

CMP: ₹ 560

Target: ₹ 690 (23%)

Target Period: 12 months

BUY

February 4, 2022

## Price hikes must to protect margins...

**About the stock:** JK Lakshmi mainly caters to the North, West & Eastern markets with total capacity of 13.3 MT (including subsidiary). It has integrated units at Sirohi, Udaipur (Rajasthan) and Durg (Chhattisgarh) while grinding units are located at Jhajjar (Haryana), Cuttack (Odisha), Kalol and Surat (Gujarat).

- It also has 105 MW power plant (74 MW CPP, 21 MW WHRS, and 10 MW solar) that fulfils its 75% of total power requirements
- The company is now adding 2.5 MT cement capacity (1.5 MT clinker) through its subsidiary unit UCWL at cost of ₹ 1400 crore

**Q3FY22 Results:** Results remained weak due to lower sales volumes along with the higher cost pressure.

- Revenues broadly remained flat YoY at ₹1193.4 crore (vs. I-direct estimate: ₹ 1107.9 crore). Sales volume were down 8.8% YoY to 2.46 MT while realisations were up 9.7% YoY to ₹ 4853/t
- EBITDA/t was down 16.3% YoY to ₹ 595/t (vs. I-direct estimate ₹ 572/t). EBITDA margin was at 12.3%, down 381 bps YoY, 227 bps QoQ
- PAT of ₹ 59.2 crore was down 42.1% YoY (vs. our estimate: ₹ 53.6 crore)

**What should investors do?** JK Lakshmi's share price has grown by ~2.5x over the past three years (from ~₹ 331 in August 2018 to ₹ 816 in July 2021).

- We remain positive on the company and maintain BUY rating.

**Target Price and Valuation:** We value company at ₹ 690 i.e.9.5x FY23E EV/EBITDA

### Key triggers for future price performance:

- With expected utilisation of 90%+ for FY22E, volume growth to moderate, going forward, as the new capacity will come on stream only in FY24E
- WHRS of 10 MW to get commissioned soon that should help contain the power cost from FY23E onwards
- B/s strength to remain healthy despite newly announced capex of ~₹ 1650 crore for its subsidiary unit UCWL

**Alternate Stock Idea:** Apart from JK Lakshmi, in our cement sector coverage we also like another north based player Mangalam Cement.

- The enhanced clinker capacity to drive growth going forward. The benefit of various incentives to provide cost advantage
- BUY with a target price of ₹ 600/share



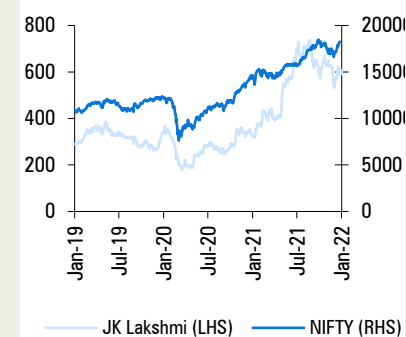
### Particulars

Particular	Amount
Mcap	₹ 6591 crore
Debt (FY21)	₹ 1034 crore
Cash & Invest (FY21)	₹ 726 crore
EV	₹ 6899 crore
52 week H/L	₹ 395 / ₹ 180
Equity cap	₹ 59 crore
Face value	₹ 5

### Shareholding pattern

(in %)	Mar-21	Jun-21	Sep-21	Dec-21
Promoter	46.21	46.21	46.01	46.01
FII	10.58	10.26	12.48	12.97
DII	27.17	28.42	26.16	24.96
Others	16.04	15.11	15.35	16.06

### Price Chart



### Key risks

- Any delay in commissioning of new capacities
- Volatility in prices of key inputs like coal/petcoke

