

Company update

Capital goods

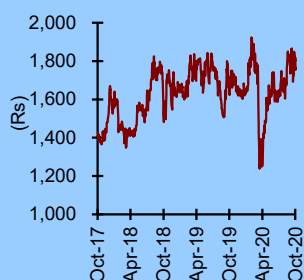
Target price: Rs2,043

Shareholding pattern

	Dec '19	Mar '20	Jun '20
Promoters	58.5	58.5	58.5
Institutional investors	37.8	37.8	38.4
MFs and other	14.7	14.6	15.2
FI / Banks	0.0	0.0	0.0
Insurance Co	1.3	1.4	1.7
FIs	21.8	21.8	21.5
Others	3.7	3.7	3.1

Source: NSE

Price chart



INDIA

AIA Engineering

BUY

Maintained

Closure of patent litigation takes risk off the table

Rs1,759

AIA Engineering (AIAE) has finally reached a settlement with respect to the case filed against it by Magotteaux, for patent infringement relating to Sintercast products. As per the full and final binding settlement: 1) Magotteaux agrees never to litigate this issue before any other forum; 2) all proceedings and claims, including related damages, are fully and finally settled; 3) AIAE cannot claim the litigation expense from Magotteaux. Currently, the contribution from technology under consideration is <10% of AIAE's overall revenues and the company has moved to a more advanced technology. Given the medium to long term growth drivers and continuation of mill liner capex plans despite the Covid-related slowdown, we maintain BUY on the stock with an unchanged target price of Rs2,043.

- **Case settlement eliminates high legal expenses and risk of high arbitration claims:** In FY14, AIAE had paid US\$6mn (Rs320mn) to Magotteaux with regards to a similar patent infringement case involving Sintercast products in the US. This was after a US district court passed a judgement in favour of Magotteaux. The settled case under consideration was for claims of US\$60mn before the arbitration tribunal, ICC, dismissed it in Aug'19.
- **Uncertainty of global growth due to pandemic:** Company is still gauging the overall impact of the pandemic on global economies and has deferred any future guidance. We believe the recent increase in Covid cases in Latin America, wildfire in Amazon, etc. are likely to keep demand subdued in the near term.
- **Mill lining capex plans unchanged; grinding media postponed by a year:** Company has earmarked capex of Rs2.5bn for FY21, of which Rs1.6bn will be for 50ktpa mill liner facility and remaining Rs900mn for maintenance and peripheral works for the plant. Rs300mn of capex has been done in Q1FY21 and Rs600mn during FY20 for the same purpose (deadline remains unchanged at Mar'21). Due to weak near-term demand, grinding media capacity addition has been deferred to FY22 from Mar'21 earlier.
- **Superior performance in tough environment; maintain BUY:** Despite the overall challenging environment, AIAE is continuing with its capex plans to fuel long-term growth. We believe volumes will normalise from FY22E. Maintain **BUY** with an unchanged target price of Rs2,043.

Market Cap	Rs167bn/US\$2.3bn	Year to Mar	FY19	FY20	FY21E	FY22E
Reuters/Bloomberg	AIAE.BO / AIAE IN	Revenue (Rs mn)	30,695	29,809	29,499	34,633
Shares Outstanding (mn)	94.3	Rec. Net Income (Rs mn)	5,108	5,904	5,361	6,425
52-week Range (Rs)	1923/1239	EPS (Rs)	54.2	62.6	56.8	68.1
Free Float (%)	41.5	% Chg YoY	15.2	15.6	(9.2)	19.8
FII (%)	21.5	P/E (x)	32.5	28.1	30.9	25.8
Daily Volume (US\$/'000)	1,275	CEPS (Rs)	45.8	52.2	46.3	56.0
Absolute Return 3m (%)	8.4	EV/E (x) (Incl. Indus)	23.3	22.2	22.2	18.0
Absolute Return 12m (%)	9.3	Dividend Yield (%)	0.5	1.5	0.9	1.4
Sensex Return 3m (%)	10.5	RoCE (%)	20.1	19.0	16.9	18.4
Sensex Return 12m (%)	7.3	RoE (%)	15.7	16.4	13.8	14.9

Research Analysts:

