

Gujarat State Petronet

09 June 2020

Reuters: GSPT.NS; Bloomberg: GUJS IN

Ramp up in gas supply to aid long term growth

GSPL's 4QFY20 standalone results look good with 13.3%/47.1% growth YoY in volume/PAT despite the marginal miss vs our and consensus estimates. Revenue beat NBIE est. and consensus estimate by 19.4%/5.8%, respectively at Rs5.95bn on the back of higher than expected interconnectivity charges. But EBITDA was a close miss vs. NBIE est. and consensus estimate by -3.7%/-4% at Rs3.56bn. PAT was a beat vs. NBIE est. and consensus estimate by 5.2%/1.2% at Rs2.26bn. We spoke to the company and remain positive on GSPL's growth prospects, especially from FY22 based on i) incremental supplies of 5-7mmscmd from the Mundra LNG terminal; ii) additional volume of 7-14 mmscmd likely from Swan Energy's terminal once it starts by 2QFY22 and iii) soft gas prices at US\$2/mmbtu (and up to US\$4/mmbtu for power sector). The completion of Mehsana-Bhatinda gas pipeline by GSPL's 52% JV GIGL by end March 2021 is also an added positive for GSPL's standalone volume growth. We have marginally trimmed our FY21E/FY22E estimate on changes in volume/tax assumption. We have raised our SOTP based target price (TP) by 4.6% to Rs286 (+28% from CMP). BUY.

Standalone revenue came 37% higher YoY: Standalone revenue came 37% higher YoY and beat NBIE est. and consensus estimate by 19.4%/5.8%, respectively at Rs5.9bn. The beat was on account of Gas Transportation business, which was 37.6% higher YoY and 18.8% above NBIE est. at Rs5.88bn, while the City Gas Distribution (CGD) business came in at Rs22.2mn vs Rs4.9mn in 4QFY19 and Electricity Distribution business came in at Rs69.2mn vs. Rs76.1mn in 4QFY19.

EBITDA came in 8% higher YoY: Standalone EBITDA came in 8% higher YoY but was a miss vs. NBIE est. and consensus estimate by 3.7%/4%, respectively at Rs3.55bn. EBITDA margin on total revenue was down from 76% to 60% YoY due to the higher interconnectivity charges (related to gas supplies to Reliance). Unit EBITDA came in at Rs1.06/scm vs Rs1.13/scm a year ago, which is more relevant for GSPL. Core gas transmission revenue (excluding interconnectivity charges) was a tad below our estimate.

Gas transmission volume was reported at 36.78mmscmd (+13.34% YoY) with increase in share of CGD and Power segments. CGD and Power segments saw their share rise from 25% to 30% and from 9% to 15%, respectively, whereas Refinery and Fertilizer's share were down from 37% to 29% and from 13% to 10%, respectively. Management expects low gas prices to fuel demand from the Power sector.

Standalone adj. PAT came in 47% higher YoY at Rs2.25bn in 4QFY20, aided by reduction in tax expense. Effective tax rate was down from 35.9% a year ago to 19.3% as a result of GSPL opting for the lower tax regime from 2QFY20. 4QFY20 cons. PAT was up 80% at Rs3.83bn. FY20 cons. PAT was up 73.15% at Rs17.39bn, driven by subsidiary Gujarat Gas (Not Rated).

Debt and capex: Outstanding debt declined by Rs7.7bn in FY20. This also helped reduce interest expense by 24.94% YoY. The company expects annual outflows of Rs3bn towards GIGL equity stake in FY21. The Rs9bn Anjar Mundra pipeline project may also entail some outflow over FY21-23, with the EOI expected to be floated in 4 months. The company expects to use surplus cash to reduce debt further, which is positive for future returns.

NBIE Values your patronage- Vote for The Team in the Asia Money poll 2020. [Click Here](#)

BUY

Sector: Oil and Gas

CMP: Rs223

Target Price: Rs286

Upside: 28%

Amit Agarwal

Research Analyst

amit.agarwal@nirmalbang.com

+91-22-6273 8145

Key Data

Current Shares O/S (mn)	564.1
Mkt Cap (Rsbn/US\$bn)	125.3/1.7
52 Wk H / L (Rs)	246/46
Daily Vol. (3M NSE Avg.)	743,737

Price Performance (%)

	1-M	6-M	1-Y
GSPL	15.5	1.0	19.6
Nifty Index	9.9	(14.7)	(14.3)

Source: Bloomberg

4QFY20 Standalone Result

Y/E March (Rsmn)	4QFY19	4QFY20	Ch YoY %	3QFY20	Ch QoQ %	4QFY20E	Var. (%)
Net sales	4,338	5,950	37.14	6,257	-4.91	4,981	19.45
Cost of goods	331	1,573	375.65	1,740	-9.60	514	205.87
Contribution	4,008	4,377	9.21	4,517	-3.10	4,467	-2.02
Employee benefits expenses	147	166	12.88	154	8.05	154	8.05
Other expenses	567	653	15.06	563	16.04	617	5.82
EBITDA	3,293	3,557	8.03	3,800	-6.39	3,696	-3.75
EBITDAM (%)	75.90	59.79	-	60.74	-	74.20	-
Depreciation	475	483	1.50	497	-2.93	497	-2.93
Other income	79	67	-15.90	52	29.11	52	29.11
Interest expenses	505	346	-31.47	383	-9.61	383	-9.61
Exceptional inc/(exp)	-	-	-	-	-	-	-
Reported PBT	2,392	2,795	16.88	2,972	-5.94	2,867	-2.51
Tax	859	539	-37.17	751	-28.13	724	-25.50
PAT adjusted	1,533	2,256	47.14	2,221	1.56	2,143	5.25
NPM (%)	35.34	37.92	-	35.50	-	43.03	-

