Equity Research

March 20, 2021

BSE Sensex: 49858

ICICI Securities Limited is the author and distributor of this report

Company update & TP revision

Banking

Target price Rs953

Target price revision

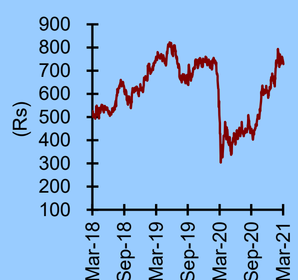
Rs953 from Rs814

Shareholding pattern

	Jun '20	Sep '20	Dec '20
Promoters	16.0	14.8	13.9
Institutional investors	70.4	73.2	74.5
MFs and others	19.6	18.6	20.9
FIs/Banks	0.1	0.1	0.1
Insurance Cos.	2.3	5.1	2.1
FPI	48.4	49.4	51.4
Others	13.6	12.0	11.5

Source: CMIE

Price chart



Research Analysts:

Kunal Shah
kunal.shah@icicisecurities.com
+91 22 6637 7572

Renish Bhuva
renish.bhuva@icicisecurities.com
+91 22 6637 7465

Chintan Shah
chintan.shah@icicisecurities.com
+91 22 6637 7658

INDIA

ICICI Securities

Axis Bank

BUY

Maintained

CEO Speak: Prudent approach, strategic initiative to drive sustainable, superior returns

Rs726

We interacted with the senior management of Axis Bank including Mr. Amitabh Chaudhry - MD & CEO, Mr. Puneet Sharma – CFO and Mr. Rajiv Anand – Wholesale Banking, Executive Director. Prudent and conservative path to cushion volatility and deliver superior RoEs was evident from: 1) Not chasing growth - lending to right segments at a right price; 2) more focus on RaRoC than book growth in corporate banking; and 3) carrying forward covid buffer and utilising it in extreme contingencies.

Few encouraging strategic initiatives include: i) Re-oriented corporate structure and leveraging Axis One platform; ii) preparing itself for a huge opportunity in government business; iii) change in mindset and technology-led structural transformation in MSME business; iv) GIG-A hiring to save incremental costs; and v) graduating from ETB to KTB for wider penetration. As per the current approach, we believe the bank is set to move towards >15% sustainable RoE in medium term. Maintain BUY with a revised target price of Rs953 (now assigning 2.2x FY23E ABV for banking business with improved visibility and Rs58 per share for subsidiaries; earlier Rs814). Key risks: Higher stress and lower-than-anticipated growth can cap RoE improvement.

Prudence and conservatism clearly evident:

- **Contrary to cautious outlook, economic recovery is looking up:** The management highlighted, contrary to its cautious outlook 6-9 months back, it is now comfortable and positive about better economic recovery. Activity levels, too, are getting back to or better than pre-covid levels. The bank is also very well poised to support grow and participate in recovery. However, it remains cognisant that large and stronger players are talking more about growth while weaker and smaller players are getting marginalised.
- **Will follow the path of prudence:** It will not chase anything and everything but will lend to right entities/people in right sector/segment at a right price. It will remain cautious in some sub-segments namely LRDs, commodities etc. In corporate segment, it will focus more on consolidated offerings and RaRoC over book growth to drive the operating profit. Will drive retail lending hard skewed towards secured segments and will build MSME segment on a granular basis through its technology-led transformation programme.
- **More focus on RaRoC than book growth:** Bank is not pursuing corporate credit growth at the cost of margins, though in its area of strength it is willing to grab the opportunities coming up at a fair pricing. Instead, Axis is focusing on consolidated offerings to its corporate banking customers including cash management, forex, trade financing etc. It is driving enough non-credit fee and float levers that aid in generating targeted risk adjusted return on capital (RaRoC) that may not necessarily purely flow from mere lending. Following a capital-light model and managing RoRWA, it will actively pursue originate and distribute model. All these factors support sustained growth in pre-provision operating profit in corporate banking segment despite moderating credit growth.

