

CMP: ₹ 492

Target: ₹ 575 (17%)

Target Period: 12 months

BUY

May 21, 2021

## B/s to strengthen further; maintain BUY!

JK Lakshmi Cement operated at full capacity in Q4 with 101% capacity utilisation led by improved sales volume from both retail & infra segment. Total sales volume grew 17.6% YoY to 2.9 MT. Realisation was also up 5.9% YoY, 3.0% QoQ to ₹ 4,559/tonne (vs. I-direct estimate: ₹ 4,413/t). This led to revenue growth of 24.6% YoY to ₹ 1,322 crore (vs. I-direct estimate: 1,226.2 crore). EBITDA margins came in at 20.3% (vs. I-direct estimate: 14.8%) and EBITDA/tonne of ₹ 924/tonne, ahead of our estimated EBITDA/t of ₹ 653/t despite 4.3% YoY increase in costs. After accounting for impairment loss of ₹ 30.9 crore, PAT grew 35.5% YoY to ₹ 136.5 crore while adjusted PAT growth was at 66.2% YoY on lower interest costs. The progress on the WHRS Unit III Project at Sirohi is as per schedule and will be commissioned by July 2021. The company's subsidiary Udaipur Cement is expanding its cement capacity by 2.5 MT, which would be commissioned by December 2023E. Post this, its consolidated capacity will get enhanced to 16.4 MT.

### Levers for healthy margins in place...

Being predominantly a north (8.2 MT) and central (3.5 MT) player, the company has got structural advantage of balanced environment in these two high growing regions. Further, self-sufficiency in power, through captive power plant (CPP) of 54 MW, waste heat recovery (WHR) plant of 14 MW and solar power plant of 6 MW have helped the company to reduce reliance on costly grid power. The progress on WHRS Unit-III Project at Sirohi (8 MW) is as per schedule and will be commissioned by July 2021. In eastern region, the company has 7 MW WHR plant and has recently commissioned CPP of 20 MW to become self-sufficient. To reduce freight cost, it has added 0.8 MT grinding unit in FY20 in Odisha. Proximity to market and self-sufficiency in power would continue to ensure improved cost efficiency, going forward.

### To add another 2.5 MT cement capacity by FY24E

With capacity utilisation reaching over 99% in Q4FY21 and 85% for the full year, the company will now be adding cement capacity of 2.5 MT (1.5 MT clinker) at its existing plant in Udaipur with total capex of ₹ 1400 crore. The same is likely to get commissioned by the end of Q3FY24E. Ramp up of capacities in Durg in the past four years has led to co-generation of annual OCF of over ~₹ 400 crore. Further, with liquidity buffer of ₹ 726 crore, we believe the company is in a better position to fund this new expansion.

### Valuation & Outlook

While the company may remain laggard in terms of growth in FY21-23E due to delayed capacity expansion (likely commissioning Q3FY24E), the focus on strengthening b/s with significant debt reduction in FY22E remains a key positive. Given the constructive outlook, we maintain our positive stance on the company on expected strong OCF over the next two years. Hence, we maintain our **BUY** rating with a revised TP of ₹ 575/share (earlier ₹ 470) (@ 7x FY23E EV/EBITDA, \$70/t)

#### Key Financial Summary

Key Financials	FY19	FY20	FY21	FY22E	FY23E	CAGR (FY21-23E)
Net Sales	3882	4044	4385	4725	5010	6.9%
EBITDA	415	672	790	896	961	10.3%
EBITDA (%)	10.7	16.6	18.0	19.0	19.2	
PAT	80	265	395	422	469	8.9%
EPS (₹)	6.8	22.6	33.5	35.9	39.8	
EV/EBITDA	16.9	10.0	7.7	6.7	6.0	
EV/Tonne (\$)	86	73	66	62	60	
RoNW	5.2	15.5	19.0	18.8	18.0	
RoCE	9.3	17.1	21.1	24.8	24.5	

Source: Company, ICICI Direct Research



#### Stock Data

Particular	Amount
Mcap	₹ 5791 crore
Debt (FY21)	₹ 1034 crore
Cash & Invest (FY21)	₹ 726 crore
EV	₹ 6099 crore
52 week H/L	₹ 395 / ₹ 180
Equity cap	₹ 59 crore
Face value	₹ 5

