

India

Neutral (no change)

Highlighted Companies

UltraTech Cement Ltd

ADD, TP Rs9500, Rs9671 close

We see UltraTech Cement as a key beneficiary of the healthy capex allocation for FY24F, aided by timely significant addition of new capacity, potential recovery in profitability and the company's strong presence in all markets across India. We also view the company's financial leverage as manageable.

Dalmia Bharat Ltd

ADD, TP Rs2570, Rs2346 close

Dalmia Bharat's operations are diversified across regions with a major presence in the eastern and southern regions, while its execution capability reflects cost leadership. We expect sustained volume growth outperformance vs. industry in the medium- to long-term, driven by the company's aggressive expansion plan.

Birla Corporation Ltd

ADD, TP Rs1500, Rs1434 close

Aided by healthy demand and the capacity ramp-up of its Mukutban unit, Birla Corporation targets ~15% volume growth in FY24F, with EBITDA/t of Rs850 on easing fuel costs and cost-optimization measures.

Summary Valuation Metrics

P/E (x)	Mar24-F	Mar25-F	Mar26-F
UltraTech Cement Ltd	36.66	31.17	26.92
Dalmia Bharat Ltd	48.9	41.06	29.71
Birla Corporation Ltd	28.49	19.78	14.57
P/BV (x)	Mar24-F	Mar25-F	Mar26-F
UltraTech Cement Ltd	4.63	4.15	3.7
Dalmia Bharat Ltd	2.67	2.52	2.34
Birla Corporation Ltd	1.76	1.64	1.51
Dividend Yield	Mar24-F	Mar25-F	Mar26-F
UltraTech Cement Ltd	0.49%	0.58%	0%
Dalmia Bharat Ltd	0.2%	0.19%	0.24%
Birla Corporation Ltd	0.72%	1.04%	1.41%

Research Analyst(s)



Nishant BAGRECHA

T (91) 22 4161 1564

E nishant.bagrecha@incredresearch.com

Rohan KALLE

T (91) 22 4161 1561

E rohan.kalle@incredresearch.com

Constrn & Material - Overall

Some anecdotes on cement & paint sectors

- Cement & paint sectors' volume largely moved in tandem over the last decade. New construction in the realty & infrastructure sectors is likely to be healthy.
- The demand for cement is likely to remain strong. Prices are generally soft, despite strong demand, but this time they have also remained range-bound.
- We are overweight on the cement sector and underweight on paints. ADD Ultratech, Dalmia Bharat and Birla Corp. REDUCE Asian Paints & KNPL.

Cement and paint sectors' volumes largely move in tandem

Over the last decade, our analysis of the volumes of paint and cement players indicates that volume growth for both these sectors plays out in tandem. Paint majors have been stepping up their focus on the projects business (c.5-10% of respective decorative segments), which have been yielding healthy results when construction activity in real estate and infrastructure projects witnesses a visible uptick.

Similar pattern observed in cement as well as paints post elections

Our paint pack's volume was 5.7% above the 15-year average of 12% in 2009 but have been lower by 3.1%/7.9% after the 2014 & 2019 election years, respectively. On a quarterly basis, Asian Paints saw a gradual yoy uptick in FY10 but in the quarters of FY15 & FY19, a decelerating trend was visible, which was more pronounced in the second-half of the respective years. The top five cement players also showed a similar trend, of 5.7% above their 15-year average of 10% after the 2009 elections but lower by 4%/10.6% post 2014/2019 elections, respectively.

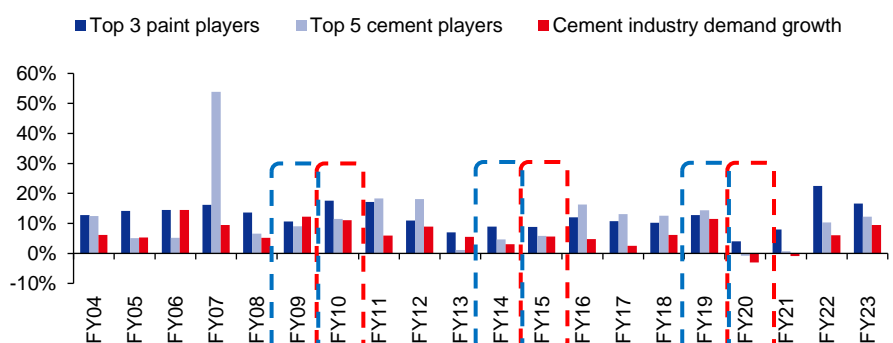
Demand for cement likely to remain stronger than paints

Our analysis of the cement sector around the past three general elections indicates a strong demand uptick during the elections, which is visible in the current scenario as well with robust demand throughout the year. Prices are generally soft, despite strong demand, but this time the prices also remained range-bound due to higher cost inflation. Cement stocks tend to outperform in the run-up to the elections and underperform thereafter (refer Figs. 11-22) in the past two elections, which is likely to reverse this time on the back of huge consolidation in the sector. Cement demand remains strong on the back of housing and infrastructure development, which is helping the absorption of new capacity.

Paint space getting crowded; cement sector sees consolidation

With Grasim's foray into paints likely to create ripples in the industry and the current demand scenario, we retain our HOLD rating on Berger Paints (TP: Rs600) & Pidilite (TP: Rs2,545) and a REDUCE rating on Kansai Nerolac Paints (TP: Rs305) & Asian Paints (TP: Rs3,000) as we see limited upside in the near term. With the benefit of strong pricing in 3Q, operating leverage and better volume, we believe the margins will continue to improve for cement players in 2HFY24F. We retain our overweight stance on the sector from a medium-term perspective. Within the cement pack, we have an ADD rating on Ultratech Cement (TP: Rs9,500), Dalmia Bharat (TP: Rs2,570) and Birla Corporation (TP: Rs1,500).

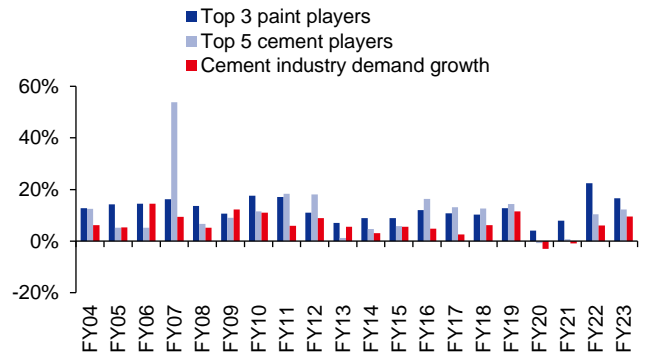
Figure 1: Cement and paint volumes have moved in tandem over the last decade



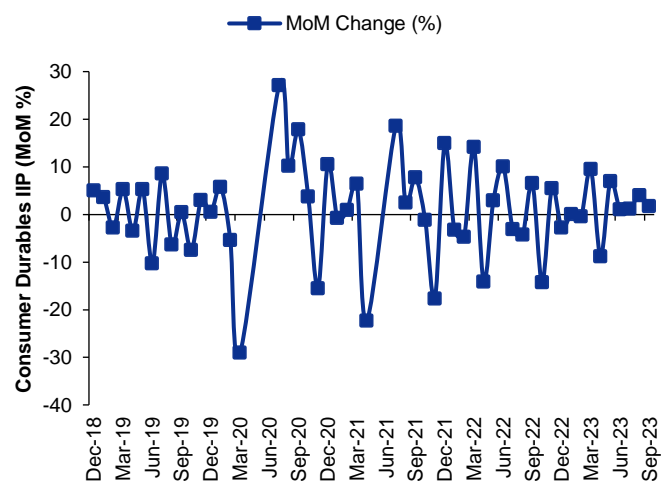
SOURCE: INCRED RESEARCH, COMPANY REPORTS

KEY CHARTS

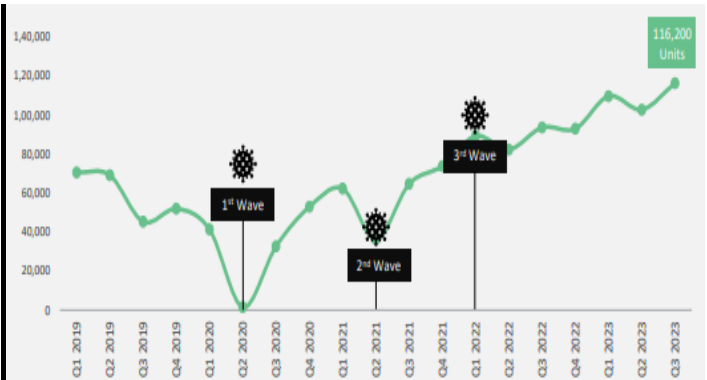
Cement and paint volumes have largely been moving in tandem on a quarterly basis over the last decade.



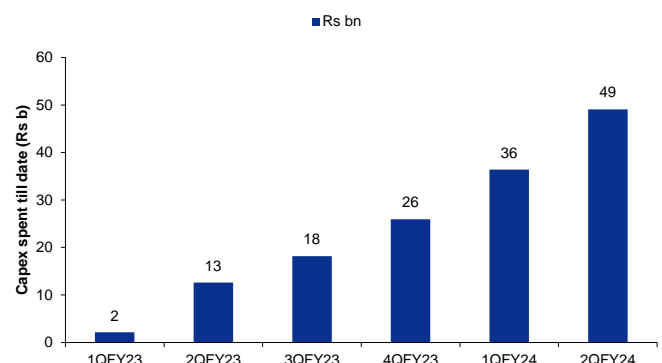
The declining trend has been moderating on a mom basis since Oct 2022. Berger Paints has been calling out weakness in demand from the fan industry for powder coatings since Sep 2022, which improved only in Sep 2023. Management expects this performance to continue in 3QFY24F as well, driven by improvement in the fan industry, which, as per media reports, is witnessing green shoots in demand led by increased housing renovation activity in the urban and rural markets.



As per the latest pan-India report on residential real estate by consultancy firm Anarock, during the quarter, the top-7 cities saw an influx of new housing units, touching 116.2k units, up 24%/13% yoy/qoq, respectively, primarily led by the Mumbai Metropolitan Region (MMR), Pune and Hyderabad.



As of end-Sep 2023, Grasim has spent Rs49bn (49% of its planned outlay) on its paint business and has received approvals for its Panipat, Ludhiana and Cheyyar plants which are likely to commence production from 4QFY24F. Grasim is likely to be a bigger threat, in terms of a new entrant, than players who have announced entry into the paint sector earlier, given the group's strong distribution reach in cement and putty, because of which Birla Opus, in our view, will be able to garner a strong distribution reach in the shortest time.



