

New capacity to drive growth...

About the stock: With 14.7 MT grey cement capacity, JK Cement is the fourth largest player in North India, which contribute over 40% of its revenues. The company also has a presence in Gujarat, Maharashtra and Karnataka.

- It is also the second largest producer of white cement (0.6 MT) and wall putty (1.2 MT) in India
- The company is adding another 4 MT integrated cement capacity (22 MW WHRS) in the central region that will take its capacity to 18.7 MT by FY23E
- The company is aiming to reach 25 MT capacity by FY25E and has identified the UP and MP market for the said expansion

Q1FY23 Results: Reported mixed performance. While sales volume was impacted due to high inflationary environment, margins improved sequentially.

- Revenues declined sequentially by 4.5% to ₹ 2166.4 crore (below I-direct estimate: ₹ 2311.2 crore) while it was up 32.6% on a YoY basis
- EBITDA margins improved sequentially by 160 bps to 18.5% (down 599 bps YoY). Blended EBITDA/t came in at ₹ 1124/t (vs. I-direct estimate ₹ 846/t)
- PAT was down 13% YoY to ₹ 181.1 crore. It increased 110% QoQ as last quarter had exceptional loss of ₹ 130 crore pertaining to UAE subsidiary

What should investors do? While the long-term growth outlook remains intact, the near-term cost headwinds and elevated debt levels due to ongoing expansion would keep return ratios under pressure.

- We now downgrade our rating from BUY to **HOLD** post the recent rally

Target Price and Valuation: We value the company at ₹ 3,050/share (i.e. at 14x FY24E EV/EBITDA).

Key triggers for future price performance:

- In phase-II expansion, JK Cement is adding another 4 MT integrated cement capacity (2.6 MT clinker capacity) and 22 MW power plant with capex of ₹ 2970 crore. This would further expand its footprints in UP & MP market
- Despite capex, net debt/equity to remained stable at 0.8x supported by operating cash flows and some debt repayments over FY22-24E
- Expect revenue, EBITDA CAGR of 13.6%, 15.0%, respectively, in FY22-24E led by volume CAGR of 11.3%. PAT CAGR is expected at 22.4% **only if no further impairment comes from the UAE subsidiary**

Alternate Stock Idea: In our cement coverage, we also like UltraTech

- It is a market leader with strong brand in the retail segment. It has a robust balance sheet and aims to become debt free by FY23E
- BUY with a target price of ₹ 7,600/share

Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22	3 Year CAGR (%)	FY23E	FY24E	2 Year CAGR (%)
Net Sales	4981	5464	6328	7679	15.5	8770	9902	13.6
EBITDA	810	1182	1514	1482	22.3	1429	1962	15.0
EBITDA (%)	16.3	21.6	23.9	19.3		16.3	19.8	
PAT	324	400	603	631	24.8	667	945	22.4
EPS (₹)	42.0	51.8	99.6	98.5		86.3	122.4	
EV/EBITDA	27.5	19.6	15.0	16.1		17.0	12.5	
EV/Tonne (\$)	243	194	177	173		175	147	
RoNW	11.2	12.8	20.6	17.9		13.9	16.8	
RoCE	12.5	16.2	18.6	15.6		12.9	16.7	

Source: Company, ICICI Direct Research



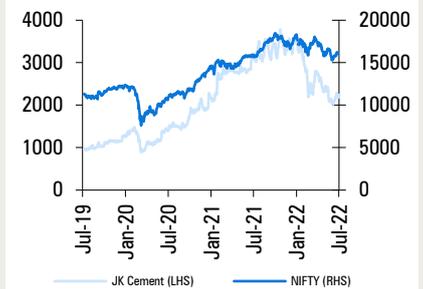
Particulars

Particulars	Amount
Mcap	₹ 20785 Crore
Debt (FY22)	₹ 3625 Crore
Cash & Invest (FY22)	₹ 283 Crore
EV	₹ 24128 Crore
52 week H/L	₹ 3838 / 2004
Equity cap	₹ 77.3 crore
Face value	₹ 10

Shareholding Pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	57.6	51.5	45.8	45.8
FII	17.4	17.7	16.5	16.1
DII	20.1	19.8	20.7	21.1
Others	4.9	11.0	17.1	17.0

Price Chart



Key Risks & Events

- Sharp fall in prices of key inputs like petcoke remains upside risk to our call
- Further impairment from UAE subsidiary may lead to lower profitability

Research Analyst

Rashesh Shah
rashesh.shah@icicisecurities.com

Debotro Sinha
debotro.sinha.@icicisecurities.com

Key Highlights & takeaways...