Market Cap	Rs2224bn/US$30.5bn
Reuters/Bloomberg	AXBK.BO/AXSB IN
Shares Outstanding (mn)	3,063.3
52-week Range (Rs)	800/285
Free Float (%)	86.1
FII (%)	51.4
Daily Volume (US$'000)	1,81,444
Absolute Return 3m (%)	19.2
Absolute Return 12m (%)	69.6
Sensex Return 3m (%)	6.3
Sensex Return 12m (%)	78.3

Year to Mar	FY20	FY21E	FY22E	FY23E
NII (Rs bn)	252	297	331	373
Net Profit (Rs bn)	16	69	154	183
EPS (Rs)	5.8	22.5	50.2	59.8
% Change YoY	-68.3	289.5	123.3	19.1
P/E (x)	115.7	29.7	13.3	11.2
P/BV (x)	2.2	2.0	1.8	1.6
P/ABV (x)	2.4	2.1	1.9	1.6
GNPA (%)	5.1	4.8	4.1	3.1
RoA (%)	0.2	0.7	1.5	1.6
RoE (%)	2.1	7.4	14.4	15.1

- **Pro-forma slippages to be lower than Q3:** Prudence was the undertone wherein the bank is recognising and providing (upfront) for the anticipated stress. Bank recognised pro-forma slippages of Rs105bn in 9MFY21, working out to a run rate of 2.5%. It expects pro-forma slippages in Q4FY21 to be lower than Q3. Furthermore, it added that results of stress tests convey that post-pandemic pain seems 45-50% lower than earlier envisaged in April.

- **BB & below portfolio, though static, granularity provides comfort:** BB & below book has remained static over the past few quarters, despite slippages from the pool. However, it draws comfort from: 1) Ticket size in this pool reducing consistently, 2) five sectors constituting 73% of BB & below fund based book are getting better with positive developments, 3) ~20-25% of BB & below pool have been rated as BBB & above by external rating agencies, and 4) regularly performing BBB exposures are granular (only handful cases with exposure of Rs10bn or above) and distributed in nature, geographically as well as sectorally, thereby, containing the risks of flow into BB and below.

- **Covid-related buffer to be carried forward and utilised in extreme contingencies:** Bank is carrying cumulative provision of Rs118bn (equivalent to ~2% of advances) which seems sufficient when seen in conjunction with the stress pool of Rs226bn ('BB' & below – Rs141bn, net NPA – Rs74bn, and restructuring – Rs11bn). Higher provisioning should not be construed as a sign of higher stress or anticipated asset quality behaviour in coming quarters.

  Besides covid prudent provisioning, other provisions are rule-based and with improvement in asset quality performance, it will reverse with upgrades. Covid provisions can be technically utilised or reversed (post audit and board approval) but ***the bank plans to carry it forward to strengthen its balance sheet and utilise only in extreme contingencies. This suggests the buffer will not be utilised for normalised or near-term anticipated slippages.*** This approach is to eliminate any uncertainty and move towards sustainability sooner than envisaged. We, therefore, gain confidence that if the situation stabilises (without further deterioration in the macros), credit cost can settle at 1.4%/1.2% for FY22E/FY23E, respectively.

Strategic initiatives

- **Re-oriented corporate structure; leveraging Axis One platform:** The bank has re-oriented its corporate banking structure, segregating the responsibilities of product and coverage groups and strengthening the team across mid-corporate, MNC, government coverage, transaction banking and forex. The objective of bringing sharper focus and achieving delivering excellence is now visible and recognised by clients as well. It is also actively driving synergies across One Axis platform – bringing all the relationships together across group entities. With top corporate relationships, it has penetrated with 9 or more products and services and of this, at least two services are offered by its subsidiaries.

- **Government business – opportunity is huge though big lift is not expected soon:** With government lifting embargo on private banks to source government business, ***it sees an industry-wide opportunity that opens up in terms of through-put of Rs13-14trn and further leveraging this through-put for fee and float opportunities can be huge.*** Axis has started engaging with ministries, government and will be pushed heavily next fiscal onwards. The bank believes relationship, reach, product offering, technology and past track record of executing government business will be its key differentiators.