### Research Analyst

Rashes Shah  
Rashes.shah@icicisecurities.com

### Key Financial Summary

Key Financials	FY18	FY19	FY20	FY21	3 Year CAGR (%)	FY22E	FY23E	2 Year CAGR (%)
Net Sales	3412	3882	4044	4385	8.7	5000	5469	11.7
EBITDA	411	415	672	790	24.3	740	941	9.1
EBITDA (%)	12.1	10.7	16.6	18.0		14.8	17.2	
PAT	84	80	265	395	67.6	366	440	5.5
EPS (₹)	7.1	6.8	22.6	33.5		31.1	37.4	
EV/EBITDA	19.3	18.9	11.2	8.7		9.8	7.7	
EV/Tonne (\$)	104	96	81	74		75	75	
RoNW	5.8	5.2	15.5	19.0		16.7	17.5	
RoCE	9.2	9.3	17.1	21.1		18.1	20.9	

Source: Company, ICICI Direct Research

## Key performance highlights

- Sales volumes were at 2.46 MT (down 8.8% YoY, up 6% QoQ). Transporters strike in Chhattisgarh affected dispatches for 17 days. Further, demand in other market also remained weak during November 2021 while realisations were up 9.7% YoY (flat QoQ) to ₹4853/t that remained in-line with our estimates (₹ 4885/t)
- Total production cost per tonne increased sharply by 14.6% YoY (up 3.4% QoQ) mainly led by higher power & fuel, freight & other costs. This led to EBITDA margin contraction of 381bps YoY to 12.3% (vs. I-direct estimate: 11.7%)
- The company reported EBITDA/t of ₹ 595/tonne (vs. I-direct estimate: ₹ 572/t). Absolute EBITDA came in at ₹ 146.4 crore (down 23.7% YoY) vs. our estimated EBITDA of ₹ 129.7 crore
- PAT came in at ₹ 59.2 crore (I-direct estimate: ₹ 53.6 crore). It was down 42.1% YoY and 22.6% on QoQ basis
- The company's subsidiary Udaipur Cement Works is expanding its cement capacity by 2.5 MT, which is likely to be commissioned in December 2023E. On completion of this expansion, consolidated capacity of JKLC and UCWL will get enhanced to 16.4 MT

## Key conference call highlights

**Demand:** Unseasonal rains and transporters strike in East led to sales volume loss during Q3. Demand has improved from mid-December and current trend remains healthy. Trade mix for 9MFY22 was at 54%

**Capex:** At JKLC, no expansion currently (plans will be announced in coming quarters). Intend to increase market share in Gujarat and Rajasthan. 10 MW WHR plant commissioning expected soon. Expect annual cost savings of ₹22-24 crore. No further plan for WHRS

**Capex at subsidiary-** No plans to merge subsidiary unit due to differential rate of tax structure at present. It will happen over next two to three years. UCWL completed de-bottlenecking and expanded clinker capacity by 0.3 MT to 1.5 MT and cement by 0.6 MT to 2.2 MT. It is now undergoing ₹1,650 crore expansion. To add 2.5 MT cement and 1.5 MT clinker capacities (financed via debt and equity in the ratio of 2:1). The financial closure with the bank has already happened with loan tenure of 15 years including first 4 years of moratorium. Company to spend ₹200 crore and ₹1000 crore in FY22E and FY23E respectively towards capex and balance to be spend in FY24E

**Cement prices & Cost:** Cement price has increased ₹ 5//bag in North during January 2022. In East, prices have increased by ₹ 10-12/bag. Further price hikes are expected in February-March to offset cost pressure. Fuel consumption costs at ₹ 9500/t in Q3 vs. ₹ 8400/t in Q2 vs. ₹ 7000/t in Q1FY22. Current fuel prices are at ₹ 10000/t+. Hence, further cost increase is expected in Q4 as well. Currently using 60% petcock and 30% coal at company level. Eastern plant utilises higher amount of coal due to its close proximity. In terms of EBITDA, expect to generate and sustain EBITDA/t at ~₹850/t going ahead

**On merger of JKLC & UCWL:** Currently no plans of merger between UCWL and JKLC due to difference in the tax rates (UCWL @ 25% & JKLC @ 34%)

