

Sales volume back to pre-Covid levels...

ACC Ltd reported improved Q3CY20 results with sales volume bouncing back to pre-Covid levels during the quarter supported by healthy realisations. Revenues increased 0.3% YoY to ₹ 3537.3 crore (vs. I-direct estimate: ₹ 3311 crore) led by sales volume growth of 0.8% YoY to 6.49 MT. Strong rural demand along with revival of infrastructure projects supported sales volume growth. RMC volumes, however, fell 43% YoY to 0.46 million due to localised lockdowns in the urban market. Sales realisations stayed healthy despite monsoons during the quarter. They grew 0.5% QoQ (down 0.5% YoY) to ₹ 5450/t (vs. I-direct estimate: ₹ 5300/t). Margins for the quarter improved 319 bps YoY to 19% (vs. I-direct estimate: 16.1%). EBITDA/t for the quarter was at ₹ 1035/tonne (vs. I-direct estimate: ₹ 855/tonne), an increase of 19.6% YoY. Except RM costs, all major cost heads were down by average 14% YoY. A better operating performance led the company to report net profit of ₹ 363.9 crore that was ahead of our estimated net profit of ₹ 312.3 crore. The Board has appointed MR Kumar (Chairman, LIC) as an Additional Director with effect from October 19, 2020.

New capacities to help gain lost ground from CY22E onwards

Over the past five years, the company has lost market share to other large players with no major new capacities coming up during this period either through the greenfield or M&A route. While industry capacity grew at a CAGR of 7%, the company managed to increase its capacity from 30.5 MT by 33.4% i.e. at 2% CAGR during this period. As a result, the company's production share declined from 14% in FY14 to 11% in FY20. To address this growth concern, the company is adding 5.9 MT new cement capacity at a total capex of ₹ 3000 crore. This would be majorly funded through internal accruals. However, the new capacity would likely to come on stream only by the end of CY21E. Thus, we model a volume CAGR of 2.2% in CY19-21E and expect revenues to grow at 3.4% CAGR over the same period.

Higher CoP remains key concern area but comfort on B/S front

ACC with capacity of 33.4 MT and the oldest cement company remains susceptible to volatility in margins due to its high cost of production (CoP). The company ended CY19 with CoP being higher by over 15% compared to the industry average CoP of ~₹ 3960/tonne. Higher fuel consumption, RM costs are key areas that need to be focused upon to drive efficiency. While CoP remains high, the company's balance sheet is among the strongest in the industry with positive FCF generation and debt free position. Return ratios RoCE, ROIC are also expected to stay healthy in CY20-22E despite ongoing capex.

Valuation & Outlook

Structural issues with respect to CoP need to be addressed for sustenance of healthy margins in the long run. On the positive side, strong B/S, improved cash flow remain key positives. Post a strong performance with improved outlook, we upgrade our rating to **BUY** with a revised target price of ₹ 1,850 (valuing at 10x CY21E EV/EBITDA implying an EV/t of ~\$110).

Key Financial Summary

₹ crore	CY17	CY18	CY19	CY20E	CY21E AGR (CY19-CY21E)	
Net Sales	12931	14478	15407	14149	16485	3.4%
EBITDA	1558	1724	2162	2639	2957	16.9%
EBITDA Margins (%)	12.1	11.9	14.0	18.7	17.9	
Adjusted Net Profit	924	1020	1378	1580	1770	13.4%
EPS (₹)	49.2	54.3	73.3	84.1	94.2	
EV/EBITDA	17.1	15.2	11.4	9.6	8.5	
EV/tonne (\$)	116	112	106	109	91	
RoNW	9.9	9.7	11.9	12.3	12.4	
RoCE	14.0	14.2	17.4	17.8	18.1	
RoIC	13.1	14.6	21.9	25.1	23.3	

Source: Company, ICICI Direct Research



Stock Data

Particular	Amount
Mcap	₹ 29350 crore
Debt (CY19)	₹ 0 crore
Cash & Invest (CY19)	₹ 4651 crore
EV	₹ 24699 crore
52 week H/L	₹ 1768 / 1265
Equity cap	₹ 187.8 crore
Face value	₹ 10

