

CMP: ₹ 239

Target: ₹ 315 (32%)

Target Period: 12 months

BUY

February 1, 2022

Greenfield expansion complete; growth to kick in...

About the stock: Sagar Cements is a **south based cement player** with cement capacity of 8.25 MT. Region wise, AP/Telangana accounted for ~60% of sales followed by Tamil Nadu (16%) and Karnataka (9%).

- Going forward, the company will be able to develop a presence in the faster-growing eastern market and the more profitable central market with recent commissioning of new 2.5 MT capacity
- Self-reliance in power (61.5 MW), ability to switch between coal and petcoke for fuel requirement and split grinding units near market gives it cost advantage

Q3FY22 Results: Higher fuel prices caused a sharp margin contraction in Q3FY22 while unseasonal rains impacted demand.

- Saw a margin contraction of 1483 bps YoY, 260 bps QoQ to 13.9% during Q3FY22, mainly on account of a sharp rise in fuel prices
- Revenues were down 8.3% YoY to ₹ 333.7 crore. Retail demand was weak mainly due to unseasonal rains and labour availability issues due to festive season
- PAT declined 90.7% YoY to ₹ 4.6 crore (vs. I-direct estimate: ₹ 15 crore) due to higher depreciation and interest cost

What should investors do? With capacity expansions into high growth regions like east & central, we expect strong growth momentum, going forward

- Expect costs to peak out and demand to gain traction from Q4FY22E with start of pick construction season. Hence, we maintain **BUY** rating

Target Price and Valuation: We value Sagar at ₹ 315 i.e. 8.0x FY23E EV/EBITDA

Key triggers for future price performance:

- **Incremental volumes from new units** (1 MT ICU at Madhya Pradesh, 1.5 MT grinding unit in Odisha) to help grow the business from H2FY22 onwards.
- Expect sales revenue CAGR of 32.5% during FY21-23E led by 28% CAGR growth in the volumes.
- Strong operating cash flows to help Sagar **achieve 10 MT** capacity by FY25E

Alternate Stock Idea: Apart from Sagar Cement, in our cement sector coverage we also like another south based player Orient Cement.

- The company is targeting significant debt reduction before moving into the next phase of expansion
- BUY with a target price of ₹ 250/share



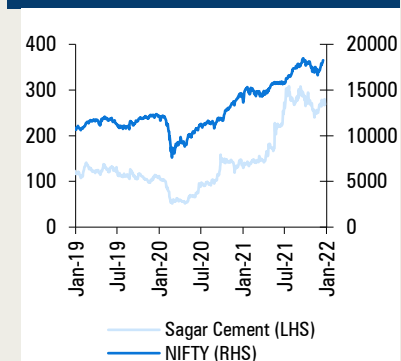
Particulars

Particular	Amount
Market Capitalization	₹ 2820 Crore
Total Debt (FY21)	₹ 810 Crore
Cash and Investments (FY21)	₹ 255 Crore
EV	₹ 3375 Crore
52 week H/L	₹ 317/118
Equity capital	₹ 23.5 Crore
Face value	₹ 2

Shareholding pattern

(in %)	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	50.28	50.28	50.28	50.28
FII	3.24	3.05	6.14	5.80
DII	11.77	11.54	8.16	8.96
Others	34.71	35.13	35.42	34.96

Price Chart



Key risks

- Persistent slowdown in demand
- Volatility in prices of key inputs like coal/petcoke

Research Analyst

Rashesh Shah
rashesh.shah@icicisecurities.com

Key Financial Summary

Particulars	FY18	FY19	FY20	FY21	3 year CAGR (%)	FY22E	FY23E	2 year CAGR (%)
Sales	1038.1	1217.6	1175.2	1371.3	9.7	1603.9	2406.4	32.5
EBITDA	151.3	149.4	185.5	400.4	38.3	311.0	537.1	15.8
EBITDA (%)	14.6	12.3	15.8	29.2		19.4	22.3	
PAT	26.3	13.6	26.5	185.6	91.9	109.6	252.5	16.6
EPS (₹)	12.9	1.2	2.3	15.8		9.3	21.5	
EV/EBITDA	21.6	21.9	17.8	8.4		11.4	6.3	
EV/Tonne (\$)	109	88	82	84		61	58	
RoNW	3.6	1.7	2.9	16.0		8.7	16.9	
RoCE	8.4	6.6	7.4	15.6		10.0	19.0	

