

July 24, 2022

Q1FY23 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	7,180		7,180	
Sales (Rs. m)	5,51,129	6,06,236	5,51,129	6,06,236
% Chng.	-	-	-	-
EBITDA (Rs. m)	1,12,072	1,32,540	1,12,072	1,32,540
% Chng.	-	-	-	-
EPS (Rs.)	210.4	265.1	211.8	270.1
% Chng.	(0.6)	(1.9)	-	-

Key Financials - Consolidated

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. bn)	442	511	551	606
EBITDA (Rs. bn)	111	107	112	133
Margin (%)	25.0	21.0	20.3	21.9
PAT (Rs. bn)	53	56	61	77
EPS (Rs.)	184.2	194.2	210.4	265.1
Gr. (%)	45.7	5.4	8.4	26.0
DPS (Rs.)	37.0	37.8	40.5	51.4
Yield (%)	0.6	0.6	0.6	0.8
RoE (%)	12.8	12.1	11.9	13.4
RoCE (%)	13.2	12.1	12.4	15.1
EV/Sales (x)	4.4	3.8	3.4	3.0
EV/EBITDA (x)	17.5	17.9	16.8	13.8
PE (x)	35.1	33.3	30.7	24.4
P/BV (x)	4.2	3.8	3.5	3.1

Key Data

ULTC.BO | UTCCEM IN

52-W High / Low	Rs.8,269 / Rs.5,157
Sensex / Nifty	56,072 / 16,719
Market Cap	Rs.1,864bn / \$ 23,348m
Shares Outstanding	289m
3M Avg. Daily Value	Rs.2669.36m

Shareholding Pattern (%)

Promoter's	59.96
Foreign	15.74
Domestic Institution	15.15
Public & Others	9.15
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	19.4	(12.2)	(13.4)
Relative	12.3	(9.4)	(18.2)

Kamlesh Bagmar

kamleshbagmar@plindia.com | 91-22-66322237

Ultratech Cement (UTCCEM IN)

Rating: ACCUMULATE | CMP: Rs6,459 | TP: Rs7,180

Meets expectations; leads from the front, supported by strong business model

Quick Pointers:

- Target to increase capacity to 200mnt by FY30e (131.3mnt/153.9mnt by FY23e/FY25e in Phase-I/Phase-II) from current 114.6mnt
- High share of renewable power and competitive logistics will deliver IRR>15% on capacity expansion, translating to EBITDA/t of Rs1,400-1,500

UTCCEM reported Q1FY23 earnings in line with our estimates. However, it came significantly ahead of consensus estimates (CE) by 16%. EBITDA declined 8% YoY (flat QoQ) to Rs30.1bn (PLe: Rs30.1bn). In line with fall in EBITDA, PAT declined 7% YoY to Rs15.6bn (PLe: Rs15.5bn)

Undoubtedly, competition intensity would intensify with entry of Adani group through acquisition of Ambuja cement as it would aggressively focus on adding capacity and exploit levers for expanding profitability. Market is overly concerned about the sector as a result of aggressive line-up of capacity addition by UTCCEM, ignoring the expensive valuations paid by Adani and the industry's highly competitive operations. UTCCEM's consistent industry leading performance on both volume growth and margins vindicates its strong business model. Led by market leading position (20%+ market share), strong B/S (Net debt/EBITDA at 0.5x) and efficient operations, we maintain ACCUMULATE rating with TP of Rs7,180 with EV/EBITDA of 15.0x FY24e.

- Higher realisations more than compensated the increase in costs QoQ:** Volumes grew 18% YoY (down 9% QoQ) at 24.2mnt (PLe:24.2mnt. Blended realisations grew 7% QoQ/Rs390 (+9% YoY/Rs506) to Rs6,010 (PLe:Rs5,885) due to higher than expected RMC revenue and better grey cement realisations. Domestic grey cement realisations increased 7% QoQ/Rs355 (+6% YoY/Rs312) to Rs5,404 (PLe:Rs5,324). RMC Revenues grew 77% YoY/6% QoQ at Rs9bn (PLe:Rs8bn). Cost increased 21% YoY/Rs840 (+6% QoQ/Rs260) to Rs4,828, below our estimate of Rs4,734. The miss was largely due to higher than expected freight cost and other expenses. Owing to steep cost increase, EBITDA/t contracted by 22% YoY to Rs1,242 (PLe: Rs1,242). On QoQ, it increased by 9% QoQ.
- Key takeaways of earnings call: 1)** On track to commission balance 16.7mnt of capacity in FY23 under phase-I to reach 131.3mnt of grey cement capacity in India **2)** Ordering for expansion of capacity by further 22.6mnt in phase-II near to completion **3)** Will spend Rs128.9bn (US\$76/t) on phase-II with commissioning targeted in FY25 **4)** Capex would be in the range of Rs50-60bn in FY23e **5)** Expansion will help in expanding market share from current 22% **6)** Costs would remain elevated in next couple of quarters due to high coal cost **7)** Pet coke prices declined by 10% MoM in July; benefit will start reflecting in Q4 only due to high cost inventory **8)** Net debt increased 43% QoQ (down 7% YoY) to Rs55.6bn due to higher working capital **9)** Average cost of coal increased by 10% QoQ to Rs2.2/mn cal **10)** Mix of Pet coke/Imported coal/Domestic coal for quarter at 52%/37%/5% v/s 40%/50%/5%

