

Cost pressure to ease out; debt remains overhang...

About the stock: Sagar Cement is a **south based cement player** with cement capacity of 8.25 MT. Region wise, Andhra Pradesh/Telangana accounted for ~60% of sales followed by Tamil Nadu (16%), Karnataka (9%).

- Going forward, the company will be developing a presence in the faster-growing eastern and central market with recent commissioning of new 2.5 MT capacity
- Self-reliance in power (61.5 MW), ability to switch between coal and petcoke for fuel requirement and split grinding units near market give it a cost advantage

Q2FY23 Results: The performance was subdued, impacted by higher fuel prices and interest costs amid weak demand due to monsoons.

- Revenues were up 28.6% YoY to ₹ 474.6 crore, led by commissioning of new capacities and higher realisations. On a like to like basis, revenues were up 17.2% YoY
- Margins further declined 974 bps QoQ to 1.2% (vs. 16.5% last year) on higher production costs
- Net loss increased to ₹ 49.2 crore vs. loss of ₹ 13.1 crore in Q1 on lower margins and higher interest expenses

What should investors do? With capacity expansion in high growth regions like East & Central, we expect strong growth momentum, going forward

- However, a rise in debt for potential M&A is expected to pose a challenge in the medium-term. Hence, we maintain **HOLD** rating on the stock

Target Price and Valuation: We value Sagar at ₹ 205 i.e.8x FY24E EV/EBITDA

Key triggers for future price performance:

- **Incremental volumes from new units** (1 MT ICU at MP, 1.5 MT grinding unit in Odisha) to help grow the business. Expect revenue CAGR of 26.4% during FY22-24E led by 24.8% CAGR in volumes
- However, short-term headwinds with respect to cost to keep margins under check. Operating leverage to kick in post stabilisation of its new capacities
- The company is on the course to reach over 10 MT capacity through M&A in the medium term for which additional debt of ₹ 500 crore has been raised

Alternate Stock Idea: In our cement sector coverage, we also like another high dividend paying company Heidelberg Cement.

- The company is the cost efficient player in central India having a strong BS.
- BUY with a target price of ₹220/share



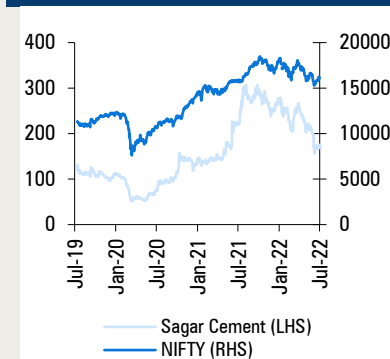
Particulars

Particular	Amount
Market Capitalization	₹ 2509 Crore
Total Debt (FY22)	₹ 1572 Crore
Cash and Investments (FY22)	₹ 476 Crore
EV	₹ 3606 Crore
52 week H/L	₹ 317/118
Equity capital	₹ 26.1 Crore
Face value	₹ 2

Shareholding pattern

(in %)	Sep-21	Dec-21	Mar-22	Jun-22
Promoter	50.28	50.28	50.28	45.20
FII	6.14	5.80	5.24	4.47
DII	8.16	8.96	8.87	18.21
Others	35.42	34.96	35.61	32.12

Price Chart



Key risks

- Persistent slowdown in demand
- Sharp reduction in prices of key inputs like coal/petcoke remains upside risk

Research Analyst

Rashes Shah
rashes.shah@icicisecurities.com

Debotro Sinha
debotro.sinha@icicisecurities.com

Key Financial Summary

Particulars	FY19	FY20	FY21	FY22	3 year CAGR (%)	FY23E	FY24E	2 year CAGR (%)
Sales	1217.6	1175.2	1371.3	1596.9	9.5	2281.8	2552.6	26.4
EBITDA	149.4	185.5	400.4	275.8	22.7	230.4	400.6	20.5
EBITDA (%)	12.3	15.8	29.2	17.3		10.1	15.7	
PAT	13.6	26.5	185.6	59.1	63.3	6.2	139.8	53.7
EPS (₹)	1.0	2.0	14.2	4.5		0.5	10.7	
EV/EBITDA	19.9	16.2	7.7	13.1		14.2	7.5	
EV/Tonne (\$)	80	74	76	62		57	52	
RoNW	1.6	2.8	15.5	4.7		0.4	8.2	
RoCE	6.4	7.2	15.4	6.6		4.6	10.0	