Renjith Sivaram

 renjith.sivaram@icicisecurities.com
+91 22 6637 7340

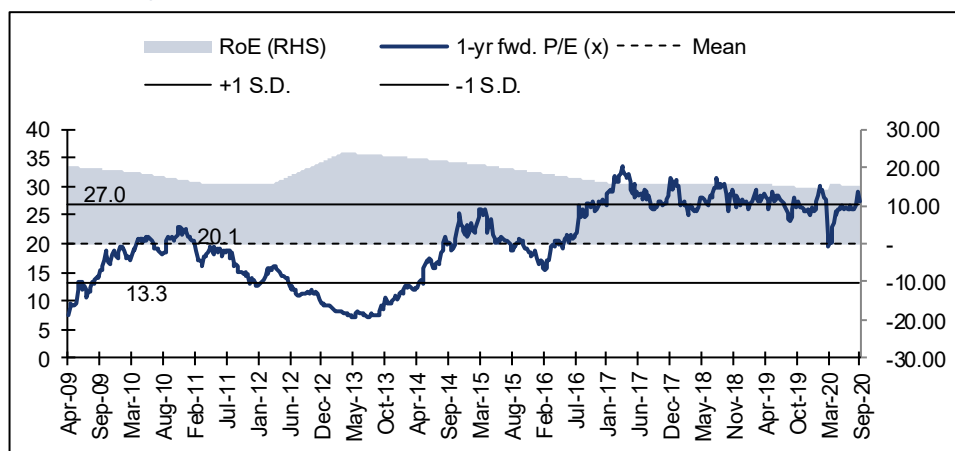
Vipin Goel

 vipin.goel@icicisecurities.com
+91 22 6637 7397

Outlook and valuation

AIA Engineering (AIAE) is currently in capex mode; hence overall RoCEs are low given the initially lower utilisation of new facilities. We however believe commencement of new capacities will support medium to long term growth from FY22E onwards. Mill liner is a high-margin segment and the planned 50ktpa capacity will support overall growth with margin improvement from FY22E onwards. Factoring-in these upsides, we have assigned a multiple of 30x P/E FY22E, valuing the stock at 12% premium to 1-year forward +1 SD of 27x. Given medium to long term growth drivers from mill liners, we maintain **BUY** on the stock with an unchanged target price of Rs2,043.

Chart 1: 1-year forward P/E band



Source: I-Sec research

Background of the arbitration matter with Magotteaux

Setup of JV in 1991: With the setup of JV between Ahmedabad Induction Alloys Pvt Ltd and Magotteaux (MI) in 1991, AIAE got high-chrome grinding media technology from Magotteaux.

Signing of settlement deed on JV exit: On exit from JV in 2000, a settlement deed was signed, as per which, *"as long as Mr. Bhadresh Shah owns effective majority control of the companies, such companies including AIAE, shall have the right to use in India (including exports) the know-how acquired by the companies without any payments of any fees or royalty, but without claiming any proprietary rights in the industrial property comprised in the same. The restrictions placed may have an adverse impact on the company in the event of succession in terms of royalty payment."*

AIAE retained the technology; however, Magotteaux filed a patent infringement case against AIAE involving Sintercast products in the US.

US district court passed a judgement awarding damages: The district court of Nashville ruled in favour of MI. A *settlement agreement* by AIAE and Magotteaux was signed to resolve the dispute amicably and avoid uncertainty of the outcome of further litigation and avoid further litigation costs. Consequently, AIAE paid US\$6mn (Rs320mn) to Magotteaux in FY14. It was a one-off expense and did not have any structural impact on overall business due to AIAE's negligible presence in the US.

Magotteaux initiated arbitral proceedings before ICC: In May'17, there was another arbitral proceeding initiated by Magotteaux at the International Chamber of Commerce, London (ICC) against AIAE for US\$60mn (~Rs3.9bn) for patent infringement relating to Sintercast products.

Tribunal dismisses Magotteaux claims: In Aug'19, the arbitration tribunal passed a unanimous award and dismissed claims from Magotteaux. Consequently, Magotteaux challenged the tribunal's decision and preferred an appeal before the Commercial Court of England (QBD – UK high court) for partial award passed by the arbitration tribunal.

Oct'20, 2020: Magotteaux, AIAE and Mr. Bhadresh Shah entered into a full and final binding settlement whereby:

- Magotteaux agrees never to litigate this issue before any other forum
- AIAE will not claim the litigation and related expense from Magotteaux. We estimate this at ~Rs150mn-200mn and has already been incurred by AIAE.
- There would have been further legal cost implications related to proceedings in QBD (UK high court) on both sides, if Magotteaux had not withdrawn the arbitration case. These costs have been foregone by both parties.

