

October 18, 2022

## Margins erode sharply; worst now behind...

**About the stock:** ACC (now Adani group company) is a large cement player with capacity of over 34.5MT in India and one of the **oldest cement players** in the Industry. The company also manufactures ready-mix concrete and has 50 plants across India.

- ACC has a **strong balance-sheet with debt free status**. However, it **remains a laggard in terms of efficiency** vs. peer companies as of now
- The ongoing capex of ₹ 3500 crore to **increase its capacity to 39.3 MT**. GU in Sindri & Tikaria has already been commissioned. Balance 3.2 MT new capacities are progressing and will be commissioned by March 2023

**Q3CY22 Results:** ACC reported weak results for Q3CY22, impacted by a high cost environment.

- Net revenues were up 6.4%YoY to ₹ 3,987.3crore. It was lower than our estimated revenue of ₹ 4012.5 crore
- Absolute EBITDA declined 98% YoY, 96% QoQ to ₹ 16.4 crore. It was far lower than I-direct estimated EBITDA of ₹ 280.7 crore. EBITDA margin came in at mere 0.4% (vs. I-direct estimate: 7%)
- With negligible EBITDA, exceptional loss of ₹ 16.25 crore, net loss was at ₹ 87.3 crore vs. net profit of ₹ 450 crore last year and ₹ 227 crore last quarter

**What should investors do?** While we believe that the structural change in the ownership as well as aggressive expansion strategy through organic/inorganic route could pave the way for growth as well as margin expansion led by cost synergies and operating leverage opportunities, we await more clarity and would want to see how this plays out.

**Target Price and Valuation:** Given its comfortable valuations, we retain **BUY** rating on the stock with revised target price of ₹ 2,700 i.e.11.5x CY23E EV/EBITDA.

### Key triggers for future price performance:

- While new promoter (Adani) is envisaging doubling of the group's current capacity over the next five years, the ongoing expansion (₹ 3,500 crore capex) would increase ACC's capacity to 39.3 MT by CY23 from 34.5 MT
- Cost efficiency measures like higher share of renewable power, strong logistics support of Adani group would drive margin expansion in the long run
- Immediate cost benefits to come from royalty cost savings (~1% of revenue), raw material sourcing like flyash, coal on better terms

**Alternate Stock Idea:** Apart from ACC, in our cement sector coverage we also like UltraTech Cement.

- 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 ₹ 7600/share.

# ACC

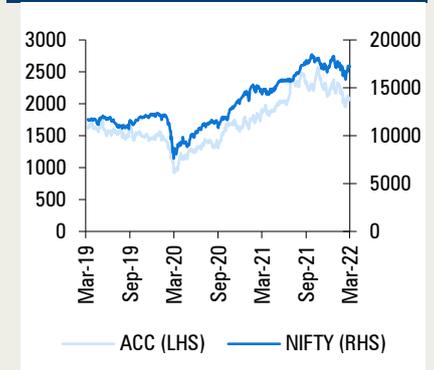
### Particulars

Particular	Amount
Mcap	₹ 41714 crore
Debt (CY21)	₹ 101 crore
Cash & Invest (CY21)	₹ 7732 crore
EV	₹ 34084 crore
52 week H/L	₹ 2800 / 1901
Equity cap	₹ 187.8 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Dec-21	Mar-22	Jun-22	Sep-22
Promoter	54.5	54.5	54.5	54.5
FII	13.7	13.9	12.9	12.2
DII	19.4	19.3	20.0	20.7
Others	12.4	12.3	12.6	12.6

