HOLD (Maintained)

CMP: INR 25,820 Target Price: INR 27,085 (INR 29,489) ▲ 5%

ICICI Securities

ICICI Securities Limited is the author and distributor of this report

16 May 2024

India | Equity Research | Q4FY24 results review

Shree Cement

Cement

Cost control drives a home run; sector concerns persist

Shree Cement's (SRCM) Q4FY24 EBITDA/t, at INR 1,347, has yet again stood at the highest level among peers. EBITDA, at INR 13.3bn, stood 27% ahead of estimates (racing 49% YoY), riding the benefits of operating leverage (other expenses/t slipped >18% QoQ) and low variable cost. SRCM appeared confident of sustaining cost leadership with plans to increase green power mix to ~63% (vs ~56% currently) and improve rail freight mix to 20-25% (vs 10% currently) over the next 2-3 years. However, the underlying weakness in cement prices is leading to 10%/4% cut in our FY25/26E EBITDA, respectively. Further, we lower our EV/EBITDA multiple to 16x (vs 17x earlier) to bring it at par with industry leader UltraTech Cement given similar RoE (13-14%) and EBITDA growth profile. Maintain **HOLD** with a revised TP of INR 27,085 (vs INR 29,489 earlier).

Industry-leading performance, sustained

SRCM's volume at 9.53mn tonnes rose 8% YoY (7% QoQ) while realisation (adjusted to merchant power revenue of INR 4.4bn) slipped 4.4% QoQ – both of which were 1% better than expected. However, costs sprung in a positive surprise with - a) 'other expenses' coming off 13% QoQ (up just 7% YoY); b) freight cost/t and staff cost staying flat QoQ and c) with controlled variable cost, overall cement cost/t fell 6% QoQ (down 12% YoY). As a result, EBITDA/t (adjusted for merchant power EBITDA of INR 44mn) at INR 1,347 stood flat QoQ (up 45% YoY). FY24 volume surged 12% YoY and we maintain our assumption of 10% CAGR growth over FY25-26E. FY24 EBITDA/t stood at INR 1,185 (up 32% YoY) and on revised forecast, we estimate it at INR 1,152 for FY25E and INR 1,307 for FY26E.

Rich valuation amidst sectoral pangs; maintain HOLD

SRCM's focus on capacity expansion (ongoing projects to increase capacity at 19% CAGR over FY25-FY26) and efficiency enhancement (pursuing increase in green power and rail-freight mix) is heartening. Balance sheet, too, remains strong with net cash of ~INR 60bn for FY24. However, factoring the uncertain cement price outlook, amidst industry-wide race for capacity share, we now value SRCM at 16x FY26E EV/EBIDTA (vs 17x earlier; bringing it at par with industry leader UltraTech Cement) and maintain **HOLD** with a revised TP of INR 27,085 (INR 29,489 earlier).

Financial Summary

Y/E March (INR mn)	FY23A	FY24P	FY25E	FY26E
Net Revenue	1,68,375	1,95,855	2,01,378	2,28,382
EBITDA	29,423	43,635	46,034	57,608
EBITDA (%)	17.5	22.3	22.9	25.2
Net Profit	11,739	24,684	27,039	34,520
EPS (INR)	325.3	684.2	749.4	956.8
EPS % Chg YoY	(48.3)	110.3	9.5	27.7
P/E (x)	79.4	37.7	34.5	27.0
EV/EBITDA (x)	29.7	20.0	19.2	15.4
RoCE (%) (post-tax)	5.4	10.4	10.6	12.6
RoE (%)	6.6	12.8	12.5	14.2

Navin Sahadeo
navin.sahadeo@icicisecurities.com
+91 22 6807 7622
Harsh Mittal
harsh.mittal@icicisecurities.com

Market Data

Market Cap (INR)	932bn
Market Cap (USD)	11,156mn
Bloomberg Code	SRCM IN
Reuters Code	SHCM.BO
52-week Range (INR)	30,738 /22,601
Free Float (%)	37.0
ADTV-3M (mn) (USD)	12.2

Price Performance (%)	3m	6m	12m
Absolute	(1.9)	(1.5)	5.0
Relative to Sensex	(3.2)	(12.6)	(12.1)

Earnings Revisions (%)	FY25E	FY26E
Revenue	(2.9)	(2.9)
EBITDA	(10.0)	(4.3)
EPS	(2.6)	5.5

