

ICICI Securities Limited  
is the author and  
distributor of this report

Company Update and  
TP revision

## Oil&Gas and Petrochemicals

Target price: Rs1,125

Target price revision

Rs1,125 from Rs1050

### Shareholding pattern

	Jun '22	Sep '22	Dec '22
Promoters	32.5	32.5	32.5
Institutional investors	41.9	41.9	45.3
MFs and others	2.8	2.6	2.4
FIs/ Banks	0.1	0.1	0.1
Insurance	13.2	12.9	13.1
FII	25.8	26.3	29.7
Others	25.6	25.6	22.2

Source: www.nseindia.com

### ESG disclosure score

Year	2020	2021	Chg
<b>ESG score</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Environment	0.0	0.0	0.0
Social	0.0	0.0	0.0
Governance	0.0	0.0	0.0

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: Bloomberg, I-sec research

### Research Analysts:

**Probal Sen**

probal.sen@icicisecurities.com  
+91 22 6807 7274

**Hardik Solanki**

solanki.hardik@icicisecurities.com  
+91 22 6807 7386

INDIA



## Mahanagar Gas

**BUY**

**Maintain**

**Rs907**

### Acquires CGD player – Unison Enviro Pvt Ltd

Mahanagar Gas (MGL) has announced its first inorganic acquisition in the CGD space, Unison Enviro Pvt Ltd (UEPL), from the latter's erstwhile promoters Ashoka Buildcon and North Haven India Infra (a Morgan Stanley affiliate). MGL has acquired 100% stake in the fledgling CGD player and has stated UEPL equity value at Rs5.3bn, which implies an enterprise value of ~Rs6.4bn (gross debt on the books of UEPL as of FY22, stood at Rs1.13bn). The transaction value implies a price/sales multiple of 8.3x and EV/EBITDA of 3,128x! While this may seem exorbitant, we note UEPL has 3 reasonably large GAs in its portfolio (37,362sqkm, ~10mn population and ~2mn households in aggregate). We also note that development so far in the first 3 years has been slow (our estimate based on the reported FY22 revenues suggests volumes at <0.1mmcmd). We believe volumes can easily ramp up to ~1mmcmd by FY28E, subject to meaningful investments (Rs7bn-8bn from FY21-FY27E) and good execution. At that volume level, EBITDA (assumed at an industry mid-range of Rs6/scm) is seen >Rs2bn, which more than justifies the acquisition cost. We sense the acquired areas can add a meaningful NPV of Rs5bn for MGL (~Rs50/sh). We view this as a significant move forward to address longstanding concerns on growth avenues for MGL beyond the Mumbai Metropolitan Region (MMR). Reiterate **BUY**.

- **Meaningful potential in the areas acquired:** UEPL has rights to 3 GAs, comprising of Ratnagiri, Chitradurga & Devangere, and Latur & Osmanabad, districts. While these areas do seem primarily rural, we believe the large populations and some industrial/commercial potential in each of these districts can support reasonable volumes of 0.2-0.25mmcmd in 3-4 years. This implies aggregate ~1mmcmd additional volumes by FY28E for MGL (company's Q3 run rate was 3.4mmcmd).
- **Valuations look reasonable for the medium term:** While the marketing exclusivity for Ratnagiri ended in CY22 and rest of the areas will end in CY27, network exclusivity for all GAs exist till CY41-CY43. We believe total volume potential from the 5 GAs combined can be ~1mmcmd over 3-5 years which, @Rs5.5-6/scm of EBITDA, can translate to an EBITDA of ~Rs2.1bn by FY28E. Discounting back to FY24E (@10%), we see the implied EV/EBITDA multiple of 4.3x for the UEPL acquisition as reasonable.
- **Maintain BUY:** At CMP, the stock trades at 8.9x FY25E EPS and 3.9x EV/EBITDA, which we believe offers attractive risk reward. We remain bullish on MGL for next 12-18 months. We estimate an EPS CAGR of 19% over FY23-FY25E, supported by volume CAGR of ~9%, gross margins of Rs14.7/scm and EBITDA/scm of Rs9.6/scm. With a strong signal to secure long-term growth via inorganic acquisitions, prospects appear bright. We value the core business via DCF methodology at Rs1,075/sh (WACC @10.9%, EBITDA/scm @Rs 9.5, TV growth at 1.5%). We have also tried to do a rough-cut DCF valuation of the newly acquired areas (WACC @10.8%, EBITDA/scm Rs6, TV 3.5%), which works out to Rs50/sh. This leads to a target price of Rs1,125/sh for MGL implying 24% upside. Maintain **BUY**.
- **Key downside risks:** i) Higher gas prices, ii) inability to pass on gas cost increases, iii) sharp fall in alternate fuel prices for CNG (petrol/diesel), iv) slower execution.
- **Key upside risks:** i) Higher penetration in existing areas, ii) sharper rise in alternate fuel costs, iii) stronger regulatory support.

