

Action Construction Equipment (ACTCON)

CMP: ₹ 316

Target: ₹ 385 (22%)

Target Period: 12 months

BUY

November 11, 2022

Strong performance, agri segment laggard...

About the stock: Action Construction Equipment (ACE) is an Indian construction equipment and material handling company.

- ACE has eight manufacturing and one R&D site in Faridabad, Haryana
- The company has a capacity of 12000 construction equipment and 9000 tractors annually
- ACE's product portfolio is divided into four main categories viz. agricultural equipment, construction equipment, road construction equipment and earth-moving machinery

Q2FY23 Results: ACE reported good Q2FY23 results.

- Revenue for the quarter was at ₹ 491.8 crore, up 36% YoY, down 1% QoQ
- Absolute EBIDTA was at ₹ 45 crore, up 11% QoQ & 29% YoY
- PAT was at ₹ 33.9 crore vs. ₹ 23 crore in Q2FY22 & ₹ 45.3 crore in Q2FY23

What should investors do? ACE continues to tread on its growth path. The management has upgraded revenue guided for 25% growth across segments.

- We continue to remain positive and retain our **BUY** rating on the stock

Target Price and Valuation: We value ACE at ₹ 385 i.e. 20x PE (FY24E).

Key triggers for future price performance:

- Cranes segment is doing well. Contract from Government of Ghana and strong traction from the defence sector
- Upcoming government & private capex are providing fillip to the sector

Alternate Stock Idea: We also like SKF in our capital goods coverage.

- It is one of the leading bearing manufacturers known for its deep groove ball bearings and has a presence across the industrial and auto sector
- BUY with a target price of ₹ 5215 i.e. 40x P/E on FY24E EPS



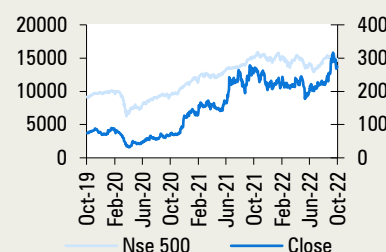
Particulars

Particular	Amount
Market Capitalization	3,751
Total Debt (FY22) (₹ crore)	8
Cash and Inv (FY22) (₹ crore)	185
EV (FY22) (₹ crore)	3,634
52 week H/L (₹) (BSE)	242 /175
Equity capital (₹ crore)	11.9
Face value (₹)	2

Shareholding pattern

	Dec-21	Mar-22	Jun-22	Sep-22
Promoters	66.8%	66.8%	66.8%	66.8%
FII	3.3%	4.8%	4.7%	4.9%
DII	3.9%	3.5%	4.2%	4.6%
Others	26.1%	24.9%	24.5%	23.8%

Price Chart



Recent event & key risks

- Capex plans & infra activities
- **Key Risk:** (i) Delay in acquisition (ii) Inability to achieve meaningful growth in CE & agri segments

Research Analyst

Chirag Shah
shah.chirag@icicisecurities.com

Yash Panwar
yash.panwar@icicisecurities.com

Key Financial Summary

(Year-end March)	FY19	FY20	FY21	FY22	5 Year CAGR (FY17-FY22)	FY23E	FY24E	2 Year CAGR (FY22-FY24E)
Revenue	1,343.2	1,156.2	1,227.0	1,629.6	15.6	2,052.7	2,518.3	24.3
EBITDA	98.5	91.6	119.4	151.4	33.3	250.4	319.8	45.3
EBITDA margin (%)	7.3	7.9	9.7	9.3		12.2	12.7	
Net Profit	56.1	52.5	80.2	105.0	49.6	180.1	228.8	47.6
EPS (₹)	4.9	4.6	7.1	8.8		15.1	19.2	
P/E (x)	51.7	56.7	44.6	35.7		20.8	16.4	
EV/EBITDA (x)	29.7	33.1	29.9	24.0		14.3	11.0	
RoCE (%)	25.3	19.3	26.9	23.0		25.6	26.7	
RoE (%)	12.8	11.9	15.3	13.9		18.3	18.9	

Source: Company, ICICI Direct Research

Key takeaways of recent quarter & conference call highlights

Q2FY23 Results: Strong performance, agri segment laggard...