Source: Company, ICICI Direct Research

Key performance highlights

- Sales volume declined 13.6% YoY to 0.74 MT while realisations were higher by 6.2% YoY to ₹ 4490/t to pass on the increased cost pressure
- Reported EBITDA/t came in at ₹ 623/t (vs. I-direct estimate: ₹ 680/t) that were down by 48.7% YoY, 12.5% QoQ as international petcoke and imported coal prices saw a jump of over 3x YoY. On an absolute basis, EBITDA came in at ₹ 46.3 crore (down 55.7% YoY, 23.8% QoQ)
- Reported PAT declined 90.7% YoY to ₹ 4.6 crore (vs. I-direct estimate: ₹ 15 crore) due to 63% YoY increase in the interest costs

Key conference call highlights

- Demand impacted during Q3 due to unseasonal rains and labour availability issues due to festive season. Demand has picked-up from mid-December 2021 with the onset of construction season. Average cement prices in south increased by ₹ 5/bag in January 2022 while Odisha market saw a price hike of ₹ 20-25/bag. **Expect prices in AP/Telangana to further increase by ₹ 20-25/bag from February 1, 2022 onwards.**
- **Sales volume** target has reduced marginally to ~3.5 MT with likely over ~1 MT sales target for Q4FY22. Expect new units in Central and Eastern region to operate at 65% and 75%, respectively, in FY23E
- Satguru (1 MT integrated unit at MP) commenced operations from October 27, 2021 while Jajpur Odisha unit (1.5 MT GU) got commissioned from January 10, 2022
- **Costs:** Current fuel mix is at 60% petcoke 26% domestic coal and balance from international coal and alternative fuel mix. The mix is going to change towards larger use of domestic coal as it is 50% cheaper on K/cal basis. Share of petcoke will also come down to 30% from 60%. This will take care of cost inflation, going forward
- **Gross debt** was at ₹ 1390 crore of which raised structured debt instrument of ₹ 500 crore for future acquisition (**most probably for Andhra Cement acquisition, which has cement capacity of 2.6 MT**). Debt repayment of ₹ 185 crore is due next year

Exhibit 1: Variance Analysis

	Q3FY22	Q3FY22E	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	
Total Operating Income	333.7	333.3	363.7	-8.3	368.9	-9.6	Sales volume declined 13.6% YoY, 12.9% QoQ to 0.74MT led by unseasonal rains and labour availability issue due to festive season.
EBITDA	46.3	52.0	104.4	-55.7	60.8	-23.8	
EBITDA Margin (%)	13.9	15.6	28.7	1483 bps	16.5	-260 bps	
PAT	4.6	15.0	49.6	-90.7	20.8	-77.7	
Key Metrics							
Volume (MT)	0.74	0.76	0.86	-13.6	0.85	-12.9	
Net realisation (₹)	4,490	4,362	4,229	6.2	4,325	3.8	
EBITDA per Tonne (₹)	623	680	1,214	-48.7	712	-12.5	
Per tonne							
Net Sales	4,490	4,374	4,229	6.2	4,325	3.8	
Raw Material Expenses	393	620	812	-51.6	700	-43.9	Prudent procuring strategy and cost rationalization measures led to lower RM cost
Employee Expenses	265	210	204	30.1	236	12.2	
Power and fuel	1,790	1,473	785	127.9	1,313	36.3	Elevated levels of diesel, pet-coke and international coal prices resulted in higher production cost
Freight	757	780	741	2.2	795	-4.8	
Others	662	611	473	40.0	568	16.6	
Production costs	3,867	3,694	3,015	28.3	3,612	7.1	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,685.9	1,603.9	-4.9	2,406.4	2,406.4	0.0	
EBITDA	338.6	311.0	-8.2	568.2	537.1	-5.5	
EBITDA Margin (%)	20.1	19.4	-70 bps	23.6	22.3	-129 bps	