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 1: Miss/beat

Rs Bn	4QFY20E	4QFY20A	Var %	Bloomberg Consensus	Var %
Net Revenue	4.98	5.95	19.4	5.62	5.8
EBITDA	3.70	3.56	-3.7	3.71	-4.0
PAT	2.14	2.26	5.2	2.23	1.2

Source: Nirmal Bang Institutional Equities Research, Bloomberg

Earnings and TP changes

We have trimmed our estimates for FY21E/FY22E estimates post the results based on marginal cut in volume/increase in tax assumptions after speaking to management. Post earnings changes we have raised our SOTP based TP by 4.6% to Rs286. This implies a FY22PE of 12.97x on EPS of Rs22.05. At CMP, the stock trades at 10.11x PE on FY22E EPS, which compares with its 10 year median PE of 14x.

Exhibit 2: Earnings revision

Rs Mn	Earlier estimate		Revised estimate		% Revision	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	22,806	23,724	22,196	23,724	-2.67	0
EBITDA	16,568	18,901	15,912	18,827	-3.96	-0.39
EBITDA margin (%)	72.65	79.67	71.69	79.36	-	-
PAT	10,354	12,500	9,980	12,438	-3.61	-0.5
EPS	18.36	22.16	17.7	22.05	-3.6	-0.5
TP		273		286		4.6

Source: Nirmal Bang Institutional Equities Research

Exhibit 3: NBIE vs Bloomberg consensus

	NBIE est.			Bloomberg Consensus		
	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
EPS	19.47	17.60	22.05	18.128	16.629	17.98

Source: Nirmal Bang Institutional Equities Research

Exhibit 4: SOTP valuation summary

GSPL parts	Method	Equity value Rs/sh	Remarks
Gas transportation A	DCF	173.5	Implied PE of 7.9Xx FY 22E
GIGL - B	52% stake DCF	10	na
GGCL- C	54.17% stake market cap	133	20% discount – for holding co.
GSPL's other investments -D		6	GSPL's unlisted holdings, including GITL- 52% and Sabarmathi Gas -27,5%
GSPL VALUATION - E	A+B+C+D	322.3	
Discount - F	20%(A+B)	20%	37 F= 20% for execution/gas market risk in GSPL / GIGL
GSPL TP	E-F	286	
CMP		223	
Upside		28.1%	
upside excl. exe risk		44.5%	

Source: Nirmal Bang Institutional Equities Research; Note: *F - Execution/gas market risk for GSPL

Key catalyst for our Buy call:

Long-term growth in supplies augurs well for GSPL's transmission business. This includes the 5mn tpa Mundra LNG terminal already in operation and the Swan Energy LNG terminal at Jaigarh expected to be ready by mid CY21. The potential increase in supplies from Mundra/Swan terminals is likely to add 2mn tonnes/4mn tonnes (7,2/14.4 mmscmd) to GSPL volume over the next 2-3 years.

The new Mehsana-Bhatinda pipeline and future increase in CGD volume in Gujarat Gas offer visibility for growth in GSPL's transmission business. Subsidiary Gujarat Gas has seen PNG volume to the Morbi industrial cluster recover to 3-3.5mmscmd from the lows of under 0.5mmscmd, although it is still much below the normal volume of 5.5mmscmd.

Future step change in volume could improve long-term CAGR to 11-15% vs our base case FY20-22E earnings CAGR of 5.92%.

The stock trades at 10.1x PE on FY22E, FCF yield of 6.2% on FY22E, with RoE of 14%/14.5% in FY21E/FY22E.

Exhibit 5: Key Financials- GSPL

Y/E March (Rsmn)	FY18	FY19	FY20	FY21E	FY22E
Revenues	13,317	18,772	23,686	22,196	23,724
EBITDA	11,478	15,426	15,749	15,912	18,827
Net Profit Adj	6,684	7,947	11,087	9,980	12,438
EPS (Rs)	11.86	14.09	19.66	17.70	22.05
EPS gr (%)	34.5	18.9	39.5	-10.0	24.6
EBITDA Margin (%)	86.2	82.2	66.5	71.7	79.4
P/E	18.8	15.8	11.3	12.6	10.1
EV/EBITDA	13.0	9.7	9.5	9.4	8.0
Dividend Yield (%)	0.67	0.78	1.12	1.35	1.57
FCF yield %	-15.2	7.2	7.0	6.2	6.2
Post-tax RoCE (%)	10.0	12.0	15.5	12.2	13.1
RoE (%)	14.0	14.7	17.8	14.0	14.5

