

## Strong operating performance...

Shree Cement reported healthy EBITDA growth of 28.2% YoY to ₹ 1089 crore driven by improved sales volume (up 14.6% YoY to 7.16 MT) and lower production costs. This, along with fall in the depreciation charge led to PAT growth of over 102% for the quarter. The company aims to double its total capacity over the next seven years. Current total cement capacity is at 44.4MT (including UAE), which will increase to 50 MT by end of FY21 with commissioning of 6 MT cement capacity at Odisha and Maharashtra. The company also recently announced 3.5-4 MT clinker capacity expansion entailing capex of ~₹ 1000 crore at Raipur. It is likely to get commissioned by September 2022E. With expected sharp pick-up in infra and real estate, we expect the growth momentum to remain strong and expect revenue CAGR and PAT CAGR of 12.8% and 19.9%, respectively, during FY20-23E.

## Stronghold in high growth markets of North, East region...

SCL is one of the strongest players in the northern region with operating units at Rajasthan, Haryana, Uttar Pradesh and Uttarakhand. Apart from stronghold in north, which accounts for ~66% of revenues, the company also has increased its share in east and south markets with operating units at Chhattisgarh, Jharkhand and Bihar as well as operating unit in Karnataka. The share of eastern region increased from 21% in FY17 to 25% as of FY20. The company's strategy to adopt split grinding units close to user markets has also provided efficiency in terms of logistics cost.

## Operating efficiency remains best in industry

Being a pioneer in many cost initiatives, Shree Cement enjoys strong operating efficiency, which makes it one of the low cost cement producers in India. The strong operating efficiency of the company arises on account of being 1) 85% consumption of power from captive power plants including usage of waste heat recovery power plants resulting in low power cost, 2) majority sale of blended cement, 3) use of split-grinding units that ensure logistical advantages and 5) adequate limestone reserves.

## Credible record of low leverage, healthy return ratios

Tracking the data since FY07, Shree Cement has always reported double-digit RoE; thus speaking strongly of the management's efficient capital allocation. These healthy returns have been generated with net debt/EBITDA remaining below 1x throughout this period. We believe the same is going to be maintained despite new capex announcement involving capex of ₹ 1000 crore with an aim of doubling the capacity in seven years.

## Valuation & Outlook

We expect the company to continue its leadership on the costs that would, in turn, help it to consistently gain the market share with improved profitability and return matrix. Thus, it remains long term structural play. Hence, we maintain our **BUY** rating on the company with a revised TP of ₹ 31,000/share (20x FY23E EV/EBITDA) (earlier TP ₹ 28,000).

### Key Financial Summary

Key Financials	FY19	FY20	FY21E	FY22E	FY23E	CAGR (FY20-23E)
Net Sales	11722	11904	12355	14997	17071	12.8%
EBITDA	2653	3675	4009	4671	5219	12.4%
EBITDA (%)	22.6	30.9	32.4	31.1	30.6	
PAT	1108	1570	2250	2403	2708	19.9%
EPS (₹)	318	435	624	666	750	
EV/EBITDA	35.3	24.6	22.6	19.1	16.8	
EV/Tonne (\$)	312	266	251	247	243	
RoNW	11.5	12.1	15.1	14.2	14.0	
RoCE	11.5	13.8	18.2	18.0	18.0	

Source: Company, ICICI Direct Research



### Stock Data

Particular	Amount
Mcap	₹ 94539 crore
Debt (FY20)	₹ 3292 crore
Cash & Invest (FY20)	₹ 107 crore
EV	₹ 97724 crore
52 week H/L	₹ 15046 / 25355
Equity cap	₹ 36.1 crore
Face value	₹ 10

### Key Highlights

- To add new clinker capacity (~4 MT) in east with total capex of ₹ 1000 crore
- Expect revenue CAGR of 12.8% over FY20-23E and volume CAGR of 11.7%
- EBITDA margin of 32.9% remains best in the industry despite rise in the cost pressure
- Expect cost and profitability leadership to continue
- Maintain BUY with revised target price of ₹ 31,000/share