Source: Company, ICICI Direct Research

Key triggers for future price performance

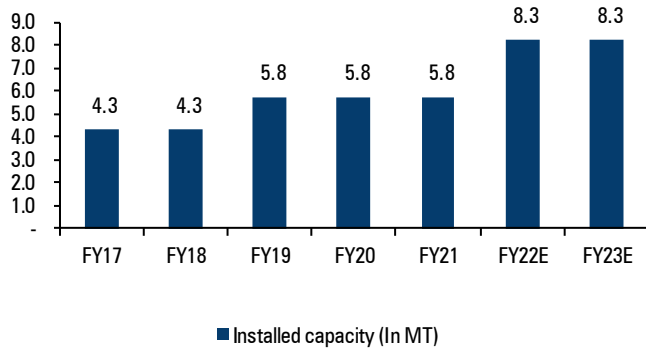
To achieve 10 MT capacity by FY25E: The company is aiming to reach 10 MT capacity by FY25E. In the first phase, Sagar has added 2.5 MT capacity (1 MT in MP and 1.5 MT in Odisha). Post these expansions, the total capacity has now increased to 8.25 MT. With likely acquisition on the cards in the next fiscal, we expect debt levels to stay elevated. However, incremental operating cash flows will take care its debt servicing ability and help bring down its debt subsequently post normalisation of its new capacities.

Low cost producer in AP/Telangana region: In the past three years, the company has initiated various cost efficiency measures like setting up of coal based CPP of 18MW at its plant in Matapally, Nalgonda taking its total power capacity to 61.5 MW. This resulted in the company being 100% self-sufficient in FY20 in terms of power as compared with 50% dependence on purchased power three years back. The company also expanded grinding unit in Bayyavaram to 1.5 MT. This, in turn, has helped the company to reduce lead distance. For fuel requirement, the company has option to use petcoke or coal depending upon its cost benefit. Hence, we expect the company to broadly maintain the CoP at optimum levels vs. peers, which would help it to maintain better margins, going forward.

Valuation & Outlook: With capacity expansions into newer geographies like East & Central, we expect revenue CAGR of 32.5% during FY21-23E, though full potential of new capacities would start reflecting from FY23E onwards. The recent price hikes taken will take care of the cost pressure. We expect the company to achieve EBITDA/t of over ₹ 1000/t for FY23E. With major capex now being complete, we expect improved traction in its OCF going forward. Hence, we maintain BUY rating with a revised target price of ₹ 315/share (ie at 8x FY23E EV/EBITDA, \$74/t on 8.25 MT).

Financial story in charts

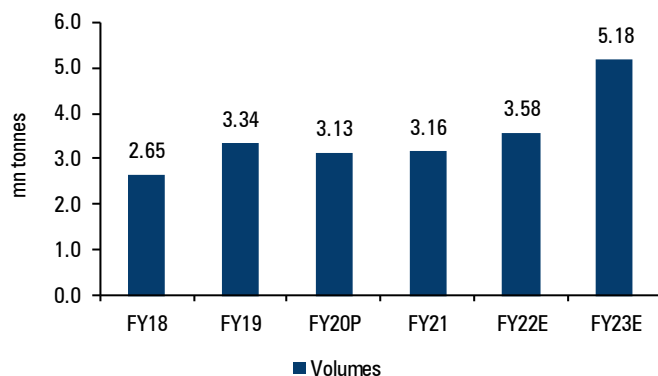
Exhibit 3: Installed capacity to increase by 43.5% by FY22E