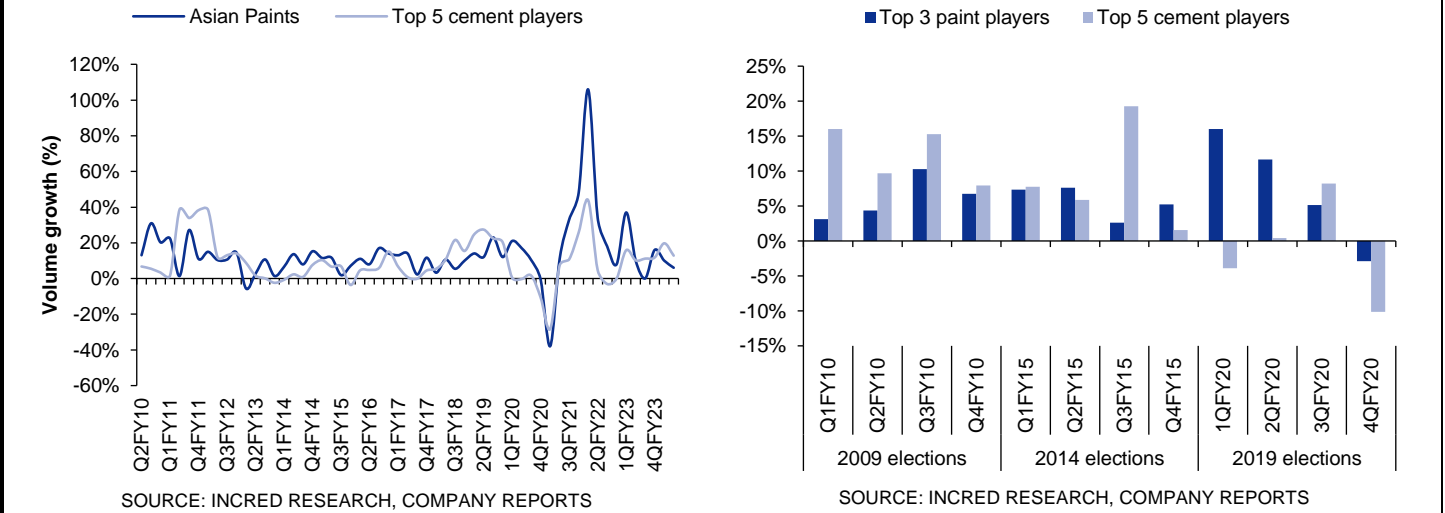
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Some anecdotes on cement & paint sectors

Diving into history

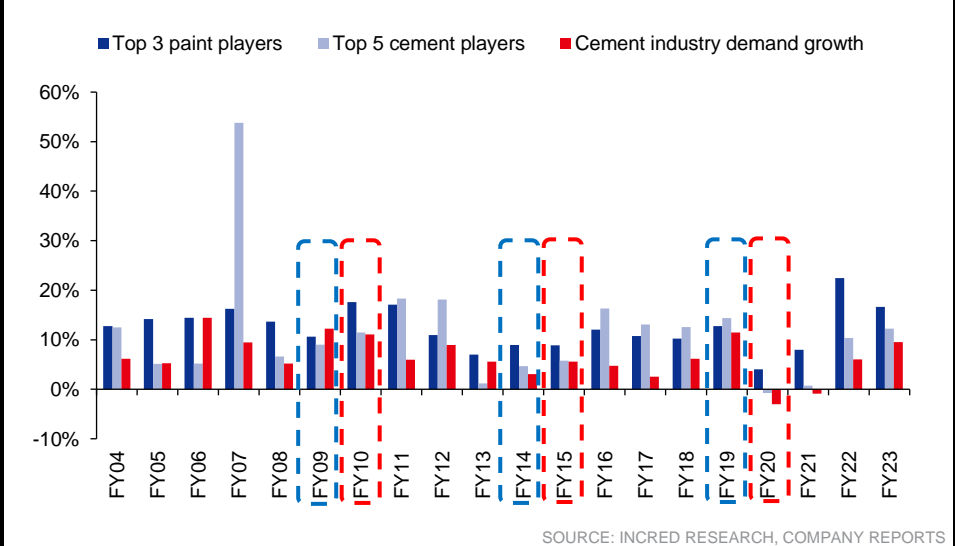
Cement and paint volumes largely move in tandem ➤

Figure 2: Paint volume largely trailed behind that of top-5 cement players over the last decade **Figure 3: Post election results, volumes moved largely in tandem**



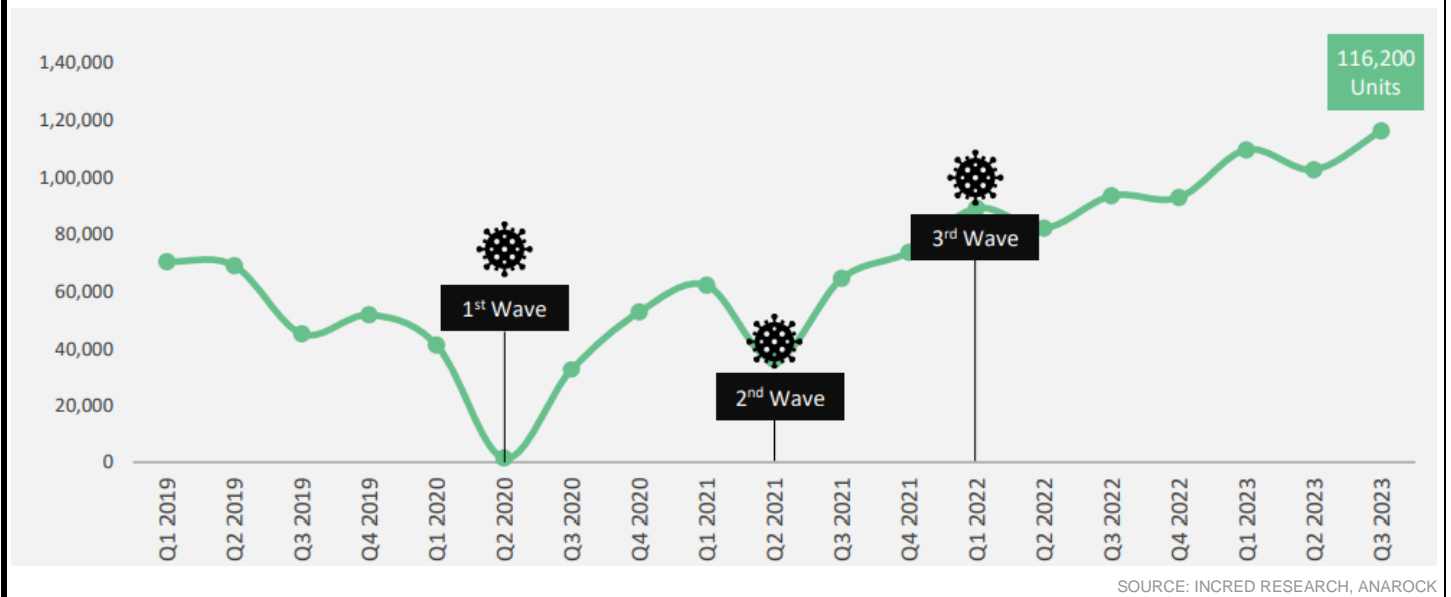
Cement and paint volumes have largely been moving in tandem on a quarterly basis over the last decade.

Figure 4: Similar stability is visible for both the top paint and cement players over the last decade



New launches of residential projects remained on an upswing post Covid-19 pandemic, which augurs well for the projects division ➤

Figure 5: Supply of new housing units has seen an uptick post Covid-19 pandemic



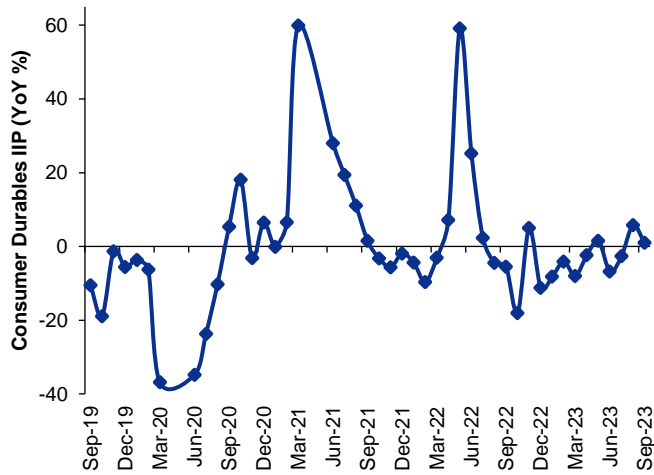
As per the latest pan-India report on residential real estate by Anarock, during the quarter, the top-7 cities saw an influx of new housing units, touching 116.2k units, up 24%/13% yoy/qoq, respectively, primarily led by the Mumbai Metropolitan Region (MMR), Pune and Hyderabad.

Over the last few quarters, all paint & adhesive majors have been calling out healthy growth in their respective projects division, aided by the recovery in real estate and infrastructure sectors. During the 2QFY24 earnings call, Pidilite’s management stated that the project business industry is growing at 10-12% in volume terms aided by large infrastructure projects, housing projects as well as repairs/renovations. Similar commentary was observed from paint players as well, reporting a healthy growth in the projects division.

Cement demand CAGR improved in the last two years, with a growth of 10%; This was led by a pick-up in infrastructure activity and project launches in the urban residential segment. Demand slows typically post elections, but any recovery in rural-led demand could sustain the current growth momentum. We factor in ~7-8% volume CAGR over the next two years on a high base.

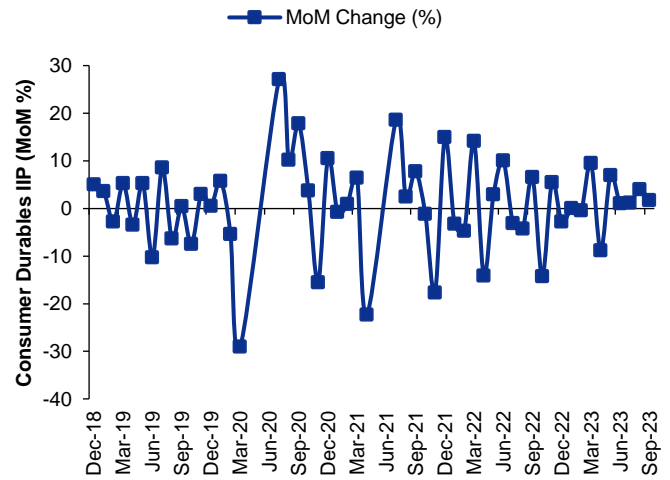
Industrial business ➤

Figure 6: Consumer durables IIP, on a yoy basis, remained subdued



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: However, on a mom basis, the pace of deceleration appears to be slowing down



SOURCE: INCRED RESEARCH, COMPANY REPORTS

India's Index of Industrial Production (IIP) of consumer durables has remained subdued for the last few years. The declining trend has been moderating on a mom basis since Oct 2022. Berger Paints has been calling out weakness in demand from the fan industry for powder coatings since Sep 2022, which improved only in Sep 2023. Management expects this performance to continue in 3QFY24F as well, driven by improvement in the fan industry, which, as per media reports, is witnessing green shoots in demand led by increased housing renovation activity in the urban and rural markets. The fan industry was clocking flattish growth over the last two years in volume terms, which is now gradually improving as the category is witnessing an increase in penetration in rural penetration aided by increased electrification and the shift to the organized sector while in urban markets, the replacement cycle is getting shorter due to premiumization.