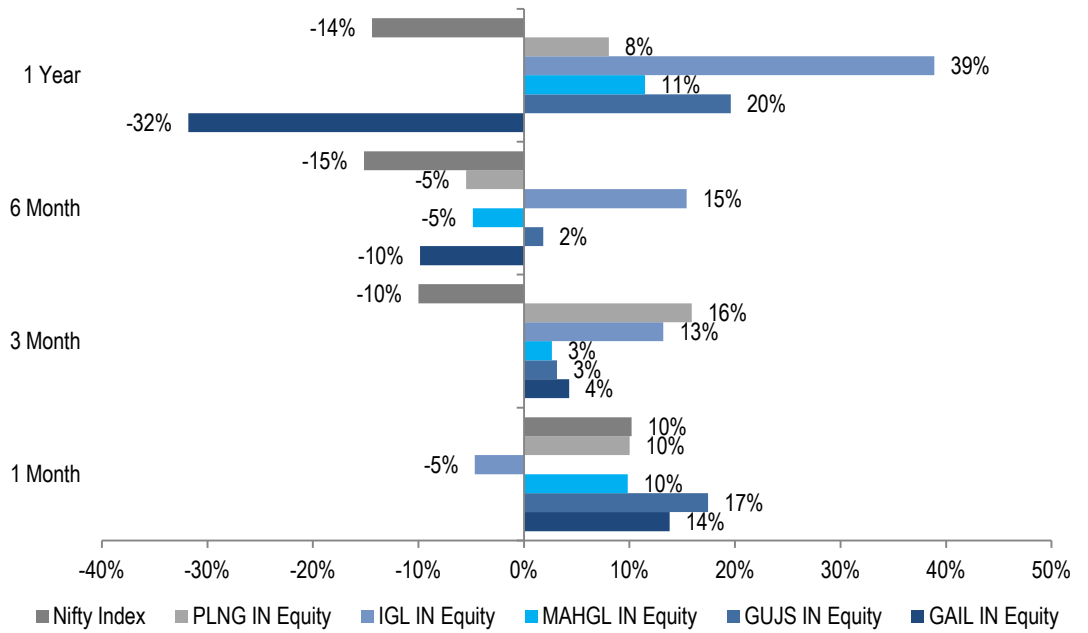
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 6: GSPL Operating Assumption

	FY19	F20	FY21E	F22E
Gas transmission volumes - mmscmd	34.57	37.98	42.57	44.14
Rs/scm				
Gas trans. Tariff	1.49	1.71	1.43	1.47
Opg cost	0.27	0.57	0.40	0.30
EBITDA	1.22	1.14	1.02	1.17
PAT	0.95	0.92	0.86	1.03
Growth %	FY19	F20	FY21E	F22E
Gas transmission volumes	9.6	9.9	0.5	15.7
Revenue	41.0	26.2	-6.3	6.9
EBITDA	34.4	2.1	1.0	18.3
PAT	18.9	39.5	-10.0	24.6
Margin analysis %	FY19	F20	FY21E	F22E
Gross contribution	94.6	78.2	84.1	93.0
EBITDA	82.2	66.5	71.7	79.4
EBIT (excl other inc)	72.6	58.2	62.8	70.7
PBT	64.1	54.0	60.1	70.1
Net profit Adj.	42.3	46.8	45.0	52.4

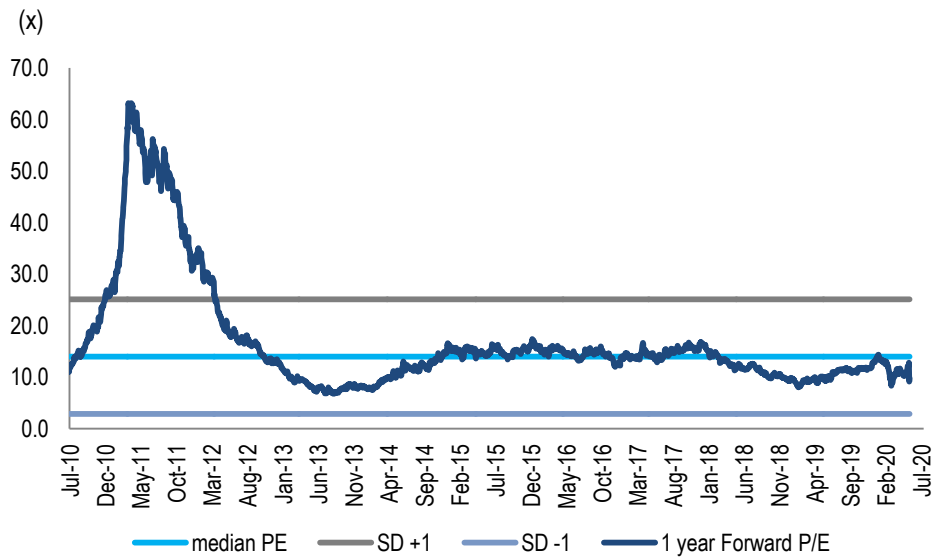
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 7: GSPL Stock performance chart (%)