Market Cap	Rs90bn/US\$1.1bn
Reuters/Bloomberg	MGAS.NS/MAHGL IN
Shares Outstanding (mn)	98.8
52-week Range (Rs)	931/666
Free Float (%)	67.5
FII (%)	29.7
Daily Volume (US\$/'000)	4558
Absolute Return 3m (%)	(0.0)
Absolute Return 12m (%)	(24.7)
Sensex Return 3m (%)	(4.7)
Sensex Return 12m (%)	9.9

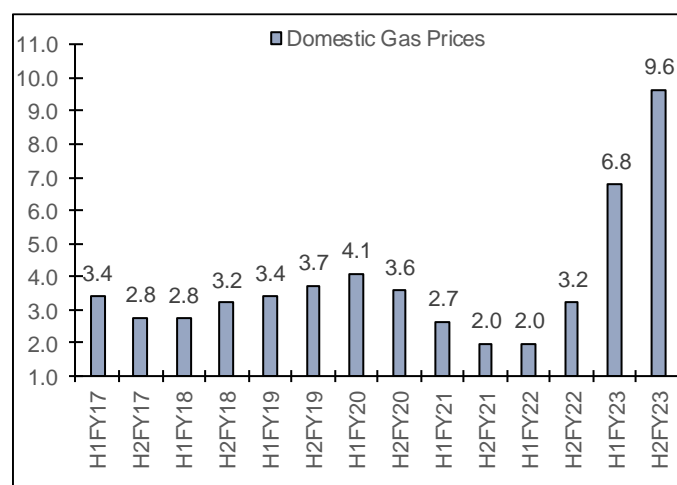
Year to March	FY22	FY23E	FY24E	FY25E
Revenue (Rs mn)	35,602	62,264	62,378	66,499
Net Income (Rs mn)	5,969	7,067	9,456	10,014
EPS (Rs)	60.4	71.5	95.7	101.4
% Chg YoY	-4%	18%	34%	6%
P/E (x)	15.0	12.7	9.5	8.9
CFPS (Rs)	80.3	97.3	125.8	135.7
EV/E (x)	8.0	6.0	4.5	3.9
Dividend Yield (%)	2.8%	3.2%	4.2%	4.5%
RoCE (%)	20%	19%	24%	22%
RoE (%)	17%	18%	21%	19%

