

## Decent performance; order book remains strong...

NCC reported a decent set of numbers in Q4FY21 with revenue growth of 20% YoY to ₹ 2617.7 crore on a standalone basis. The topline growth was mainly driven by strong order book position and pick-up in execution. However, operating margin declined 179 bps YoY to 11.1% owing to higher sub-contracting expenses. Consequently, operating profit improved merely 3.3% YoY to ₹ 289.7 crore. At the net level, a decent operating performance coupled with benign depreciation and interest cost has translated into 11.4% YoY growth to ₹ 115.5 crore in adjusted PAT.

### Order book robust; second wave to impact Q1 execution

Order book as on Q4FY21 was at ₹ 37,911 crore (book to FY21 bill ratio of 5.2x), backed by healthy inflows of ₹ 18,943 crore secured in FY21. Going forward, the management expects healthy momentum in order inflows to continue over medium-to-longer term to be aided by government's strong focus on different infrastructure verticals. On the execution front, NCC is witnessing healthy revenue growth from the past couple of quarters led by elevated order book position, pick-up in construction activities. However, the improved execution pace has been impacted in April-May 2021 owing to unavailability of desired labour on project sites due to second wave of Covid-19 pandemic. While it refrained from giving guidance, the management expects decent revenue growth in FY22 to be driven by a) higher executable order book, b) comparatively better labour counts and minimal interruptions in raw material supply chain, and c) no major stoppage of work from client side. We expect topline to witness 25.8% revenue CAGR in FY21-23E, on a benign base. Also, its operating margin is likely to be at ~11.5% (~100 bps lower than FY20 levels), given the current order book mix and factoring increased raw material costs.

### Debt reduced further; working capital days to improve

NCC's standalone debt has reduced to ₹ 1,789 crore (from ₹ 2,003 crore in Q2) and is likely to remain range bound near current levels with higher profitability, and better cash flow management. Also, its dues from Andhra Pradesh have reduced to ₹ 714 crore (money stuck in legacy capital city project-including retention at ₹ 255 crore). With expected improvement in disbursements from various state governments, its debtor days are likely to get moderated, in-turn, normalising working capital days over medium term.

### Valuation & Outlook

Strong order book position and expected pick-up in execution is likely to drive NCC's overall performance. Further, its stable operating margins and improvement in working capital cycle remain key positives. We retain our **BUY** rating with a revised TP of ₹ 100/share (vs. ₹ 110/share, earlier).



| Particulars           |          |
|-----------------------|----------|
| Particular            | Amount   |
| Market Capitalization | 5,086.1  |
| Total Debt (₹ crore)  | 1,789.0  |
| Cash (₹ crore)        | 438.5    |
| EV (₹ crore)          | 6,436.6  |
| 52 week H/L (₹)       | 100 / 21 |
| Equity capital        | 122.0    |
| Face value            | 2.0      |

| Key Highlights |  |
|----------------|--|
| •              | Strong order book of ₹ 37,911 crore provides revenues visibility |
| •              | Retain BUY rating with revised target price of ₹ 100/share       |

| Key risk to our call |  |
|----------------------|--|
| •                    | Weaker than expected execution                       |
| •                    | Stretched working capital and payment delays, if any |

| Research Analyst      |                                      |
|-----------------------|--------------------------------------|
| Bhupendra Tiwary, CFA | bhupendra.tiwary@icicisecurities.com |
| Lokesh Kashikar       | lokesh.kashikar@icicisecurities.com  |