Currently, the contribution from the technology under consideration is <10% of overall revenues and AIAE has moved beyond the technology.

About Magotteaux (MI)

Magotteaux is owned by Chilean conglomerate, Sigdo Koppers, and has a total capacity of 427,000tpa, largely high-chrome. In CY19, the company created an alliance with sensor suppliers to develop a new service that maximises milling. The technology was in the test phase in 2019 and is expected to get installed at 3-5 clients in 2020.

Table 1: Capacity comparison of AIAE and Magotteaux (tpa)

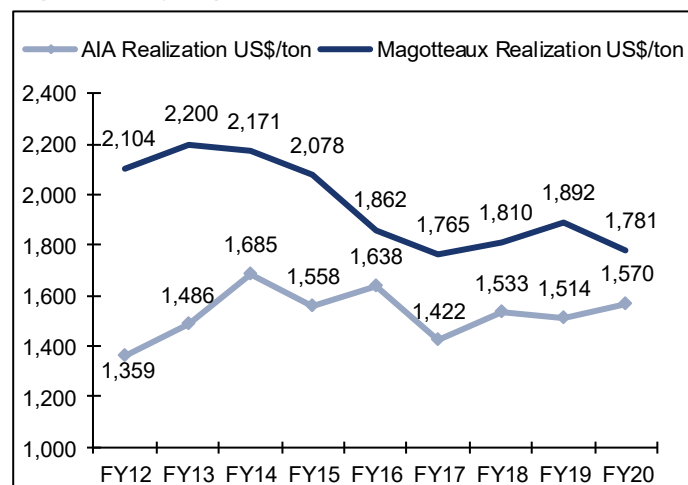
Product type	Magotteaux*	AIA Engineering
High-Chromium balls	3,27,000	3,90,000
Low-Chromium balls	50,000	
Forged steel balls	50,000	
Total distributed balls	4,27,000	3,90,000
High-Chromium balls in JV with Scaw Metals	1,00,000	
Forged steel balls in JV with XingCheng	1,05,000	
Castings	67,000	
Total capacity	6,99,000	

Note: *Capacity as of CY18

Source: Companies data, I-Sec research

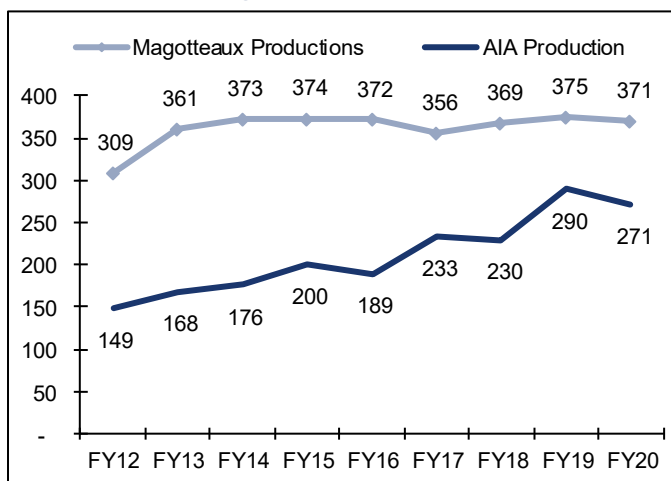
Given that AIAE is present only in high-chrome media, Magotteaux makes a better peer for it than MolyCOP (which is present only in forged steel balls). Magotteaux has a product mix of high-chrome grinding media, forged steel grinding media and castings and, despite such a varied product mix, it has higher cost of production than AIAE (providing AIAE with price advantage).

Chart 2: Magotteaux realisations (US\$/te) significantly higher than AIAE



Source: Company data, I-Sec research

Chart 3: Growing production at AIAE vs stagnant production at Magotteaux (in 000'te)



AIAE enjoys a superior cost structure over its peers (FY20 EBITDA/te is 1.9x of Magotteaux CY19) due to its sustainable competitive advantage. This cost benefit over peers is due to localisation as all of AIAE's manufacturing facilities operate in India. Magotteaux, on the other hand, has a relatively higher employee and overhead costs due to the presence of its manufacturing setups spread globally.