Q1FY23 Results

- Revenues declined sequentially by 4.5% to ₹ 2166.4 crore (below I-direct estimate: ₹ 2311.2 crore) while it was up 32.6% on a YoY basis
- Sales volume were at 3.56 MT (up 18% YoY, down 9.4% QoQ). Capacity utilisation was at 87% vs. 92% in the last quarter. Grey cement volumes were up 15% YoY to 3.17 MT while it declined 10.4% QoQ. Sales of white cements including putty were up 45% YoY to 0.38 MT. It broadly remained flat QoQ
- Blended realisations increased 12.5% YoY, 5.4% QoQ to ₹ 6083/t to offset the cost pressure
- EBITDA margins improved sequentially by 160 bps to 18.5% while it declined 599 bps YoY. Blended EBITDA/t came in at ₹ 1124/t (vs. I-direct estimate ₹ 846/t)
- Reported PAT of ₹181.1 crore (down 13% YoY) remained better than estimated PAT of ₹ 146.8 crore due to better margins. On a QoQ basis, net profit increased 110% as last quarter had exceptional loss of ₹ 130 crore

Q1FY23 Conference Call Highlights

- Current price & volume trend – Cement prices have dropped ₹ 10-12 per bag in the north and in the south by ₹ 5-6/bag in August 2022. Prices are down ₹ 15-18/bag from Q1FY23 average in the north while in south, it is lower by ₹ 20/bag. Volume growth guidance for FY23 is at 10%
- Cost trend – In P&F cost, the company benefited from low cost inventory in Q1. High cost procured fuel will now get reflected in Q2 & Q3 performance. Expect P&F cost to inch up by ~₹ 200/tonne in Q2FY23. Employee cost was higher due to increments. Also, additional marketing staff hired for new markets. In Q2 & Q3 employee cost will also likely remain at ~₹ 143 crore per quarter. Depreciation is also increased due to review of power plants
- Impact on margins – Expect ~30-35% drop in EBITDA in Q3 due to overall cost increase of ~₹ 400 per tonne drop. Margins are expected to drop to around 13-14% from current 19%
- Others - 64% PPC Trade 69% Road 78% lead distance is 475 km. Fuel mix is 50% petcoke and balance imported coal and alternate fuel
- Capex – In the next phase of expansion, the company is setting up 4 MT integrated grey cement capacity at Panna MP with split grinding unit and 22 MW WHRS in Uttar Pradesh for capex of ₹ 2970 crore. JK Cement has spent ₹ 2072 crore towards the same so far. Target for completion is March 2023. However, we can expect early commissioning by three months. We expect 50-60% capacity utilisation (CU) for Panna in the first year
- Capex break-up - Guided full year capex of ₹ 1700 crore (₹ 1150 crore for Panna expansion, ₹ 125 crore for paint business, ₹ 325 crore maintenance capex and balance ₹ 100 crore for setting up of split GU). Capex for FY24E will be ₹ 1100 crore (₹ 400 crore for Panna + ₹ 300 crore maintenance+ ₹ 200 paints business and balance for GUs)
- Update on paints business - Got the permission for land at Mathura in UP. We expect stage-I commissioning of plant by March 2024. The company has guided for total capex of ₹ 600 crore spread over five years. Also, ₹ 125 crore will be spent in FY23, ₹ 200 crore in FY24 and balance ₹ 300 crore over the next three years thereafter
- Update split GU – Post Panna expansion, the company will go for 6 MT GU expansion taking its total capacity to 25 MT by 2025. Out of 6 MT, the company has identified locations for 4 MT GUs. One is in Madhya Pradesh closer to Indore Ujjain (2 MT) and another is in eastern Uttar Pradesh (2 MT). It will ramp GU across existing stations (2 MT) also that will add 6 MT. The likely capex will not exceed ₹ 1200 crore for 6 MT GU capacity