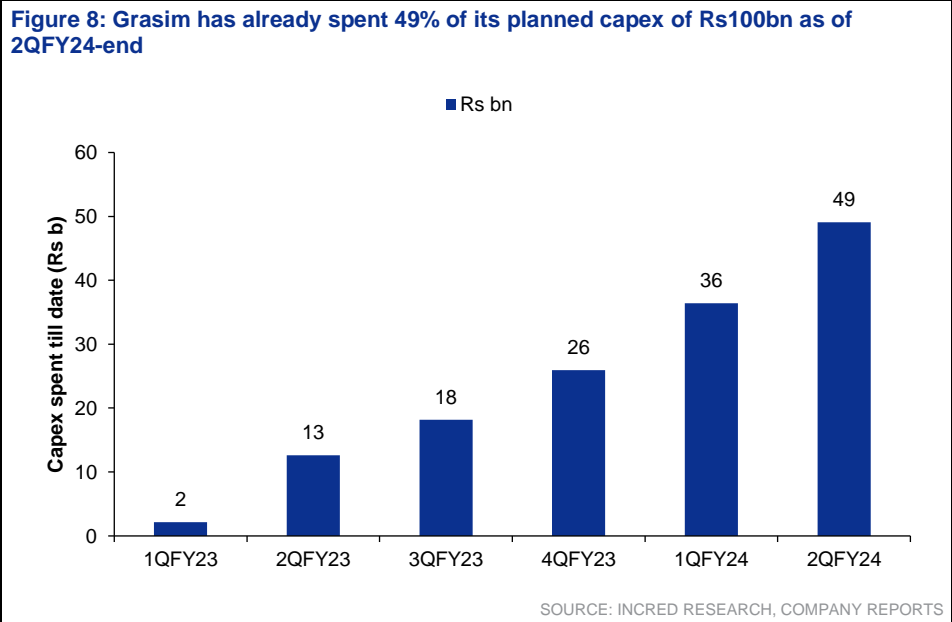
Feedback from paint channel check ➤

We conducted a channel check with dealers across paint majors in the last one week. The feedback we received indicates that dealers expect 3QFY24F to witness healthy demand, with an improvement in rural markets as well as improvement in the realty market. Given the higher competitive intensity expected with Grasim's entry in this business from 4QFY24F, dealers expect a higher rebating intensity from paint majors, especially at the mass-end, as players try to fill their shelves in the channel ahead of the launch of Birla Opus. Pidilite is not likely to compete with a similar intensity in its paint segment and is not expected to increase the rebates for the same.

Over the last few months, Grasim has been conducting surveys across dealers who stock Birla Putty, with a high focus on understanding the influencer community. We expect them to start poaching small dealers first before onboarding large dealers.

Status of new entrant Grasim with its Birla Opus brand ▶

As of end-Sep 2023, Grasim spent Rs49bn (49% of the planned outlay) on its paint business and has received approvals for its Panipat, Ludhiana and Cheyyar plants which are likely to commence production from 4QFY24F.



Grasim aims to create a strong brand with 'Birla Opus', aiming for the second spot in the industry, and is currently trying to establish a pan-India distribution and sales network. It has launched Italian wood finishes under 'Allwood' and field tests are currently being conducted. It has also launched 'PaintCraft', its painting service across eight major cities.

Grasim is likely to be a bigger threat, in terms of a new entrant, than players who have announced their entry into the paint sector earlier, given the group's strong distribution reach in cement and putty, because of which Birla Opus, in our view, will be able to garner a strong distribution reach in the shortest time.

Figure 9: Capacity breakup at Cheyyar and Mahad facilities

MLPA	Cheyyar	Mahad	Ludhiana
Water-based paints (incl. distempers) & colourants	500	400	300
Solvent-based paints (incl. wood finish)	100	100	60
Emulsions	180	150	120
Resins	70	70	40
Thinners	25		
Total	875	720	520

SOURCE: INCRED RESEARCH, ENVIRONMENT CLEARANCE REPORTS

Figure 10: Capacity breakup at Kharagpur facility

MLPA	Kharagpur
Paints	360
Resin & emulsions/water-based polymers	160
Total	520

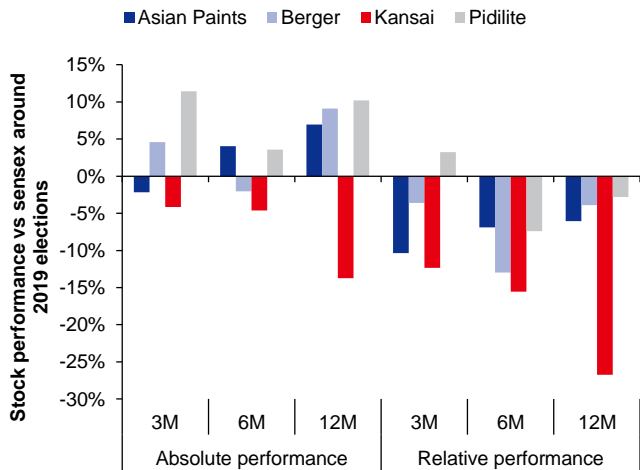
SOURCE: INCRED RESEARCH, ENVIRONMENT CLEARANCE REPORTS

Share price movement around and after the last three general elections

Paints

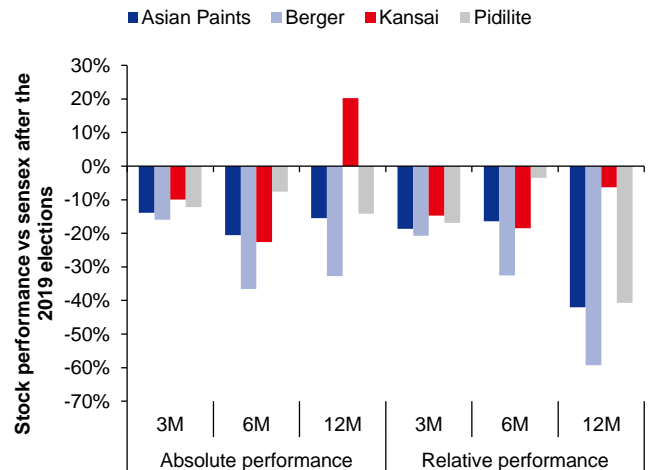
The 2019 elections >

Figure 11: Stock performance of our paint pack vs. Sensex around the 2019 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

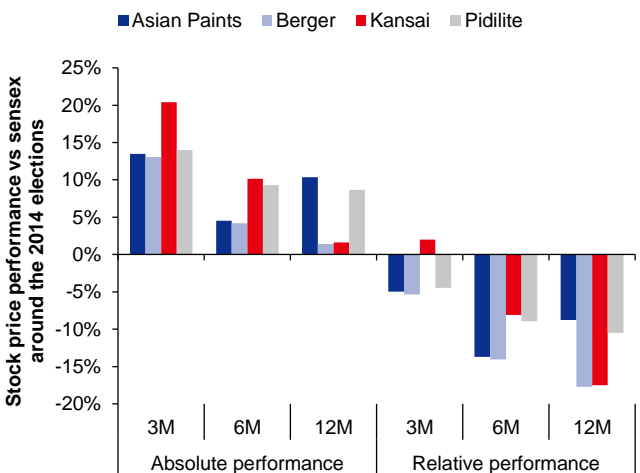
Figure 12: Stock performance of our paint pack vs. Sensex after the 2019 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

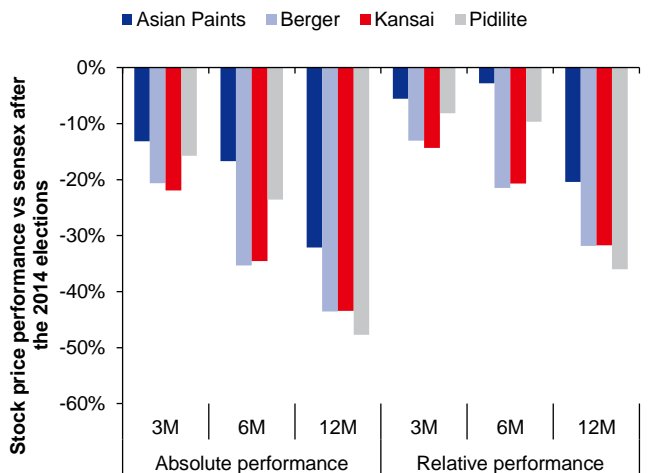
The 2014 elections >

Figure 13: Stock performance of our paint pack vs Sensex around the 2014 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

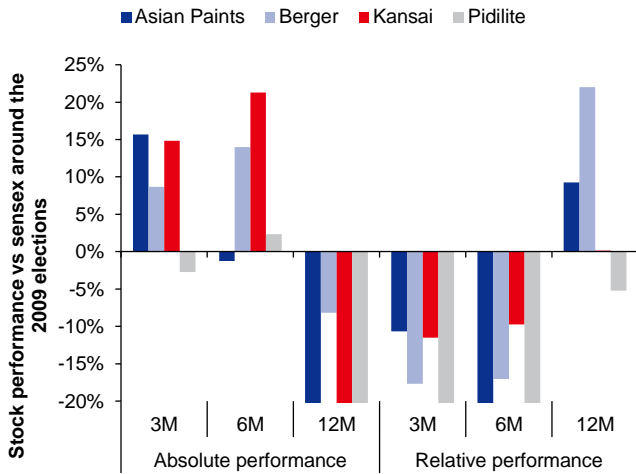
Figure 14: Stock performance of our paint pack vs. Sensex after the 2014 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

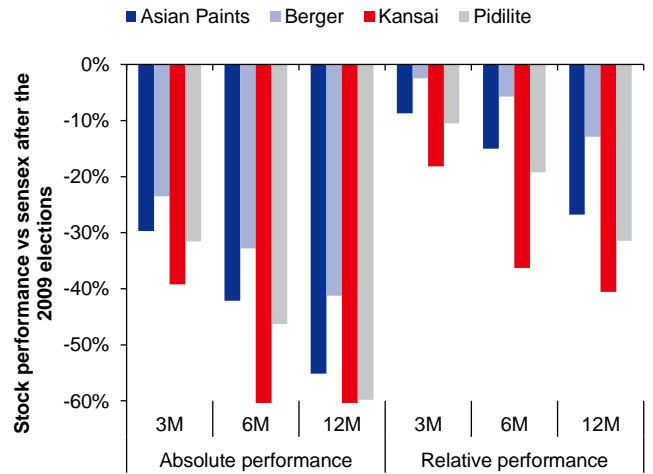
The 2009 elections >

Figure 15: Stock performance of our paint pack vs. Sensex around the 2009 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 16: Stock performance of our paint pack vs. Sensex after the 2009 elections

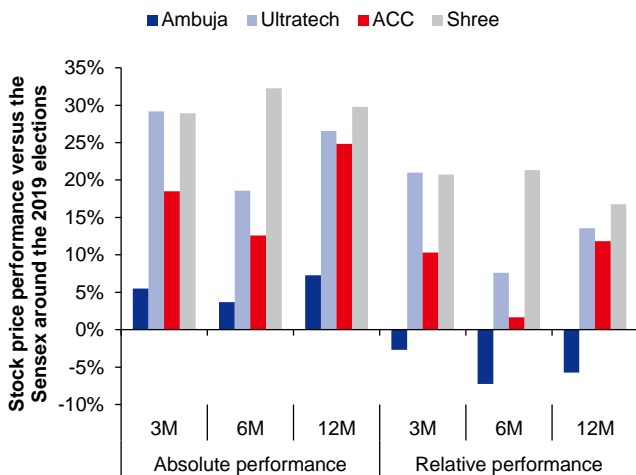


SOURCE: INCRED RESEARCH, COMPANY REPORTS

Cement stocks

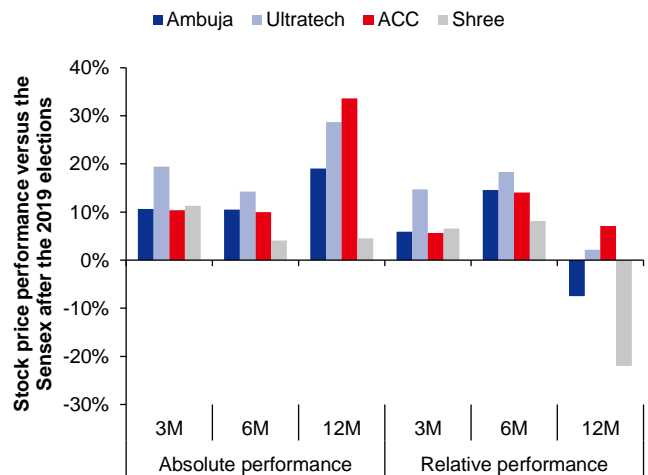
The 2019 elections >

Figure 17: Stock price performance versus the Sensex around the 2019 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

