

India

HOLD (no change)

Consensus ratings*: Buy 15 Hold 7 Sell 6

| | |
|------------------------------|--------------------------|
| Current price: | Rs3,365 |
| Target price: | Rs3,500 ▲ |
| Previous target: | Rs3,324 |
| Up/downside: | 4.0% |
| InCred Research / Consensus: | 3.1% |
| Reuters: | JKCE.BO |
| Bloomberg: | JKCE IN |
| Market cap: | US\$3,581m Rs260,004m |
| Average daily turnover: | US\$5.3m Rs384.9m |
| Current shares o/s: | 77.3m |
| Free float: | 38.3% |

*Source: Bloomberg

Key changes in this note

- Raise EBITDA by 3-4% for FY24F-26F.
- Raise target price to Rs3,500 from Rs3,324 earlier.



Source: Bloomberg

| Price performance | 1M | 3M | 12M |
|-------------------|-----|-----|------|
| Absolute (%) | 6.5 | 3.8 | 20.1 |
| Relative (%) | 8.2 | 5.4 | 13.1 |

| Major shareholders | % held |
|---------------------------|--------|
| Promoter & Promoter Group | 45.8 |
| Kotak Small Cap Fund | 5.2 |
| Mirae Asset Emerging Fund | 4.9 |

Analyst(s)



Nishant BAGRECHA
 T (91) 22 4161 1564
 E nishant.bagrecha@incredcapital.com

J K Cement Ltd

Strong 2Q performance; stock fairly priced

- 2QFY24 consolidated EBITDA stood at ~Rs4.67bn, up 53% yoy & 15% qoq, 16% above our estimate, driven by strong volume and lower freight costs.
- The grey cement expansion plan remains on track. Positive surprise on the realization front in 3Q led by cement price hikes (average 3-4% qoq till date).
- We raise our FY24F-26F EBITDA by 3-4% on strong 1H. Retain HOLD rating on the stock, post recent stock run-up, with a higher target price of Rs3,500.

Steady volume in 2QFY24; new expansion provides growth visibility

JK Cement or JKCE's 2QFY24 grey cement volume (consol.) rose by ~22% yoy to 4.54mt, driven by its new Central India capacity, which operated at ~75%, and similar qoq. Grey cement realization remained flat qoq while it improved by 3% yoy mainly due to the better pricing in North India market offset by lower prices in other markets. Further, JKCE witnessed an improvement (by ~Rs20/bag or ~4% vs 2Q average) in pricing in 3Q till date, particularly in South and North India. JKCE is on track for 1.5mtpa grinding unit or GU in Ujjain (by Nov-Dec 2023F) and a 2mtpa GU in Prayagraj (received environmental clearance, placed an order for main plant & equipment, to be commissioned by 2QFY25F). JKCE strengthened its network in the paint business where it targets a revenue of Rs1.5-2bn in FY24F (~Rs3bn in FY25F) and EBITDA loss to be lower than Rs200m (maintained), while JKCE has already garnered Rs70m topline with EBITDA loss of Rs70m in 1HFY24.

Blended EBITDA/t up at ~Rs1,029, better than peers

Blended costs/t fell by ~1% qoq to Rs5,039 in 2Q. Blended fuel consumption costs fell to Rs1.9/Kcal vs. Rs2.2/Kcal qoq and Rs2.4Kcal yoy, and JKCE expects a marginal fall in 3QFY24F to Rs1.8-1.85Kcal or Rs50/t qoq reduction. Freight costs declined 6% qoq due to no busy-season surcharge by Indian Railways owing to the monsoon season and lead-distance reduction (418km in 2Q vs. 426km qoq).

Leverage position at peak level; deleveraging to kick in post FY24F

Capex guidance maintained at Rs14bn for FY24F (Rs5bn incurred in 1H) and at Rs7bn for FY25F for the aforesaid expansions. Consol. net debt remained broadly flat at Rs30bn as of Sep 2023-end. We believe net debt seems to have peaked out. On Toshali acquisition, JKCE is awaiting the approval for the mines and has not spent money on M&A till now.