Please refer to important disclosures at the end of this report

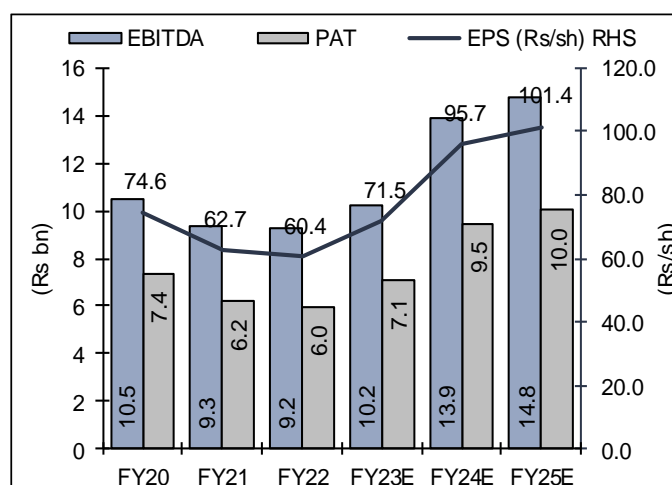
**Table 1: Latest quarterly snapshot**

Rs mn	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ %	9MFY23	9MFY22	YoY (%)
Sales	16,658	10,207	63.2	15,581	6.9	46,741	24,554	90.4
EBITDA	2,561	1,031	148.4	2,528	1.3	7,945	7,089	12.1
Adj. PAT	1,721	568	203.0	1,640	4.9	5,212	4,652	12.1
EPS (Rs)	17.4	5.7	203.0	16.6	4.9	52.8	47.1	12.1
Depreciation	585	482	21.4	551	6.2	1,673	1,408	18.9
Sales (mmscm)	314	304	3.3	318	(1.4)	946	810	16.8
Sales (mmscmd)	3.4	3.3	3.3	3.5	(1.4)	3.4	2.9	16.8
CNG sales (mmscm)	228	220	3.5	234	(2.6)	693	567	22.2
PNG sales (mmscm)	86	84	2.8	84	2.2	253	243	4.3
Gross margin (Rs/scm)	13.5	8.4	61.1	12.9	5.0	13.6	13.8	(1.8)
EBITDA margin (Rs/scm)	8.2	3.4	140.5	7.9	2.7	8.4	8.8	(4.1)
EBITDA Margin (%)	15.4%	10.1%		16.2%		17.0%	28.9%	(41.1)
CNG sales (Rs mn)	11,809	6,599	79.0	10,941	7.9	32,524	15,475	110.2
CNG realisations (Rs/scm)	51.9	30.0	73.0	46.8	10.8	47.0	27.3	72.0
PNG sales (Rs mn)	4,849	3,608	34.4	4,640	4.5	14,218	9,079	56.6
PNG realisations (Rs/scm)	56.2	43.0	30.7	55.0	2.3	56.1	37.4	50.1

Source: I-Sec research

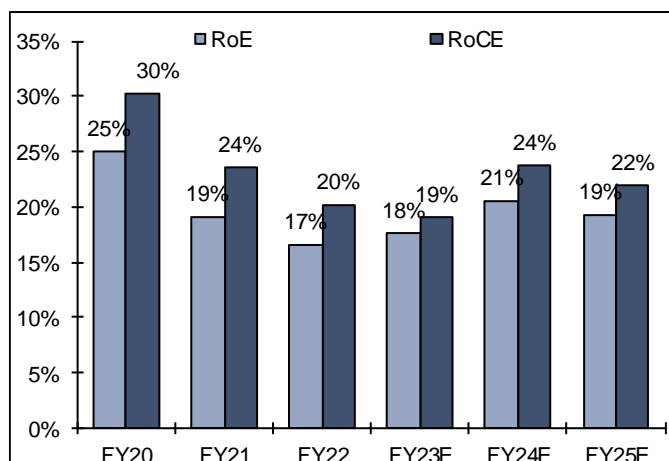
**Chart 1: APM gas prices up 42% HoH in Oct'22**

