Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

Shree Cement (SRCM IN)

Rating: HOLD | CMP: Rs24,724 | TP: Rs26,830

February 7, 2022

Q3FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	**HOLD**		**HOLD**	
Target Price	**26,830**		**28,000**	
Sales (Rs. m)	175,463	196,557	177,507	198,861
% Chng.	*(1.2)*	*(1.2)*		
EBITDA (Rs. m)	44,992	51,760	46,727	53,711
% Chng.	*(3.7)*	*(3.6)*		
EPS (Rs.)	726.4	878.4	764.1	920.8
% Chng.	*(4.9)*	*(4.6)*		

Key Financials - Consolidated

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	134,650	154,657	175,463	196,557
EBITDA (Rs. m)	40,377	40,437	44,992	51,760
Margin (%)	*30.0*	*26.1*	*25.6*	*26.3*
PAT (Rs. m)	22,756	22,643	26,209	31,694
EPS (Rs.)	630.7	627.6	726.4	878.4
Gr. (%)	*48.6*	*(0.5)*	*15.7*	*20.9*
DPS (Rs.)	58.7	83.1	92.9	102.7
Yield (%)	*0.2*	*0.3*	*0.4*	*0.4*
RoE (%)	*15.9*	*13.9*	*14.2*	*15.1*
RoCE (%)	*16.5*	*14.8*	*15.4*	*16.8*
EV/Sales (x)	6.4	5.6	4.9	4.3
EV/EBITDA (x)	21.4	21.3	19.1	16.4
PE (x)	39.2	39.4	34.0	28.1
P/BV (x)	5.8	5.2	4.6	4.0

Key Data	SHCM.BO | SRCM IN
52-W High / Low	Rs.32,050 / Rs.23,500
Sensex / Nifty	58,645 / 17,516
Market Cap	Rs.891bn/ $ 11,933m
Shares Outstanding	36m
3M Avg. Daily Value	Rs.869.5m

Shareholding Pattern (%)

Promoter's	62.55
Foreign	13.05
Domestic Institution	10.50
Public & Others	13.90
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.3)	(15.2)	(8.8)
Relative	(6.5)	(21.4)	(21.3)

Kamlesh Bagmar
kamleshbagmar@plindia.com | 91-22-66322237

Amit Khimesra
amitkhimesra@plindia.com | 91-22-66322244

Below estimates; Underperformance to continue

Quick Pointers:

- Outperformance over its major peers continuously narrowing down on both margins and volume growth
- Estimated strong earnings on sale of power helped earnings

Shree cement's (SRCM) reported Q3FY22 EBITDA below our/consensus estimates (CE) by 7%/10% at Rs8.26bn, down 24% YoY. Earnings for the quarter are expected to have benefitted by strong earnings from sale of power against break-even in base quarter. We trim our EBITDA estimates by 6.3%/3.7%/3.6% for FY22e/FY23e/FY24e due to lowered cement margins.

SRCM maintained meaningful differential in EBITDA margins over its peers (Ambuja and Ultratech) on back of higher share of cheaper renewable power, indirect tax incentives and logistics advantage. However, the gap has contracted significantly over last one year due to optimisation of realisations and extensive work on rationalisation of freight cost done by the peers. We believe that gap would further narrow down with multi-fold increase in share of renewable power and further reduction in lead distance coupled with commissioning of new plants. Given the expensive valuations (EV/EBITDA at 15.4x FY24e) and high expectations on both margins (Rs1,450/t) and volume growth (CAGR of 12% over FY22-FY24e), we expect stock to extend its underperformance to peers and broader indices. We maintain Hold rating with revised TP of Rs26,830 (earlier Rs28,000), EV/EBITDA of 16.5x FY24e.