- Additional clinker requirement for these new units will be met through Panna only as it has potential to ramp-up clinker capacity from 8000 TPD to 10000 TPD (ie. from ~2.5 MT to 3.3 MT)
- Peak debt –The current gross debt is at ₹ 2785 crore. The company will be drawing another ₹ 800 crore from the bank. JK Cement is expecting net peak debt to be around ₹ 3400 crore maximum

Exhibit 1: Variance Analysis (Domestic Performance)

	Q1FY23	Q1FY22E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)	Comments
Total Operating Incon	2166.4	2311.2	1633.7	32.6	2,269	-4.5	Grey cement volumes were up 15% YoY to 3.17MT while white cement sales increased 45% YoY to 0.39MT leading to total sales volume growth of 17.9% YoY.
Other Income	22.2	35.0	27.3	-18.5	41.2	-46.0	
Raw Material Expenses	343.9	372.5	240.3	43.1	423.3	-18.8	
Employee Expenses	143.0	123.4	123.8	15.5	121.6	17.6	
Power & Fuel	485.6	601.3	298.9	62.4	492.9	-1.5	
Freight cost	434.5	490.1	334.6	29.9	461.9	-5.9	
Others	359.4	392.1	236.5	52.0	386.7	-7.1	
EBITDA	400.1	331.8	399.6	0.1	382.7	4.6	
EBITDA Margin (%)	18.5	14.4	24.5	-599 bps	16.9	160 bps	
Interest	61.7	68.6	56.0	10.2	68.9	-10.4	
Depreciation	89.9	75.7	65.7	36.9	75.7	18.8	
PBT before Exceptionals	270.7	222.4	305.2	-11.3	279.3	-3.1	
Total Tax	89.6	75.6	96.9	-7.5	63.0	42.3	
PAT	181.1	146.8	208.3	-13.0	86.3	109.9	

Key Metrics

Volume (MT)	3.56	3.92	3.02	17.9	3.93	-9.4
Realisation (₹)	6,083	5,896	5,407	12.5	5,770	5.4
EBITDA per Tonne (₹)	1,124	846	1,323	-15.1	973	15.4

Source: Company, ICICI Direct Research

Exhibit 2: Per tonne analysis

Per tonne	Q1FY23	Q1FY22E	Q1FY22	YoY (%)	Q4FY22	QoQ (%)
Net Sales realisation	6,083	5,896	5,407	12.5	5,770	5.4
Raw Material Expenses	966	950	795	21.4	1,076	-10.3
Employee Expenses	402	315	410	-2.0	309	29.9
Power and fuel	1,363	1,534	989	37.8	1,254	8.8
Freight	1,220	1,250	1,107	10.2	1,175	3.9
Others	1,009	1,000	783	28.9	983	2.6
Production costs	4,960	5,050	4,085	21.4	4,797	3.4

Source: Company, ICICI Direct Research

Exhibit 3: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	8,560.9	8,770.0	2.4	9,862.5	9,902.0	0.4	
EBITDA	1,484.1	1,429.4	-3.7	1,963.0	1,961.7	-0.1	
EBITDA Margin (%)	17.3	16.3	-104 bps	19.9	19.8	-9 bps	