Source: Company, ICICI Direct Research

Key performance highlights

- Sales volume grew 21.3% YoY to 1.03 MT (down 12.7% QoQ) led by commissioning of its new 2.5 MT cement capacities in the East & Central region. Average realisations were up 6% YoY to ₹ 4,585/t (down 2.5% QoQ) mainly to offset the rising cost pressure. Capacity utilisation was at 49% vs. 57.5% in the last quarter
- EBITDA margin came in at 1.2%, far lower than our estimated EBITDA margin of 8.8%. Higher power & fuel costs (up 67.5% YoY, 21.7% QoQ to ₹ 2,200/tonne) and negative operating leverage due to low volume on account of monsoon led to a sharp erosion in margin
- Reported EBITDA/t came in at ₹ 55/t (vs. I-direct estimate: ₹ 405/t), down 92.3% YoY, 89.3% QoQ. On an absolute basis, EBITDA came in at ₹ 5.7 crore vs. I-direct estimate of ₹ 48.6 crore
- Net loss came in at ₹ 49.2 crore, mainly due to a sharp jump in interest expenses (up 4x YoY to ₹ 50.3 crore, 4.6%QoQ) and higher depreciation expenses (up 90% YoY) due to commissioning of new capacities

Key conference call highlights

- On a like to like basis, sales volume was up 17% YoY. Overall volume grew 34.9% YoY led by capacity addition of 2.5 MT. Trade sales were down to 57% in Q2FY23 due to monsoons. The company expects it to revert back to over 65% post monsoon
- Target sales volume of over 5 MT for FY23E is maintained. Of this target, ~1.4 MT sales volume to come from new units, which got commissioned recently. Satguru (1 MT ICU at MP) commenced operations from October 27, 2021 while Jajpur Odisha unit (1.5 MT GU) got commissioned from January 2022
- Costs: Pet coke prices recently corrected by over 10%. The benefit from this will start to accrue from Q3 onwards. The company expects cost saving of ₹ 250/tonne, going forward. Freight cost is expected to come down by ₹ 40-50/tonne once target lead distance of 275 km is achieved
- Average price hikes of ₹ 15-20/bag was taken in October. Overall, Sagar expects cement realisation to improve by ₹ 200/tonne, going forward
- Gross debt was at ₹ 1485 crore of which ₹ 500 crore structured debt instrument raised for future acquisition (**for Andhra Cement acquisition, which has cement capacity of 2.6 MT**). By October-December, we will get more clarity on the deal. Revenue is expected to start flowing in three months post the deal execution

Exhibit 1: Variance Analysis

	Q2FY23	Q2FY23E	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	
Total Operating Income	474.6	550.7	368.9	28.6	557.7	-14.9	Sales volume up 21.3% YoY led by capacity expansion
EBITDA	5.7	48.6	60.8	-90.6	61.0	-90.6	
EBITDA Margin (%)	1.2	8.8	16.5	1527 bps	10.9	-974 bps	
Interest	50.3	49.6	11.4	340.2	48.1	4.6	Structured debt of ₹ 500 crore for potential M&A leads to higher interest
Depreciation	37.9	37.5	19.9	90.3	36.6	3.7	
PBT	-67.6	-33.5	32.0	-311.1	-11.2	503.8	
Total Tax	-18.4	-13.8	11.2	-263.4	1.9	-1,061.8	
PAT	-49.2	-19.7	20.8	-336.9	-13.1	275.5	
Key Metrics							
Volume (MT)	1.03	1.20	0.85	21.3	1.19	-12.7	Capacity utilisatoon for quarter at 49%
Net realisation (₹)	4,585	4,589	4,325	6.0	4,702	-2.5	
EBITDA per Tonne (₹)	55	405	712	-92.3	515	-89.3	
Per tonne							
Net Sales	4,585	4,374	4,325	6.0	4,702	-2.5	
Raw Material Expenses	689	620	700	-1.6	843	-18.3	
Employee Expenses	222	210	236	-6.3	214	3.3	
Power and fuel	2,200	1,968	1,313	67.5	1,808	21.7	Higher fuel prices lead to sharp jump in fuel cost
Freight	798	780	795	0.5	798	0.0	Freight cost lower on account of reduction in lead distance post
Others	621	391	568	9.4	524	18.7	
Production costs	4,530	3,969	3,612	25.4	4,187	8.2	
EBITDA	55	405	712	-92.3	515	-89.3	