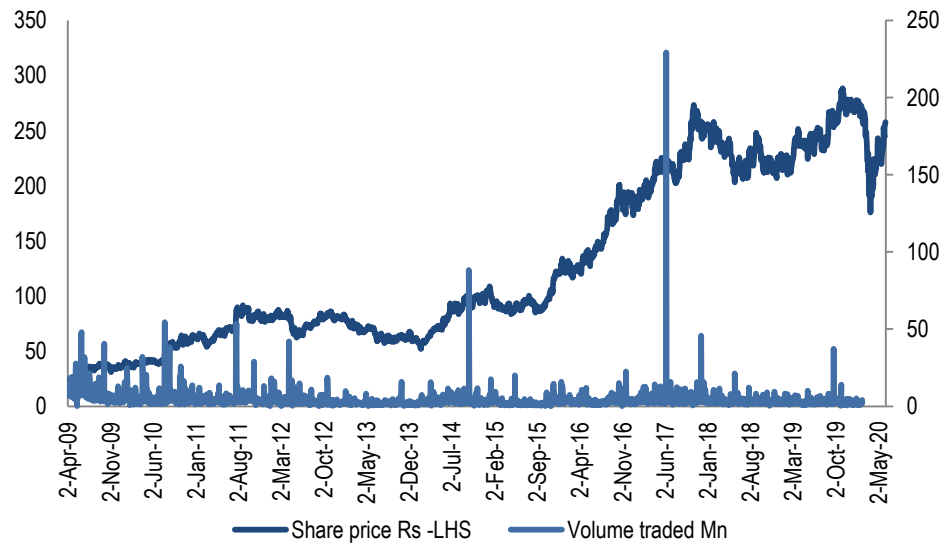


Source: Bloomberg, Nirmal Bang Institutional Equities Research

Exhibit 8: 10-year forward P/E- GSPL



Source: Nirmal Bang Institutional Equities Research

Exhibit 9: Price vs. volume chart


Source: Nirmal Bang Institutional Equities Research

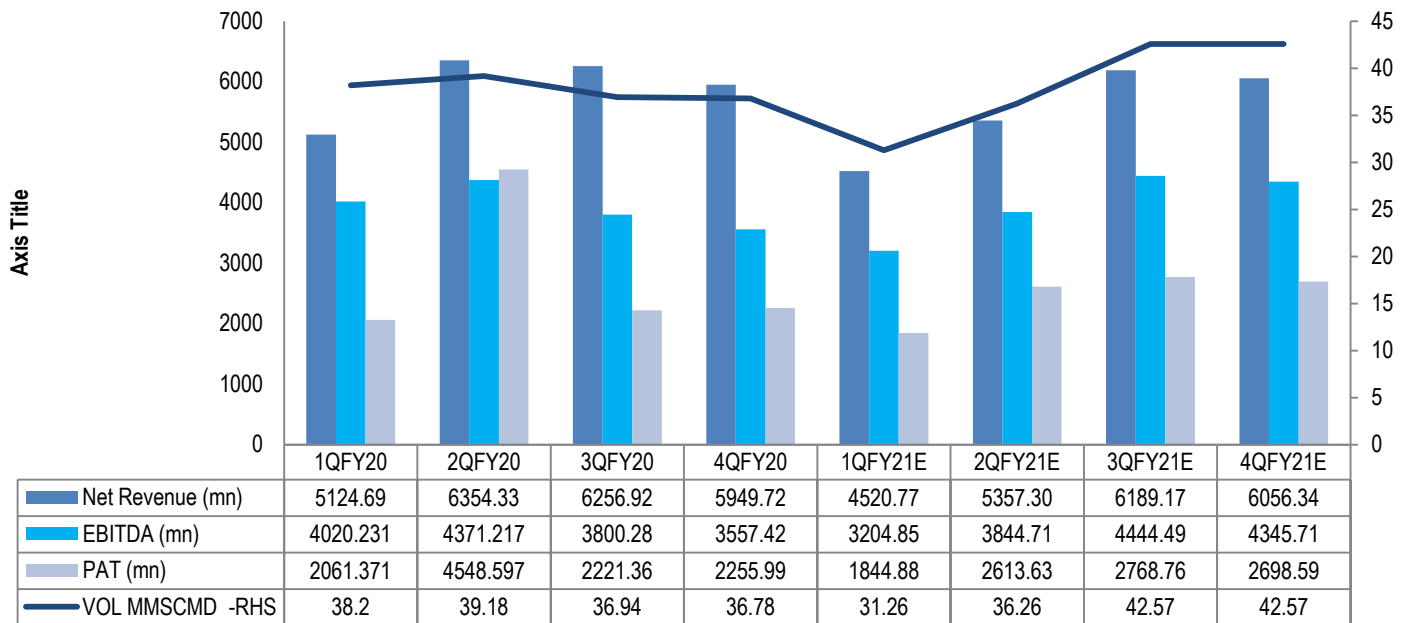
GSPL result analysis trends in pictures

Exhibit 10: GSPL 4QFY20 and FY20 result Analysis

(Rs.Mn)	4QFY19	4QFY20	Ch YoY %	3QFY20	Ch QoQ %	FY19	FY20	Ch YoY %
Gross Sales	4338.93	5952.11	37	6258.79	-5	18,773	23,693	26
less Excise Duty	0.59	2.39	306	1.87	28	0.714	7.051	888
Net Revenues	4,338	5,950	37	6,257	-5	18,772	23,686	26
Raw material consumed	2	12	400	7	58	3.34	28.06	740
Gas Transmission expense	328	1,562	375	1,733	-10	1017.85	5143.80	405
COGS	331	1,573	376	1,740	-10	1,021	5,172	406
GSPL Gross contribution	4,008	4,377		4,517	-	17,751	18,514	-
Employee Benefits Expense	147.38	166.36	13	153.97	8	645	619	-4
Other Expenses	567.28	652.74	15	562.50	16	1679.233	2145.51	28
Total Expenses	1,045	2,392	129	2,457	-3	3,346	7,937	137
EBITDA Total	3,293	3,557	8	3,800	-6	15,426	15,749	2
Depreciation and Amortisation Expenses	475.48	482.59	1	497.18	-3	1799.758	1966.381	9
EBIT	2,817	3,075	9.1	3,303	-7	13,626	13,783	1.1
Other Income	79.09	66.52	-16	51.52	-	594	649	9
Finance Costs	504.79	345.95	-31	382.72	-10	2191.96	1645.372	-25
PBT	2,392	2,795	-	2,972	-	12,028	12,786	-
Current	690.00	425.62	-38	710.82	-40	3,819	0	-100
Deferred	168.52	113.79	-32	39.72	186	262	0	-100
total tax -T	859	539	-37	751	-28	4,081	1,699	-58
PAT reported-X-T+Y	1,533.2	2,256.0	47	2,221.4	2	7,946.7	11,087	40
Margins%	4QFY19	4QFY20	Ch YoY bps	3QFY20	Ch QoQ bps	FY19	FY20	Ch YoY bps
ContributionMargin	99.94	99.74	-21	99.84	-10	99.98	99.85	-13
