

TECHNO ELECTRIC & ENGINEERING

Geographical diversification improves visibility



Edelweiss
Ideas create, values protect

India Equity Research | Engineering and Capital Goods

Techno Electric & Engineering's (TEEC) Q3FY18 revenues were 26% below our estimate impacted by GST implementation. Key highlights: 1) the company is planning entry in East Africa market & targeting USD100mn revenue in FY19; 2) management continues to focus on balance sheet strengthening as it repaid INR2bn debt (overall debt now at ~INR1bn) in 9mFY18; and 3) guided for INR25bn order intake in FY19 (~INR15bn in FY18E) majorly driven by Africa market & FGD orders. While we trim our FY18/19E EPS estimates 8/7% due to lower-than-expected order intake, we estimate 19% EPS CAGR over FY18-20 led by healthy 2x revenue visibility and improving order intake prospects riding geographical diversification and FGD orders. Maintain 'BUY' with revised SOTP-based TP of INR425 (INR415 earlier) as we roll forward to FY20E with healthy RoEs of ~20%.

Consolidation continues; considerable debt reduction

TEEC reported 15% revenue decline in Q3FY18 on account of fall in EPC revenue primarily due to GST-related adjustments (including tax, revenue grew 10%). Management's focus for FY18 continues to remain on closure of projects, debt repayment and further improvement in collection efficiency—reflected in numbers as well. During the quarter, interest expenses fell 50%, which further arrested PAT decline. The company is likely to become debt free at the gross level as well in the next 1.5 years. In the wind business, grid availability is improving and for 9mFY18 PLF stood at 25% with average realisation of INR 4.41/unit in Tamil Nadu.

Order intake to improve in FY19E

We expect TEEC to miss its FY18 order intake guidance of INR18bn (9mFY18: INR12bn) on back of delays in ordering. However, the geographical diversification is likely to substantially improve visibility. While management is confident of better margin in international projects, we prefer to wait for actual performance before building in numbers.

Outlook and valuations: Going strong; maintain 'BUY'

We remain positive on TEEC riding brightening prospects in the T&D segment, efficient working capital management and execution. We estimate EPS CAGR of 19% over FY18-20 primarily led by EPC business. We maintain 'BUY/SP'.

Financials

(INR mn)

Year to March	Q3FY18	Q3FY17	% Chg	Q2FY18	% Chg	FY17	FY18E	FY19E
Net revenues	3,015	3,563	(15.4)	2,542	18.6	13,567	13,934	16,172
EBITDA	736	754	(2.4)	768	(4.2)	3,125	3,199	3,806
Adjusted Profit	435	409	6.3	601	(27.7)	1,927	2,092	2,548
Diluted EPS (INR)	3.9	3.6	6.3	5.3	(27.7)	17.1	18.6	22.6
Diluted P/E (x)						21.3	19.7	16.1
ROAE (%)						18.9	17.8	19.0

EDELWEISS 4D RATINGS

Absolute Rating	BUY
Rating Relative to Sector	Performer
Risk Rating Relative to Sector	Medium
Sector Relative to Market	Overweight

MARKET DATA (R: TEEC.BO, B: TEEC IN)

CMP	: INR 365
Target Price	: INR 425
52-week range (INR)	: 439 / 312
Share in issue (mn)	: 112.7
M cap (INR bn/USD mn)	: 41 / 640
Avg. Daily Vol.BSE/NSE('000)	: 109.3

SHARE HOLDING PATTERN (%)

	Current	Q2FY18	Q1FY18
Promoters *	58.8	58.8	58.8
MF's, FI's & BK's	18.1	17.5	17.8
FII's	4.1	4.6	4.9
Others	19.0	19.1	18.5
* Promoters pledged shares (% of share in issue)	:		NIL

PRICE PERFORMANCE (%)

	Stock	Nifty	EW Capital Goods Index
1 month	(11.0)	(1.3)	6.0
3 months	(4.0)	2.1	(1.6)
12 months	(1.4)	19.9	(3.9)

Swarnim Maheshwari

+91 22 4040 7418
swarnim.maheshwari@edelweissfin.com

Amit Mahawar

+91 22 4040 7451
amit.mahawar@edelweissfin.com

Ashutosh Mehta

+91 22 6141 2748
ashutosh.mehta@edelweissfin.com

February 12, 2018

Q3FY18 conference call: Key highlights

Overall management focus:

- FY18 was a year of consolidation and in FY19 management will focus on growth. TEEC focused on balance sheet, closure of old projects, repaying debt and improving collection & retention money in FY18.