**Debt position:** Consolidated gross debt was at ~₹ 1634 crore while net debt was at ₹ 922 crore. Standalone gross debt at ₹1078 and net debt of ₹440 crore

## Key triggers for future price performance

**To add 2.5 MT cement capacity through its subsidiary in Rajasthan:** With CU utilisations reaching over 99% in Q4FY21 & 91% in Q1FY22, the company will now be adding cement capacity of 2.5 MT (1.5TM clinker) at its existing plant in Udaipur unit (through subsidiary co Udaipur Cement Works Ltd) with total capex of ₹1650 crore. The same is likely to get commissioned by end of Q3FY24E. Ramp up of capacities in Durg in the past 4 years has led to co generating annual OCF of over ₹400 crore. Further, with liquidity buffer of ₹726 crore, we believe, the company is in better position fund this new expansion.

**Focus on cost reductions to drive further efficiency:** Being predominantly North (8.2 MT) and Central (3.5 MT) player, the co. 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 has helped the co. to reduce reliance on costly grid power. The progress on the WHRS Unit-III Project at Sirohi (10 MW) is as per schedule and will be commissioned soon. In the eastern region, the company has 7 MW WHR plant and has recently commissioned CPP of 20 MW to become self-sufficient. To reduce the 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

**Valuation & Outlook:** While the company may remain laggard in terms of growth during FY21-23E due to delayed capacity expansion (likely commissioning Q3FY24E), the focus on strengthening BS with significant debt reduction in FY22E remains key positive. Given constructive sector outlook, we maintain positive stance the company and retain our BUY rating with revised TP of ₹690/share (@ 9.5x FY23EV/EBITDA)

**Exhibit 1: Variance Analysis**

Particulars	Q3FY22	Q3FY22E	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	Comments
Net Sales	1193.4	1107.9	1192.8	0.1	1,118.2	6.7	Capacity utilisation remained better than industry at ~84%
EBITDA	146.4	129.7	191.8	-23.7	162.6	-9.9	
EBITDA Margin (%)	12.3	11.7	16.1	-381 bps	14.5	-227 bps	Margin contraction is mainly attributed to sharp increase in power & fuel
PAT	59.2	53.6	102.3	-42.1	76.6	-22.6	

**Key Metrics**

Volume (MT)	2.46	2.27	2.70	-8.8	2.32	6.0
Realisation (₹)	4,853	4,885	4,426	9.7	4,820	0.7
EBITDA per Tonne (₹)	595	572	712	-16.3	701	-15.0

Pet tonne cost	Q3FY22	Q3FY22E	Q3FY21	YoY (%)	Q2FY22	QoQ (%)	
Raw Material Expenses	1,100	1,150	1,120	-1.8	1,199	-8.3	
Employee Expenses	353	350	323	9.2	364	-3.1	
Power and fuel	1,192	1,153	799	49.3	973	22.6	Higher petcoke prices led to sharp jump in P&F costs
Freight	1,011	1,030	901	12.2	974	3.8	
Others	601	630	571	5.2	609	-1.3	
Total	4,258	4,313	3,714	14.6	4,119	3.4	
EBITDA	595	572	712	-16.3	701	-15.0	

Source: Company, ICICI Direct Research

**Exhibit 2: Change in estimates**

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	5,044.5	4,999.8	-0.9	5,488.6	5,469.4	-0.3	
EBITDA	855.9	740.3	-13.5	982.3	940.7	-4.2	
EBITDA Margin (%)	17.0	14.8	-216 bps	17.9	17.2	-70 bps	
PAT	472.0	365.9	-22.5	466.9	439.7	-5.8	
EPS (₹)	40.1	31.1	-22.5	39.7	37.4	-5.8	