- **Fall in East region impacted the volumes:** Due to higher than expected fall in East, volumes declined 8.6% YoY to 6.55mnt (PLe:6.65mnt).
- **Derived Cement EBITDA/t below Rs1,200/t:** Based on our estimates, company would have made an EBITDA of Rs700mn (PLe:Rs500mn) on sale of power with average spot realisation of Rs12/unit (based on IEX) and coal cost of Rs3.0/1000kcal. Derived cement realisations remained flat QoQ (+6% YoY/280) at Rs4,920, below our estimates of Rs4,990. Due to 50%/28% YoY increase in energy/other expenses, Cost increased sharply by 21% YoY to Rs3,770 (PLe:Rs3,740). Derived Cement EBITDA/t fell 25% YoY to Rs1,155 (PLe:Rs1,255). Impacted by 8.6% fall in volumes, Cement EBITDA is estimated to have fallen by 31% YoY to Rs7.6bn (PLe:Rs8.3bn). Aided by 13% YoY fall in depreciation and 400bps reduction in tax rate, fall in PAT was lower at 21.4% to Rs4.9bn (PLe:Rs5.6bn, CE:Rs5.5bn).
- **Target to become 80mtpa player by 2030:** Company guided to increase its capacity to 80mtpa (current 46.4mtpa) by 2030. It already announced greenfield plant of 3.5mnt in Rajasthan for commissioning by FY24 end. The work on 3mtpa greenfield grinding unit in West Bengal is on track for commissioning in FY23. We expect addition of greenfield plant of 3.0mtpa in Andhra Pradesh in FY25. We believe that majority of growth would be come through greenfield expansions.

Exhibit 1: Q3FY22 Result Overview (Rs mn)

Y/e March	Q3FY22	Q3FY21	YoY gr. (%)	Q2FY22	9MFY22	9MFY21	YoY gr. (%)
Net Sales	**35,518**	**33,253**	***6.8***	**32,059**	**1,02,071**	**87,109**	***17.2***
Raw Material	3,857	1,883	*104.8*	2,086	7,856	5,476	*43.5*
% of Net Sales	*10.9*	*5.7*		*6.5*	*7.7*	*6.3*	
Staff Costs	1,965	1,693	*16.1*	2,026	6,106	5,155	*18.4*
% of Net Sales	*5.5*	*5.1*		*6.3*	*6.0*	*5.9*	
Power & Fuel	8,079	5,709	*41.5*	6,283	20,886	14,464	*44.4*
% of Net Sales	*22.7*	*17.2*		*19.6*	*20.5*	*16.6*	
Freight and selling expenses	7,616	8,147	*(6.5)*	7,064	23,002	20,846	*10.3*
% of Net Sales	*21.4*	*24.5*		*22.0*	*22.5*	*23.9*	
Other Expenses	5,745	4,926	*16.6*	5,618	16,849	13,195	*27.7*
% of Net Sales	*16.2*	*14.8*		*17.5*	*16.5*	*15.1*	
Total Expenditure	27,262	22,358	*21.9*	23,077	74,699	59,135	*26.3*
EBITDA	**8,255**	**10,894**	***(24.2)***	**8,982**	**27,372**	**27,974**	***(2.1)***
Margin (%)	*23.2*	*32.8*		*28.0*	*26.8*	*32.1*	
Depreciation	2,521	2,906	*(13.3)*	2,505	7,351	8,406	*(12.5)*
Other income	1,101	1,063	*3.6*	1,500	3,993	3,138	*27.2*
EBIT	**6,836**	**9,051**	***(24.5)***	**7,976**	**24,014**	**22,706**	***5.8***
Interest	551	585	*(5.8)*	556	1,642	1,918	*(14.4)*
PBT	**6,284**	**8,466**	***(25.8)***	**7,420**	**22,371**	**20,788**	***7.6***
Extraordinary income/(expense)	-	-		-	-	-	
PBT (After EO)	6,284	8,466	*(25.8)*	7,420	22,371	20,788	*7.6*
Tax	1,364	2,204	*(38.1)*	1,643	5,057	5,345	*(5.4)*
% PBT	*21.7*	*26.0*		*22.1*	*22.6*	*25.7*	
Reported PAT	**4,920**	**6,262**	***(21.4)***	**5,777**	**17,314**	**15,443**	***12.1***
Adjusted PAT	**4,920**	**6,262**	***(21.4)***	**5,777**	**17,314**	**15,443**	***12.1***