Key Highlights

- Sales volume improved to pre-Covid levels reporting growth of 0.8% YoY to 6.49 MT
- RMC volumes were down 43% YoY due to localised lockdowns in urban market
- Lower freight, fuel costs aided margin expansion
- New capacities (5.9 MT) expected to get commissioned by end of CY21E
- Expect revenue CAGR of 3.4% in CY19-21E
- Upgrade from HOLD to BUY rating with revised target price of ₹ 1,850

Research Analysts

Rashesh Shah
rashes.shah@icicisecurities.com

Exhibit 1: Variance Analysis

	Q3CY20	Q3CY20E	Q3CY19	YoY(%)	Q2CY20	QoQ(%)	Comments
Net Sales	3,537.3	3,310.8	3,528.3	0.3	2,602.0	35.9	Despite Covid, volumes bounced back to pre-Covid levels with 0.8% YoY growth during the quarter. However, localised lockdown in urban market impacted RMC volumes that were down 43% YoY to 0.46 million
Other Incomes	45.5	110.0	50.8	-10.4	51.3	-11.3	
Raw Material Expense	680.1	574.7	398.5	70.7	189.4	259.1	
Employee Expenses	205.7	195.9	229.5	-10.4	176.4	16.6	
Power and fuel	630.2	621.6	784.5	-19.7	457.2	37.8	Higher usage of alternative fuel and improved operational efficiency led to a decline in P&F cost
Freight	860.0	831.7	951.0	-9.6	600.7	43.2	Higher direct deliveries, warehouse space optimisation led to reduction in freight costs
Others	490.0	552.8	607.7	-19.4	342.7	43.0	Stricter control in discretionary spend and some rationalisation led to cost savings
EBITDA	671.4	534.0	557.1	20.5	525.4	27.8	
EBITDA Margin (%)	19.0	16.1	15.8	319 bps	20.2	-121 bps	
Interest	16.0	16.7	16.3	-1.5	13.1	22.6	
Depreciation	160.8	165.0	151.2	6.4	162.7	-1.1	
PBT	540.1	462.3	440.4	22.6	400.9	34.7	
Total Tax	176.8	152.4	140.9	25.5	132.2	33.8	
Adjusted PAT	363.9	312.3	302.6	20.3	271.0	34.3	
Key Metrics							
Volume (MT)	6.49	6.25	6.44	0.8	4.80	35.2	Strong rural demand, revival of infrastructure projects supported sales volume growth
Realisation (₹)	5,450	5,300	5,479	-0.5	5,421	0.5	
EBITDA per Tonne (₹)	1,035	855	865	19.6	1,095	-5.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	CY20E			CY21E		
	Old	New	% Change	Old	New	% Change
Revenue	13,584.8	14,148.7	4.2	16,419.5	16,485.1	0.4
EBITDA	2,201.8	2,638.9	19.9	2,671.0	2,957.2	10.7
EBITDA Margin (%)	16.2	18.7	244 bps	16.3	17.9	167 bps

Source: Company, ICICI Direct Research

Exhibit 3: Assumptions

	Current					Earlier	
	CY17	CY18	CY19P	CY20E	CY21E	CY20E	CY21E
Volume (MT)	26.2	28.4	28.9	26.0	30.2	26.2	30.6
Realisation (₹)	4,932	5,030	5,331	5,434	5,461	5,281	5,453
EBITDA per Tonne (₹)	594	535	748	1,014	980	756	809

Source: Company, ICICI Direct Research

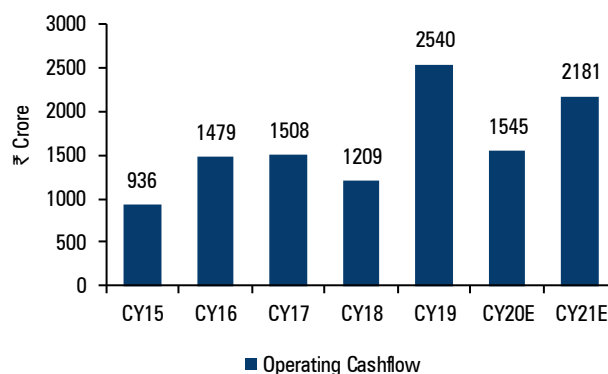
Financial story in charts

Exhibit 4: Capacity addition plans

Capacity	MT
Existing	33.4
Planned capacity addition:	
Uttar Pradesh (2 Grinding units)	2.2
Tikaria Unit, UP (Brownfield)	1.6
Ametha, MP (Integrated unit with 3 MT Clinker capacity)	1.0
Sindri (brownfield)	1.0
Total	5.8
Total capacity by CY21E (MT)	39.2