Source: Company, ICICI Direct Research

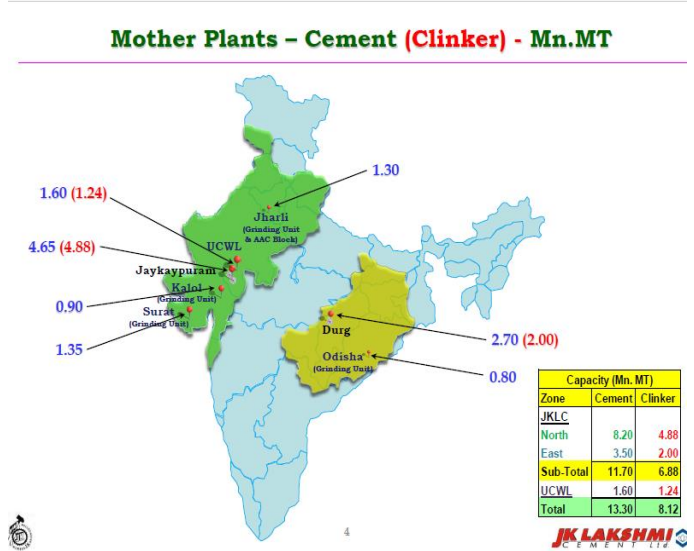
Financial story in charts

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>	

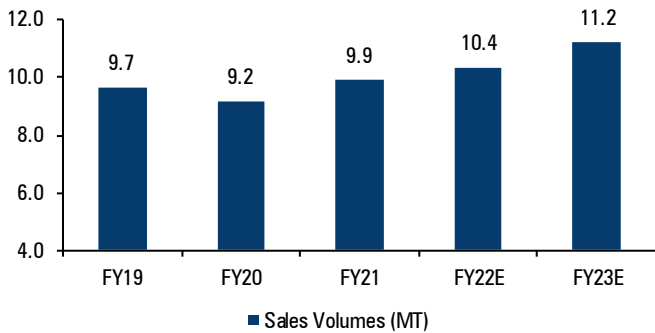
Source: Company, ICICI Direct Research

Exhibit 4: Location wise cement capacity



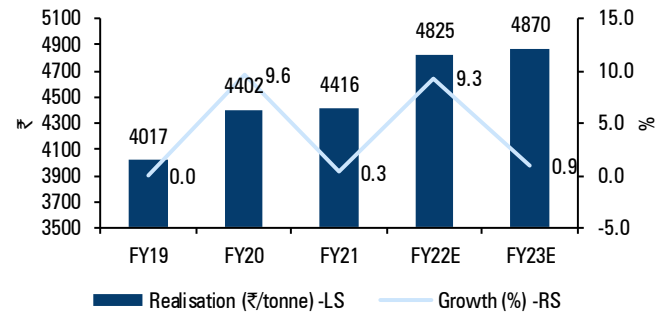
Source: Company, ICICI Direct Research

Exhibit 5: Volumes to grow at 6.4% CAGR over FY21-23E



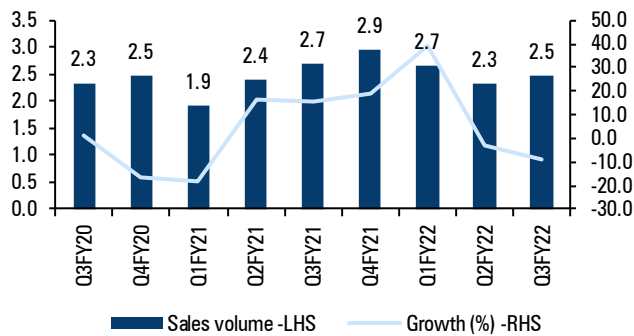
Source: Company, ICICI Direct Research

Exhibit 6: Realisations to improve gradually on healthy capacity utilisations



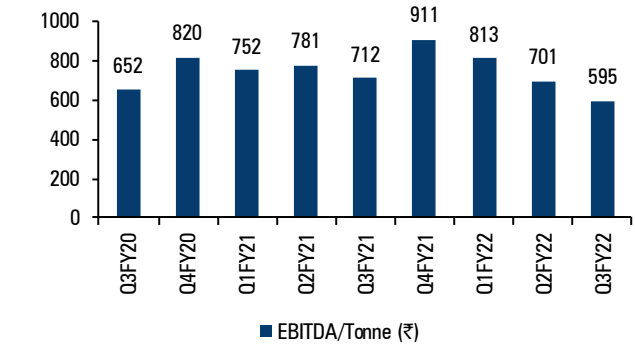
Source: Company, ICICI Direct Research

Exhibit 7: Volumes decline 8.8% YoY in Q3FY22



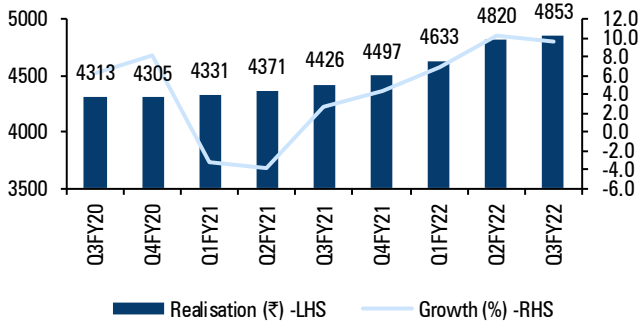
Source: Company, ICICI Direct Research

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



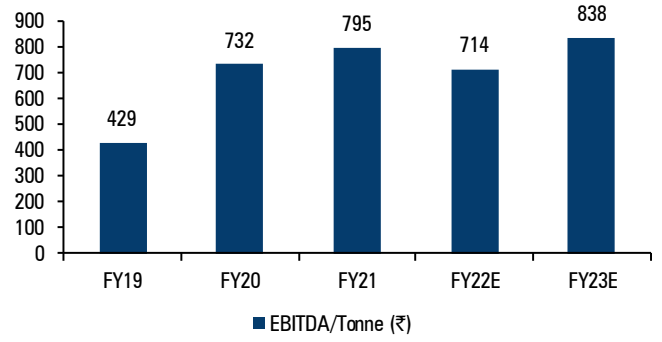
Source: Company, ICICI Direct Research

Exhibit 9: Realisations up 10% YoY



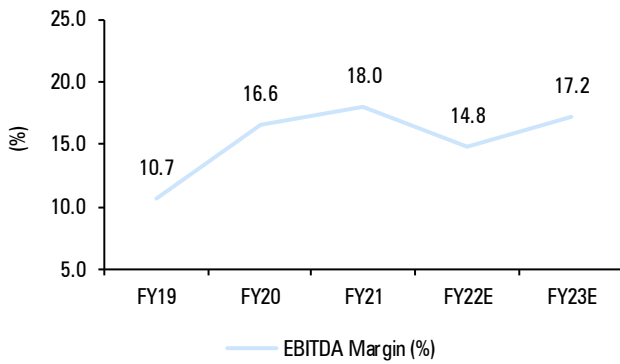
Source: Company, ICICI Direct Research

Exhibit 10: EBITDA/t trend



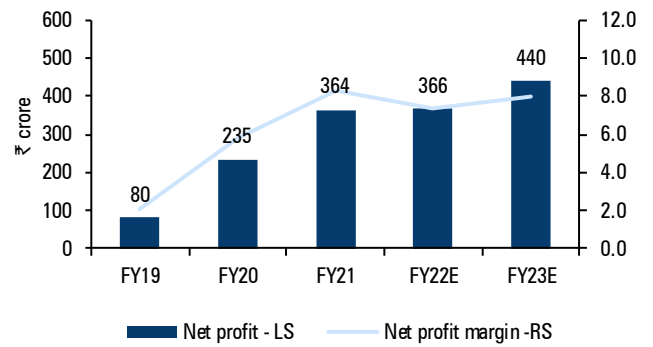
Source: Company, ICICI Direct Research

Exhibit 11: Margins to improve in FY23 with strong pricing environment



Source: Company, ICICI Direct Research

Exhibit 12: PAT to improve led by improving operating profits



Source: Company, ICICI Direct Research