Source: Company, ICICI Direct Research

Exhibit 2: Change in estimates

(₹ Crore)	FY23E			FY24E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	2,385.5	2,281.8	-4.3	2,552.6	2,552.6	0.0	
EBITDA	274.7	230.4	-16.1	428.7	400.6	-6.5	
EBITDA Margin (%)	11.5	10.1	-142 bps	16.8	15.7	-110 bps	

Source: Company, ICICI Direct Research

Key triggers for future price performance

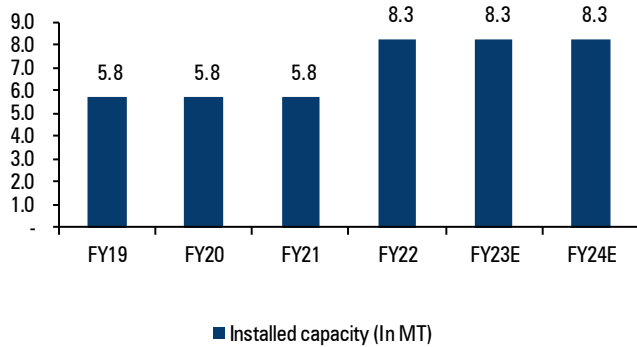
To achieve 10 MT capacity by FY25E: The company is aiming to reach to 10 MT capacity by FY25E. In the first phase, Sagar has added 2.5 MT capacity (1 MT in Madhya Pradesh and 1.5 MT in Odisha). Post these expansions, total capacity has now increased to 8.25 MT. With likely acquisition on the cards in the next fiscal, we expect debt levels to stay at elevated levels. However, incremental operating cash flows will take care its debt servicing ability and help bring down its debt subsequently post normalisation of its new capacities.

Low cost producer in AP/Telangana region: In the past three years, the company has initiated various cost efficiency measures like setting up of coal based CPP of 18 MW at its plant in Matapally, Nalgonda taking its total power capacity to 61.5 MW. This resulted in the company being 100% self-sufficient in FY20 in terms of power compared to 50% dependence on purchased power three years back. The company also expanded grinding unit in Bayyavaram to 1.5 MT. This, in turn, has helped the company to reduce lead distance. For fuel requirement, the company has option to use petcoke or coal depending upon its cost benefit. Hence, we expect Sagar to broadly maintain the CoP at optimum levels vs. peers, which would help it to maintain better margins, going forward.

Valuation & Outlook: With capacity expansion into newer geographies like East & Central, we expect revenue CAGR of 26.4% during FY22-24E, though full potential of new capacities would start reflecting from H2FY23E onwards. However, the rise in the debt for potential M&A to pose challenge in the near-term. Hence, we maintain our **HOLD** rating on the stock. We value Sagar at ₹ 205 i.e.8.0x FY24E EV/EBITDA.