Retain HOLD rating with a target price of Rs3,500 on rich valuation

JKCE trades at FY24F/25F EV/EBITDA of 15.5x/13.6x, respectively. We like JKCE's presence and new expansion in the regions having favourable demand and pricing, but we feel the current EV/t limits (due to a recent rally in the stock) any further upside in the stock. We retain HOLD rating on it with a Sep 2024F target price of Rs3,500, set at one-year forward EV/EBITDA of 13.5x (unchanged). **Downside risks:** Weak demand, pricing pressure, and delay in commissioning of capacity. **Upside risks:** Strong demand & pricing, sharp deleveraging, and cost control.

Financial Summary

| | Mar-22A | Mar-23A | Mar-24F | Mar-25F | Mar-26F |
|-----------------------------------|---------|---------|---------|---------|---------|
| Revenue (Rsm) | 79,908 | 97,202 | 113,017 | 123,205 | 135,210 |
| Operating EBITDA (Rsm) | 14,824 | 13,143 | 19,289 | 21,567 | 23,810 |
| Net Profit (Rsm) | 6,871 | 4,263 | 7,232 | 8,733 | 10,177 |
| Core EPS (Rs) | 88.9 | 55.2 | 93.6 | 113.0 | 131.7 |
| Core EPS Growth | (3.2%) | (38.0%) | 69.6% | 20.8% | 16.5% |
| FD Core P/E (x) | 37.84 | 60.99 | 35.95 | 29.77 | 25.55 |
| DPS (Rs) | 15.0 | 15.0 | 15.9 | 19.2 | 22.4 |
| Dividend Yield | 0.45% | 0.45% | 0.57% | 0.69% | 0.81% |
| EV/EBITDA (x) | 19.76 | 22.86 | 15.60 | 13.64 | 12.14 |
| P/FCFE (x) | 570.87 | 58.80 | 17.54 | 9.48 | 7.13 |
| Net Gearing | 77.5% | 88.1% | 79.3% | 58.4% | 43.8% |
| P/BV (x) | 6.01 | 5.55 | 4.94 | 4.37 | 3.84 |
| ROE | 17.0% | 9.5% | 14.5% | 15.6% | 16.0% |
| % Change In Core EPS Estimates | | | (0.43%) | (0.40%) | (0.39%) |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Strong 2Q performance; stock fairly priced