#### Key Highlights

- Volumes grew 19.3% while realisations were up 4.4% YoY
- CU for Q4FY21 at 101%. Temporary slowdown in volumes due to restrictions
- Gross borrowings reduced from ₹ 1398 crore to ₹ 1034 crore in FY21
- To increase cement capacity by 2.5 MT at UNCL with total capex of ₹ 1400 crore to address growth concern
- Maintain BUY with revised target price of ₹ 575 vs. earlier TP of ₹ 470

#### Key risks to our call

- Any delay in commissioning of new capacity may impact growth and return ratios
- Volatility in prices of such imported coal/petcoke without corresponding movement in price of cement can affect its profitability

#### Research Analyst

Rashesh Shah  
rashes.shah@icicisecurities.com

Exhibit 1: Variance Analysis

	Q4FY21	Q4FY21E	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	Comments
Net Sales	1322.0	1226.2	1061.2	24.6	1,192.8	10.8	Sales volume up 19.3% YoY to 2.9 MT while realisations were also up 4.4% YoY. Capacity utilisation for the quarter was at over 100%
Other Incomes	27.3	20.7	22.5	21.5	20.7	32.3	
Raw Material Expenses	318.0	305.7	236.1	34.7	301.9	5.3	
Employee Expenses	79.2	91.7	76.0	4.3	87.0	-9.0	
Power and fuel	227.1	236.2	200.5	13.3	215.3	5.5	Use of low cost petcoke inventory, higher fuel efficiency led to lower cost on per tonne basis. Impact of higher petcoke prices would get reflected from Q1FY22E onwards
Freight	271.4	258.4	214.0	26.8	242.8	11.8	
Others	158.4	152.8	132.6	19.4	154.0	2.9	
EBITDA	267.9	181.4	202.0	32.6	191.8	39.7	
EBITDA Margin (%)	20.3	14.8	19.0	123 bps	16.1	418 bps	Despite rise in CoP by 4.3% YoY, the company managed to improve margins by 123 bps YoY to 20.3% due to better sales realisations
Interest	29.9	36.7	42.5	-29.5	36.7	-18.3	
Depreciation	47.8	41.9	51.0	-6.2	48.7	-1.7	
Less: Exceptional Items	30.9	0.0	0.0	NA	0.0	NA	Relates to write down of investments in conveyer belt at Durg as per AS
PBT	186.5	123.5	131.1	42.3	127.2	46.7	
Total Tax	50.0	38.9	30.3	64.9	24.8	101.4	
PAT	136.5	84.6	100.8	35.5	102.3	33.4	
Adjusted PAT	167.4	84.6	100.8	66.2	102.3	63.6	Lower depreciation and interest costs led to sharp rise in the net profit
<b>Key Metrics</b>							
Volume (MT)	2.94	2.80	2.47	19.3	2.70	9.1	
Realisation (₹)	4,497	4,413	4,305	4.4	4,426	1.6	
EBITDA per Tonne (₹)	911	653	820	11.2	712	28.0	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	4,519.8	4,724.9	4.5	4,777.0	5,010.3	4.9	We factor in better sales volumes despite medium term weakness in the business due to restrictions
EBITDA	875.7	895.9	2.3	938.8	960.8	2.3	
EBITDA Margin (%)	19.4	19.0	-41 bps	19.7	19.2	-48 bps	Focus on cost rationalisation to push EBITDA margins higher
PAT	377.7	422.0	11.7	421.9	468.7	11.1	Debt repayment leading to lower finance cost to boost PAT
EPS (₹)	32.1	35.9	11.7	35.8	39.8	11.1	