Source: Company data, I-Sec research

**Chart 2: EBITDA and EPS CAGR at 17-19% over FY23E-FY25E**

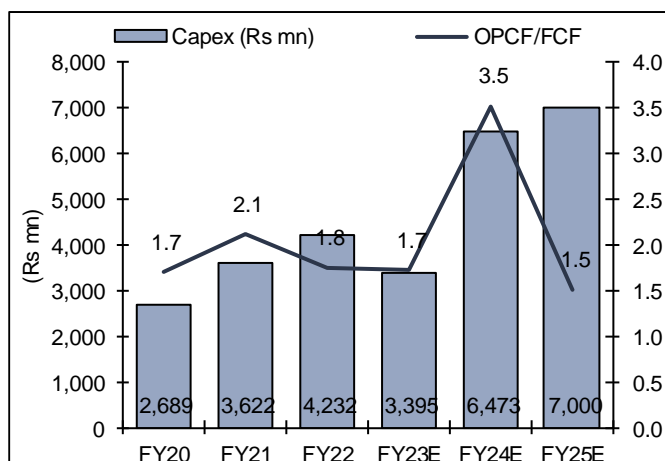
Source: Company data, I-Sec research

Chart 3: Return ratios likely to remain stable



Source: Company data, I-Sec research

Chart 4: Capex of Rs16.9bn estimated over FY23E-FY25E



Source: Company data, I-Sec research

Table 2: MGL (standalone) assumptions – FY21-FY25E

Rs mn	FY21	FY22	FY23E	FY24E	FY25E
<b>Volumes (mmscmd)</b>					
CNG	1.4	2.1	2.5	2.7	2.9
PNG – Domestic	0.5	0.5	0.5	0.5	0.6
PNG – Commercial	0.2	0.2	0.2	0.2	0.2
PNG - Industrial	0.2	0.2	0.3	0.3	0.3
<b>Total volume</b>	<b>2.2</b>	<b>3.0</b>	<b>3.5</b>	<b>3.7</b>	<b>3.9</b>
Gross Margin Rs/scm	17.2	13.6	13.2	15.4	15.5
EBITDA Rs/scm	11.6	8.4	8.1	10.3	10.3

Source: Company data, I-Sec research

Table 3: UEPL authorised areas –summary highlights of the areas

GA	State	Area (sqkm)	Authorisation granted	Marketing Exclusivity till	Network Exclusivity till	Total Population (#mn)	Households (#mn)
Ratnagiri	MAH	8276	Aug-16	Aug-22	Aug-41	2.2	0.4
Chitradurga & Devangere	KAR	14360	Sep-18	Sep-26	Sep-43	3.6	0.8
Latur & Osmanabad	MAH	14726	Sep-18	Sep-26	Sep-43	4.1	0.8
<b>Total</b>		<b>37362</b>				<b>9.9</b>	<b>2.0</b>

Source: Company data, I-Sec research

Table 4: UEPL profit and loss statement – A low base, but revenue growth has been sharp

Rs mn	FY20	FY21	FY22
<b>Net Revenue</b>	<b>65.7</b>	<b>203.6</b>	<b>774.4</b>
Cost of Material Consumed	38.2	132.7	563.8
Other Operating Expenses	9.8	32.5	98.0
Employee Benefits Expenses	11.5	22.8	55.3
Other Expenses	57.6	30.5	55.2
Total Expenses	117.1	218.6	772.3
<b>EBITDA</b>	<b>-51.3</b>	<b>-15.0</b>	<b>2.1</b>
<b>EBITDA Rs/scm</b>	<b>-19.8</b>	<b>-1.7</b>	<b>0.1</b>
Depreciation	69.2	115.9	216.7
Other Income	5.6	0.6	3.5
Finance Cost	0.8	1.8	38.2
PBT	-115.7	-132.1	-249.4
Tax	-26.4	0.0	0.0
<b>Profit / (Loss) for the year</b>	<b>-89.3</b>	<b>-132.1</b>	<b>-249.4</b>

Source: Company data, I-Sec research

**Table 5: UEPL balance sheet – Leverage has increased sharply, in line with rising asset base**

Rs mn	FY20	FY21	FY22
Gross Block	535.7	1,293.7	1,871.0
Net Block	456.1	1,098.1	1,458.7
Capital work-in-progress	437.6	265.4	452.2
Deferred Tax Asset (net)	46.5	46.5	46.5
Others Non CA	11.1	15.0	76.0
<b>Total Non Current Assets</b>	<b>951.2</b>	<b>1,424.9</b>	<b>2,033.4</b>
Inventories	1.1	5.2	21.4
Trade receivables	8.6	24.2	54.3
Cash and cash equivalents	3.5	14.9	61.5
Other financial assets	19.1	22.1	45.3
<b>Total Current Assets</b>	<b>32.3</b>	<b>66.4</b>	<b>182.6</b>
<b>Total Assets</b>	<b>983.5</b>	<b>1,491.3</b>	<b>2,216.0</b>
<b>Equity and Reserves</b>	<b>856.6</b>	<b>1,020.9</b>	<b>834.4</b>
Borrowings	4.5	29.9	1,146.8
Provisions	1.7	0.7	1.2
<b>Total Non Current Liabilities</b>	<b>6.2</b>	<b>30.6</b>	<b>1,148.0</b>
Trade payables	9.6	18.5	98.0
Other financial liabilities	111.1	421.3	135.6
<b>Total Current Liabilities</b>	<b>120.7</b>	<b>439.7</b>	<b>233.5</b>
<b>Total Liabilities</b>	<b>983.5</b>	<b>1,491.3</b>	<b>2,216.0</b>
<b>Net Debt to Equity</b>	<b>0.0</b>	<b>0.0</b>	<b>1.3</b>

