UltraTech Cement (ULTCEM)

ICICI direct Research

CMP: ₹ 6,401 | Target: ₹ 7,700 (20%) | Target Period: 12 months | BUY

October 20, 2022

Margin trajectory to improve from here on…

About the stock: UltraTech is the **largest cement manufacturer** in India with a domestic capacity of 114.5 MT (over 23% of total market) with a leadership position in most regions (excluding east). It has grown through organic and inorganic routes and added around ~30 MT of capacity in the last three years.

- It has shown its capability to successfully integrate the acquired assets and ramped up its utilisation in a profitable manner
- The company is now **focusing on the fast growing market of eastern India**, which accounts for over a third of 42.5 MT planned expansion over FY21-25E

Q2FY23 Results: UltraTech cement's results for Q2FY23 remained marginally below our estimates at operational level.

- Net revenues grew 16.7% YoY to ₹ 13,482 crore (vs. I-Direct est. ₹ 13,168 crore). It declined 8.4% QoQ
- Cost of production increased 8.7% QoQ to ₹ 5317/t due to higher power & fuel expenses. As a result, EBITDA/t declined by 50.6% YoY, 30.6% QoQ to ₹ 775/t (vs. I-direct estimate: ₹ 808/t).
- Net profit declined 44.7% YoY, 53.8% QoQ to ₹ 718 crore, lower than our expected net profit of ₹ 794 crore

What should investors do? Market leadership, strong brand with highest retail presence and robust balance sheet justifies UltraTech's premium valuations.

- The company's strategic growth plan, prudent approach in generating higher cash flows/capex while maintaining strong b/s would keep it ahead in the league. We remain positive on the company and maintain **BUY** rating

Target Price and Valuation: Valued at ₹ 7,700 i.e.14.5x FY24E EV/EBITDA

Key triggers for future price performance:

- Given the cement sector's healthy long-term growth potential, the industry is likely to grow at ~8% CAGR during FY22-27
- Expect its capacity to increase at a CAGR of ~10.2% to 154 MT against industry average capacity CAGR of 7.2% over the next three years
- The new organic capacities are being added at lower capital cost (US$76/t) that will help in boosting return ratios (to generate 16-18% IRR)

Alternate Stock Idea: Apart from UltraTech, we also like Shree Cement.

- Shree Cement is the third largest cement group and most efficient cement player in the Industry
- BUY with a target price of ₹ 24,300/share

Result Update

ICICI Securities – Retail Equity Research

ADITYA BIRLA UltraTech

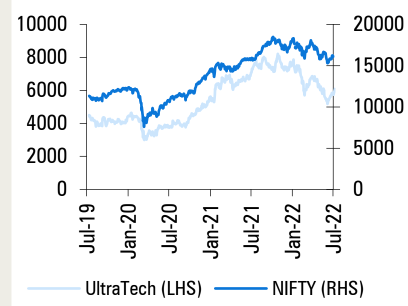
Particulars

Particulars	Amount
Mcap	₹ 184715 crore
Debt (FY22)	₹ 9891 crore
Cash & Invest (FY22)	₹ 260 crore
EV	₹ 194346 crore
52 week H/L	₹8269/₹5157
Equity cap	₹ 288.2 crore
Face value	₹ 10

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	60.0	60.0	60.0	60.0
FII	16.5	15.7	14.0	13.1
DII	14.6	15.2	16.4	18.2
Others	9.0	9.1	9.6	8.7

Price Chart



Key risks

- Any delay in commissioning of new capacity may impact return ratios
- Volatility in prices of imported coal/petcoke may impact margins