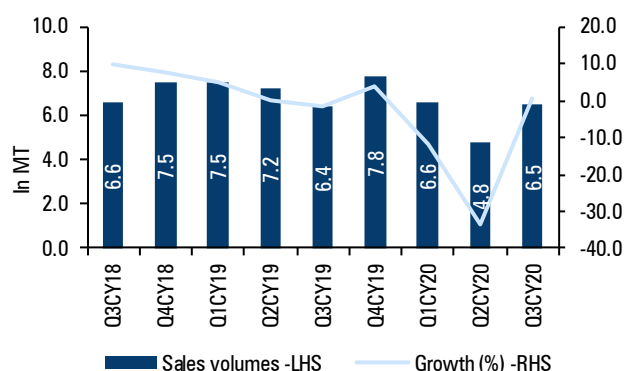
Source: Company, ICICI Direct Research

Exhibit 5: Operating cash flows sufficient to fund expansion



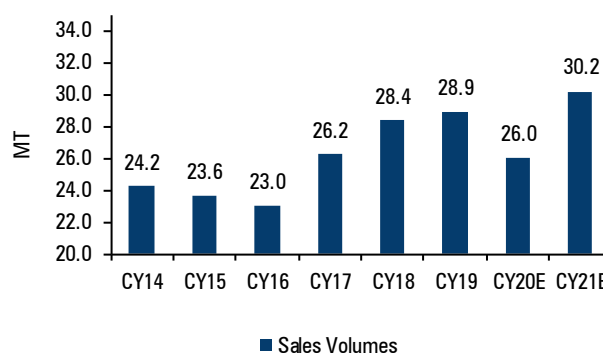
Source: Company, ICICI Direct Research

Exhibit 6: Volumes improve 0.8% YoY in Q3CY20



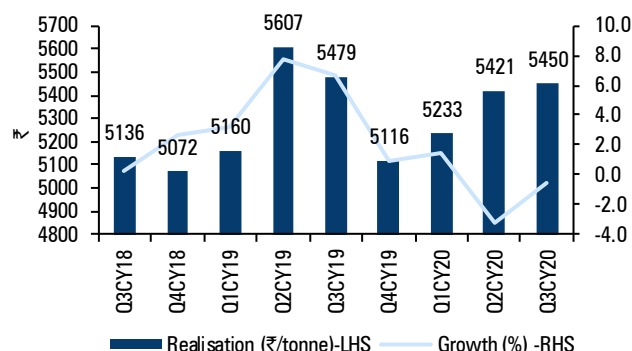
Source: Company, ICICI Direct Research

Exhibit 7: Volumes to grow at 2.2% CAGR in CY19-21E



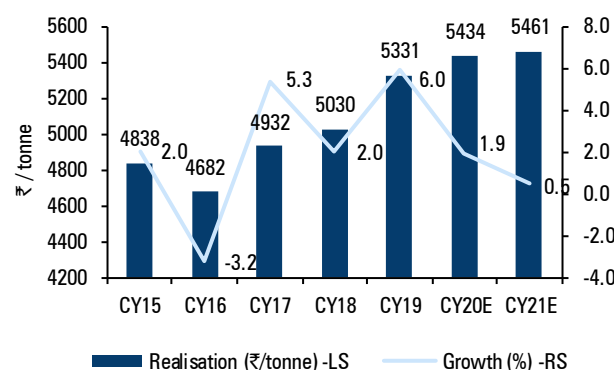
Source: Company, ICICI Direct Research

Exhibit 8: Realisations decline 0.5% YoY in Q3CY20



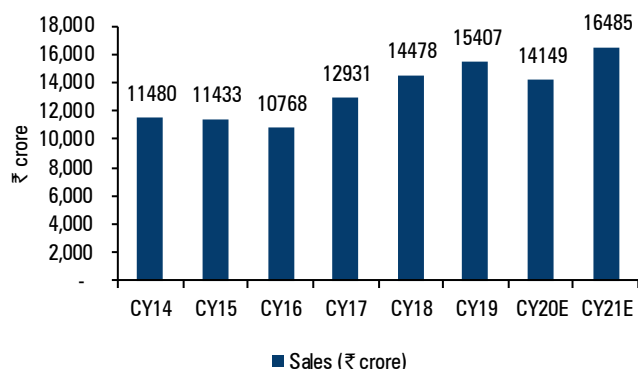
Source: Company, ICICI Direct Research

Exhibit 9: Expected realisations to bounce back from CY21E



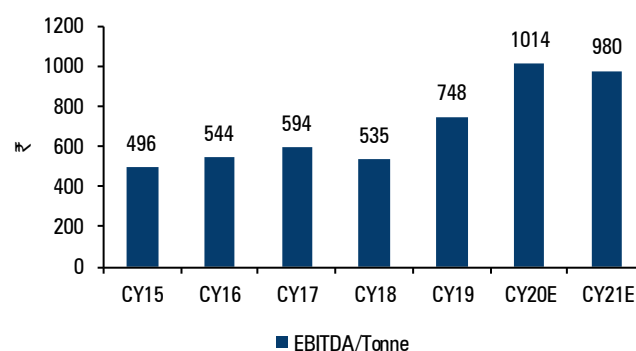