Financial story in charts

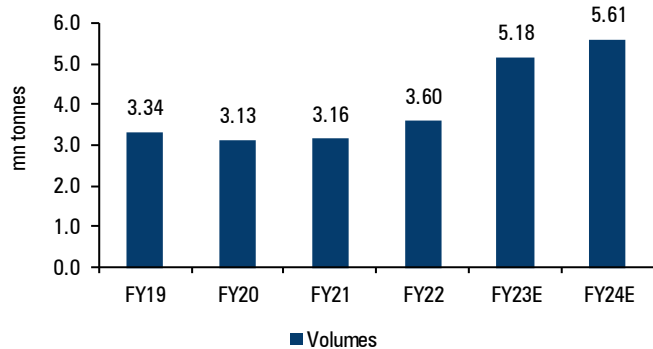
Exhibit 3: Installed capacity increases 43.5% in FY22



Source: Company, ICICI Direct Research

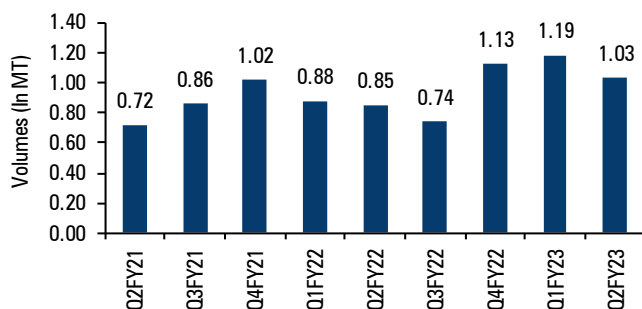
Total 82% of Sagar's volume is from Andhra Pradesh (34%), Telangana (25%), Tamil Nadu (12%) and Karnataka (11%), with the company's brand "Sagar Cements" being a renowned one in southern India. The company also has a presence in Maharashtra (9%) and Odisha (8%). With the plants under Satguru Cement and Jajpur Cements coming on stream, the company's presence will improve in eastern, central, and western regions, going forward.

Exhibit 5: Volumes to grow at 24.8% CAGR over FY22-24E with commissioning of new capacities



Source: Company, ICICI Direct Research

Exhibit 7: Volumes increase 21.3% YoY in Q2FY23



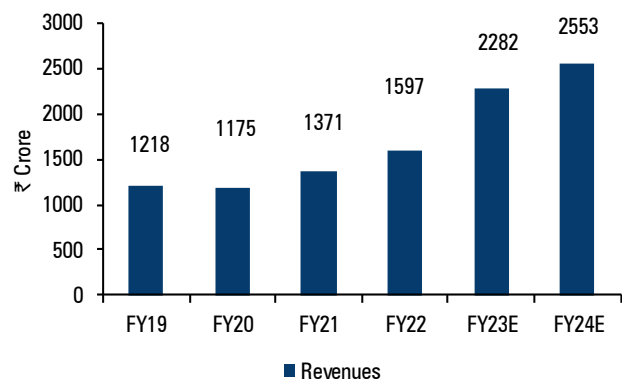
Source: Company, ICICI Direct Research

Exhibit 4: Capacity addition plans

Capacity	Clinker (MT)	Cement (MT)
Current capacity	3.8	5.8
Additions		
Dhar, MP (Satgurur Cement)	0.7	1.0
Jajpur, Orissa (Jajpur Cement)		1.5
FY22 Capacity	4.5	8.3