Chart 4: Plant locations for Magotteaux (spread across the globe) and AIAE (all domestic)

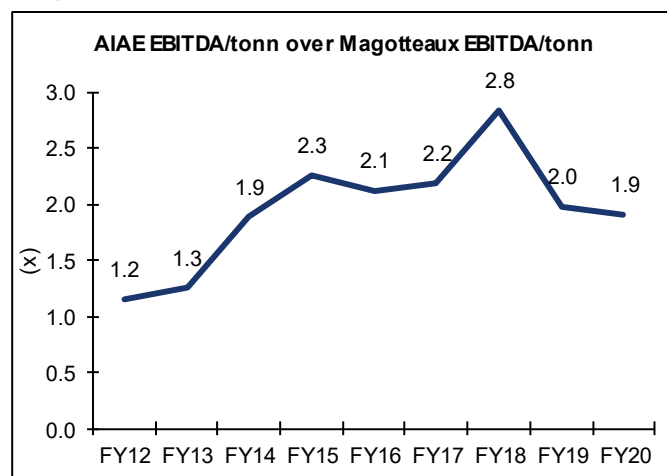


Source: Company data, I-Sec research

Despite lower realisations and raw material price volatility, AIAE has maintained superior EBITDA margins over its peers due to lower employee costs and economies of scale due to localisation. The planned expansions of 100,000tpa grinding media capacity (50,000tpa already commissioned) and 50,000tpa mill liners are in close proximity to existing facilities, keeping the operating costs controlled. This makes us believe AIAE will be able to maintain its low-cost structure in the foreseeable future

Although the high customer-stickiness in the business can play a spoilsport in acquiring some new clients, we believe, the pricing advantage resulting from a low-cost structure will be the eventual winner in the long term. This helps AIAE increase its market share in newly entered geographies.

Chart 5: EBITDA/te of AIAE is ~1.9x that of Magotteaux



Source: Company data, I-Sec research

Chart 6: Margin profile comparison between AIAE and Magotteaux

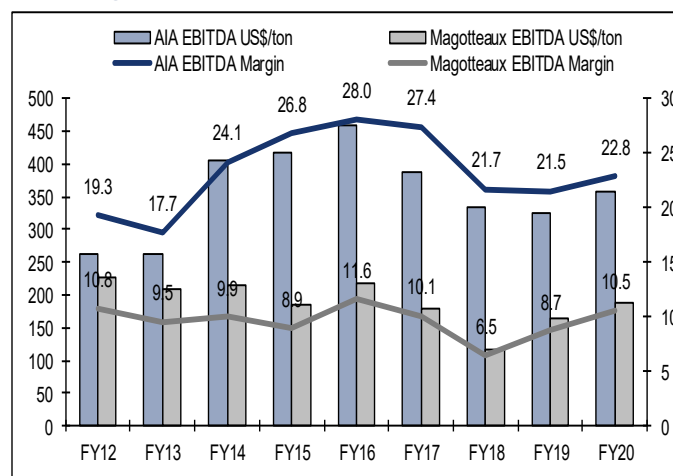
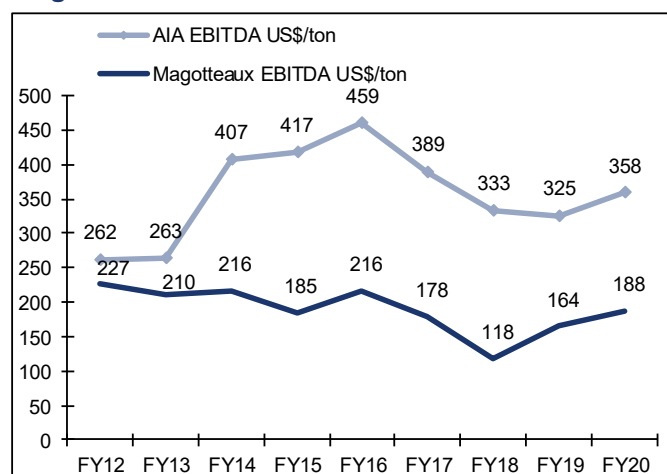
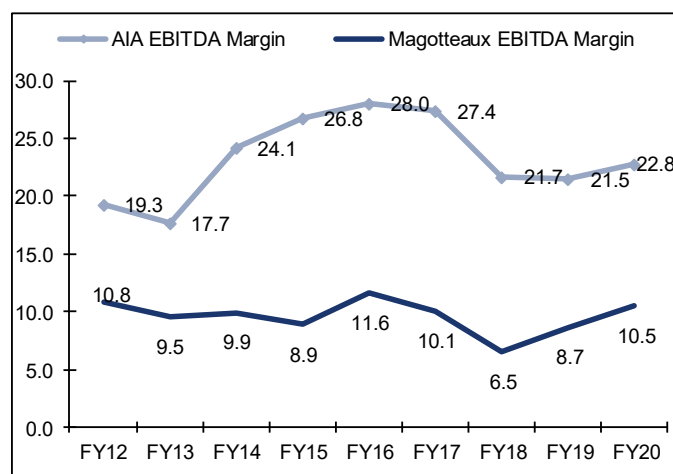