Source: Company, ICICI Direct Research

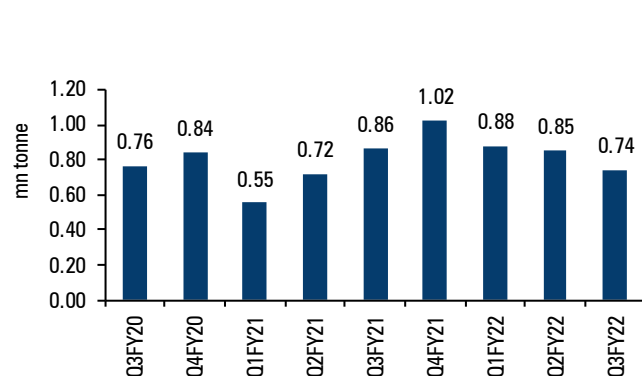
Total 82% of SCL's volume is from Andhra Pradesh (34%), Telangana (25%), Tamil Nadu (12%) and Karnataka (11%), with the company's brand "Sagar Cements" being a renowned one in southern India. The company also has a presence in Maharashtra (9%) and Odisha (8%). With the plants under Satguru Cement and Jajpur Cements coming on steam, the company's presence will improve in eastern, central, and western regions going forward.

Exhibit 5: Volumes to grow at 28% CAGR over FY21-23E with commissioning of new capacities



Source: Company, ICICI Direct Research

Exhibit 7: Volumes drop 13.6% YoY in Q3FY22



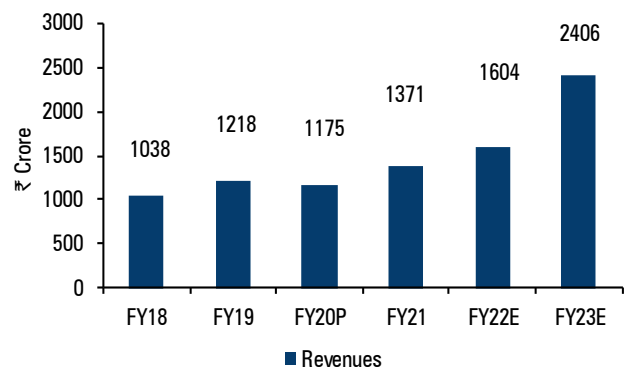
Source: Company, ICICI Direct Research

Exhibit 4: Capacity addition plans

Capacity	Clinker (MT)	Cement (MT)
Current capacity	3.8	5.8
Additions		
Dhar, MP (Satgurur Cement)	0.7	1.0
Jajpur, Orissa (Jajpur Cement)		1.5
FY22E Capacity	4.5	8.3