## Financial Summary

Exhibit 13: Profit & Loss Account (standalone)				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Total operating income</b>	<b>4,043.5</b>	<b>4,384.7</b>	<b>4,999.8</b>	<b>5,469.4</b>
Growth (%)	4.2	8.4	14.0	9.4
Raw material	952.4	1083.9	1160.6	1213.1
Power & Fuel	843.9	779.8	1125.9	1100.7
Employees	303.1	327.0	354.9	384.1
Freight	817.6	883.2	1012.4	1100.7
Others	454.2	521.2	605.7	730.1
Total Operating Exp.	3,371.1	3,595.0	4,259.5	4,528.7
<b>EBITDA</b>	<b>672.4</b>	<b>789.7</b>	<b>740.3</b>	<b>940.7</b>
Growth (%)	52.2	17.5	-6.3	27.1
Depreciation	188.4	194.2	185.6	194.8
Interest	163.6	142.5	100.0	123.4
Other Income	49.3	74.6	57.6	52.0
Exceptional items	30.2	30.9	0.0	0.0
PBT	339.5	496.7	512.4	674.4
Total Tax	104.2	132.8	146.5	234.7
PAT	235.2	363.9	365.9	439.7
<b>Adjusted PAT</b>	<b>265.5</b>	<b>394.9</b>	<b>365.9</b>	<b>439.7</b>
Growth (%)	233.6	48.8	-7.3	20.2
<b>Adjusted EPS (₹)</b>	<b>22.6</b>	<b>33.5</b>	<b>31.1</b>	<b>37.4</b>

Source: Company, ICICI Direct Research

Exhibit 15: Balance Sheet summary				
(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	2,127.8	2,460.7
Total Shareholders funds	1,708.7	2,078.9	2,186.6	2,519.6
Total Debt	1,398.0	1,034.2	1,134.2	1,234.2
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>3,570.9</b>	<b>4,003.8</b>
<b>Assets</b>				
Gross Block	5,121.2	5,169.1	5,436.6	5,696.6
Less: Acc Depreciation	2,333.1	2,527.3	2,712.8	2,907.7
Net Block	2,788.1	2,641.8	2,723.7	2,788.9
Capital WIP	151.0	227.5	100.0	90.0
