

Covid-19 impacts execution...

KNR Constructions' (KNR) topline came in at ₹ 675.6 crore, down 5.6% YoY impacted by Covid-19. EBITDA came in at ₹ 146.9 crore, up 2% YoY with consequent margin higher at 21.7% (up 160 bps YoY) on account of higher proportion of revenues from HAM and high margin irrigation projects. PAT was at ₹ 67.2 crore (down 27% YoY) vs. expectations of ₹ 30.5 crore, with beat led by superior EBITDA. The decline in PAT on a YoY basis, was owing to higher depreciation (irrigation project led), higher interest (largely due to mobilisation advances) and lower tax in the base quarter.

Order book robust

KNR's order book was at ₹ 5,229.7 crore as of Q4FY20. Including the Palani HAM project and newly won irrigation orders, total backlog at ~₹ 7888 crore, provides strong revenue visibility of 2.5-3 years. Additionally, the company has bid for state highway annuity project in Tamil Nadu (~₹ 500 crore) and is looking to bid for five to six HAM projects in NHAI in FY21, whenever bidding opens. Consequently, the company is looking forward to incremental ~₹ 3000 crore order inflow in road segment, going ahead.

Covid-19 to impact execution in FY21

KNR indicated that it had faced issues both on labour as well as raw material (logistic based) on account of Covid-19. The company indicated that currently project sites are operating at 45-60% efficiency. It is likely that full efficiency could only be possible from Q3FY20, given the monsoon just after Q1. It also indicated that on the raw material front, both cement and steel has seen some price hike. It indicated that H1FY21 execution, therefore could be lower with margins also expected to be lower given the negative operating. It refrained from giving revenue guidance for FY21 (earlier: ₹ 2700 crore), given this uncertainty. However, it indicated that execution of irrigation project would have margins similar to FY20 levels in H2FY21.

To infuse ₹ 150 crore equity in HAM projects in FY21

KNR has already infused ~₹ 200 crore equity towards the HAM projects and remaining equity commitment is ₹ 388 crore. It has guided for ₹ 150 crore equity infusion towards HAM projects in FY21E. The equity commitment for FY21 is higher than earlier guidance as it has decided to upfront the equity investment through company end, rather than from Cube in FY21, given the higher cost of equity (interest rate to be paid to Cube for equity infusion before CoD). Cube's equity, in our view, is likely in FY22E.

Valuation & Outlook

At the CMP, KNR is trading at attractive valuations of 5.7x FY22E EV/EBITDA. Considering strong execution, best in class WC, monetisation of BOT/HAM assets, healthy balance sheet and strong return ratios, we maintain our **BUY** recommendation on the stock with an SoTP target price of ₹ 240/share.

Key Financial Summary

₹ crore	FY18	FY19	FY20	FY21E	FY22E	CAGR FY20-22E
Net Sales	1,931.7	2,137.3	2,244.2	2,002.9	2,511.6	5.8%
EBITDA	386.1	427.0	487.1	369.7	501.3	1.5%
EBITDA Margin (%)	20.0	20.0	21.7	18.5	20.0	
PAT	272.1	263.3	225.2	140.5	234.2	2.0%
EPS (₹)	19.4	18.7	16.0	10.0	16.7	
P/E (x)	10.8	11.2	13.1	20.9	12.6	
EV/EBITDA (x)	8.1	7.4	6.4	8.1	5.7	
RoNW (%)	23.5	18.6	13.9	8.0	11.8	
RoCE (%)	20.5	19.0	19.0	11.6	16.3	



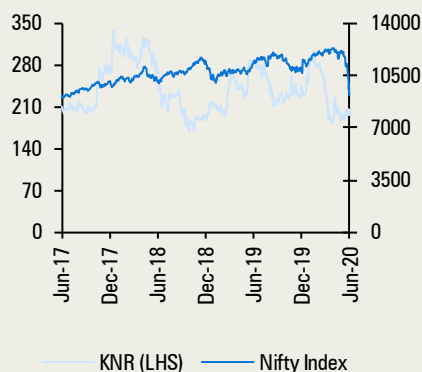
Particulars

Particular	Amount (₹ crore)
Market Capitalization	2,940.6
Total Debt	214.1
Cash	33.1
EV	3,121.7
52 week H/L (₹)	311/ 171
Equity capital	28.1
Face value	2.0

Key Highlights

- Including Palani HAM project and newly won irrigation orders, total backlog at ~₹ 7888 crore, provides strong revenue visibility of 2.5-3 years
- Maintain BUY with target price of ₹ 240/share