Figure 1: Consolidated quarterly performance

| Particulars (Rs m) | 2QFY24 | 2QFY24F | 1QFY24 | 2QFY23 | % Change | | |
|---------------------------------------|---------------|---------------|---------------|---------------|------------|------------|------------|
| | | | | | 2QFY24F | 1QFY24 | 2QFY23 |
| Net Sales | 27,528 | 25,721 | 27,626 | 22,280 | 7% | 0% | 24% |
| Raw Materials Consumed | 4,584 | 4,391 | 4,644 | 3,678 | 4% | -1% | 25% |
| Freight and Forwarding Expenses | 5,362 | 5,435 | 5,842 | 4,627 | -1% | -8% | 16% |
| Power and Fuel Costs | 6,332 | 6,175 | 6,910 | 5,762 | 3% | -8% | 10% |
| Employee Costs | 1,829 | 1,616 | 1,839 | 1,528 | 13% | -1% | 20% |
| Other Expenses | 4,752 | 4,078 | 4,312 | 3,633 | 17% | 10% | 31% |
| Total Expenditure | 22,858 | 21,695 | 23,548 | 19,228 | 5% | -3% | 19% |
| EBITDA | 4,670 | 4,026 | 4,078 | 3,052 | 16% | 15% | 53% |
| Depreciation | 1,371 | 1,355 | 1,348 | 1,061 | 1% | 2% | 29% |
| EBIT | 3,299 | 2,670 | 2,730 | 1,991 | 24% | 21% | 66% |
| Interest | 1,150 | 1,051 | 1,090 | 670 | 9% | 5% | 72% |
| Other Income | 293 | 323 | 316 | 217 | -9% | -7% | 35% |
| PBT | 2,442 | 1,942 | 1,806 | 1,538 | 26% | 35% | 59% |
| Tax | 657 | 563 | 671 | 425 | 17% | -2% | 55% |
| PAT before MI & Associates | 1,785 | 1,379 | 1,135 | 1,113 | 29% | 57% | 60% |
| Minority Interest | -4 | 18 | 12 | 13 | -121% | -131% | -128% |
| Profit from Assoc. | 0 | 0 | 0 | -2 | | | |
| Recurring PAT | 1,781 | 1,397 | 1,147 | 1,124 | 27% | 55% | 58% |
| Extraordinary Items | 0 | 0 | -150 | 0 | | | |
| Reported PAT | 1,781 | 1,397 | 1,147 | 1,124 | 27% | 55% | 58% |
| EPS (Rs) | 23.1 | 17.8 | 14.7 | 14.4 | 29% | 57% | 60% |
| Gross Margin | 41% | 38% | 37% | 37% | 308 bp | 384 bp | 401 bp |
| EBITDA Margin | 17.0% | 15.7% | 14.8% | 13.7% | 131 bp | 220 bp | 327 bp |
| EBIT Margin | 12% | 10% | 10% | 9% | 160 bp | 210 bp | 305 bp |
| PBT Margin | 9% | 8% | 7% | 7% | 132 bp | 233 bp | 197 bp |
| PAT Margin | 6% | 5% | 4% | 5% | 104 bp | 232 bp | 142 bp |
| Tax Rate | 27% | 29% | 37% | 28% | -208 bp | -1,025 bp | -72 bp |
| Cost Items as a % of Sales | | | | | | | |
| Raw Material Costs | 17% | 17% | 17% | 17% | -42 bp | -16 bp | 14 bp |
| Freight Costs | 19% | 21% | 21% | 21% | -165 bp | -167 bp | -129 bp |
| Power & Fuel Costs | 23% | 24% | 25% | 26% | -101 bp | -201 bp | -286 bp |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

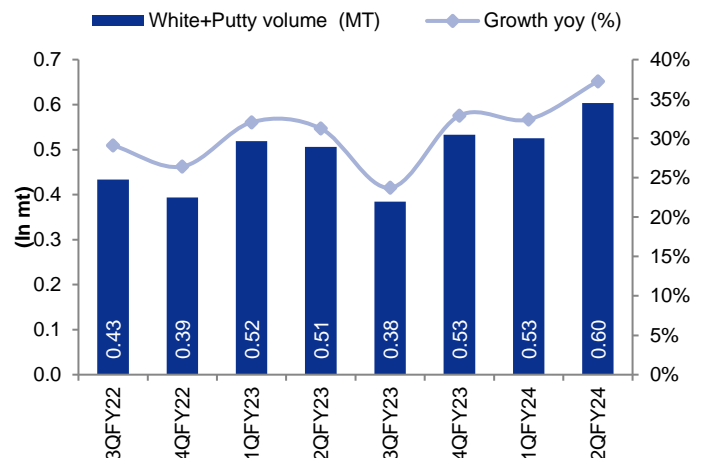
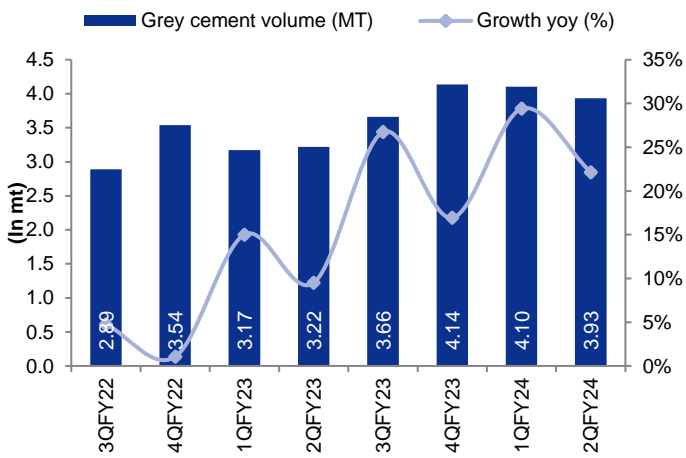
Figure 2: 2QFY24 results on per tonne analysis