Total Fixed Assets	2,939.1	2,869.3	2,823.7	2,878.9
Investments	416.9	367.3	367.3	367.3
Inventory	412.8	315.5	369.4	319.9
Debtors	88.2	53.7	275.1	84.6
Loans and Advances	274.9	293.1	806.9	1,162.1
Non current Investments	383.1	403.5	403.5	403.5
Cash	29.3	359.1	129.2	174.8
Total Current Assets	1,188.3	1,424.7	1,984.0	2,144.8
Creditors	1,220.7	1,279.6	1,575.0	1,362.0
Provisions	16.9	18.6	29.1	25.2
Total Current Liabilities	1,237.6	1,298.3	1,604.2	1,387.2
Net Current Assets	-49.4	126.5	379.8	757.6
<b>Application of Funds</b>	<b>3,306.7</b>	<b>3,363.1</b>	<b>3,570.9</b>	<b>4,003.8</b>

Source: Company, ICICI Direct Research

Exhibit 14: Cash flow statement				
(Year-end March)	FY20	FY21	FY22E	FY23E
Profit after Tax	235.2	363.9	365.9	439.7
Add: Depreciation	188.4	194.2	185.6	194.8
(Inc)/dec in Current Assets	-106.2	113.7	-789.1	-115.2
Inc/(dec) in CL and Prov.	93.4	60.6	305.9	-217.0
<b>CF from operating activit</b>	<b>410.7</b>	<b>732.4</b>	<b>68.3</b>	<b>302.4</b>
(Inc)/dec in Investments	-80.4	29.3	0.0	0.0
(Inc)/dec in Fixed Assets	-77.4	-124.4	-140.0	-250.0
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>-250.0</b>
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	-214.9	-363.8	100.0	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>-158.2</b>	<b>-6.8</b>
Net Cash flow	13.1	328.0	-229.9	45.6
Opening Cash	18.0	29.3	359.1	129.2
<b>Closing Cash</b>	<b>31.1</b>	<b>357.3</b>	<b>129.2</b>	<b>174.8</b>