Research Analyst

Rashes Shah
rashes.shah@icicisecurities.com

Debotro Sinha
debotro.sinha@icicisecurities.com

Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22	3 Year CAGR (%)	FY23E	FY24E	2 Year CAGR (%)
Net Sales (₹ crore)	39933	40634	43188	50663	8.3	61004	68314	16.1
EBITDA (₹ crore)	7076	8652	10964	10936	15.6	10823	15124	17.6
EBITDA (%)	17.7	21.3	25.4	21.6		17.7	22.1	
Adjusted PAT (₹ crore)	2530	4448	5506	7067	40.8	5597	8708	11.0
EPS (₹)	87.7	154.1	190.8	244.9		194.0	301.8	
EV/EBITDA	28.0	22.7	17.4	17.1		17.2	12.0	
EV/t ($)	254	252	208	204		202	183	
RoNW (%)	7.6	11.6	12.7	14.3		10.5	14.3	
RoCE (%)	9.0	11.4	14.7	14.2		13.4	18.5	

Source: Company, ICICI Direct Research

Key performance highlights

- Blended sales volumes were up 8.3% YoY at 22.1 MT (vs. I-direct estimate: 22.3 MT). Blended realisations were also higher by ~7.8% YoY to ₹ 6,092/tonne. Grey cement volumes grew 10% YoY to 21.75 MT with capacity utilisation of 76% vs. 72% last year. RMC business registered volume growth of 29% for the quarter on a YoY basis. Premium products contributed to 18.8% of trade sales volume in Q2FY23
- Cost of production increased 8.7% QoQ to ₹ 5317/t due to higher power & fuel expenses. The increase was higher than our expected cost increase of 4.2% sequentially. P&F cost was up 59% YoY, 16.7% QoQ to ₹ 1,763/tonne
- As a result, EBITDA/t declined 50.6% (down 30.6% QoQ) to ₹ 775/t (vs. I-direct estimate: ₹ 808/t). Reported EBITDA was at ₹ 1,716 crore (vs. I-direct estimate ₹ 1,801 crore), with EBITDA margins coming in at 12.7% (down 979 bps YoY, 718bps QoQ) against our margin of 13.7%
- Net profit declined 44.7% YoY, 53.8% QoQ to ₹ 718 crore, lower than our expected net profit of ₹ 794 crore
- In terms of expansion, the company commissioned cement capacity of 1.3 MT at Dalla Cement Works, Uttar Pradesh in this quarter, taking the total grey cement capacity of the company to 115.85 MT
- Remaining capacity expansion is on track to be commissioned by March 2023 (9.6 MT in Q3 and 5.8 MT in Q4). After this expansion, total grey cement capacity of the company will be 131.25 MT in India
- In the phase II, the company will be adding another 22.6 MT by FY25E. This will take its total capacity close to 154 MT
- The company commenced 6 MW of WHRS capacity during the quarter (total 24 MW in H1FY23). With this, the total WHRS capacity has been augmented to 191 MW. This is expected to increase to 250 MW by the end of FY23
- The green power mix is now at 19.5%. The company is also targeting its green power mix to increase to 36% by FY25E
- Net debt increased to ₹ 8,357 crore from ₹ 5,561 crore in June 2022 primarily on account of increase in working capital and growth capex

Other highlights

- **Demand in Q2:** The cement demand in central & eastern region was impacted to come extent due to heavy monsoon and sand mining ban in Chhattisgarh and Odisha
- **Demand Outlook**: The company expects cement demand to cross 500 MT by FY27E from ~350 MT at present (i.e. expecting a demand CAGR of ~8%) In terms of segments, it expects infrastructure to grow at 8-9% followed by housing (~7-8% both in rural & urban) and industrial & commercial (5-6% CAGR) over FY22-FY27
- **Cost of production**: The cost of fuel has increased to ₹ 2.489'Kcal in Q2 from ₹ 2.215/Kcal in Q1FY23 and ₹ 1.43/Kcal in Q2FY22. With the fall in international coal/petcoke prices, the company expects minimum cost reduction of over ₹ 100/tonne from Q3 onwards
- **Expansion:** On track to reach 130.9 MT by FY23E. In phase-II, the company will be adding another 22.6 MT by FY25E that will take its total capacity close to 154 MT. **The company aims to reach 200 MT cement capacity by 2030 representing capacity CAGR of 7.2%**. Total capex in FY23 is expected to be ₹ 6000 crore. It is likely to incur capex of ₹ 6000 crore in FY24 as well, including capex on WHRS units