Source: Company, ICICI Direct Research

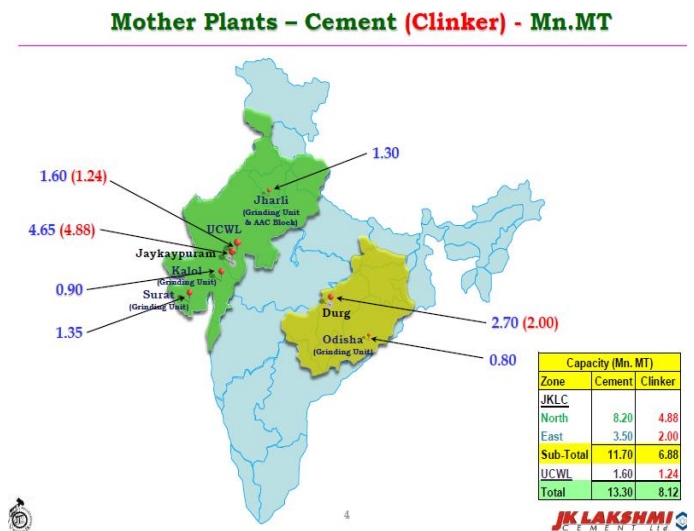
Financial story in charts

Exhibit 3: Clinker and cement capacity

State	Region	Capacity			
		FY21	FY22E	FY24E	
<b>Clinker capacity (Standalone)</b>		<b>6.9</b>	<b>6.9</b>	<b>6.9</b>	
Standalone Cement Capacity					
Rajasthan	North	4.7	4.7	4.7	
Gujarat	West	0.9	0.9	0.9	
Haryana	North	1.3	1.3	1.3	
Chhattisgarh	East	2.7	2.7	2.7	
Gujarat	West	1.3	1.3	1.3	
Odisha	East	0.8	0.8	0.8	
<b>Total cement capacity [A]</b>		<b>11.7</b>	<b>11.7</b>	<b>11.7</b>	
<b>Rajasthan (Subsidiary)</b>					
Clinker capacity		1.2	1.5	3.0	
Cement Capacity [B]		West	1.6	2.2	4.7
<b>Total Capacity [A+B]</b>		<b>13.3</b>	<b>13.9</b>	<b>16.4</b>	

