

India

HOLD (no change)

Consensus ratings*: Buy 16 Hold 18 Sell 12

Current price:	Rs24,240
Target price:	Rs22,097 ▲
Previous target:	Rs21,657
Up/downside:	-8.8%
InCred Research / Consensus:	-2.6%
Reuters:	SHCM.NS
Bloomberg:	SRCM IN
Market cap:	US\$12,044m Rs874,596m
Average daily turnover:	US\$21.3m Rs1547.3m
Current shares o/s:	36.1m
Free float:	73.4%

*Source: Bloomberg

Key changes in this note

- Net sales raised by 0%-1% for FY24F-25F.
- EBITDA cut by 4% for FY24F-25F.
- Rollover target price to Mar 2024F.



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	1.6	3.6	(2.1)
Relative (%)	0.3	4.5	(6.7)

Major shareholders

	% held
Promoter & Promoter Group	62.6
SBI Mutual Fund	2.9
Axis Mutual Fund	1.8

Analyst(s)**Nishant BAGRECHA**

T (91) 22 4161 1564

E nishant.bagrecha@incredcapital.com

Shree Cement Ltd**3QFY23 broadly in line; focus is on volume**

- 3QFY23 consolidated EBITDA stood at Rs7.3bn (our estimate: Rs7.1bn), down 14% yoy while up 34% qoq, on higher volume and lower cost.
- We cut our FY24F-25F EBITDA estimates by ~4% to factor in the lower pricing growth. Target capacity guidance of 80mtpa by 2030F remains intact.
- Retain HOLD rating with a slightly higher TP of Rs22,097 (Rs21,657 earlier).

In-line 3Q volume performance while realization below our estimate

Shree Cement's 3QFY23 cement volume, including clinker, rose by ~22.6% yoy (in line) to 8.03mt, driven by the recent capacity addition and higher clinker sales. Capacity utilization rose from 61% to 72% yoy. Region-wise, North and East India capacity utilization rates stood at 73% and South India at ~62% in 3QFY23. Blended realization fell 1.2% qoq and 3.6% yoy, ~2% below our estimate, due to a lower share from merchant power sales (figures not disclosed) and higher clinker volume. Grey cement realization (adj. for power sales) was up 1% qoq and 2% yoy, in line with estimate. Our recent channel check and management interaction also indicates that there is no material change in pricing in 4Q so far vs. 3Q average. We factor in FY24F/25F volume growth of 10.5%/8%, respectively.

Capacity expansion plan on track to touch 80mtpa by 2030F

Currently, the company is in the process of commissioning 6.5mtpa cement capacity (3.5mtpa in Rajasthan by 4QFY24F, and 3mtpa in Andhra Pradesh by 2QFY25F), and a 3mtpa clinker grinding facility in West Bengal (in 1QFY24F). The company is actively working on achieving its goal of having 80mtpa capacity by 2030F. The roadmap from 56mtpa to 80mtpa is largely based on organic growth. The company has spent Rs22bn in 9MFY23 and targets to incur Rs29bn in FY23F and Rs33-35bn in FY24F.

Lowest EBITDA/t in a decade; limited cost advantage against peers

Blended EBITDA/t improved by Rs177/t qoq to Rs905 (vs. our estimate of Rs881). Blended cost/t was surprisingly down by ~5.1% qoq. RM+P&F costs were lower by 8% qoq (Rs165/t). On Kcal basis, fuel cost was at Rs2.53 in 3QFY23 vs. Rs1.69 yoy and Rs2.83 qoq. Shree Cement expects 4QFY23F cost at Rs2.35. Fuel mix in 3Q stood at ~58% pet-coke, ~28% coal and alternate fuel accounted for the remaining. Freight cost up 2% qoq.

See better opportunities among peers; maintain HOLD rating

Shree Cement trades at EV/EBITDA of 19x FY25F, still at a premium to peers, which should narrow as the profitability premium fell in the past couple years. We retain HOLD rating on it. Our target price of Rs22,097 (Rs21,657 earlier) is based on 16x (unchanged) EV/EBITDA and roll over to Mar 2024F. The EPS cut is more on account of a higher assumption on depreciation. We find a better risk-reward ratio among peers. **Downside risks:** Weak demand, pricing pressure, delay in commissioning of capacity and any material rise in input cost. **Upside risks:** Better-than-expected demand recovery, pricing growth, value-accretive acquisition, and better-than-expected cost control.