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Net Sales	13,482	13,168	11,548	16.7	14,715	-8.4	
EBITDA	1,716	1,801	2,600	-34.0	2,929	-41.4	
EBITDA Margin (%)	12.7	13.7	22.5	-979 bps	19.9	-718 bps	Higher power & fuel cost led to sharp reduction in margins
Depreciation	643	628	613	4.9	628	2.3	
Interest	187	189	183	2.2	200	-6.5	
PBT	1,051	1,150	1,946	-46.0	2,268	-53.7	
Total Tax	333	357	646	-48.5	714	-53.4	
PAT	718	794	1,300	-44.7	1,554	-53.8	
Key Metrics							
Blended volume (MT)	22.1	22.3	20.4	8.3	24.1	-8.2	Grey cement volume grew 10% YoY to 21.75 MT while white cement volume remained flat
Realisation (₹)	6,092	5,905	5,653	7.8	6,106	-0.2	
EBITDA per Tonne (₹)	775	808	1,570	-50.6	1,117	-30.6	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY23E			FY24E		
(₹ Crore)	Old	New	% Change	Old	New	% Change
Revenue	60,410.0	61,003.8	1.0	68,314.3	68,314.3	0.0
EBITDA	10,955.0	10,823.0	-1.2	15,124.3	15,124.3	0.0
EBITDA Margin (%)	18.1	17.7	-39 bps	22.1	22.1	0 bps
PAT	5,565.4	5,597.0	0.6	8,708.4	8,708.4	0.0
EPS (₹)	192.9	194.0	0.6	301.8	301.8	0.0

Source: Company, ICICI Direct Research

Key triggers for future price performance

Target total capacity of 200 MT by 2030; to reach 154 MT by FY25E

The target of reaching 200 MT by FY30E from 114.55 MT indicates capacity CAGR growth of 7.2% during FY22-30E. The newly announced cement capacity expansion of 22.6 MT along with ongoing capex of ~16.7 MT would take its total capacity to 131.25 MT by end of FY23E and ~154 MT by end of FY25E. Region wise, major capacities are being added in the eastern and central region (73% of 19.5 MT) currently, which has lowest road and power density per capita representing higher growth potential while rural population share remains one of the higher, offering stability in prices. The balance 27% of new capacities is being added in the north region. Furthermore, as these new organic capacities are being added at lower capital costs (US$60/t for phase I, $76/tonne for phase II), it will help in boosting return ratios (new capacity to generate 15%+ IRR.

Efficiency measures to help sustain margins; b/s to stay firm

While uncertainty remains on cost inflation with respect to price fluctuations in petcoke and diesel prices, the management's focus on consolidating the acquired assets, driving synergies, especially on the logistics front, improving premium segment share (to increase from 10% to 15% in two years) and containing fixed overheads on a sustainable basis provide a cushion against risk of margin erosion, going forward. On the leverage front, the net debt/EBITDA is now at 0.9x in FY22 vs. 1.4x last year.

Valuation & Outlook

Post a subdued Q2, we now expect the margin curve to improve from H2FY23 onwards on a sustained basis as the benefit of recent correction in pet coke price would start reflecting in the performance from Q3 onwards. Also, from a long-term perspective, the company's strategic growth plan (target to become 154 MT player by 2025, 200 MT player by 2030, i.e. at 7.2% CAGR), prudent approach in generating higher cash flows to capex with IRR target of +15% for the new capex while maintaining strong balance-sheet would continue to keep the company ahead in the league. Hence, we remain constructive on the company and maintain BUY rating with a revised target price of ₹ 7,700/share (i.e. 14.5x FY24E EV/EBITDA).