Guidance:

- Management remains confident of 15% bottom-line growth in FY18 led by lower interest outgo and higher other income.
- FY19 order intake guidance at INR25bn. In the international market, good opportunities from East Africa (targeting USD100mn business from Africa in FY19).

Market outlook:

- The Electricity Act to be passed soon and Discoms which fail to supply power 24x7 by March 2019 will have to pay penalties. This will lead to improving power scenario and additional opportunities for EPC companies.
- Market potential to improve significantly for EVs and charging stations as India is planning to have only EVs by 2030. A study indicates that EV charging stations will cost INR250mn and auto charging stations INR100mn.
- Solar market has been losing steam over the past three months. NTPC has been consistently postponing the Anta power plant tender.
- Most projects in Africa are funded by multi-lateral agencies like EXIM and ADB.
- **FGD three tenders:** (1) Lot 1A (15GW) for which bids have been submitted; (2) NTPC Khargaon (660x2) should be done by February end; and (3) Lot 1B (10GW) should happen by March end. Each EPC player cannot bid for more than three packages in each lot (seven packages in lot 1A and seven in lot 1B).
- Overall wind realisation at INR4.41/unit and Simran realisation at INR3.12/unit.

Financial performance:

- Q3 revenue impacted by GST implementation.
- Wind segment's 9mFY18 performance impacted by rains in Tamil Nadu. PLF at 25% for current year. Management perceives improved grid availability in Tamil Nadu.
- Higher share of statcom projects (higher profitability) in the EPC segment resulted in higher EBIT margin in the EPC segment in Q3. However, management expects this to normalise to 15% over the period.
- TEEC has pre-paid debt of INR2bn in 9mFY18 and additionally INR0.3bn post December 2018 till date. Further, the company is planning to pre-pay another INR0.3bn soon. Debt as on date stands at INR1.1bn. South Africa entity to be zero debt by March 2018. On consolidated basis, TEEC to be debt free by March 2019.
- Order book as on date at INR24bn and order inflow for 9mFY18 at INR12bn. FY18 order intake miss was on account of delays in ordering of FGD. Management's initial target for FGD order is INR6-7bn.

Table 1: SOTP valuation

Business Segments	Particulars	Amount (INR mn)	Valuation Method	Multiple (x)	Value (INR mn)	Value per share (INR)
EPC	PAT – FY20E	1,814	P/E	20	37,091	329
Energy	Book Value	4,183	P/B	1.5	6,399	57
Project	Book Value	953	P/B	1.5	1,429	13
Cash	Discounted with 14% COE	3,914			2,986	26
Total Fair Value						425

Financial snapshot

(INR mn)

Year to March	Q3FY18	Q3FY17	% change	Q2FY18	% change	YTD18	FY18E	FY19E
Net revenues	3,015	3,563	(15.4)	2,542	18.6	9,680	13,934	16,172
Raw material	1,982	2,560	(22.6)	1,483	33.7	6,258	9,496	10,981
Staff costs	94	76	23.9	103	(7.9)	279	385	428
Other operating expenses	203	173	17.3	189	7.3	623	854	957
Total expenditure	2,279	2,809	(18.8)	1,774	28.5	7,160	10,735	12,366
EBITDA	736	754	(2.4)	768	(4.2)	2,520	3,199	3,806
Depreciation	106	133	(20.4)	106	(0.5)	318	458	468
EBIT	630	621	1.5	662	(4.8)	2,202	2,742	3,338
Other income	17	49	(64.6)	109	(84.1)	240	462	468
Interest	39	80	(51.2)	60	(35.1)	185	313	292
Add: Exceptional items	-	3	(100.0)	-	-	-	-	-
Profit before tax	609	593	2.6	711	(14.4)	2,258	2,891	3,514
Provision for taxes	170	185	(8.1)	106	60.0	522	793	962
Minority interest	(4)	4	NA	(3)	NA	(10)	(6)	(4)
Reported net profit	435	412	5.6	601	(27.7)	1,726	2,092	2,548
Adjusted Profit	435	409	6.3	601	(27.7)	1,726	2,092	2,548
Equity capital(FV INR 2)	225	225		225		225	225	225
Diluted shares (mn)	113	113		113		113	113	113
Diluted EPS (INR)	3.9	3.6	6.3	5.3	(27.7)	15.3	18.6	22.6
As % of revenues								
Direct costs	65.7	71.8		58.3		64.6	68.1	67.9
Employee cost	3.1	2.1		4.0		2.9	2.8	2.6
Other expenses	6.7	4.9		7.4		6.4	6.1	5.9
EBITDA	24.4	21.2		30.2		26.0	23.0	23.5
Reported net profit	14.4	11.5		23.7		17.8	15.0	15.8
Tax rate	28.0	31.2		15.0		23.1	27.4	27.4