### Price Chart



### Key risks

Any delay in commissioning of new capacity

Volatility in prices of imported coal/petcoke

### Research Analyst

Rashes Shah  
Rashes.shah@icicisecurities.com

Debotro Sinha  
debotro.sinha@icicisecurities.com

### Key Financial Summary

₹ crore	CY18	CY19	CY20	CY21	3 Year CAGR (%)	CY22E	CY23E	2 Year CAGR (%)
Net Sales	14478	15407	13786	16152	3.7	17640	19092	8.7
EBITDA	1724	2162	2355	2998	20.3	1663	3546	8.8
EBITDA Margins (%)	11.9	14.0	17.1	18.6		9.4	18.6	
Adjusted Net Profit	1020	1378	1606	1918	23.4	904	2310	9.8
EPS (₹)	54	73	85	102		48	123	
EV/EBITDA	22.4	17.1	14.8	11.1		19.9	8.9	
EV/tonne (\$)	165	159	149	137		128	115	
RoNW	9.7	11.9	12.6	13.4		6.1	14.0	
RoCE	14.2	17.4	14.7	17.6		8.3	18.6	

Source: Company, ICICI Direct Research

## Key performance highlights

- Sales volume grew 4.3% YoY to 6.85 MT (lower than I-direct estimate: 7.04 MT). Realisations were up 2% YoY while it declined 1.5% QoQ despite high cost pressure
- Capacity utilisation was at ~76% vs. 76.2% last year. RMC revenues came in at ₹ 353 crore, up 15.8% YoY, due to a pick-up in the urban economy
- Production cost increased further by 8.4% QoQ to ₹ 5,797/t while it was up 25.4% YoY. Power & fuel cost was up 60.3% YoY. On a QoQ basis, it increased 10.8%. Freight costs were also up 9.6% YoY, flat QoQ on a per tonne basis
- Absolute EBITDA declined 98% YoY, 96% QoQ to ₹ 16.4 crore. It was far lower than I-direct estimated EBITDA of ₹ 280.7 crore. EBITDA margin came in at mere 0.4% (vs. I-direct estimate: 7%) vs. EBITDA margin of 19% and 9.5% YoY, QoQ, respectively
- The company reported net loss of ₹ 87.3 crore vs. net profit of ₹ 450 crore last year and ₹ 227 crore last quarter
- Commissioned its 1.6 MT GU at Tikaria, UP in February 2022. The 2.7 MT clinker and 1 MT GU in Ametha may get commissioned by March 2023. Balance 2.2 MT GU at Salai Banwa UP to come on stream in CY23. All this capex are funded via internal accruals. The company has partially commissioned WHRS units at Jamul (10 MW) and Kymore (12.4 MW) plants in Q3CY22 while the recently approved WHRS units in Wadi and Chanda are on track for commissioning. The company aims to achieve a WHRS capacity of 75MW in the near term

**Exhibit 1: Variance Analysis**

	Q3CY22	Q3CY22E	Q3CY21	YoY(%)	Q2CY22	QoQ(%)	Comments
Net Sales	3,987.3	4,012.5	3,749.0	6.4	4,468.4	-10.8	Sales volume grew 4.3% YoY, realisations were up 2% YoY
Other Incomes	69.7	70.3	63.3	10.2	53.9	29.5	
Raw Material Expense	849.1	745.6	624.1	36.0	838.5	1.3	
Employee Expenses	211.3	201.9	217.0	-2.6	216.8	-2.6	
Power and fuel	1,317.5	1,306.1	788.3	67.1	1,311.9	0.4	While P&F cost remained flat QoQ at absolute level, it increased by ~11% YoY on per tonne basis
Freight	982.7	950.3	860.2	14.2	1,077.9	-8.8	
Others	610.4	528.0	547.1	11.6	597.1	2.2	
EBITDA	16.4	280.7	712.3	-97.7	426.2	-96.1	
EBITDA Margin (%)	0.4	7.0	19.0	1859 bps	9.5	-913 bps	
Interest	17.7	15.2	17.1	3.4	14.9	19.1	
Depreciation	173.5	166.0	150.5	15.2	164.7	5.3	
PBT	-105.0	169.8	607.9	-117.3	300.5	-134.9	
Total Tax	-31.1	43.8	159.7	-119.4	77.5	-140.0	
PAT	-87.3	128.3	450.2	-119.4	227.3	-138.4	
<b>Key Metrics</b>							
Volume (MT)	6.85	7.04	6.57	4.3	7.56	-9.4	
Blended Realisation (₹)	5,821	5,700	5,706	2.0	5,911	-1.5	
EBITDA per Tonne (₹)	24	399	1,084	-97.8	564	-95.7	