Source: Company, PL

Exhibit 2: Operating Metrics

Y/e March	Q3FY22	Q3FY21	YoY gr. (%)	Q2FY22	9MFY22	9MFY21	YoY gr. (%)
Volume (mnt)	6.6	7.2	*(8.6)*	6.3	19.7	18.6	*5.8*
Net Realisations (Rs/te)	5,116	4,642	*10.2*	4,957	5,039	4,676	*7.8*
EBITDA/t	1,260	1,521	*(17.1)*	1,422	1,389	1,502	*(7.5)*

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	**134,650**	**154,657**	**175,463**	**196,557**
YoY gr. (%)	*4.7*	*14.9*	*13.5*	*12.0*
Cost of Goods Sold	18,702	20,718	23,496	27,123
Gross Profit	115,947	133,939	151,966	169,434
Margin (%)	*86.1*	*86.6*	*86.6*	*86.2*
Employee Cost	8,692	9,463	10,226	10,966
Other Expenses	17,293	19,199	21,521	24,592
EBITDA	**40,377**	**40,437**	**44,992**	**51,760**
YoY gr. (%)	*7.6*	*0.1*	*11.3*	*15.0*
Margin (%)	*30.0*	*26.1*	*25.6*	*26.3*
Depreciation and Amortization	12,623	13,729	14,532	14,969
EBIT	**27,753**	**26,708**	**30,461**	**36,791**
Margin (%)	*20.6*	*17.3*	*17.4*	*18.7*
Net Interest	2,490	2,132	1,896	1,743
Other Income	4,777	5,288	6,006	6,758
Profit Before Tax	**30,041**	**29,864**	**34,571**	**41,807**
Margin (%)	*22.3*	*19.3*	*19.7*	*21.3*
Total Tax	7,145	7,222	8,361	10,113
Effective tax rate (%)	*23.8*	*24.2*	*24.2*	*24.2*
Profit after tax	**22,896**	**22,642**	**26,209**	**31,694**
Minority interest	37	(1)	0	0
Share Profit from Associate	-	-	-	-
Adjusted PAT	**22,756**	**22,643**	**26,209**	**31,694**
YoY gr. (%)	*48.6*	*(0.5)*	*15.7*	*20.9*
Margin (%)	*16.9*	*14.6*	*14.9*	*16.1*
Extra Ord. Income / (Exp)	103	-	-	-
Reported PAT	**22,859**	**22,643**	**26,209**	**31,694**
YoY gr. (%)	*48.8*	*(0.9)*	*15.7*	*20.9*
Margin (%)	*17.0*	*14.6*	*14.9*	*16.1*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	22,859	22,643	26,209	31,694
Equity Shares O/s (m)	**36**	**36**	**36**	**36**
EPS (Rs)	**630.7**	**627.6**	**726.4**	**878.4**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	**137,230**	**146,606**	**174,406**	**215,706**
Tangibles	137,230	146,606	174,406	215,706
Intangibles	-	-	-	-
Acc: Dep / Amortization	**75,067**	**88,622**	**103,154**	**118,123**
Tangibles	75,067	88,622	103,154	118,123
Intangibles	-	-	-	-
Net fixed assets	**62,163**	**57,984**	**71,252**	**97,583**
Tangibles	62,163	57,984	71,252	97,583
Intangibles	-	-	-	-
Capital Work In Progress	9,965	23,624	30,444	19,769
Goodwill	-	-	-	-
Non-Current Investments	48,336	48,347	48,359	48,370
Net Deferred tax assets	7,861	8,160	8,505	8,923
Other Non-Current Assets	4,934	1,875	1,975	2,075
Current Assets				
Investments	38,015	38,015	38,015	38,015
Inventories	17,157	19,915	22,594	25,310
Trade receivables	6,859	8,474	9,614	10,770
Cash & Bank Balance	7,084	10,386	7,453	14,992
Other Current Assets	10,908	12,020	13,249	14,588
Total Assets	**215,132**	**230,676**	**253,364**	**282,330**
Equity				
Equity Share Capital	361	361	361	361
Other Equity	153,613	172,552	195,586	223,751
Total Networth	**153,974**	**172,913**	**195,946**	**224,112**
Non-Current Liabilities				
Long Term borrowings	18,403	16,459	11,459	7,459
Provisions	318	318	318	318
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8,830	8,700	9,858	11,019
Other current liabilities	23,091	22,306	24,707	27,203
Total Equity & Liabilities	**215,132**	**230,676**	**253,364**	**282,330**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	30,041	29,864	34,571	41,807
Add. Depreciation	12,623	13,729	14,532	14,969
Add. Interest	2,513	2,132	1,896	1,743
Less Financial Other Income	4,777	5,288	6,006	6,758
Add. Other	(4,396)	(5,288)	(6,006)	(6,758)
Op. profit before WC changes	40,781	40,437	44,992	51,760
Net Changes-WC	9,208	(4,015)	(533)	(553)
Direct tax	(7,451)	(7,521)	(8,707)	(10,530)
Net cash from Op. activities	**42,538**	**28,900**	**35,752**	**40,677**
Capital expenditures	(11,159)	(20,050)	(34,620)	(30,625)
Interest / Dividend Income	2,143	-	-	-
Others	(17,434)	5,288	6,006	6,758
Net Cash from Invt. activities	**(26,450)**	**(14,762)**	**(28,614)**	**(23,867)**
Issue of share cap. / premium	-	-	-	-
Debt changes	(9,675)	(5,000)	(5,000)	(4,000)
Dividend paid	(111)	(3,704)	(3,175)	(3,528)
Interest paid	(2,540)	(2,132)	(1,896)	(1,743)
Others	-	-	-	-
Net cash from Fin. activities	**(12,326)**	**(10,836)**	**(10,072)**	**(9,270)**
Net change in cash	**3,761**	**3,302**	**(2,933)**	**7,540**
Free Cash Flow	31,324	8,850	1,132	10,052