Source: Company, ICICI Direct Research

Key investment rationale

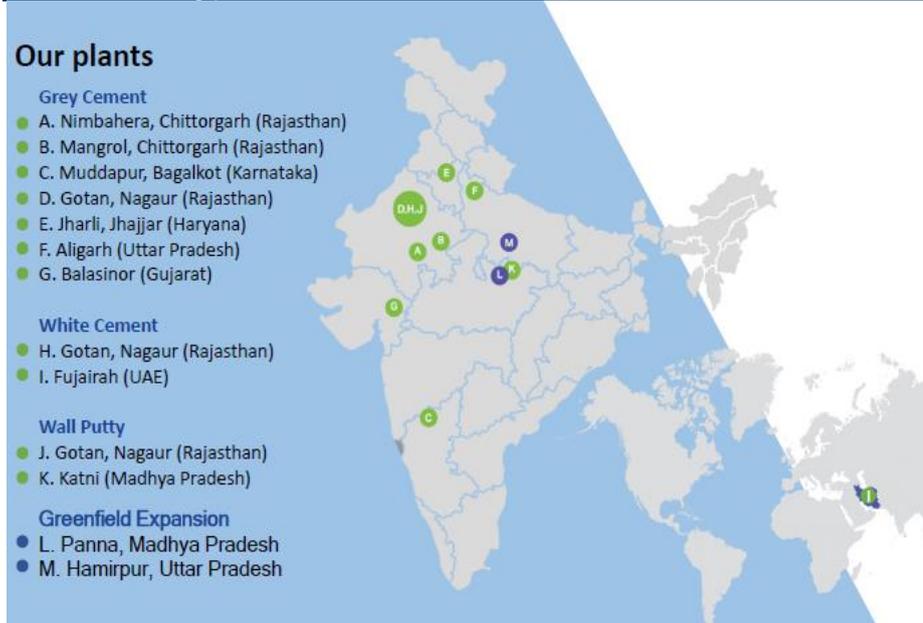
Completion of Phase-I expansion fuelled growth in FY22E...

The entire 4.2 MT new capacity got commissioned in FY21. The newly added capacities include 1 MT grinding unit (GU) each in Nimbahara and Mangrol along with 2.6 MT clinker plant and 1.5 MT GU in Aligarh and 0.7 MT GU in Gujarat (Balasinor). Hence, despite the challenging environment, the company has been able to post revenue CAGR of 15.5% in FY19-22. Going forward also, we expect healthy revenue CAGR of 13.6% of FY22-24E with news capacity at Panna coming on stream.

...but Phase-II expansion to keep debt at elevated levels

The incremental cash flow from new installed capacities would be mainly utilised towards next phase of expansion at Panna (MP) for proposed ~4 MT greenfield capacity as it would entail a capex of ~₹ 2,970 crore (\$102/t). Hence, we expect debt levels to remain higher in FY23E. However, improved OCF from new capacity would settle down debt/EBITDA at 2.4x from FY24E onwards after peaking at 3.2x in FY23E.

Exhibit 4: Existing plant locations of JK Cements



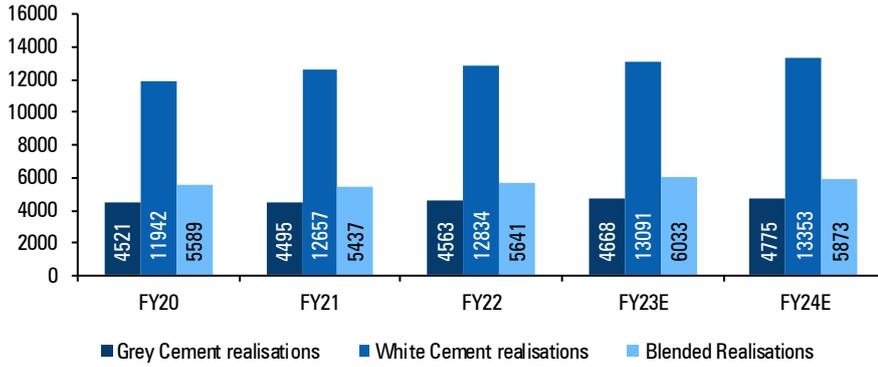
Source: Company, ICICI Direct Research

O/s liability of UAE subsidiary to likely fall into Indian entity

The Fujairah unit of the company has consistently remained loss making leading to significant net-worth erosion. The management highlighted earlier that out of total investment of ₹ 972 crore for UAE subsidiary, total impairment of ₹ 453 crore has been taken in the last three years. Hence, in our view, further impairment may come in, going forward, if profitability of the UAE entity does not improve.