- **MSME business - change in mindset and technology-led structural transformation:** The bank is undergoing a dramatic shift in a way MSME business is conducted (defined as customers with Rs0.15-2.5bn turnover). Given superior profitability and high PSL coverage, it is strategically focused in driving technology-led transformation (Sankalp) in MSME segment with more data availability, automation, artificial intelligence etc. With the objective of better customer experience and improved productivity, it is now delivering data driven credit decisions, digitised operations that have reduced documentation by 60%, TAT has come down by 50-60% and client interactions by RMs have increased threefold. Now getting more constructive on MSME segment, we believe it can sustain the momentum of sequential rise in this portfolio. The book is also granular, well diversified across geographies and sectors, predominantly secured and skewed towards better rate entities (>84% rated SME-3 and above).
- **Digitisation – a silent revolution but a differentiator:** The bank is reimagining end-to-end customer journey across product verticals through OPEN approach – O (zero-based redesign), P – proprietary in-house capabilities, E – ecosystem capability, N – numbers and metrics driven. Axis has dedicated 800 people to digital agenda and has 110 members full service in-house team. It is fully cloud-ready with modular micro services based infrastructure, has developed big data cluster and multiple machine learning based credit platforms. The objective is to make the process more agile and employees more productive.
- **Pilot on GIG-A hiring to save incremental costs:** GIG-A hiring pilot on a virtual role offering is expanded to 100 roles across Axis group and 50+ positions filled with new talent pools. It has received more than 60k applications from skilled professionals, of which, >70% are out of Mumbai, >40% non-metros, >50% non-bankers and >30% existing first time entrepreneurs. It is structurally thinking to incrementally save on real estate related opex (rentals, lease payments) for new hiring.
- **Graduating from ETB to KTB for opportunities:** Deepening existing-to-bank (ETB) relationship with >70% of retail lending sourced from ETB customers, it is now closely looking at opportunities in Known-to-Bank (KTB) customers in different pockets and different segments through payments platform sources.
- **'One Axis' platform – collaboration to push significant value creation**
  - Axis Capital – leveraging the structured finance and M&A advisory expertise to become a go to banker for India Inc.
  - Axis Securities - full service broker focusing on building an advisory model; investing heavily in technology; customer acquisitions up 99% YoY to 233,763 customers.
  - Axis AMC remains one of the fastest growing AMCs in the country across debt and equity product categories with average AuM growth of 44% in the last 12 months.
  - Axis Finance - investments in retail business have started yielding results, retail disbursements now account for 30%+ of incremental disbursements. No accounts were required to restructure in Axis Finance. It is now well poised for growth with CAR of 21.7%. Overall RoE in Q3FY21 stood at 17.5% with wholesale RoE at ~24%.

Table 1: Subsidiaries valuation

Subsidiary	Valuation method	Company Value (Rs mn)	Axis Stake	Axis stake value (Rs mn)	SoTP Value (Rs per share)
Axis MF	7% of AUM	1,48,971	75	1,11,714	40
Axis Capital	15x PE	21,780	100	21,780	8
Axis Securities	15x PE	26,862	100	26,862	10
Axis Finance	2x P/BV	33,063	100	33,063	12
Total					**69**
After holding company discount of 15%					**58**

Source: Company data, I-Sec research

Chart 1: Lower LCR amongst large private banks restricts flexibility to tap thin spread business