Chart 7: Superior EBITDA per ton over Magotteaux

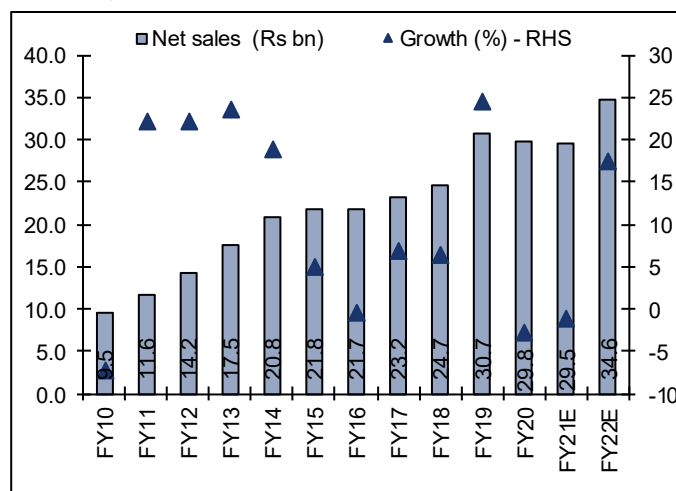


Source: Company data, I-Sec research

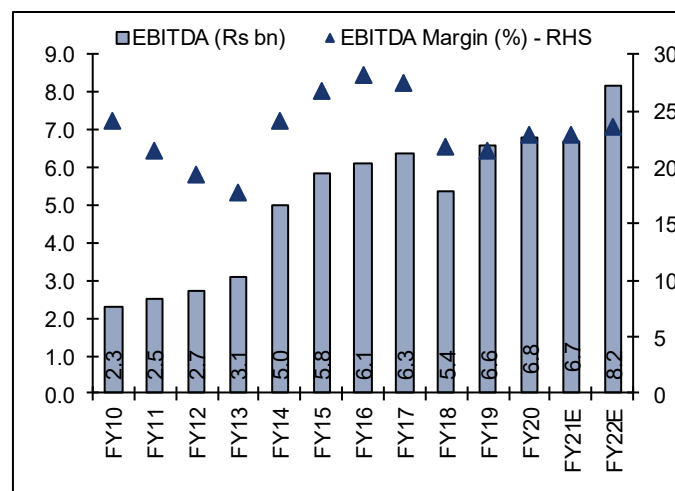
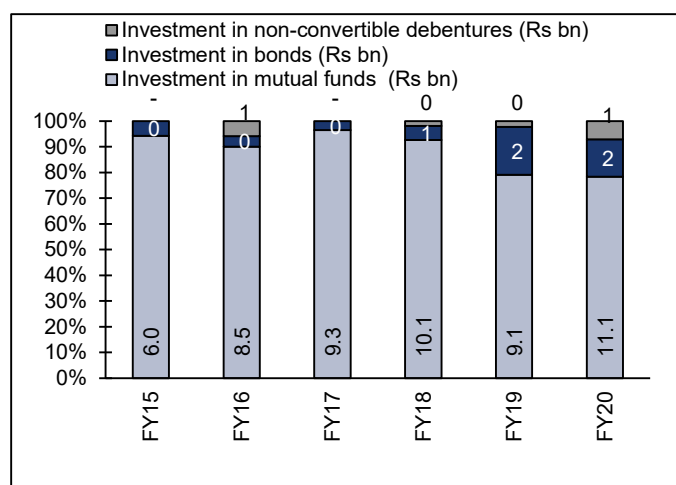
Chart 8: High-margin profile over Magotteaux