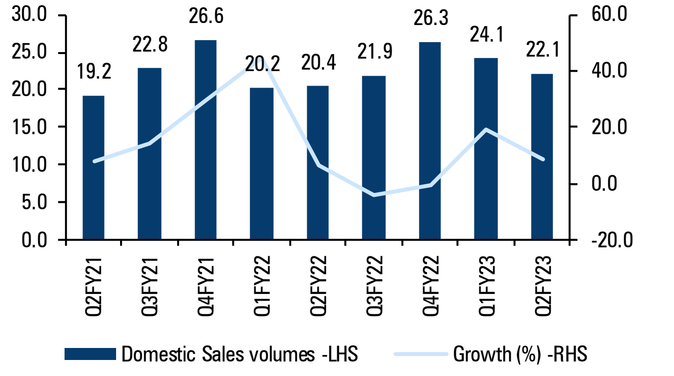
Exhibit 3: Valuation matrix

	Sales (₹ cr)	Gr (%)	EPS (₹)	Gr (%)	PE (x)	EV/Tonne ($)	EV/EBITDA (x)	RoNW (%)	RoCE (%)
FY20	40634.2	4.7	189.1	20.6	33.9	252	22.7	14.2	11.0
FY21	43188.4	6.3	185.1	-2.1	34.6	208	17.4	12.3	14.6
FY22	50663.5	17.3	244.9	32.3	26.1	204	17.1	14.3	14.3
FY23E	61003.8	20.4	194.0	-20.8	33.0	202	17.2	10.5	13.3
FY24E	68314.3	12.0	301.8	55.6	21.2	183	12.0	14.3	18.6