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	CY22E			CY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	17,850.0	17,640.3	-1.2	19,253.3	19,092.0	-0.8	
EBITDA	2,012.3	1,663.3	-17.3	3,878.5	3,545.7	-8.6	
EBITDA Margin (%)	11.3	9.4	-184 bps	20.1	18.6	-157 bps	
PAT	1,457.0	888.1	-39.0	2,558.2	2,310.4	-9.7	
EPS (₹)	79.0	48.1	-39.0	136.1	123.0	-9.7	

Source: Company, ICICI Direct Research

## Key triggers for future price performance

### New capacities to help gain lost ground from CY22E onwards

Over the past five years, the company has lost their market share to other large players with no major new capacities came in place during this period either through green field route or M&A route. While industry capacity grew at a CAGR of 7%, the company managed to increase its capacity from 30.5 MT to 33 MT i.e. At 2% CAGR. As a result, the company's production share declined from 14% in FY14 to 11% in FY20. To address this growth concern, the company is increasing its capacity to 39.3 MT with total capex of ~₹ 3500 crore. This would be mainly funded through internal accruals. Thus, we model a volume CAGR of 6.8% in CY21-23E and expect revenues to grow at 8.7% CAGR over the same period.

### Cost rationalisation to bring efficiency...

- The company was earlier paying royalties to the Holcim group at ~1% of revenues. With Adani now being the promoter the company will be able save ~₹175-180 crore on an annual basis, which works out to a savings of around ₹ 55-60 on a per basis
- On the raw material front, the company is now better placed to source inputs such as flyash/imported coal/petcoke from the Adani group on better terms. The company is aiming to reach WHRS capacity of 75 MW by 2024. With these, we expect annual cost savings in the range of ₹ 100-150 on per tonne basis. The company can also leverage on the renewable energy potential from Adani group, going ahead, for optimisation of its power & fuel costs. We await more clarity on the same to quantify the benefit
- Further, the company can also leverage Adani's logistic network to bring down the freight cost further, which earlier promoter was doing through master supply agreement with Ambuja. Overall, as per our rough estimates, we expect cost savings of ₹ 300-350/tonne from the current run-rate

## Valuation & Outlook

While we believe that the structural change in the ownership as well as aggressive expansion strategy through organic/inorganic route could pave the way for growth as well as margin expansion led by cost synergies and operating leverage opportunities, we await more clarity and would want to see how this plays out. Given the current subdued earnings we cut our EPS estimates for CY23E by 9.3%. Accordingly, we revise target price downwards to ₹ 2,700 vs. ₹ 2,900/share earlier (valuing at 11.5x CY23E EV/EBITDA implying an EV/t of ~\$148).

Exhibit 3: Valuation matrix

	Sales (₹ cr)	Growth (%)	EPS (₹)	Growth (%)	PE (x)	EV/Tonne (\$)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
CY19	15407.0	6.4	35.0	12.0	63.4	158.5	17.1	12.6	14.0
CY20	13785.7	-10.5	76.1	117.3	26.0	148.9	14.8	12.6	14.7
CY21	16151.6	17.2	99.1	30.3	21.8	137.2	11.1	13.4	17.6
CY22E	17640.3	9.2	47.3	-52.3	46.1	127.5	19.9	6.1	8.3
CY23E	19092.0	8.2	123.0	160.2	18.1	115.2	8.9	14.0	18.6