Previous Reports

01-02-2024: Q3FY24 results review
09-11-2023: Q2FY24 results review

Conference call takeaways

Demand/volume

- In FY24, cement capacity utilisation improved from 70% to 77% on a YoY basis, while utilisation in Q4FY24 stood at 79% (vs 77% YoY). In Q4FY24, SRCM witnessed production loss of 3-4 days (impact of ~4LT due to IT upgradation and rebranding activities) sans which utilisation could have reached 80%.
- Volume guidance for FY25 stands at 39-40mt (implying ~11% YoY volume growth). SRCM expects demand to pick-up in H2FY24.
- Region-wise growth for SRCM in Q4FY24 stood as below:

Region	YoY basis
North India	+5%
South India	Negative 9-10%
East India	+20%
Overall	**+7%**

Pricing

- Cement prices in Q1FY25-TD, as compared to Q4FY24-exit prices, have been broadly flat with negative bias.
- Q4FY24 cement realisation stood at INR 4,721/t vs INR 4,848/t in Q4FY23 and INR 5,006/t in Q3FY24. Likewise, in FY24, cement realisation stood at INR 4,833/t vs INR 4,872/t in FY23.
- SRCM aims to increase the premium cement share to 12-15% (of total trade sales) as its premium brand '*Magna*' gains traction in respective markets.

Cost

- Q4FY24 fuel consumption cost: INR 1.82/'000kcal vs INR 1.76/'000kcal QoQ. Going ahead, SRCM expects fuel cost to remain broadly flat.
- SRCM has ~14LT (as on Mar'24 end) of coal inventory which shall suffice ~4 months of fuel requirement.
- In Q4FY24, SRCM commissioned green power capacity of ~ 80MW, taking the total green power capacity to ~480MW (~386 MW in FY23).
- Further, the company plans to add 188MW of green power over the next two years.
- The break-up of the green power capacity addition is 34MW – WHRS and 154MW – solar power.
- Commissioning timelines of the above green power capacities are: 34MW WHRS and 114MW of solar power capacity in FY25 and balance 40MW of solar power capacity in FY26.
- During FY24, the share of green power consumption in total power consumption increased to 55.9% against 51.1% YoY; green power consumption stood at 54% in Q4FY24.
- SRCM aims to achieve green power share of 62-63% of total power consumption in medium term.
- Other expenses were lower sequentially due to (1) deferment of brand building/advertisement expenses and (2) lower unit spares cost (production loss of 3-4 days).

- SRCM aims to connect each manufacturing plant with railway sidings by FY28. It aims to increase the share of rail freight to 25% from 12% currently.
- Freight cost via road is ~INR 3/t/km and via rail is ~INR 2.6/t/km. Typically, rail freight generates 10-12% of cost savings vs road freight.
- Q4FY24: Lead distance dropped to 435kms vs 457kms QoQ.

Exhibit 1: Power segment EBITDA is usually 9-10% of power turnover

Power segment (INR mn)	Q4FY24	FY24
Revenue	~4,400	~16,130
EBITDA	~440	~1,550

Source: Company data

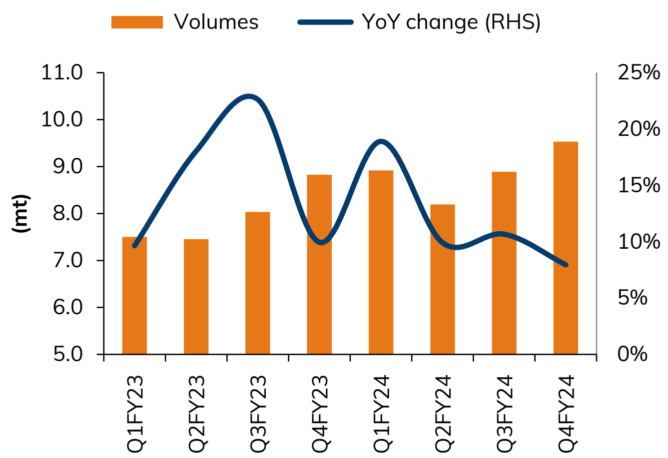
Capex

- SRCM shall be spending ~INR 120bn as capex on cumulative basis till FY27; it is evenly spread out over FY25-27 (~INR 40-45bn/annum).
- SRCM aims to commission ~9mtpa of cement capacity in FY25, taking the total installed capacity to 65.8mtpa. Further, it aims to achieve ~75mtpa of cement capacity in India on completion of the ongoing work on 18mtpa cement capacity.
- Commissioning of Etah, UP grinding unit is likely by Mar'25.
- Shree Cement has added cement capacity at ~17% CAGR against demand CAGR of ~7% between FY01 and FY23.