Financial Summary

	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue (Rsm)	135,598	150,096	175,052	194,462	212,839
Operating EBITDA (Rsm)	40,795	37,079	29,579	39,725	45,019
Net Profit (Rsm)	22,859	23,319	11,714	19,372	23,239
Core EPS (Rs)	633.6	646.3	324.7	536.9	644.1
Core EPS Growth	48.8%	2.0%	(49.8%)	65.4%	20.0%
FD Core P/E (x)	38.26	37.50	74.66	45.15	37.63
DPS (Rs)	60.0	90.0	48.7	80.5	96.6
Dividend Yield	0.25%	0.37%	0.24%	0.40%	0.48%
EV/EBITDA (x)	20.80	23.11	29.66	22.01	19.15
P/FCFE (x)	135.02	334.54	(38.47)	685.73	68.90
Net Gearing	(17.3%)	(10.3%)	1.2%	(0.4%)	(6.0%)
P/BV (x)	5.68	5.01	4.75	4.37	3.99
ROE	16.0%	14.2%	6.5%	10.1%	11.1%
% Change In Core EPS Estimates			(0.58%)	(0.47%)	(0.43%)
InCred Research/Consensus EPS (x)					

SOURCES: INCRED RESEARCH, COMPANY REPORTS

3QFY23 broadly in line; focus is on volume

3QFY23 results review

Key takeaways from Shree Cement's 3QFY23 results call ►

Shree Cement's management hosted a post-results conference call. Key takeaways include:

Demand and pricing outlook

- Management gave guidance of ~32mt sales (including clinker) for FY23F, implying ~12% yoy growth in 4QFY23F. Capacity utilization improved from 61% to 72%. Region-wise utilization: North and East India stood at 73% and South India at ~62% in 3QFY23. The company is operating its Patas plant in Maharashtra at ~70% of its capacity.
- During 3Q, grey cement realization grew 1% qoq (2% yoy), likely benefiting from higher pricing in East India.
- Shree Cement indicated that there is no material change in pricing in 4Q so far vs. 3Q average.
- The company expects cement demand growth momentum to continue in FY24F.

Cost trend

- Shree Cement expects fuel cost to go down ~7% on a kcal basis in 4QFY23F and targets to move to a four-digit EBITDA/t.
- On Kcal basis, fuel cost increased to Rs2.53 vs. Rs1.69 yoy/Rs2.83 qoq and expects 4QFY23F cost at Rs2.35 on a Kcal basis.
- Fuel mix: 58% pet-coke, 28% coal and alternate fuels accounting for the rest.
- Management is focused on maintaining its cost leadership and is working on several initiatives toward this – increasing the share of rail despatches, increasing the share of TSR (targeting a 15% share over the next one year vs. 3% currently), increasing the share of renewable/alternate fuel (currently 53% of the energy requirement comes from green sources vs. 47% yoy), and digitization efforts to improve efficiency.
- The company is targeting to increase its rail despatch mix - it is setting up rail siding across all units which will improve the rail freight mix of the operations.
- It has completed 84MW of solar power plants in different states so far in FY23. Another 44MW of green power capacity is expected to be completed in 4QFY23F. The company is working on setting up more such plants with an aim to increase the share of green energy in total energy consumption to >55% in the next two years.
- During 3QFY23, fossil fuel substitution was 3.91% against 3.38% yoy. The company is stepping up its efforts to increase the use of agriculture and industrial waste to improve TSR. For this purpose, the company has undertaken initiatives to strengthen its waste utilization capabilities by installing state-of-the-art facilities. Alternative raw material consumption was 27%, similar yoy.
- The company has launched WeLead initiative to strengthen its core capabilities in high-impact areas of production, sales & marketing, distribution and build business models and systems to become more productive & performance-focused.
- Trade mix stood 78-80% for the company. Lead distance stood at 450km vs. 445km yoy. It expects the share of premium products to increase from 7% currently to ~15% over the next three-to-four quarters, thereby helping boost realization.
- As at 2QFY23-end, some solar units were commissioned, which impacted depreciation in 3QFY23. The increase in depreciation yoy reflects the impact of commissioning of the Raipur plant.