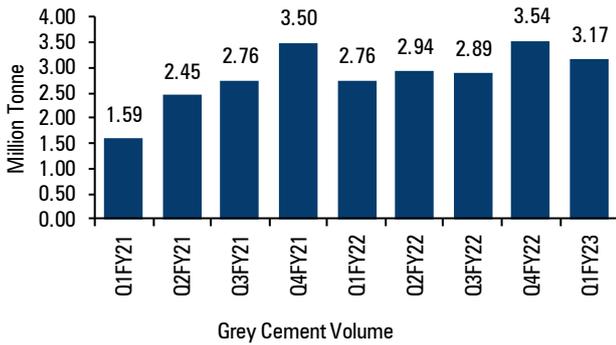
Financial story in charts

Exhibit 5: Blended realisations to remain firm



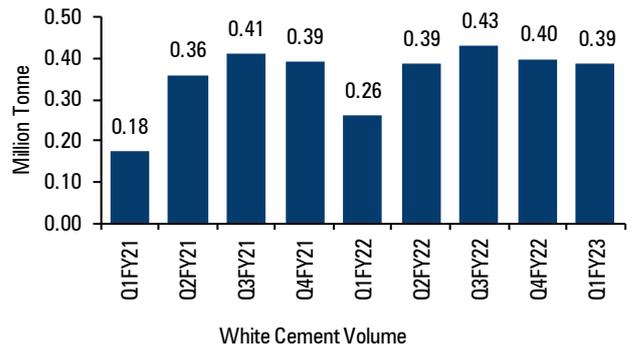
Source: Company, ICICI Direct Research

Exhibit 6: Grey cement declines 10.3% QoQ



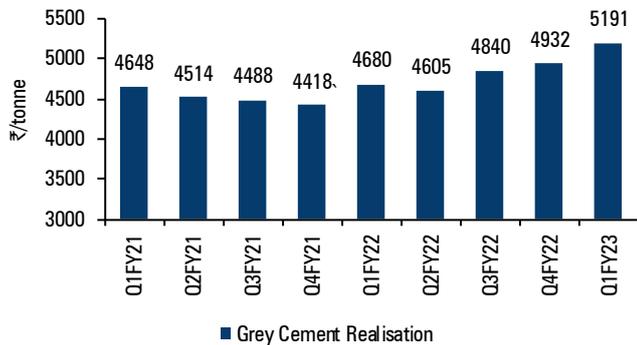
Source: Company, ICICI Direct Research

Exhibit 7: White cement volumes broadly remain flat QoQ



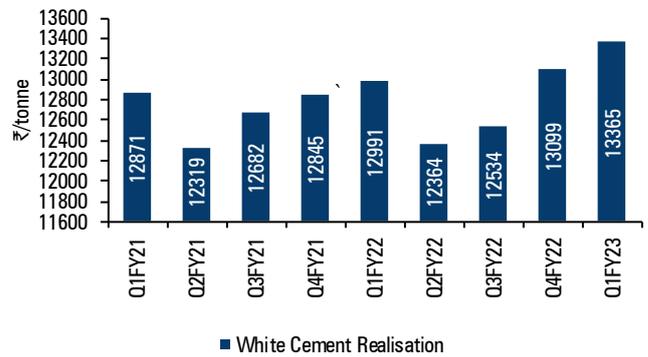
Source: Company, ICICI Direct Research

Exhibit 8: Grey cement realisations up 10.9% YoY, 5.2% QoQ



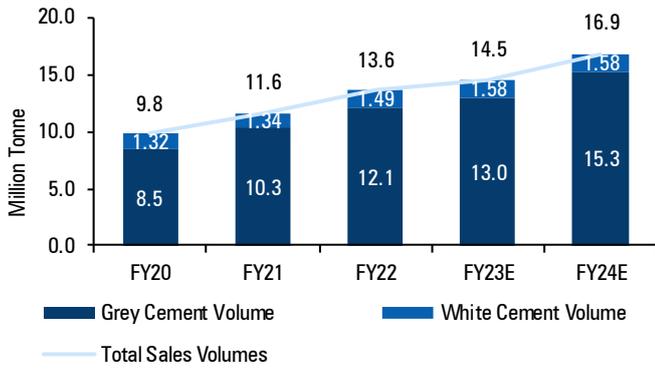
Source: Company, ICICI Direct Research

Exhibit 9: White cement realisations up 2.9% YoY, 2.0% QoQ



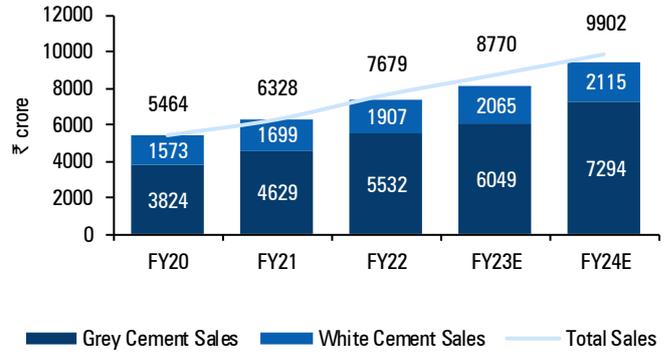
Source: Company, ICICI Direct Research

Exhibit 10: Expect volumes CAGR of 11.3% during FY22-24E



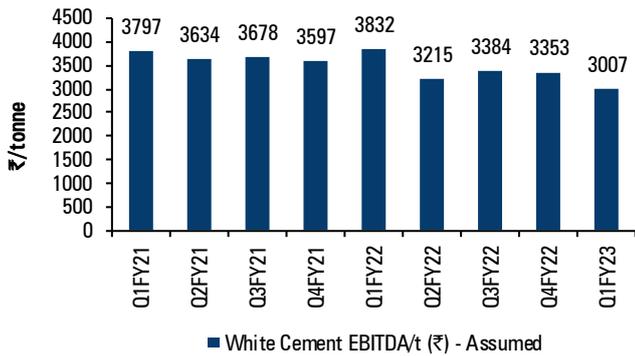
Source: Company, ICICI Direct Research

Exhibit 11: Revenues to grow at 13.6% CAGR over FY22-24E



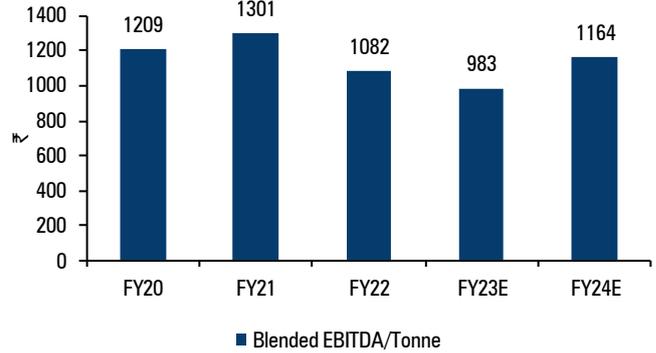
Source: Company, ICICI Direct Research

Exhibit 12: We assume white cement EBITDA of ₹ 3007/t for Q1FY23



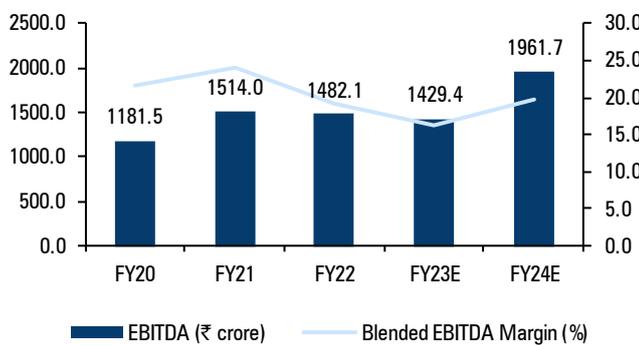
Source: Company, ICICI Direct Research

Exhibit 13: Annual EBITDA/t to stay healthy despite ongoing cost pressure



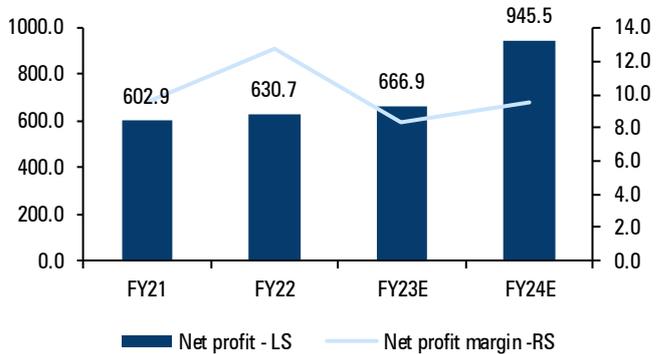