### Key Financial Summary

| ₹ crore           | FY19     | FY20    | FY21    | FY22E   | FY23E    | CAGR FY21-23E |
|-------------------|----------|---------|---------|---------|----------|---------------|
| Net Sales         | 12,079.8 | 8,218.8 | 7,255.7 | 9,852.1 | 11,481.5 | 25.8%         |
| EBITDA            | 1,423.0  | 1,030.2 | 854.5   | 1,136.9 | 1,325.0  | 24.5%         |
| EBITDA Margin (%) | 11.8     | 12.5    | 11.8    | 11.5    | 11.5     |               |
| PAT               | 563.9    | 382.0   | 261.1   | 481.6   | 599.0    | 51.5%         |
| EPS (₹)           | 9.4      | 6.3     | 4.3     | 7.9     | 9.8      |               |
| P/E (x)           | 8.9      | 13.3    | 19.5    | 10.6    | 8.5      |               |
| EV/EBITDA(x)      | 4.8      | 6.5     | 7.5     | 5.8     | 5.2      |               |
| RoNW (%)          | 11.9     | 7.5     | 4.9     | 8.4     | 9.6      |               |
| RoCE (%)          | 21.2     | 14.7    | 11.2    | 14.2    | 15.7     |               |

**Exhibit 1: Variance analysis**

| Year                        | Q4FY21  | Q4FY21E | Q4FY20  | YoY (%)  | Q3FY21  | QoQ (%)  | Comments  |
|-----------------------------|---------|---------|---------|----------|---------|----------|---|
| Net Sales                   | 2,617.7 | 2,748.3 | 2,182.0 | 20.0     | 1,918.4 | 36.5     | Topline miss owing to slower than expected execution  |
| Other Income                | 21.2    | 26.6    | 24.1    | -12.1    | 24.5    | -13.6    |   |
| Total Construction Expenses | 1,172.6 | 1,216.0 | 1,091.0 | 7.5      | 848.8   | 38.1     |   |
| Employee cost               | 89.9    | 129.4   | 97.1    | -7.5     | 90.3    | -0.5     |   |
| Other expenditure           | 1,065.6 | 1,074.6 | 713.3   | 49.4     | 739.9   | 44.0     |   |
| EBITDA                      | 289.7   | 328.3   | 280.5   | 3.3      | 239.3   | 21.1     |   |
| EBITDA Margin (%)           | 11.1    | 11.9    | 12.9    | -179 bps | 12.5    | -141 bps | Margin moderated with higher sub-contracting expenses |
| Depreciation                | 43.3    | 41.5    | 43.9    | -1.4     | 43.9    | -1.3     |   |
| Interest                    | 117.7   | 110.2   | 119.5   | -1.5     | 106.5   | 10.5     |   |
| Exceptional items           | 0.0     | 0.0     | 6.7     | NA       | 0.0     | NA       |   |
| PBT                         | 149.9   | 203.2   | 147.9   | 1.4      | 113.4   | 1,184.6  |   |
| Taxes                       | 34.4    | 69.1    | 37.5    | -8.3     | 43.1    | -20.2    |   |
| PAT                         | 115.5   | 134.1   | 110.4   | 4.6      | 70.3    | 64.3     |   |

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

| ₹ Crore           | FY20    | FY21    | FY22E    |         |          | FY23E    |          |          |  |
|-------------------|---------|---------|----------|---------|----------|----------|----------|----------|--|
|                   |         |         | Old      | New     | % Change | Old      | New      | % Change |  |
| Revenue           | 8,218.8 | 7,255.7 | 10,057.2 | 9,852.1 | -2.0     | 11,632.6 | 11,481.5 | -1.3     | Realign post Q4 performance                      |
| EBITDA            | 1,030.2 | 854.5   | 1,210.9  | 1,136.9 | -6.1     | 1,400.6  | 1,325.0  | -5.4     |  |
| EBITDA Margin (%) | 12.5    | 11.8    | 12.0     | 11.5    | -50 bps  | 12.0     | 11.5     | -50 bps  | Bake in muted margins on higher commodity prices |
| PAT               | 382.0   | 261.1   | 504.7    | 481.6   | -4.6     | 622.1    | 599.0    | -3.7     |  |
| EPS (₹)           | 6.3     | 4.3     | 8.3      | 7.9     | -4.6     | 9.9      | 9.8      | -3.7     |  |