Capex

- Shree Cement has spent Rs22bn in 9MFY23 and targets to incur Rs29bn capex in FY23F and Rs33-35bn in FY24F.
- **It had earlier announced medium-term expansion plans to touch ~56mtpa by FY25F.**
- The company is setting up a 3mtpa unit at village Digha & Parbatpur, Purulia district, West Bengal at a cost of Rs7.5bn, which is nearing completion, and the mode of financing is mainly by way of equity contribution. Considering the progress of the project, the targeted completion is likely in 1QFY24F.
- Shree Cement to set up an integrated cement plant of 3.5mtpa capacity along with a 3.8mtpa clinker unit at village Gothra, Nawalgarh tehsil, Rajasthan at a cost of Rs35 bn. The work is in full swing and is progressing well. It will be commissioned by Mar 2024F, and the mode of financing is through internal accruals and debt.
- Work on 1.5mtpa clinker and 3mtpa cement capacities in Guntur, Andhra Pradesh has also picked up pace. The capex is Rs25bn by 1Q or 2QFY25F.
- The company is actively working on achieving its goal of having 80mtpa capacity by year 2030F. The roadmap from 56mtpa to 80mtpa is largely based on organic growth. Certain sites have been identified and the company is awaiting approvals, after which announcements will be made. Management believes the valuations for M&A should be profitable to the shareholders; it is difficult to suggest the target valuations for M&As.
- The company is sitting on net cash of Rs57bn. Regarding capital allocation, management said most of its cash (and internal accruals) would be used to achieve target capacity levels and any excess cash beyond that could be returned to the shareholders.

Figure 1: Consolidated quarterly performance

Particulars (Rs m)	3QFY23	3QFY23F	2QFY23	3QFY22	% Change		
					3QFY23F	2QFY23	3QFY22
Net Sales	42,993	43,841	40,380	36,371	-2%	6%	18%
Raw Materials Consumed	2,699	3,873	3,804	2,640	-30%	-29%	2%
Freight and Forwarding Expenses	9,507	9,516	8,684	7,887	0%	9%	21%
Power and Fuel Cost	14,673	13,870	13,778	9,140	6%	6%	61%
Employee Cost	2,479	2,466	2,382	2,232	1%	4%	11%
Other Expenses	6,368	7,074	6,305	6,020	-10%	1%	6%
Total Expenditure	35,725	36,798	34,953	27,919	-3%	2%	28%
EBITDA	7,267	7,043	5,428	8,452	3%	34%	-14%
Depreciation	4,426	3,667	3,956	2,853	21%	12%	55%
EBIT	2,841	3,376	1,471	5,599	-16%	93%	-49%
Interest	702	602	660	539	16%	6%	30%
Other Income	1,741	1,477	1,593	1,139	18%	9%	53%
PBT	3,881	4,251	2,405	6,198	-9%	61%	-37%
Tax	1,063	1,148	572	1,371	-7%	86%	-23%
PAT before MI & Associates	2,818	3,103	1,832	4,827	-9%	54%	-42%
Minority Interest	-2	21	-1	7	-112%	100%	-133%
Profit from Assoc.	0	0	0	0			
Recurring PAT	2,821	3,083	1,834	4,820	-8%	54%	-41%
Extraordinary Items	0	0	0	0			
Reported PAT	2,821	3,083	1,834	4,820	-8%	54%	-41%
EPS (Rs)	78.2	85.4	50.8	133.6	-8%	54%	-41%
Gross Margin	37%	38%	35%	46%	-34 bp	253 bp	-844 bp
EBITDA Margin	16.9%	16.1%	13.4%	23.2%	84 bp	346 bp	-633 bp
EBIT Margin	7%	8%	4%	15%	-109 bp	297 bp	-879 bp
PBT Margin	9%	10%	6%	17%	-67 bp	307 bp	-801 bp
PAT Margin	7%	7%	5%	13%	-47 bp	202 bp	-669 bp
Tax Rate	27%	27%	24%	22%	38 bp	358 bp	526 bp
Cost items as % of Sales							
RM Cost	6%	9%	9%	7%	-256 bp	-314 bp	-98 bp
Freight Cost	22%	22%	22%	22%	41 bp	61 bp	43 bp
P&F Cost	34%	32%	34%	25%	249 bp	1 bp	900 bp