Source: Company, ICICI Direct Research

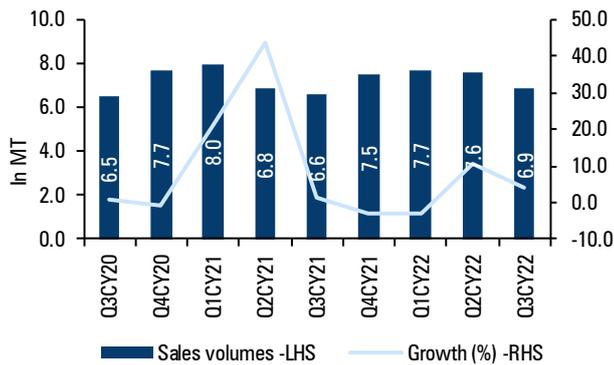
## Financial story in charts

Exhibit 4: Capacity addition plans

Capacity	MT	Expected commissioning
<b>Existing</b>	<b>36.1</b>	
<b>Planned capacity addition:</b>		
Uttar Pradesh (2 Grinding units)	2.2	Jan-24
Tikaria Unit, UP (Brownfield) - Commissioned in Feb'22	-	
Ametha, MP (Integrated unit with 2.7MT Clinker capacity)	1.0	Dec-22
Sindri (brownfield) - commissioned	-	
<b>Total</b>	<b>3.2</b>	
<b>Total capacity post expansion (MT)</b>	<b>39.3</b>	