Source: Company, ICICI Direct Research

Exhibit 14: Absolute EBITDA to improve sharply from FY24 with cooling down of inflation, stabilisation of new capacities



Source: Company, ICICI Direct Research

Exhibit 15: PAT growth trend



Source: Company, ICICI Direct Research

Financial summary

Exhibit 8: Profit and loss statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Total operating Income	5,463.8	6,328.3	7,678.6	8,770.0	9,902.0
Growth (%)	9.7	15.8	21.3	14.2	12.9
Raw material cost	860.7	1051.0	1265.3	1382.2	1534.2
Employee Expenses	390.9	412.1	504.2	577.7	606.6
Power, Oil & Fuel	1009.1	1103.6	1570.7	2212.5	2107.4
Freight cost	1032.1	1239.8	1562.0	1766.2	2023.1
Other Expenses	989.4	1007.8	1294.3	1402.0	1669.0
Total Operating Exp.	4,282.2	4,814.3	6,196.4	7,340.7	7,940.3
EBITDA	1,181.5	1,514.0	1,482.1	1,429.4	1,961.7
Growth (%)	45.8	28.1	-2.1	-3.6	37.2
Depreciation	214.4	244.7	282.0	312.9	355.1
Interest	222.9	223.2	249.3	246.8	334.0
Other Income	85.9	113.3	142.8	127.2	160.0
Exceptional items	178.2	166.9	130.0	0.0	0.0
PBT	652.0	992.6	963.6	996.9	1,432.6
Total Tax	251.6	389.7	332.9	329.9	487.1
PAT	400.4	602.9	630.7	666.9	945.5
Growth (%)	23.4	50.6	4.6	5.7	41.8
Adjusted EPS (₹)	51.8	78.0	81.6	86.3	122.4

Source: Company, ICICI Direct Research