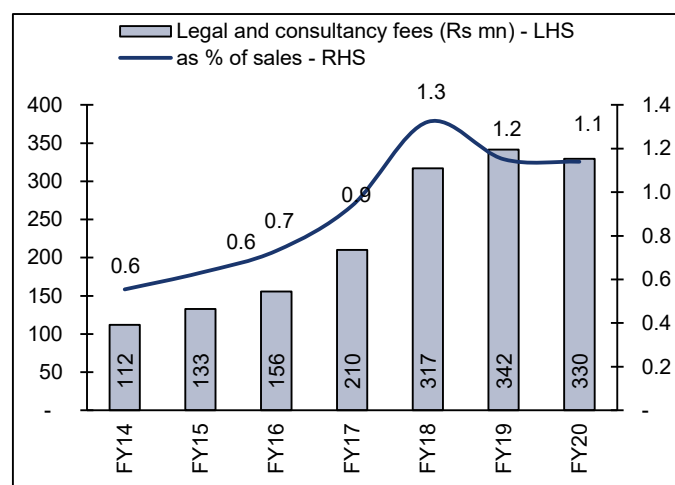
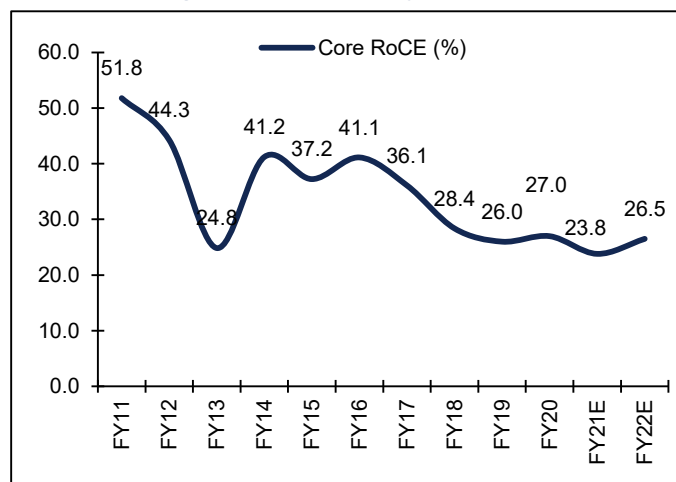
In our opinion, AIAE will be able to retain its cost advantage at least in the near to medium term, preserving its optionality of either being aggressive on pricing, or holding on to EBITDA margins.

Chart 9: Revenue growth to be driven by higher capacity and increased market penetration

Source: Company data, I-Sec research

Chart 10: EBITDA margin to improve on the back of low-cost structure and stable FeCr prices**Chart 11: Breakdown of Rs14.2bn of current investment**

Source: Company data, I-Sec research

Chart 12: Legal fee is expected to reduce with the closure of the case**Chart 13: Core RoCE to reduce before increasing in near term given the capacity expansion**

Source: Company data, I-Sec research

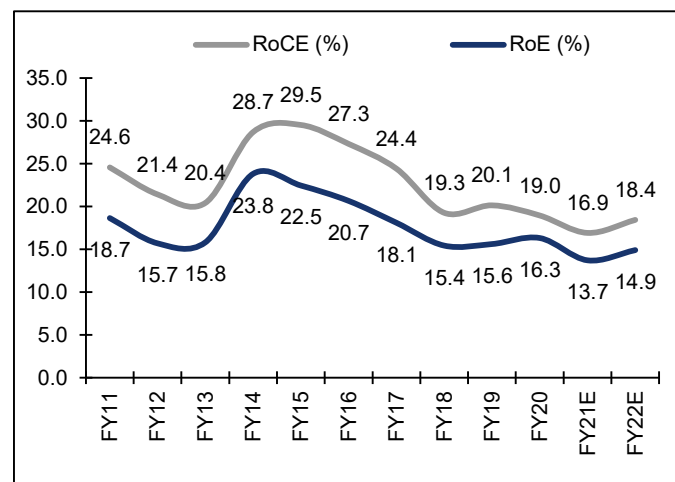
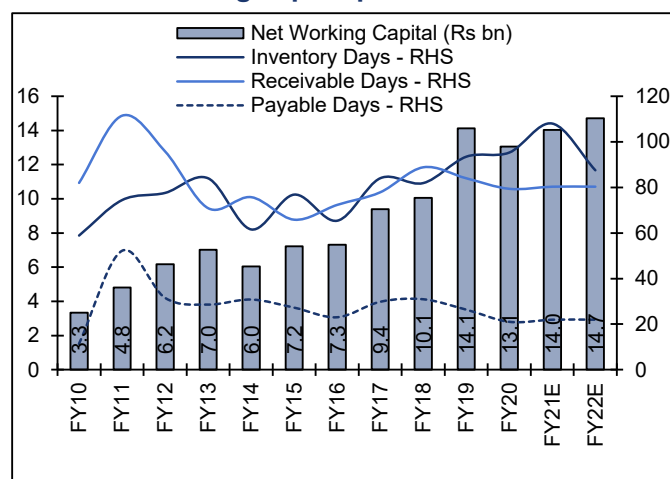
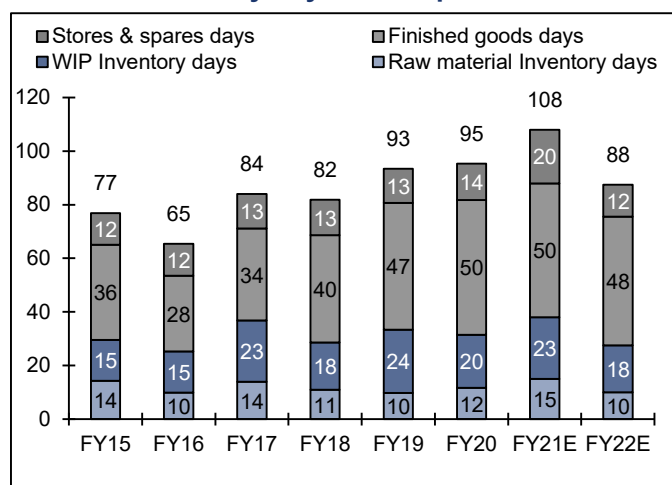
Chart 14: RoCE and RoE profile