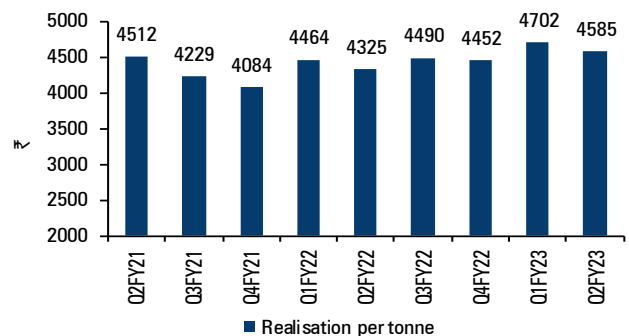
Source: Company, ICICI Direct Research

Exhibit 6: Topline to grow at 26.4% CAGR over FY22-24E



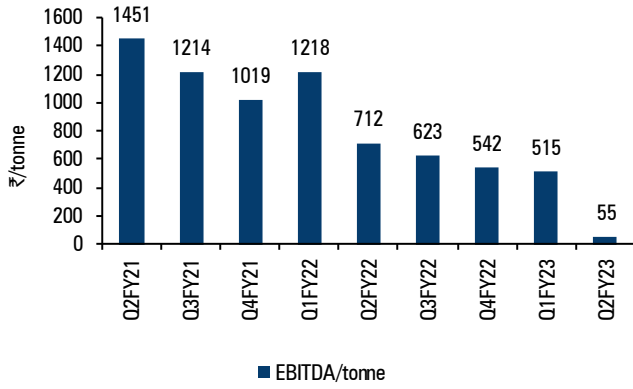
Source: Company, ICICI Direct Research

Exhibit 8: Realisations up 6% YoY on increased cost pressure



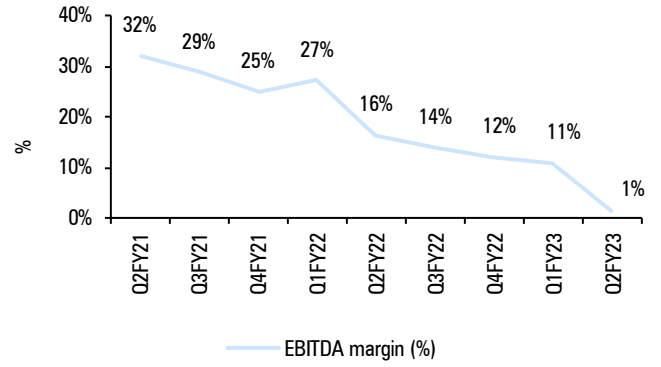
Source: Company, ICICI Direct Research

Exhibit 9: EBITDA/t declines further on high cost pressure



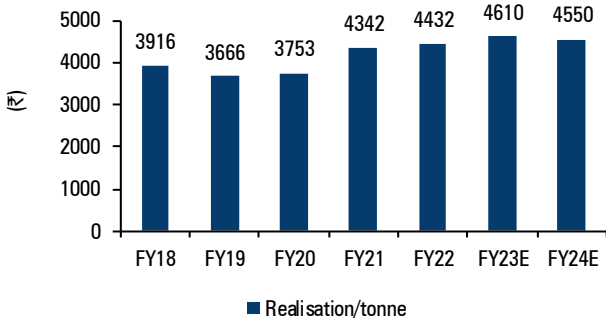
Source: Company, ICICI Direct Research

Exhibit 10: Margins trends



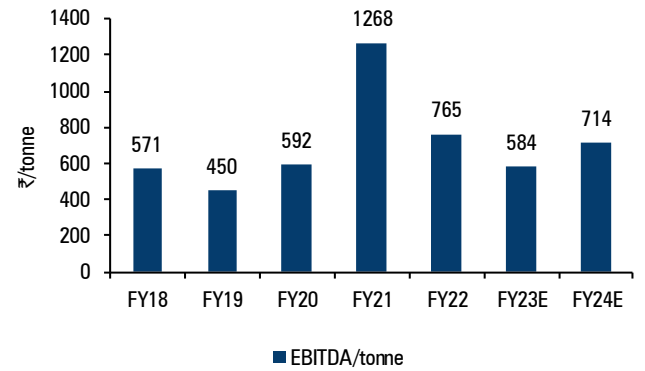
Source: Company, ICICI Direct Research

Exhibit 11: Realisations to stay firm, going forward, on high cost pressure



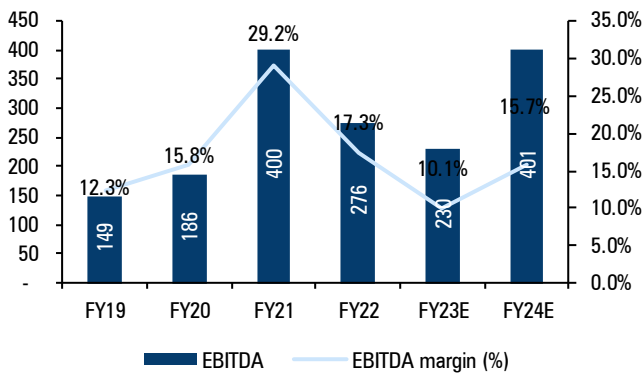
Source: Company, ICICI Direct Research

Exhibit 12: EBITDA/t trend



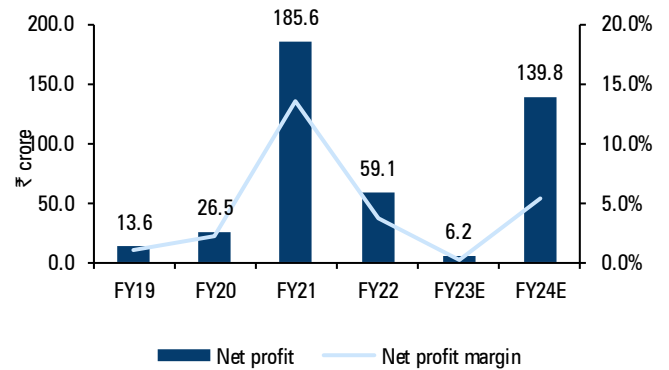
Source: Company, ICICI Direct Research

Exhibit 13: EBITDA margins to stabilise at ~16% by FY24E



Source: Company, ICICI Direct Research

Exhibit 14: Profitability to improve from FY24E led by likely cost stabilisation, improved asset utilisation



Source: Company, ICICI Direct Research

Financial Summary

Exhibit 15: Profit & Loss Account

(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Operating Income	1,175.2	1,371.3	1,596.9	2,281.8	2,552.6
Growth (%)	-3.5	16.7	16.4	42.9	11.9
Raw material cost	227.3	239.8	225.3	351.5	420.8
Power & fuel	309.2	261.4	515.7	931.5	813.5
Freight cost	223.8	234.2	278.6	414.0	437.6
Others	229.4	235.5	301.5	354.4	480.1
Total Operating Exp.	989.7	970.9	1,321.1	2,051.4	2,151.9
EBITDA	185.5	400.4	275.8	230.4	400.6
Growth (%)	24.2	115.9	-31.1	-16.4	73.9
Depreciation	78.9	80.6	92.7	112.3	109.1