Price Chart



Research Analyst

Bhupendra Tiwary, CFA
bhupendra.tiwary@icicisecurities.com

Exhibit 1: Variance analysis

Particulars	Q4FY20	Q4FY20E	Q4FY19	YoY (%)	Q3FY20	QoQ (%)	Comments
Total Operating Income	675.6	679.8	715.7	-5.6	557.9	21.1	Execution weakness was largely due to the impact of Covid-19
Other Income	7.3	15.0	15.1	-51.9	7.0	4.4	
Consumption of raw materials	220.0	183.9	193.0	14.0	175.2	25.6	
Employee benefit expenses	31.5	51.0	24.8	27.1	30.3	3.9	
Other Expenses	89.1	102.0	60.6	47.1	77.3	15.4	
EBITDA	146.9	105.0	144.1	1.9	124.4	18.1	
EBITDA Margin(%)	21.7	15.4	20.1	161 bps	22.3	-55 bps	
Depreciation	53.8	51.6	47.8	12.4	51.7	4.0	
Interest	14.5	19.1	7.5	93.1	14.2	2.2	
PBT	85.9	49.3	103.9	-17.3	65.5	31.2	
Taxes	18.7	18.7	9.2	103.2	18.6	NM	
PAT	67.2	30.5	92.2	-27.1	40.2	67.2	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

₹ Crore	FY19		FY20			FY21E			FY22E			Comments
	Old	New	Old	New	% Change	Old	New	% Change	Old	New	% Change	
Revenue	2,137.3	2,244.2	2,425.0	2,002.9	-17.4	2,921.0	2,511.6	-14.0	Incorporate weak execution			
EBITDA	427.0	487.1	436.7	369.7	-15.3	540.4	501.3	-7.2				
EBITDA Margin (%)	20.0	21.7	18.0	18.5	45 bps	18.5	20.0	146 bps				
PAT	263.3	225.2	210.3	140.5	-33.2	303.9	234.2	-22.9				
Diluted EPS (₹)	18.7	16.0	15.0	10.0	-33.2	21.6	16.7	-22.9				

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

EPC	FY19	FY20	Current FY21E	Current FY22E	Earlier FY21E	Earlier FY22E	Comments
Order Inflow	1,736	1,573	3,000	4,000	3,000	4,000	
Order Backlog	5,901	5,230	6,227	7,815	6,295	7,375	

Source: Company, ICICI Direct Research

Conference call Highlights

- NHAI Ordering & Construction:** The management informed that during FY20, NHAI has awarded projects worth 3211 km (vs. target of 4500 km but better than 2222 km awarded in FY19). In terms of construction, 3929 km of road was constructed vs. 3320 km in FY19. For FY21, NHAI is targeting awarding, construction of 4000 km, 4500 km, respectively. However, the management also said that over the past two months, ~20 tenders that were supposed to be awarded continue to be delayed
- Order book:** KNR's order book was at ₹ 5,229.7 crore as of Q4FY20. This OB does not include Oddanchatram-Madathukulam (Palani) HAM project with EPC worth ₹ 640 crore. Furthermore, the company has received two irrigation projects worth ₹ 2309 crore from Irrigation & CAD Department, Government of Telangana in May, 2020. Including these orders, total backlog at ~₹ 7888 crore, provides strong revenue visibility of 2.5-3 years. Additionally, the company has bid for the state highway annuity project in Tamil Nadu (~₹ 500 crore) and is looking to bid for five to six HAM projects in NHAI in FY21, whenever bidding opens. Consequently, the company is looking forward for incremental ~₹ 3000 crore order inflow in the road segment, going ahead. It also indicated that given the payment issues and already won irrigation projects, it would not bid for any orders in the segment in FY21
- HAM projects:** Execution is in full swing on four HAM projects whose appointed date (AD) has been received. The physical progress on these projects is: a) Trichy-Kallagam: 37.4%, b) Chittor-Mallavaram: 54.4%, c) Ramsanpalle-Mangloor: 43.7% and d) Magadi-Somwarpeth: 6.9%. The management has guided to complete first three projects in FY21E. For the Palani HAM project, it signed the concession agreement in December, 2019 and financial closure documents have been submitted on May 22, 2020. It expects to receive appointed date within next two months
- Equity requirement:** KNR has already infused ~₹ 200 crore equity towards the HAM projects and remaining equity commitment is ₹ 388 crore. It has guided for ₹ 150 crore equity infusion towards HAM projects in FY21E. The equity commitment for FY21 is higher than earlier guidance as it has decided to upfront the equity investment through company end, rather than from Cube in FY21, given the higher cost of equity (interest rate to be paid to Cube for equity infusion before COD)
- Walayar BOT project monetisation:** KNR, in January 2020, has entered into a share purchase agreement with Cube Highways to sell its 100% entire equity stake in KNR Walayar BOT project at an enterprise value of ₹ 529.3 crore (implies equity value of ₹ 390 crore and P/BV multiple of 0.98x). The company has received the lenders' approval and in principle NHAI approval and expects consummation of the deal by Q2FY21. The proceeds from the deal could be utilised towards retiring promoter debt worth ₹ 180 crore while the balance amount would be used as growth capital
- Debt & capex:** KNR's standalone debt was at ₹ 214 crore as of Q4FY20 (including ₹ 180 crore promoter loans). The company guided for ~₹ 50-60 crore as maintenance capex and remaining for irrigation projects
- Working capital:** Working capital days was at 53 days vs. 43 days in Q3FY20. The increase was mainly due to irrigation projects (receivables of ₹ 200 crore as on March, 2020 and further ₹ 300 crore in Q1 so far; likely to be received in 2 months) and from Tirumala HAM projects (₹ 200 crore) as the company has not yet drawn project debt on the same (will be drawn in Q2)