Source: Company, ICICI Direct Research

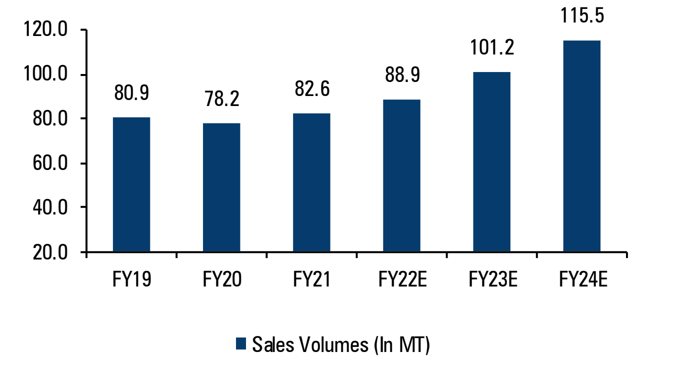
Financial story in charts

Exhibit 4: Sales volumes improve 8.3% YoY to 22.1 MT



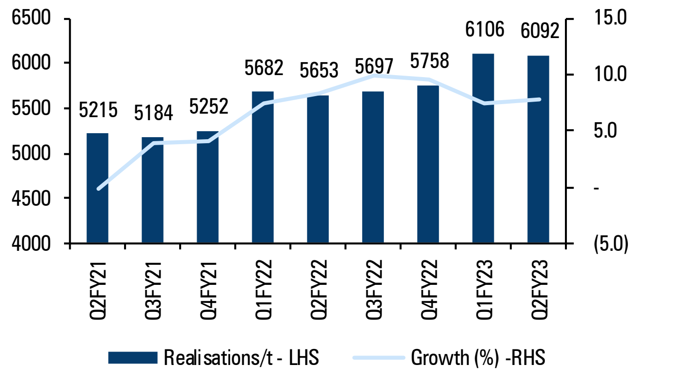
Source: Company, ICICI Direct Research

Exhibit 5: Volumes expected to cross ~100 MT in FY23E



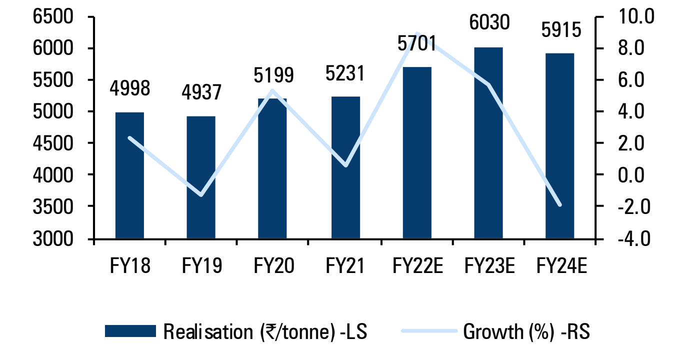
Source: Company, ICICI Direct Research

Exhibit 6: Realisations up 7.8% on YoY basis



Source: Company, ICICI Direct Research

Exhibit 7: Realisation growth to moderate with volume pick-up



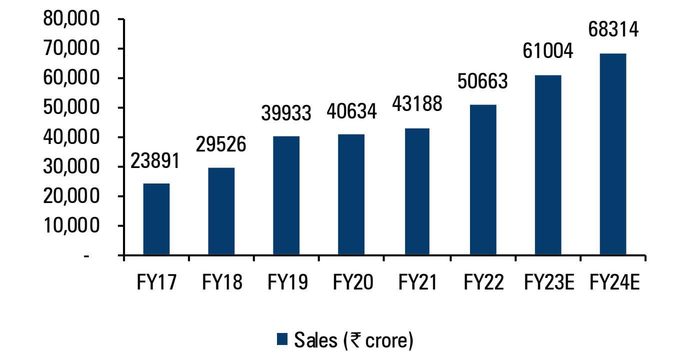
Source: Company, ICICI Direct Research

Exhibit 8: Domestic capacity to reach ~154 MT by FY25E (i.e. capacity growth of 10.3% CAGR during FY22-25E)

Zone (In MT)	FY22 Capacity	Phase I Expansion	FY23E Total	Phase II Expansion	FY25E Total
North	23.6	2.7	26.4	4.4	30.8
Central	25.3	3.1	28.4	7.3	35.7
East	17.4	9.1	26.5	5.2	31.7
West	27.7	1.8	29.5	0.0	29.5
South	20.5	0.0	20.5	5.7	26.2
Total	**114.5**	**16.7**	**131.3**	**22.6**	**153.9**
Overseas	5.4		5.4		5.4
Total	**119.9**		**136.7**		**159.3**

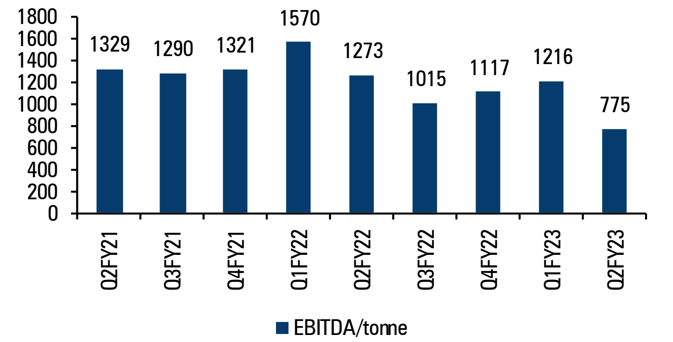
Source: Company, ICICI Direct Research

Exhibit 9: Standalone revenues to grow at 16.1% CAGR in FY22-24E



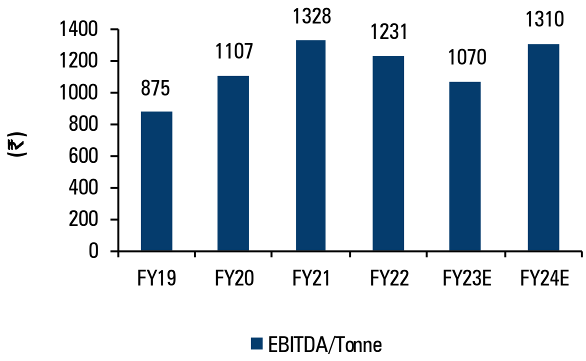
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA/t declines 50.6% YoY as impact of higher fuel prices visible fully