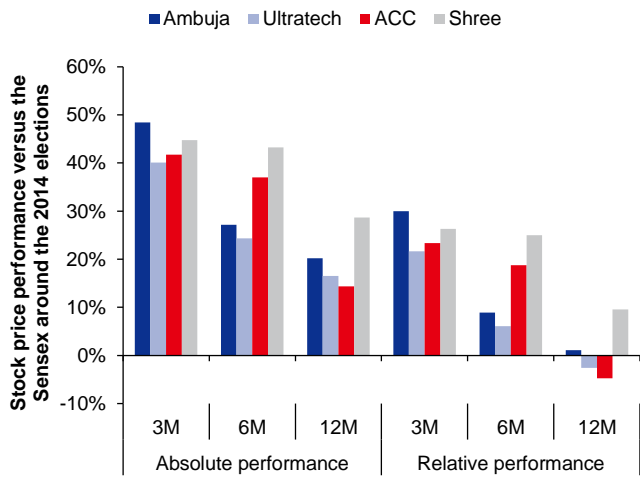
Figure 18: Stock price performance versus the Sensex after the 2019 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

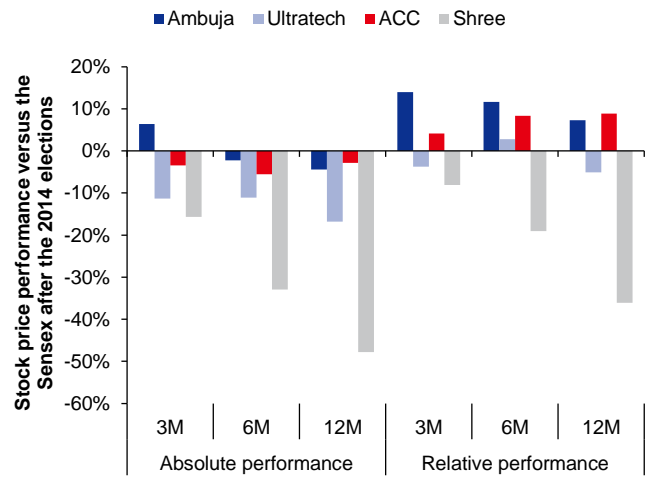
The 2014 elections >

Figure 19: Stock price performance versus the Sensex around the 2014 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

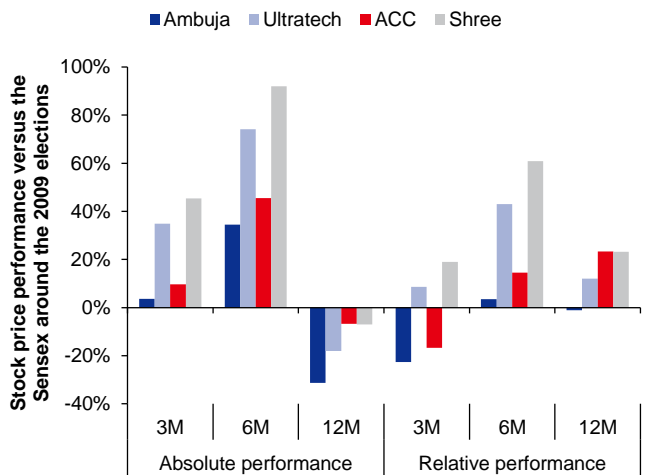
Figure 20: Stock price performance versus the Sensex after the 2014 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

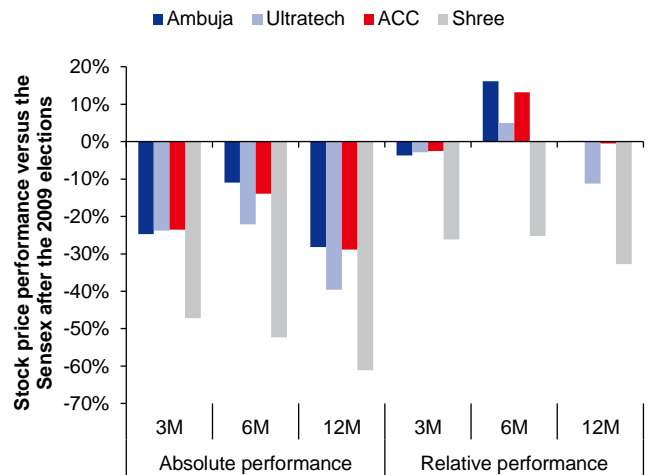
The 2009 elections >

Figure 21: Stock price performance versus the Sensex around the 2009 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

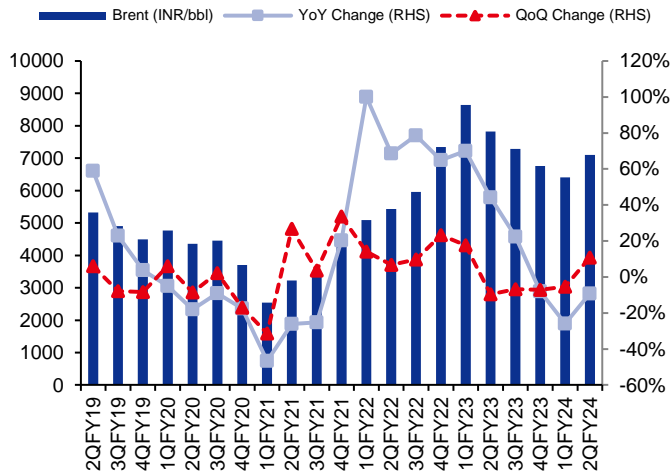
Figure 22: Stock price movement versus the Sensex after the 2009 elections



SOURCE: INCRED RESEARCH, COMPANY REPORTS

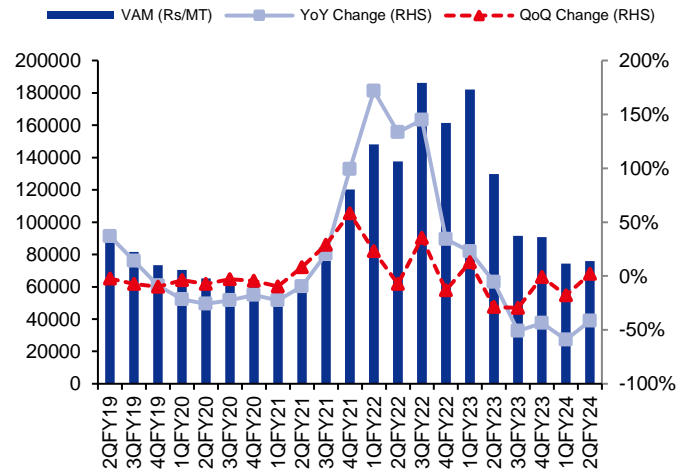
Price movement of key raw materials - paints

Figure 23: Brent crude oil (INR/bbl) prices fell by 9% yoy in 2QFY24



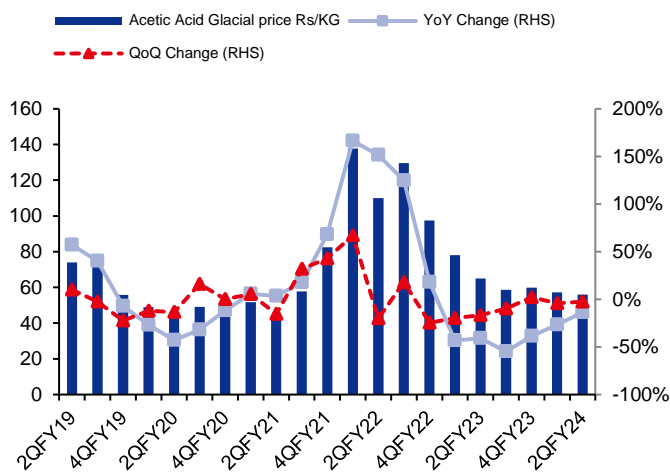
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 24: Prices of vinyl acetate monomer (VAM) declined by 41% yoy in 2QFY24



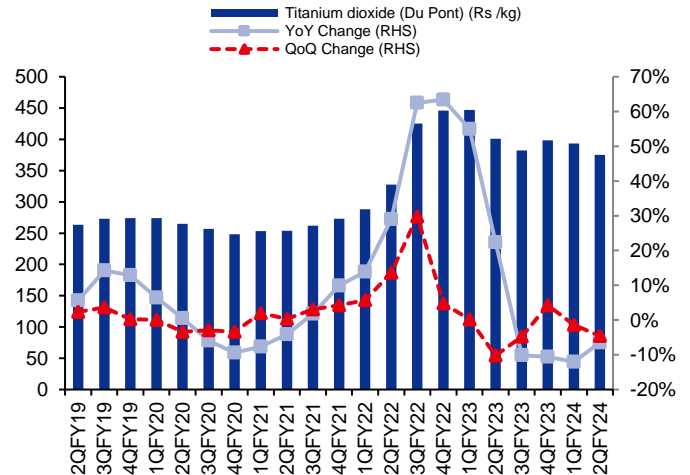
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 25: Prices of acetic acid declined by 14% yoy in 2QFY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 26: Prices of titanium dioxide (TiO2 Du Pont) declined by 6% yoy in 2QFY24



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Near-term constructive outlook on cement sector factors in strong demand, lower costs likely in the system and a steady exit for all-India average price in 3Q ➤

Takeaways from interaction on cement demand and supply

- **Demand outlook:** As per our interaction with a cement expert, dealers, C&F agents and sales executives, the volume growth was strong in Oct 2023, but it slowed in Nov 2023 due to festival holidays and assembly elections in five states. However, our recent channel check indicates that demand would pick up from Dec 2023F-end and remain strong in Jan/Feb 2024F. Industry demand prospects continue to remain positive (barring the near-term festive season impact), considering the strong traction in government projects, primarily led by general elections in 2024. Many producers expect double-digit demand growth for the industry in FY24F and strong growth for themselves. Accordingly, we continue to believe that FY24F will likely be the third consecutive year of strong demand, with double-digit volume growth.
- **Supply (capacity addition):** The expert feels Ultratech, Adani Group, Shree Cement, Dalmia Bharat and JSW would account for the highest share of capacity addition (70-75%) in the industry over the next three-to-four years, having already announced their aggressive capacity addition plans. However, the expert expects mid-low tier players to decline further and believes the best course of action for them is to merge with top-tier players and realize value just like Sanghi Industries and Kesoram did recently. He expects companies to chase inorganic opportunities more aggressively than in the past. Any more M&A to result in lower supply pain for the industry.
- As regards organic expansions, most capacity expansion projects are progressing as per schedule. During 2QFY24, new capacity addition announcements were made by UTCEM (phase-3 of 22mtpa to commence from FY26F), JKLC, BCORP, SRCM and JKCE. ACEM announced the details of its expansion plan for the medium term and its target of achieving 101mtpa capacity by FY26F, and also reiterated its 140mtpa target for FY28F.
- We believe consolidation will remain high in the medium- to long-term. We feel the top four-to-five players will grow faster than the market at the cost of small and regional players. We believe this trend will continue, given the ability of large players to service the market from multiple locations, and we expect smaller incompetent players to exit the space for some larger players. A few large players' recent commentaries highlighted that capital allocation and deal valuations will be key factors that will be considered while acquiring any assets.