Chart 15: Working capital profile



Source: Company data, I-Sec research

Chart 16: Inventory days breakup



Due to ongoing capex related to mill lining and two tranches of grinding media facility, we expect the RoCE profile to take some time before picking up with increase in utilisation of the new facilities.

Eventually, RoCE will be supported by higher utilisation and richer margin profile of mill liners. We calculate AIAE's core RoCE by taking EBITDA generated over the core capital employed by the company (gross block + net working capital).

Table 2: Key assumptions

(Rs mn, year ending March 31)

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Revenues	21,272	22,392	23,963	29,674	28,913	28,961	34,069
Mining	-	12,316	12,461	16,552	16,448	16,908	20,677
Non-Mining	-	10,077	11,502	13,122	12,465	12,054	13,392
Revenue Contribution (%)							
Mining	-	55.0	52.0	55.8	56.9	58.4	60.7
Non-Mining	-	45.0	48.0	44.2	43.1	41.6	39.3
Total Sales Volumes (te)	1,85,788	2,14,477	2,28,725	2,65,174	2,67,229	2,72,592	3,16,817
YoY growth (%)	-0.5	15.4	6.6	15.9	0.8	2.0	16.2
Mining	1,00,684	1,26,479	1,38,399	1,70,224	1,77,274	1,85,606	2,21,132
YoY growth (%)	-5.1	25.6	9.4	23.0	4.1	4.7	19.1
Non-Mining	85,104	87,998	90,326	94,950	89,955	86,986	95,685
YoY growth (%)	5.6	3.4	2.6	5.1	-5.3	-3.3	10.0
Sales Volume Contribution (%)							
Mining	54.2	59.0	60.5	64.2	66.3	68.1	69.8
Non-Mining	45.8	41.0	39.5	35.8	33.7	31.9	30.2
Total Realisation (Rs '000 /te)	114	104	105	112	108	106	108

Source: Company data, I-Sec research

Financial summary (consolidated)

Table 3: Profit & loss statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Total Income	30,695	29,809	29,499	34,633
Operating Expenses	24,096	23,006	22,790	26,455
EBITDA	6,599	6,803	6,708	8,178
% margins	21.5	22.8	22.7	23.6
Depreciation & Amortisation	788	978	999	1,138
EBIT	5,811	5,825	5,710	7,039
Gross Interest	75	56	56	56
Other Income	1,209	1,419	1,219	1,252
PBT before exceptionals	6,944	7,188	6,873	8,236
Add:				
Extraordinaries/Exceptionals	-	-	-	-
Add: Share in associates	-	-	-	-
PBT	6,944	7,188	6,873	8,236
Less: Taxes	1,830	1,285	1,512	1,812
Less: Minority Interests	6	(1)	(1)	(1)
Net Income (Reported)	5,108	5,904	5,361	6,425
Adjusted Net Income	5,108	5,904	5,361	6,425