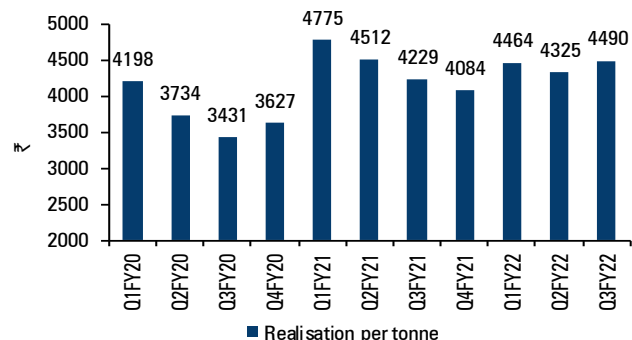
Source: Company, ICICI Direct Research

Exhibit 6: Topline to grow at 32.5% CAGR over FY21-23E



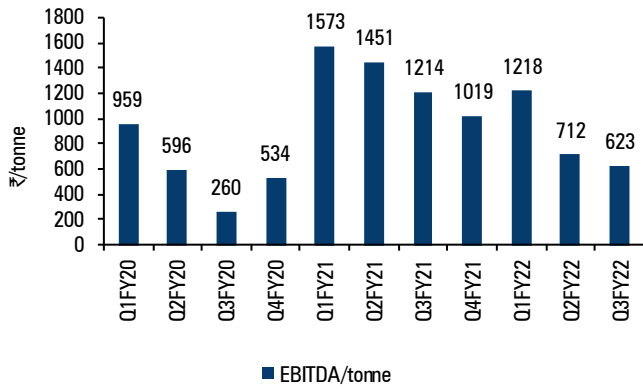
Source: Company, ICICI Direct Research

Exhibit 8: Realisations up 6.2% YoY on increased cost pressure



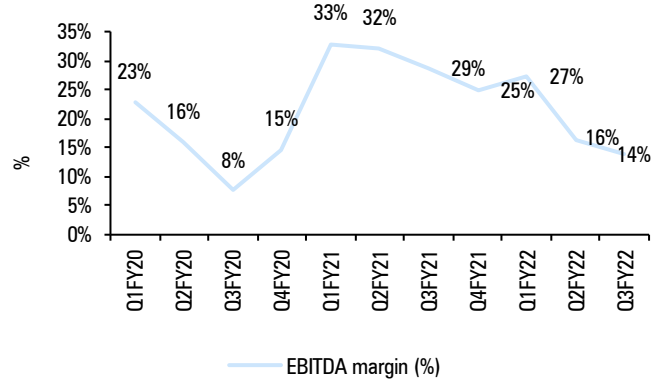
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA/t declines sharply on high cost pressure



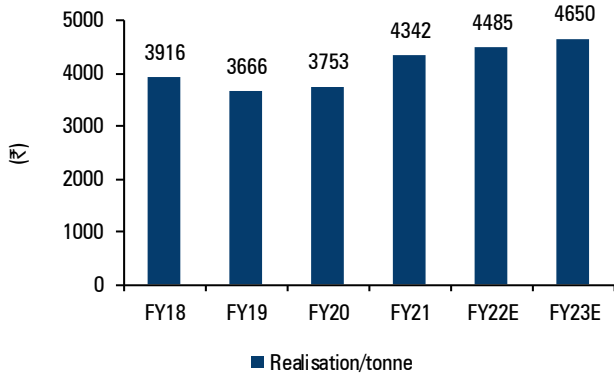
Source: Company, ICICI Direct Research

Exhibit 10: Margins trends



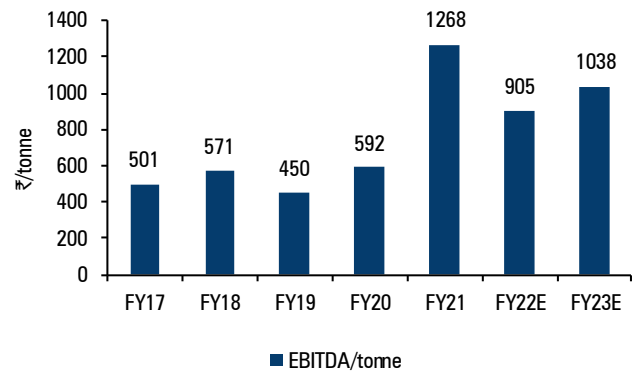
Source: Company, ICICI Direct Research

Exhibit 11: Realisations to stay firm, going forward, on high cost pressure



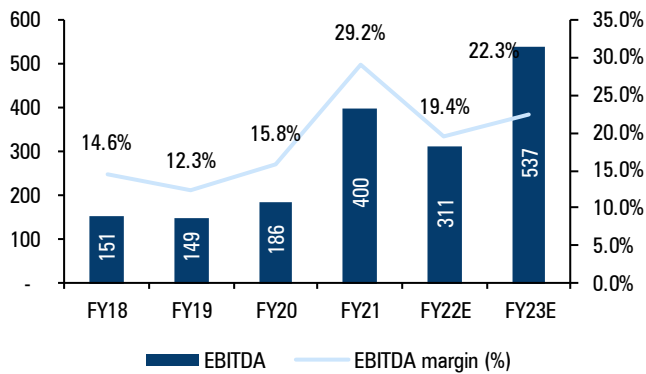
Source: Company, ICICI Direct Research

Exhibit 12: EBITDA/t trend



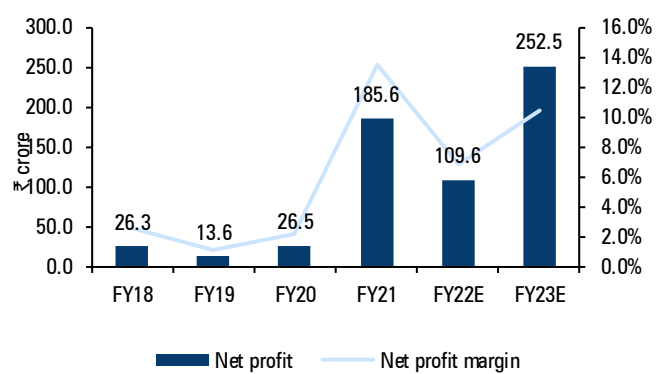
Source: Company, ICICI Direct Research

Exhibit 13: EBITDA to jump in FY23E with stabilisation of new capacities



Source: Company, ICICI Direct Research

Exhibit 14: Company to report sharp improvement in profits in FY23E led by firm pricing and new capacity additions