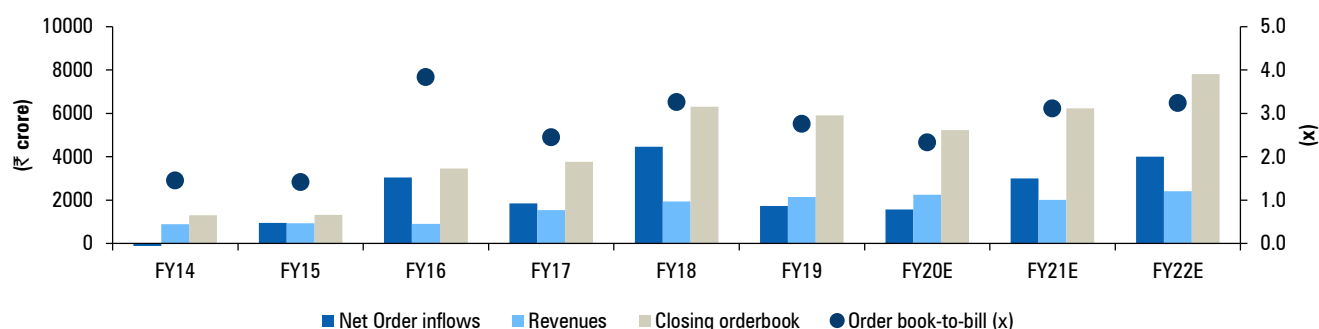
Company Analysis

Exhibit 4: Order book update

Key Projects	(₹ crore)
Magadi to Somwarpath Project (KSHIP HAM)	836
Ramsanpalle to Mangloor Project (HAM)	589
Chittor to Mallavarn Project (HAM)	549
Trichy to Kallagam Project (HAM)	477
Hubli – Hospet Section of NH – 63	246
Top five projects	2697.8
Other Road projects	958.4
Irrigation projects	1573.5
Other projects	
Total	5229.7