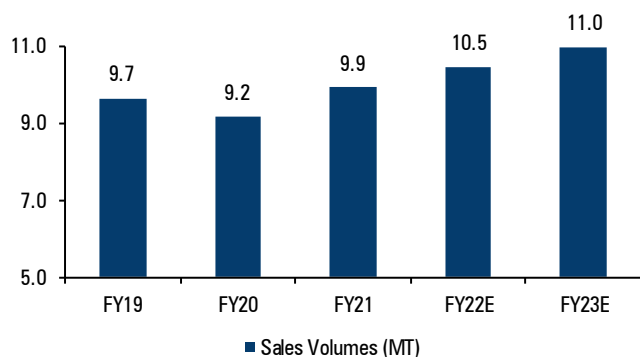
Source: Company, ICICI Direct Research

Exhibit 4: Location wise cement capacity



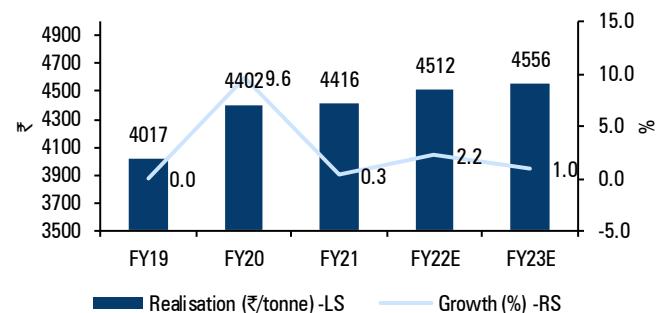
Source: Company, ICICI Direct Research

Exhibit 5: Volumes to grow at 5.2% CAGR over FY21-23E



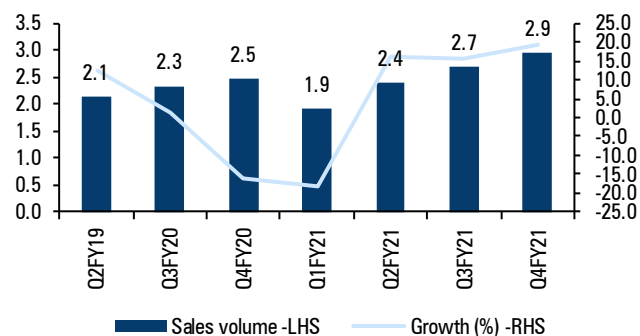
Source: Company, ICICI Direct Research

Exhibit 6: Realisations to remain firm on healthy capacity utilisation



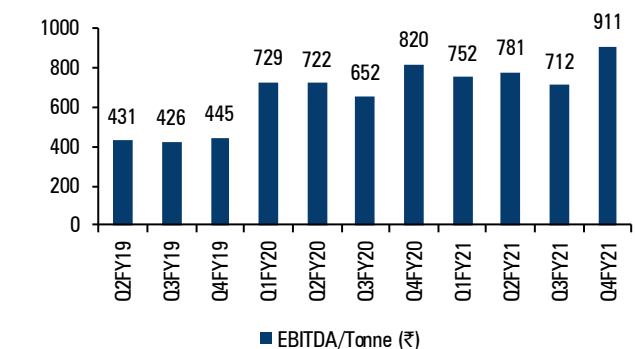
Source: Company, ICICI Direct Research

Exhibit 7: Volumes grow 17.6% YoY in Q4FY21...



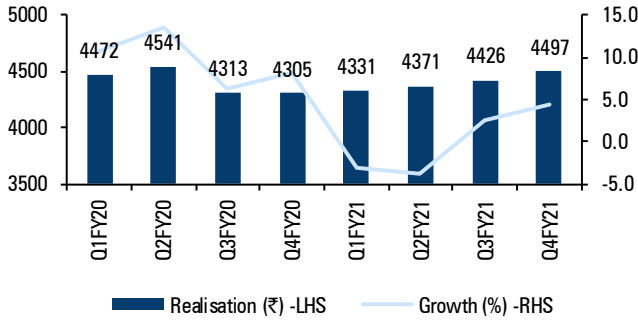
Source: Company, ICICI Direct Research

Exhibit 8: ..EBITDA/t remains better than expectations



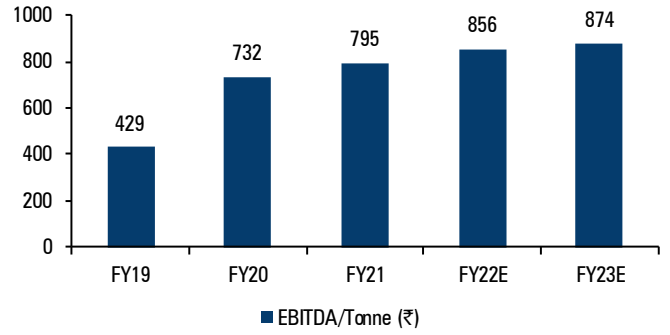
Source: Company, ICICI Direct Research

Exhibit 9: Realisations up 4.4% YoY



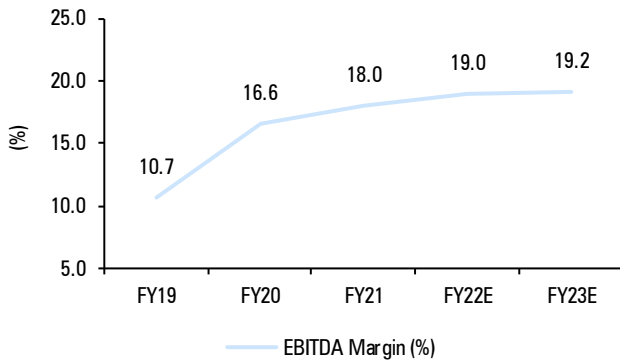
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA/t trend



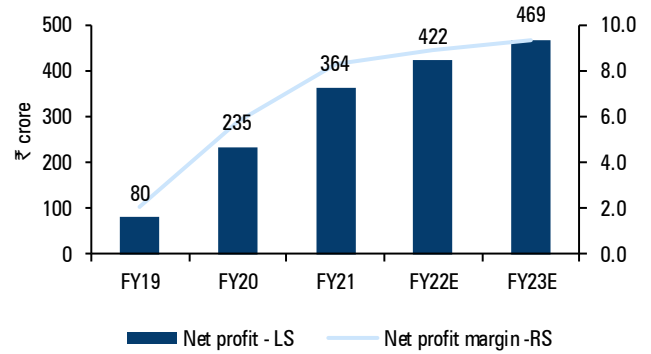
Source: Company, ICICI Direct Research

Exhibit 11: Margins to cross 19% in FY23E led by operating efficiency and better realisations