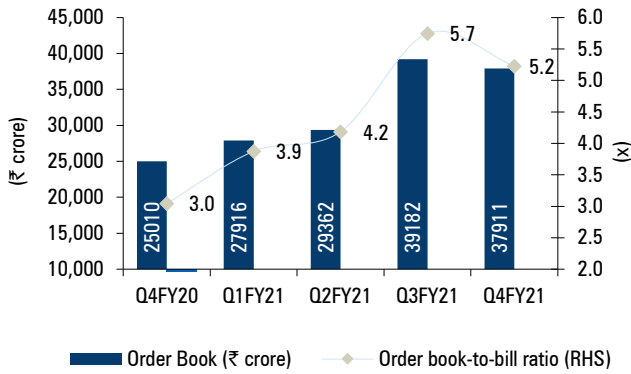
Source: Company, ICICI Direct Research

## Conference call Highlights

- Order book update:** NCC's order book as on March 31, 2021 was at an elevated level of ₹ 37,911 crore (book to TTM bill ratio of 5.2x), mainly driven by robust inflows of ₹ 18,943 crore secured in FY21. Among major business segment, building division contributed ₹ 21,157 crore to the order book, followed by water and railways (₹ 7,078 crore), mining (₹ 2,592 crore), irrigation (₹ 2,442 crore), electrical (₹ 2,438 crore), and roads (₹ 1,954 crore) segments. State wise, Uttar Pradesh contribution to the overall order book stood at 25%, followed by Andhra Pradesh (11%), Karnataka (10%), Maharashtra (10%), Telangana (7%), Jharkhand (6%), and Bihar (6%). Going forward, the management expects strong momentum in order inflows to continue over medium-to-longer term to be aided by government's strong focus on different infrastructure verticals. The company is majorly focusing on a) building: affordable housing, b) water: higher traction being witnessed in Jal Jeevan mission, and c) roads and expressways segments
- Guidance:** With the gradual recovery in construction activities post lockdown period, NCC has managed to report decent topline growth on QoQ basis over past few quarters. However, the execution pace during April-May 2021 got impacted with unavailability of desired level of labours on project sites owing to second-wave of Covid-19 pandemic. For FY22, the management has currently refrained from providing any concrete guidance with the Covid-19 related uncertainties. However, the management expects decent revenue growth in FY22 on YoY basis mainly to be driven by a) higher executable order book, b) comparatively better labour counts and minimal interruptions in raw material supply chain (vs minimal execution witnessed during April-May 2020 due to national-wide lockdown), and c) no major stoppage of projects from client side. Additionally, given the current order book mix and factoring increased raw material costs, the management expects operating margin to be at ~11.5% under normalised scenario
- Debt and Interest rate:** NCC's finance cost has remained muted to ₹ 117.7 crore during Q4FY21 (vs. ₹ 119.5 crore, ₹ 106.5 crore reported in Q4FY20, Q3FY21, respectively). This is mainly backed by a) reduction in standalone debt by ₹ 120 crore (to ₹ 1,789 crore), b) drop in average cost of capital from 9.84% in FY20 to 9.22% in FY21, and c) decline in bank guarantee costs. Going forward, the company expects its debt to further come down by another ₹ 100-200 crore during FY22 backed by higher profitability and better cash flows management and funds expected from the monetisation of land parcels
- Working capital:** Delays in payment from various state government such as Andhra Pradesh (AP) in the recent past has kept its debtors at an elevated level. However, the management has indicated towards MoM improvement in debtor days mainly backed by improving disbursements (total outstanding from AP reduced from ₹ 991 crore in Q2 FY21-end to ₹ 714 crore by FY21-end). Going forward, the management expects receipt of payment from AP government (stuck towards older projects), which is likely to improve its working capital days.
- Monetisation of real estate:** NCC has completed the various stages of discussions with a potential buyer for NCC Vizag Urban project and the draft agreement has been prepared. However, the final approval from government side is currently pending and getting delayed due to Covid-19 related issues. Despite this, the management expects signing of agreements and conclusion of transaction over next couple of months
- Capex and tax rate:** The management has guided for ₹ 200 crore of capex during FY22. Additionally, NCC has opted for new regime for taxes due to which its tax rate likely to reduce to 25.2% from here on