Exhibit 1: Q1FY23 Result Overview – Standalone (Rs mn)

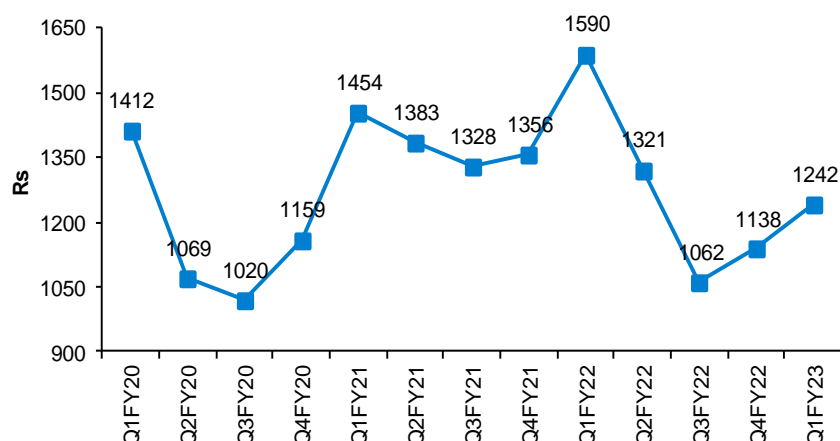
Y/e March	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
Net Sales	1,45,430	1,12,990	28.7	1,49,190	(2.5)
Raw Material	21,540	13,170	63.6	24,680	(12.7)
<i>% of Net Sales</i>	<i>14.8</i>	<i>11.7</i>		<i>16.5</i>	
Staff Costs	6,090	5,580	9.1	6,020	1.2
<i>% of Net Sales</i>	<i>4.2</i>	<i>4.9</i>		<i>4.0</i>	
Power & Fuel	38,600	23,060	67.4	38,220	1.0
<i>% of Net Sales</i>	<i>26.5</i>	<i>20.4</i>		<i>25.6</i>	
Freight	32,700	26,310	24.3	34,520	(5.3)
<i>% of Net Sales</i>	<i>22.5</i>	<i>23.3</i>		<i>23.1</i>	
Other Expenses	17,910	13,730	30.4	17,850	0.3
<i>% of Net Sales</i>	<i>12.3</i>	<i>12.2</i>		<i>12.0</i>	
Total Expenditure	1,16,840	81,850	42.7	1,21,290	(3.7)
EBITDA	28,590	31,140	(8.2)	27,900	2.5
<i>Margin (%)</i>	<i>19.7</i>	<i>27.6</i>		<i>18.7</i>	
Depreciation	6,670	6,330	5.4	6,800	(1.9)
Other income	2,850	3,550	(19.7)	3,360	(15.2)
EBIT	24,770	28,360	(12.7)	24,460	1.3
Interest	2,000	3,200	(37.5)	1,750	14.3
PBT	22,770	25,160	(9.5)	22,710	0.3
Extraordinary income/(expense)	-	-		1,600	(100.0)
PBT (After EO)	22,770	25,160	(9.5)	24,310	(6.3)
Tax	7,140	8,340	(14.4)	8,040	
<i>% PBT</i>	<i>31.4</i>	<i>33.1</i>		<i>33.1</i>	
Reported PAT	15,630	16,820	(7.1)	26,100	(40.1)
Adjusted PAT	15,630	16,820	(7.1)	14,670	6.5

Source: Company, PL

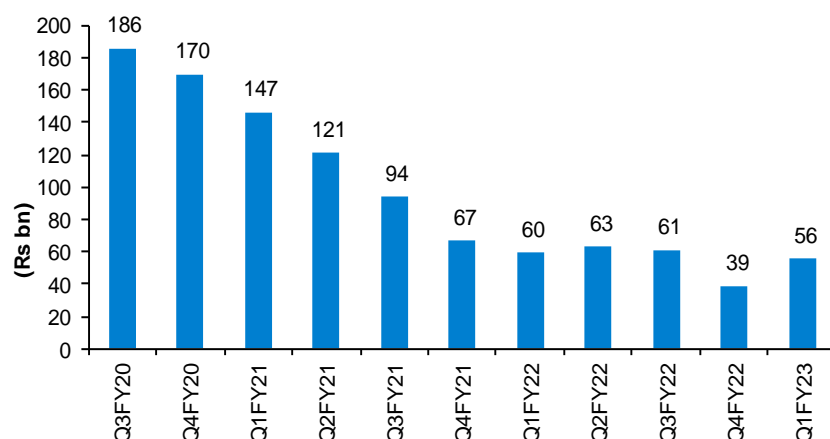
Exhibit 2: Operating Metrics

Y/e March	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)
Volume (mn t)	24.2	20.5	17.9	26.6	(8.9)
Net Blended Realisations (Rs/t)	6,010	5,504	9.2	5,619	6.9
EBITDA/t (Rs/t)	1,181	1,517	(22.1)	1,051	12.4