Source: Company data, I-Sec research

**Table 6: UEPL cashflow statement – OpCF turned positive in FY22**

Rs mn	FY20	FY21	FY22
Loss Before Tax	-115.7	-132.1	-249.4
Depreciation & Amortisation	69.2	115.9	216.7
Others	-4.4	1.4	37.1
<b>Wcap</b>	<b>-2.1</b>	<b>-90.3</b>	<b>35.5</b>
<b>CFO before tax</b>	<b>-53.0</b>	<b>-105.0</b>	<b>39.9</b>
Tax	0.0	0.0	0.0
<b>CFO</b>	<b>-53.0</b>	<b>-105.0</b>	<b>39.9</b>
<b>Cashflow from Investing Activity</b>			
Purchase of Fixed asset	-416.5	-193.2	-1,055.0
Sale of Fixed asset	173.6	0.0	0.0
Others	-3.5	-1.5	-53.8
<b>CF from Investing</b>	<b>-246.3</b>	<b>-194.8</b>	<b>-1,108.8</b>
<b>Cashflow from Financing Activity</b>			
Issue of Equity	298.7	0.0	0.0
Debt borrowed/ repaid	0.0	320.7	1,195.5
others	-2.1	-9.5	-86.0
<b>CF from Financing</b>	<b>296.7</b>	<b>311.2</b>	<b>1,109.4</b>
<b>Net change in cash and bank balance</b>	<b>-2.7</b>	<b>11.4</b>	<b>40.5</b>

Source: Company data, I-Sec research

## Valuations: Target price of Rs1,125/sh implies 24% upside

We value MGL (standalone) by the DCF methodology, using a WACC of 10.9%, DER of 35%, long-term EBITDA assumption of Rs9.5/scm and terminal growth rate of 1.5%. Longer-term, we build-in muted volume growth beyond FY25E as well as flattish margins, given our caution around longer-term growth expectations. We value MGL's acquisition of UEPL too on DCF basis (*table-8*), to derive a value of Rs50/sh. Our DCF valuation for MGL thus delivers a target price of Rs1,125/sh, offering 24% upside from CMP. Maintain **BUY**.

**Table 7: Valuation summary**

	Assumptions
Cost of Equity	13%
Cost of Debt	7.3%
Average D/E ratio	35%
WACC	10.9%
Terminal Growth Rate	1.5%
<b>Average NPV potential (Rs mn)</b>	<b>1,06,224</b>
<b>Target Price MGL standalone</b>	<b>1075</b>
<b>UEPL (Table 8)</b>	<b>50</b>
<b>Target Price</b>	<b>1125</b>
<b>CMP</b>	<b>907</b>
<b>Upside</b>	<b>24%</b>