| Per tonne analysis | 2QFY24 | 2QFY24F | 1QFY24 | 2QFY23 | % Change | | |
|---------------------------|--------|---------|--------|--------|----------|--------|--------|
| | | | | | 2QFY24F | 1QFY24 | 2QFY23 |
| Sales Volume (Grey+White) | 4.54 | 4.30 | 4.63 | 3.73 | 6% | -2.0% | 21.7% |
| Blended Realization/t | 6,068 | 5,986 | 5,968 | 5,979 | 1.4% | 1.7% | 1.5% |
| EBITDA/t | 1,029 | 937 | 881 | 819 | 10% | 17% | 26% |
| Raw Material Costs/t | 1,010 | 1,022 | 1,003 | 987 | -1% | 1% | 2% |
| P&F Costs/t | 1,396 | 1,437 | 1,493 | 1,546 | -3% | -6% | -10% |
| Freight Costs/t | 1,182 | 1,265 | 1,262 | 1,242 | -7% | -6% | -5% |
| Employee Costs/t | 403 | 376 | 397 | 410 | 7% | 1% | -2% |
| Other Expenses/t | 1,048 | 949 | 932 | 975 | 10% | 12% | 7% |
| Total Cost/t | 5,039 | 5,049 | 5,087 | 5,160 | 0% | -1% | -2% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key charts ➤

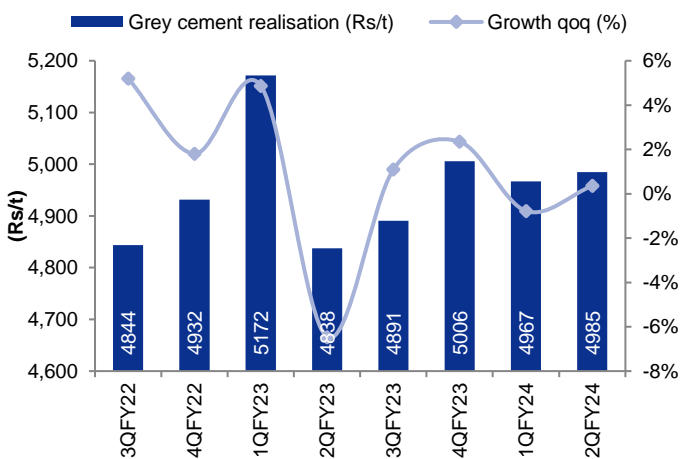
Figure 3: Consol. grey cement sales volume rises by ~22% yoy on Figure 4: White cement (including putty) volume rises by 19% yoy expanded capacity



SOURCE: INCRED RESEARCH, COMPANY REPORTS

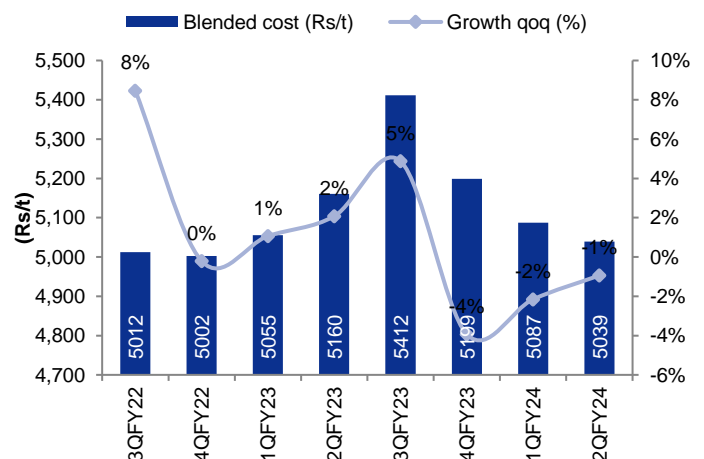
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Grey cement realization remains flat qoq while it improves by 3% yoy



