

ICICI Securities Limited
is the author and
distributor of this report

Q1CY22 result review and
earnings revision

Cement

Target price: Rs2,615

Earnings revision

(%)	CY22E	CY23E
Sales	↑ 3.1	↑ 2.3
EBITDA	↓ 16.0	↓ 3.1
EPS	↓ 17.9	↓ 3.7

Target price revision

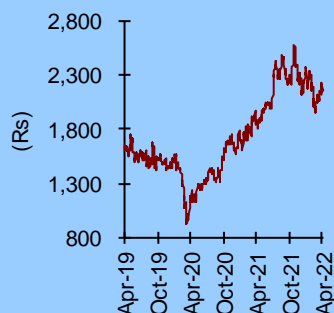
Rs2,615 from Rs2,710

Shareholding pattern

	Sep '21	Dec '21	Mar '22
Promoters	54.5	54.5	54.5
Institutional investors	33.0	33.0	32.8
MFs and others	8.4	8.9	9.2
Ins. Cos./FI's	10.9	10.3	10.7
FPI	13.7	13.8	12.9
Others	12.5	12.5	12.7

Source: BSE

Price chart



INDIA

ACC

BUY

Maintained

Rs2,058

Reduction in fuel cost remains key trigger

ACC's Q1CY22 EBITDA of Rs6.35bn (down 26% YoY) was broadly in-line with our / consensus estimates. Total cost/te continued its upward trajectory as it rose 1.6% QoQ and 13% YoY primarily due to higher fuel prices, while blended realisations were up 2.7% QoQ and 5.0% YoY, resulting in blended EBITDA/te increasing 12% QoQ but declining 24% YoY to Rs812/te (I-Sec: Rs779/te). Volumes including clinker sales were down 2% YoY and up 2% QoQ at 7.8mnte. Factoring in higher cost escalations, we cut our CY22E-CY23E EBITDA by 16-3% and reduce our target price to Rs2,615/sh (earlier: Rs2,710/sh) based on 11x Mar'24E EV/E. Maintain BUY. Key risks: Lower demand/prices and sharp cost escalations.

- ▶ **Revenue grew 2.6% YoY to Rs43.2bn (I-Sec: Rs43.4bn):** Grey cement realisation was up 1.6% QoQ to Rs5,112/te owing to strong QoQ price increase in East India. Cement volumes were down 3% YoY and volumes including clinker sales of ~0.1mnte were down 2% YoY and was up 2% QoQ at 7.82mnte (~90% utilisation). RMC revenue grew 10% YoY to ~Rs4bn, aided by similar growth in volumes and realisations. RMX EBIT came in at Rs277mn vs Rs270mn YoY and Rs145mn QoQ. Green concrete 'ECOPact' (launched last year) is gaining traction and now contributes 17% to Ready Mix concrete sales. Other operating income increased 33% YoY and 18% QoQ to ~Rs1bn.
- ▶ **Blended EBITDA/te (including RMC) declined 24% YoY but was up 12% QoQ to Rs812/te.** Total cost/te rose by 1.6% QoQ to Rs4,849/te (+13% YoY). Raw material plus power and fuel cost/te rose 28.4% YoY owing to a sharp increase in fuel prices; however, dipped 1% QoQ. Petcoke usage likely increased from <30% to ~55% QoQ, while domestic coal likely constituted 35% and AFR 10% of the fuel mix. Freight cost/te dipped ~1% YoY owing to efficiencies generated through project 'Parvat' despite rise in diesel costs. Other expenses/te rose 6% YoY and 5% QoQ. Recurring PAT was down ~30% YoY at ~Rs4bn. Going ahead, we believe ongoing sharp cost increases in fuel/diesel prices may impact industry's EBITDA/te on a YoY basis during H1FY23; although profitability may improve QoQ in Q1FY23 led by commensurate price increases across most regions.
- ▶ **Capacity expansion currently ahead of schedule:** ACC has commissioned its 1.6mnte grinding unit at Tikaria, UP in Feb'22 taking the total cement capacity to ~36mnte. The 2.7mnte clinker and 1mnte grinding unit in Ametha may get commissioned by end-CY22. Balance 2.2mnte at Salai Banwa, UP, grinding unit may go on stream in CY23. WHRS units in Jamul (10MW), Kymore (12.4MW) and Ametha (16.3MW) are expected in CY22 while ACC has recently approved WHRS units in Wadi & Chanda to achieve total capacity of 75MW. Various recent media articles [\[link\]](#) suggesting Holcim exploring exit from India may pose executional challenges for the timely completion of this ongoing capex, in our view.