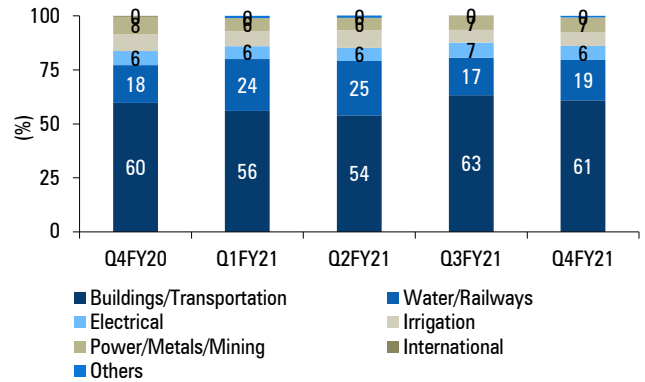
## Company Analysis

Exhibit 3: Quarterly orderbook trend



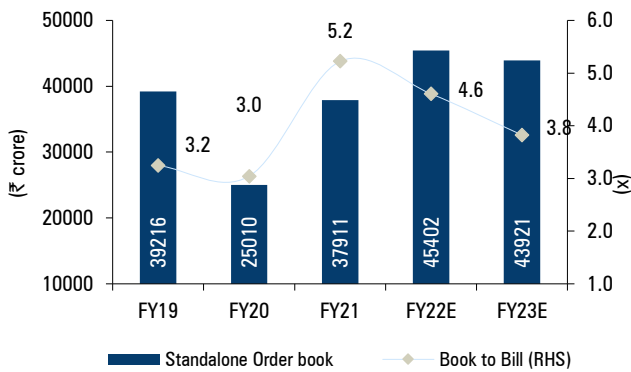
Source: Company, ICICI Direct Research

Exhibit 4: Orderbook composition



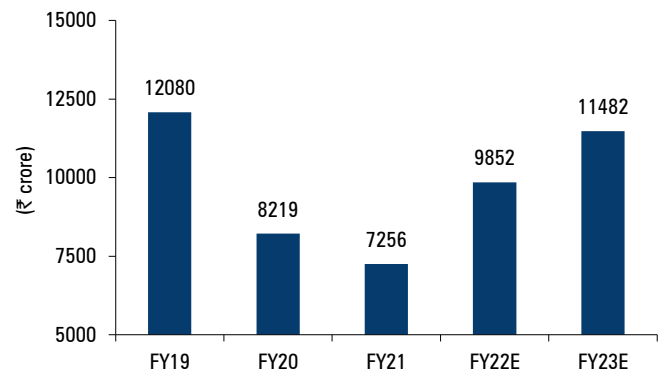
Source: Company, ICICI Direct Research

Exhibit 5: Annual orderbook trend



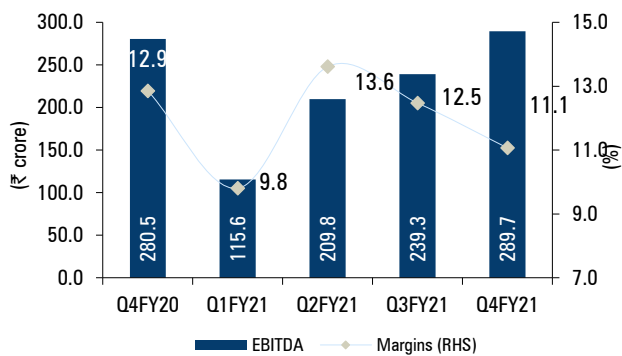
Source: Company, ICICI Direct Research

Exhibit 6: Annual revenue trend



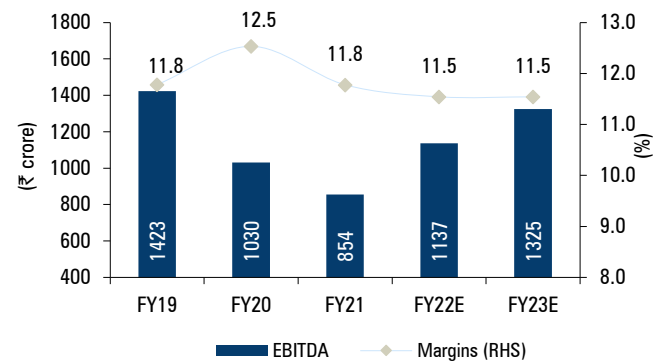
Source: Company, ICICI Direct Research

Exhibit 7: Quarterly EBITDA trend



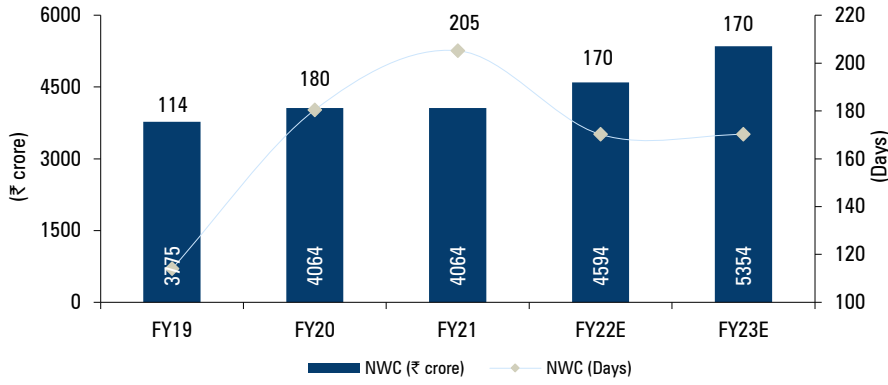
Source: Company, ICICI Direct Research

Exhibit 8: Annual EBITDA trend



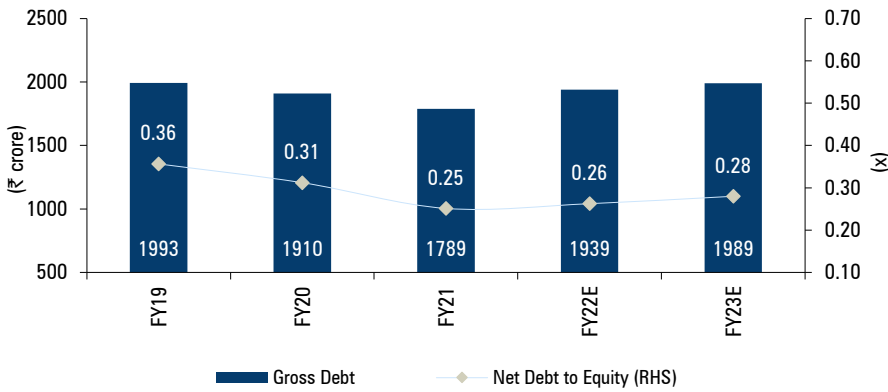
Source: Company, ICICI Direct Research

Exhibit 9: Net working capital (NWC) trend



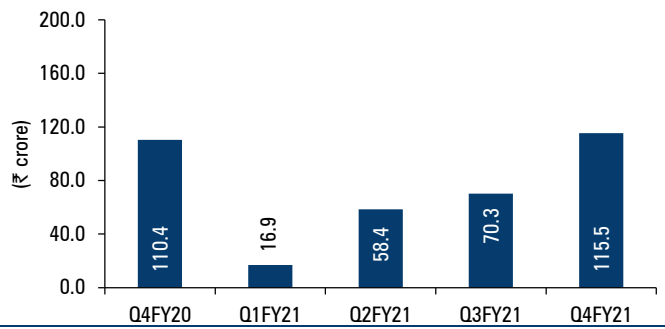
Source: Company, ICICI Direct Research

Exhibit 10: Leverage trend



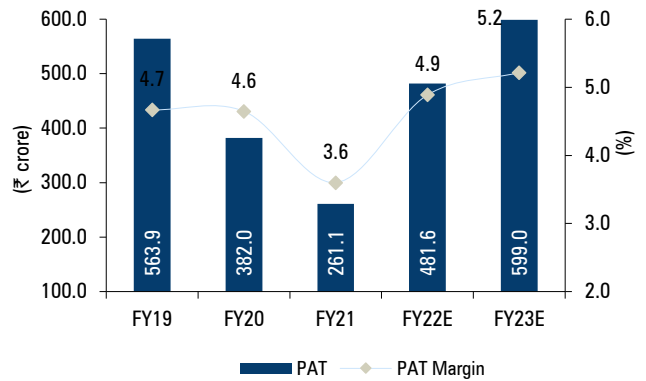
Source: Company, ICICI Direct Research