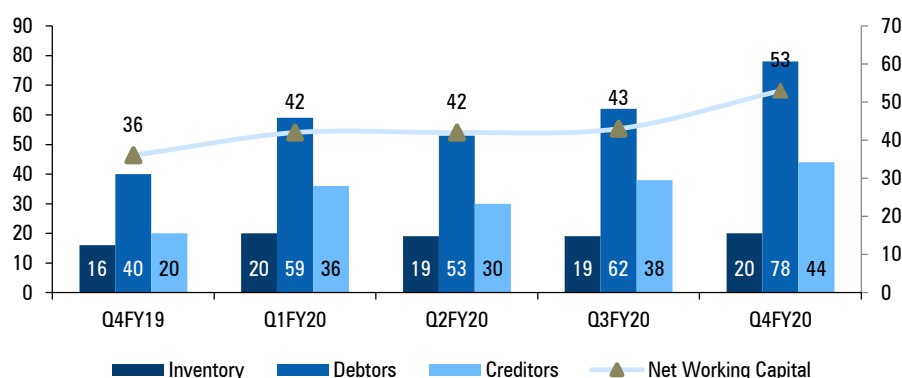
Source: Company, ICICI Direct Research

Exhibit 5: Strong order book position



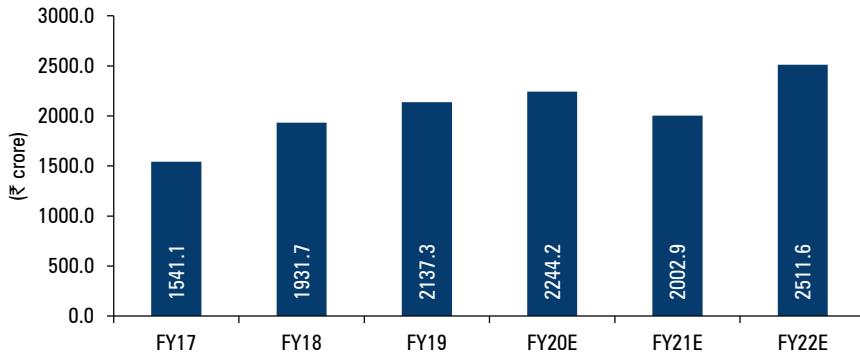
Source: Company, ICICI Direct Research

Exhibit 6: Net working capital days trend



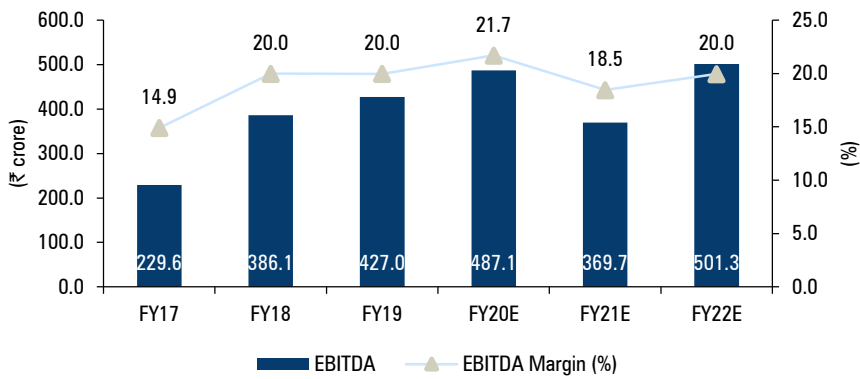
Source: Company, ICICI Direct Research

Exhibit 7: Revenue to witness decline in FY21



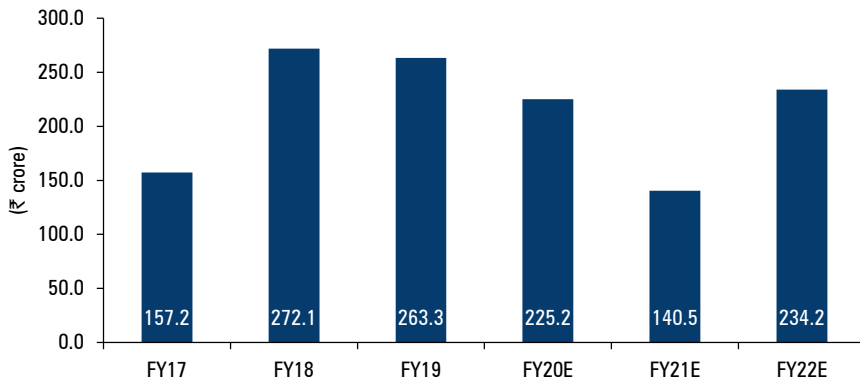
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA & EBITDA margin trend



