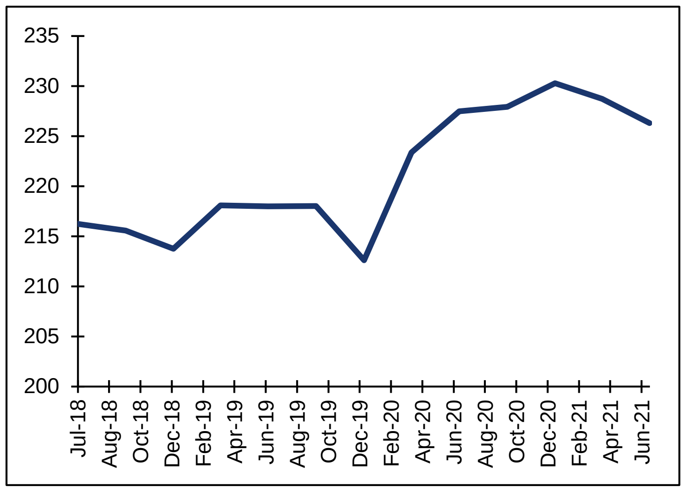
Source: Bloomberg, I-Sec research

Chart 17: China's total social finance



Source: Bloomberg, I-Sec research

Chart 18: China's total social finance as % of GDP



Source: Bloomberg, I-Sec research

Concluding remarks:

Demand is set to weaken in the next few months across the world, as steel prices are at the peak. This makes us relatively more constructive on aluminum; even structurally the commodity seems better placed. Steel players' multiples are getting compressed globally too.

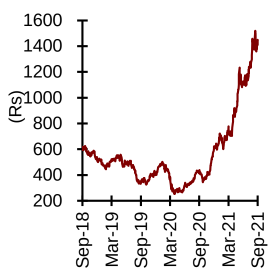
Table 7: Global steel valuations are witnessing meaningful multiple compression; Indian players are no exception

(US$ mn)	Revenue	EBITDA	PAT	Current Market Cap	P/E (x) 1y	P/E (x) 2y	EV/EBITDA (x) 1y	EV/EBITDA (x) 2y	RoE (%) 1y	RoE (%) 2y	P/B (x) 1y	P/B (x) 2y
United States Steel	9,741	(351)	(1,165)	6,512	2.3	5.3	2.6	4.5	44.7	13.2	0.8	0.7
Steel Dynamics	9,601	1,194	551	12,463	4.6	7.8	3.6	5.6	46.5	19.9	1.9	1.5
Nucor	20,140	1,809	721	29,254	5.3	10.6	3.8	6.8	40.2	15.0	1.9	1.7
Severstal	6,870	2,373	1,016	19,854	6.5	9.1	4.3	5.2	95.9	62.1	5.5	5.8
POSCO	49,069	5,104	1,360	27,503	6.0	6.9	3.5	3.8	11.0	8.9	0.6	0.6
Tata Steel	20,654	4,110	1,009	21,325	5.6	8.7	4.3	5.9	31.5	16.5	1.6	1.4
Steel Authority of India	9,311	1,716	559	7,212	3.9	5.8	3.6	4.7	20.9	13.8	0.9	0.8
Jindal Steel & Power	5,253	1,946	710	5,715	5.8	7.9	3.6	4.4	19.8	12.9	1.1	0.9
JSW Steel	10,756	2,699	1,066	23,093	8.3	9.9	6.1	6.7	34.2	23.0	2.7	2.1
JFE Holdings	30,443	2,115	(206)	7,370	5.1	5.4	5.7	5.9	7.6	7.5	0.4	0.4
Evraz	9,754	1,868	848	12,301	4.7	7.2	3.7	5.0	165.2	82.7	6.3	6.7
Cia Siderurgica Nacional	5,888	1,599	743	12,693	3.4	5.4	3.1	3.9	88.9	39.4	2.6	2.0
ArcelorMittal	53,270	5,070	(733)	36,515	3.7	6.2	2.8	4.4	22.8	11.1	0.8	0.7

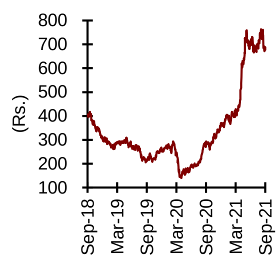
Source: Bloomberg, I-Sec research

Price charts

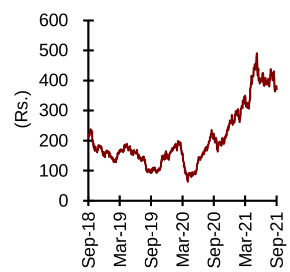
Tata Steel



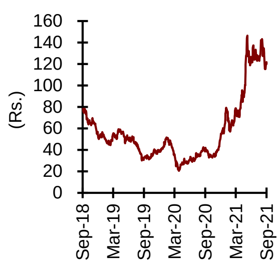
JSW Steel



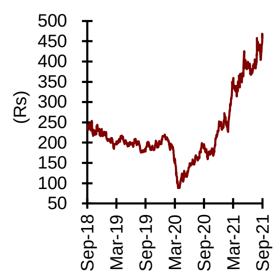
JSPL



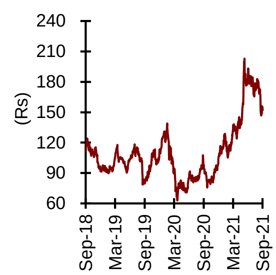
SAIL



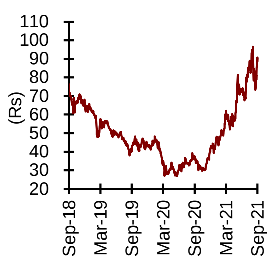
Hindalco



NMDC



NALCO



Source: Bloomberg

In case of industry/sector reports or a report containing multiple stocks, the rating/recommendation for a particular stock may be based on the last released stock specific report for that company."

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, *Abhijit Mitra, MBA (Finance), BE; Mohit Lohia, CA;* 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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.
ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives 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 Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the 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 and ICICI Securities as an entity 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.