

## Near perfect quarter; risk-reward favourable...

**About the stock:** ACC (now an Adani group company) is a large cement player with capacity of over 36.1 MT in India and one of the oldest cement players in the industry. The company also manufactures ready-mix concrete and has 50 plants across India.

- ACC has a strong balance-sheet with debt free status (cash: ₹ 3000+ crore). However, it remains a laggard in terms of efficiency vs. peer companies as of now. Given the higher cost structure, we believe there is enough scope through group synergies to reduce costs by ~₹ 350-400/t

**Q4CY22 Results:** ACC recorded healthy volume growth of 10.2% YoY to 8.5 MT (I-direct estimate: 7.7 MT) with strong capacity utilisation rate of 94.2%.

- Revenue grew 8.2% YoY to ₹ 4791 crore. Realisations declined 4% QoQ to ₹ 5636/t mainly due to a change in geo-mix and weak pricing environment
- Through better operational efficiency EBITDA/t increased by ₹ 56/t to ₹ 549/t but was below our estimate (₹ 678/t) owing to weak realisations
- Absolute EBITDA was at ₹ 466 crore (I-direct estimate: ₹ 520.0 crore, Q4FY22: ₹ 635 crore, Q3FY23: ₹ 379 crore). ACC recorded exceptional expense worth ₹ 66 crore pertaining to one-time restructuring cost

**What should investors do?** Given the concerns related to Adani group liquidity, the share price has decline materially by ~28% on a YTD basis. We find the risk reward favourable at the CMP as ACC trades at reasonable valuations of EV/t of US\$85/t (~8x EV/EBITDA), which is ~25% lower than the replacement cost. Further, we find comfort owing to its b/s strength with cash & investment of ₹ 3000+ crore.

**Target Price and Valuation:** We retain **BUY** rating on the stock with a revised target price of ₹ 2130 i.e. 10x FY25E EV/EBITDA.

### Key triggers for future price performance:

- Cost efficiency measures like higher share of renewable power, strong logistics support of group entities to drive margin expansion in the long run. We bake in cost savings of ~₹ 390/t by FY25E
- Ametha Integrated Unit to be commissioned by Q2FY24, which will increase clinker capacity by 3.3 MT and grinding capacity by 1 MT. Also, Kharagpur grinding unit of 2 MT (greenfield) to be commissioned over next two years
- Immediate cost benefits to come from royalty cost savings (~1% of revenue), raw material sourcing like fly ash, coal on better terms

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

- BUY with a target price of ₹ 9000/share

# ACC

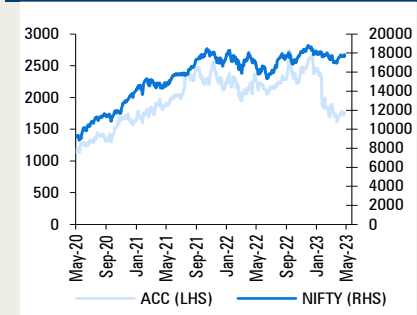
### Particulars

Particular	Amount
Mcap	₹ 32883 crore
Debt (FY23)	₹ 0 crore
Cash & Invest (FY23)	₹ 3315 crore
EV	₹ 29568 crore
52 week H/L	₹ 2785 / 1592
Equity cap	₹ 187.8 crore
Face value	₹ 10

### Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	54.5	56.7	56.7	56.7
FII	12.1	11.4	12.0	10.1
DII	20.8	19.1	18.8	19.7
Others	12.5	12.8	12.6	13.6

### Price Chart



### Key risks

- Any delay in commissioning of new capacity
- Volatility in prices of imported coal/petcoke

### Research Analyst

Cheragh Sidhwa  
cheragh.sidhwa@icicisecurities.com

Bharat Chhoda  
bharat.chhoda@icicisecurities.com

### Key Financial Summary

₹ crore	CY19	CY20	CY21	FY23E*	3 Year CAGR (%)	FY24E	FY25E	3 Year CAGR (%)
Net Sales	15407	13786	16152	22210	13.0	18961	20123	7.6
EBITDA	2162	2355	2998	1925	-3.8	2668	3385	4.1
EBITDA Margins (%)	14.0	17.1	18.6	8.7		14.1	16.8	
Adjusted Net Profit	1378	1606	1918	1047	-8.7	1764	2324	6.6
EPS (₹)	73	85	102	56		94	124	
EV/EBITDA	13.1	11.4	8.5	15.4		10.5	7.9	
EV/tonne (\$)	121	115	92	102		95	85	
RoNW	11.9	12.6	13.4	7.4		11.2	13.1	
RoCE	18.4	15.2	18.2	10.1		15.4	18.0	