### Key Risks to our call

- Focus on market share gain post commissioning of new capacities at cost of prices may impact return ratios
- The company is largely dependent on imported petcoke and coal. Hence, volatility in prices of such imported coal without corresponding movement in price of cement can affect its profitability

### Research Analyst

Rashesh Shah  
rashes.shah@icicisecurities.com

Exhibit 1: Variance Analysis

	Q3FY21	Q3FY21E	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	Comments
Total Operating Income	3309.4	3,314.2	2,848.3	16.2	3,022.4	9.5	Sales volume increased 14.6% YoY to 7.16 MT. Prices remained broadly flattish QoQ
Other Income	106.8	64.5	64.9	64.5	102.4	4.3	Increase in short term investments led by deployment of QIP proceeds
Raw Material Consumed	228.1	243.8	180.6	26.3	201.1	13.4	
Stock Adjustment	-39.8	0.0	69.7	-157.1	-3.0	NA	
Employee Expense	169.3	188.0	185.6	-8.8	173.2	-2.3	
Power, Oil & Fuel	556.3	622.0	479.3	16.1	475.4	17.0	P&F costs per tonne increased 1.3% YoY on per tonne basis
Freight cost	814.7	774.5	643.8	26.6	709.6	14.8	Freight costs were up 10.4% on per tonne basis due to sharp rise in the diesel prices
Other Expenses	491.8	530.7	440.0	11.8	478.2	2.9	
EBITDA	1,089.0	955.3	849.3	28.2	988.0	10.2	
EBITDA Margin (%)	32.9	28.8	29.8	309 bps	32.7	21 bps	
Interest	58.5	62.8	74.1	-21.1	62.7	-6.7	
Depreciation	290.6	350.0	432.2	-32.8	278.6	4.3	
PBT	846.6	607.0	407.9	107.5	749.0	NA	
Total Tax	220.4	121.4	98.0	124.9	201.8	NA	
PAT	626.2	485.6	310.0	102.0	547.3	14.4	
<b>Key Metrics</b>							
Volume (MT)	7.16	7.2	6.3	14.6	6.5	9.7	
Cement Realisation/t (₹)	4,620	4,622	4,557	1.4	4,628	-0.2	
Blended EBITDA/Tonne (₹)	1,520	1,332	1,359	11.9	1,513	0.5	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Net revenues	14,436.0	14,997.3	3.9	16,631.0	17,070.6	2.6	
EBITDA	4,262.3	4,671.2	9.6	5,036.0	5,218.7	3.6	
EBITDA Margin (%)	29.5	31.1	162 bps	30.3	30.6	29 bps	Expect company to maintain profitability leadership