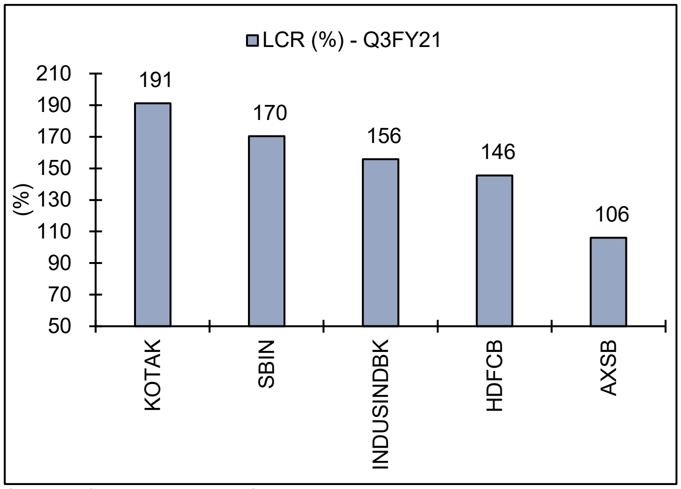
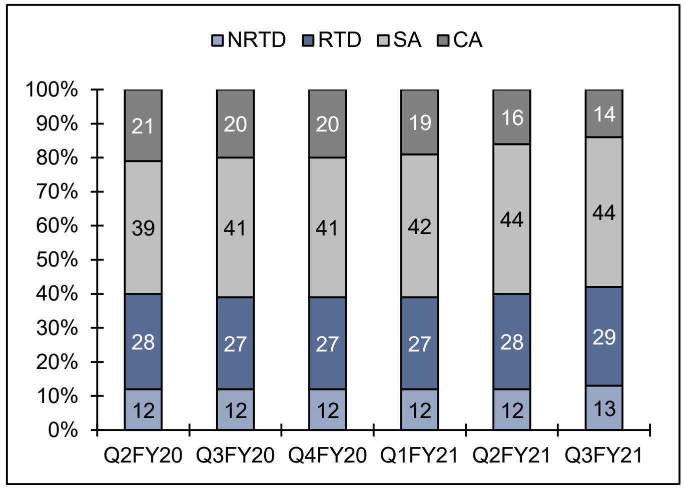


Chart 2: Granularizing its deposit franchise in favor of SA & TD



Source: Company data, I-Sec research

Chart 3: Not chasing growth; retail and MSME to be key growth drivers

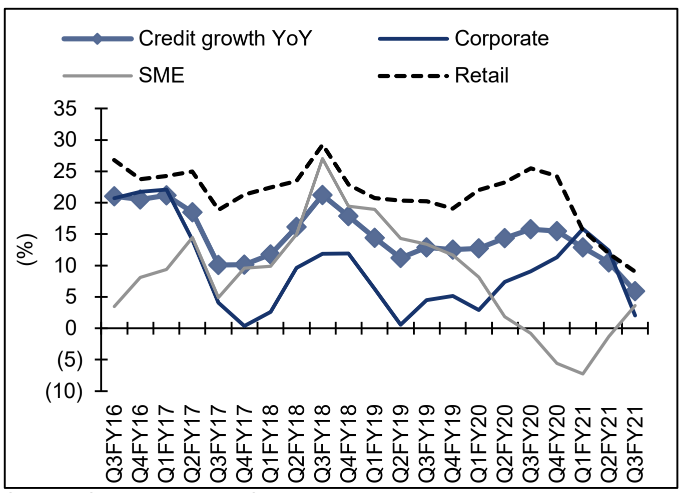
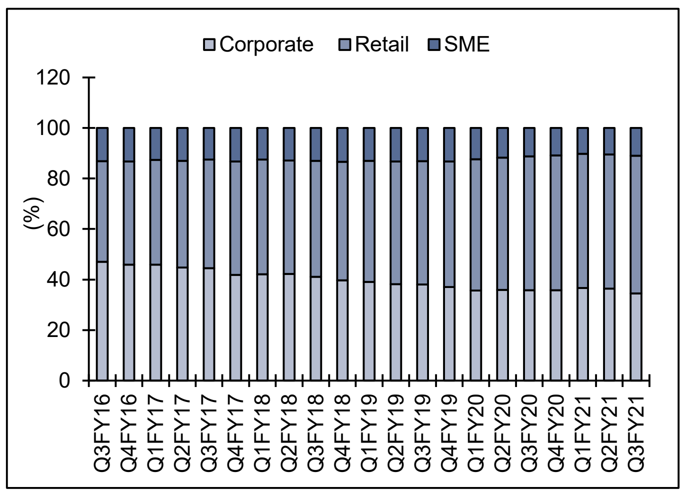