Source: Company, ICICI Direct Research \* Represents numbers for 15 months

## Key performance highlights

- ACC recorded healthy volume growth of 10.2% YoY to 8.5 MT (I-direct estimate: 7.7 MT) with strong capacity utilisation rate of 94.2%. The volume numbers are impressive in the context of challenges faced by the company regarding the shutdown of plant operations in Himachal Pradesh. Realisations declined 4% QoQ to ₹ 5636/t (I-direct estimate: ₹ 5833/t). The decline was steeper compared to average pan-India cement prices (down 1% QoQ). Subsequently, revenue grew 8.2% YoY to ₹ 4791 crore
- Through better operational efficiency coupled with synergising Adani group expertise, production cost per tonne (QoQ) declined by ~ ₹ 312/t to ₹ 5088/t in Q4FY23 vs. our expectation of decline of ₹ 245/t. The major delta was driven through decline in power and fuel cost by ₹ 360/t to ₹ 1108/t. Fuel cost declined 10% QoQ from ₹ 2.6/Kcal to ₹ 2.35/Kcal owing to group synergies on coal procurement and reduction in clinker factor by 130 bps to 54.8%. Freight expense also declined by ₹ 82/t to ₹ 1219/t mainly owing to shortened lead distance (165 km to 161 km) and higher dispatches through rail. EBITDA/t increased by ₹ 56/t to ₹ 549/t but was below our estimate (₹ 678/t) owing to weak realisations
- The company has recently commissioned WHRS units at its Jamul (10 MW) and Kymore (12.4 MW) plants and aims to achieve a WHRS capacity of 75 MW in the near term (~16 MW WHRS is under commissioning at Ametha)

ACC - ESG Disclosure Score*			
Score	CY19	CY20	CY21
Environmental	54.9	54.9	54.9
Social	55.1	52.5	58.3
Governance	84.9	84.9	84.9
Overall ESG Score	65.0	64.1	66.0

Source: Bloomberg, ICICI Direct Research, \*Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures

## Cost rationalisation to bring efficiency...

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

We build in volumes CAGR of ~6% in FY23-25E with average capacity utilisation rates healthy of 85%+. With realisations remaining stable, we expect revenue to grow at CAGR of 6.5% in FY23-25E. We believe there is adequate cost savings delta through group syneresis. Hence, we expect EBITDA/t to improve from ₹ 502/t in FY23 to ₹ 994/t in FY25E. On the balance sheet front, the company generated negative FCF mainly on account of higher working capital blockage (owing to ₹ 1400 crore advance payments for coal procurement) and higher capex of ₹ 1930 crore (Ametha unit). ACC continues to carry cash & investment worth ₹ 3000+ crore. With a gradual reduction in working capital requirements and better profitability, we expect the company to generate FCF of ~₹ 3500 crore in FY24-25E. The valuations of ACC have declined sharply over the last four months with prices of ACC declining 28%. As the fundamentals of the sector and the company per se continue to stay strong, we believe this sharp correction in stock price offers a good opportunity to enter from a longer term perspective. In terms of its valuation, the EV/tonne is trading now at \$85/tonne (8.0x EV/EBITDA). We maintain **BUY** rating with a revise target price of ₹ 2,130 (valuing at 10x FY25E EV/EBITDA implying an EV/t of ~\$110).