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

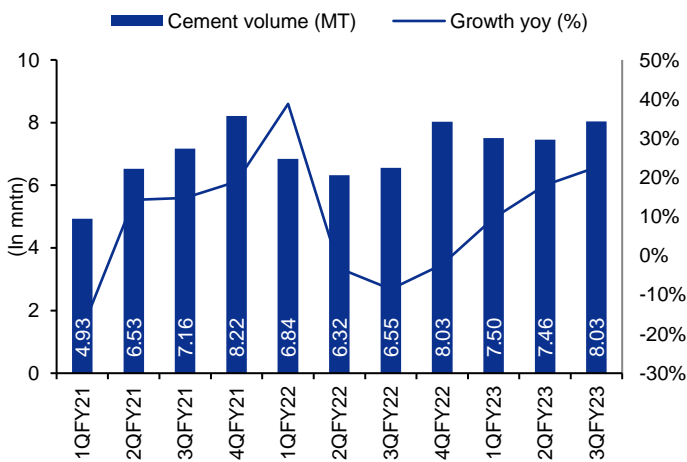
Figure 2: 3QFY23 results: Per tonne analysis

Per tonne analysis	3QFY23	3QFY23F	2QFY23	3QFY22	% Change		
					3QFY23F	2QFY23	3QFY22
Sales volume (cement + clinker)	8.03	7.99	7.46	6.55	0.5%	7.7%	22.6%
Realization	5,352	5,486	5,416	5,552	-2.4%	-1.2%	-3.6%
EBITDA/t	905	881	728	1,290	3%	24.3%	-29.9%
RM cost/t	336	485	510	403	-31%	-34%	-17%
P&F cost/t	1,827	1,736	1,848	1,395	5%	-1%	31%
Freight cost/t	1,183	1,191	1,165	1,204	-1%	2%	-2%
Employee cost/t	309	309	319	341	0%	-3%	-9%
Other expenses/t	793	885	846	919	-10%	-6%	-14%
Total cost/t	4,447	4,605	4,688	4,262	-3.4%	-5.1%	4.4%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

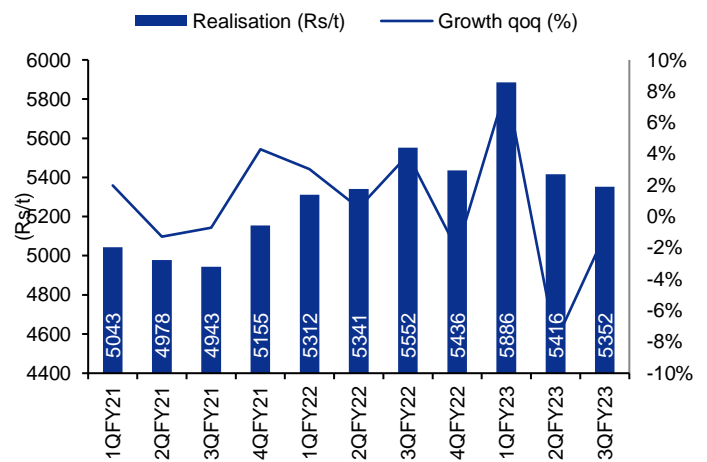
Key charts ➔

Figure 3: Cement sales volume, including clinker, increased by ~23% yoy and 8% qoq



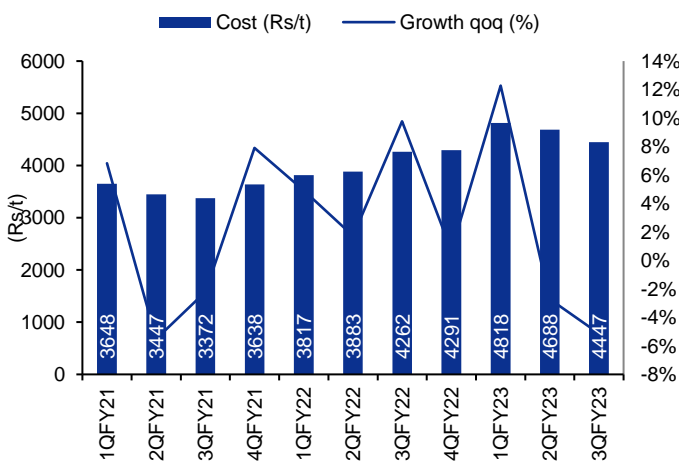
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Blended realization corrected by 3.6% yoy and 1.2% qoq