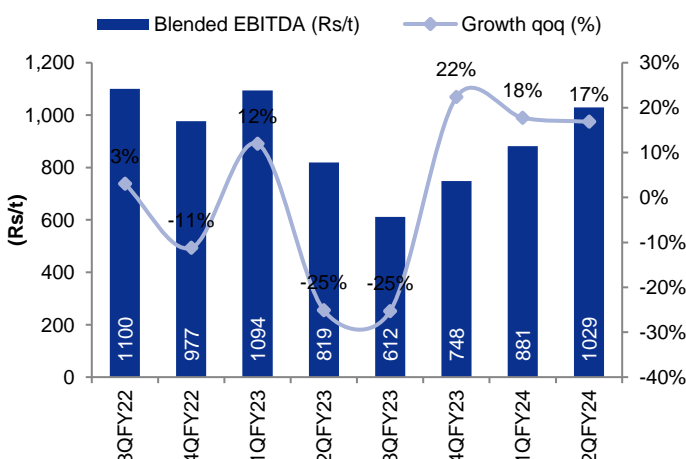
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Blended cost/t declines by 1% qoq and 2% yoy

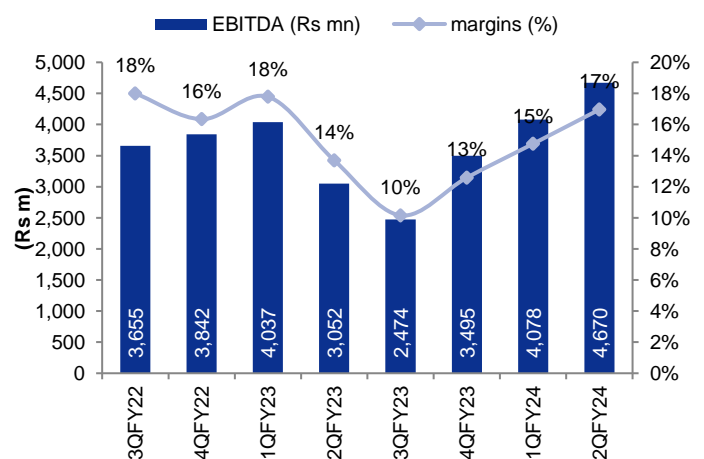


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Blended EBITDA/t improves by Rs148 qoq and by Rs210 yoy to Rs1,029 Figure 8: Consolidated EBITDA at Rs4.67bn, up by ~53% yoy and 15% qoq



SOURCE: INCRED RESEARCH, COMPANY REPORTS



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Our revised earnings estimates

| Rs. Mn | New | | | Old | | | Change (%) | | |
|-----------|----------|----------|----------|----------|----------|----------|------------|-------|-------|
| | FY24F | FY25F | FY26F | FY24F | FY25F | FY26F | FY24F | FY25F | FY26F |
| Sales | 1,13,017 | 1,23,205 | 1,35,210 | 1,11,554 | 1,20,851 | 1,30,581 | 1% | 2% | 3% |
| EBITDA | 19,289 | 21,567 | 23,810 | 18,744 | 20,982 | 22,744 | 3% | 3% | 4% |
| PAT | 7,232 | 8,733 | 10,177 | 7,351 | 9,137 | 10,487 | -2% | -5% | -3% |
| EPS (Rs.) | 93.6 | 113.0 | 131.7 | 95 | 118 | 136 | -2% | -5% | -3% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 10: Changes in our earnings estimates vs. Bloomberg consensus estimates

| Rs. Mn | Incred | | | Consensus | | | Change (%) | | |
|--------|----------|----------|----------|-----------|----------|----------|------------|-------|-------|
| | FY24F | FY25F | FY26F | FY24F | FY25F | FY26F | FY24F | FY25F | FY26F |
| Sales | 1,13,017 | 1,23,205 | 1,35,210 | 1,11,826 | 1,23,323 | 1,34,727 | 1% | 0% | 0% |
| EBITDA | 19,289 | 21,567 | 23,810 | 18,725 | 22,141 | 24,663 | 3% | -3% | -3% |
| PAT | 7,232 | 8,733 | 10,177 | 7,102 | 9,593 | 11,643 | 2% | -9% | -13% |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 11: Key assumptions