Others

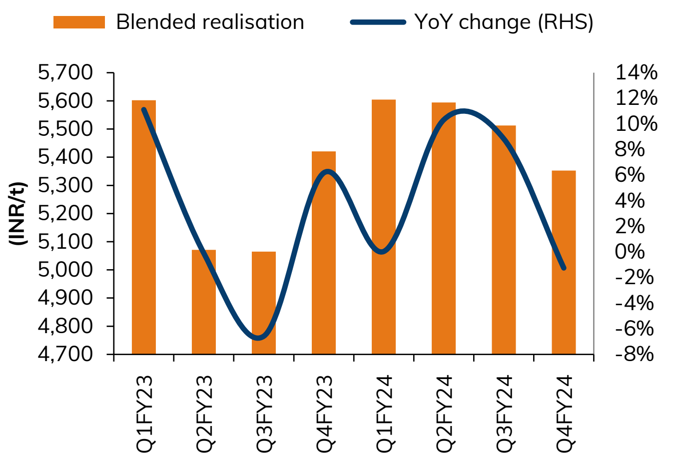
- The company guided for depreciation expenses at INR 15-16bn in FY25. Depreciation was higher in Q4FY24 due to commissioning of Nawalgarh, Rajasthan plant in Jan'24.
- SRCM has ~INR 50bn of net cash, as on Mar 31, '24.
- Over the next two years, SRCM aims to achieve ~INR 1bn of annual revenue/annum in RMC segment with 5-6% margin.
- It aims for 100 RMC plants in next 4-5 years.

Exhibit 2: Quarterly volumes trend



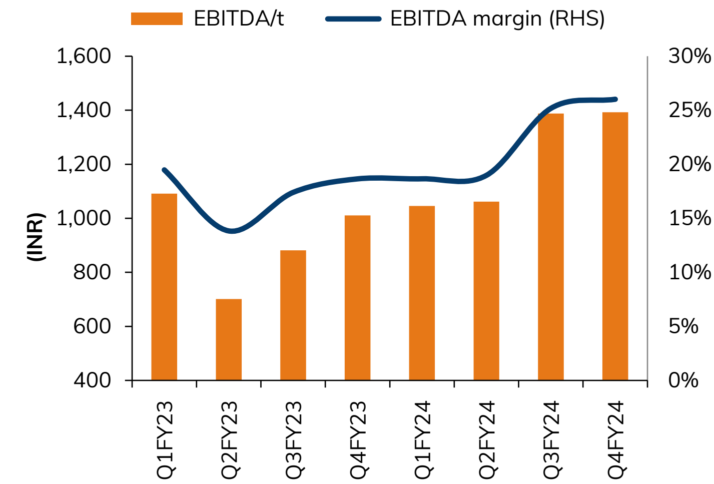
Source: I-Sec research, Company data

Exhibit 3: Quarterly realisation trend



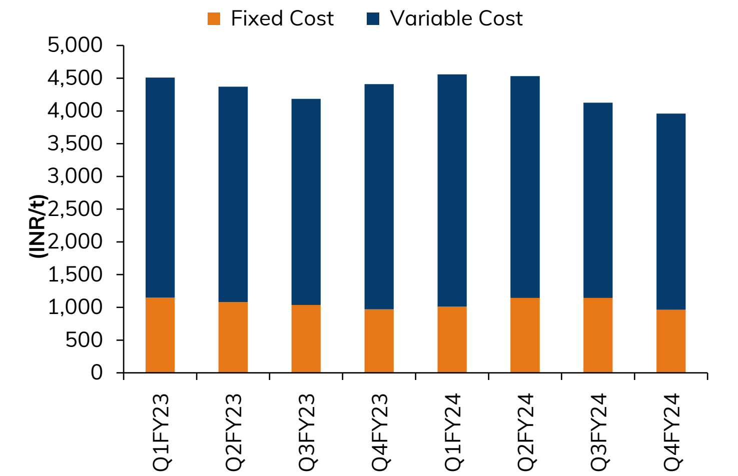
Source: I-Sec research, Company data

Exhibit 4: Quarterly margin trend - Standalone



Source: I-Sec research, Company data

Exhibit 5: Break-up of total cost - Standalone



Source: I-Sec research, Company data

Exhibit 6: Q4FY24 earnings review (standalone)