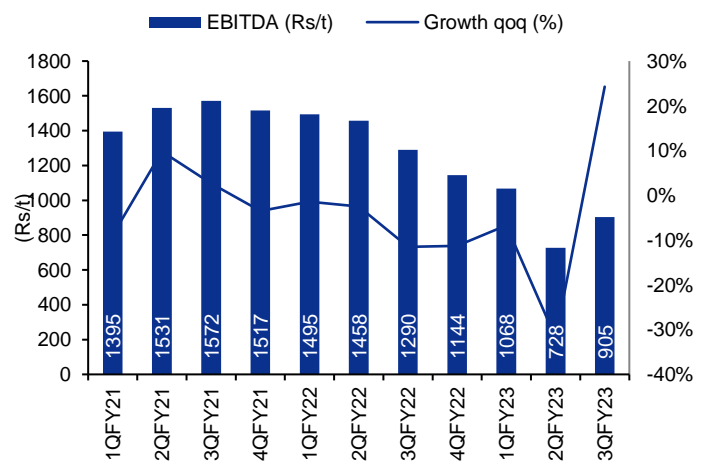
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Total operating cost/t was down by 5.1% qoq while it was up 4.4% yoy



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Unit EBITDA fell 30% yoy while it improved by 24% qoq to Rs905



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Our revised earnings estimates

Rs. m	New			Old			Change (%)		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
Sales	1,75,052	1,94,462	2,12,839	174,707	194,397	211,331	0%	0%	1%
EBITDA	29,579	39,725	45,019	30,970	41,352	47,036	-5%	-4%	-4%
PAT	11,714	19,372	23,239	13,914	21,743	25,885	-19%	-12%	-11%
EPS (Rs.)	324.7	536.9	644.1	386	603	717	-19%	-12%	-11%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 8: Change in our estimates vs. Bloomberg consensus estimates

Rs. m	Incred			Consensus			Change (%)		
	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F	FY23F	FY24F	FY25F
Sales	1,75,052	1,94,462	2,12,839	1,75,757	1,94,326	2,15,979	0%	0%	-1%
EBITDA	29,579	39,725	45,019	31,491	45,036	52,053	-6%	-12%	-14%
PAT	11,714	19,372	23,239	15,358	24,511	28,469	-24%	-21%	-18%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 9: Key assumptions

	FY21	FY22	FY23F	FY24F	FY25F
Volume (mtpa)	26.8	27.7	31.7	34.9	37.8
yoy	8%	3%	14%	10%	8%
Realisation (per t)	5052	5411	5520	5569	5625
yoy	-2%	7%	2%	1%	1%
Cost (per t)	3532	4075	4587	4432	4435
yoy	-3%	15%	13%	-3%	0%
EBITDA (per t)	1520	1337	933	1138	1190
yoy	1%	-12%	-30%	22%	5%
EBITDA (Rs m)	40795	37079	29579	39725	45019
yoy	9%	-9%	-20%	34%	13%

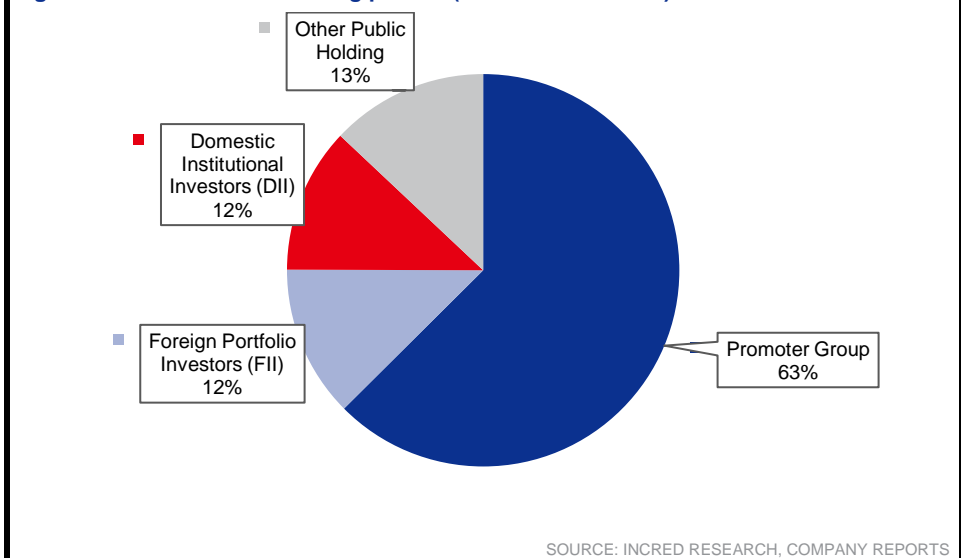
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Our target price of Rs22,097 is based on 16x Mar 2024F EV/EBITDA