Source: Company, ICICI Direct Research

Exhibit 10: Expect revenue CAGR of 3.4% over CY19-21E



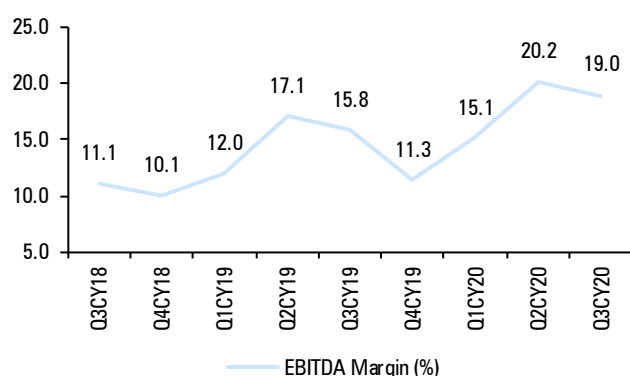
Source: ICICI Direct Research, Company

Exhibit 11: EBITDA/t to witness gradual recovery



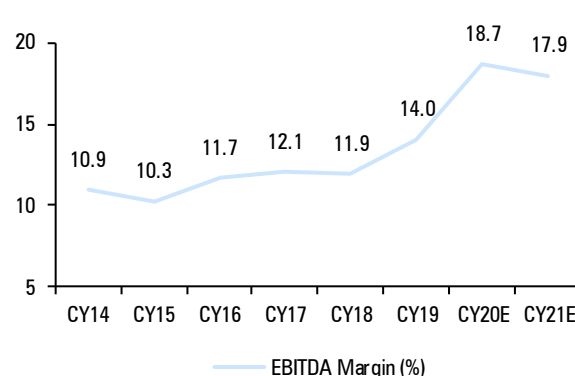
Source: ICICI Direct Research, Company

Exhibit 12: Best margins recorded in past nine quarters



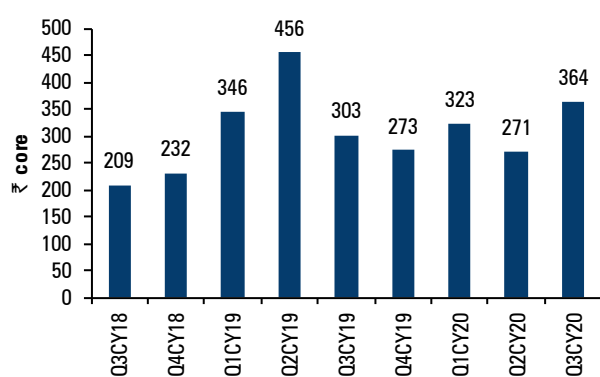
Source: Company, ICICI Direct Research

Exhibit 13: Margins to witness gradual recovery from CY21E



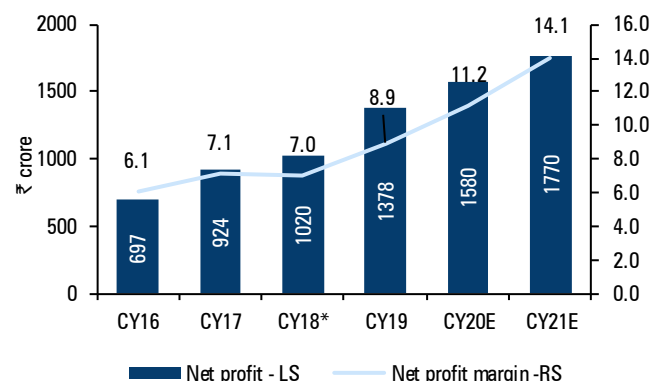
Source: Company, ICICI Direct Research

Exhibit 14: Quarterly PAT trend



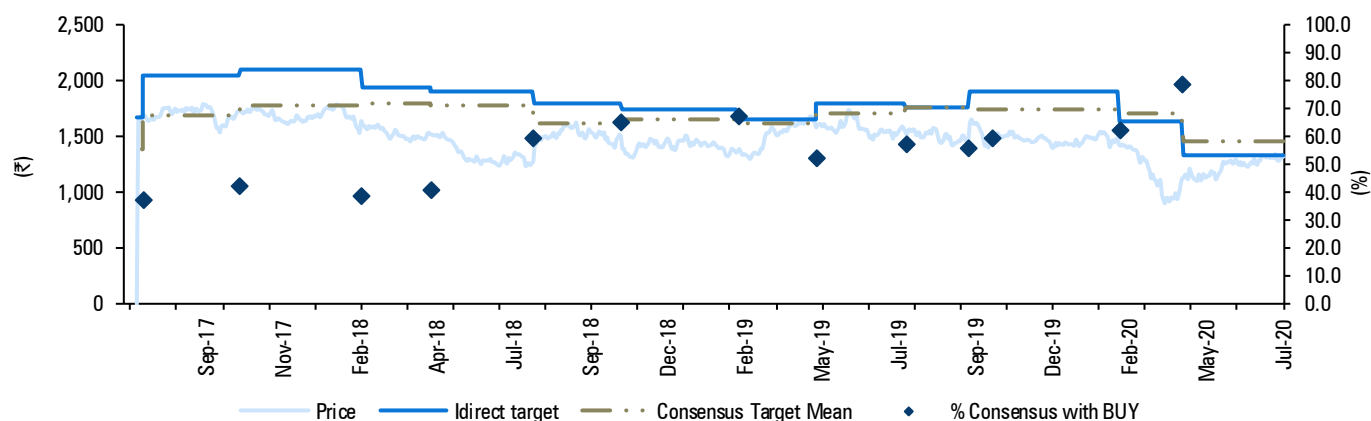
Source: Company, ICICI Direct Research

Exhibit 15: Annual PAT to bounce back from CY21E



Source: Company, ICICI Direct Research

Exhibit 16: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 17: Top 10 shareholders

Rank	Investor Name	Filing Date	% O/S Position (m)	Change (mn)
1	Ambuja Cement India	31-Mar-20	50.1 93.98m	(0.00)m
2	Life Insurance Corp	31-Mar-20	5.2 9.75m	(0.93)m
3	Holderind Invsts Ltd	31-Mar-20	4.5 8.41m	0.00m
4	Franklin Resources	17-Jul-20	3.7 6.85m	0.00m
5	Aditya Birla Sun Lif	30-Jun-20	2.0 3.78m	(0.05)m
6	Icici Prudential Lif	31-Mar-20	1.2 2.33m	2.33m
7	Icici Prudential Ass	30-Jun-20	1.1 2.11m	0.32m
8	Jpmorgan Chase & Co	31-Mar-20	0.9 1.75m	(0.72)m
9	Vanguard Group	30-Jun-20	0.9 1.59m	(0.03)m
10	Dsp Blackrock Invest	30-Jun-20	0.8 1.51m	(0.10)m