INR mn	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	Q4FY24E	% Variance
Net Sales	**51,010**	**47,851**	**6.6**	**49,008**	**4.1**	**48,372**	**5.5**
Net Volumes (mt)	**9.53**	**8.83**	**8.0**	**8.89**	**7.2**	**9.44**	**0.9**
Blended realisations (INR/t)	**5,353**	**5,420**	**(1.3)**	**5,513**	**(2.91)**	**5,123**	**4.5**
Raw Materials	3,608	4,312	(16.3)	4,393	(17.9)	4,666	(22.7)
Personnel Cost	2,352	2,209	6.5	2,347	0.2	2,363	(0.5)
Power and Fuel	14,490	15,729	(7.9)	12,381	17.0	12,562	15.3
Freight and forwarding	10,451	10,308	1.4	9,732	7.4	10,480	(0.3)
Other Expenses	6,838	6,369	7.4	7,819	(12.6)	7,841	(12.8)
Total Expenses	**37,738**	**38,927**	**(3.1)**	**36,671**	**2.9**	**37,912**	**(0.5)**
EBITDA	**13,272**	**8,925**	**48.7**	**12,337**	**7.6**	**10,460**	**26.9**
EBITDA/t (INR)	**1,393**	**1,011**	**37.8**	**1,388**	**0.4**	**1,108**	**25.7**
Interest	648	726	(10.8)	561	15.4	561	15.4
Depreciation	6,281	4,419	42.1	3,466	81.2	3,476	80.7
Other Income	1,379	1,353	1.9	1,354	1.8	1,379	(0.0)
Recurring pre-tax income	**7,722**	**5,132**	**50.5**	**9,664**	**(20.1)**	**7,802**	**(1.0)**
Extraordinary income/(expense)	-	-		-		-	
Taxation	1,105	(330)	NA	2,322	(52.4)	1,951	(43.4)
Reported Net Income	**6,618**	**5,462**	**21.2**	**7,342**	**(9.9)**	**5,852**	**13.1**
Recurring Net Income	**6,618**	**5,462**	**21.2**	**7,342**	**(9.9)**	**5,852**	**13.1**
% Margins			bps		bps		bps
EBITDA	26.0	18.7	737	25.2	85	21.6	439
PAT	13.0	11.4	156	15.0	-201	12.1	88

Source: I-Sec research, Company data

Exhibit 7: Historical quarterly analysis on per-tonne basis (standalone)

Per tonne (INR/t)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24
Blended Realisation*	**5,420**	**5,604**	**5,594**	**5,513**	**5,353**
Raw materials consumed	488	635	561	500	380
Power & fuel	1,782	1,708	1,671	1,393	1,520
Freight cost	1,168	1,192	1,160	1,095	1,097
Staff cost	250	263	285	264	247
Other expenses	721	750	861	880	717
Total cost/t	**4,409**	**4,559**	**4,533**	**4,125**	**3,960**
Blended EBITDA/t	**1,011**	**1,045**	**1,062**	**1,388**	**1,393**

Source: I-Sec research, Company data; * including power

Exhibit 8: Per tonne estimate – annual (standalone)

(INR/t)	FY22	FY23	FY24	FY25E	FY26E
Cement realisation	**5,004**	**4,986**	**5,058**	**4,908**	**5,039**
Raw material consumed	410	396	515	455	464
Staff costs	291	272	264	267	268
Power & fuel	1,011	1,467	1,160	1,124	1,075
Freight	1,169	1,173	1,135	1,100	1,119
Others	833	783	799	811	806
Total operating expenses	**3,842**	**4,367**	**4,284**	**4,018**	**3,957**
Cement EBITDA/t	**1,290**	**894**	**1,185**	**1,152**	**1,307**

Source: I-Sec research, Company data

Exhibit 9: Performance trend and key assumptions (standalone)