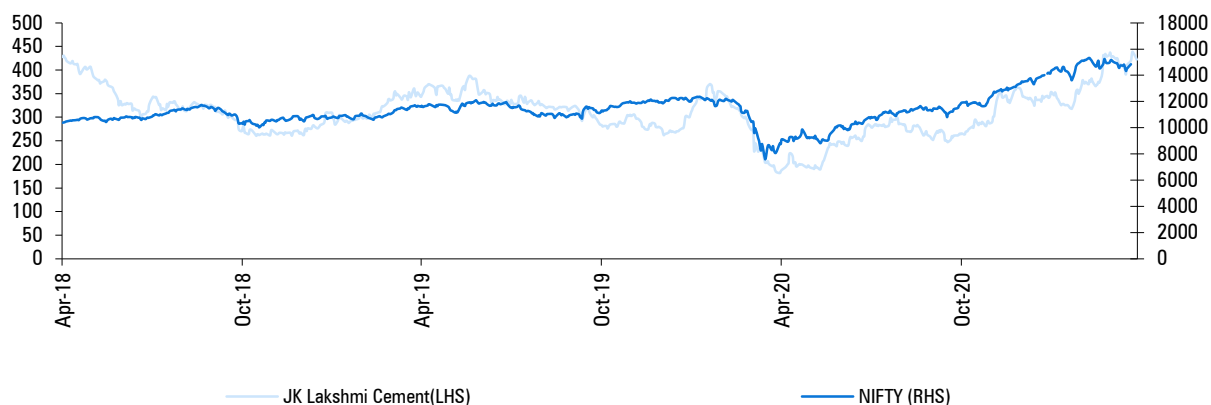
Source: Company, ICICI Direct Research

Exhibit 12: PAT to improve led by improving operating profits



Source: Company, ICICI Direct Research

Exhibit 13: Three year price performance vs. Nifty



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 14: Top 10 Shareholders

Rank	Name	Last Filing Date	%O/S	Position (m)	Change (m)
1	Bengal & Assam Co Lt	31-Dec-19	44.3	52.0	0.0
2	Franklin Templeton M	31-Dec-19	7.8	9.2	0.0
4	HDFC Life	31-Dec-19	3.1	3.6	0.2
5	India Capital Fund L	31-Dec-19	2.4	2.8	0.0
6	Axis Asset Managemen	31-Dec-19	2.4	2.8	0.0
7	Govt Pension Fund global	30-Apr-20	2.2	2.6	0.0
8	Aditya Birla Trustee Co	30-Apr-20	1.5	1.8	-0.2
9	L&T Mutual Fund	31-Dec-19	1.4	1.6	2.8
10	Nippon India	31-Dec-19	1.2	1.4	-0.4

Source: Company, ICICI Direct Research, Thomson Reuters

Exhibit 15: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	46.21	46.21	46.21	46.21	46.21
FII	10.61	10.41	9.92	10.65	10.58
DII	18.96	20.80	23.57	24.72	27.17
Others	24.22	22.58	20.30	18.42	16.04