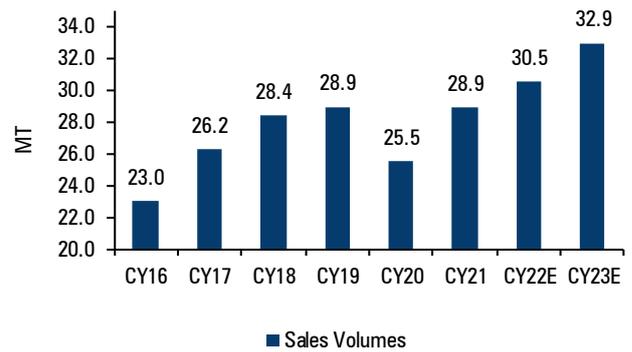
Source: Company, ICICI Direct Research

Exhibit 5: Volumes up 4.3% YoY in Q3CY22



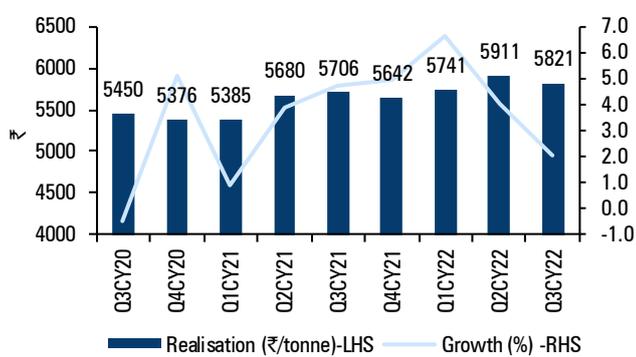
Source: Company, ICICI Direct Research

Exhibit 6: Volumes to grow at 6.8% CAGR during CY21-23E



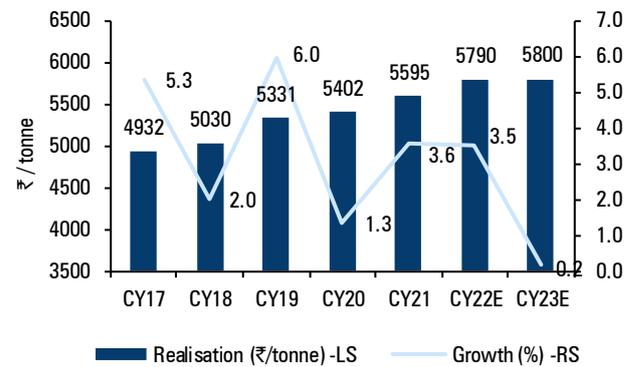
Source: Company, ICICI Direct Research

Exhibit 7: Blended realisations up only 2% YoY



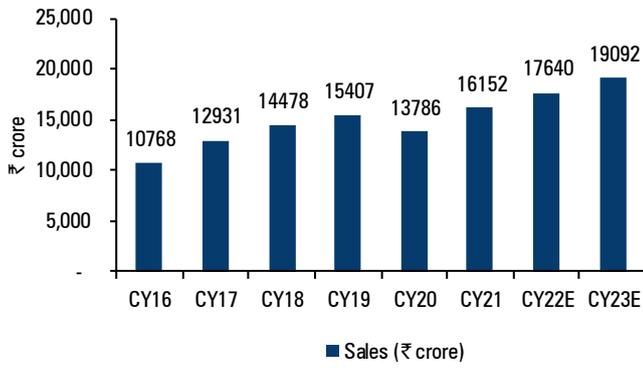
Source: Company, ICICI Direct Research

Exhibit 8: Expect realisations to improve gradually



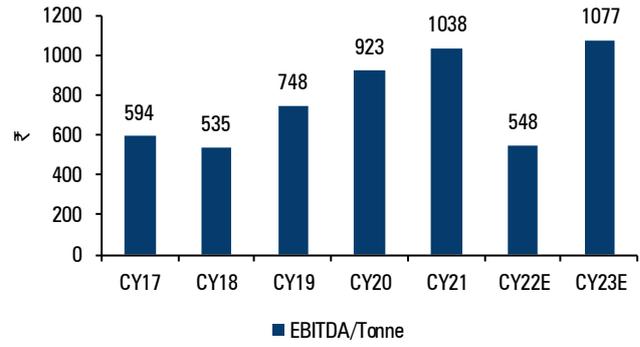
Source: Company, ICICI Direct Research

Exhibit 9: Expect revenue CAGR of 8.7% over CY21-23E



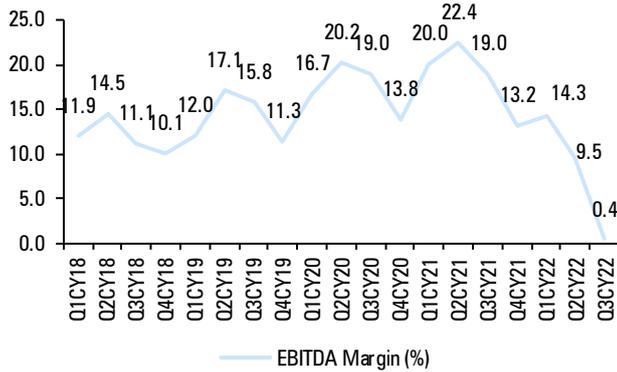
Source: ICICI Direct Research, Company

Exhibit 10: EBITDA/t to witness gradual recovery from CY23E



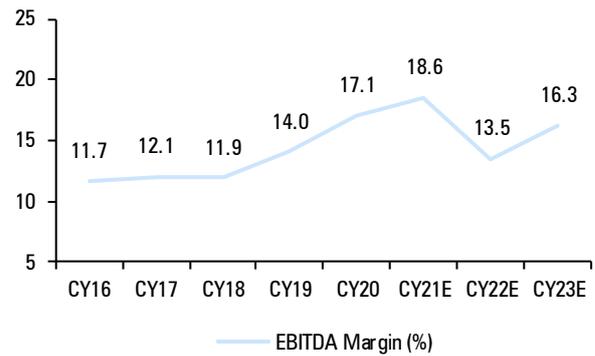
Source: ICICI Direct Research, Company

Exhibit 11: Margins



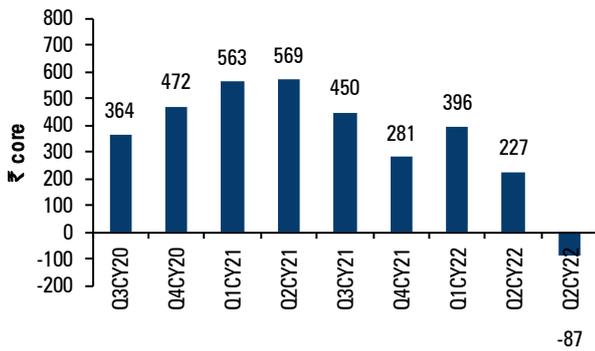
Source: Company, ICICI Direct Research

Exhibit 12: Margins trend



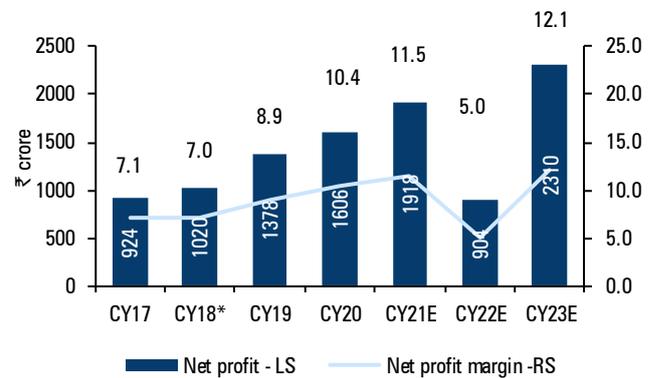
Source: Company, ICICI Direct Research

Exhibit 13: Quarterly PAT trend



Source: Company, ICICI Direct Research

Exhibit 14: PAT trajectory to improve post cooling off of fuel prices



Source: Company, ICICI Direct Research

## Financial summary

Exhibit 15: Profit and loss statement				
	₹ crore			
(Year-end March)	CY20	CY21	CY22E	CY23E
<b>Total operating income</b>	<b>13,785.7</b>	<b>16,151.6</b>	<b>17,640.3</b>	<b>19,092.0</b>
Growth (%)	-10.5	17.2	9.2	8.2
Raw material	2512.6	2866.5	3539.3	4114.7
Power & Fuel	2574.7	3364.8	4922.1	3782.3
Employees	840.8	836.2	878.7	917.5
Freight	3416.1	3823.0	4152.1	3950.1
Others	2086.5	2263.2	2484.8	2781.8