EBITDA	82.12	81.07	-105	84.00	-293	86.89	84.94	-195
EBIT	70.26	70.07	-19	73.01	-294	76.75	74.33	-242
PBT	59.65	63.70	406	65.69	-199	67.75	68.96	121
Adjusted PAT	38.24	51.41	1,318	49.10	231	44.76	59.80	1,504
Current Tax rate	35.90	19.30	-1,660	25.25	-596	33.93	13.29	-2,065

Note: Margins on revenue excl. transmission cost recovery

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 11: Quarterly trend in Revenue, Volumes, EBITDA and PAT


Source: Company, Nirmal Bang Institutional Equities Research

4QFY20 Volume:

The share of gas consumption in CGD has grown to 30% of the total volume consumed in GSPL network vs. 25% and Power rose to 15% from 9% in 4QFY19, according to the company PPT. The share of gas consumption by refinery/petchem, fertilizer and others segments came in at 29%/10%/15%, respectively.

Share of volume consumed by refining segment declined from 37% of the total volume consumed in the GSPL network to 29% of the total volume.

Transmission expense was up 375% at Rs1.56bn vs. Rs328mn YoY as more volume was supplied to Reliance and GIGL.

Exhibit 12: Standalone Revenue Analysis

Rs Mn	4QFY19	4QFY20	Ch YoY %	3QFY20	Ch QoQ %	FY19	FY20	Ch YoY %	4QFY20E	Var%
Segments Revenue										
Gas transportation	4,258	5,861	37.6	6,185	(5.2)	18359	18099	(1.4)	4,930	18.9
City Gas Distribution	4.9	22	353.1	18	26.9	6	61	940.7	18	26.9
Sale of electricity	76	69	(9.1)	57	22.0	417	389	(6.8)	33	111.4
Total	4,339	5,952	37.2	6,259	(4.9)	18,782	18,549	(1.2)	4,981	19.5
Less: Inter segment	-	-	-	-	-	0	0	-	-	-
Revenue	4,339	5,952	37.2	6,259	(4.9)	18,782	18,549	(1.2)	4,981	19.5

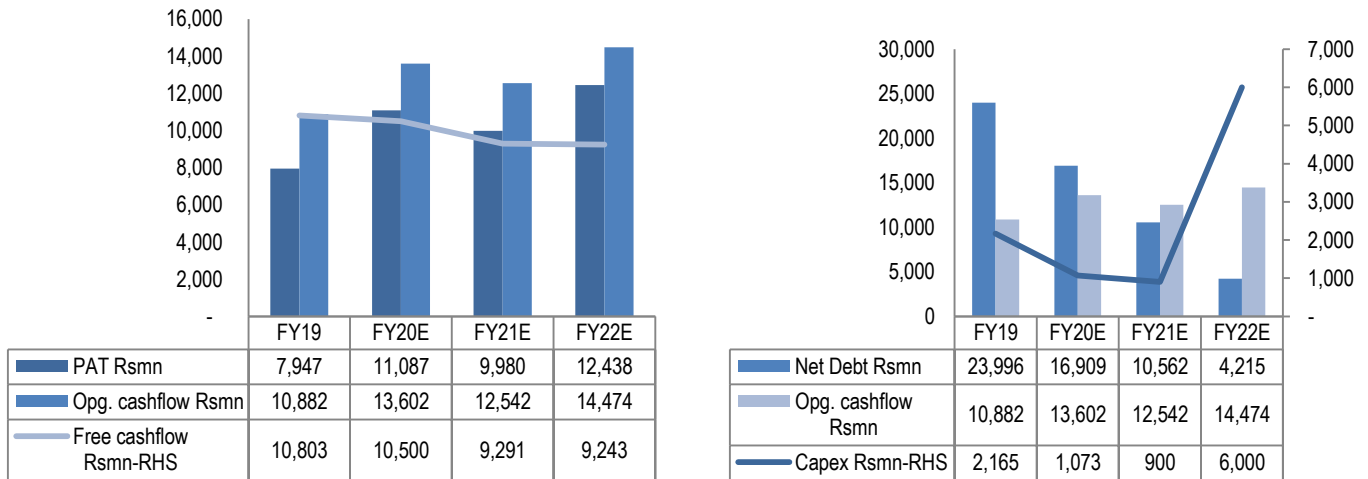
Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 13: Per unit analysis- Standalone