Source: Company, ICICI Direct Research

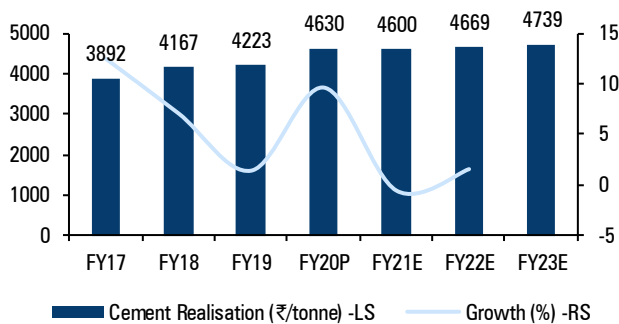
## Financial story in charts

Exhibit 3: Region-wise capacity details

Region	Plant Location	Region/ Location	Cement Capacity (MTPA)*	Clinker Capacity (MTPA)*
North India	Ras#	Rajasthan	7.0	15.0
North India	Khushkhera	Rajasthan	3.5	-
North India	Beawar#	Rajasthan	3.6	3.0
North India	Jobner	Rajasthan	1.5	-
North India	Suratgarh	Rajasthan	5.4	-
North India	Laksar	Uttarakhand	1.8	-
North India	Panipat	Harayana	1.5	-
<b>Total Capacity in North India</b>			<b>24.3</b>	<b>18.0</b>
Central India	Bulandshahr##	UP	2.0	-
<b>Total Capacity in Central India</b>			<b>2.0</b>	<b>-</b>
East India	Baloda Bazar#	Chhattisgarh	3.0	5.2
East India	Burudih	Jharkhand	2.5	-
East India	Aurangabad	Bihar	5.6	-
<b>Total Capacity in East India</b>			<b>11.1</b>	<b>5.2</b>
South India	Kodla#	Karnataka	3.0	2.4
<b>Total Capacity in South India</b>			<b>3.0</b>	<b>2.4</b>
<b>Total Capacity in India</b>			<b>40.4</b>	<b>25.6</b>
<b>Overseas</b>				
Middle East	Ras Al Khaimah	UAE	4.0	3.3
<b>Total Current Capacity</b>			<b>44.4</b>	<b>28.9</b>
<b>Expected Capacity Additions</b>				
East India**	Athagarh	Odisha	3.0	-
West India^	Patas	Maharashtra	3.0	-
<b>Expected Capacity by FY21</b>			<b>50.4</b>	<b>28.9</b>