**Exhibit 1: Variance Analysis**

	Q4FY23	Q4FY23E	Q4FY22	YoY(%)	Q3FY23	QoQ(%)	Comments
Net Sales	4,790.9	4,474.8	4,426.5	8.2	4,537.0	5.6	Revenue growth mainly driven by volume growth of 10% YoY
Other Incomes	119.2	42.0	58.5	103.8	40.7	192.8	
Raw Material Expense	1,577.7	1,158.4	900.6	75.2	1,287.8	22.5	Higher RM expense owing to increase in clinker purchase
Employee Expenses	212.1	211.0	193.1	9.8	203.0	4.5	
Power and fuel	942.6	1,089.3	1,040.5	-9.4	1,130.2	-16.6	Fuel cost declined by 10% QoQ from ₹ 2.6/Kcal to ₹ 2.35/Kcal owing to group synergies on coal procurement and reduction in clinker factor by 130 bps to 54.8%
Freight	1,029.8	958.9	1,048.2	-1.8	1,001.8	2.8	Warehouse optimisation & shortened lead distance (165 km to 161 km) led to decline in freight costs
Others	560.2	537.0	609.5	-8.1	535.1	4.7	
EBITDA	468.5	520.3	634.6	-26.2	379.1	23.6	EBITDA miss mainly owing to weak realisations
EBITDA Margin (%)	9.8	11.6	14.3	0 bps	8.4	0 bps	
Interest	15.2	17.0	10.6	44.0	18.9	-19.2	
Depreciation	176.8	173.0	153.9	14.8	172.5	2.4	
PBT	395.7	372.3	528.6	-25.1	228.4	73.2	
Total Tax	95.7	93.1	136.0	-29.6	39.3	143.7	
PAT	235.7	279.2	392.7	-40.0	110.1	114.1	
<b>Key Metrics</b>							
<b>Volume (MT)</b>	<b>8.5</b>	7.67	7.7	10.2	7.7	10.4	The volume numbers are impressive in the context of challenges faced by the company regarding the shutdown of plant operations in Himachal Pradesh
<b>Blended Realisation (₹)</b>	<b>5,636</b>	5,834	5,741	-1.8	5,892	-4.3	
<b>EBITDA per Tonne (₹)</b>	<b>551</b>	678	823	-33.0	492	11.9	

Source: Company, ICICI Direct Research

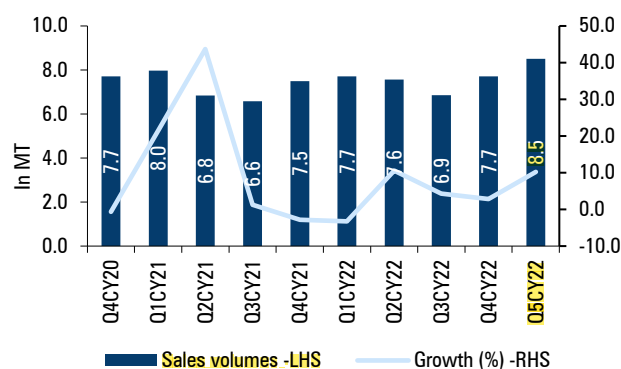
**Exhibit 2: Change in estimates**

(₹ Crore)	FY24E			FY25E		
	Old	New	% Change	Old	New	% Change
Revenue	18,756.5	18,961.5	1.1	20,225.2	20,123.4	-0.5
EBITDA	2,628.8	2,667.5	1.5	3,171.4	3,385.3	6.7
EBITDA Margin (%)	14.0	14.1	5 bps	15.7	16.8	114 bps
PAT	1,795.8	1,764.0	-1.8	2,175.2	2,324.1	6.8
EPS (₹)	95.6	93.9	-1.8	115.8	123.7	6.8