Exhibit 10: Balance sheet					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Liabilities					
Equity Capital	77.3	77.3	77.3	77.3	77.3
Reserve and Surplus	3,051.6	3,655.8	4,174.4	4,729.5	5,563.2
Total Shareholders funds	3,128.9	3,733.0	4,251.7	4,806.8	5,640.4
Total Debt	2,972.0	3,111.3	3,625.1	4,075.1	4,175.1
Deferred Tax Liability	409.4	593.9	722.9	738.5	738.5
Minority Interest / Others	0.0	0.0	0.0	0.0	0.0
Total Liabilities	6,510.3	7,438.2	8,615.3	9,620.3	10,554.0
Assets					
Gross Block	6,216.5	6,789.6	7,599.2	8,870.2	9,820.2
Less: Acc Depreciation	1,913.7	2,158.4	2,440.4	2,753.3	3,108.4
Net Block	4,302.7	4,631.2	5,158.7	6,116.9	6,711.7
Capital WIP	509.2	488.5	71.0	500.0	650.0
Total Fixed Assets	4,811.9	5,119.7	5,229.8	6,616.9	7,361.7
Intangible Asset	13.0	27.9	27.4	27.4	27.4
Investments	915.7	1,133.5	2,108.4	2,108.4	2,108.4
Inventory	627.2	686.7	1,113.6	712.5	752.4
Debtors	223.4	316.1	397.8	432.5	461.2
Loans and Advances	624.0	723.3	902.5	763.8	1,018.6
Cash	631.1	1,161.7	282.6	396.3	316.2
Total Current Assets	2,105.8	2,887.7	2,696.5	2,305.1	2,548.4
Creditors	452.6	559.2	669.1	648.7	732.5
Provisions	883.5	1,171.4	1,057.8	1,102.9	1,098.7
Total Current Liabilities	1,336.1	1,730.6	1,727.0	1,751.6	1,831.2
Net Current Assets	769.7	1,157.1	969.5	553.5	717.2
Application of Funds	6,510.3	7,438.2	8,615.3	9,620.4	10,554.0