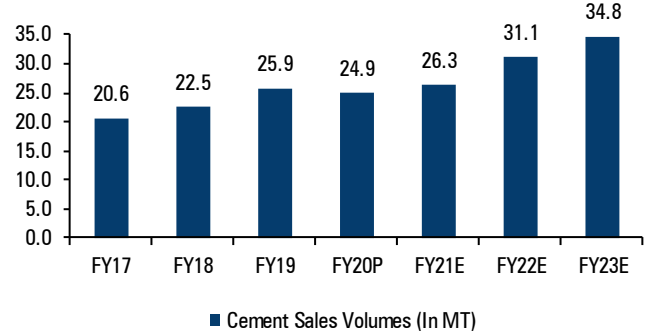
Source: Company, ICICI Direct Research

Exhibit 4: Realisations to see recovery in FY22E



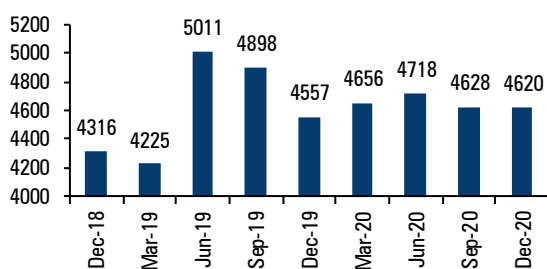
Source: Company, ICICI Direct Research

Exhibit 5: Volumes to grow at 11.7% CAGR over FY20-23E



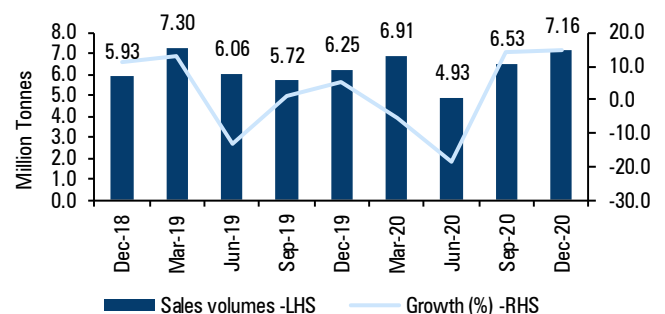
Source: Company, ICICI Direct Research

Exhibit 6: Realisations/tonne broadly remain flat QoQ



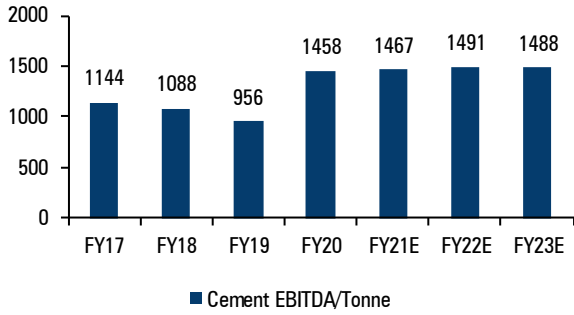
Source: Company, ICICI Direct Research

Exhibit 7: Cement volumes improve 14.6% YoY



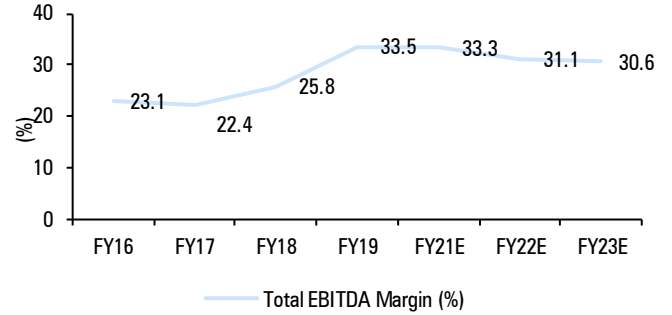
Source: Company, ICICI Direct Research

Exhibit 8: EBITDA/t to remain healthy vs. industry



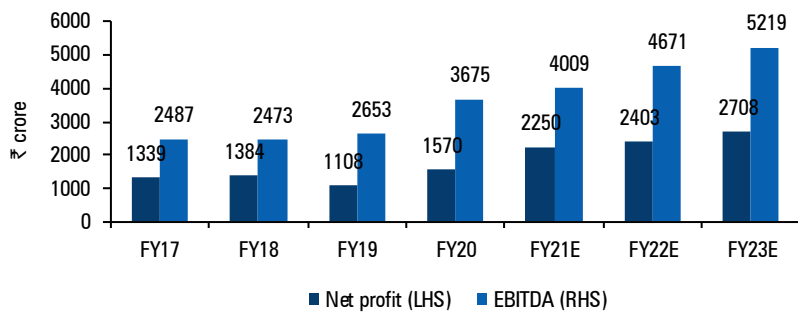
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA margins to stabilise around 30% in FY23E;



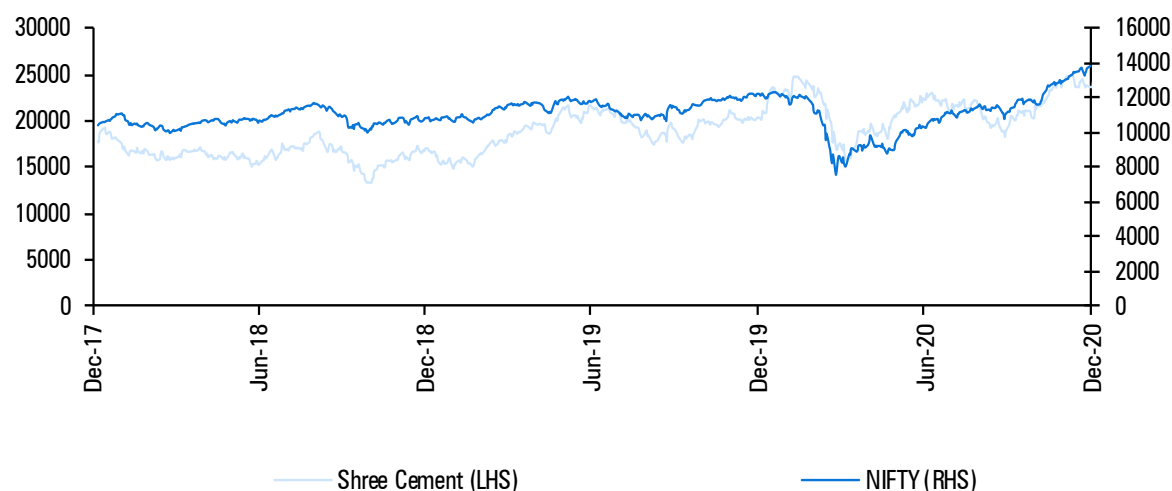
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA, PAT to grow at 12.4%, 19.9% CAGR over FY20-23E, respectively