Source: Company, ICICI Direct Research

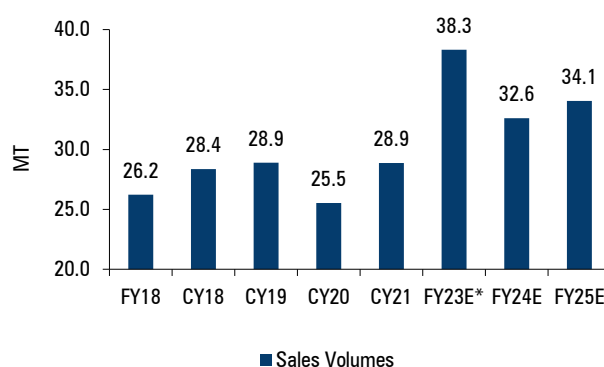
## Financial story in charts

Exhibit 3: Volumes up 10.2% YoY in Q4CY22



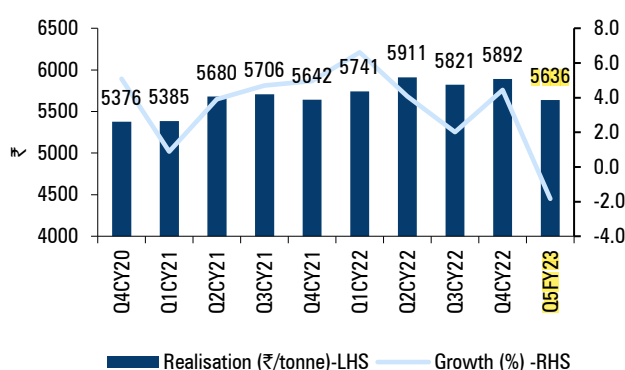
Source: Company, ICICI Direct Research

Exhibit 4: Volumes to grow at 6% CAGR over next two years



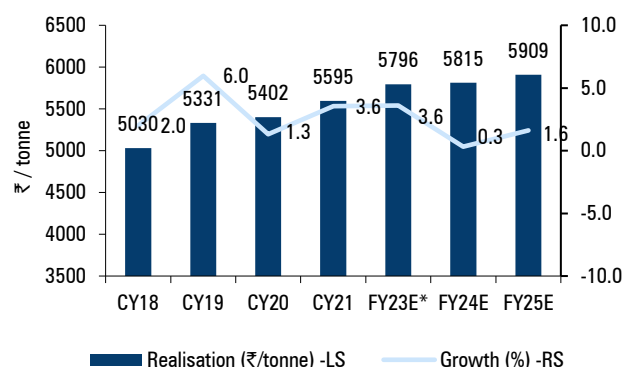
Source: Company, ICICI Direct Research \*Represents numbers for 15 months

Exhibit 5: Blended realisations decline 4% QoQ



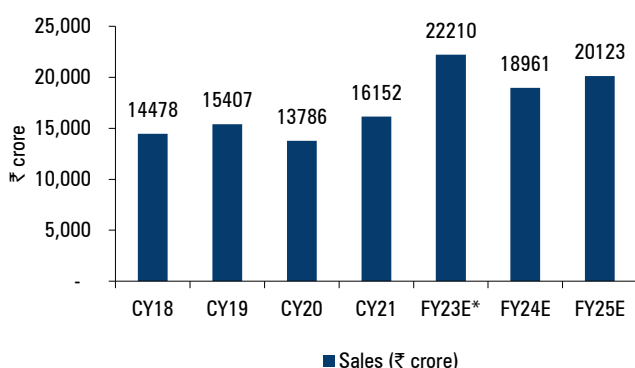
Source: Company, ICICI Direct Research

Exhibit 6: Expect realisations to broadly remain stable



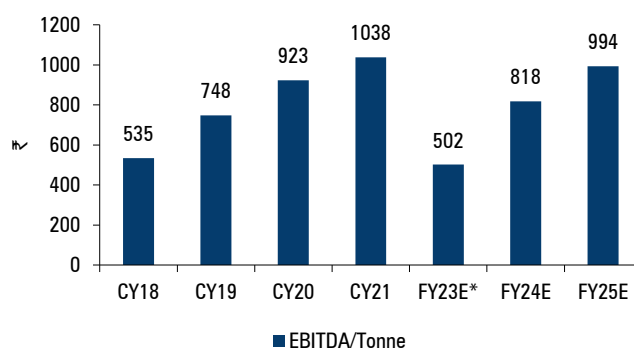
Source: Company, ICICI Direct Research \*Represents numbers for 15 months

Exhibit 7: Expect revenue CAGR of 7.6% over CY21-FY25E



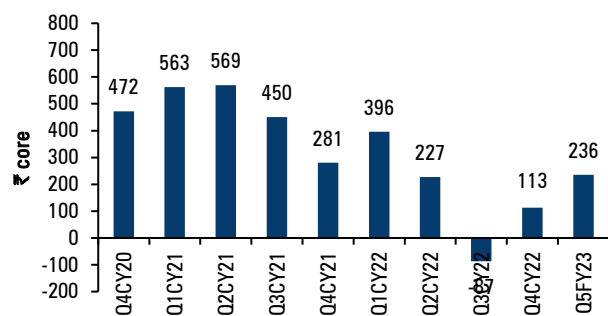
Source: ICICI Direct Research, Company, \*Represents numbers for 15 months

Exhibit 8: EBITDA/t to witness gradual recovery from FY24E



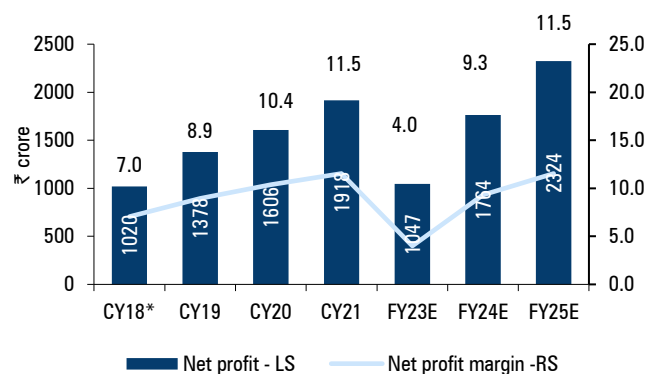
Source: ICICI Direct Research, Company \*Represents numbers for 15 months