- Revenue for the quarter came in at ₹ 491.8 crore, up 36% YoY and down 1.1% QoQ. Segmental performance was as follows. Crane segment revenue came in at ₹ 357.4 crore vs. ₹ 349.2 crore in Q1FY23. EBIT margins for the quarter were at 12.8%. Construction equipment segment revenue came in at ₹ 54.2 crore vs. ₹ 52 crore in Q1FY23. EBIT margins for the quarter were at 6.6%. Material handling segment revenue came in at ₹ 35.6 crore vs. ₹ 37.9 crore in Q1FY23 with EBIT margins of 10.4%. Agri segment revenue came in at ₹ 44.7 crore vs. ₹ 58.6 crore in Q1FY23
- Gross margins increased ~93 bps QoQ. EBIDTA margins came in at 9.2% vs. 8.2% QoQ, Improving EBIDTA margins are due to higher GMs. Absolute EBIDTA came in at ₹ 45 crore, up 11% QoQ
- Employee cost was at ₹ 23.8 crore, up 6% QoQ. Other expenses were at ₹ 67.4 crore, down 4% QoQ
- Ensuing PAT came in at ₹ 33.9 crore vs. ₹ 45.3 crore in Q1FY23 and ₹ 23 crore in Q2FY22. Q1FY23 PAT was cushioned by other income of ₹ 24.9 crore

Q2FY23 Earnings Conference Call highlights

- Revenue guidance for FY23: Cranes segment 25% growth, material handling 15% growth, agri segment 15-20% growth and construction equipment 30-35% growth. Total growth is expected to be in the range of 25% with sustainable EBITDA margins for FY23, EBITDA margins to further improve on in FY24E on account of operating leverage and cooling of raw material prices and expected to reach 11.5-12.5% in FY24E.
- In H1FY23, there was pressure on EBITDA margins due to high inflation, macroeconomic environment and rising cost of material prices but lately raw material prices have either cooled off or remained range bound due to which better EBITDA margins can be seen in H2FY23.
- The company is planning another price hike in the first week of the next calendar year i.e. January 1, 2023.
- Customers who were reluctant to buy new machines finally moved back to the market after a cool-off in raw material prices.
- Working capital is on the higher side due to higher inventories. It is expected to return to normal by Q3FY23 end.
- The company has done a capex of ₹ 35 crore for 40 tonnes cranes capacity, which will improve to 200 cranes per year. Revenues are expected to be in the range of ₹ 350-400 crore.
- Construction equipment did not perform well in the last quarter due to BS4 norms due to which the industry also de-grew 30% in H1FY23. Agri segment is expected to see a good performance in subsequent quarters.
- One of the acquisitions is struck on valuation. Other backward integration will take some time. The Ghana project is also on the right track. Recurring revenues are expected to start from next quarter.
- The company has received an export order, revenues of which will start reflecting in Q3FY23.
- Capacity utilisation for cranes 70%, material handling 65%, construction equipment 35% and agri 40%. Capacity utilisation is expected to increase 10-15% in all segments by FY23 end.
- Capex plans for FY23 are at ₹ 45-50 crore.

Exhibit 1: Variance Analysis

Year	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Revenue	491.8	360.9	36%	497.7	-1%	Better performance, both in terms of value and volume in Cranes and C.E. segment
Other Income	6.0	2.2	166%	24.9	-76%	
Total Income	497.8	363.1	37%	522.6	-5%	
Cost of materials consumed	358.8	296.3	21%	361.7	-1%	
Change in inventories	-3.1	-13.3	-76%	2.8	-211%	
Employee cost	23.8	20.1	18%	22.5	6%	Employee cost increased by 6% QoQ
Other expenses	67.4	23.0	193%	69.9	-4%	
EBITDA	45.0	34.8	29%	40.7	11%	EBITDA grew 11% QoQ led by higher GMs
EBITDA Margin (%)	9.2	9.6	-48 bps	8.2	98 bps	
Depreciation	4.0	3.8	5%	4.7	-15%	
Interest	2.1	3.3	-36%	2.2	-1%	
PBT	44.9	29.9	50%	58.8	-24%	
Taxes	11.0	6.9	60%	13.5	-18%	
PAT	33.9	23.0	47%	45.3	-25%	

Key metrics	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	Comments
Cranes	357.4	241.4	48%	349.2	2%	Robust performance in crane segment led by revival in infra activities
EBIT Margin %	12.8%	11.3%		10.9%		
EBIT	45.7	27.2	68%	38.2	20%	
Construction Equipment	54.2	39.9	36%	52.0	4%	Improved EBIT margins due to recent price hike
EBIT Margin %	6.6%	5.2%		4.3%		
EBIT	3.6	2.1	73%	2.3	59%	
Material Handling	35.6	37.5	-5%	37.9	-6%	Material handling to perform better in coming quarters
EBIT Margin %	10.4%	12.0%		11.1%		
EBIT	3.7	4.5	-18%	4.2	-12%	
Agri Equipment	44.7	42.1	6%	58.6	-24%	Agri segment poised to perform after moosoon season
EBIT Margin %	9.6%	8.0%		2.4%		
EBIT	4.3	3.4	28%	1.4	202%	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