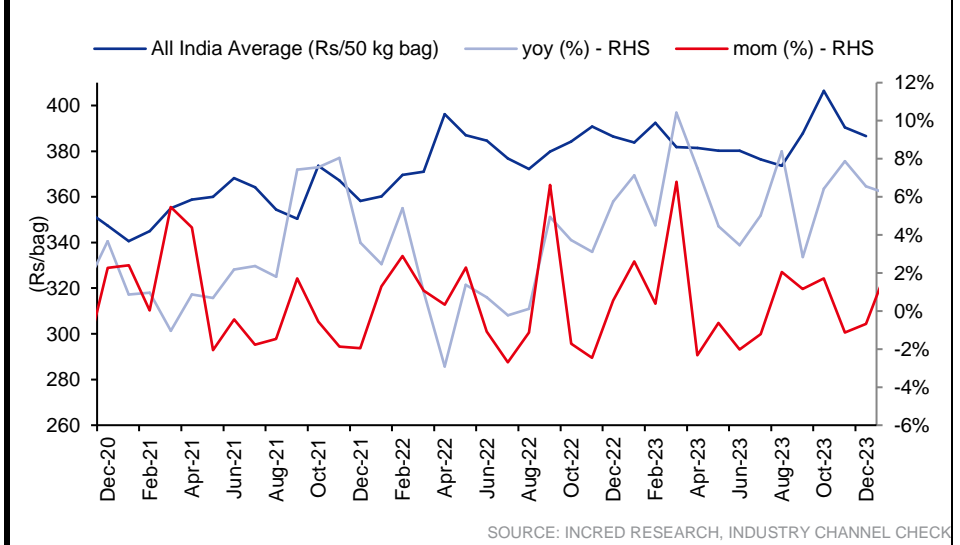
Cement prices ➤

Our interactions with cement dealers and experts indicate that price hikes taken in Sep/Oct 2023 sustained fully till early Nov 2023, while partial rollbacks were seen in rest of the Nov 2023 on account of weak demand due to the festive season, assembly elections in some states, and rains in select parts of South India.

Pan-India cement prices were down ~4% mom in Nov 2023, but still up 4-5% qoq till date in 3QFY24.

As per our channel check and management commentaries, the industry saw a couple of price hikes (by ~Rs20/bag) in Sep and Oct 2023 across regions (highest in South India and East India followed by North India). However, Nov 2023 saw a price rollback of Rs10-15/bag due to weak demand because of the festive season, assembly elections in some states, pollution curbs in Delhi/NCR, and unseasonal rains in South India. However, in 3Q (till date) average prices are still 4-5% up qoq. There is a possibility that prices may increase in Jan 2024F, which generally do, and imported coal prices have seen some moderation in recent days, which is positive for cement players in the medium term. However, historical data raises concerns regarding the industry's ability to sustain sharp price hikes over an extended period. However, this time the expert feels that more price hike announcements are likely if there is any fuel cost inflation, although pricing discipline remains key.

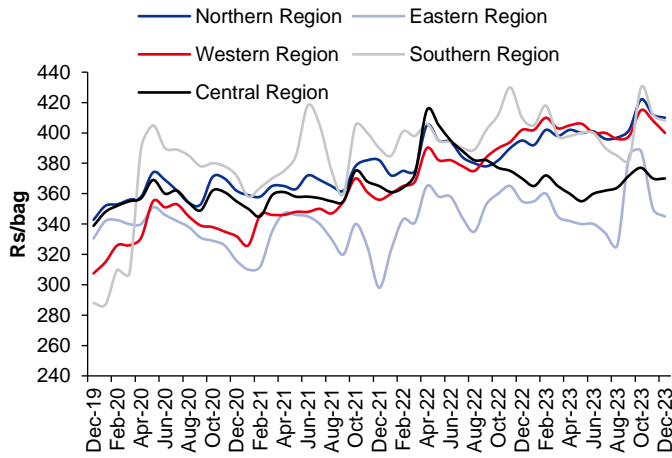
Figure 27: All-India cement average price was down 4% in Nov 2023, but still up 4-5% QTD Dec 2023



Region-wise pricing trend:

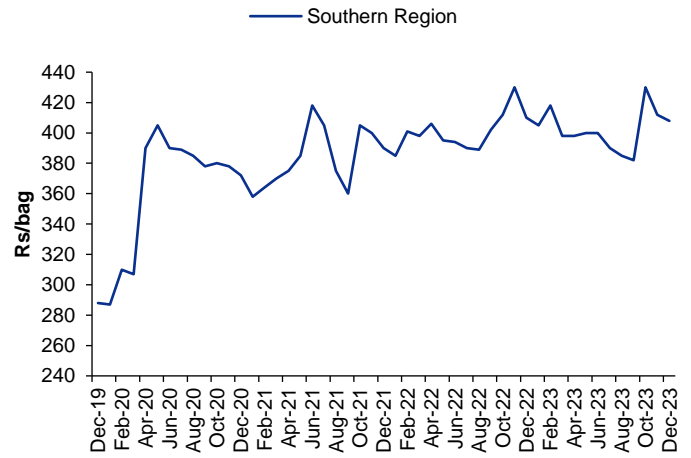
- **North:** The North India region, after facing a decline of Rs10/bag mom in Nov 2023 due to pan-India factors and pollution curbs, affected the demand negatively. We expect the prices to remain constant in Dec 2023F. They were up by ~4% qoq so far in 3QFY24.
- **South:** South India witnessed a fall in prices in Nov 2023 by Rs15-20/bag. With the reversal of price hike announced in Oct 2023, it has led to an increase in price volatility. Also, the disruption caused by 'Cyclone Michaung' will affect the supply chain and add to price volatility. Still prices in the region were up by 8% qoq so far in 3QFY24.
- **East:** With a price hike of Rs55-60/bag announced in Sep/Oct 2023 in two phases in East India, only the first round was able to witness a pass-through due to lower demand because of the festive season and saw a rollback of Rs30/bag in Nov 2023. Based on our interaction with dealers, there is a less chance of a price hike in Dec 2023F as the companies who have lost market share will price aggressively to regain it. Prices were up by ~4% qoq so far in 3QFY24.
- **West:** There was a price decline of Rs10/bag in Nov 2023 in the eastern region. Dealers expect the demand to pick up from mid-Dec 2023F as the house construction activity resumes and also there is better availability of labourers. Cement prices were up by ~2% qoq so far in 3QFY24.
- **Central:** Average prices declined by Rs7-8/bag in Nov 2023 in the central region, with no price hike taken in Madhya Pradesh due to assembly elections. We expect the prices to remain flat in Dec 2023F. They were up by ~1.5% qoq so far in 3QFY24.

Figure 28: Region-wise, cement prices decline was seen in all regions in Nov 2023, with a sharp rollback seen in the eastern region followed by southern and northern regions



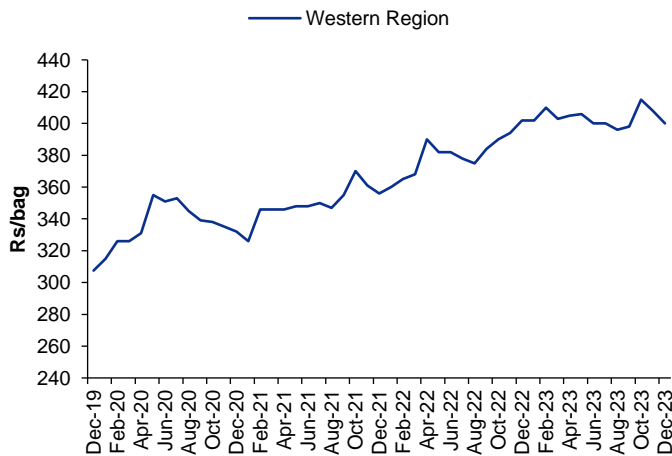
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 29: South India cement price trend



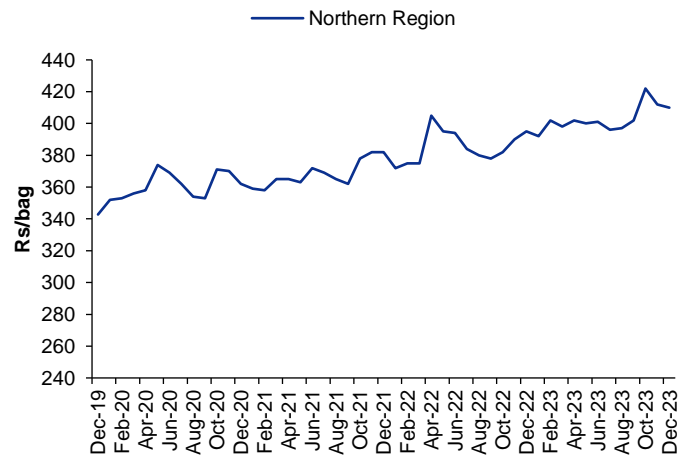
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 30: Western India cement price trend



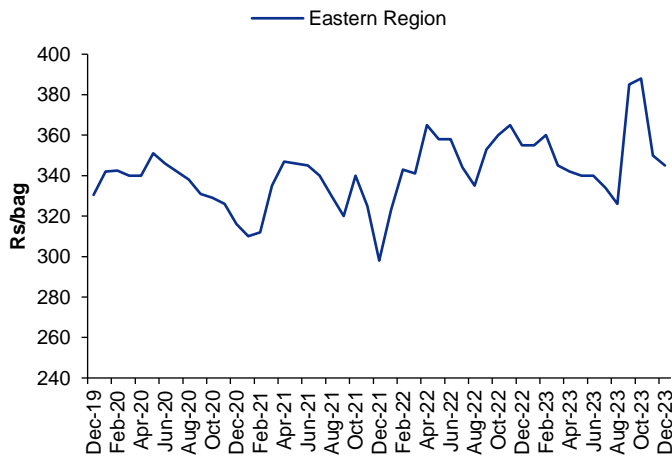
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 31: North India cement price trend



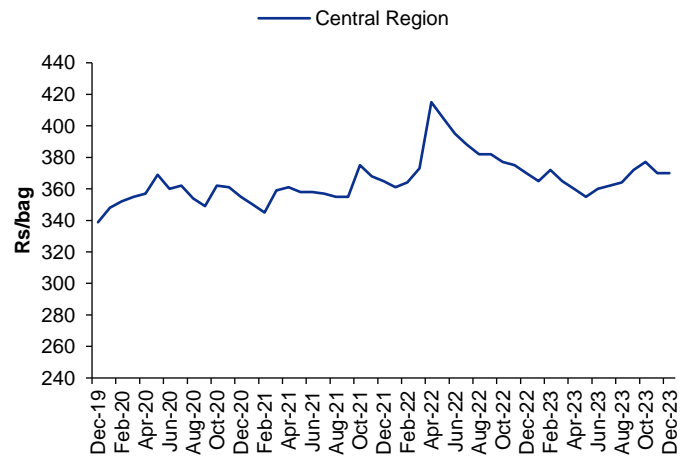
SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 32: East India cement price trend



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Figure 33: Central India cement price trend



SOURCE: INCRED RESEARCH, INDUSTRY CHANNEL CHECK

Cement sector - major input cost trend

Recent coal and crude oil price decline could lead to stable pet-coke prices in the medium term: In Nov 2023, international pet-coke prices were steady on mom basis at US\$130/t (stable in the last four-to-five months) while imported coal prices witnessed a decline of ~20% from their recent peak and remained flat vs. 2QFY24 average. The average fuel cost stood at Rs1.88 on Kcal basis in 2QFY24 vs. Rs2.16 on Kcal basis qoq. In the upcoming quarters, there is a likelihood of benefits with stable input prices and advantages from operating leverage. Cement producers indicate that input costs for the industry are likely to be largely flat-to-marginally down qoq in 3QFY24F (as per the availability of inventory) while freight costs will increase qoq.