Exhibit 9: Quarterly PAT trend



Source: Company, ICICI Direct Research

Exhibit 10: PAT trajectory to improve post cooling off of fuel prices



Source: Company, ICICI Direct Research \*Represents numbers for 15 months

## Financial summary

Exhibit 11: Profit and loss statement ₹ crore					
(Year-end March)	CY20	CY21	FY23E*	FY24E	FY25E
<b>Total operating Income</b>	<b>13,785.7</b>	<b>16,151.6</b>	<b>22,210.1</b>	<b>18,961.5</b>	<b>20,123.4</b>
Growth (%)	-10.5	17.2	NA	NA	6.1
Raw material	2512.6	2866.5	5453.7	5696.7	5269.3
Total Operating Exp.	11,430.7	13,153.6	20,285.2	16,293.9	16,738.1
<b>EBITDA</b>	<b>2,355.0</b>	<b>2,998.1</b>	<b>1,924.9</b>	<b>2,667.5</b>	<b>3,385.3</b>
Growth (%)	8.9	27.3	-35.8	38.6	26.9
Depreciation	638.8	600.7	841.3	720.0	810.0
Interest	57.1	54.6	77.3	72.3	68.3
Other Income	216.7	206.7	341.9	480.0	600.0
Exceptional items	176.0	54.8	161.8	0.0	0.0
PBT	1,699.8	2,494.7	1,186.5	2,355.2	3,107.0
Total Tax	278.6	643.4	317.4	600.6	792.3
<b>PAT</b>	<b>1,430.2</b>	<b>1,863.0</b>	<b>885.2</b>	<b>1,764.0</b>	<b>2,324.1</b>
Adjusted PAT	1,606.2	1,917.7	1,047.0	1,764.0	2,324.1
Growth (%)	16.6	19.4	-45.4	68.5	31.7
<b>Reported EPS (₹)</b>	<b>76.1</b>	<b>99.1</b>	<b>47.1</b>	<b>93.9</b>	<b>123.7</b>

Source: Company, ICICI Direct Research

Exhibit 12: Cash flow statement ₹ crore					
(Year-end March)	CY20	CY21	FY23E*	FY24E	FY25E
Profit after Tax	1,430.2	1,863.0	885.2	1,764.0	2,324.1
Add: Depreciation	638.8	600.7	841.3	720.0	810.0
(Inc)/dec in Current Assets	77.0	-548.4	-2,498.7	782.3	108.8
Inc/(dec) in CL and Prov.	67.2	1,197.0	-406.0	-9.2	297.7
<b>CF from operating activities</b>	<b>2,213.1</b>	<b>3,112.2</b>	<b>-1,178.2</b>	<b>3,257.1</b>	<b>3,540.7</b>
(Inc)/dec in Investments	-13.1	-20.3	-2,913.8	-58.0	-29.6
(Inc)/dec in Fixed Assets	-279.1	-1,328.2	-1,935.4	-1,616.0	-1,700.0
Others	-129.9	-24.7	-107.0	0.0	0.0
<b>CF from investing activities</b>	<b>-422.1</b>	<b>-1,373.2</b>	<b>-4,956.1</b>	<b>-1,674.0</b>	<b>-1,729.6</b>
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	0.0	0.0	0.0	0.0	0.0
Dividend paid & others	-274.8	-253.3	-1,055.6	-173.8	-375.8
Others	-158.3	31.9	81.3	-37.9	8.2
<b>CF from financing activities</b>	<b>-433.1</b>	<b>-221.4</b>	<b>-974.3</b>	<b>-211.7</b>	<b>-367.6</b>
Net Cash flow	1,358.0	1,517.6	-7,108.6	1,371.4	1,443.5
Opening Cash	4,647.7	6,005.7	7,523.3	414.7	1,786.1
<b>Closing Cash</b>	<b>6,005.7</b>	<b>7,523.3</b>	<b>414.7</b>	<b>1,786.1</b>	<b>3,229.7</b>

