

July 21, 2024

## Profitability set to improve amid decline in RM costs...

**About the stock:** JSW Steel (JSW), the flagship company of JSW group, is one of the largest and most diversified steel producers' companies in India.

- Steel Capacity as of FY24: India- 28.2 million Ton (MT) & US- 1.5 MT

**Q1FY25 Results:** JSW Steel reported muted performance in Q1FY25 results. Consolidated topline stood at ₹42,943 crore (up 2% YoY, down 7% QoQ) with steel sales volume of 6.12 MT (up 7% YoY, down 9% QoQ). Reported EBITDA for the quarter came in at ₹5,510 crore vs ₹6,124 crore in Q4FY24, largely attributed to decline in volumes and negative operating leverage. Standalone operations reported EBITDA/tonne of ₹8,399 vs ₹7,807 in Q4FY24 vs ₹9,860 in Q1FY24.

### Investment Rationale

- Extensive expansion strategy aligns with growing steel demand in domestic market:** Although India is the world's second largest consumer of finished steel, its per capita steel consumption is only 77 per kg, significantly lower than the global average of 233 per kg. To increase per capita steel consumption to 160 per kg by 2030-31, the government aims for crude steel capacity of 300 MT. JSW Steel, leveraging its extensive industry experience, has initiated an expansion strategy to increase its domestic steel production capacity to 42 MTPA by Sept'27, and gradually expanding it to 50 MTPA by FY31. Most of these capacity expansions will be brownfield in nature at its existing plants, including Vijayanagar, which is the largest integrated steel facility in India, undergoing an expansion from ~12 MT to ~19 MT by FY25. Moreover, JSW also aims to augment its downstream capacities, targeting an increase in the share of value-added products. Looking ahead, on a consolidated basis, we have modelled in a volume growth of 10% CAGR over FY24-26E to 30 MT in FY26E vs. 25 MT clocked in FY24 (sales volume guidance retained at 27 MT for FY25E).
- EBITDA/tonne poised to improve owing to decline in raw material costs:** Iron ore and coking coal are two major raw materials in steel making with both these materials witnessing downward sloping market prices amid subdued demand in China. This is indeed a positive development for Indian steelmakers especially JSW Steel with EBITDA/tonne set to substantially improve in coming quarters. Moreover, to secure critical raw materials, JSW is aggressive on scouting mines (iron ore, coal), aiming to increase the captive share of its iron ore requirements from ~40% currently to ~50% by FY25E. It has also announced acquisition of coking coal mines (pre-developmental stage) in Mozambique. With raw material security in sight, improved steel sales volume and decline in RM costs, we project EBITDA/tonne at JSW to improve to ₹10.6k/12.9k per tonne for FY25E/26E.

### Rating and Target Price

- With strategic capacity expansion in place, favourable steel demand domestically and improved profitability in sight we retain our **BUY** rating to the stock and value it at ₹ 1,085 i.e. 8.5x FY26E EV/EBITDA.

### Key Financial Summary

Key Financials (₹ crore)	FY20	FY21	FY22	FY23	FY24	5 year CAGR (FY19-24)	FY25E	FY26E	2 year CAGR (FY24-26E)
Total Operating Income	73,326	79,839	1,46,371	1,65,960	1,75,006	15.6%	1,89,879	2,12,375	10.2%
EBITDA	11,873	20,141	39,007	18,547	28,236	8.3%	30,359	40,054	19.1%
EBITDA Margins (%)	16.2	25.2	26.6	11.2	16.1		16.0	18.9	
Net Profit	4,030	7,911	20,665	4,144	8,812	2.9%	9,378	15,978	34.7%
EPS (₹)	16.5	32.4	84.5	16.9	36.0		38.3	65.3	
P/E	54.0	27.5	10.5	52.5	24.7		23.2	13.6	
RoNW (%)	14.2	17.5	30.5	5.8	11.0		11.0	16.3	
RoCE (%)	7.4	13.0	21.9	7.0	11.1		11.1	14.7	

Source: Company, ICICI Direct Research



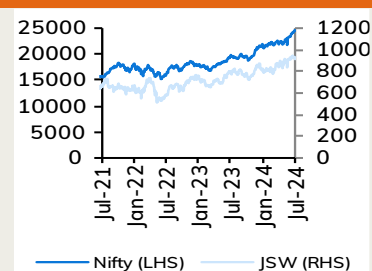
#### Particulars

Particulars	₹ crore
Market capitalisation	2,17,641
Total Debt (FY24)	85,575
Cash & Investment (FY24)	12,348
EV (₹ crore)	2,90,868
52 week H/L (₹)	959 / 723
Equity capital (₹ crore)	305.0
Face value (₹)	1.0