Source: Company, ICICI Direct Research, Thomson Reuters

## Financial summary (Standalone)

Exhibit 16: Profit and loss statement					₹ crore
(Year-end March)	FY20	FY21	FY22E	FY23E	
<b>Total operating income</b>	<b>4,043.5</b>	<b>4,384.7</b>	<b>4,724.9</b>	<b>5,010.3</b>	
Growth (%)	4.2	8.4	7.8	6.0	
Raw material	952.4	1083.9	1130.9	1187.8	
Power & Fuel	843.9	779.8	890.1	967.8	
Employees	303.1	327.0	357.7	376.1	
Freight	817.6	883.2	937.2	989.8	
Others	454.2	521.2	513.1	527.9	
Total Operating Exp.	3,371.1	3,595.0	3,829.0	4,049.5	
<b>EBITDA</b>	<b>672.4</b>	<b>789.7</b>	<b>895.9</b>	<b>960.8</b>	
Growth (%)	52.2	17.5	13.4	7.2	
Depreciation	188.4	194.2	182.1	189.4	
Interest	163.6	142.5	98.6	84.6	
Other Income	49.3	74.6	32.0	32.0	
Exceptional items	30.2	30.9	0.0	0.0	
PBT	339.5	496.7	647.2	718.8	
Total Tax	104.2	132.8	225.2	250.2	
PAT	235.2	363.9	422.0	468.7	
<b>Adjusted PAT</b>	<b>265.5</b>	<b>394.9</b>	<b>422.0</b>	<b>468.7</b>	
Growth (%)	233.6	48.8	6.9	11.1	
<b>Adjusted EPS (₹)</b>	<b>22.6</b>	<b>33.5</b>	<b>35.9</b>	<b>39.8</b>	

Source: Company, ICICI Direct Research

Exhibit 18: Balance sheet					₹ crore
(Year-end March)	FY20	FY21	FY22E	FY23E	
<b>Liabilities</b>					
Equity Capital	58.9	58.9	58.9	58.9	
Reserve and Surplus	1,649.8	2,020.0	2,183.9	2,545.8	
Total Shareholders funds	1,708.7	2,078.9	2,242.7	2,604.6	
Total Debt	1,398.0	1,034.2	704.2	604.2	
Deferred Tax Liability	18.7	64.1	64.1	64.1	
Other non-current liabilities	181.3	185.9	185.9	185.9	
<b>Total Liabilities</b>	<b>3,306.7</b>	<b>3,363.1</b>	<b>3,197.0</b>	<b>3,458.9</b>	
<b>Assets</b>					
Gross Block	5,121.2	5,169.1	5,236.6	5,586.6	
Less: Acc Depreciation	2,333.1	2,527.3	2,709.3	2,898.8	
Net Block	2,788.1	2,641.8	2,527.2	2,687.8	
Capital WIP	151.0	227.5	300.0	350.0	
Total Fixed Assets	2,939.1	2,869.3	2,827.2	3,037.8	
Investments	416.9	367.3	367.3	367.3	
Inventory	412.8	315.5	331.7	299.7	
Debtors	88.2	53.7	257.0	72.4	
Loans and Advances	274.9	293.1	321.2	330.1	
Non current Investments	383.1	403.5	403.5	403.5	
Cash	29.3	359.1	133.4	243.9	
Total Current Assets	1,188.3	1,424.7	1,446.7	1,349.6	
Creditors	1,220.7	1,279.6	1,418.1	1,272.4	
Provisions	16.9	18.6	26.2	23.5	
Total Current Liabilities	1,237.6	1,298.3	1,444.3	1,295.9	
Net Current Assets	-49.4	126.5	2.4	53.7	
<b>Application of Funds</b>	<b>3,306.7</b>	<b>3,363.1</b>	<b>3,196.9</b>	<b>3,458.9</b>	

Source: Company, ICICI Direct Research

Exhibit 17: Cash flow statement					₹ crore
(Year-end March)	FY20	FY21	FY22E	FY23E	
Profit after Tax	235.2	363.9	422.0	468.7	
Add: Depreciation	188.4	194.2	182.1	189.4	
(Inc)/dec in Current Assets	-106.2	113.7	-247.7	207.7	
Inc/(dec) in CL and Prov.	93.4	60.6	146.1	-148.4	
<b>CF from operating activit</b>	<b>410.7</b>	<b>732.4</b>	<b>502.5</b>	<b>717.3</b>	
(Inc)/dec in Investments	-80.4	29.3	0.0	0.0	
(Inc)/dec in Fixed Assets	-77.4	-124.4	-140.0	-400.0	
Others	26.2	48.3	0.0	0.0	
<b>CF from investing activit</b>	<b>-131.6</b>	<b>-46.9</b>	<b>-140.0</b>	<b>-400.0</b>	
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	
Inc/(dec) in loan funds	-214.9	-363.8	-330.0	-100.0	
Dividend paid	0.0	-53.2	-49.7	-56.8	
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0	
Others	-51.2	59.5	-208.5	-50.0	
<b>CF from financing activit</b>	<b>-266.1</b>	<b>-357.5</b>	<b>-588.2</b>	<b>-206.8</b>	
Net Cash flow	13.1	328.0	-225.7	110.5	
Opening Cash	18.0	29.3	359.1	133.4	
<b>Closing Cash</b>	<b>31.1</b>	<b>357.3</b>	<b>133.4</b>	<b>243.9</b>	