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	630.7	627.6	726.4	878.4
CEPS	980.6	1,008.1	1,129.2	1,293.3
BVPS	4,267.6	4,792.5	5,430.9	6,211.5
FCF	868.2	245.3	31.4	278.6
DPS	58.7	83.1	92.9	102.7
Return Ratio(%)				
RoCE	16.5	14.8	15.4	16.8
ROIC	17.2	15.3	15.1	16.8
RoE	15.9	13.9	14.2	15.1
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	41	46	46	47
Valuation(x)				
PER	39.2	39.4	34.0	28.1
P/B	5.8	5.2	4.6	4.0
P/CEPS	25.2	24.5	21.9	19.1
EV/EBITDA	21.4	21.3	19.1	16.4
EV/Sales	6.4	5.6	4.9	4.3
Dividend Yield (%)	0.2	0.3	0.4	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Revenue	**39,580**	**34,495**	**32,059**	**35,518**
YoY gr. (%)	*23.0*	*47.9*	*5.0*	*6.8*
Raw Material Expenses	3,280	1,913	2,086	3,857
Gross Profit	36,299	32,582	29,973	31,660
Margin (%)	*91.7*	*94.5*	*93.5*	*89.1*
EBITDA	**11,825**	**10,135**	**8,982**	**8,255**
YoY gr. (%)	*9.6*	*44.7*	*(10.8)*	*(24.2)*
Margin (%)	*29.9*	*29.4*	*28.0*	*23.2*
Depreciation / Depletion	2,993	2,325	2,505	2,521
EBIT	**8,832**	**7,810**	**6,477**	**5,734**
Margin (%)	*22.3*	*22.6*	*20.2*	*16.1*
Net Interest	553	535	556	551
Other Income	1,191	1,392	1,500	1,101
Profit before Tax	**9,469**	**8,667**	**7,420**	**6,284**
Margin (%)	*23.9*	*25.1*	*23.1*	*17.7*
Total Tax	1,793	2,049	1,643	1,364
Effective tax rate (%)	*18.9*	*23.6*	*22.1*	*21.7*
Profit after Tax	**7,677**	**6,617**	**5,777**	**4,920**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**7,677**	**6,617**	**5,777**	**4,920**
YoY gr. (%)	*30.5*	*78.5*	*5.6*	*(21.4)*
Margin (%)	*19.4*	*19.2*	*18.0*	*13.9*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**7,677**	**6,617**	**5,777**	**4,920**
YoY gr. (%)	*30.5*	*78.5*	*5.6*	*(21.4)*
Margin (%)	*19.4*	*19.2*	*18.0*	*13.9*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**7,677**	**6,617**	**5,777**	**4,920**
Avg. Shares O/s (m)	35	35	35	35
EPS (Rs)	**217.6**	**187.6**	**163.8**	**139.5**