#### Shareholding pattern

	Sep-23	Dec-23	Mar-24	Jun-24
Promoter	44.8	44.8	44.8	44.8
FII	26.1	26.3	26.1	25.5
DII	9.5	9.5	9.8	10.5
Other	19.6	19.4	19.3	19.2

#### Price Chart



#### Recent event & key risks

- Posted muted Q1FY25 results. Guides for substantial improvement in EBITDA/tonne
- Key Risk: (i) Higher than expected rise in operating cost (ii) delay in executing capex plans at Indian operation

#### Research Analyst

Shashank Kanodia, CFA  
shashank.kanodia@icicisecurities.com

Manisha Kesari  
manisha.kesari@icicisecurities.com

## Key Takeaways of Recent Quarter

### Q1FY25 Results: Reported Muted Performance

- On consolidated basis, Total operating income for the quarter came in at ₹42,943 crore (up 2% YoY, down 7% QoQ) with steel sales volume at 6.12 MT up 7% YoY, down 9% QoQ due to plant maintenance shutdowns at Dolvi and BPSL. However, standalone ASP improved by 3% QoQ to ₹64,153/ton due to better product mix in the quarter.
- Consolidated EBITDA for the quarter stood at ₹5,510 crore with corresponding EBITDA Margins at 12.8% (down 40 bps QoQ). This is attributed to a decline in volumes and negative operating leverage. Standalone EBITDA/tonne for Q1FY25 came in at ₹8,399 vs ₹7,807 in Q4FY24 vs ₹9,860 in Q1FY24
- PAT for the quarter stood at ₹867 crore. Net Debt came in at ₹80,199 crore with a Net Debt to EBITDA ratio at 3x in Q1FY25 compared to 2.6x in Q4FY24. The increase in debt for the quarter is largely driven by acceptance payout of ~\$300 million. Cash and cash equivalent at the end of quarter was at ₹9,217 crore. Capex stood at ~₹4,500 crore in Q1FY25.

### Q1FY25 Earnings Conference Call Highlights:

- Industry:** India steel consumption grew by ~15% to 35.4 million Tons (MT) in Q1FY25. JSW expect steel demand to grow at +10% range, with an incremental demand of 12 to 14 MT in FY25 driven by higher government capex and strong demand across the sectors. It expects steel prices to be range bound in the coming quarter but remains cautious about the rise in steel imports, particularly from China and ASEAN countries.
- Management Guidance:** JSW remains firm with its production and sales volume target of 28.4 MT and 27 MT in FY25, respectively. It aims to increase its capacity to 43.5 MT by Sep'27 and further expand to 51.5 MT by FY31. The incremental capacity will come from brownfield expansion at the Vijayanagar and BPSL plants, expected to ramp up in FY25. The capex guidance for FY25 is still intact at ₹20,000 crore. It expects Net Debt to EBITDA level to be at 2.5x by the end of FY25.
- Slurry Pipeline:** JSW's board has approved the transfer of assets pertaining to an under construction 30-million tons slurry pipeline project in Odisha to JSW Infrastructure. This project will be transferred on an arm's length basis for ₹1,700 crore, which is the aggregate of the fair value of costs incurred post 31<sup>st</sup> May'24 as determined by an independent valuer and cost incurred post 31<sup>st</sup> May'24. It has in turn signed a take or pay agreement with JSW Infra for 18 MTPA (annual outgo at ~₹ 1,320 crore). It expects to save ₹900-1000/ ton of iron ore cost from slurry pipeline. The decision is made keeping in mind the capex requirement at JSW Steel with management sharing that IRR on this amount saved and being spend on Dolvi plant (expansion) to be greater than slurry pipeline intended IRR.
- Iron Ore:** JSW currently has nine operating iron ore mines with the capacity of 11 MT in Karnataka. It aims for the gradual commissioning of three new mines, which will add another 4.5 MT by FY25. It has already won two mines in goa with capacities of 1.5 to 2 MT. Additionally, it has also won two mines in Maharashtra that are into the development stage. Its captive iron ore production currently stands at 40% range.
- Coking Coal:** JSW witnessed a decrease in coking coal prices by \$23 per ton in Q1FY25. It expects another \$23 to \$28 per ton decline in coking coal in Q2FY25. It anticipates lower raw material cost will fully benefit and improve steel spreads in Q2FY25.