Source: Company, ICICI Direct Research

Exhibit 18: Shareholding Pattern

(in %)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoter	54.53	54.53	54.53	54.53	54.53
FII	9.26	8.60	7.79	8.14	6.60
DII	21.10	21.22	21.03	20.68	25.76
Others	15.11	15.65	16.65	16.65	13.11

Source: Company, ICICI Direct Research

Financial summary

Exhibit 19: Profit and loss statement ₹ crore				
(Year-end March)	CY18	CY19	CY20E	CY21E
Total operating income	14,477.5	15,407.0	14,148.7	16,485.1
Growth (%)	12.0	6.4	-8.2	16.5
Raw material	2332.5	2718.9	2441.0	2826.0
Power & Fuel	3000.8	3134.0	2632.2	3097.4
Employees	883.6	866.1	821.1	858.0
Freight	3992.8	4032.1	3507.4	4165.6
Others	2543.8	2493.7	2108.1	2580.8
Total Operating Exp.	12,753.5	13,244.8	11,509.8	13,527.8
EBITDA	1,724.0	2,162.2	2,638.9	2,957.2
Growth (%)	10.6	25.4	22.0	12.1
Depreciation	603.2	606.4	622.1	682.4
Interest	87.8	86.3	57.7	65.3
Other Income	466.8	569.0	376.9	418.4
Exceptional items	0.0	0.0	0.0	0.0
PBT	1,499.8	2,038.5	2,336.0	2,627.9
Total Tax	-10.5	675.0	763.6	867.2
PAT	1,520.7	1,377.5	1,579.8	1,770.1
Adjusted PAT	1,020.0	1,377.5	1,579.8	1,770.1
Growth (%)	10.3	35.1	14.7	12.0
Reported EPS (₹)	80.9	73.3	84.1	94.2

Source: Company, ICICI Direct Research

Exhibit 20: Cash flow statement ₹ crore				
(Year-end March)	CY18	CY19	CY20E	CY21E
Profit after Tax	1,520.7	1,377.5	1,579.8	1,770.1
Add: Depreciation	603.2	606.4	622.1	682.4
(Inc)/dec in Current Assets	-895.9	469.3	-632.8	-281.4
Inc/(dec) in CL and Prov.	-19.0	86.9	-23.8	9.8
CF from operating activities	1,209.0	2,540.1	1,545.3	2,180.9
(Inc)/dec in Investments	0.0	0.0	0.0	0.0
(Inc)/dec in Fixed Assets	-540.7	-592.9	-1,954.3	-1,450.0
Others	113.9	-30.8	0.0	0.0
CF from investing activities	-426.7	-623.7	-1,954.3	-1,450.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-70.0	0.0	0.0	0.0
Dividend paid & dividend tax	-332.3	-310.1	-307.8	-329.8
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	-12.3	-55.5	0.0	0.0
CF from financing activities	-414.6	-365.7	-307.8	-329.8
Net Cash flow	367.6	1,550.8	-716.8	401.1
Opening Cash	2,729.4	3,097.0	4,647.8	3,931.0
Closing Cash	3,097.0	4,647.8	3,931.0	4,332.1

Source: Company, ICICI Direct Research

Exhibit 21: Balance sheet ₹ crore				
(Year-end March)	CY18	CY19	CY20E	CY21E
Liabilities				
Equity Capital	188.0	188.0	188.0	188.0
Reserve and Surplus	10,343.9	11,355.8	12,627.8	14,068.2
Total Shareholders funds	10,531.9	11,543.8	12,815.8	14,256.2
Total Debt	0.0	0.0	0.0	0.0
Other Liabilities	677.6	658.9	658.9	658.9
Total Liabilities	11,209.5	12,202.7	13,474.7	14,915.0
Assets				
Gross Block	14,755.3	15,300.3	16,200.3	18,350.3
Less: Acc Depreciation	7,682.7	8,289.1	8,911.3	9,593.7
Net Block	7,072.6	7,011.2	7,289.0	8,756.6
Capital WIP	397.8	445.7	1,500.0	800.0
Total Fixed Assets	7,470.4	7,456.8	8,789.0	9,556.6
Investments + Goodwill	119.7	131.8	131.8	131.8
Debtors	867.4	626.7	691.3	754.0
Other assets	2,810.6	3,120.6	3,104.8	3,159.5
Misc assets	11.6	10.5	9.8	13.8
Cash	3,097.0	4,647.8	3,931.0	4,332.1
Total Current Assets	8,465.9	9,547.4	9,463.4	10,145.9
Creditors	4,496.4	4,331.9	4,196.1	4,204.5
Provisions	350.0	601.5	713.3	714.8
Total Current Liabilities	4,846.5	4,933.3	4,909.5	4,919.2
Net Current Assets	3,619.5	4,614.1	4,553.9	5,226.7
Application of Funds	11,209.5	12,202.7	13,474.7	14,915.0