Market Cap	Rs386bn/US\$5.1bn
Reuters/Bloomberg	ACC.BO/ACC IN
Shares Outstanding (mn)	187.8
52-week Range (Rs)	2572/1813
Free Float (%)	45.5
FII (%)	12.9
Daily Volume (US\$'000)	14,035
Absolute Return 3m (%)	(5.3)
Absolute Return 12m (%)	12.6
Sensex Return 3m (%)	(5.9)
Sensex Return 12m (%)	19.0

Year to Dec	CY20	CY21	CY22E	CY23E
Revenue (Rs mn)	1,37,860	1,61,518	1,84,051	2,01,319
EBITDA (Rs mn)	24,841	29,981	26,161	36,073
Net Income (Rs mn)	17,353	19,177	16,156	22,939
% Chg YoY	35.8	10.5	(15.8)	42.0
P/E (x)	22.3	20.2	23.9	16.9
CEPS (Rs)	126.3	134.0	119.5	161.0
EV/E (x)	13.2	10.4	12.0	8.4
Dividend Yield	0.7	0.7	2.8	2.9
RoCE (%)	11.7	14.1	11.1	14.8
RoE (%)	11.8	14.2	11.1	14.9

Research Analysts:

Krupal Maniar, CFA

krupal.maniar@icicisecurities.com
+91 22 6807 7254

Harsh Mittal

harsh.mittal@icicisecurities.com
+91 22 6807 7565

Table 1: Q1CY22 result review – consolidated*(Rs mn, year ending December 31)*

	Q1CY22	Q1CY21	% chg (YoY)	Q4CY21	% chg (QoQ)	I-Sec estimates	(%) Variance
Volume sales (mnte)	7.82	8.00	(2.3)	7.7	1.7	7.92	(1.3)
Net realisation incl. RMC	5,527	5,265	5.0	5,382	2.7	5,483	0.8
Net sales	43,219	42,133	2.6	41,374	4.5	43,442	(0.5)
Other operating income	1,047	787	33.0	883	18.5	843	24.1
Raw materials	9,006	7,459	20.7	9,940	(9.4)	8,864	1.6
Personnel costs	1,931	2,064	(6.4)	2,036	(5.1)	2,022	(4.5)
Power fuel costs	10,405	8,049	29.3	9,414	10.5	11,395	(8.7)
Outward freight	10,482	10,837	(3.3)	9,591	9.3	9,924	5.6
Other expenses	6,095	5,907	3.2	5,714	6.7	5,907	3.2
Total expenses	37,919	34,317	10.5	36,695	3.3	38,113	(0.5)
EBITDA	6,347	8,603	(26.2)	5,562	14.1	6,173	2.8
EBITDA/te	812	1,075	(24.5)	724	12.2	779	4.2
Interest	106	112	(5.8)	129	(17.9)	138	(23.3)
Depreciation	1,539	1,432	7.5	1,604	(4.1)	1,577	(2.4)
Other income	585	440	33.0	539	8.5	563	3.8
Recurring pre-tax income	5,323	7,542	(29.4)	4,387	21.3	5,053	5.3
Extraordinary inc/(exp)	-	-		(548)		-	
Taxation	1,360	1,916	(29.1)	1,031	31.9	1,284	5.9
Reported net income	3,963	5,626	(29.6)	2,808	41.1	3,769	5.1
Recurring net income	3,963	5,626	(29.6)	3,356	18.1	3,769	5.1
Ratios (%)							
EBITDA margins	14.7	20.4		13.4		14.2	
Net profit margins	9.2	13.4		8.1		8.7	

Source: Company data, I-Sec research

Table 2: Segmental analysis*(Rs mn)*

	Q1CY21	Q2CY21	Q3CY21	Q4CY21	Q1CY22
Realisations – Cement (Rs/te)	4,876	5,153	5,058	5,033	5,112
Volume (mnte)	8.00	6.98	6.72	7.69	7.82
Cement	39,022	35,978	33,998	38,688	39,976
Ready mix concrete	3,598	2,551	3,051	3,319	3,956
Total	42,619	38,529	37,049	42,007	43,932
Less: Inter-segment revenue	487	425	516	633	713
Net sales/Income from operations	42,133	38,104	36,533	41,374	43,219
Segment results before tax & interest (Rs mn)					
Cement	6,917	7,217	5,516	3,840	4,610
Ready mix concrete	270	27	109	145	277
Total	7,187	7,245	5,625	3,985	4,886
EBIT margin (%)					
Cement	17.7	20.1	16.2	9.9	11.5
Ready mix concrete	7.5	1.1	3.6	4.4	7.0
Total	16.9	18.8	15.2	9.5	11.1