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Profit after Tax	400.4	602.9	630.7	666.9	945.5
Add: Depreciation	214.4	244.7	282.0	312.9	355.1
(Inc)/dec in Current Assets	-385.3	-251.4	-952.5	455.5	-348.5
Inc/(dec) in CL and Provisions	-55.7	394.5	-3.6	24.6	79.6
CF from operating activi	173.7	990.6	-43.4	1,460.0	1,031.6
(Inc)/dec in Investments	393.5	-87.2	-116.4	0.0	0.0
(Inc)/dec in Fixed Assets	-860.3	-567.3	-391.6	-1,700.0	-1,100.0
Others	-14.1	53.9	-729.4	15.5	0.0
CF from investing activi	-480.9	-600.7	-1,237.4	-1,684.5	-1,100.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	616.7	139.3	513.8	450.0	100.0
Dividend paid & dividend tax	-84.3	-139.8	-139.8	-111.8	-111.8
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0	0.0
Others	-77.4	141.0	27.7	0.0	0.0
CF from financing activi	455.0	140.5	401.7	338.2	-11.8
Net Cash flow	147.8	530.5	-879.1	113.7	-80.2
Opening Cash	483.3	631.1	1,161.7	282.6	396.3
Closing Cash	631.1	1,161.7	282.6	396.3	316.2

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios					
	₹ crore				
(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Per share data (₹)					
Adjusted EPS	51.8	78.0	81.6	86.3	122.4
Cash EPS	79.6	109.7	118.1	126.8	168.3
BV	404.9	483.1	550.2	622.1	730.0
DPS	9.0	15.0	15.0	12.0	0.0
Cash Per Share	81.7	150.3	36.6	51.3	40.9
Operating Ratios (%)					
EBITDA Margin	21.6	23.9	19.3	16.3	19.8
PAT Margin	7.3	9.5	8.2	7.6	9.5
Inventory days	40.0	37.9	42.8	38.0	27.0
Debtor days	14.9	18.2	18.9	18.0	17.0
Creditor days	30.2	32.3	31.8	27.0	27.0
Return Ratios (%)					
RoE	12.8	20.6	17.9	13.9	16.8
RoCE	16.2	18.6	15.6	12.9	16.7
RoIC	18.0	22.3	14.9	13.1	17.1
Valuation Ratios (x)					
P/E	51.9	34.5	33.0	31.2	22.0
EV / EBITDA	19.6	15.0	16.1	17.0	12.5
EV / Net Sales	4.2	3.6	3.1	2.8	2.5
Market Cap / Sales	3.8	3.3	2.7	2.4	2.1
Price to Book Value	6.6	5.6	4.9	4.3	3.7
Solvency Ratios					
Debt/EBITDA	2.5	2.1	2.4	2.9	2.1
Debt / Equity	0.9	0.8	0.9	0.8	0.7
Current Ratio	1.6	1.7	1.7	1.5	1.6
Quick Ratio	1.1	1.0	1.6	1.3	1.4

Source: Company, ICICI Direct Research

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), Debtor Sinha (MBA) 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 – INH00000990. 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 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 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 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.