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 15: Profit & Loss Account

(Year-end March)	FY20	FY21	FY22E	FY23E
Total operating Incon	1,175.2	1,371.3	1,603.9	2,406.4
Growth (%)	-3.5	16.7	17.0	50.0
Raw material cost	227.3	239.8	250.3	377.8
Power & fuel	309.2	261.4	457.7	677.9
Freight cost	223.8	234.2	286.1	414.0
Others	229.4	235.5	298.9	399.6
Total Operating Exp.	989.7	970.9	1,292.9	1,869.3
EBITDA	185.5	400.4	311.0	537.1
Growth (%)	24.2	115.9	-22.3	72.7
Depreciation	78.9	80.6	87.2	92.9
Interest	61.0	46.6	69.1	74.1
Other Income	4.0	7.8	11.5	12.5
PBT	49.7	281.1	166.1	382.6
Total Tax	23.1	95.5	56.5	130.1
PAT	26.5	185.6	109.6	252.5
PAT margin	2.3	13.5	6.8	10.5
Adjusted PAT	26.5	185.6	109.6	252.5
Growth (%)	95.2	599.5	-40.9	130.3
Adjusted EPS (₹)	2	16	9	21

Source: Company, ICICI Direct Research

Exhibit 17: Balance Sheet summary

(Year-end March)	FY20	FY21	FY22E	FY23E
Liabilities				
Share Capital	22.3	23.5	23.5	23.5
Reserve and Surplus	898.4	1,136.2	1,231.7	1,470.0
Total Shareholders funds	920.6	1,159.7	1,255.1	1,493.5
Total Debt	498.0	810.2	960.2	780.2
Deferred Tax Liability	22.7	75.9	75.9	75.9
Minority Interest / Others	193.9	238.3	238.3	238.3
Total Liabilities	1,635.3	2,284.0	2,529.5	2,587.8
Assets				
Gross Block	1,842.1	1,863.1	2,660.5	2,750.5
Less: Acc Depreciation	511.5	592.0	679.3	772.2
Net Block	1,330.6	1,271.0	1,981.3	1,978.3
Capital WIP	108.0	517.5	50.0	35.0
Total Fixed Assets	1,438.6	1,788.5	2,031.3	2,013.3
Investments	53.4	52.8	52.8	52.8
Inventory	115.8	124.3	153.8	217.6
Debtors	136.8	100.7	197.7	296.7
Loans and Advances	21.2	22.4	24.1	36.1
Other Current Assets	139.1	225.7	120.3	168.4
Cash	12.1	254.8	236.6	210.9
Total Current Assets	425.0	727.8	732.5	929.7
Creditors	223.0	229.0	219.7	329.6
Provisions	13.3	10.7	22.0	33.0
Total Current Liabilities	236.3	239.7	241.7	362.6
Net Current Assets	188.7	488.2	490.9	567.1
Others Assets	0.0	0.0	0.0	0.0
Application of Funds	1,680.7	2,329.4	2,574.9	2,633.2

Source: Company, ICICI Direct Research

Exhibit 16: Cash flow statement

(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	26.5	185.6	109.6	252.5
Add: Depreciation	78.9	80.6	87.2	92.9
(Inc)/dec in Current Assets	-68.3	-60.2	-22.8	-222.9
Inc/(dec) in CL and Provisions	22.4	3.4	2.0	120.9
CF from operating activiti	120.5	256.0	245.2	317.6
(Inc)/dec in Investments	-11.8	0.6	0.0	0.0
(Inc)/dec in Fixed Assets	-202.2	-430.5	-330.0	-75.0
Others	-8.6	98.0	0.0	0.0
CF from investing activiti	-222.6	-331.9	-330.0	-75.0
Issue/(Buy back) of Equity	85.6	84.9	0.0	0.0
Inc/(dec) in loan funds	-1.2	312.2	150.0	-180.0
Dividend paid & dividend tax	-4.3	-18.4	-14.2	-14.2
Interest paid	-61.0	-46.6	-69.1	-74.1
Others	65.3	-13.0	0.0	0.0
CF from financing activiti	84.4	319.1	66.7	-268.3
Net Cash flow	-17.7	243.1	-18.1	-25.7
Opening Cash	29.8	12.1	254.8	236.6
Closing Cash	12.1	255.2	236.6	210.9