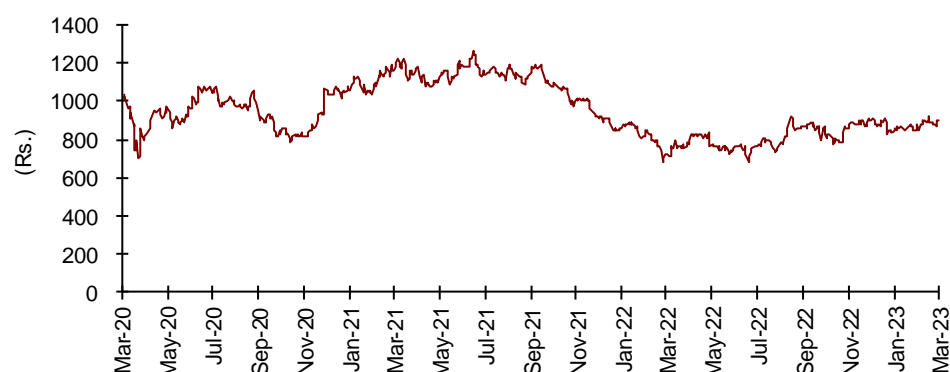
Source: I-Sec research

Table 8: UEPL DCF summary

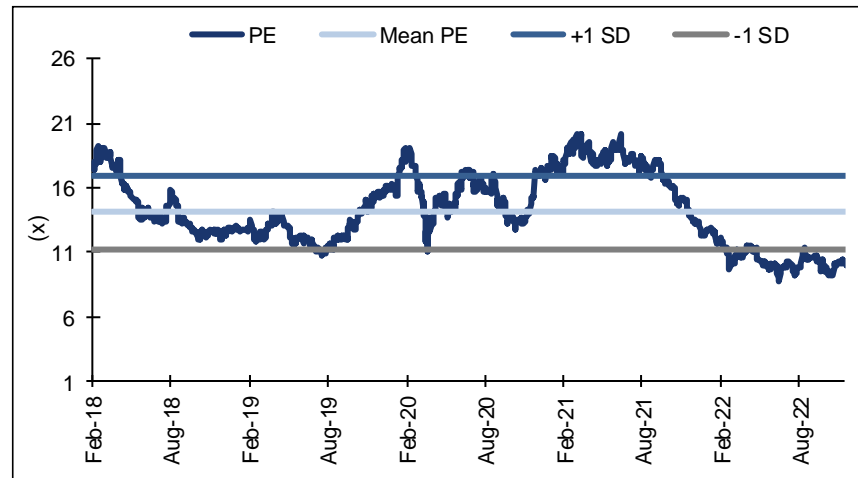
Rs Mn	FY20	FY21	FY22	FY23E	FY24E	FY25E	FY26E	FY27E	FY28E...	...FY32E
Volumes mmscmd	0.01	0.02	0.06	0.2	0.35	0.5	0.65	0.8	1	1.46
YoY growth		232%	146%	245%	75%	43%	30%	23%	25%	10%
EBITDA Rs/Scm	-19.8	-1.7	0.1	4	5.5	6.0	6.0	6.0	6.0	6.0
EBITDA	-51.3	-15	2.1	292	702.6	1,085.90	1,411.60	1,737.40	2,171.80	3,179.70
Less Depreciation	69.2	115.9	216.7	269.7	377.7	474.9	562.4	632.3	688.3	820.5
EBIT	-120.5	-130.9	-214.7	22.3	324.9	611	849.3	1,105.10	1,483.40	2,359.10
<b>NOPAT</b>	<b>-94.9</b>	<b>-132.7</b>	<b>-252.9</b>	<b>-118.1</b>	<b>54.3</b>	<b>219.8</b>	<b>354.3</b>	<b>510.7</b>	<b>765.9</b>	<b>1,355.00</b>
Add Depreciation	69.2	115.9	216.7	269.7	377.7	474.9	562.4	632.3	688.3	820.5
Less Capex	416.5	193.2	1,055.00	1,500.00	1,350.00	1,215.00	1,093.50	874.8	699.8	286.7
FCF	-442.1	-210	-1,091.20	-1,348.50	-918	-520.4	-176.8	268.3	754.4	1,888.90
Year				1	2	3	4	5	6	10
Disc factor				0.9	0.8	0.7	0.7	0.6	0.5	0.4
NPV				-1,217.50	-748.3	-383	-117.5	160.9	408.6	679.8
Acquisition cost (mn)			-5,310.00							
<b>NPV total</b>	-4,789									
<b>TV</b>	26,929									
<b>PV of Terminal value</b>	9,692									
<b>Total NPV potential</b>	4,903									
Per share for MGL (Rs/share)	49.6									