Exhibit 11: Quarterly PAT trend



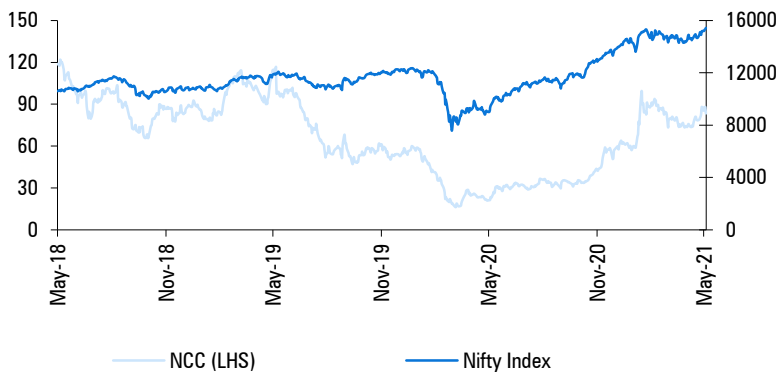
Source: Company, ICICI Direct Research

Exhibit 12: Annual PAT trend



Source: Company, ICICI Direct Research

Exhibit 13: Price Performance



Source: Company, ICICI Direct Research

## Financial summary

**Exhibit 14: Profit and loss statement** ₹ crore

| ₹ crore                  | FY20           | FY21           | FY22E          | FY23E           |
|--------------------------|----------------|----------------|----------------|-----------------|
| <b>Net Sales</b>         | <b>8,218.8</b> | <b>7,255.7</b> | <b>9,852.1</b> | <b>11,481.5</b> |
| Other Income             | 151.3          | 115.6          | 132.9          | 152.9           |
| Total revenues           | 8,370.1        | 7,371.3        | 9,985.0        | 11,634.4        |
| Raw Material Expenses    | 2,944.7        | 2,377.9        | 3,493.6        | 4,071.3         |
| Employee benefit expense | 435.2          | 349.4          | 443.3          | 516.7           |
| Construction expenses    | 3,550.2        | 3,494.6        | 4,433.4        | 5,166.7         |
| Other Expenses           | 258.6          | 179.4          | 344.8          | 401.9           |
| Total operating expenses | 7,188.7        | 6,401.2        | 8,715.2        | 10,156.6        |
| <b>EBITDA</b>            | <b>1,030.2</b> | <b>854.5</b>   | <b>1,136.9</b> | <b>1,325.0</b>  |
| Interest                 | 517.9          | 457.8          | 441.8          | 481.3           |
| Depreciation             | 177.5          | 174.1          | 184.2          | 195.7           |
| PBT                      | 453.4          | 338.2          | 643.9          | 800.8           |
| Taxes                    | 71.3           | 77.1           | 162.3          | 201.8           |
| <b>PAT</b>               | <b>382.0</b>   | <b>261.1</b>   | <b>481.6</b>   | <b>599.0</b>    |
| <b>EPS</b>               | <b>9.4</b>     | <b>6.3</b>     | <b>4.3</b>     | <b>7.9</b>      |