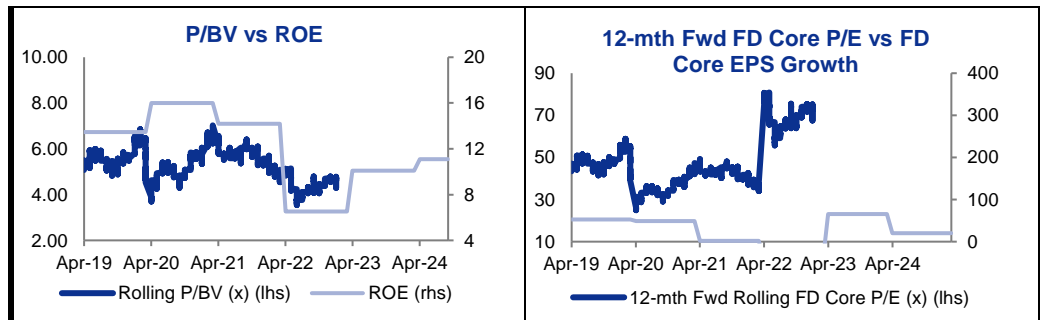
Valuation	TP
Target EV/EBITDA multiple (x)	16.0
Target EV (Rs m)	7,20,308
Net debt (Rs m)	(56,944)
No. of shares (m)	36
UAE plant @ book value	20,000
Value per share	554
Target price per share (Rs)	22,097

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: SRCM's shareholding pattern (as at end-Dec 2022)



BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Net Revenues	135,598	150,096	175,052	194,462	212,839
Gross Profit	135,598	150,096	175,052	194,462	212,839
Operating EBITDA	40,795	37,079	29,579	39,725	45,019
Depreciation And Amortisation	(12,623)	(11,459)	(16,271)	(17,085)	(17,598)
Operating EBIT	28,171	25,621	13,308	22,640	27,422
Financial Income/(Expense)	(2,513)	(2,161)	(2,637)	(2,373)	(2,278)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	4,383	5,459	4,804	5,284	5,496
Profit Before Tax (pre-EI)	30,041	28,918	15,475	25,551	30,639
Exceptional Items					
Pre-tax Profit	30,041	28,918	15,475	25,551	30,639
Taxation	(7,145)	(5,552)	(3,714)	(6,132)	(7,353)
Exceptional Income - post-tax					
Profit After Tax	22,896	23,366	11,761	19,419	23,286
Minority Interests	(37)	(47)	(47)	(47)	(47)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	22,859	23,319	11,714	19,372	23,239
Recurring Net Profit	22,859	23,319	11,714	19,372	23,239
Fully Diluted Recurring Net Profit	22,859	23,319	11,714	19,372	23,239