Change in Estimates

	New	FY18E Old	% change	New	FY19E Old	% change	Comments
Net Revenue	13,934	14,984	(7.0)	16,172	18,171	(11.0)	Building in delays due to GST implementation
EBITDA	3,199	3,481	(8.1)	3,806	4,104	(7.3)	
EBITDA Margin	23.0	23.2		23.5	22.6		
Adjusted Profit	2,092	2,275	(8.0)	2,548	2,752	(7.4)	
After Tax							
Net Profit Margin	15.0	15.2		15.8	15.1		
Capex	150	150	0.0	250	150	66.7	

Company Description

TEEC was incorporated in 1963 by the Mohankas to provide EPC services to core sector industries in India. The company went public in 1973. In 1983, it was taken over by Mr. P.P. Gupta and Mr. C.L. Chamaria. Mr. Gupta became the sole promoter of TEEC after Mr. Chamaria's resignation from the board in 1995. The company is headquartered in Kolkata. TEEC boasts of an experienced team of over 175 engineers backed by 225 skilled professionals and 100 staff members. More than 80% of the company's business comes from repeat customers, a testimony to its execution capability. TEEC is a leading EPC services company in India's power sector and provides services to all the 3 industry segments—generation, transmission and distribution. It was involved in setting up (in one capacity or other) over 50% of the country's thermal power generation capacity and a major portion of the national power grid. It also possesses specific domain knowledge that enables it to serve the EPC needs of power, steel, fertiliser, metals and petrochemicals sectors, among others. It ventured into renewable energy via acquisition of wind assets in 2009. Its total installed capacity currently stands at 130MW (having sold 44.45MW in May 2015 and 33MW in Jan 17) with 12MW in standalone entity and balance 117.9MW in subsidiary Simran Wind Projects (Simran). In 2010, the company ventured into BOOT projects via the JV route as it bagged transmission project worth INR4.4bn in Haryana for a concession period of 25 years extendable by another 10 years. Subsequently, TEEC bagged another project worth INR2bn in Punjab in 2013. The company plans to extend / scale up this business further.

Investment Theme

INR2.6tn opportunities in EPC across power, industrial segments

Given the government's sharpened focus on cutting AT&C losses and thrust on renewables, we expect T&D spending to turn the spotlight on higher kV substations, in addition to spending on the green energy corridor to connect renewable energy to the grid. We envisage generation, transmission and distribution to throw up total EPC opportunity of INR2,602bn (INR520bn p.a.) over the next 5 years for TEEC. We anticipate it to corner ~10% of this. Uptick in industrial and exports would be over and above this.

Competitive MOAT: Selective approach with eye on RoE, cash flows

Engineering expertise to handle complex jobs is TEEC's forte. Moreover, the company is extremely selective in project bidding given its focus on complex jobs which normally entail higher profitability and cash flows. It bids for projects funded by either bilateral, multilateral or government funding agencies like PFC or REC to ensure reliable payments and cash flows.