Source: Company, ICICI Direct Research

Exhibit 16: Ratio sheet				
(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
Adjusted EPS	22.6	33.5	31.1	37.4
Cash EPS	36.0	47.4	46.9	53.9
BV	145.2	176.6	185.8	214.1
DPS	0.0	3.8	3.5	4.0
Cash Per Share	2.5	30.5	11.0	14.8
<b>Operating Ratios (%)</b>				
EBITDA Margin	16.6	18.0	14.8	17.2
PAT Margin	5.8	8.3	7.3	8.0
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	16.7	17.5
RoCE	17.1	21.1	18.1	20.9
RoIC	17.9	24.7	18.7	22.1
<b>Valuation Ratios (x)</b>				
P/E	28.0	18.1	18.0	15.0
EV / EBITDA	11.2	8.7	9.8	7.7
EV / Net Sales	1.9	1.6	1.4	1.3
Market Cap / Sales	1.6	1.5	1.3	1.2
Price to Book Value	4.3	3.9	3.2	3.0
<b>Solvency Ratios</b>				
Debt/EBITDA	2.1	1.3	1.5	1.3
Debt / Equity	0.8	0.5	0.5	0.5
Current Ratio	0.7	0.8	1.0	1.3
Quick Ratio	0.6	0.5	0.9	1.1

Source: Company, ICICI Direct Research

Exhibit 17: ICICI Direct coverage universe (Cement)

Company	CMP		Rating	EPS (₹)			EV/EBITDA (x)			EV/Tonne (\$)			RoCE (%)			RoE (%)		
	(₹)	TP (₹)		FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E	FY21	FY22E	FY23E
ACC*	2,290	2,800	BUY	85	110	126	16.3	11.5	10.0	138	134	134	14.5	18.7	18.9	12.6	14.3	14.4
Ambuja Cem*	381	475	BUY	9	12	13	19.7	14.8	13.5	232	208	206	17.6	19.9	20.3	20.3	22.6	22.6
UltraTech Cem	7,401	9,300	BUY	191	214	261	21.3	20.7	16.3	299	289	248	14.7	13.9	17.2	12.7	12.8	13.8
Shree Cement	24,900	34,500	BUY	641	672	922	26.1	23.9	18.4	307	303	296	18.2	18.0	20.9	15.2	14.0	16.3
Heidelberg Cem	230	285	HOLD	14	15	17	12.0	10.0	8.3	131	127	121	20.1	23.7	27.2	21.1	20.3	20.8
JK Cement	3,371	3,950	HOLD	100	123	138	19.3	16.9	14.2	228	231	230	18.6	19.0	19.9	20.6	20.7	19.3
JK Lakshmi Cen	565	690	BUY	34	31	37	8.7	9.8	7.7	74	75	75	21.1	18.1	20.9	19.0	16.7	17.5
Star Cement	96	120	BUY	6	7	8	10.8	8.4	7.2	90	86	83	13.3	16.4	17.1	12.6	14.2	13.6
Ramco Cement	879	1,130	BUY	32	27	39	15.0	17.8	13.4	171	177	166	8.6	7.0	8.8	13.5	10.3	12.7
Sagar Cement	258	315	BUY	16	9	21	8.4	11.4	6.3	84	61	59	15.6	10.0	19.0	16.0	8.7	16.9

Source: Company, ICICI Direct Research, \*ACC and Ambuja FY20=CY19, FY21E=CY20E, FY22E=CY21E



## 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](mailto: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](mailto: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 [icidirect.com](http://icidirect.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.