	FY20	FY21	FY22	FY23E			FY24E		
(₹ Crore)	Actual	Actual	Actual	Old	New	% Change	Old	New	% Change
Revenue	1,156.2	1,227.0	1,629.6	2,013	2,052.7	2.0	2,468.3	2,518.3	2.0
EBITDA	91.6	119.0	151.4	231	250.4	8.2	303.6	319.8	5.3
EBITDA Margin (%)	7.9	9.7	9.3	11.5	12.2	70 bps	12.3	12.7	40 bps
PAT	52.0	80.0	105.0	166	180.1	8.5	216.8	228.8	5.5
EPS (₹)	4.6	7.1	8.8	13.9	15.1	8.5	18.2	19.2	5.5

Source: ICICI Direct Research

Financial Summary

Exhibit 3: Profit and loss statement				
	₹ crore			
(Year-ended-March)	FY21	FY22	FY23E	FY24E
Revenue	1,227	1,629.6	2,052.7	2,518.3
Total Raw Material Costs	962	1307	1591	1939
Employee Expenses	72	85	105	128
Other expenses	74	86	107	131
Total Operating Expenditure	1,108	1,478	1,802	2,198
EBITDA	119	151	250	320
EBITDA Margins	9.7%	9.3%	12.2%	12.7%
EBITDA Growth %		26.9%	65.4%	27.7%
Other Income	15	15	8	10
Interest	12	14	1	1
PBDT	3	1	8	10
Depreciation	14	15	15	20
PBT before Excep item	108	137	243	309
Total Tax	28	32	63	80
PAT before MI	80	105	180	229
Minority Interest	0	0	0	0
PAT	80	105	180	229
% Growth	52.8	31.0	71.5	27.0
EPS	7.1	8.8	15.1	19.2

Source: Company, ICICI Direct Research

Exhibit 4: Cash flow statement				
	₹ crore			
(Year-ended-March)	FY21	FY22	FY23E	FY24E
Profit after Tax	80	105	180	229
Add: Depreciation	14	15	15	20
Interest	12	14	1	1
(Inc)/decrease in CA	(59)	(71)	(270)	(128)
(Inc)/decrease in CL and prov	42	42	143	48
CF from Operations	106	104	78	180
(Inc)/decrease in Fixed Assets	(18)	(69)	(83)	(83)
Others	5	(83)	14	16
CF from Investing	(12)	(153)	(68)	(67)
Issue/(Buy back) of Equity	-	136	-	-
Inc/(dec) in loan funds	(23)	(43)	-	-
Dividend paid & dividend tax	(6)	(7)	(14)	(18)
Others	(25)	12	(29)	(29)
CF from Financing	(54)	98	(44)	(48)
Net Cash flow	40	49	(34)	65
Opening Cash/Cash Equivalent	10	50	99	65
Closing Cash/ Cash Equivalent	50	99	65	131

Source: Company, ICICI Direct Research

Exhibit 5: Balance Sheet				
	₹ crore			
(Year-ended-March)	FY21	FY22	FY23E	FY24E
Equity Capital	23	24	24	24
Reserve and Surplus	501	730	959	1184
Total Shareholders funds	523	754	983	1207
Minority Interest	0	0	0	0
Other Non Current Liabilities	18	17	12	12
Total Debt	51	8	8	8
Sources of Funds	593	779	1,003	1,228
Gross Block	488	536	630	713
Acc: Depreciation	135	151	165	185
Net Block	416	437	458	498
Capital WIP	13	34	23	23
Total Fixed Assets	429	472	480	520
Non Current Assets	36	106	113	119
Inventory	266	343	422	517
Debtors	225	189	366	379
Loans and Advances	0	0	0	0
Other Current Assets	38	68	82	101
Cash & Equivalent	37	14	65	131
Investments	25	110	120	120
Total Current Assets	591	725	1055	1249
Current Liabilities	463	503	646	694
Net Current Assets	128	222	409	554
Application of Funds	593	779	1,003	1,228

Source: Company, ICICI Direct Research

Exhibit 6: Key ratios				
	FY21	FY22	FY23E	FY24E
Per Share Data				
EPS	7.1	8.8	15.1	19.2
BV	46.1	63.3	82.5	101.4
Dividend per share	0.5	0.6	1.2	1.5
Dividend payout ratio	7.1	6.8	8.0	8.0
Operating Ratios				
EBITDA Margin	9.7	9.3	12.2	12.7
PAT Margin	6.5	6.4	8.8	9.1
Return Ratios				
RoE	15.3	13.9	18.3	18.9
RoCE	26.9	23.0	25.6	26.7
RoIC	28.0	26.8	31.4	33.5
Valuation Ratios				
EV / EBITDA	29.9	24.0	14.3	11.0
P/E	44.6	35.7	20.8	16.4
EV / Net Sales	2.9	2.2	1.7	1.4
Market Cap / Sales	2.9	2.3	1.8	1.5
Price to Book Value	6.8	5.0	3.8	3.1
Turnover Ratios				
Asset turnover	2.4	2.3	2.1	2.1
Debtors Turnover Ratio	5.5	8.6	5.6	6.6
Creditors Turnover Ratio	3.7	4.5	4.3	4.7
Solvency Ratios				
Debt / Equity	0.1	0.0	0.0	0.0
Current Ratio	1.1	1.2	1.3	1.4
Quick Ratio	0.6	0.5	0.7	0.7