	4QFY19	4QFY20	Ch YoY %	3QFY20	Ch QoQ %	FY19	FY20	Ch YoY %	4QFY20E	Var%
Gas Transportation Volume mmscmd	32.45	36.78	13.34	36.94	-0.43	34.59	37.98	9.81	37.11	-0.89
Volume for the period mscm	2920	3347	14.61	3398	-1.52	12626	13864	9.81	3377	-0.89
Per SCM FIGURES										
Gas Revenues /scm	1.35	1.28	-4.54	1.31	-1.95	1.37	1.31	-4.95	1.31	-1.95
Total Rev per scm	1.49	1.78	19.67	1.84	-3.45	1.49	1.71	14.91	1.47	20.53
Gross margin/scm	1.37	1.31	-4.71	1.33	-1.61	1.41	1.34	-5.02	1.32	-1.14
EBITDA /scm	1.13	1.06	-5.74	1.12	-4.95	1.22	1.14	-7.02	1.03	3.25
PAT /scm	0.52	0.67	28.39	0.65	3.12	0.63	0.80	27.06	0.59	15.01
Gas Transmission expense/scm	0.11	0.47	314.89	0.51	-8.49	0.33	0.30	-9.15	0.15	211.05

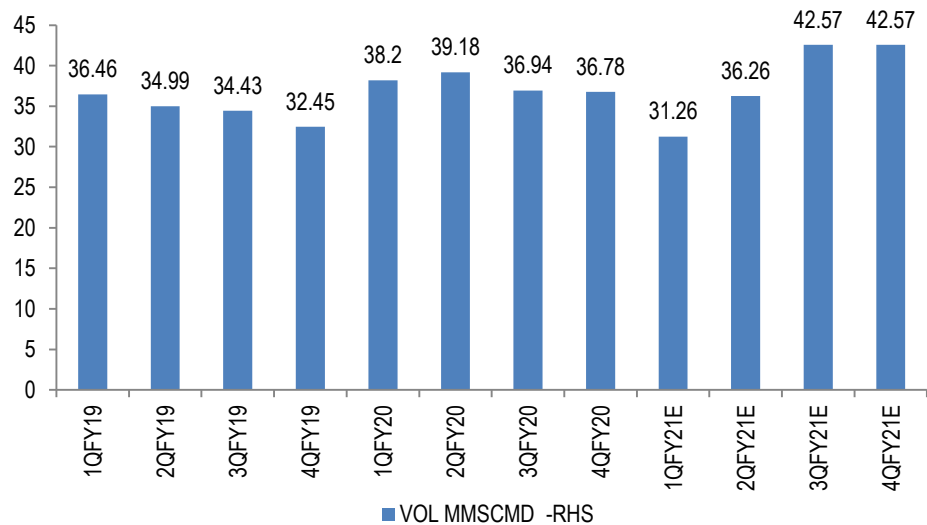
Source: Company, Nirmal Bang Institutional Equities Research

EXHIBIT 14: Improving cashflows and net bet debt



Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 15: Gas transportation trend pl



Source: Company, Nirmal Bang Institutional Equities Research

Standalone Financials
Exhibit 16: Income statement

Y/E March (Rsmn):	FY18	FY19	FY20	FY21E	FY22E
Net Revenue	13,317	18,772	23,686	22,196	23,724
y/y	29.60	40.96	26.18	-6.29	6.88
Raw Material Expenses	478	1,021	5,172	3,529	1,658
RM/Sales %	3.6	5.4	21.8	15.9	7.0
Employee cost	432	645	619	665	689
Other expenses	930	1,679	2,146	2,090	2,549
EBITDA	11,478	15,426	15,749	15,912	18,827
y/y	29.21	34.40	2.10	1.04	18.32
Depreciation	1,750	1,800	1,966	1,972	2,053
EBIT	9,728	13,626	13,783	13,940	16,775
Interest Expense	354	2,192	1,645	1,252	921
Other Income	735	594	649	649	769
PBT (adjusted)	10,108	12,028	12,786	13,337	16,622
Income Tax Expense	3,424	4,081	1,699	3,357	4,184
PAT	6,684	7,947	11,087	9,980	12,438
EPS (Rs)	11.86	14.09	19.66	17.70	22.05
y/y	34.53	18.86	39.51	-9.99	24.63