Particulars	FY22	FY23	FY24	FY25E	FY26E
Cement capacity (mtpa)	46.4	46.4	53.4	56.4	71.8
Cement sales volumes (mt)	27.7	31.8	35.5	38.7	43.2
Capacity utilisation (%)	*59.8*	*68.6*	*66.5*	*68.6*	*60.1*
Volume growth (%)	*3.3%*	*14.7%*	*11.7%*	*8.8%*	*11.6%*
Cement realisation blended (INR/t)	5,004	4,986	5,058	4,908	5,039
Growth (%)	*7.9%*	*-0.4%*	*1.5%*	*-3.0%*	*2.7%*

Source: I-Sec research, Company data

Exhibit 10: Earnings revision

(INR mn)	FY25E			FY26E		
	Revised	Earlier	% chg	Revised	Earlier	% chg
Revenues	2,01,378	2,07,458	(2.9)	2,28,382	2,35,169	(2.9)
EBITDA	46,034	51,144	(10.0)	57,608	60,190	(4.3)
PAT	27,039	27,767	(2.6)	34,520	32,727	5.5

Source: I-Sec research, Company data

Exhibit 11: Valuation based on 16x Mar'26E EV/E

Particulars (INR mn)	Mar'26E
EV/EBITDA multiple (x)	**16.0**
EBITDA	58,108
Enterprise Value (EV)	9,29,729
Less: Net Debt	(47,493)
Derived Mcap	9,77,222
Shares o/s (mn)	36.1
Value per share (INR)	**27,085**

Source: I-Sec research, Company data

Key risks

- Sharp increase in cement prices and/or sharp fuel cost decline are key upside risks.
- Sharp fall/reversal in recent hikes of cement prices and/or major surge in fuel prices are key downside risks.

Exhibit 12: Shareholding pattern

%	Sep'23	Dec'23	Mar'24
Promoters	62.6	62.6	62.6
Institutional investors	24.8	24.9	24.8
MFs and others	7.7	7.7	7.6
FIs/Banks, Insurance	4.5	4.4	4.4
FIIs	12.6	12.7	12.9
Others	12.7	12.6	12.6

Source: Bloomberg, I-Sec research

Exhibit 13: Price chart

Source: Bloomberg, I-Sec research

Financial Summary

Exhibit 14: Profit & Loss

(INR mn, year ending March)

	FY23A	FY24P	FY25E	FY26E
Net Sales	**1,68,375**	**1,95,855**	**2,01,378**	**2,28,382**
Operating Expenses	1,26,354	1,33,903	1,37,763	1,50,753
EBITDA	**29,423**	**43,635**	**46,034**	**57,608**
EBITDA Margin (%)	**17.5**	**22.3**	**22.9**	**25.2**
Depreciation & Amortization	15,462	16,147	15,523	17,179
EBIT	13,961	27,489	30,511	40,429
Interest expenditure	2,689	2,643	1,842	1,857
Other Non-operating Income	4,315	5,611	5,130	4,578
Recurring PBT	17,129	30,456	33,798	43,150
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	3,848	5,772	6,760	8,630
PAT	13,281	24,684	27,039	34,520
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	(1,543)	-	-	-
Net Income (Reported)	**13,281**	**24,684**	**27,039**	**34,520**
Net Income (Adjusted)	**11,739**	**24,684**	**27,039**	**34,520**

Source Company data, I-Sec research

Exhibit 15: Balance sheet

(INR mn, year ending March)

	FY23A	FY24P	FY25E	FY26E
Total Current Assets	86,466	1,10,722	99,983	99,095
of which cash & cash eqv.	34,700	54,756	42,424	40,051
Total Current Liabilities & Provisions	46,514	45,702	46,009	47,030
Net Current Assets	**39,952**	**65,020**	**53,974**	**52,065**
Investments	82,999	54,499	54,499	54,499
Net Fixed Assets	53,327	77,680	1,19,157	1,49,478
ROU Assets	-	-	-	-
Capital Work-in-Progress	28,709	18,209	11,209	13,709
Total Intangible Assets	-	-	-	-
Other assets	-	-	-	-
Deferred Tax assets	-	-	-	-
Total Assets	**2,04,987**	**2,15,408**	**2,38,839**	**2,69,751**
Liabilities				
Borrowings	25,392	14,737	14,737	14,737
Deferred Tax Liability	(6,686)	(6,686)	(6,686)	(6,686)
provisions	-	-	-	-
other Liabilities	3,396	3,396	3,396	3,396
Equity Share Capital	361	361	361	361
Reserves & Surplus	1,82,524	2,03,600	2,27,031	2,57,943
Total Net Worth	**1,82,884**	**2,03,961**	**2,27,391**	**2,58,304**
Minority Interest	-	-	-	-
Total Liabilities	**2,04,987**	**2,15,408**	**2,38,839**	**2,69,751**