Chart 4: Retail pie expanding while corporate share is shrinking



Source: Company data, I-Sec research

Chart 5: Opex to assets on a sustained decline mode after peaking out in FY18

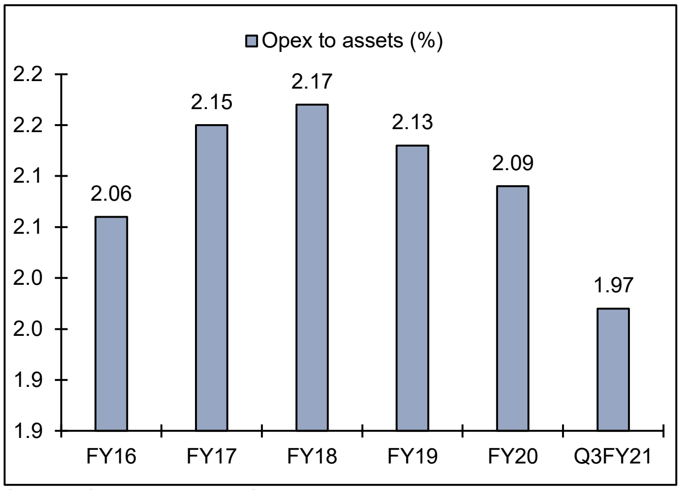
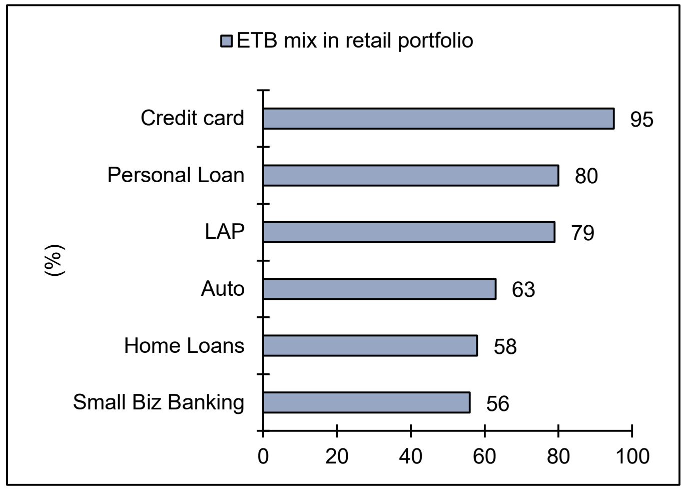


Chart 6: After a deep penetration in ETB, now will progressively tap KTB



Source: Company data, I-Sec research

Table 2: Total stress pool at Rs 226bn (NNPA + Restructuring + BB & below)

(Rs bn, year ending March 31)

Particulars	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (bn)	QoQ (bn)
Gross NPA (proforma)	300.7	302.3	295.6	274.7	291.0	(9.8)	16.2
Net NPA (proforma)	121.6	93.6	74.5	64.2	74.1	(47.5)	9.9
BB & below	97.8	110.0	107.5	148.5	141.4	43.6	(7.2)
BB & below (fund based)	51.3	65.3	64.2	91.2	87.2	*35.9*	*(4.0)*
BB & below (non-fund based)	36.7	39.1	37.2	49.3	48.0	*11.3*	*(1.3)*
BB & below (investments)	9.9	5.6	6.1	8.1	6.2	*(3.7)*	*(1.9)*
Restructuring (ex-BB & below pool)	-	-	-	-	10.8	10.8	10.8
GNPA + Restructuring + BB & below	**398.6**	**412.3**	**403.1**	**423.3**	**443.2**	**44.6**	**19.9**
NNPA + Restructuring + BB & below	**219.4**	**203.6**	**182.0**	**212.7**	**226.3**	**6.9**	**13.6**

Source: Company data

Table 3: Total stress pool quite manageable given ~50% stress on stress pool

(%, year ending March 31)

Particulars (%)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY (bp)	QoQ (bp)
Gross NPA (proforma)	5.00	4.86	4.72	4.28	4.55	(45)	27
Net NPA (proforma)	2.09	1.56	1.23	1.03	1.19	(90)	16
BB & below	1.62	1.77	1.71	2.31	2.22	60	(9)
BB & below (fund based)	0.85	1.05	1.02	1.42	1.37	52	(5)
BB & below (non-fund based)	0.61	0.63	0.59	0.77	0.75	15	(1)
BB & below (investments)	0.16	0.09	0.10	0.13	0.10	(7)	(3)
Restructuring	-	-	-	-	0.17	17	17
GNPA + Restructuring + BB & below	6.62	6.63	6.43	6.59	6.94	32	35
NNPA + Restructuring + BB & below	3.71	3.33	2.94	3.34	3.58	(13)	24