Interest	61.0	46.6	92.5	136.4	118.8
Other Income	4.0	7.8	13.4	26.8	20.0
PBT	49.7	281.1	104.0	8.5	192.8
Total Tax	23.1	95.5	44.9	2.3	53.0
PAT	26.5	185.6	59.2	6.2	139.8
PAT margin	2.3	13.5	3.7	0.3	5.5
Adjusted PAT	26.5	185.6	59.2	6.2	139.8
Growth (%)	95.2	599.5	-68.1	-89.6	2,163.3
Adjusted EPS (₹)	2.0	14.2	4.5	0.5	10.7

Source: Company, ICICI Direct Research

Exhibit 17: Balance Sheet summary

(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Liabilities					
Share Capital	22.3	23.5	23.5	26.1	26.1
Reserve and Surplus	935.2	1,171.0	1,224.2	1,561.7	1,685.7
Total Shareholders fun	957.5	1,194.5	1,247.7	1,587.9	1,711.9
Total Debt	498.0	810.2	1,571.9	1,391.9	1,211.9
Deferred Tax Liability	22.7	75.9	97.7	119.5	141.3
Minority Interest / Other	193.9	238.3	207.8	207.8	207.8
Total Liabilities	1,672.1	2,318.9	3,125.0	3,307.0	3,272.8
Assets					
Gross Block	1,842.1	1,863.1	2,622.1	2,727.6	2,727.6
Less: Acc Depreciation	511.5	592.0	684.8	797.1	906.2
Net Block	1,330.6	1,271.0	1,937.4	1,930.5	1,821.4
Capital WIP	108.0	517.5	100.5	35.0	65.0
Total Fixed Assets	1,438.6	1,788.5	2,037.9	1,965.5	1,886.4
Investments	53.4	52.8	400.1	650.1	650.1
Inventory	115.8	124.3	208.6	206.3	230.8
Debtors	136.8	100.7	120.3	281.3	314.7
Loans and Advances	21.2	22.4	20.2	34.2	38.3
Other Current Assets	139.1	225.7	416.6	387.9	306.3
Cash	11.6	252.2	161.0	64.8	146.6
Total Current Assets	424.5	725.3	926.7	974.5	1,036.7
Creditors	223.0	229.0	221.0	250.1	265.7
Provisions	13.3	10.7	10.6	25.0	26.6
Total Current Liabilities	236.3	239.7	231.6	275.1	292.3
Net Current Assets	188.2	485.6	695.1	699.4	744.3
Others Assets	0.0	0.0	0.0	0.0	0.0
Application of Funds	1,680.2	2,326.9	3,133.0	3,315.1	3,280.8