Figure 34: International pet-coke prices started their uptrend in Aug 2023 and increased by >25% from the bottom, but they are still down ~35% from their peak

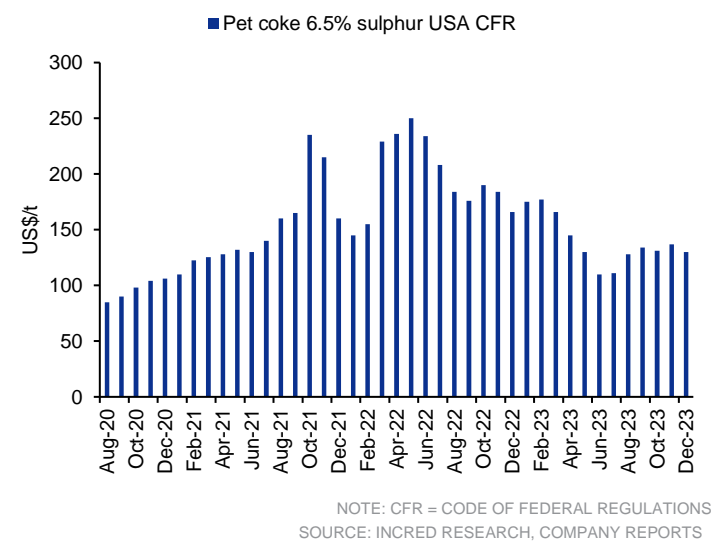


Figure 35: Domestic pet-coke price trend

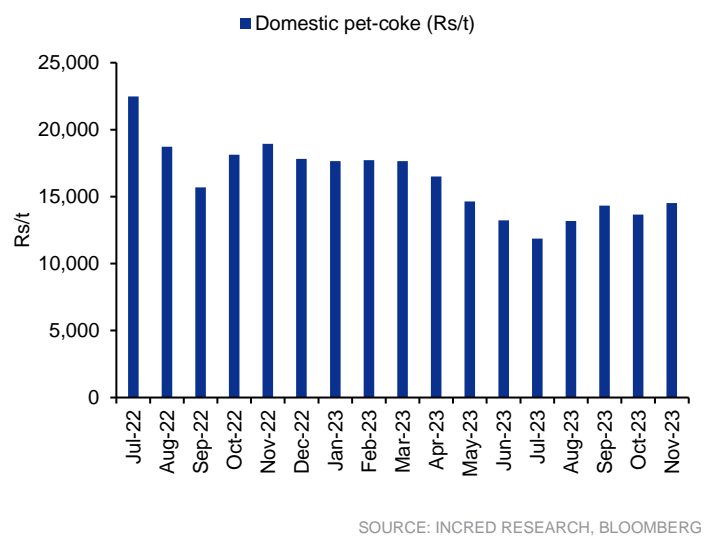


Figure 36: Imported coal prices (South African 6K/Kcal) trend

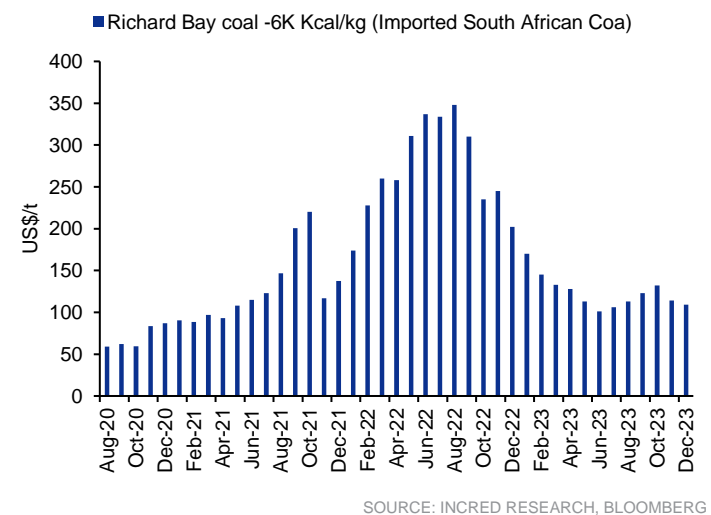


Figure 37: Average diesel price trend

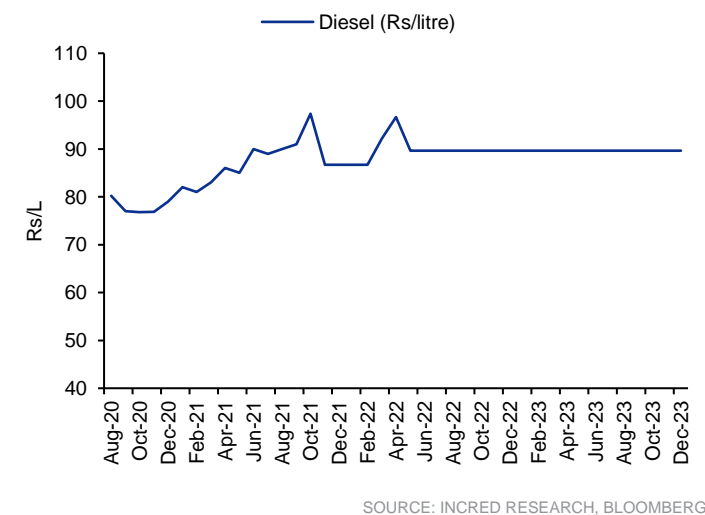
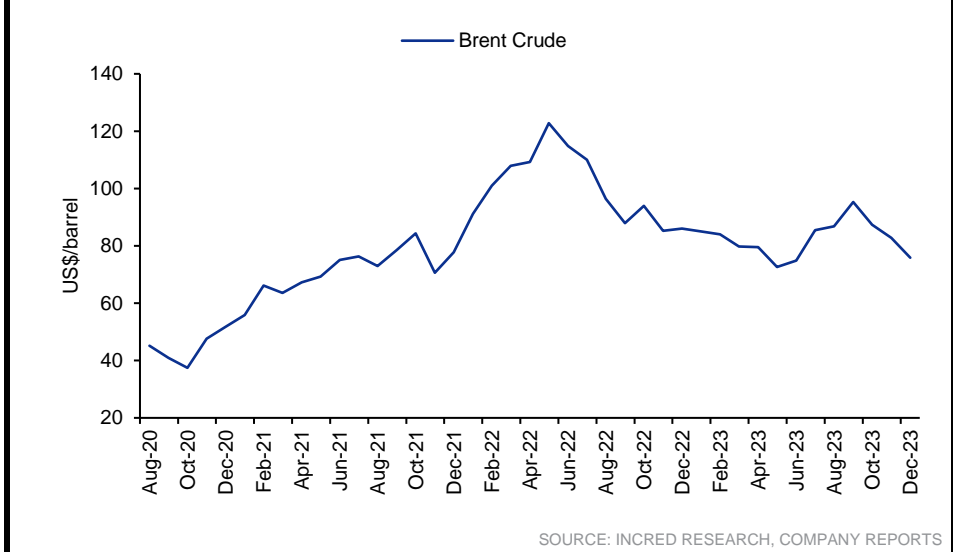