Source: Company data, I-Sec research

Table 3: Historical quarterly analysis

(Rs/te)	Q1CY21	Q2CY21	Q3CY21	Q4CY21	Q1CY22
Cement realisations including RMC	5,265	5,458	5,435	5,382	5,527
Growth % (YoY)	3.3	5.9	6.2	3.0	5.0
Raw material with stock adjustment	932	720	929	1,293	1,152
Staff costs	258	300	323	265	247
Power & fuel costs	1,006	1,189	1,173	1,225	1,331
Outward freight	1,354	1,318	1,280	1,248	1,340
Other expenditure	738	793	814	743	779
Total expenses	4,288	4,319	4,518	4,774	4,849
Other operating income	98	107	142	115	134
EBITDA	1,075	1,245	1,060	724	812

Source: Company data, I-Sec research

Chart 1: Sectoral outlook

		
<p>Housing</p>	<p>Infrastructure</p>	<p>Industrial/ Commercial</p>
<ul style="list-style-type: none"> Focus on PMAY scheme (Urban and Rural) in FY23 Demand expected in real estate <ul style="list-style-type: none"> 450 million sq. ft of projects to be launched between FY22-24 in top 10 cities Promising Rabi crop outlook, to positively impact rural demand 	<ul style="list-style-type: none"> Target to construct 25000 km highways & roads in FY23 Momentum to continue Urban infra, Bharatmala and Metro projects Significant infra outlay in State budgets 	<ul style="list-style-type: none"> Implementation of PLI scheme to boost domestic demand Demand for warehousing space to be strong on back of e-commerce and retail growth Fresh capex uptick in mature capital intensive sectors (steel and cement)

Chart 2: Accelerating growth – capacity expansion




		
<p>Tikaria Brownfield Grinding Unit</p> <p>Commissioned 1.6 MTPA grinding unit in Feb 2022, (executed in 9 months)</p>	<p>Ametha Greenfield Integrated Unit</p> <p>Project implementation on track and commissioning expected in Q4 2022</p> <ul style="list-style-type: none"> 2.7 MTPA Clinker 1.0 MTPA Cement 16.3 MW WHRS 	<p>Salai Banwa Greenfield Grinding Unit</p> <p>Project implementation on track</p> <ul style="list-style-type: none"> 2.2 MTPA Cement

Chart 3: Sustainable Development (SD) 2030 goals – ACC’s core priority

Our sustainability strategy is led by our Sustainable Development (SD) 2030 Plan and aligned with Holcim

	Climate and energy	Circular economy	Environment	Community
Target 2030	Net specific CO ₂ emissions 400 kg/t of cementitious materials	Use 30 million tons of waste derived resources per year	Water Positive Index 5 (number of times)	3.5 million Number of new beneficiaries
Performance Q1 2022	Net specific CO ₂ emissions 468 kg/t of cementitious materials	Consumed >3 million tons of waste derived resources	>1 (number of times)	1.4 million (cumulative till Q1'22) people benefited through community development projects
SDGs impacted	7, 11, 13	11, 12, 13, 17	6, 12, 15	1, 2, 3, 4, 8, 10, 11, 16

Source: Company data, I-Sec research

Table 4: Performance trend and assumptions

	CY18	CY19	CY20	CY21	CY22E	CY23E
Capacity ('000te)	33,051	33,051	33,051	34,401	36,001	37,001
Production ('000te)	28,360	27,870	23,770	26,696	27,764	30,123
Capacity utilisation (%)	86	84	72	78	77	81
Sales ('000te)	28,840	29,754	26,181	29,403	30,580	33,179
Growth (%)	10.0	3.2	(12.0)	12.3	4.0	8.5
Realisation (Rs/te) – blended	5,020	5,157	5,151	5,378	5,895	5,957
Growth (%)	1.7	2.7	(0.1)	4.4	9.6	1.0

Source: Company data, I-Sec research

Table 5: Per-tonne estimate analysis*(Rs/te)*

	CY18	CY19	CY20	CY21	CY22E	CY23E
Net realisation including RMC	5,020	5,157	5,151	5,378	5,895	5,957
Raw materials consumed	822	976	1,057	975	1,080	1,092
Power & fuel costs	1,058	1,125	1,083	1,144	1,670	1,447
Freight costs	1,408	1,447	1,437	1,300	1,365	1,385
Other expenses	1,109	905	740	1,054	1,048	1,057
Total operating expenses	4,398	4,451	4,317	4,473	5,163	4,980
Other operating income	114	113	126	115	123	111
Blended EBITDA	736	818	960	1,020	856	1,087