Source: Company, ICICI Direct Research

Exhibit 16: Cash flow statement

(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Profit after Tax	26.5	185.6	59.1	6.2	139.8
Add: Depreciation	78.9	80.6	92.7	112.3	109.1
(Inc)/dec in Current Assets	-68.3	-60.2	-292.7	-144.1	19.7
Inc/(dec) in CL and Prov.	22.4	3.4	-8.1	43.5	17.3
CF from operations	120.5	256.0	-56.4	154.3	404.6
(Inc)/dec in Investments	-11.8	0.6	-346.8	-250.0	0.0
(Inc)/dec in Fixed Assets	-202.2	-430.5	-342.1	-40.0	-30.0
Others	-8.6	98.0	-9.2	21.8	21.8
CF from investing act.	-222.6	-331.9	-698.1	-268.2	-8.2
Issue/(Buy back) of Equity	85.6	84.9	0.1	349.8	0.0
Inc/(dec) in loan funds	-1.2	312.2	761.7	-180.0	-180.0
Dividend paid incl. taxes	-4.7	-20.5	-11.0	-15.8	-15.8
Interest paid	-61.0	-46.6	-92.5	-136.4	-118.8
Others	65.3	-13.0	5.0	0.0	0.0
CF from financing act.	83.9	317.0	663.2	17.6	-314.5
Net Cash flow	-18.2	241.0	-91.3	-96.2	81.8
Opening Cash	29.8	11.6	252.2	161.0	64.8
Closing Cash	11.6	252.7	161.0	64.8	146.6

Source: Company, ICICI Direct Research

Exhibit 18: Ratio sheet

(Year-end March)	FY20	FY21	FY22	FY23E	FY24E
Per share data (₹)					
Adjusted EPS	2.0	14.2	4.5	0.5	10.7
Cash EPS	8.1	20.4	11.6	9.1	19.0
BV	73.3	91.4	95.5	121.5	131.0
DPS	0.3	1.3	0.7	1.0	1.0
Cash Per Share	0.9	19.3	12.3	5.0	11.2
Operating Ratios (%)					
EBITDA Margin	15.8	29.2	17.3	10.1	15.7
Adjusted PAT Margin	2.3	13.5	3.7	0.3	5.5
Inventory days	36.0	33.1	47.7	33.0	33.0
Debtor days	42.5	26.8	27.5	45.0	45.0
Creditor days	69.3	60.9	50.5	40.0	38.0
Return Ratios (%)					
RoE	2.8	15.5	4.7	0.4	8.2
RoCE	7.2	15.4	6.6	4.6	10.0
RoIC	7.5	23.3	7.6	4.7	12.6
Valuation Ratios (x)					
P/E (adjusted)	93.1	13.3	41.8	400.1	17.7
EV / EBITDA	15.9	7.6	12.9	14.0	7.4
EV / Net Sales	2.5	2.2	2.2	1.4	1.2
Market Cap / Sales	2.1	1.8	1.5	1.1	1.0
Price to Book Value	2.6	2.1	2.0	1.6	1.4
Solvency Ratios					
Debt/EBITDA	2.7	2.0	5.7	6.0	3.0
Debt / Equity	0.5	0.7	1.3	0.9	0.7
Current Ratio	1.2	1.2	2.1	2.2	2.0
Quick Ratio	0.9	0.9	1.6	1.7	1.5

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

ANALYST CERTIFICATION

I/We, Rashesh Shah (CA), Deboto Sinha (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 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 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 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.