## Key Tables and Charts

### Exhibit 1: Quarterly Analysis

	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	Comments
Total Operating Income	42,943	42,213	1.7	46,269	-7.2	Topline came in lower QoQ due to drop in volumes while Asp's improved
Raw Material Expenses	25,830	24,292	6.3	28,107	-8.1	RM costs was lower factoring in decline in coking coal prices which were down \$23/t on QoQ basis
Employee Expenses	1,248	1,161	7.5	1,151	8.4	
Power & Fuel expenses	3,906	3,781	3.3	3,690	5.9	Power and fuel expense came in higher
Other expenses	6,449	5,933	8.7	7,197	-10.4	
EBITDA	5,510	7,046	-21.8	6,124	-10.0	EBITDA was down QoQ amid decline in volumes and negative operating leverage at play
EBITDA Margin (%)	12.8	16.7	-386 bps	13.2	-40 bps	
Other Income	164	331	-50.5	242	-32.2	
Depreciation	2,209	1,900	16.3	2,194	0.7	Depreciation came in on expected lines
Interest	2,073	1,963	5.6	2,062	0.5	
Tax	513	1,052	-51.2	690	-25.7	
PAT	867	2,428	-64.3	1,322	-34.4	PAT was down substantially tracking decline in sales volume, adverse impact on margins as well as higher tax incidence
<b>Key Metrics</b>						
<b>Standalone Numbers</b>						
Sales Volume (million tonne)	5.1	4.9	3.2	5.7	-10.5	On standalone basis, volumes were down 10.5% QoQ on account of seasonality and rise in imports
Blended Realisations (₹/tonne)	64,153	66,513	-3.5	62,111	3.3	Realisations improved QoQ due to better product mix, rising share of value added products
EBITDA/tonne	8,399	9,860	-14.8	7,807	7.6	EBITDA/tonne improved QoQ to ₹ 8,399/tonne

Source: Company, ICICI Direct Research

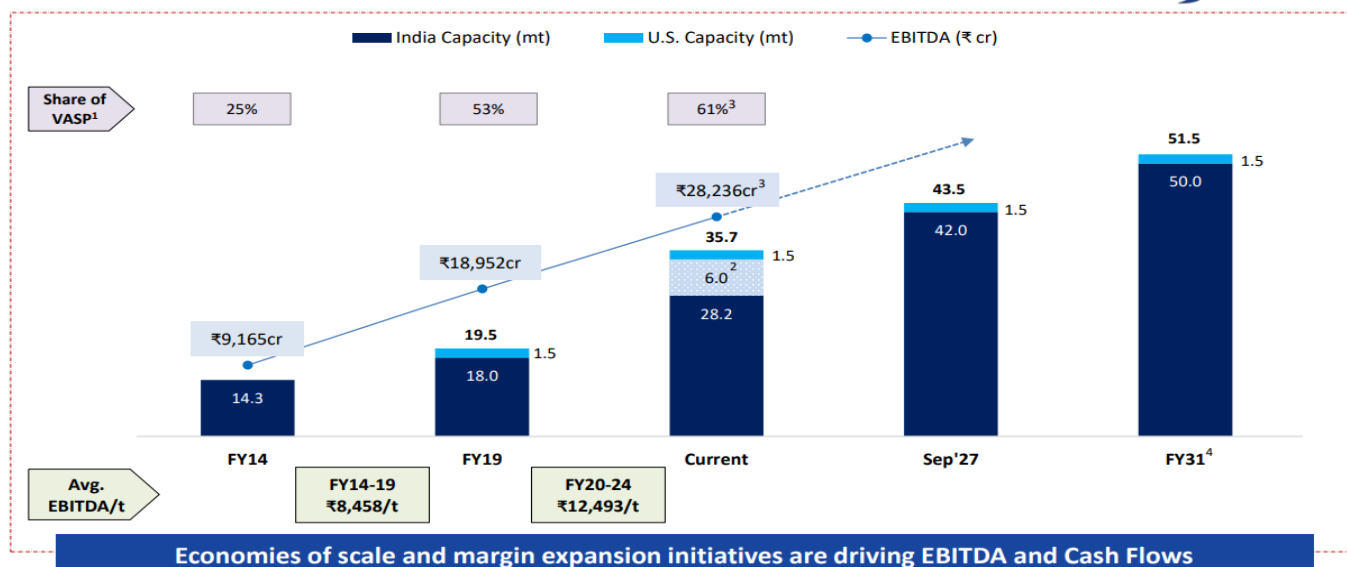
### Exhibit 2: Assumptions

Standalone	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Sales Volume (million tonne, MT)	15.6	15.8	15.1	14.9	16.5	19.7	21.2	23.0	25.9
Blended Realisations (₹/tonne)	43,357	48,977	42,642	47,532	71,969	66,846	63,674	63,645	64,500
EBITDA/tonne (₹/tonne)	9,603	11,746	8,306	12,943	19,302	7,803	10,353	10,624	12,876