Figure 38: Crude oil price trend



Key operational quarterly charts ▶

Figure 39: Quarterly volume growth trend for the industry

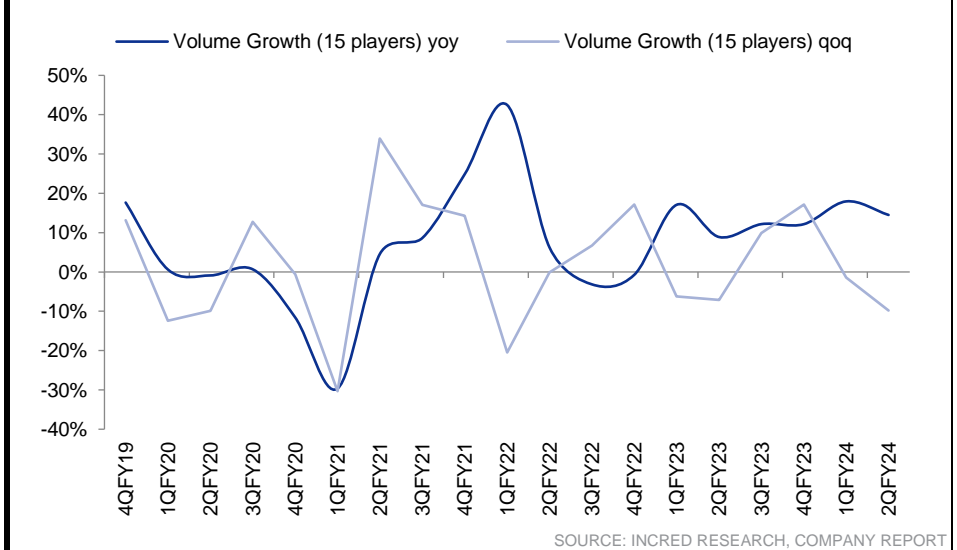


Figure 40: Realization growth trend

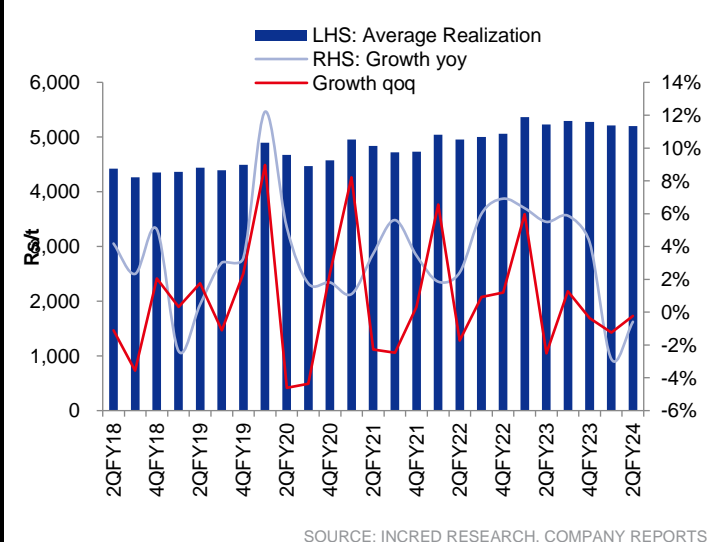


Figure 41: Trend in unit cost

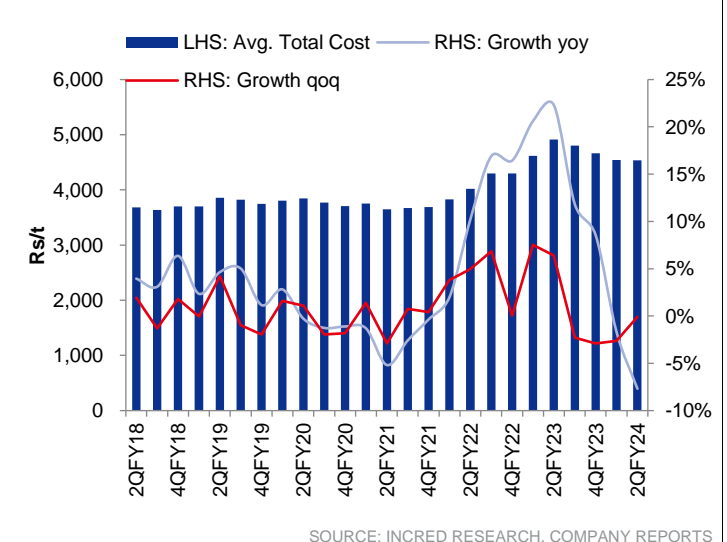
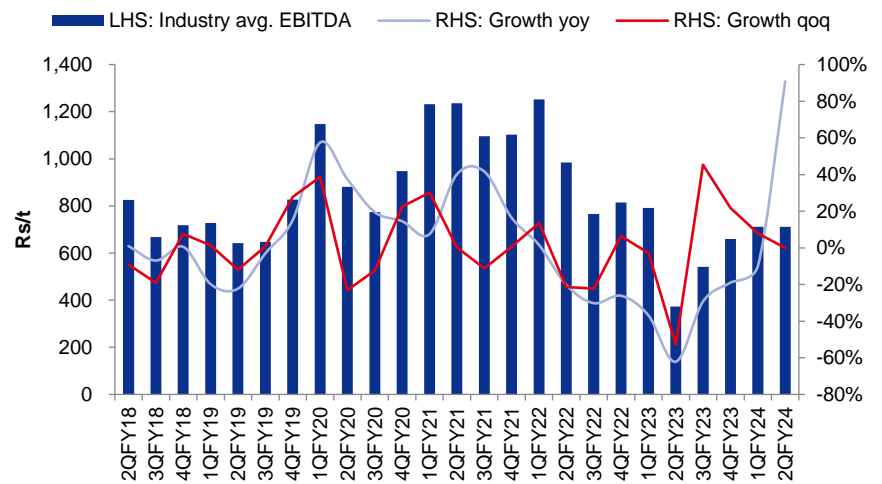
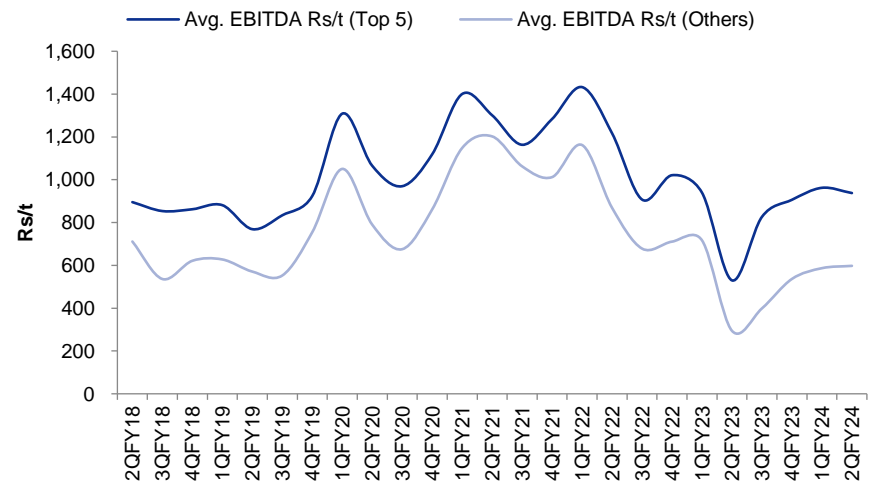


Figure 42: Sector unit EBITDA (15 players)



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 43: Unit EBITDA of top five players



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 44: Average cost curve for listed cement companies

Rs/t	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Raw Material Costs	731	728	783	656	800	752	874	809	870	908	991	937	910
P & F Costs	925	965	947	1,129	1,132	1,396	1,390	1,688	1,888	1,728	1,588	1,534	1,475
Freight Costs	1,051	1,073	1,116	1,118	1,104	1,127	1,141	1,192	1,165	1,173	1,161	1,157	1,115
Other Costs	676	686	654	685	749	767	690	731	783	746	701	695	765
Employee Costs	335	298	279	337	335	325	266	308	326	307	269	287	325
Total Costs	3,647	3,674	3,690	3,830	4,020	4,295	4,297	4,623	4,921	4,803	4,664	4,542	4,538
EBITDA/t	1,235	1,096	1,103	1,252	985	765	814	794	374	542	660	712	711

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 45: Fuel costs booked by various companies on Kcal basis

Rs Kcal	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3Q-4QFY24F	vs. spot prices
ACC	2.25	2.52	3.10	2.61	2.35	2.13	1.85		
Ambuja Cements	2.20	2.50	2.80	2.33	2.10	2.09	1.82		
Ultratech	1.95	2.20	2.50	2.60	2.50	2.34	2.12	Some moderation	
Shree Cement	2.13	2.61	2.83	2.53	2.53	2.37	2.05	1.90	
JK Cement	2.20	2.30	2.40	2.60	2.40	2.2	1.9	1.8-1.85	
Nuvoco		2.28	2.64	2.74	2.31	1.94	1.77		
The Ramco Cements	1.88	1.87		2.43	2.21	2.03	1.75		Pet-coke - US\$130 now
India Cements	2.23	2.69	3.26	2.95	2.70	2.25	2.04		
JK Lakshmi			2.30	2.57	2.42	2.23	2.04	1.94-1.95	
Dalmia Bharat	2.07	2.47	2.52	2.42	2.06	1.98	1.58	Marginal reduction	
Star Cement		2.09		2.09	2.10	2.35	1.9		
Birla Corporation						1.95	1.75	Same	
Orient Cement							1.8 & 2.14		
Average	2.15	2.45	2.71	2.53	2.33	2.16	1.88		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 46: Long-term capacity expansion plans for cement majors

Capacity (mtpa)	FY23	FY24F	FY25F	Aspirations beyond FY25F
UTCCEM	132	137	153	200mtpa before 2030F
SRCM	46.4	49.4	55.9	>80mtpa by 2030F
ACC-ACEM	67.9	73.3	78.3	140mtpa by 2028F
DALBHARA	39	47	47	75mtpa by FY27F and 120mtpa by FY32F
JKCE	20.7	22.2	24.2	40mtpa by 2030F
NUVOCO	23.8	25	25	30mtpa by 2030F
TRCL	22	23	23	To grow ahead of the industry
JKLC	14	15.3	16.5	30mtpa by 2030F
BCORP	19.8	19.8	19.8	30mtpa by 2030F
ORCMNT	8.5	8.5	8.5	15mtpa by 2030F

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Key assumptions for our cement coverage universe

Figure 47: We expect cement volume of coverage companies to grow by ~11% over FY23-26F

Volume (mt)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCCEM*	86	81	86	94	106	119	128	141	10.7%	10.0%
ACC*#	28	29	26	29	31	36	38	40	2.9%	9.3%
ACEM#	24	24	23	27	30	34	37	41	5.6%	10.7%
SRCM*	26	25	27	28	32	36	39	43	7.1%	10.6%
TRLC	11	11	10	11	15	18	20	21	9.7%	12.1%
JKCE*	9	8	10	12	14	17	18	20	11.5%	12.4%
BCORP*	14	14	13	14	16	18	19	21	4.9%	9.3%
HEIM	5	5	4	5	4	5	5	5	-1.1%	6.0%
DALBHARA*	19	19	21	22	26	28	33	38	8.7%	14.2%
JKLC*	11	10	10	11	12	13	14	16	4.2%	10.5%
ORCMNT	6	6	5	5	6	6	7	9	0.0%	15.6%
Total	239	232	236	259	291	329	359	395	7.5%	10.7%

*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS, SO ADJUSTED FOR 12M; YEAR-END CHANGES FROM DEC-MAR
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 48: We expect realization of coverage companies to grow by ~0.7% over FY23-26F

Realization (Rs/t)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCCEM*	4,775	5,127	5,122	5,501	5,900	5,883	5,956	6,037	3.9%	0.8%
ACC#	4,643	4,801	4,909	5,044	5,276	5,149	5,221	5,294	3.5%	0.1%
ACEM#	4,540	4,719	4,929	5,105	5,287	5,298	5,372	5,426	3.5%	0.9%
SRCM*	4,545	5,163	5,052	5,411	5,611	5,779	5,803	5,872	6.1%	1.5%
TRLC	4,549	4,792	5,281	5,413	5,488	5,230	5,303	5,377	3.4%	-0.7%
JKCE*	3,991	4,527	4,494	4,774	4,971	5,061	5,117	5,188	4.1%	1.4%
BCORP	4,358	4,826	4,853	4,961	5,242	5,242	5,315	5,389	3.7%	0.9%
HEIM	4,298	4,575	4,652	4,681	5,096	5,014	5,090	5,140	5.0%	0.3%
DALBHARA	4,749	4,691	4,874	5,073	5,141	5,110	5,161	5,235	0.9%	0.6%
JKLC	3,875	4,342	4,523	4,840	5,460	5,444	5,498	5,573	6.9%	0.7%
ORCMNT	3,933	4,178	4,604	4,975	5,100	5,171	5,244	5,317	5.7%	1.4%
Average	4,387	4,704	4,845	5,071	5,325	5,307	5,371	5,441	4.2%	0.7%

*BLENDED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 49: We expect cost/t of coverage companies to decline by ~1.5% over FY23-26F

Cost (Rs/t)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCCEM*	3,999	4,072	3,839	4,371	4,981	4,806	4,803	4,834	4.6%	-1.0%
ACC	4,496	4,585	4,477	4,553	5,257	4,774	4,761	4,798	4.1%	-3.0%
ACEM	3,915	3,956	3,849	3,981	4,435	4,192	4,143	4,153	3.6%	-2.2%
SRCM*	3,774	3,655	3,532	4,075	4,681	4,621	4,589	4,636	7.5%	-0.3%
TRLC	3,704	3,777	3,729	4,251	4,690	4,311	4,337	4,370	5.7%	-2.3%
JKCE*	4,481	4,694	4,353	4,780	5,194	4,993	4,972	4,980	4.5%	-1.4%
BCORP	4,047	4,091	4,069	4,466	5,029	4,743	4,728	4,723	4.8%	-2.1%
HEIM	3,369	3,489	3,589	3,899	4,529	4,208	4,158	4,178	6.7%	-2.7%
DALBHARA	4,037	3,923	3,550	3,991	4,367	4,189	4,218	4,236	2.5%	-1.0%
JKLC	3,468	3,548	3,625	3,991	4,751	4,667	4,672	4,699	6.6%	-0.4%
ORCMNT	3,446	3,517	3,513	3,896	4,467	4,355	4,361	4,408	6.0%	-0.4%
Average	3,885	3,937	3,830	4,205	4,762	4,533	4,522	4,547	5.1%	-1.5%