Total Operating Exp.	11,430.7	13,153.6	15,977.0	15,546.3
<b>EBITDA</b>	<b>2,355.0</b>	<b>2,998.1</b>	<b>1,663.3</b>	<b>3,545.7</b>
Growth (%)	8.9	27.3	-44.5	113.2
Depreciation	638.8	600.7	653.4	723.4
Interest	57.1	54.6	58.0	65.3
Other Income	216.7	206.7	241.9	331.6
Exceptional items	176.0	54.8	16.3	0.0
PBT	1,699.8	2,494.7	1,177.5	3,088.5
Total Tax	278.6	643.4	302.7	787.6
<b>PAT</b>	<b>1,430.2</b>	<b>1,863.0</b>	<b>888.1</b>	<b>2,310.4</b>
Adjusted PAT	1,606.2	1,917.7	904.3	2,310.4
Growth (%)	16.6	19.4	-52.8	155.5
<b>Reported EPS (₹)</b>	<b>76.1</b>	<b>99.1</b>	<b>47.3</b>	<b>123.0</b>

Source: Company, ICICI Direct Research

Exhibit 16: Cash flow statement				
	₹ crore			
(Year-end March)	CY20	CY21	CY22E	CY23E
Profit after Tax	1,430.2	1,863.0	888.1	2,310.4
Add: Depreciation	638.8	600.7	653.4	723.4
(Inc)/dec in Current Assets	1,876.8	-415.6	-450.2	-257.4
Inc/(dec) in CL and Prov.	85.9	1,202.4	-123.6	655.9
<b>CF from operating activities</b>	<b>4,031.7</b>	<b>3,250.4</b>	<b>967.7</b>	<b>3,432.3</b>
(Inc)/dec in Investments	-788.9	-153.9	0.0	0.0
(Inc)/dec in Fixed Assets	-238.5	-1,330.7	-1,500.0	-1,400.0
Others	-253.9	-1.1	0.0	0.0
<b>CF from investing activities</b>	<b>-1,281.3</b>	<b>-1,485.6</b>	<b>-1,500.0</b>	<b>-1,400.0</b>
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	84.0	17.4	-101.4	0.0
Dividend paid & dividend tax	-307.8	-307.8	-439.7	-549.6
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	33.0	54.0	0.0	0.0
<b>CF from financing activities</b>	<b>-190.8</b>	<b>-236.4</b>	<b>-541.1</b>	<b>-549.6</b>
Net Cash flow	2,559.6	1,528.4	-1,073.4	1,482.7
Opening Cash	4,647.8	6,192.0	7,731.6	7,662.4
<b>Closing Cash</b>	<b>7,207.3</b>	<b>7,720.4</b>	<b>6,658.2</b>	<b>9,145.1</b>