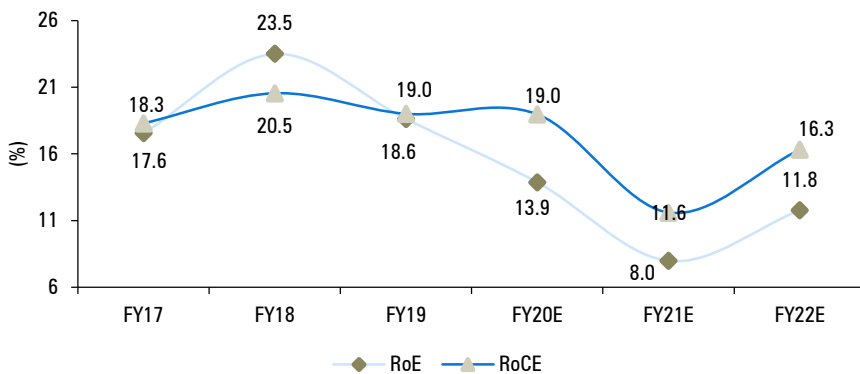
Source: Company, ICICI Direct Research

Exhibit 9: PAT trend



Source: Company, ICICI Direct Research

Exhibit 10: Return ratios trend



Source: Company, ICICI Direct Research

Valuation & Outlook

At the CMP, KNR is trading at attractive valuations of 5.7x FY22E EV/EBITDA. The company is a focused road based EPC player that enjoys a strong execution track record with the reputation of completing projects on time/ahead of the schedule. KNR also enjoys best in class WC cycle with very healthy balance sheet and strong return ratio. KNR recently entered into a share purchase agreement with Cube Highways for monetisation of its Walayar BOT project at an EV of ₹ 529.3 crore, which gives us confidence on the company's focus on EPC projects.

Hence, we maintain our **BUY** recommendation on the stock with an SoTP based target price of ₹ 235/share. We value its core EPC business at ₹ 214/share (6x FY22E EV/EBITDA).

Exhibit 11: SoTP valuation

	Value (₹ crore)	Per Share (₹)	Comment
EPC Business (A)	3008	214	6.0x FY22E EV/EBITDA
BOT toll Investment (B = C + D)	90	6	
Muzaffarpur tollway (D)	90	6	1x P/BV
HAM Projects Investment (E)	200	14	1x P/BV
Total Equity Investment (F = B + E)	290	21	
Less: Net Debt (G)	-54	-4	FY22E Net Debt
SoTP Value (A + F - G)	3352	238	
Rounded-off target price		240	

Source: Company, ICICI Direct Research

Financial summary

Exhibit 12: Profit and loss statement				
	₹ crore			
(₹ Crore)	FY19	FY20	FY21E	FY22E
Net Sales	2,137.3	2,244.2	2,002.9	2,511.6
Other operating income	-	-	-	-
Total Revenues	2,137.3	2,244.2	2,002.9	2,511.6
Raw Material Expense	643.2	753.3	640.9	803.7
Other Construction Exp.	744.9	601.7	630.9	753.5
Employee benefit expenses	92.9	125.2	114.2	143.2
Other Expenses	229.3	277.0	247.2	309.9
Total Operating Exp	1,710.3	1,757.2	1,633.2	2,010.3
EBITDA	427.0	487.1	369.7	501.3
Other Income	63.4	56.6	61.7	67.2
Interest	29.1	47.4	43.0	29.2
Depreciation	168.1	191.8	200.6	226.3
PBT	290.6	304.4	187.9	313.0
Total Tax	27.3	68.5	47.3	78.9
Reported PAT	263.3	235.9	140.5	234.2
Adjusted PAT	263.3	235.9	140.5	234.2
EPS (Diluted)	18.7	16.0	10.0	16.7

Source: Company, ICICI Direct Research

Exhibit 13: Cash flow statement				
	₹ crore			
(₹ crore)	FY19	FY20	FY21E	FY22E
Profit before Tax	290.6	304.4	187.9	313.0
Depreciation	168.1	191.8	200.6	226.3
Interest Paid	29.1	47.4	43.0	29.2
Cash Flow before WC change	453.1	476.3	369.7	501.3
Net Increase in Current Assets	(168.5)	(350.5)	158.1	(268.5)
Net Increase in Current Liabilities	17.9	286.7	(157.4)	181.9
Net CF from Operating Activit	254.1	338.2	323.1	335.8
(Purchase)/Sale of Fixed Assets	(203.4)	(198.7)	(100.0)	(250.0)
Purchase of Investment	(108.3)	(70.2)	(141.1)	20.3
Interest Income	(4.5)	(56.6)	(61.7)	(67.2)
Net CF from Investing Activiti	(285.4)	(212.3)	(179.5)	(162.5)
Proceeds from share capital	-	-	-	-
Interest Paid	29.1	47.4	43.0	29.2
Net CF from Financing Activit	7.2	(105.9)	(45.8)	(160.2)
Net Cash flow	(24.1)	20.1	97.8	13.1
Opening Cash/ Cash Equivalent	37.1	13.0	33.1	130.9
Closing Cash/ Cash Equivalen	13.0	33.1	130.9	144.0