Source: Company data

Table 4: Pro-actively recognizing slippages resulted in elevated slippages, slippages likely to taper in Q4

(Rs bn, year ending March 31)

Particulars	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	YoY %	QoQ %
Gross NPA	290.7	300.7	302.3	295.6	274.7	(0.1)	(0.1)
Fresh Slippages	62.1	39.2	22.2	15.7	67.4	0.1	3.3
Upgradations/Recoveries/write-offs	52.1	37.6	28.9	36.6	51.6	(0.0)	0.4
Gross NPA - Closing Balance	**300.7**	**302.3**	**295.6**	**274.7**	**290.5**	**(0.0)**	**0.1**

Source: Company data

Chart 7: Higher credit cost resulted in decline in RoA

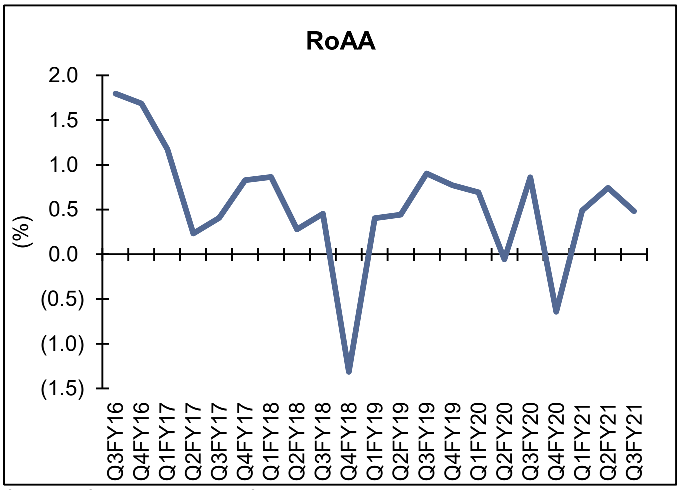
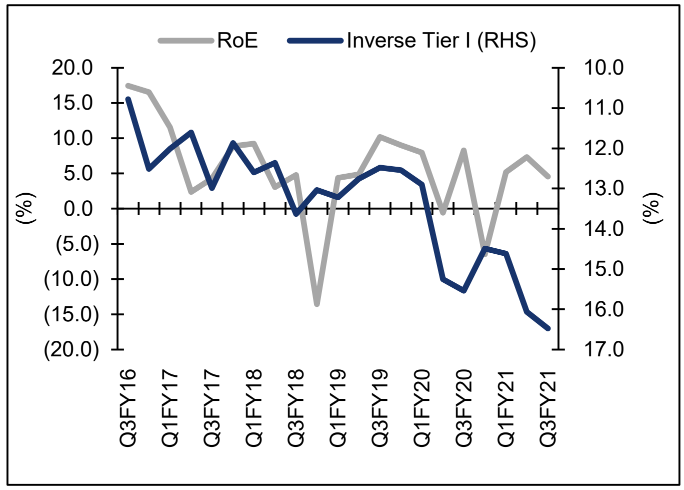


Chart 8: Tier-1 rise significantly post capital raise



Source: Company data, I-Sec research

Financial summary

Table 5: Profit and Loss statement

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Interest Income	1,68,330	1,80,931	1,86,177	2,17,082	2,52,062	2,97,456	3,31,153	3,73,107
% Growth	18	7	3	17	16	18	11	13
Fee income	67,076	70,283	77,299	88,537	96,919	87,227	1,00,312	1,15,358
Add: Other income	26,639	46,630	32,372	42,767	58,446	56,084	62,083	66,967
Total Net Income	**2,62,044**	**2,97,844**	**2,95,848**	**3,48,385**	**4,07,428**	**4,40,767**	**4,93,548**	**5,55,433**
% Growth	16	14	(1)	18	17	8	12	13
Less: Operating Expenses	(1,01,008)	(1,21,999)	(1,39,903)	(1,58,334)	(1,73,046)	(1,79,364)	(1,96,098)	(2,19,630)
Pre-provision operating profit	**1,61,036**	**1,75,845**	**1,55,945**	**1,90,051**	**2,34,381**	**2,61,403**	**2,97,450**	**3,35,803**
NPA Provisions	**(38,005)**	**(1,11,571)**	**(1,65,987)**	**(1,02,215)**	**(1,27,530)**	**(80,812)**	**(78,608)**	**(74,761)**
Other provisions	906	(9,599)	11,258	(18,095)	(57,800)	(88,704)	(13,621)	(16,546)
PBT	**1,23,937**	**54,676**	**1,216**	**69,741**	**49,051**	**91,887**	**2,05,221**	**2,44,496**
Less: taxes	(41,700)	(17,883)	1,541	(22,975)	(32,770)	(23,128)	(51,654)	(61,540)
PAT	**82,237**	**36,793**	**2,757**	**46,766**	**16,281**	**68,759**	**1,53,567**	**1,82,956**
% Growth	12	(55)	1,86,177	2,17,082	2,52,062	2,97,456	3,31,153	3,73,107