Key Risks

Delayed ordering, execution in power sector, currency risk

Deffered uptick in industrial capex due to contagion

Heightened competitive intensity could impact profitability

Lower utilisation and evacuation issues in wind power assets

Delay in BOOT projects

Financial Statements

Key Assumptions

Year to March	FY17	FY18E	FY19E	FY20E
Macro				
GDP(Y-o-Y %)	6.6	6.5	7.1	7.6
Inflation (Avg)	4.5	4.0	4.5	5.0
Repo rate (exit rate)	6.3	5.8	5.8	6.5
USD/INR (Avg)	67.1	65.0	66.0	66.0
Company				
Order intake growth (%)	(17.0)	10.0	28.0	10.0
Revenue growth (%)	19.4	3.7	17.2	16.4
EBIT Margins (%)	14.6	14.8	15.3	15.3
Wind capacity (MW)	161.8	128.8	128.8	128.8
PLF (%)	23.4	22.0	22.0	22.0
Capex (INR mn)	(1,243)	150	250	250

Income statement

(INR mn)

Year to March	FY17	FY18E	FY19E	FY20E
Income from operations	13,567	13,934	16,172	18,416
Materials costs	9,325	9,496	10,981	12,507
Employee costs	346	385	428	467
Other mfg expenses	772	854	957	1,079
Total operating expenses	10,442	10,735	12,366	14,053
EBITDA	3,125	3,199	3,806	4,363
Depreciation	508	458	468	471
EBIT	2,617	2,742	3,338	3,892
Add: Other income	492	462	468	498
Less: Interest Expense	373	313	292	271
Profit Before Tax	2,735	2,891	3,514	4,120
Less: Provision for Tax	837	793	962	1,168
Less: Minority Interest	-	20	22	18
Associate profit share	29	15	19	25
Reported Profit	1,927	2,092	2,548	2,958
Adjusted Profit	1,927	2,092	2,548	2,958
Shares o/s (mn)	113	113	113	113
Adjusted Basic EPS	17.1	18.6	22.6	26.3
Diluted shares o/s (mn)	113	113	113	113
Adj. Diluted EPS (INR)	17.1	18.6	22.6	26.3
Adjusted Cash EPS	22.8	22.6	26.8	30.4
Dividend per share (DPS)	5.1	5.0	5.0	5.0
Dividend Payout Ratio(%)	35.5	32.3	26.5	22.8

Common size metrics

Year to March	FY17	FY18E	FY19E	FY20E
Operating expenses	77.0	77.0	76.5	76.3
Materials costs	68.7	68.1	67.9	67.9
Staff costs	2.5	2.8	2.6	2.5
S G & A expenses	5.7	6.1	5.9	5.9
Depreciation	3.7	3.3	2.9	2.6
Interest Expense	2.8	2.2	1.8	1.5
EBITDA margins	23.0	23.0	23.5	23.7
Net Profit margins	14.2	15.0	15.8	16.1

Growth ratios (%)

Year to March	FY17	FY18E	FY19E	FY20E
Revenues	23.7	2.7	16.1	13.9
EBITDA	41.7	2.4	19.0	14.6
Adjusted Profit	108.7	8.6	21.8	16.1
EPS	108.7	8.6	21.8	16.1

Balance sheet		(INR mn)			
As on 31st March	FY17	FY18E	FY19E	FY20E	
Share capital	228	225	225	225	
Reserves & Surplus	10,842	12,258	14,131	16,414	
Shareholders' funds	11,070	12,484	14,356	16,639	
Minority Interest	-	20	43	61	
Long term borrowings	2,099	2,153	2,353	2,553	
Total Borrowings	2,099	2,153	2,353	2,553	
Long Term Liabilities	213	213	213	213	
Sources of funds	14,418	15,906	18,001	20,502	
Gross Block	9,653	9,803	10,053	10,303	
Net Block	6,285	5,977	5,759	5,539	
Intangible Assets	201	201	201	201	
Total Fixed Assets	6,486	6,178	5,961	5,740	
Non current investments	789	1,039	1,289	1,539	
Cash and Equivalents	4,903	5,770	6,879	7,785	
Inventories	2	260	301	343	
Sundry Debtors	5,596	5,917	6,867	7,568	
Loans & Advances	33	459	527	606	
Other Current Assets	1,067	1,386	1,802	2,343	
Current Assets (ex cash)	6,698	8,022	9,498	10,861	
Trade payable	3,407	3,403	3,925	3,722	
Other Current Liab	1,051	1,701	1,701	1,701	
Total Current Liab	4,458	5,103	5,625	5,423	
Net Curr Assets-ex cash	2,240	2,919	3,873	5,438	
Net Deferred tax	1,036	1,036	1,036	1,036	
Uses of funds	14,418	15,906	18,001	20,502	
BVPS (INR)	98.2	110.8	127.4	147.7	