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 18: Balance sheet

Y/E March (Rsmn)	FY18	FY19	FY20	FY21E	FY22E
Total Share Capital	5,638	5,640	5,640	5,640	5,640
Reserves and Surplus	45,012	51,800	61,584	69,873	80,337
Networth	50,650	57,440	67,224	75,512	85,977
Long Term Borrowings	17,595	12,856	5,441	11,670	8,274
Other long term liab	299	457	975	975	975
Deferred Tax Liabilities [Net]	4,984	5,226	4,081	4,081	4,081
Provisions	128	189	238	238	238
Trade Payables	185	238	410	426	455
Other curr liab	15,634	13,066	12,619	194	194
Short term provisions	10	27	38	30	33
Total Capital And Liabilities	89,485	89,500	91,028	93,127	1,00,227
Total Asset plus WIP	40,101	40,269	38,229	37,157	41,105
Non-Current Investments	41,814	42,772	46,111	49,111	49,111
Other Financial assets	0	0	106,244	106,244	106,244
Long term loans and advances	1,196	1,079	288	288	288
Other Non-Current Assets	67	144	1,048	1,048	1,048
Inventories	1,235	1,279	1,261	1,155	1,235
Trade Receivables	1,235	2,081	1,637	1,764	1,885
Cash And Cash Equivalents	225	700	903	1,054	4,005
Bank bal. other than cash	3,420	883	54	54	54
Short term loans and advances	149	236	17	17	17
Other Current Assets	43	57	448	448	448
Asset held for sale	0	0	924,967	924,967	924,967
Total Assets	89,485	89,500	91,028	93,127	1,00,227

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 17: Cash flow

Y/E March (Rsmn):	FY18	FY19	FY20	FY21E	FY22E
PBT	10,108	12,028	12,786	13,337	16,622
Add depreciation	1,750	1,800	1,966	1,972	2,053
Other expenses	(318)	1,650	1,039	603	153
Change in W/C-inc/(dec)	(508)	955	(893)	13	169
Income tax	3,105	3,639	3,082	3,357	4,184
Cashflow from Operations (A)	8,944	10,882	13,602	12,542	14,474
Capex	(2,895)	(2,165)	(1,073)	(900)	(6,000)
Investments	(28,840)	2,085	(2,029)	(2,351)	769
Free Cash Flow	(22,792)	10,803	10,500	9,291	9,243
Cashflow from Investing (B)	(31,735)	(80)	(3,102)	(3,252)	(5,231)
Inc/(Dec) in borrowings	24,239	(6,912)	(7,335)	(6,196)	(3,396)
Other Liab.	(1,374)	(3,416)	(2,962)	(2,944)	(2,895)
Cashflow from Financing (C)	22,865	(10,328)	(10,297)	(9,140)	(6,291)
Ch in Cash and Cash equiv	73	475	203	151	2,951
opg cash	152	225	700	903	1,054
cl osing cash	225	700	903	1,054	4,005

Source: Company, Nirmal Bang Institutional Equities Research

Exhibit 19: Key Ratios

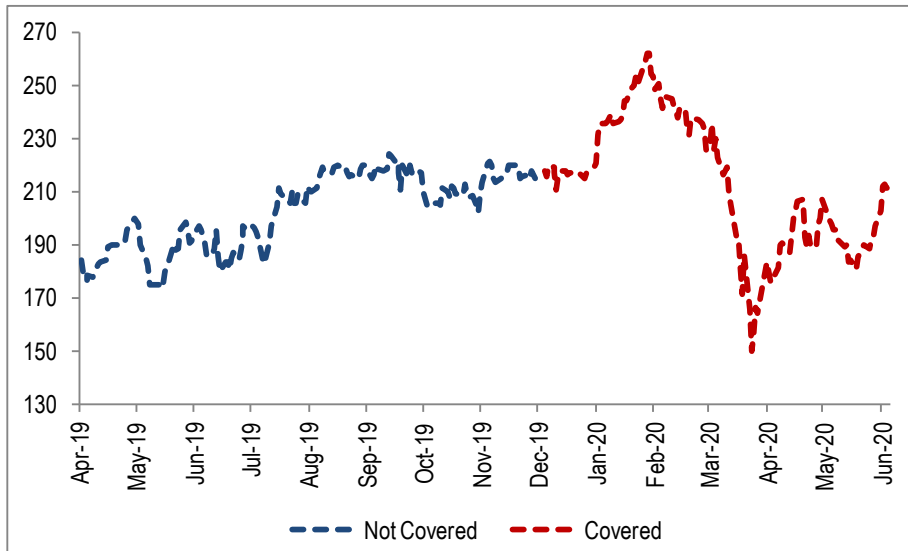
Y/E March:	FY18	FY19	FY20	FY21E	FY22E
Profitability & return ratios					
EBITDA margin (%)	86.2	82.2	66.5	71.7	79.4
EBIT margin (%)	73.0	72.6	58.2	62.8	70.7
Net profit margin (%)	50.2	42.3	46.8	45.0	52.4
RoE (%)	14.0	14.7	17.8	14.0	14.5
Post-tax RoCE (%)	10.0	12.0	15.5	12.2	13.1
RoIC (%)	12.7	13.7	16.5	12.6	13.9
Working capital ratios					
Receivables (days)	33.2	32.2	28.6	29.0	29.0
Inventory (days)	32	24	20	19	19
Payables (days)	5	4	4	5	7
Cash conversion cycle	60.4	52.2	44.1	43.0	41.0
Leverage ratios					
Net debt (Rsmn)	28,432	23,996	16,909	10,562	4,215
Net Debt (cash)/Equity (X)	0.56	0.42	0.25	0.14	0.05
Net Debt/EBITDA	2.48	1.56	1.07	0.66	0.22
Valuation ratios					
EV/sales (x)	11.25	7.98	6.32	6.75	6.31
EV/EBITDA (x)	13.05	9.71	9.51	9.41	7.95
EV/FCF	-6.57	13.86	14.26	16.12	16.20
P/E (x)	18.81	15.83	11.34	12.60	10.11
P/BV (x)	2.48	2.19	1.87	1.67	1.46
FCF Yield (%)	-15.22	7.21	7.01	6.20	6.17
Dividend Yield (%)	0.67	0.78	1.12	1.35	1.57
Per share ratios					
EPS	11.86	14.09	19.66	17.70	22.05
Cash EPS	14.96	17.28	23.14	21.19	25.69
BVPS	89.83	101.85	119.19	133.89	152.44
DPS	1.50	1.75	2.50	3.00	3.50