Source: Company, ICICI Direct Research

Exhibit 7: ICICI Direct coverage universe (Capital Goods)

Company	CMP			M Cap			EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating	(₹ Cr)	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E		
L&T (LARTOU)	1,978	2,355	Buy	277553	56.8	66.1	76.7	34.8	29.9	25.8	8.9	9.3	11.6	12.1	12.9	13.6		
Siemens Ltd	2,926	3,660	Buy	104201	29.5	36.7	50.5	99.2	79.7	57.9	13.9	15.7	19.2	10.1	11.6	14.2		
AIA Engineering (AIAENG)	2,629	3,011	Buy	24797	64.6	79.8	86.0	40.7	32.9	30.6	16.5	17.9	17.1	13.2	14.3	13.6		
Thermax (THERMA)	2,347	2,405	Buy	27966	26.2	38.7	53.4	89.5	60.7	43.9	11.3	15.4	18.7	8.9	12.0	14.6		
KEC International (KECIN)	410	515	Buy	10541	12.9	15.4	30.3	31.7	26.6	13.5	11.9	13.8	20.5	10.6	10.7	17.9		
Greaves Cotton (GREAVE)	151	209	Buy	3491	0.7	3.5	3.6	213.3	42.8	42.2	2.5	9.4	10.7	1.3	6.7	7.7		
Elgi Equipment (ELGEQU)	508	520	Hold	16099	7.2	9.4	11.4	71.0	54.1	44.5	19.0	21.4	22.0	19.8	21.3	21.1		
Bharat Electronics (BHAELE)	107	135	Buy	78215	3.2	3.8	4.5	33.4	28.2	23.8	26.1	28.4	30.0	19.5	21.2	22.4		
Cochin Shipyard (COCSHI)	583	445	Buy	7669	42.9	38.6	42.3	13.6	15.1	13.8	10.9	12.5	12.7	12.7	10.8	11.1		
SKF (SKFIND)	4,800	5,215	Buy	23730	77.0	108.7	130.3	62.3	44.2	36.8	26.0	30.7	31.3	20.6	23.3	23.4		
Timken India (TIMIND)	2,820	3,561	Buy	21212	43.5	61.3	71.2	64.8	46.0	39.6	25.3	36.2	42.0	19.7	27.9	32.2		
NRB Bearing (NRBBEA)	150	220	Buy	1454	7.8	9.2	12.1	19.2	16.3	12.4	15.0	15.3	19.2	12.6	12.6	14.8		
Action Construction (ACTCON)	316	365	Buy	3763	8.8	15.1	19.2	35.9	20.9	16.5	23.0	25.6	26.7	13.9	18.3	18.9		
Data Patterns (DATPAT)	1325	1,555	Buy	6875	18.1	22.0	30.4	73.2	60.3	43.6	23.8	24.9	28.4	16.4	18.2	21.0		
HAL (HINAER)	2,435	2,860	Buy	81424	151.9	130.9	143.1	16.0	18.6	17.0	27.4	30.6	30.8	26.3	23.2	23.4		
ABB (ABB)	3,173	3,275	Buy	67239	25.5	38.9	43.7	124.6	81.6	72.6	45.0	49.2	64.9	11.2	13.0	17.6		
Ador Welding (ADOWEL)	789	890	Buy	1073	33.2	37.5	49.3	23.8	21.0	16.0	19.9	23.8	26.8	13.6	17.1	19.3		
Bharat Dynamics (BHADYN)	978	1,068	Buy	17925	27.3	33.0	42.7	28.9	23.9	18.5	24.6	24.7	27.9	17.3	17.7	20.0		
Mazagon Dock (MAZDOC)	771	562	Buy	15550	30.3	31.2	40.1	26.1	25.3	19.7	20.0	18.1	20.9	16.1	14.6	16.6		

Source: Bloomberg, 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, Akruiti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Chirag Shah PGDBM, Yash Panwar PGDM (Finance, IT), MBA Research Analysts 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 brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on www.icicibank.com.

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/beneficial ownership of one percent or more or other material conflict of interest various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.