Source: Company, ICICI Direct Research

### Exhibit 3: JSW Steel- Capacity Expansion Roadmap

## JSW Steel: Transforming Scale and Profitability



JSW Steel Q1 FY25 Results Presentation / 1: VASP share in total sales volumes, 2: Under commissioning, 3: Pertains to FY24, 4: Subject to board approvals  
EBITDA and EBITDA/t values are for JSW Steel Consolidated

43

Source: Company, ICICI Direct Research

## Financial Summary (Consolidated)

Exhibit 4: Profit and loss statement				
	₹ crore			
(Year-end March)	FY23	FY24	FY25E	FY26E
Net Sales	1,63,646	1,72,588	1,87,031	2,09,189
Other Operating Income	2314	2418	2848	3186
<b>Total Operating Income</b>	<b>1,65,960</b>	<b>1,75,006</b>	<b>1,89,879</b>	<b>2,12,375</b>
Growth (%)	13.4	5.5	8.5	11.8
Raw Material Expenses	1,00,791	1,01,678	1,09,999	1,20,344
Employee Expenses	3,915	4,591	5,211	5,552
Other Operating Expense	42,707	40,501	44,311	46,425
<b>Total Operating Expenditure</b>	<b>1,47,413</b>	<b>1,46,770</b>	<b>1,59,521</b>	<b>1,72,321</b>
<b>EBITDA</b>	<b>18,547</b>	<b>28,236</b>	<b>30,359</b>	<b>40,054</b>
Growth (%)	-52.5	52.2	7.5	31.9
Depreciation	7,474	8,172	9,314	10,314
Interest	6,902	8,105	8,683	8,758
Other Income	1,030	1,004	760	850
<b>PBT</b>	<b>5,201</b>	<b>12,963</b>	<b>13,121</b>	<b>21,832</b>
Exceptional Item	-454	-417	12	0
<b>Total Tax</b>	<b>1,516</b>	<b>4,407</b>	<b>3,563</b>	<b>5,676</b>
<b>PAT</b>	<b>4,144</b>	<b>8,812</b>	<b>9,378</b>	<b>15,978</b>
Growth (%)	-80.2	112.6	6.4	70.4
<b>EPS (₹)</b>	<b>16.9</b>	<b>36.0</b>	<b>38.3</b>	<b>65.3</b>

Source: Company, ICICI Direct Research

Exhibit 5: Cash flow statement				
	₹ crore			
(Year-end March)	FY23	FY24	FY25E	FY26E
Profit after Tax	4,144	8,812	9,378	15,978
Add: Depreciation	7,474	8,172	9,314	10,314
(Inc)/dec in Current Assets	552	-4,752	-5,157	-6,793
Inc/(dec) in CL and Provisions	7,582	-5,243	4,284	6,176
Others	6,902	8,105	8,683	8,758
<b>CF from operating activities</b>	<b>26,654</b>	<b>15,094</b>	<b>26,501</b>	<b>34,432</b>
(Inc)/dec in Investments	134	-2,440	-4	-4
(Inc)/dec in Fixed Assets	-17,298	-23,180	-20,000	-20,000
Others	-2,378	370	10	10
<b>CF from investing activities</b>	<b>-19,542</b>	<b>-25,250</b>	<b>-19,994</b>	<b>-19,994</b>
Issue/(Buy back) of Equity	0	4	0	0
Inc/(dec) in loan funds	8,867	6,733	2,500	-1,000
Dividend & interest outgo	-11,096	-8,927	-10,639	-11,937
Inc/(dec) in Share Cap	0	0	0	0
Others	-1,552	3,980	0	0
<b>CF from financing activities</b>	<b>-3,781</b>	<b>1,790</b>	<b>-8,139</b>	<b>-12,937</b>
<b>Net Cash flow</b>	<b>3,331</b>	<b>-8,366</b>	<b>-1,632</b>	<b>1,502</b>
Opening Cash	17,383	20,714	12,348	10,716
<b>Closing Cash</b>	<b>20,714</b>	<b>12,348</b>	<b>10,716</b>	<b>12,217</b>