Source: Company data, I-Sec research

Table 6: Balance sheet

(Rs mn, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Capital	4,766	4,790	5,133	5,143	5,643	6,119	6,119	6,119
Reserve & Surplus	5,26,883	5,52,835	6,29,320	6,61,620	8,43,835	10,00,041	11,26,634	12,77,454
Deposits	35,79,676	41,43,788	45,36,227	54,84,713	64,01,049	69,13,133	77,42,709	89,04,116
Borrowings	9,92,264	10,50,309	14,80,161	15,27,758	14,79,541	14,79,541	14,13,765	14,13,765
Other liabilities	1,51,088	2,62,955	2,62,455	3,30,731	4,21,579	4,63,737	5,10,111	5,61,122
Total liabilities	**52,54,676**	**60,14,677**	**69,13,296**	**80,09,965**	**91,51,648**	**98,62,572**	**1,07,99,338**	**1,21,62,576**
Cash & Bank Balances	3,33,254	5,02,562	4,34,549	6,72,046	9,72,683	6,70,069	7,11,274	7,94,767
Investment	12,20,062	12,87,934	15,38,761	17,49,693	15,67,343	20,06,199	20,26,261	20,46,524
Advances	33,87,737	37,30,693	43,96,503	49,47,980	57,14,242	60,48,018	68,71,204	81,00,276
Fixed Assets	35,232	37,469	39,717	40,366	43,129	45,797	51,797	58,612
Other Assets	2,78,391	4,56,019	5,03,766	5,99,880	8,54,252	10,92,489	11,38,802	11,62,397
Total Assets	**52,54,676**	**60,14,677**	**69,13,296**	**80,09,965**	**91,51,648**	**98,62,572**	**1,07,99,338**	**1,21,62,576**
% Growth	13.8	14.5	14.9	15.9	14.3	7.8	9.5	12.6

Source: Company data, I-Sec research

Table 7: Dupont analysis

(%, year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Interest income	8.3	7.9	7.1	7.4	7.3	6.8	6.7	6.7
Interest expense	(4.9)	(4.7)	(4.2)	(4.5)	(4.4)	(3.6)	(3.5)	(3.5)
NII	**3.4**	**3.2**	**2.9**	**2.9**	**2.9**	**3.1**	**3.2**	**3.2**
Other income	0.5	0.8	0.5	0.6	0.7	0.6	0.6	0.6
Fee income	1.4	1.2	1.2	1.2	1.1	0.9	1.0	1.0
Total income	**5.3**	**5.3**	**4.6**	**4.7**	**4.7**	**4.6**	**4.8**	**4.8**
Operating expenses	(2.0)	(2.2)	(2.2)	(2.1)	(2.0)	(1.9)	(1.9)	(1.9)
Operating profit	**3.3**	**3.1**	**2.4**	**2.5**	**2.7**	**2.7**	**2.9**	**2.9**
NPA provision	**(0.8)**	**(2.0)**	**(2.6)**	**(1.4)**	**(1.5)**	**(0.9)**	**(0.8)**	**(0.7)**
Total provisions	(0.8)	(2.2)	(2.4)	(1.6)	(2.2)	(1.8)	(0.9)	(0.8)
PBT	2.5	1.0	0.0	0.9	0.6	1.0	2.0	2.1
Tax	(0.8)	(0.3)	0.0	(0.3)	(0.4)	(0.2)	(0.5)	(0.5)
PAT	**1.7**	**0.7**	**0.0**	**0.6**	**0.2**	**0.7**	**1.5**	**1.6**