Source: Company data, I-Sec research

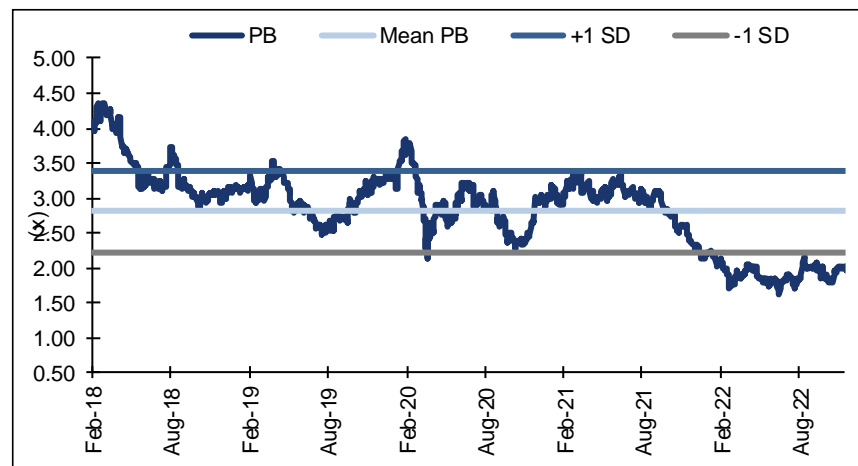
Price chart -MGL



Source: Bloomberg

**Chart 5: MGL's P/E trading well below 5-year trading bands**

Source: Company data, I-Sec research

**Chart 6: MGL's P/B trading well below 5-year trading bands**

Source: Company data, I-Sec research

## Financial summary

**Table 9: Profit and Loss statement**
*(Rs mn, year ending March 31)*

	FY22	FY23E	FY24E	FY25E
<b>Operating Income (Sales)</b>	<b>35,602</b>	<b>62,264</b>	<b>62,378</b>	<b>66,499</b>
<b>Operating Expenses</b>	<b>26,359</b>	<b>52,045</b>	<b>48,507</b>	<b>51,711</b>
<b>EBITDA</b>	<b>9,243</b>	<b>10,219</b>	<b>13,870</b>	<b>14,789</b>
% margins	26%	16%	22%	22%
Depreciation & Amortisation	1,963	2,548	2,968	3,388
Gross Interest	75	50	50	50
Other Income	857	1,823	1,784	2,032
<b>Recurring PBT</b>	<b>8,063</b>	<b>9,445</b>	<b>12,637</b>	<b>13,383</b>
Less: Taxes	2,093	2,377	3,181	3,368
<b>Net Income (Reported)</b>	<b>5,969</b>	<b>7,067</b>	<b>9,456</b>	<b>10,014</b>
<b>Recurring Net Income</b>	<b>5,969</b>	<b>7,067</b>	<b>9,456</b>	<b>10,014</b>

Source: Company data, I-Sec research

**Table 10: Balance sheet**
*(Rs mn, year ending March 31)*

	FY22	FY23E	FY24E	FY25E
<b>Assets</b>				
Total Current Assets	9,159	20,795	18,944	21,587
of which cash & cash eqv.	4,652	16,082	14,283	16,776
Total Current Liabilities & Provisions	14,357	27,293	24,998	26,561
<b>Net Current Assets</b>	<b>(5,198)</b>	<b>(6,498)</b>	<b>(6,054)</b>	<b>(4,975)</b>
<b>Investments</b>	<b>10,883</b>	<b>11,971</b>	<b>13,168</b>	<b>14,485</b>
<b>Net Fixed Assets</b>	<b>26,137</b>	<b>30,590</b>	<b>34,622</b>	<b>38,234</b>
Capital Work-in-Progress	6,159	6,159	6,159	6,159
<b>Total Assets</b>	<b>37,981</b>	<b>42,222</b>	<b>47,895</b>	<b>53,904</b>
<b>Liabilities</b>				
Borrowings (Includes cash deposits)	-	-	-	-
Deferred Tax Liability	2,008	2,008	2,008	2,008
Equity Share Capital	988	988	988	988
Face Value per share (Rs)	10	10	10	10
Reserves & Surplus	34,985	39,226	44,900	50,908
Net worth	<b>35,973</b>	<b>40,214</b>	<b>45,887</b>	<b>51,896</b>
<b>Total liabilities</b>	<b>37,981</b>	<b>42,222</b>	<b>47,895</b>	<b>53,904</b>