Source: Company, ICICI Direct Research

**Exhibit 15: Cash flow statement** ₹ crore

| ₹ crore                            | FY20           | FY21           | FY22E          | FY23E          |
|------------------------------------|----------------|----------------|----------------|----------------|
| Profit after Tax                   | 382.0          | 261.1          | 481.6          | 0.1            |
| Depreciation                       | 177.5          | 174.1          | 184.2          | 0.0            |
| Prov for Taxes                     | 317.8          | 71.3           | 77.1           | 162.3          |
| Cash Flow before wc changes        | 697.5          | 452.2          | 812.1          | (441.2)        |
| Change in WC                       | (594.5)        | (294.0)        | (35.5)         | (530.4)        |
| Taxes Paid                         | (311.2)        | (104.2)        | 87.3           | (162.3)        |
| <b>Net CF from op. activities</b>  | <b>232.7</b>   | <b>564.1</b>   | <b>135.4</b>   | <b>(759.6)</b> |
| (Purchase)/Sale of Fixed Assets    | (117.8)        | (171.8)        | (200.0)        | 45.7           |
| (Purchase)/Sale of Investments     | 19.3           | (152.2)        | -              | -              |
| <b>Net CF from inv. activities</b> | <b>(98.5)</b>  | <b>(324.0)</b> | <b>(200.0)</b> | <b>45.7</b>    |
| Proceeds from Secured Borrowing    | (50.1)         | (108.2)        | 150.0          | 50.0           |
| Proceeds from Unsecured Borrowing  | (33.1)         | (12.9)         | -              | -              |
| <b>Net CF from fin. activities</b> | <b>(116.4)</b> | <b>(118.4)</b> | <b>53.7</b>    | <b>529.1</b>   |
| Net Cash flow                      | 17.9           | 121.7          | (10.9)         | (184.8)        |
| Opening Cash                       | 299.0          | 316.9          | 438.5          | 427.6          |
| <b>Closing Cash</b>                | <b>316.9</b>   | <b>438.5</b>   | <b>427.6</b>   | <b>242.8</b>   |

Source: Company, ICICI Direct Research

**Exhibit 16: Balance sheet** ₹ crore

| ₹ crore                       | FY20           | FY21           | FY22E          | FY23E          |
|-------------------------------|----------------|----------------|----------------|----------------|
| Equity Capital                | 122.0          | 122.0          | 122.0          | 122.0          |
| Reserve and Surplus           | 4,983.7        | 5,247.5        | 5,632.8        | 6,112.0        |
| Total Shareholders funds      | 5,105.6        | 5,369.4        | 5,754.7        | 6,234.0        |
| Total Debt                    | 1,910.1        | 1,789.0        | 1,939.0        | 1,989.0        |
| Other Non-current Liabilities | -              | -              | -              | -              |
| Deferred Tax Liability        | (205.5)        | (41.1)         | (41.1)         | (41.1)         |
| <b>Source of Funds</b>        | <b>6,810.2</b> | <b>7,117.3</b> | <b>7,652.6</b> | <b>8,181.8</b> |
| Gross Block                   | 2,026.9        | 2,192.1        | 2,392.1        | 2,542.1        |
| Less: Accumulated Dep         | 979.4          | 1,153.5        | 1,337.7        | 1,533.5        |
| Net Block                     | 1,047.5        | 1,038.6        | 1,054.4        | 1,008.6        |
| Capital WIP                   | 14.8           | 21.5           | 21.5           | 21.5           |
| Total Fixed Assets            | 1,062.3        | 1,060.1        | 1,075.9        | 1,030.2        |
| Investments                   | 1,100.0        | 1,252.2        | 1,252.2        | 1,252.2        |
| Inventory                     | 514.8          | 526.8          | 674.8          | 786.4          |
| Sundry Debtors                | 2,618.0        | 2,660.2        | 3,104.1        | 3,617.5        |
| Loans & Advances              | 594.7          | 300.1          | 674.8          | 786.4          |
| Cash & Bank Balances          | 316.9          | 438.5          | 427.6          | 242.8          |
| Other Current Assets          | 6,091.9        | 6,120.5        | 6,856.0        | 7,989.9        |
| Total Current Assets          | 10,136.3       | 10,046.1       | 11,737.3       | 13,423.0       |
| Trade Payable                 | 3,983.0        | 3,713.4        | 4,588.6        | 5,347.6        |
| Provisions                    | 85.7           | 102.1          | 102.7          | 119.7          |
| Other Current Liabilities     | 1,685.9        | 1,728.6        | 2,024.4        | 2,359.2        |
| Total Current Liabilities     | 5,754.7        | 5,544.1        | 6,715.8        | 7,826.5        |
| Net Current Assets            | 4,381.6        | 4,502.0        | 5,021.5        | 5,596.5        |
| <b>Application of Funds</b>   | <b>6,810.2</b> | <b>7,117.3</b> | <b>7,652.6</b> | <b>8,181.8</b> |