Source: Company data, I-Sec research

Table 4: Balance sheet

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Assets				
Total Current Assets	30,569	31,442	34,376	37,798
of which cash & cash eqv.	13,600	15,725	17,633	20,087
Total Current Liabilities & Provisions	2,949	2,873	2,945	3,257
Net Current Assets	27,620	28,569	31,431	34,540
Investments	9	9	9	9
Other Non-Current Assets	904	1,151	1,234	1,329
Net Fixed Assets	8,847	9,020	10,022	10,883
Goodwill	-	-	-	-
Total Assets	37,379	38,749	42,695	46,761
Liabilities				
Borrowings	1,279	969	969	969
Deferred Tax Liability	870	674	674	674
Minority Interest	93	93	93	93
Equity Share Capital	189	189	189	189
Face Value per share (Rs)	1.00	1.00	1.00	1.00
Reserves & Surplus	34,948	36,824	40,770	44,836
Net Worth	35,137	37,013	40,959	45,025
Total Liabilities	37,379	38,749	42,695	46,761

Source: Company data, I-Sec research

Table 5: Cashflow statement

(Rs mn, year ending March 31)

	FY19	FY20	FY21E	FY22E
Operating Cashflow	5,543	6,146	5,714	6,899
Working Capital Changes	(4,038)	1,028	(953)	(656)
Capital Commitments	(2,153)	(1,151)	(2,000)	(2,000)
Free Cashflow	(648)	6,022	2,761	4,243
Cashflow from Investing Activities	515	(1,956)	619	625
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc (Dec) in Borrowings	48	(309)	-	-
Interest paid	(75)	(56)	(56)	(56)
Dividend paid	(1,023)	(2,991)	(1,415)	(2,358)
Extraordinary Items/Others	698	(1,325)	0	(0)
Chg. in Cash & Bank balance	(487)	(615)	1,909	2,454

Source: Company data, I-Sec research

Table 6: Key ratios

(Year ending March 31)

	FY19	FY20	FY21E	FY22E
Per Share Data (in Rs.)				
Diluted adjusted EPS	54.2	62.6	56.8	68.1
Recurring Cash EPS	45.8	52.2	46.3	56.0
Dividend per share (DPS)	9.0	27.0	15.0	25.0
Book Value per share (BV)	373.5	393.4	435.2	478.3
Growth Ratios (%)				
Operating Income	24.4	(2.9)	(1.0)	17.4
EBITDA	23.2	3.1	(1.4)	21.9
Recurring Net Income	15.2	15.6	(9.2)	19.8
Diluted adjusted EPS	15.2	15.6	(9.2)	19.8
Diluted Recurring CEPS	14.3	14.0	(11.4)	21.2
Valuation Ratios				
P/E	32.5	28.1	30.9	25.8
P/CEPS	38.4	33.7	38.0	31.4
P/BV	4.7	4.5	4.0	3.7
EV / EBITDA	23.3	22.2	22.2	18.0
EV / Operating Income	5.0	5.1	5.1	4.2
EV / Op FCF (pre-capex)	102.1	21.1	31.3	23.5
Operating Ratios				
Raw Material/Sales (%)	39.9	39.4	38.0	38.0
SG&A/Sales (%)	4.9	5.2	5.5	5.0
Other Income / PBT (%)	17.4	19.7	17.7	15.2
Effective Tax Rate (%)	26.3	17.9	22.0	22.0
NWC / Total Assets (%)	37.5	33.1	32.3	30.9
Inventory Turnover (days)	79.6	95.8	102.1	89.7
Receivables (days)	77.7	82.9	80.3	74.3
Payables (days)	25.5	24.3	21.5	20.4
Net D/E Ratio (x)	(0.3)	(0.4)	(0.4)	(0.4)
Return/Profitability Ratios (%)				
Recurring Net Income Margins	16.6	19.8	18.2	18.6
RoCE	20.1	19.0	16.9	18.4
RoNW	15.7	16.4	13.8	14.9
Dividend Payout Ratio	20.0	50.7	26.4	36.7
Dividend Yield (%)	0.5	1.5	0.9	1.4
EBITDA Margins	21.5	22.8	22.7	23.6

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, *Renjith Sivaram, BE, MBA (Finance); Vipin Goel, MBA, B.Tech;* 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 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 Institutional 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 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 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.