*BLENDED
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 50: We expect EBITDA/t of coverage companies to remain broadly flat in FY26F vs FY22

EBITDA (Rs/t)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCCEM*	775	1,055	1,339	1,225	1,005	1,153	1,231	1,282	2.2%	8.4%
ACC#	675	782	899	1,038	499	802	889	937	-5.9%	23.4%
ACEM#	782	893	1,167	1,187	852	1,106	1,229	1,272	0.7%	14.3%
SRCM*	1,080	1,508	1,520	1,337	930	1,159	1,214	1,236	-0.8%	9.9%
TRLC	932	1,015	1,552	1,162	797	966	1,011	1,051	-7.6%	9.7%
JKCE*	845	1,241	1,322	1,089	812	1,028	1,055	1,064	0.0%	9.4%
BCORP	685	979	999	781	491	765	851	927	-5.5%	23.6%
HEIM	987	1,122	1,129	910	567	806	931	962	-6.2%	19.3%
DALBHARA	999	1,072	1,324	1,084	901	1,049	1,062	1,113	-5.7%	7.3%
JKLC	407	794	898	849	710	777	827	874	9.6%	7.2%
ORCMNT	487	660	1,091	1,079	633	817	883	909	3.6%	12.8%
Average	787	1,011	1,204	1,067	745	948	1,017	1,057	-1.8%	12.4%

*BLENDED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 51: We expect total revenue of coverage companies to increase by ~9.5% over FY23-26F

Revenue (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCEM*	416	424	447	526	632	708	775	861	15.0%	10.8%
ACC*#	148	157	138	162	222	199	216	230	10.8%	1.2%
ACEM#	114	117	114	140	200	180	199	223	13.8%	3.7%
SRCM*	126	129	136	150	179	206	226	253	13.4%	12.3%
TRLC	52	54	53	60	81	95	104	113	13.0%	11.7%
JKCE*	53	58	66	80	97	113	123	135	14.9%	11.6%
BCORP*	65	69	68	75	87	98	107	116	8.7%	10.1%
HEIM	21	22	21	23	22	24	25	27	3.4%	6.3%
DALBHARA*	95	97	101	113	135	148	177	205	9.6%	14.8%
JKLC*	43	44	47	54	65	72	80	89	11.5%	11.3%
ORCMNT	25	24	23	27	29	33	36	47	5.7%	17.2%
Total	1,157	1,193	1,214	1,409	1,750	1,876	2,067	2,299	12.7%	9.5%

*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 52: We expect EBITDA of coverage companies to grow by over ~20% over FY23-26F

EBITDA (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCEM*	73.5	92.5	115.7	115.1	106.2	137.0	158.0	180.4	11.6%	19.3%
ACC*#	20.5	24.1	23.6	30.0	19.2	28.6	34.0	37.6	0.5%	25.0%
ACEM#	18.9	21.5	26.5	32.1	32.2	37.5	45.5	52.3	11.2%	17.5%
SRCM*	27.9	37.6	40.8	37.1	29.6	41.2	47.2	53.2	6.3%	21.6%
TRLC	10.4	11.4	15.5	12.8	11.8	17.5	19.7	22.0	1.5%	23.0%
JKCE*	8.3	12.1	15.4	14.8	13.1	19.3	21.6	23.8	10.8%	21.9%
BCORP*	9.5	13.4	13.4	11.1	7.7	13.7	16.3	19.0	-0.9%	35.1%
HEIM	4.8	5.3	5.1	4.3	2.5	3.8	4.6	5.0	-7.3%	26.4%
DALBHARA*	19.4	21.1	27.6	24.3	23.2	29.7	35.5	42.6	2.6%	22.5%
JKLC*	4.5	8.0	9.4	9.5	8.4	10.2	12.0	13.9	14.2%	18.4%
ORCMNT	3.1	3.8	5.5	5.9	3.6	5.2	6.0	8.1	3.6%	30.4%
Total	201	251	298	297	258	344	400	458	7.5%	21.1%

*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 53: We expect PAT of coverage companies to increase by ~26% over FY23-26F

PAT (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
UTCEM*	24.0	57.6	53.2	71.8	50.6	76.2	89.6	103.7	17.9%	27.0%
ACC*#	15.2	13.7	14.3	18.6	8.9	17.5	20.9	23.0	-0.9%	37.5%
ACEM#	14.9	15.3	17.9	20.8	25.5	25.6	31.1	35.3	14.9%	11.4%
SRCM*	10.1	15.4	22.9	23.3	12.7	20.2	22.8	26.2	-1.7%	27.3%
TRLC	5.1	6.0	7.6	8.9	3.4	5.5	6.9	8.3	-9.2%	34.5%
JKCE*	2.7	4.9	7.1	6.9	4.3	7.2	8.7	10.2	8.3%	33.6%
BCORP*	2.6	5.1	6.3	4.0	0.4	3.9	5.6	7.6	-23.4%	165.5%
HEIM	2.2	2.7	3.1	2.5	1.0	2.0	2.7	3.0	-5.7%	44.4%
DALBHARA*	3.1	2.2	11.7	8.2	10.4	9.0	10.7	14.8	28.8%	12.6%
JKLC*	0.5	2.5	4.1	4.6	3.6	4.9	5.9	7.2	45.3%	25.9%
ORCMNT	0.5	0.9	2.1	2.6	1.2	2.2	2.5	3.5	22.7%	41.6%
Total	81	126	150	172	122	174	207	243	10.7%	25.8%

*CONSOLIDATED, # FOR ACC-ACEM, FY23 COMPRISES 15 MONTHS; YEAR-END CHANGES FROM DEC-MAR
 SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Key assumptions for our paint coverage universe

Figure 1: We expect revenue of coverage companies to increase by 7-10% over FY23-26F

Revenue (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
Asian Paints	193	202	217	291	345	372	404	442	15%	9%
Berger Paints	61	64	68	88	106	117	127	138	15%	9%
Kansai Nerolac Paints	54	53	51	64	75	80	85	92	10%	7%
Pidilite Industries	71	73	73	99	118	130	143	158	14%	10%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 2: We expect EBITDA of coverage companies to increase by 10-21% over FY23-26F

EBITDA (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
Asian Paints	38	42	49	48	63	77	80	83	14%	10%
Berger Paints	9	11	12	13	15	20	21	23	13%	15%
Kansai Nerolac Paints	8	8	9	6	8	11	11	12	1%	13%
Pidilite Industries	14	16	17	18	20	28	31	35	8%	21%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 3: We expect PAT of coverage companies to increase by 12-24% over FY23-26F

PAT (Rs bn)	FY19	FY20	FY21	FY22	FY23	FY24F	FY25F	FY26F	CAGR FY18-23	CAGR FY23-26F
Asian Paints	22	27	31	31	42	53	56	58	15%	12%
Berger Paints	5	7	7	8	9	13	13	14	13%	18%
Kansai Nerolac Paints	4	5	5	4	5	7	8	8	-2%	19%
Pidilite Industries	10	12	11	12	13	19	21	24	7%	24%

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 4: Cement sector peer comparison

Company	Rating	Closing Price (LC)	Target Price (LC)	% Upside	Market cap (US\$ m)	EV/EBITDA (x)			P/BV (x)			RoE (%)			P/E (x)			EV/t (US\$)		
						FY23	FY24F	FY25F	FY23	FY24F	FY25F	FY23	FY24F	FY25F	FY23	FY24F	FY25F	FY23	FY24F	FY25F
UltraTech Cement	ADD	9,671	9,500	-2%	33,484	26.4	20.5	17.5	5.1	4.6	4.1	9.7	13.3	14.0	54.8	36.4	31.0	258.3	245.9	217.4
ACC	ADD	2,179	2,200	1%	4,908	21.1	12.7	10.7	2.9	2.6	2.4	7.1	11.8	12.6	46.3	23.4	19.6	134.2	110.3	110.8
Ambuja Cements	ADD	504	490	-3%	12,003	30.3	21.1	20.2	3.5	2.2	2.6	10.6	6.9	6.7	39.2	39.1	36.0	166.3	152.9	137.6
Shree Cement	REDUCE	28,303	24,200	-14%	12,248	34.2	24.7	21.6	5.5	5.1	4.7	7.0	10.4	10.9	80.4	50.5	44.9	265.8	229.6	179.6
The Ramco Cements	HOLD	1,031	1,060	3%	2,923	24.3	16.6	14.5	3.6	3.4	3.1	5.2	7.8	9.2	70.9	44.7	35.1	164.2	159.5	156.7
JK Cement	HOLD	3,841	3,500	-9%	3,559	25.7	17.5	15.3	6.3	5.6	5.0	9.5	14.5	15.6	69.6	41.0	34.0	177.6	163.5	148.3
Birla Corp.	ADD	1,434	1,500	5%	1,324	19.1	11.0	9.2	1.8	1.8	1.6	0.6	6.3	8.6	NA	28.5	19.8	89.6	91.8	91.0
Heidelberg	HOLD	214	181	-16%	583	18.1	11.8	9.2	3.3	3.2	3.0	6.6	13.6	17.3	48.7	23.9	18.0	89.1	88.4	83.8
Dalmia Bharat	ADD	2,346	2,570	10%	5,277	19.2	16.2	13.6	2.8	2.7	2.5	7.6	5.6	6.3	33.1	48.9	41.1	140.3	126.3	104.5
JK Lakshmi	ADD	885	797	-10%	1,249	13.6	11.9	9.7	3.7	3.2	2.8	13.5	16.3	16.9	29.0	21.1	17.6	98.8	95.4	78.4
Orient Cement	ADD	242	226	-7%	594	14.5	10.9	10.8	3.1	2.8	2.5	7.8	12.8	13.2	40.4	22.9	20.0	75.7	81.6	93.6
Mean						22.4	15.9	13.8	3.8	3.4	3.1	7.7	10.8	11.9	51.2	34.6	28.8	150.9	140.5	127.4
Median						21.1	16.2	13.6	3.5	3.2	2.8	7.6	11.8	12.6	47.5	36.4	31.0	140.3	126.3	110.8
Minimum						13.6	10.9	9.2	1.8	1.8	1.6	0.6	5.6	6.3	29.0	21.1	17.6	75.7	81.6	78.4
Maximum						34.2	24.7	21.6	6.3	5.6	5.0	13.5	16.3	17.3	80.4	50.5	44.9	265.8	245.9	217.4

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS ON 11 DEC 2023

Figure 5: Paint sector peer comparison

Company	Bloomberg Ticker	Rating	Market Price		Revenue		EPS		P/E (x)	
			Rs/share	Target Price Rs/share	CAGR FY23-25F	CAGR FY23-25F	FY24F	FY25F		
Asian Paints	APNT IN	REDUCE	3,232	3,000	8.2%	15.8%	58.3	55.8		
Berger Paints India	BRGR IN	HOLD	579	600	9.6%	13.3%	48.9	51.0		
Kansai Nerolac Paints	KNPL IN	REDUCE	330	305	6.4%	27.3%	39.9	23.5		
Pidilite Industries	PIDI IN	HOLD	2,562	2,545	10.3%	29.8%	66.9	60.7		

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AS ON 11 DEC 2023

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.