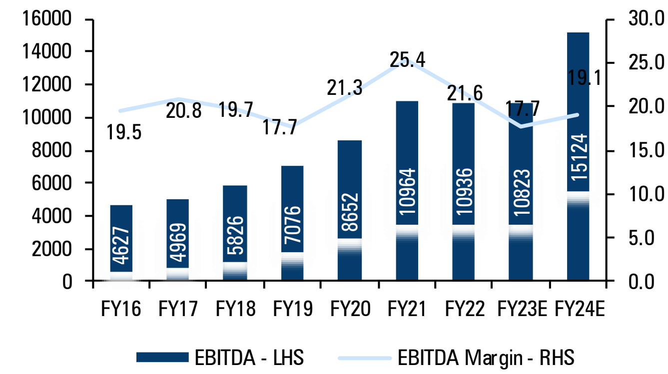
Source: Company, ICICI Direct Research

Exhibit 11: EBITDA/t trajectory to improve, going ahead



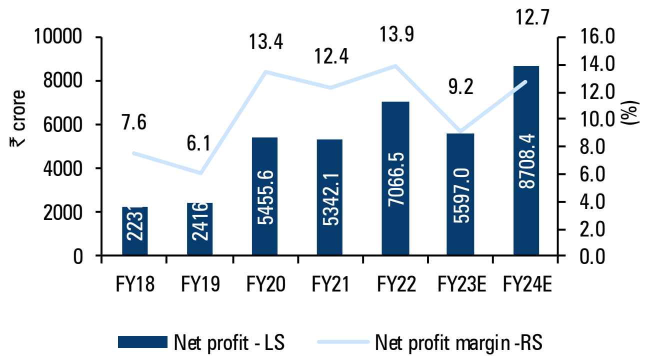
Source: Company, ICICI Direct Research

Exhibit 12: EBITDA growth to trend



Source: Company, ICICI Direct Research

Exhibit 13: PAT margin trend



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 14: Profit & Loss Account

(Year-end March)	FY21	FY22	FY23E	FY24E
Total operating Income	**43,188**	**50,663**	**61,004**	**68,314**
Growth (%)	6.3	17.3	20.4	12.0
Raw material cost	7,539	8,560	10,429	11,029
Power & Fuel cost	7,552	10,952	15,743	15,069
Freight cost	9,940	11,561	13,389	15,432
Employees cost	2,182	2,359	2,501	2,652
Others	5,012	6,296	8,119	9,008
Total Operating Exp.	32,224	39,727	50,181	53,190
EBITDA	**10,964**	**10,936**	**10,823**	**15,124**
Growth (%)	26.7	-0.3	-1.0	39.7
Depreciation	2,434	2,457	2,582	2,818
Interest	1,259	798	764	485
Other Income	789	612	660	800
PBT	8,059	8,293	8,137	12,621
Total Tax	2,553	1,227	2,540	3,912
PAT	**5,506**	**7,067**	**5,597**	**8,708**
Growth (%)	0.9	28.3	-20.8	55.6
Adj. EPS (₹)	**191**	**245**	**194**	**302**

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement

(Year-end March)	FY21	FY22	FY23E	FY24E
Profit after Tax	5,342	7,067	5,597	8,708
Add: Depreciation	2,434	2,457	2,582	2,818
(Inc)/dec in Current Assets	261	-3,138	1,573	-2,750
Inc/(dec) in CL and Provisions	6,620	-1,759	225	3,043
CF from operating activities	**14,658**	**4,626**	**9,977**	**11,820**
(Inc)/dec in Investments	-920	-123	0	-1,000
(Inc)/dec in Fixed Assets	-3,062	-5,672	-6,050	-6,250
Others	1,142	-463	0	0
CF from investing activities	**-2,839**	**-6,259**	**-6,050**	**-7,250**
Issue/(Buy back) of Equity	0	0	0	0
Inc/(dec) in loan funds	-3,185	-5,024	-1,500	-3,000
Dividend paid & dividend tax	-1,288	-1,322	-1,392	-1,392
Inc/(dec) in Sec. premium	0	0	0	0
Others	1,002	175	0	0
CF from financing activities	**-3,471**	**-6,172**	**-2,892**	**-4,392**
Net Cash flow	1,571	-1,622	-65	178
Opening Cash	310	1,881	260	195
Closing Cash	**1,881**	**260**	**195**	**373**