Source: Company, ICICI Direct Research

**Exhibit 17: Key ratios**

| ₹ crore                  | FY20       | FY21       | FY22E      | FY23E      |
|--------------------------|------------|------------|------------|------------|
| <b>Per Share Data</b>    |            |            |            |            |
| Reported EPS             | 6.3        | 4.3        | 7.9        | 9.8        |
| Cash EPS                 | 9.2        | 7.1        | 10.9       | 13.0       |
| BVPS                     | 83.7       | 88.0       | 94.4       | 102.2      |
| <b>Operating Ratios</b>  |            |            |            |            |
| EBITDA / Net Sales       | 12.5       | 11.8       | 11.5       | 11.5       |
| PAT / Net Sales          | 4.6        | 3.6        | 4.9        | 5.2        |
| <b>Return Ratios</b>     |            |            |            |            |
| RoE                      | 7.5        | 4.9        | 8.4        | 9.6        |
| RoCE                     | 14.7       | 11.2       | 14.2       | 15.7       |
| RoIC                     | 13.2       | 10.2       | 13.2       | 14.3       |
| <b>Valuation Ratios</b>  |            |            |            |            |
| EV / EBITDA              | 6.5        | 7.5        | 5.8        | 5.2        |
| P/E                      | 13.3       | 19.5       | 10.6       | 8.5        |
| EV / Net Sales           | 0.8        | 0.9        | 0.7        | 0.6        |
| Market Cap / Sales       | 0.6        | 0.7        | 0.5        | 0.4        |
| Price to Book Value      | 1.0        | 0.9        | 0.9        | 0.8        |
| <b>Turnover Ratios</b>   |            |            |            |            |
| Asset turnover           | 1.2        | 1.0        | 1.3        | 1.4        |
| Debtors Turnover Ratio   | 1.6        | 3.8        | 3.1        | 2.7        |
| Creditors Turnover Ratio | 2.2        | 2.7        | 2.1        | 2.0        |
| <b>Solvency Ratios</b>   |            |            |            |            |
| Net Debt / Equity        | 0.3        | 0.3        | 0.3        | 0.3        |
| Current Ratio            | 1.7        | 1.7        | 1.7        | 1.7        |
| <b>Quick Ratio</b>       | <b>1.6</b> | <b>1.6</b> | <b>1.6</b> | <b>1.6</b> |

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](mailto:pankaj.pandey@icicisecurities.com)

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

## ANALYST CERTIFICATION

I/We, Bhupendra Tiwary, CFA, MBA (Finance), Lokesh Kashikar, MMS, 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 broking and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc. as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icidirect.com](http://icidirect.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, and 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 and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.