Source: Company, ICICI Direct Research

Exhibit 22: Key ratios				
(Year-end March)	CY18	CY19	CY20E	CY21E
Per share data (₹)				
EPS	80.9	73.3	84.1	94.2
Cash EPS	113.0	105.6	117.2	130.5
BV	560.5	614.4	682.1	758.7
DPS	15.0	14.0	14.0	15.0
Cash Per Share	164.8	247.4	209.2	230.6
Operating Ratios (%)				
EBITDA Margin	11.9	14.0	18.7	17.9
PAT Margin	10.5	8.9	11.2	10.7
Inventory days	38.9	33.4	37.0	40.0
Debtor days	19.3	17.7	17.0	16.0
Creditor days	109.7	104.6	110.0	93.0
Return Ratios (%)				
RoE	9.7	11.9	12.3	12.4
RoIC	14.6	21.9	25.1	23.3
Valuation Ratios (x)				
P/E	19.3	21.3	18.6	16.6
EV / EBITDA	15.2	11.4	9.6	8.5
EV / Net Sales	1.8	1.6	1.8	1.5
Market Cap / Sales	2.0	1.9	2.1	1.8
Price to Book Value	2.8	2.5	2.3	2.1
Solvency Ratios				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.7	1.9	1.9	2.1
Quick Ratio	1.1	1.0	1.1	1.2

Source: Company, ICICI Direct Research

Exhibit 23: ICICI Direct coverage universe (Cement)

Company	CMP		M Cap	EPS(₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	Rating		(₹ Cr)	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E
ACC*	1,563	BUY	29,375	73	84	94	11.4	9.6	8.5	106	109	91	17.4	17.8	18.1	11.9	12.3	12.4
Ambuja Cem*	248	HOLD	49,244	7.7	8.1	9.4	13.8	12.1	10.2	137	142	126	13.2	15.0	16.3	10.0	10.5	11.5
UltraTech Cem	4,514	BUY	130,261	189	135	192	16.4	16.6	12.4	179	179	169	11.4	10.8	14.5	14.2	9.3	11.9
Shree Cement	21,100	BUY	76,136	435	411	527	20.7	22.9	17.9	223	210	207	13.8	12.7	14.6	12.1	10.5	12.1
Heidelberg Cem	185	BUY	4,192	11.8	9.6	13.7	8.4	9.9	7.4	113	100	95	22.3	19.6	26.3	20.4	18.0	23.1
JK Cement	1,800	BUY	13,908	74.9	69.4	98.0	13.8	12.9	9.7	150	142	134	16.2	15.4	19.2	18.5	15.0	17.9
JK Lakshmi Cem	280	BUY	3,296	22.6	19.8	25.7	6.3	6.2	5.1	46	44	42	17.1	16.0	18.9	15.5	12.1	14.0
Star Cement	82	BUY	3,437	6.9	4.5	8.8	7.5	8.5	5.4	112	112	77	17.1	10.9	18.9	15.4	9.5	16.4
Ramco Cement	785	BUY	18,689	25.7	19.6	27.2	18.9	18.9	14.1	167	163	156	7.5	6.4	8.4	12.3	8.7	10.8
Sagar Cement	635	BUY	1,492	17.1	47.8	51.9	10.7	7.2	6.8	49	51	38	7.2	11.5	11.1	4.2	9.7	9.6

Source: Company, ICICI Direct Research, *ACC and Ambuja FY20=CY19, FY21E=CY20E, FY22E=CY21E

RATING RATIONALE

ICICI Direct endeavours 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, Rashesh Shah, CA Research Analyst, 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 broking and distribution of financial products. ICICI Securities Limited is a SEBI registered Research Analyst with 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 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.