Source: Company, ICICI Direct Research

Exhibit 14: Balance sheet				
	₹ crore			
(₹ Crore)	FY19	FY20	FY21E	FY22E
Liabilities				
Share Capital	28.1	28.1	28.1	28.1
Reserves & Surplus	1,386.1	1,595.8	1,733.5	1,960.6
Networth	1,414.2	1,623.9	1,761.6	1,988.7
Secured Loan	33.6	33.7	59.5	129.5
Unsecured Loan	230.6	180.5	154.6	(39.4)
Total Debt	264.1	214.1	214.1	90.1
Deferred Tax Liability	-	-	-	-
Total Liabilities	1,696	1,856	1,992	2,098
Assets				
Gross Block	1,012.4	1,211.1	1,311.1	1,561.1
Net Block	371.1	377.9	277.4	301.1
Capital WIP	0.0	10.2	10.2	10.2
Non-current Investments	683.0	755.7	896.9	876.6
Current Assets				
Inventories	95.0	123.2	109.7	137.6
Sundry Debtors	234.4	476.1	411.6	481.7
Loans and Advances	9.1	6.9	6.6	7.3
Other Current Assets	533.9	635.2	548.7	688.1
Cash	13.0	33.1	130.9	144.0
Total Current Assets	872.3	1,241.4	1,076.7	1,314.7
Creditors	223.6	251.1	224.1	281.0
Provisions	11.8	17.3	15.5	19.4
Other Current Liabilities	338.4	593.7	466.4	584.9
Other Long Term Liabilities	13.3	11.6	10.4	13.0
Total Current Liabilities	573.8	862.2	706.0	885.3
Net Current Assets	331.1	433.2	522.5	594.3
Total Assets	1,696	1,856	1,992	2,098

Source: Company, ICICI Direct Research

Exhibit 15: Key ratios				
(Year-end March)	FY19	FY20	FY21E	FY22E
Per Share Data				
EPS (Fully Diluted)	18.7	16.0	10.0	16.7
Cash EPS	30.7	29.7	24.3	32.8
BV	100.6	115.5	125.3	141.4
Operating Ratios				
EBITDA / Net Sales	20.0	21.7	18.5	20.0
PAT / Net Sales	12.3	10.0	7.0	9.3
Inventory Days	16	20	20	20
Debtor Days	40	77	75	70
Creditor Days	38	41	41	41
Return Ratios				
RoE	18.6	13.9	8.0	11.8
RoCE	19.0	19.0	11.6	16.3
RoIC	26.5	28.6	18.2	26.4
Valuation Ratios				
EV / EBITDA	7.4	6.4	8.1	5.7
P/E	11.2	13.1	20.9	12.6
EV / Net Sales	1.5	1.4	1.5	1.1
Market Cap / Sales	1.4	1.3	1.5	1.2
Price to Book Value	2.1	1.8	1.7	1.5
Turnover Ratios				
Asset turnover	1.3	1.2	1.0	1.2
Gross Block Turnover	2.1	1.9	1.5	1.6
Solvency Ratios				
Debt / Equity	0.2	0.1	0.1	0.0
Current Ratio	1.5	1.4	1.5	1.5
Debt / EBITDA	0.6	0.4	0.6	0.2
Quick Ratio	1.4	1.3	1.4	1.3

Source: Company, ICICI Direct Research

Exhibit 16: ICICI Direct coverage universe (Roads & Construction)

Sector / Company	CMP		M Cap	EPS (₹)			P/E (x)			/EBITDA (x)			P/B (x)			RoE (%)			
	(₹)	TP(₹)		Rating	(₹ Cr)	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E
KNR Constructions (KNRCON)	209	240	Buy	2,615	18.7	16.0	10.0	11.2	13.1	20.9	7.4	6.4	8.1	2.1	1.8	1.7	18.6	13.9	8.0
PNC Infratech (PNCINF)	126	125	Buy	2,868	11.9	15.9	12.7	10.6	7.9	9.9	6.4	4.4	5.0	1.4	1.2	1.0	14.4	16.4	11.7
Ashoka Buildcon (ASHBU)	56	UR	UR	1,628	-1.4	-1.5	0.0	NA	NA	NA	5.0	5.0	4.3	5.7	6.6	6.6	6.9	-17.1	0.3
NCC (NAGCON)	30	27	Hold	1,573	9.4	6.3	3.1	3.1	4.7	9.5	2.3	3.1	3.8	0.1	0.2	0.2	11.9	7.5	3.5

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, AkruTI Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA (Finance), Research Analysts, 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. 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 Limited is a Sebi registered Research Analyst with SEBI Registration Number – INH00000990. 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 generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, target price of the Institutional 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 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 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.