Source: Company, ICICI Direct Research

Exhibit 17: Balance sheet				
	₹ crore			
(Year-end March)	CY20	CY21	CY22E	CY23E
<b>Liabilities</b>				
Equity Capital	188.0	188.0	188.0	188.0
Reserve and Surplus	12,511.2	14,120.4	14,568.8	16,329.5
Total Shareholders funds	12,699.1	14,308.3	14,756.7	16,517.5
Total Debt	84.0	101.4	0.0	0.0
Other Liabilities	398.0	407.1	407.1	407.1
<b>Total Liabilities</b>	<b>13,181.2</b>	<b>14,816.8</b>	<b>15,163.8</b>	<b>16,924.5</b>
<b>Assets</b>				
Gross Block	15,436.4	16,070.1	17,015.1	19,615.1
Less: Acc Depreciation	8,928.0	9,528.7	10,182.1	10,905.5
Net Block	6,508.4	6,541.4	6,833.0	8,709.6
Capital WIP	548.1	1,245.0	1,800.0	600.0
Total Fixed Assets	7,056.5	7,786.5	8,633.0	9,309.6
Investments + Goodwill	913.7	1,077.7	1,077.7	1,077.7
Inventory	901.3	1,273.9	1,335.9	1,593.3
Debtors	451.4	489.0	574.2	576.5
Other assets	654.2	595.2	769.3	707.5
Misc assets	1,016.1	1,080.4	1,209.3	1,268.8
Cash	6,192.0	7,731.6	7,662.4	9,145.1
Total Current Assets	9,214.9	11,170.1	11,551.1	13,291.2
Creditors	4,448.8	5,323.9	5,211.9	5,772.5
Provisions	570.4	897.7	886.0	981.3
Total Current Liabilities	5,019.2	6,221.6	6,098.0	6,753.8
Net Current Assets	4,195.7	4,948.5	5,453.1	6,537.3
<b>Application of Funds</b>	<b>13,181.2</b>	<b>14,816.8</b>	<b>15,163.8</b>	<b>16,924.5</b>

Source: Company, ICICI Direct Research

Exhibit 18: Key ratios				
(Year-end March)	CY20	CY21	CY22E	CY23E
<b>Per share data (₹)</b>				
EPS	76.1	99.1	47.3	123.0
Cash EPS	110.1	131.1	82.0	161.5
BV	675.8	761.5	785.4	879.1
DPS	14.0	14.0	0.0	0.0
Cash Per Share	329.5	411.5	407.8	486.7
<b>Operating Ratios (%)</b>				
EBITDA Margin	17.1	18.6	9.4	18.6
PAT Margin	10.4	11.5	5.0	12.1
Inventory days	27.0	24.6	27.0	28.0
Debtor days	14.3	10.6	11.0	11.0
Creditor days	116.2	110.4	109.0	105.0
<b>Return Ratios (%)</b>				
RoE	12.6	13.4	6.1	14.0
RoCE	14.7	17.6	8.3	18.6
<b>Valuation Ratios (x)</b>				
P/E	29.2	22.4	47.0	18.1
EV / EBITDA	14.8	11.1	19.9	8.9
EV / Net Sales	2.5	2.1	1.9	1.7
Market Cap / Sales	3.0	2.6	2.4	2.2
Price to Book Value	3.3	2.9	2.8	2.5
<b>Solvency Ratios</b>				
Debt/EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	1.8	1.8	1.9	2.0
Quick Ratio	0.6	0.6	0.6	0.6

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, Deboto Sinha MBA, 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 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.