Source: Company, ICICI Direct Research

Exhibit 16: Balance Sheet summary

(Year-end March)	FY21	FY22	FY23E	FY24E
Liabilities				
Equity Capital	289	289	289	289
Reserve and Surplus	43,064	48,983	53,188	60,504
Total Shareholders funds	43,353	49,271	53,476	60,792
Total Debt	14,915	9,891	8,391	5,391
Deferred Tax Liability	5,219	4,756	4,756	4,756
Total Liabilities	**63,487**	**63,918**	**66,623**	**70,940**
Assets				
Gross Block	67,569	70,137	76,313	82,263
Less: Acc Depreciation	22,102	24,559	27,141	29,959
Net Block	45,467	45,577	49,172	52,304
Capital WIP	1,522	4,627	4,500	4,800
Total Fixed Assets	46,989	50,204	53,672	57,104
Investments	20,786	15,826	15,826	16,826
Inventory	3,722	5,163	4,732	5,749
Debtors	2,286	2,707	2,641	3,348
Loans and Advances	1,353	2,583	2,297	3,168
Other Current Assets	3,399	3,446	2,655	2,810
Cash	1,881	260	195	373
Total Current Assets	12,641	14,158	12,520	15,448
Creditors	6,334	8,994	9,056	10,783
Provisions	10,595	6,176	6,339	7,656
Total Current Liabilities	16,929	15,170	15,396	18,439
Net Current Assets	-4,288	-1,013	-2,876	-2,991
Others Assets	0	0	0	0
Application of Funds	**63,486**	**65,018**	**66,623**	**70,940**

Source: Company, ICICI Direct Research

Exhibit 17: Ratio sheet

(Year-end March)	FY21	FY22	FY23E	FY24E
Per share data (₹)				
Adj. EPS (₹)	190.8	244.9	194.0	301.8
Cash EPS	269.5	330.0	283.4	399.4
BV	1,502.3	1,707.4	1,853.1	2,106.7
DPS	37.0	38.0	40.0	40.0
Cash Per Share	65.2	9.0	6.8	12.9
Operating Ratios (%)				
EBITDA Margin	25.4	21.6	17.7	22.1
PBT / Total Operating income	18.3	16.4	13.3	18.5
PAT Margin	12.4	13.9	9.2	12.7
Inventory days	31.9	32.0	29.6	28.0
Debtor days	17.5	18.0	16.0	16.0
Creditor days	40.5	55.2	54.0	53.0
Return Ratios (%)				
RoE	12.7	14.3	10.5	14.3
RoCE	14.7	14.2	13.4	18.5
RoIC	16.0	15.9	15.0	21.3
Valuation Ratios (x)				
P/E	34.6	26.1	33.0	21.2
EV / EBITDA	17.4	17.1	17.2	12.0
EV / Net Sales	4.4	3.7	3.0	2.7
Market Cap / Sales	4.3	3.6	3.0	2.7
Price to Book Value	4.3	3.7	3.5	3.0
Solvency Ratios				
Debt/EBITDA	1.4	0.9	0.8	0.4
Debt / Equity	0.3	0.2	0.2	0.1
Current Ratio	0.7	0.9	0.8	0.8
Quick Ratio	0.6	0.9	0.8	0.8

Source: Company, ICICI Direct Research

ANALYST CERTIFICATION

I/We, Rashesh Shah (CA), Debotro 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 – 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 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.