Source: Company, ICICI Direct Research

Exhibit 11: Recommendation History vs. Consensus



Source: Bloomberg, Company, ICICI Direct Research

Exhibit 12: Top 10 Shareholders

Rank	Name	Latest Filing Date	%O/S	Position (m)	Change (m)
1	Shree Capital Servic	31-Dec-19	24.9	9.0	0.0
2	Digvijay Finlease Lt	31-Dec-19	11.7	4.2	0.0
3	Fit Ltd	31-Dec-19	10.0	3.6	0.0
4	Mannakrishna Invs Pv	31-Dec-19	5.7	2.0	0.0
5	Newa Investments Pvt	31-Dec-19	3.8	1.4	0.0
6	Ragini Finance Ltd	31-Dec-19	3.5	1.3	0.0
7	Didu Investments Pvt	31-Dec-19	3.3	1.2	0.0
8	Sbi Funds Management	31-Mar-20	2.5	0.9	0.2
9	Nbi Industrial Finan	31-Dec-19	2.4	0.8	0.0
10	Fmr Llc	31-Mar-20	1.3	0.5	0.0

Source: Company, ICICI Direct Research, Thomson Reuters

Exhibit 13: Shareholding Pattern

(in %)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoter	62.55	62.55	62.55	62.55	62.55
FII	13.20	11.90	11.90	11.37	12.18
DII	9.89	11.22	12.22	11.54	11.07
Others	14.36	14.33	13.33	14.54	14.20

Source: Company, ICICI Direct Research, Thomson Reuters

## Financial summary

Exhibit 14: Profit and loss statement					₹ crore
(Year-end March)	FY20	FY21E	FY22E	FY23E	
<b>Total operating Incon</b>	<b>11,904.0</b>	<b>12,354.8</b>	<b>14,997.3</b>	<b>17,070.6</b>	
Growth (%)	1.6	3.8	21.4	13.8	
Raw material cost	768.2	807.1	1119.2	1322.4	
Power & Fuel cost	2347.6	2071.0	2809.9	3251.1	
Freight cost	2606.1	2878.4	3281.6	3728.6	
Employees cost	731.0	703.4	752.7	835.5	
Others	1776.5	1886.2	2362.7	2714.4	
Total Operating Exp.	8,229.5	8,346.2	10,326.1	11,852.0	
<b>EBITDA</b>	<b>3,674.5</b>	<b>4,008.6</b>	<b>4,671.2</b>	<b>5,218.7</b>	
Growth (%)	38.5	9.1	16.5	11.7	
Depreciation	1,699.4	1,190.6	1,669.2	1,858.2	
Interest	286.5	254.6	199.2	159.2	
Other Income	271.6	398.1	406.1	414.2	
PBT	1,960.2	2,961.5	3,208.8	3,615.4	
Others	0.0	0.0	0.0	0.0	
Total Tax	390.0	711.0	805.4	907.5	
<b>PAT</b>	<b>1,570.2</b>	<b>2,250.5</b>	<b>2,403.4</b>	<b>2,708.0</b>	
<b>Adjusted PAT</b>	<b>1,570.2</b>	<b>2,250.5</b>	<b>2,403.4</b>	<b>2,708.0</b>	
Growth (%)	41.8	43.3	6.8	12.7	
<b>Adjusted EPS (₹)</b>	<b>435.2</b>	<b>623.7</b>	<b>666.1</b>	<b>750.5</b>	