Free cash flow		(INR mn)			
Year to March	FY17	FY18E	FY19E	FY20E	
Reported Profit	1,927	2,092	2,548	2,958	
Add: Depreciation	508	458	468	471	
Interest (Net of Tax)	259	227	212	194	
Others	114	106	102	95	
Less: Changes in WC	(632)	679	954	1,565	
Operating cash flow	3,440	2,204	2,376	2,153	
Less: Capex	(1,243)	150	250	250	
Free Cash Flow	4,683	2,054	2,126	1,903	

Cash flow metrics		FY17	FY18E	FY19E	FY20E
Year to March					
Operating cash flow		3,440	2,204	2,376	2,153
Investing cash flow		1,088	(400)	(500)	(500)
Financing cash flow		(2,928)	(938)	(768)	(746)
Net cash Flow		1,600	866	1,109	907
Capex		1,243	(150)	(250)	(250)
Dividend paid		(685)	(676)	(676)	(676)
Share issue/(buyback)		-	(3)	-	-

Profitability and efficiency ratios		FY17	FY18E	FY19E	FY20E
Year to March					
ROAE (%)		18.9	17.9	19.1	19.1
ROACE (%)		23.4	23.0	24.2	24.4
Inventory Days		7	5	9	9
Debtors Days		142	151	144	143
Payable Days		123	131	122	112
Cash Conversion Cycle		27	25	32	41
Current Ratio		2.6	2.7	2.9	3.4
Debt/EBITDA (x)		0.7	0.7	0.6	0.6
Gross Debt/Equity		0.2	0.2	0.2	0.2
Adjusted Debt/Equity		0.2	0.2	0.2	0.2
Interest Coverage Ratio		7.0	8.8	11.4	14.4

Operating ratios		FY17	FY18E	FY19E	FY20E
Year to March					
Total Asset Turnover		0.9	0.9	1.0	1.0
Fixed Asset Turnover		1.8	2.2	2.7	3.1
Equity Turnover		2.7	1.2	1.2	1.2

Valuation parameters		FY17	FY18E	FY19E	FY20E
Year to March					
Adj. Diluted EPS (INR)		17.1	18.6	22.6	26.3
Y-o-Y growth (%)		108.7	8.6	21.8	16.1
Adjusted Cash EPS (INR)		22.8	22.6	26.8	30.4
Diluted P/E (x)		21.3	19.7	16.1	13.9
P/B (x)		3.7	3.3	2.9	2.5
EV / Sales (x)		2.8	2.6	2.2	1.9
EV / EBITDA (x)		12.3	11.7	9.6	8.2
Dividend Yield (%)		1.4	1.4	1.4	1.4

Peer comparison valuation

Name	Market cap (USD mn)	Diluted P/E (X)		P/B (X)		ROAE (%)	
		FY18E	FY19E	FY18E	FY19E	FY18E	FY19E
Techno Electric & Engineering	640	19.7	16.1	3.3	2.9	17.9	19.1
Kalpataru Power	1,133	22.3	18.0	2.6	2.3	12.5	13.7
KEC International	1,451	22.0	18.4	4.7	3.8	23.9	22.9
Median	-	22.0	18.0	3.3	2.9	17.9	19.1
AVERAGE	-	21.3	17.5	3.5	3.0	18.1	18.6

Source: Edelweiss research

Additional Data

Directors Data

P P Gupta	Chairman	K K Rai	Independent Non-Executive Director
K M Poddar	Independent Non-Executive Director	K Vasudevan	Independent Non-Executive Director
S N Roy	Independent Non-Executive Director	VD Mohile	Independent Non-Executive Director
Ankit Saraiya	Director	Avantika Gupta	Director
Dr. Rajendra Prasad Singh	Independent Director		