Source: Company data, I-Sec research

Table 8: Key ratios

(Year ending Mar 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Per share data								
EPS – Diluted (Rs)	34.6	15.4	1.1	18.2	5.8	22.5	50.2	59.8
% Growth	10.9	-55.5	-92.7	1519.6	-68.3	289.5	123.3	19.1
DPS (Rs)	5.00	5.00	-	1.0	0.9	3.4	7.5	9.0
Book Value per share (BVPS) (Rs)	224	233	258	259	301	329	370	420
% Growth	18.7	4.4	10.7	0.3	16.1	9.2	12.6	13.3
Adjusted BVPS (Rs)	217	209	213	230	276	311	354	406
% Growth	17.2	-3.4	1.9	7.9	20.1	12.5	13.9	14.7
Valuations								
Price / Earnings (x)	20.0	44.8	594.7	36.7	115.7	29.7	13.3	11.2
Price / Book (x)	3.1	3.0	2.6	2.6	2.2	2.0	1.8	1.6
Price / Adjusted BV (x)	3.2	3.3	3.1	2.9	2.4	2.1	1.9	1.6
Asset Quality								
Gross NPA (Rs mn)	58,484	2,00,456	3,42,485	2,97,895	3,02,335	3,03,940	2,88,940	2,53,940
Gross NPA (%)	1.7	5.2	7.5	5.8	5.1	4.8	4.1	3.1
Net NPA (Rs mn)	25,186	86,266	1,65,917	1,12,756	93,604	73,604	65,604	53,604
Net NPA (%)	0.7	2.3	3.8	2.3	1.6	1.2	1.0	0.7
NPA Coverage ratio (%)	57	57	52	62	69	76	77	79
Gross Slippages (%)	2.6	5.9	8.4	3.3	4.1	2.7	2.2	1.8
Credit Cost (%)	1.2	3.3	3.7	2.5	3.4	2.8	1.4	1.2
Net NPL/Networth	4.7	15.5	26.2	16.9	11.0	7.3	5.8	4.2
Business ratios (%)								
ROAA	1.7	0.7	0.0	0.6	0.2	0.7	1.5	1.6
ROAE	16.8	6.8	0.5	7.2	2.1	7.4	14.4	15.1
Credit Growth	20.5	10.1	17.8	12.5	15.5	5.8	13.6	17.9
Deposits Growth	11.0	15.8	9.5	20.9	16.7	8.0	12.0	15.0
CASA	47.3	51.4	53.8	44.4	41.2	44.0	44.0	44.0
Credit / Deposit Ratio	94.6	90.0	96.9	90.2	89.3	87.5	88.7	91.0
Cost-Income ratio	38.5	41.0	47.3	45.4	42.5	40.7	39.7	39.5
Operating Cost / Avg. Assets	2.0	2.17	2.2	2.1	2.0	1.9	1.9	1.9
Fee Income / Avg. Assets	1.4	1.2	1.2	1.2	1.1	0.9	1.0	1.0
Earning ratios								
Yield on Advances	9.7	9.3	8.4	8.8	9.1	8.2	8.1	8.0
Yield on Earning Assets	8.8	8.5	7.7	8.0	8.0	7.6	7.6	7.5
Cost of Deposits	5.4	5.1	4.4	4.7	4.9	4.2	4.1	4.0
Cost of Funds	5.6	5.4	4.8	5.1	5.0	4.3	4.2	4.1
NIM	3.6	3.5	3.1	3.2	3.2	3.5	3.6	3.6
Capital Adequacy (%)								
RWA (Rs mn)	40,39,492	47,23,132	51,76,308	55,26,876	61,31,604	67,44,765	75,54,136	84,60,633
Tier-1	12.5	11.9	13.0	12.9	14.2	15.2	15.3	15.4
CAR	15.3	14.9	16.6	16.1	16.6	17.3	17.3	17.3

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, *Kunal Shah, CA; Renish Bhuva, CFA (ICFAI); Chintan Shah, 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 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 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 a 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.