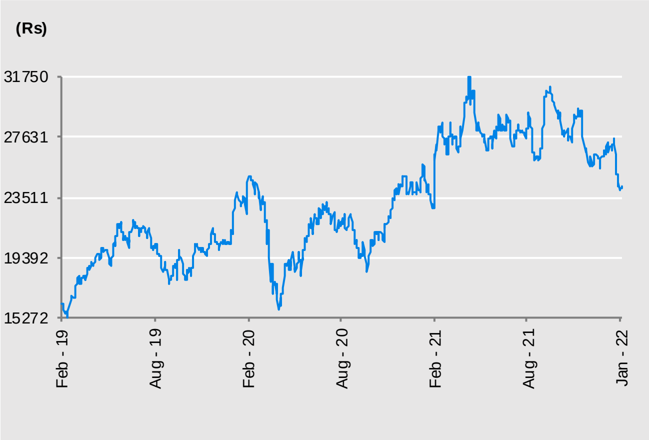
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Volume (mn te)-Cement Domestic	27	28	32	37
Volume (mn units)-Power	1	376		
Net Realisations (Rs/te)	4,639	4,940	5,162	5,059
Realised rate (Rs/unit)	4	11	4	4
Cement EBITDA (Rs/te)	1,447	1,326	1,383	1,388
Raw material cost (Rs/te)	317	328	335	343
Power & Fuel cost (Rs/te)	758	1,128	1,207	1,100
Freight cost (Rs/te)	1,132	1,202	1,208	1,211
Volume (mn te)- Cement Overseas	3	3	3	3
Net Realisations (Rs/te) - Overseas	3,367	3,535	3,606	3,678
Cement EBITDA (Rs/te) - Overseas	322	403	403	403

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	10-Jan-22	Hold	28,000	27,001
2	16-Dec-21	Hold	28,000	26,406
3	29-Oct-21	Hold	28,000	28,635
4	6-Oct-21	Hold	27,967	28,750
5	6-Sep-21	Hold	28,400	30,441
6	10-Aug-21	Hold	28,400	28,250
7	6-Jul-21	Hold	28,625	27,000
8	1-Jul-21	Hold	28,625	27,505
9	22-May-21	Hold	28,070	27,615
10	7-Apr-21	Hold	26,545	30,150

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	BUY	2,555	2,324
2	Ambuja Cement	BUY	440	399
3	Coal India	Accumulate	172	161
4	Dalmia Bharat	Accumulate	2,130	1,785
5	Heidelberg Cement India	Reduce	225	243
6	Hindalco Industries	BUY	620	493
7	Hindustan Zinc	Reduce	288	330
8	Jindal Steel & Power	BUY	555	404
9	JK Lakshmi Cement	Hold	665	602
10	JSW Steel	Accumulate	760	666
11	NMDC	Accumulate	165	140
12	Shree Cement	Hold	28,000	27,001
13	Steel Authority of India	Accumulate	152	110
14	Tata Steel	BUY	1,842	1,169
15	The Ramco Cements	Hold	925	897
16	Ultratech Cement	Accumulate	8,535	7,870

PL's Recommendation Nomenclature (Absolute Performance)

Buy : > 15%
Accumulate : 5% to 15%
Hold : +5% to -5%
Reduce : -5% to -15%
Sell : < -15%
Not Rated (NR) : No specific call on the stock
Under Review (UR) : Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Kamlesh Bagmar- CA, Mr. Amit Khimesra- MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Kamlesh Bagmar- CA, Mr. Amit Khimesra- MBA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com

AMNISH AGGARWAL

Digitally signed by AMNISH AGGARWAL DN: c=IN, o=Prabhudas Lilladher Private Limited, ou=Management, postalCode=400018, st=MAHARASHTRA, serialNumber=7a6f13691881d5a8af6353865a61b48b7040e72f4a1bf53182e368b3ca14a5e4, cn=AMNISH AGGARWAL Date: 2022.02.07 06:35:45 +05'30'