Source Company data, I-Sec research

Exhibit 16: Quarterly trend

(INR mn, year ending March)

	Jun-23	Sep-23	Dec-23	Mar-24
Net Sales	49,991	45,846	49,008	51,010
% growth (YoY)	18.9	21.3	20.4	6.6
EBITDA	9,326	8,701	12,337	13,272
Margin %	18.7	19.0	25.2	26.0
Other Income	1,617	1,261	1,354	1,379
Extraordinaries	-	-	-	-
Adjusted Net Profit	5,811	4,913	7,342	6,618

Source Company data, I-Sec research

Exhibit 17: Cashflow statement

(INR mn, year ending March)

	FY23A	FY24P	FY25E	FY26E
Operating Cashflow	**29,363**	**45,535**	**47,770**	**59,158**
Working Capital Changes	(2,320)	(22,760)	(8,046)	(9,094)
Capital Commitments	(27,619)	(30,000)	(50,000)	(50,000)
Free Cashflow	**-576**	**-7,226**	**-10,276**	**64**
Other investing cashflow	3,530	13,524	55,588	3,029
Cashflow from Investing Activities	(24,089)	(16,476)	5,588	(46,971)
Issue of Share Capital	-	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	-	-	-	-
Dividend paid	(3,245)	(3,608)	(3,608)	(3,608)
Others	94	(1,321)	(1,842)	(1,857)
Cash flow from Financing Activities	(3,151)	(4,929)	(5,450)	(5,465)
Chg. in Cash & Bank balance	**(196)**	**1,369**	**39,862**	**(2,372)**
Closing cash & balance	1,193	2,562	42,424	40,051

Source Company data, I-Sec research

Exhibit 18: Key ratios

(Year ending March)

	FY23A	FY24P	FY25E	FY26E
Per Share Data (INR)				
Reported EPS	325.3	684.2	749.4	956.8
Adjusted EPS (Diluted)	325.3	684.2	749.4	956.8
Cash EPS	753.9	1,131.7	1,179.7	1,432.9
Dividend per share (DPS)	100.0	100.0	100.0	100.0
Book Value per share (BV)	5,068.9	5,653.0	6,302.4	7,159.2
Dividend Payout (%)	30.7	14.6	13.3	10.5
Growth (%)				
Net Sales	17.7	16.3	2.8	13.4
EBITDA	(19.3)	48.3	5.5	25.1
EPS (INR)	(48.3)	110.3	9.5	27.7
Valuation Ratios (x)				
P/E	79.4	37.7	34.5	27.0
P/CEPS	34.2	22.8	21.9	18.0
P/BV	5.1	4.6	4.1	3.6
EV / EBITDA	29.7	20.0	19.2	15.4
EV / t (USD)	227.9	197.5	201.0	156.3
Dividend Yield (%)	0.4	0.4	0.4	0.4
Operating Ratios				
Gross Profit Margins (%)	92.5	90.6	91.3	91.2
EBITDA Margins (%)	17.5	22.3	22.9	25.2
Effective Tax Rate (%)	22.5	19.0	20.0	20.0
Net Profit Margins (%)	7.9	12.6	13.4	15.1
NWC / Total Assets (%)	19.5	30.2	22.6	19.3
Net Debt / Equity (x)	(0.5)	(0.5)	(0.4)	(0.3)
Net Debt / EBITDA (x)	(3.1)	(2.2)	(1.8)	(1.4)
Profitability Ratios				
RoCE (%) (Post Tax)	5.4	10.4	10.6	12.6
RoE (%)	6.6	12.8	12.5	14.2
RoIC (%)	8.6	15.9	15.7	16.6
Fixed Asset Turnover (x)	3.2	3.0	2.0	1.7
Inventory Turnover Days	72	78	77	75
Receivables Days	21	18	18	17
Payables Days	34	26	26	26

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, Navin Sahadeo, MBA; 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. 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 AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 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 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 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.