| | FY22A | FY23A | FY24F | FY25F | FY26F |
|--|--------|--------|--------|--------|--------|
| Volume (mtpa) (Grey + White) | 14 | 16 | 19 | 20 | 22 |
| Yoy | 17% | 15% | 16% | 9% | 9% |
| Blended realization (per tonne) | 5,590 | 5,871 | 5,903 | 5,903 | 5,928 |
| Yoy | 3% | 5% | 1% | 0% | 0% |
| Blended cost (per tonne) | 4,641 | 5,194 | 4,993 | 4,972 | 4,980 |
| Yoy | 10% | 12% | -4% | 0% | 0% |
| Blended EBITDA (per tonne) | 1,057 | 812 | 1,028 | 1,055 | 1,064 |
| Yoy | -18% | -23% | 27% | 3% | 1% |
| EBITDA (Rs m) | 14,824 | 13,143 | 19,289 | 21,567 | 23,810 |
| Yoy | -4% | -11% | 47% | 12% | 10% |

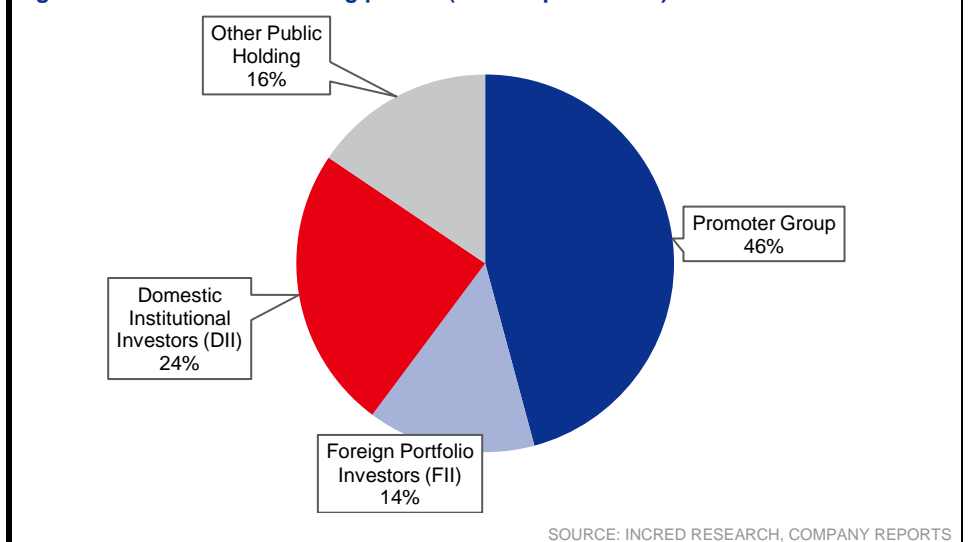
SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: Maintain HOLD rating with a Sep 2024F target price of Rs3,500, set at one-year forward EV/EBITDA of 13.5x (unchanged)

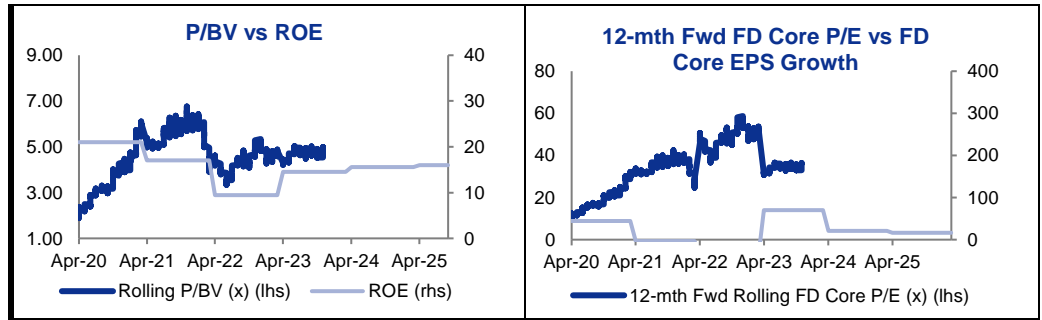
| Valuation | TP |
|----------------------------------|--------------|
| Target EV/EBITDA (x) | 13.5 |
| Target EV (Rs m) | 3,21,438 |
| Net debt / (cash) (Rs m) | 33,770 |
| No. of shares (m) | 77 |
| Fair value per share (Rs) | 3,500 |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 13: JKCE's shareholding pattern (as of Sep 2023-end)



BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-22A | Mar-23A | Mar-24F | Mar-25F | Mar-26F |
|---|---------------|---------------|----------------|----------------|----------------|
| Total Net Revenues | 79,908 | 97,202 | 113,017 | 123,205 | 135,210 |
| Gross Profit | 79,908 | 97,202 | 113,017 | 123,205 | 135,210 |
| Operating EBITDA | 14,824 | 13,143 | 19,289 | 21,567 | 23,810 |
| Depreciation And Amortisation | (3,425) | (4,582) | (5,499) | (5,939) | (6,414) |
| Operating EBIT | 11,399 | 8,561 | 13,790 | 15,628 | 17,396 |
| Financial Income/(Expense) | (2,697) | (3,122) | (4,620) | (4,343) | (4,082) |
| Pretax Income/(Loss) from Assoc. | (2) | | | | |
| Non-Operating Income/(Expense) | 1,429 | 874 | 1,206 | 1,267 | 1,330 |
| Profit Before Tax (pre-EI) | 10,129 | 6,313 | 10,376 | 12,552 | 14,644 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 10,129 | 6,313 | 10,376 | 12,552 | 14,644 |
| Taxation | (3,337) | (2,122) | (3,217) | (3,891) | (4,540) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 6,792 | 4,191 | 7,160 | 8,661 | 10,104 |
| Minority Interests | 79 | 72 | 72 | 72 | 72 |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 6,871 | 4,263 | 7,232 | 8,733 | 10,177 |
| Recurring Net Profit | 6,871 | 4,263 | 7,232 | 8,733 | 10,177 |
| Fully Diluted Recurring Net Profit | 6,871 | 4,263 | 7,232 | 8,733 | 10,177 |