Source: Company, ICICI Direct Research

Exhibit 16: Balance sheet					₹ crore
(Year-end March)	FY20	FY21E	FY22E	FY23E	
<b>Liabilities</b>					
Equity Capital	36.1	36.1	36.1	36.1	
Reserve and Surplus	12,900.3	14,846.5	16,945.5	19,349.1	
Total Shareholders funds	12,936.4	14,882.5	16,981.6	19,385.2	
Total Debt	3,292.4	2,792.4	1,992.4	1,592.4	
Deferred Tax Liability	-680.4	-680.4	-680.4	-680.4	
Minority Interest / Others	0.0	0.0	0.0	0.0	
<b>Total Liabilities</b>	<b>15,548.4</b>	<b>16,994.5</b>	<b>18,293.6</b>	<b>20,297.2</b>	
<b>Assets</b>					
Gross Block	16,009.8	17,371.9	19,721.9	21,571.9	
Less: Acc Depreciation	11,690.9	13,193.0	14,862.3	16,720.5	
Net Block	4,318.9	4,178.9	4,859.6	4,851.4	
Capital WIP	962.1	1,300.0	750.0	600.0	
Total Fixed Assets	5,281.0	5,478.9	5,609.6	5,451.4	
Investments	9,119.6	8,069.6	8,769.6	9,769.6	
Inventory	1,427.9	1,489.3	1,849.0	2,104.6	
Debtors	828.5	812.4	903.9	1,028.9	
Loans and Advances	60.3	123.5	150.0	170.7	
Other Current Assets	1,768.7	2,223.9	2,699.5	3,072.7	
Cash	107.0	421.7	284.1	663.5	
Total Current Assets	4,192.3	5,070.8	5,886.6	7,040.4	
Creditors	1,816.6	812.4	986.1	982.1	
Provisions	1,228.0	812.4	986.1	982.1	
Total Current Liabilities	3,044.6	1,624.7	1,972.3	1,964.3	
Net Current Assets	1,147.8	3,446.0	3,914.3	5,076.1	
<b>Application of Funds</b>	<b>15,548.4</b>	<b>16,994.5</b>	<b>18,293.6</b>	<b>20,297.2</b>	

Source: Company, ICICI Direct Research

Exhibit 15: Cash flow statement					₹ crore
(Year-end March)	FY20	FY21E	FY22E	FY23E	
Profit after Tax	1,570.2	2,250.5	2,403.4	2,708.0	
Add: Depreciation	1,699.4	1,190.6	1,669.2	1,858.2	
Add: Interest	286.5	254.6	199.2	159.2	
(Inc)/dec in Current Assets	45.4	-563.8	-953.3	-774.5	
Inc/(dec) in CL and Provision:	982.2	-1,419.8	347.5	-8.0	
<b>CF from operating activ</b>	<b>4,583.7</b>	<b>1,712.1</b>	<b>3,666.1</b>	<b>3,943.0</b>	
(Inc)/dec in Investments	-4,574.3	1,050.0	-700.0	-1,000.0	
(Inc)/dec in Fixed Assets	-1,384.3	-1,388.4	-1,800.0	-1,700.0	
Others	-90.0	0.0	0.0	0.0	
<b>CF from investing activ</b>	<b>-6,048.6</b>	<b>-338.4</b>	<b>-2,500.0</b>	<b>-2,700.0</b>	
Issue/(Buy back) of Equity	1.2	0.0	0.0	0.0	
Inc/(dec) in loan funds	-218.8	-500.0	-800.0	-400.0	
Dividend paid & dividend tax	-478.3	-304.4	-304.4	-304.4	
Inc/(dec) in Sec. premium	2,246.0	0.0	0.0	0.0	
Others	-286.5	-254.6	-199.2	-159.2	
<b>CF from financing activ</b>	<b>1,263.6</b>	<b>-1,059.0</b>	<b>-1,303.6</b>	<b>-863.6</b>	
Net Cash flow	-201.3	314.6	-137.5	379.4	
Opening Cash	308.3	107.0	421.7	284.1	
<b>Closing Cash</b>	<b>107.0</b>	<b>421.7</b>	<b>284.1</b>	<b>663.5</b>	