Source: Company, ICICI Direct Research

Exhibit 19: Key ratios				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
Adjusted EPS	22.6	33.5	35.9	39.8
Cash EPS	36.0	47.4	51.3	55.9
BV	145.2	176.6	190.5	221.3
DPS	0.0	3.8	3.5	4.0
Cash Per Share	2.5	30.5	11.3	20.7
<b>Operating Ratios (%)</b>				
EBITDA Margin	16.6	18.0	19.0	19.2
PAT Margin	5.8	8.3	8.9	9.4
Inventory days	32.7	30.3	25.0	23.0
Debtor days	8.9	5.9	12.0	12.0
Creditor days	105.5	104.1	104.2	98.0
<b>Return Ratios (%)</b>				
RoE	15.5	19.0	18.8	18.0
RoCE	17.1	21.1	24.8	24.5
RoIC	17.9	24.7	29.8	30.9
<b>Valuation Ratios (x)</b>				
P/E	24.6	15.9	13.7	12.4
EV / EBITDA	10.0	7.7	6.7	6.0
EV / Net Sales	1.7	1.4	1.3	1.2
Market Cap / Sales	1.4	1.3	1.2	1.2
Price to Book Value	3.8	3.4	2.8	2.6
<b>Solvency Ratios</b>				
Debt/EBITDA	2.1	1.3	0.8	0.6
Debt / Equity	0.8	0.5	0.3	0.2
Current Ratio	0.7	0.8	0.7	0.7
Quick Ratio	0.6	0.5	0.6	0.5

Source: Company, ICICI Direct Research

Exhibit 20: ICICI Direct coverage universe (Cement)

Company	CMP (₹)	Rating	EPS (₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
			FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
ACC*	1,970	BUY	73	85	101	14.2	13.4	9.6	131	113	110	17.4	14.5	18.6	11.9	12.6	13.3
Ambuja Cem*	322	BUY	7.7	9.0	10.9	17.4	15.9	12.6	173	186	166	12.2	17.6	19.1	14.7	20.3	21.7
UltraTech Cem	6,640	BUY	96	88	125	41.2	32.5	26.4	370	370	290	13.1	9.0	11.4	11.2	7.6	9.4
Shree Cement	27,615	BUY	435	624	666	25.7	23.6	20.0	278	262	259	13.8	18.2	18.0	12.1	15.1	14.2
Heidelberg Cem	243	BUY	11.8	11.0	14.6	10.4	11.1	8.6	139	123	117	22.3	20.9	27.2	20.4	20.2	23.7
JK Cement	2,909	BUY	51.8	99.5	101.6	17.5	13.6	12.8	174	163	168	16.2	18.9	17.3	12.8	20.2	17.5
JK Lakshmi Cen	489	BUY	7.0	7.1	6.8	20.3	17.4	17.0	94	94	86	7.5	9.2	9.3	5.9	5.8	5.2
Star Cement	108	BUY	6.9	5.7	7.3	9.6	10.3	8.5	131	90	86	17.1	14.4	16.3	15.4	12.0	14.1
Ramco Cement	991	BUY	25.7	29.5	30.2	20.5	16.5	15.5	180	175	171	7.5	8.6	8.7	12.3	12.5	11.4
Sagar Cement	888	BUY	-1.9	12.9	5.8	19.1	14.9	15.4	70	75	62	5.4	8.1	6.4	-0.5	3.4	1.6

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, Akruti Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com**



## ANALYST CERTIFICATION

I/We, Rashesh Shah (CA) 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](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 [icicidirect.com](http://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 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 beneficial ownership 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.