Source: Company data, I-Sec research

**Table 11: Quarterly trend**
*(Rs mn, year ending March 31)*

	Mar'22	Jun'22	Sept'22	Dec'22
Net sales	10,811	14,502	15,581	16,658
% growth (YoY)	5.9%	34.1%	7.4%	6.9%
EBITDA	2,155	2,856	2,528	2,561
Margin (%)	19.9%	19.7%	16.2%	15.4%
Other income	227	200	260	323
Add: Extraordinaries				
Net profit	1,318	1,852	1,640	1,721

Source: Company data, I-Sec research

**Table 12: Cashflow statement**
*(Rs mn, year ending March 31)*

	FY22	FY23E	FY24E	FY25E
<b>Operating Cashflow</b>	<b>9,506</b>	<b>10,219</b>	<b>13,870</b>	<b>14,789</b>
Working Capital Changes	1,652	12,731	(2,244)	1,413
Operating Cash flow	<b>9,037</b>	<b>20,572</b>	<b>8,446</b>	<b>12,833</b>
Capital Commitments	(6,473)	(7,000)	(7,000)	(7,000)
<b>Free Cashflow</b>	<b>2,564</b>	<b>13,572</b>	<b>1,446</b>	<b>5,833</b>
<b>Cashflow from Investing Activities</b>	<b>(6,400)</b>	<b>(6,265)</b>	<b>(6,413)</b>	<b>(6,285)</b>
Inc (Dec) in Borrowings	-	-	-	-
Inc (Dec) in investments	(357)	(1,088)	(1,197)	(1,317)
Dividend paid	(2,810)	(2,827)	(3,782)	(4,006)
Cash flow from Financing Activities	<b>(3,103)</b>	<b>(2,877)</b>	<b>(3,832)</b>	<b>(4,056)</b>
<b>Chg. in Cash &amp; Bank balance</b>	<b>(467)</b>	<b>11,431</b>	<b>(1,799)</b>	<b>2,493</b>

Source: Company data, I-Sec research

**Table 13: Key ratios**
*(Year ending March 31)*

	FY22	FY23E	FY24E	FY25E
<b>Per Share Data (in Rs)</b>				
EPS(Basic Recurring)	60.4	71.5	95.7	101.4
Recurring Cash EPS	80.3	97.3	125.8	135.7
Dividend per share (DPS)	25.0	28.6	38.3	40.6
Book Value per share (BV)	364.2	407.1	464.5	525.4
<b>Growth Ratios (%)</b>				
Operating Income	65%	75%	0%	7%
EBITDA	-1%	11%	36%	7%
Recurring Net Income	-4%	18%	34%	6%
Recurring EPS	-4%	18%	34%	6%
Recurring CEPS	0%	21%	29%	8%
<b>Valuation Ratios (% YoY)</b>				
P/E	15.0	12.7	9.5	8.9
P/BV	2.5	2.2	2.0	1.7
EV / EBITDA	8.0	6.0	4.5	3.9
EV / FCF	28.9	4.5	43.0	10.0

**Operating Ratios**

Other Income / PBT (%)	11%	19%	14%	15%
Effective Tax Rate (%)	26%	25%	25%	25%
D/E Ratio (%)	-	-	-	-
Net D/E Ratio	-13%	-40%	-31%	-32%

**Return/Profitability Ratios (%)**

Recurring Net Income Margins	17%	11%	15%	15%
RoCE	20%	19%	24%	22%
RoNW	17%	18%	21%	19%
Dividend Payout Ratio	41%	40%	40%	40%
Dividend Yield	2.8%	3.2%	4.2%	4.5%
EBITDA Margins	26%	16%	22%	22%

Source: Company data, I-Sec research



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

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

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

#### ANALYST CERTIFICATION

I/We, *Probal Sen, CA, MBA; Hardik Solanki, 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 broking 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](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 and its analysts, persons reporting to analysts and their relatives are generally prohibited 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](http://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 actual/beneficial ownership of one percent or more or other material conflict of interest 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.