Source: Company, ICICI Direct Research

Exhibit 17: Key ratios				
(Year-end March)	FY20	FY21E	FY22E	FY23E
<b>Per share data (₹)</b>				
EPS	435.2	623.7	666.1	750.5
Cash EPS	906.1	953.6	1,128.7	1,265.4
BV	3,585.1	4,124.5	4,706.2	5,372.3
DPS	110.0	70.0	70.0	0.0
Cash Per Share	29.7	116.9	78.7	183.9
<b>Operating Ratios (%)</b>				
EBITDA Margin	30.9	32.4	31.1	30.6
PAT Margin	13.2	18.2	16.0	15.9
Inventory days	43.8	44.0	45.0	45.0
Debtor days	25.4	24.0	22.0	22.0
Creditor days	55.7	24.0	24.0	21.0
<b>Return Ratios (%)</b>				
RoE	12.1	15.1	14.2	14.0
RoCE	13.8	18.2	18.0	18.0
RoIC	16.6	20.6	19.9	21.1
<b>Valuation Ratios (x)</b>				
P/E	57.0	39.8	37.3	33.1
EV / EBITDA	24.3	22.4	18.9	16.6
EV / Net Sales	7.5	7.3	5.9	5.1
Market Cap / Sales	7.5	7.2	6.0	5.2
Price to Book Value	6.9	6.0	5.3	4.6
<b>Solvency Ratios</b>				
Debt/EBITDA	0.9	0.7	0.4	0.3
Debt / Equity	0.3	0.2	0.1	0.1
Current Ratio	1.4	3.1	3.0	3.6
Quick Ratio	0.9	2.2	2.0	2.5

Source: Company, ICICI Direct Research

Exhibit 18: ICICI Direct coverage universe (Cement)

Company	CMP		Rating	EPS (₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	TP (₹)		FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E	FY20	FY21E	FY22E
ACC*	1,775	1,950	BUY	73	84	97	12.2	10.3	8.7	113	116	97	17.4	17.8	18.6	11.9	12.3	12.8
Ambuja Cem*	277	280	HOLD	7.7	8.7	9.5	14.1	12.8	11.2	140	152	134	12.2	17.1	17.3	14.7	19.7	19.6
UltraTech Cem	6,160	6,300	BUY	180	194	234	15.6	14.5	12.2	207	207	195	14.2	14.2	15.8	12.1	11.7	12.4
Shree Cement	26,400	31,000	BUY	385	398	318	38.4	38.8	36.8	0	421	326	17.7	15.3	11.5	17.4	15.6	11.5
Heidelberg Cem	230	265	BUY	11.8	10.2	14.6	10.4	11.6	8.7	139	123	117	22.3	20.3	27.5	20.4	19.0	24.0
JK Cement	2,295	2,400	BUY	74.9	86.4	95.2	15.2	12.4	10.8	165	157	161	16.2	17.4	17.4	18.5	18.0	16.9
JK Lakshmi Cem	350	450	BUY	22.6	26.3	28.4	7.4	6.6	5.7	61	59	59	17.1	18.2	20.1	15.5	15.1	15.4
Star Cement	102	120	BUY	6.9	4.8	6.7	9.6	10.5	8.4	131	90	85	17.1	12.1	14.9	15.4	10.1	12.9
Ramco Cement	875	1,000	BUY	25.7	36.4	37.4	20.7	14.3	13.2	182	175	170	7.5	9.9	10.1	12.3	15.0	13.4
Sagar Cement	700	900	BUY	17.1	80.0	86.2	11.6	5.4	5.3	53	54	41	7.2	17.5	15.4	4.2	15.4	14.4

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorizes them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
1st Floor, 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.