Source: Company, Nirmal Bang Institutional Equities Research

Rating track

Date	Rating	Market price (Rs)	Target price (Rs)
1 October 2019	Buy	258	312
31 October 2019	Buy	286	336
14 February 2020	Buy	238	313
30 March 2020	Buy	165	273
9 June 2020	Buy	223	286

Rating track graph



DISCLOSURES

This Report is published by Nirmal Bang Equities Private Limited (hereinafter referred to as “NBEPL”) for private circulation. NBEPL is a registered Research Analyst under SEBI (Research Analyst) Regulations, 2014 having Registration no. INH000001436. NBEPL is also a registered Stock Broker with National Stock Exchange of India Limited and BSE Limited in cash and derivatives segments.

NBEPL has other business divisions with independent research teams separated by Chinese walls, and therefore may, at times, have different or contrary views on stocks and markets.

NBEPL or its associates have not been debarred / suspended by SEBI or any other regulatory authority for accessing / dealing in securities Market. NBEPL, its associates or analyst or his relatives do not hold any financial interest in the subject company. NBEPL or its associates or Analyst do not have any conflict or material conflict of interest at the time of publication of the research report with the subject company. NBEPL or its associates or Analyst or his relatives do not hold beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of this research report.

NBEPL or its associates / analyst has not received any compensation / managed or co-managed public offering of securities of the company covered by Analyst during the past twelve months. NBEPL or its associates have not received any compensation or other benefits from the company covered by Analyst or third party in connection with the research report. Analyst has not served as an officer, director or employee of Subject Company and NBEPL / analyst has not been engaged in market making activity of the subject company.

Analyst Certification: I, Amit Agarwal, research analyst and the author of this report, hereby certify that the views expressed in this research report accurately reflects my personal views about the subject securities, issuers, products, sectors or industries. It is also certified that no part of the compensation of the analyst was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research. The analyst is principally responsible for the preparation of this research report and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Disclaimer

Stock Ratings Absolute Returns

BUY > 15%

ACCUMULATE -5% to 15%

SELL < -5%

This report is for the personal information of the authorized recipient and does not construe to be any investment, legal or taxation advice to you. NBEPL is not soliciting any action based upon it. Nothing in this research shall be construed as a solicitation to buy or sell any security or product, or to engage in or refrain from engaging in any such transaction. In preparing this research, we did not take into account the investment objectives, financial situation and particular needs of the reader.

This research has been prepared for the general use of the clients of NBEPL and must not be copied, either in whole or in part, or distributed or redistributed to any other person in any form. If you are not the intended recipient you must not use or disclose the information in this research in any way. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NBEPL will not treat recipients as customers by virtue of their receiving this report. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NBEPL & its group companies to registration or licensing requirements within such jurisdictions.

The report is based on the information obtained from sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. We accept no obligation to correct or update the information or opinions in it. NBEPL or any of its affiliates or employees shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NBEPL or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This information is subject to change without any prior notice. NBEPL reserves its absolute discretion and right to make or refrain from making modifications and alterations to this statement from time to time. Nevertheless, NBEPL is committed to providing independent and transparent recommendations to its clients, and would be happy to provide information in response to specific client queries.

Before making an investment decision on the basis of this research, the reader needs to consider, with or without the assistance of an adviser, whether the advice is appropriate in light of their particular investment needs, objectives and financial circumstances. There are risks involved in securities trading. The price of securities can and does fluctuate, and an individual security may even become valueless. International investors are reminded of the additional risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Opinions expressed are subject to change without any notice. Neither the company nor the director or the employees of NBEPL accept any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this research and/or further communication in relation to this research. Here it may be noted that neither NBEPL, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profit that may arise from or in connection with the use of the information contained in this report.

Copyright of this document vests exclusively with NBEPL.

Our reports are also available on our website www.nirmalbang.com

Access all our reports on Bloomberg, Thomson Reuters and Factset.

Team Details:			
Name		Email Id	Direct Line
Rahul Arora	CEO	rahul.arora@nirmalbang.com	-
Girish Pai	Head of Research	girish.pai@nirmalbang.com	+91 22 6273 8017 / 18
Dealing			
Ravi Jagtiani	Dealing Desk	ravi.jagtiani@nirmalbang.com	+91 22 6273 8230, +91 22 6636 8833
Michael Pillai	Dealing Desk	michael.pillai@nirmalbang.com	+91 22 6273 8102/8103, +91 22 6636 8830

Nirmal Bang Equities Pvt. Ltd.

Correspondence Address

B-2, 301/302, Marathon Innova,
 Nr. Peninsula Corporate Park,
 Lower Parel (W), Mumbai-400013.

Board No. : 91 22 6273 8000/1; Fax. : 022 6273 8010