Cash Flow

(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
EBITDA	40,795	37,079	29,579	39,725	45,019
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(10,102)	1,984	827	2,400	(3,561)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	4,383	5,459	4,804	5,284	5,496
Other Operating Cashflow	17,121	(10,129)	(8,129)	(6,629)	(5,129)
Net Interest (Paid)/Received	(2,513)	(2,161)	(2,637)	(2,373)	(2,278)
Tax Paid	(7,145)	(5,552)	(3,714)	(6,132)	(7,353)
Cashflow From Operations	42,538	26,680	20,731	32,275	32,193
Capex	(2,387)	(17,592)	(29,000)	(30,500)	(25,500)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(24,063)	(3,922)	(18,465)	(2,000)	4,500
Cash Flow From Investing	(26,450)	(21,514)	(47,465)	(32,500)	(21,000)
Debt Raised/(repaid)	(9,610)	(2,552)	4,000	1,500	1,500
Proceeds From Issue Of Shares	(65)	(8)	(93)	(93)	(93)
Shares Repurchased					
Dividends Paid	(2,165)	(3,247)	(2,126)	(3,516)	(4,218)
Preferred Dividends					
Other Financing Cashflow	(486)	(2,687)	8,676	6,976	5,376
Cash Flow From Financing	(12,326)	(8,494)	10,456	4,866	2,564
Total Cash Generated	3,761	(3,328)	(16,278)	4,642	13,757
Free Cashflow To Equity	6,478	2,614	(22,734)	1,275	12,693
Free Cashflow To Firm	18,600	7,327	(24,098)	2,148	13,471

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Total Cash And Equivalents	45,098	38,160	21,881	26,523	40,280
Total Debtors	6,859	7,883	10,551	11,188	12,246
Inventories	17,157	24,970	26,378	26,639	30,322
Total Other Current Assets	12,759	13,691	13,304	14,390	17,027
Total Current Assets	81,873	84,703	72,114	78,740	99,875
Fixed Assets	62,163	72,822	85,051	97,966	105,368
Total Investments	46,990	55,063	55,563	56,063	56,563
Intangible Assets	9,965	10,535	28,500	30,000	25,000
Total Other Non-Current Assets	14,140	14,365	14,865	15,365	15,865
Total Non-current Assets	133,258	152,786	183,979	199,394	202,796
Short-term Debt	5,087	7,158	11,658	12,658	13,658
Current Portion of Long-Term Debt					
Total Creditors	8,830	8,904	11,312	12,437	13,048
Other Current Liabilities	23,091	30,802	32,910	36,170	39,375
Total Current Liabilities	37,008	46,864	55,880	61,265	66,081
Total Long-term Debt	13,316	12,983	12,483	12,983	13,483
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	10,322	2,535	3,035	3,335	3,535
Total Non-current Liabilities	23,638	15,519	15,519	16,319	17,019
Total Provisions					
Total Liabilities	60,646	62,383	71,399	77,584	83,100
Shareholders Equity	153,974	174,603	184,191	200,047	219,068
Minority Interests	512	503	503	503	503
Total Equity	154,486	175,106	184,694	200,550	219,571

Key Ratios					
	Mar-21A	Mar-22A	Mar-23F	Mar-24F	Mar-25F
Revenue Growth	5.4%	10.7%	16.6%	11.1%	9.5%
Operating EBITDA Growth	8.5%	(9.1%)	(20.2%)	34.3%	13.3%
Operating EBITDA Margin	30.1%	24.7%	16.9%	20.4%	21.2%
Net Cash Per Share (Rs)	739.90	499.38	(62.65)	24.42	364.15
BVPS (Rs)	4,267.57	4,839.32	5,105.07	5,544.54	6,071.74
Gross Interest Cover	11.21	11.85	5.05	9.54	12.04
Effective Tax Rate	23.8%	19.2%	24.0%	24.0%	24.0%
Net Dividend Payout Ratio	9.5%	13.9%	18.2%	18.2%	18.2%
Accounts Receivables Days	23.77	17.92	19.22	20.40	20.09
Inventory Days	46.15	51.22	53.53	49.76	48.84
Accounts Payables Days	29.66	28.64	25.36	28.01	27.71
ROIC (%)	30.9%	24.5%	9.9%	15.4%	17.9%
ROCE (%)	17.1%	13.9%	6.6%	10.4%	11.6%
Return On Average Assets	12.3%	11.3%	5.8%	8.2%	8.8%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000011024. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

	Analyst/ Relative	Entity/ Associates
any financial interests in the company covered in this report (subject company) and nature of such financial interest	NO	NO
actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance;	NO	NO
any other material conflict of interest at the time of publication of the research report or at the time of public appearance	NO	NO
received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months	NO	NO
managed or co-managed public offering of securities for the subject company in the last twelve months	NO	NO
received any compensation or other benefits from the subject company or third party in connection with the research report	NO	NO
served as an officer, director or employee of the subject company	NO	NO
been engaged in market making activity for the subject company	NO	NO

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.