Auditors - M/s Singhi & Co., Chartered Accountants

Holding – Top10

	Perc. Holding		Perc. Holding
Varanasi commercial	21.84	Kusum industrial gas	12.95
Techno leasing & fin	12.24	Sbi mutual fund	6.28
Techno power project	5.69	Dsp blackrock invest	5.45
J p financial serv p	4.89	L&t investment manag	3.87
L&t mutual fund	3.76	Kotak mahindra	3.11

**in last one year*

Bulk Deals

Data	Acquired / Seller	B/S	Qty Traded	Price
No Data Available				

**in last one year*

Insider Trades

Reporting Data	Acquired / Seller	B/S	Qty Traded
29 Mar 2017	Kusum Industrial Gases Ltd.	Buy	425000.00
29 Mar 2017	Padam Prakash Gupta	Sell	300000.00
29 Mar 2017	Trimurti Associates Pvt Ltd	Buy	35000.00
29 Mar 2017	Checons Ltd	Buy	225000.00
29 Mar 2017	Varanasi Commercial Ltd	Buy	215000.00

**in last one year*

Company	Absolute reco	Relative reco	Relative risk	Company	Absolute reco	Relative reco	Relative Risk
ABB India	BUY	SO	L	Bharat Forge	BUY	SO	M
Bharat Heavy Electricals	BUY	SP	M	CG Power and Industrial Solutions	HOLD	SP	M
Cummins India	BUY	SO	L	Engineers India Ltd	BUY	SO	L
Greaves Cotton	HOLD	SP	M	Kalpitaru Power	BUY	SO	M
KEC International	BUY	SP	M	Larsen & Toubro	BUY	SO	M
Praj Industries	BUY	None	None	Ramkrishna Forgings	BUY	SP	M
Siemens	HOLD	SP	L	TD Power Systems	HOLD	None	None
Techno Electric & Engineering	BUY	SP	M	Thermax	REDUCE	SP	L
Triveni Turbine	BUY	None	None	VA Tech Wabag	BUY	None	None

ABSOLUTE RATING

Ratings	Expected absolute returns over 12 months
Buy	More than 15%
Hold	Between 15% and - 5%
Reduce	Less than -5%

RELATIVE RETURNS RATING

Ratings	Criteria
Sector Outperformer (SO)	Stock return > 1.25 x Sector return
Sector Performer (SP)	Stock return > 0.75 x Sector return
	Stock return < 1.25 x Sector return
Sector Underperformer (SU)	Stock return < 0.75 x Sector return

Sector return is market cap weighted average return for the coverage universe within the sector

RELATIVE RISK RATING

Ratings	Criteria
Low (L)	Bottom 1/3rd percentile in the sector
Medium (M)	Middle 1/3rd percentile in the sector
High (H)	Top 1/3rd percentile in the sector

Risk ratings are based on Edelweiss risk model

SECTOR RATING

Ratings	Criteria
Overweight (OW)	Sector return > 1.25 x Nifty return
Equalweight (EW)	Sector return > 0.75 x Nifty return
	Sector return < 1.25 x Nifty return
Underweight (UW)	Sector return < 0.75 x Nifty return

Edelweiss Securities Limited, Edelweiss House, off C.S.T. Road, Kalina, Mumbai – 400 098.

Board: (91-22) 4009 4400, Email: research@edelweissfin.com

Aditya Narain

Head of Research

aditya.narain@edelweissfin.com

Coverage group(s) of stocks by primary analyst(s): Engineering and Capital Goods

ABB India, Bharat Heavy Electricals, Bharat Forge, CG Power and Industrial Solutions, Engineers India Ltd, Greaves Cotton, KEC International, Cummins India, Kalpataru Power, Larsen & Toubro, Praj Industries, Ramkrishna Forgings, Siemens, TD Power Systems, Techno Electric & Engineering, Thermax, Triveni Turbine, VA Tech Wabag