Source: Company, ICICI Direct Research

Exhibit 18: Ratio sheet

(Year-end March)	FY20	FY21	FY22E	FY23E
Per share data (₹)				
Adjusted EPS	2.3	15.8	9.3	21.5
Cash EPS	9.0	22.7	16.8	29.4
BV	78.3	98.7	106.8	127.1
DPS	0.3	1.3	1.0	1.0
Cash Per Share	1.0	21.7	20.1	18.0
Operating Ratios (%)				
EBITDA Margin	15.8	29.2	19.4	22.3
Adjusted PAT Margin	2.3	13.5	6.8	10.5
Inventory days	36.0	33.1	35.0	33.0
Debtor days	42.5	26.8	45.0	45.0
Creditor days	69.3	60.9	50.0	50.0
Return Ratios (%)				
RoE	2.9	16.0	8.7	16.9
RoCE	7.4	15.6	10.0	19.0
RoIC	7.5	23.3	10.6	20.2
Valuation Ratios (x)				
P/E (adjusted)	106.3	15.2	25.7	11.2
EV / EBITDA	17.8	8.4	11.4	6.3
EV / Net Sales	2.8	2.5	2.2	1.4
Market Cap / Sales	2.4	2.1	1.8	1.2
Price to Book Value	3.1	2.4	2.2	1.9
Solvency Ratios				
Debt/EBITDA	2.7	2.0	3.1	1.5
Debt / Equity	0.5	0.7	0.8	0.5
Current Ratio	1.2	1.2	1.3	1.4
Quick Ratio	0.9	0.9	0.9	1.0

Source: Company, ICICI Direct Research

Exhibit 19: ICICI Direct coverage universe (Cement)

Company	CMP		Rating	EPS(₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)		FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
ACC*	2,175	2,800	BUY	85	110	126	16.3	11.5	10.0	138	134	134	14.5	18.7	18.9	12.6	14.3	14.4
Ambuja Cem*	351	475	BUY	9	12	13	19.7	14.8	13.5	232	208	206	17.6	19.9	20.3	20.3	22.6	22.6
UltraTech Cem	7,115	9,300	BUY	191	214	261	21.3	20.7	16.3	299	289	248	14.7	13.9	17.2	12.7	12.8	13.8
Shree Cement	24,500	34,500	BUY	641	672	922	26.1	23.9	18.4	307	303	296	18.2	18.0	20.9	15.2	14.0	16.3
Heidelberg Cem	221	285	HOLD	14	15	17	12.0	10.0	8.3	131	127	121	20.1	23.7	27.2	21.1	20.3	20.8
JK Cement	3,380	3,950	HOLD	100	123	138	19.3	16.9	14.2	228	231	230	18.6	19.0	19.9	20.6	20.7	19.3
JK Lakshmi Cen	570	785	BUY	34	37	40	9.6	8.7	8.0	81	80	81	21.1	22.0	21.5	19.0	19.1	17.9
Star Cement	95	120	BUY	6	7	8	10.8	8.4	7.2	90	86	83	13.3	16.4	17.1	12.6	14.2	13.6
Ramco Cement	860	1,130	BUY	32	27	39	15.0	17.8	13.4	171	177	166	8.6	7.0	8.8	13.5	10.3	12.7
Sagar Cement	240	315	BUY	16	9	21	10.6	14.2	8.0	106	77	74	15.6	10.0	19.0	16.0	8.7	16.9

Source: Company, ICICI Direct Research, *ACC and Ambuja FY21=CY20, FY22E=CY21E, FY23E=CY22E

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, Akruiti 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 brokering 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.

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 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.