Cash Flow

| (Rs mn) | Mar-22A | Mar-23A | Mar-24F | Mar-25F | Mar-26F |
|----------------------------------|----------------|-----------------|-----------------|-----------------|-----------------|
| EBITDA | 14,824 | 13,143 | 19,289 | 21,567 | 23,810 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | 8,813 | (4,112) | (1,496) | 303 | (922) |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | 1,429 | 874 | 1,206 | 1,267 | 1,330 |
| Other Operating Cashflow | (15,720) | 5,366 | 14,366 | 23,366 | 32,366 |
| Net Interest (Paid)/Received | (2,697) | (3,122) | (4,620) | (4,343) | (4,082) |
| Tax Paid | 2,137 | 1,622 | (3,217) | (3,891) | (4,540) |
| Cashflow From Operations | 8,787 | 13,771 | 25,528 | 38,268 | 47,962 |
| Capex | (15,275) | (18,697) | (14,000) | (7,000) | (7,000) |
| Disposals Of FAs/subsidiaries | | | | | |
| Acq. Of Subsidiaries/investments | | | | | |
| Other Investing Cashflow | 5,312 | (1,451) | 1,800 | (1,850) | (1,500) |
| Cash Flow From Investing | (9,964) | (20,148) | (12,200) | (8,850) | (8,500) |
| Debt Raised/(repaid) | 1,632 | 10,799 | 1,500 | (2,000) | (3,000) |
| Proceeds From Issue Of Shares | | | | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (1,159) | (1,159) | (1,488) | (1,796) | (2,093) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | 144 | (2,226) | (12,293) | (20,793) | (32,293) |
| Cash Flow From Financing | 617 | 7,413 | (12,281) | (24,589) | (37,386) |
| Total Cash Generated | (560) | 1,036 | 1,047 | 4,829 | 2,075 |
| Free Cashflow To Equity | 455 | 4,422 | 14,828 | 27,418 | 36,462 |
| Free Cashflow To Firm | 1,520 | (3,255) | 17,948 | 33,761 | 43,544 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rs mn) | Mar-22A | Mar-23A | Mar-24F | Mar-25F | Mar-26F |
| Total Cash And Equivalents | 5,299 | 9,041 | 10,088 | 14,917 | 16,992 |
| Total Debtors | 4,268 | 4,801 | 5,264 | 5,738 | 6,297 |
| Inventories | 12,087 | 9,821 | 11,766 | 13,164 | 14,447 |
| Total Other Current Assets | 13,593 | 13,720 | 15,596 | 16,386 | 17,983 |
| Total Current Assets | 35,247 | 37,383 | 42,714 | 50,206 | 55,720 |
| Fixed Assets | 65,437 | 84,456 | 92,957 | 94,018 | 94,604 |
| Total Investments | 110 | 215 | 415 | 765 | 765 |
| Intangible Assets | 10,321 | 5,920 | 3,920 | 5,420 | 6,920 |
| Total Other Non-Current Assets | 2,916 | 4,877 | 4,877 | 4,877 | 4,877 |
| Total Non-current Assets | 78,783 | 95,468 | 102,169 | 105,080 | 107,167 |
| Short-term Debt | 8,683 | 8,941 | 8,941 | 8,941 | 8,941 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 7,151 | 8,221 | 8,962 | 10,265 | 11,220 |
| Other Current Liabilities | 10,870 | 12,305 | 14,353 | 16,017 | 17,577 |
| Total Current Liabilities | 26,704 | 29,468 | 32,257 | 35,223 | 37,739 |
| Total Long-term Debt | 29,866 | 41,010 | 42,510 | 40,510 | 37,510 |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 14,553 | 15,949 | 17,949 | 20,449 | 20,449 |
| Total Non-current Liabilities | 44,419 | 56,959 | 60,459 | 60,959 | 57,959 |
| Total Provisions | | | | | |
| Total Liabilities | 71,123 | 86,427 | 92,715 | 96,181 | 95,698 |
| Shareholders Equity | 43,249 | 46,868 | 52,612 | 59,549 | 67,632 |
| Minority Interests | (343) | (444) | (444) | (444) | (444) |
| Total Equity | 42,906 | 46,424 | 52,168 | 59,105 | 67,188 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-22A | Mar-23A | Mar-24F | Mar-25F | Mar-26F |
| Revenue Growth | 21.0% | 21.6% | 16.3% | 9.0% | 9.7% |
| Operating EBITDA Growth | (3.7%) | (11.3%) | 46.8% | 11.8% | 10.4% |
| Operating EBITDA Margin | 18.6% | 13.5% | 17.1% | 17.5% | 17.6% |
| Net Cash Per Share (Rs) | (430.32) | (529.46) | (535.32) | (446.94) | (381.26) |
| BVPS (Rs) | 559.72 | 606.56 | 680.90 | 770.68 | 875.29 |
| Gross Interest Cover | 4.23 | 2.74 | 2.98 | 3.60 | 4.26 |
| Effective Tax Rate | 32.9% | 33.6% | 31.0% | 31.0% | 31.0% |
| Net Dividend Payout Ratio | 16.9% | 27.2% | 20.6% | 20.6% | 20.6% |
| Accounts Receivables Days | 18.00 | 17.03 | 16.25 | 16.30 | 16.25 |
| Inventory Days | 44.88 | 41.13 | 34.86 | 36.93 | 37.27 |
| Accounts Payables Days | 36.87 | 33.38 | 33.46 | 34.52 | 35.20 |
| ROIC (%) | 12.6% | 8.3% | 12.4% | 13.8% | 15.0% |
| ROCE (%) | 14.9% | 9.6% | 13.8% | 14.7% | 15.7% |
| Return On Average Assets | 8.9% | 5.9% | 8.5% | 8.7% | 8.9% |

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.