Source: Company data, I-Sec research

Valuation methodology and key risks

Table 6: Valuations based on 11x Mar'24E EV/E*(Rs.mn)*

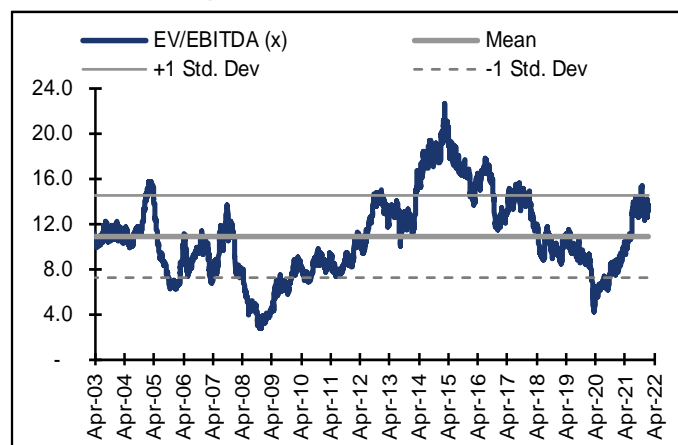
Target EV/ EBITDA multiple (x)	11
Target EV (Rs mn)	406,722
Net debt / (cash) (Rs mn)	(84,674)
Target value (Rs mn)	491,396
No. of shares (mn)	188
Target price per share (Rs)	2,615

Source: I-Sec research

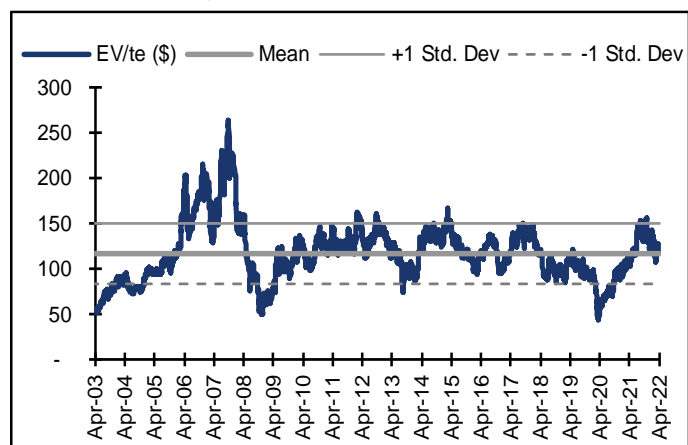
Table 7: Earnings revision*(Rs mn)*

	CY22E			CY23E		
	Revised	Earlier	% chg	Revised	Earlier	% chg
Revenue	184,051	178,601	3.1	201,319	196,704	2.3
EBITDA	26,161	31,134	(16.0)	36,073	37,245	(3.1)
PAT	16,156	19,680	(17.9)	22,939	23,812	(3.7)

Source: Company data, I-Sec research

Chart 4: Rolling EV/EBITDA

Source: I-Sec research

Chart 5: Rolling EV/te

Source: I-Sec research

Financial summary (consolidated)

Table 8: Profit and loss statement

(Rs mn, year ending December 31)

	CY20	CY21	CY22E	CY23E
Operating Income (Sales)	134,869	158,145	180,278	197,646
Other operating income	2,992	3,373	3,773	3,673
Operating Expenses	113,019	131,536	157,889	165,246
EBITDA	24,841	29,981	26,161	36,073
% margin	18.0	18.6	14.2	17.9
Depreciation & Amortisation	6,388	6,009	6,306	7,324
Gross Interest	571	546	551	557
Other Income	2,167	2,067	2,252	2,456
Recurring PBT	20,139	25,610	21,685	30,791
Add: Extraordinaries	(3,049)	(548)	-	-
Less: Taxes	2,786	6,433	5,530	7,852
Net Income (Reported)	14,304	18,630	16,156	22,939
Recurring Net Income	17,353	19,177	16,156	22,939

Source: Company data, I-Sec research

Table 9: Balance sheet

(Rs mn, year ending December 31)