Source: Company, ICICI Direct Research

Exhibit 13: Balance sheet ₹crore					
(Year-end March)	CY20	CY21	FY23E*	FY24E	FY25E
<b>Liabilities</b>					
Equity Capital	188.0	188.0	188.0	188.0	188.0
Reserve and Surplus	12,511.1	14,120.8	13,950.5	15,540.7	17,489.0
Total Shareholders funds	12,699.1	14,308.8	14,138.5	15,728.7	17,677.0
Total Debt	0.0	0.0	0.0	0.0	0.0
Other Liabilities	500.6	532.5	613.9	575.9	584.2
<b>Total Liabilities</b>	<b>13,199.8</b>	<b>14,841.4</b>	<b>14,752.3</b>	<b>16,304.7</b>	<b>18,261.2</b>
<b>Assets</b>					
Gross Block	9,632.5	10,218.9	11,621.0	13,421.0	15,221.0
Less: Acc Depreciation	3,124.1	3,677.5	4,518.8	5,238.8	6,048.8
Net Block	6,508.4	6,541.5	7,102.3	8,182.3	9,172.3
Capital WIP	548.1	1,245.0	1,800.0	600.0	600.0
Total Fixed Assets	7,056.5	7,786.5	8,902.3	8,782.3	9,772.3
Intangible assets	56.2	53.7	148.0	148.0	148.0
Investments	129.3	149.6	3,063.3	3,121.3	3,150.9
Inventory	901.3	1,273.9	1,624.2	1,298.7	1,378.3
Debtors	451.4	489.0	869.2	742.1	787.6
Other assets	823.6	970.6	2,531.3	2,077.3	1,714.2
Loans & advances	2,776.4	2,792.2	3,106.8	3,231.0	3,360.3
Cash	6,005.7	7,523.3	414.7	1,786.1	3,229.7
Total Current Assets	10,958.3	13,049.0	8,546.2	9,135.4	10,470.0
Creditors	1,422.2	5,323.9	4,925.6	5,799.8	5,778.0
Provisions	230.7	897.7	729.1	986.0	982.3
Other Current Liab	3,347.6	4,061.3	4,110.2	4,315.7	4,531.5
Total Current Liabilities	5,000.5	10,282.9	9,764.9	11,101.5	11,291.7
Net Current Assets	5,957.8	2,766.1	-1,218.7	-1,966.1	-821.7
<b>Application of Funds</b>	<b>13,199.7</b>	<b>14,841.4</b>	<b>14,752.3</b>	<b>16,304.7</b>	<b>18,261.2</b>

Source: Company, ICICI Direct Research

Exhibit 14: Key ratios					
(Year-end March)	CY20	CY21	FY23E*	FY24E	FY25E
<b>Per share data (₹)</b>					
EPS	76.1	99.1	47.1	93.9	123.7
Cash EPS	110.1	131.1	91.9	132.2	166.8
BV	675.8	761.5	752.4	837.1	940.8
DPS	14.0	14.0	58.0	9.3	20.0
Cash Per Share	319.6	400.4	22.1	95.1	171.9
<b>Operating Ratios (%)</b>					
EBITDA Margin	17.1	18.6	8.7	14.1	16.8
PAT Margin	10.4	11.5	4.0	9.3	11.5
Inventory days	23.9	28.8	26.7	25.0	25.0
Debtor days	12.0	11.1	14.3	14.3	14.3
Creditor days	37.7	43.0	24.5	24.5	24.5
<b>Return Ratios (%)</b>					
RoE	11.3	13.0	6.3	11.2	13.1
RoCE	15.2	18.2	10.1	15.4	18.0
<b>Valuation Ratios (x)</b>					
P/E	23.0	17.7	37.1	18.6	14.1
EV / EBITDA	11.4	8.5	15.4	10.5	7.9
EV / T (\$)	115.0	91.9	102.4	94.8	85.0
Market Cap / Sales	2.4	2.0	1.5	1.7	1.6
Price to Book Value	2.6	2.3	2.3	2.1	1.9
<b>Solvency Ratios</b>					
Debt/EBITDA	0.0	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0	0.0
Current Ratio	1.8	1.8	1.7	1.7	1.8
Quick Ratio	0.6	0.6	1.0	0.5	0.6

Source: Company, ICICI Direct Research

## RATING RATIONALE

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

Buy: > 15%

Hold: -5% to 15%;

Reduce: -15% to -5%;

Sell: < -15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
Third Floor, Brillanto House,  
Road No 13, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com

## ANALYST CERTIFICATION

I We, Cheragh Sidhwa, MBA, Bharat Chhoda, MBA, Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock broking and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. 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).

### Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Anoop Goyal

Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Prabodh Avadhoot Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

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 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. CICI 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.