Recent Research

Date	Company	Title	Price (INR)	Recos
12-Feb-18	Triveni Turbine	Customer-led execution delays; new orders key; <i>Result Update</i>	124	Buy
12-Feb-18	Praj Industries	Profitability bottoming out; 2G a near term event; <i>Result Update</i>	98	Buy
09-Feb-18	ABB India	UHVDC order drives revenues; promising outlook; <i>Result Update</i>	1,591	Buy

1 Distribution of Ratings / Market Cap

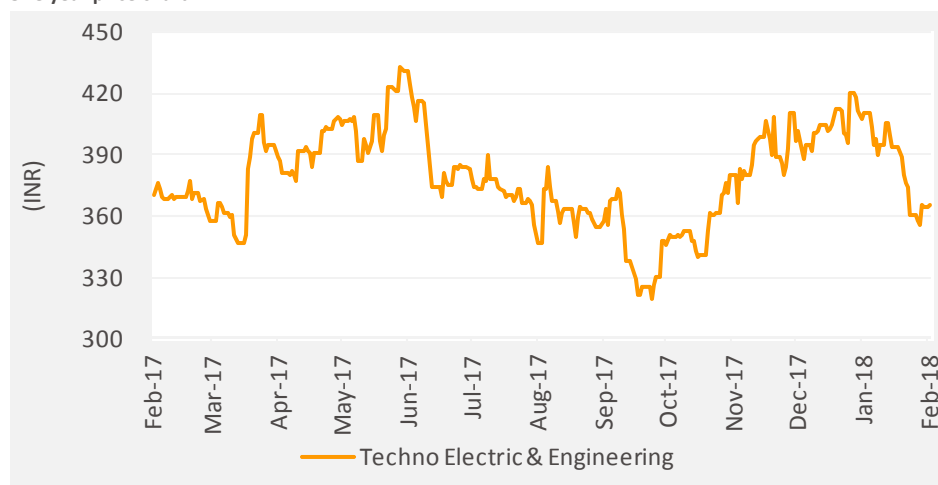
Edelweiss Research Coverage Universe

	Buy	Hold	Reduce	Total
Rating Distribution*	161	67	11	229
* 1stocks under review				
	> 50bn	Between 10bn and 50 bn	< 10bn	
Market Cap (INR)	156	62	11	

Rating Interpretation

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate up to 15% over a 12-month period
Reduce	depreciate more than 5% over a 12-month period

One year price chart



DISCLAIMER

Edelweiss Securities Limited (“ESL” or “Research Entity”) is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, depository services and related activities. The business of ESL and its Associates (list available on www.edelweissfin.com) are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance.

This Report has been prepared by Edelweiss Securities Limited in the capacity of a Research Analyst having SEBI Registration No.INH200000121 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 ESL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. ESL reserves the right to make modifications and alterations to this statement as may be required from time to time. ESL or any of its associates / group companies 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. ESL is committed to providing independent and transparent recommendation to its clients. Neither ESL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of ESL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of ESL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

ESL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the ESL to present the data. In no event shall ESL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the ESL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

ESL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. ESL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with ESL.

ESL or its associates may have received compensation from the subject company in the past 12 months. ESL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. ESL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. ESL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or ESL's associates may have financial interest in the subject company. ESL and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. ESL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

ESL has financial interest in the subject companies: No

ESL's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

ESL has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by ESL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years except that ESL had submitted an offer of settlement with Securities and Exchange commission, USA (SEC) and the same has been accepted by SEC without admitting or denying the findings in relation to their charges of non registration as a broker dealer.

A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of Edelweiss Securities Limited, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Edelweiss Securities Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Edelweiss Securities Limited has entered into an agreement with a U.S. registered broker-dealer, Edelweiss Financial Services Inc. ("EFSI"). Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of Edelweiss Securities Limited ("ESL"), which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by ESL only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

ESL is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) ESL is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) ESL's head office or principal place of business is located in India; (iii) all or substantially all of ESL's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against ESL because of the above; and (v) the name and address of the ESL's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Edelweiss Investment Advisors Private Limited ("EIAPL") (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to EIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR). Persons in Singapore should contact EIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Copyright 2009 Edelweiss Research (Edelweiss Securities Ltd). All rights reserved