	CY20	CY21	CY22E	CY23E
Assets				
Total Current Assets	51,170	69,781	75,304	86,666
Current Liab. & Prov.	51,031	59,260	66,653	71,416
Net Current Assets	139	10,521	8,651	15,249
Investments of which	58,378	58,378	58,378	58,378
Strategic/Group	1,293	1,293	1,293	1,293
Marketable	57,085	57,085	57,085	57,085
Net Fixed Assets	72,455	78,119	85,289	90,439
Capital Work-in-Progress	5,481	13,155	2,631	2,105
Total Assets	130,972	147,017	152,317	164,065
of which Cash equivalents	60,057	74,065	72,606	82,608
Liabilities				
Borrowings	-	-	-	-
Deferred Tax Liability	3,948	3,987	4,027	4,108
Equity Share Capital	1,880	1,880	1,880	1,880
Face value per share (Rs)	10	10	10	10
Reserves & Surpluses	125,111	141,109	146,361	158,021
Net Worth	126,991	142,989	148,241	159,901
Total Liabilities	130,972	147,017	152,317	164,065

Source: Company data, I-Sec research

Table 12: Quarterly trend

(Rs mn, year ending December 31)

	Jun-21	Sep-21	Dec-21	Mar-22
Net sales	38,104	36,533	41,374	43,219
% growth (YoY)	51.2	5.4	1.8	2.6
Recurring EBITDA	8,693	7,123	5,562	6,347
Margin (%)	22.8	19.5	13.4	14.7
Other income	456	633	539	585
Extra ordinaries Inc / (Loss)	-	-	(548)	-
Recurring Net Income	5,694	4,502	3,356	3,963

Source: Company data

Table 10: Cashflow statement

(Rs mn, year ending December 31)

	CY20	CY21	CY22E	CY23E
Operating Cashflow	17,779	23,307	20,765	28,550
Working Capital changes	3,883	3,511	290	3,276
Capital Commitments	(7,479)	(11,674)	(13,476)	(12,474)
Net Operating FCF	14,183	15,144	7,578	19,352
Investing Activities	253	2,067	2,252	2,456
Issue of Share Capital	-	-	-	-
Buyback of shares	-	-	-	-
Inc(Dec) in Borrowings	-	-	-	-
Dividend paid	(2,629)	(2,632)	(10,903)	(11,279)
Others	-	(24)	(386)	(527)
Extraordinary Items	1,760	(548)	-	-
Chg. in Cash & Bank	13,567	14,008	(1,459)	10,002

Source: Company data, I-Sec research

Table 11: Key ratios

(Year ending December 31)

	CY20	CY21	CY22E	CY23E
Per Share Data (Rs)				
EPS(Basic)	76	99	86	122
Diluted Recurring EPS	92	102	86	122
Diluted Recurring CEPS	126	134	119	161
Dividend per share	14	14	58	60
Book Value	676	761	789	851
Growth Ratios (% YoY)				
Operating Income	(12.0)	17.2	14.0	9.4
EBITDA	3.0	20.7	(12.7)	37.9
Recurring Net Income	35.8	10.5	(15.8)	42.0
Diluted Recurring EPS	35.8	10.5	(15.8)	42.0
Diluted Recurring CEPS	26.0	6.1	(10.8)	34.7
Valuation Ratios (x)				
P/E	22.3	20.2	23.9	16.9
P/CEPS	16.3	15.4	17.2	12.8
P/BV	3.0	2.7	2.6	2.4
EV / EBITDA	13.2	10.4	12.0	8.4
EV / te (US\$)	130	119	115	108
EV / Operating Income	2.4	1.9	1.7	1.5
EV / Operating FCF	14.6	11.7	14.9	9.6
Operating Ratios (%)				
Raw Material / Sales	18.6	18.1	18.3	18.3
Other expenses / Sales	65.2	65.0	69.3	65.3
Other Income / PBT	10.8	8.1	10.4	8.0
Effective Tax Rate	13.8	25.1	25.5	25.5
NWC / Total Assets	(0.0)	(0.0)	(0.0)	(0.1)
Inventory (x)	7.5	8.3	7.3	6
Receivables (days)	13	10	10	10
Payable (days)	47	46	49	52
D/E Ratio (x)	(0.4)	(0.5)	(0.5)	(0.5)
Profitability Ratios (%)				
Rec. Net Income Margins	12.4	11.7	8.7	11.3
RoCE	11.7	14.1	11.1	14.8
RoNW	11.8	14.2	11.1	14.9
Dividend Payout	15.2	13.7	67.5	49.2

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, *Krupal Maniar, CA, CFA; Harsh Mittal, MBA, CFA*; 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 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 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, and 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 services 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 and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest 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.