Source: Company, ICICI Direct Research

Exhibit 6: Balance Sheet				
	₹ crore			
(Year-end March)	FY23	FY24	FY25E	FY26E
<b>Liabilities</b>				
Equity Capital	301	305	305	305
Reserve and Surplus	65,394	77,364	84,785	97,584
<b>Total Shareholders funds</b>	<b>65,695</b>	<b>77,669</b>	<b>85,090</b>	<b>97,889</b>
Total Debt	78,842	85,575	88,075	87,075
Deferred Tax Liability	7,936	9,659	9,659	9,659
Minority Interest / Others	5,518	7,451	7,461	7,471
<b>Total Liabilities</b>	<b>1,57,991</b>	<b>1,80,354</b>	<b>1,90,285</b>	<b>2,02,094</b>
<b>Assets</b>				
Gross Block	1,40,938	1,56,608	1,86,284	2,06,284
Less: Acc Depreciation	36,614	44,786	54,100	64,414
<b>Net Block</b>	<b>1,04,324</b>	<b>1,11,822</b>	<b>1,32,184</b>	<b>1,41,870</b>
Capital WIP	22,166	29,676	20,000	20,000
<b>Total Fixed Assets</b>	<b>1,26,490</b>	<b>1,41,498</b>	<b>1,52,184</b>	<b>1,61,870</b>
Investments	4,934	7,885	7,889	7,893
Inventory	33,135	37,815	41,617	46,548
Debtors	7,134	7,548	8,323	9,310
Loans and Advances	717	4	4	5
Other Current Assets	6,445	6,816	7,395	8,271
<b>Cash</b>	<b>20,714</b>	<b>12,348</b>	<b>10,716</b>	<b>12,217</b>
<b>Total Current Assets</b>	<b>68,145</b>	<b>64,531</b>	<b>68,056</b>	<b>76,351</b>
<b>Current Liabilities</b>	<b>38,203</b>	<b>33,365</b>	<b>36,415</b>	<b>40,729</b>
Provisions	280	439	479	536
<b>Current Liabilities &amp; Prov</b>	<b>53,087</b>	<b>47,844</b>	<b>52,128</b>	<b>58,303</b>
<b>Net Current Assets</b>	<b>15,058</b>	<b>16,687</b>	<b>15,929</b>	<b>18,048</b>
Others Assets	11,509	14,284	14,284	14,284
<b>Application of Funds</b>	<b>1,57,991</b>	<b>1,80,354</b>	<b>1,90,285</b>	<b>2,02,094</b>

Source: Company, ICICI Direct Research

Exhibit 7: Key ratios				
(Year-end March)	FY23	FY24	FY25E	FY26E
<b>Per share data (₹)</b>				
EPS	16.9	36.0	38.3	65.3
Cash EPS	47.5	69.5	76.4	107.5
BV	268.6	317.6	348.0	400.3
DPS	3.4	7.3	8.0	13.0
Cash Per Share	68.8	40.5	35.1	40.1
<b>Operating Ratios (%)</b>				
EBITDA Margin	11.2	16.1	16.0	18.9
PAT Margin	2.5	5.0	4.9	7.5
Inventory days	72.9	78.9	80.0	80.0
Debtor days	15.7	15.7	16.0	16.0
Creditor days	84.0	69.6	70.0	70.0
<b>Return Ratios (%)</b>				
RoE	5.8	11.0	11.0	16.3
RoCE	7.0	11.1	11.1	14.7
RolC	9.6	14.5	13.2	17.5
<b>Valuation Ratios (x)</b>				
P/E	52.5	24.7	23.2	13.6
EV / EBITDA	14.9	10.3	9.7	7.3
EV / Net Sales	1.7	1.7	1.6	1.4
Market Cap / Sales	1.3	1.2	1.1	1.0
Price to Book Value	3.3	2.8	2.6	2.2
<b>Solvency Ratios</b>				
Debt/EBITDA	4.3	3.0	2.9	2.2
Debt / Equity	1.2	1.1	1.0	0.9
Current Ratio	1.2	1.5	1.6	1.6
<b>Quick Ratio</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>

Source: Company, ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavors 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, Shashank Kanodia, CFA, MBA (Capital Markets), Manisha Kesari (PGDM-Finance) 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. 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. Atul Agarwal  
Contact number: 022-40701000 E-mail Address: [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: Mr. Bhavesh Soni Email address: [headservation@icicidirect.com](mailto:headservation@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.

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.