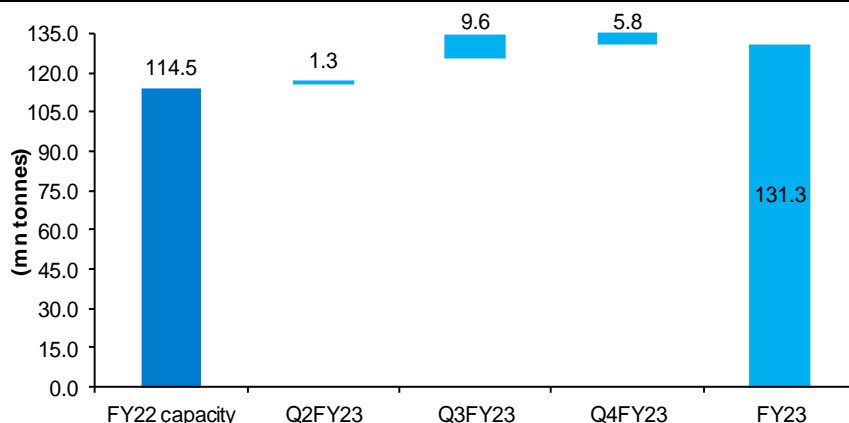
Source: Company, PL

Exhibit 3: EBITDA/t (incl other operating income) fell 22% YoY; Up 9% QoQ


Source: Company, PL

Exhibit 4: Debt increased sharply by 43% QoQ to Rs55.6bn due to high WC


Source: Company, PL

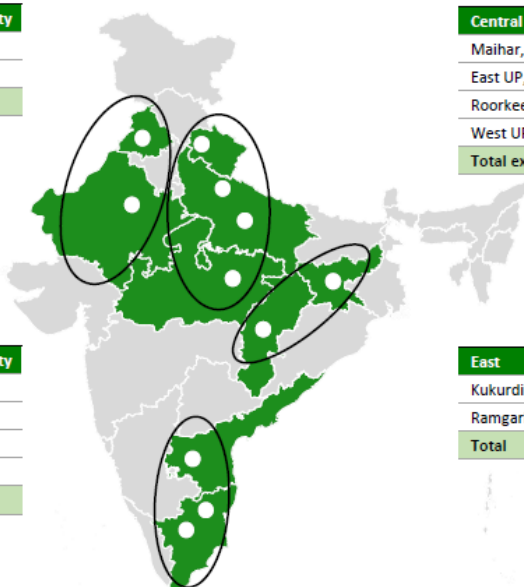
Exhibit 5: 16.7mnt of capacity (Part of Phase-I) to commission during FY23


Source: Company, PL

Exhibit 6: Phase-II expansion of 22.6mnt at a competitive capex cost of US\$76/t with IRR>15%

North	Unit	Project	Capacity
Rajpura, Punjab	GU	G	2.6
Kotputli, Rajasthan	IU	B	1.8
Total			4.4

South	Unit	Project	Capacity
APCW, Andhra Pradesh	IU	B	1.8
Karur, Tamil Nadu	GU	G	2.7
Arakkonam, Tamil Nadu	GU	B	1.2
Bangalore, Karnataka	BT	B	1.0
Total excl BT			5.7



Central	Unit	Project	Capacity
Maihar, Madhya Pradesh	IU	B	4.5
East UP, Uttar Pradesh	BT	G	1.8
Roorkee, Uttarakhand	GU	B	1.0
West UP, Uttar Pradesh	GU	B	1.8
Total excl BT			7.3

East	Unit	Project	Capacity
Kukurdih, Chhatisgarh	IU	G	2.7
Ramgarh, Jharkhand	GU	G	2.5
Total			5.2

Capacity mentioned in million tons per annum

Source: Company, PL

GU Grinding Unit, IU Integrated Unit, BT Bulk Terminal (not additional capacity), G Greenfield Expansion, B Brownfield Expansion

Exhibit 7: Catering to regional demand and deepening its foot

FY23 – FY27				Demand growth drivers and rationale
Region	I	H	C	
North	↑	↑	↑	<ul style="list-style-type: none"> ✓ National Capital Region (NCR) would require bulk cement with expected increase in Real Estate. Kotputli is suitably located to serve the region within average lead of <125 kms ✓ Delhi Metro; Jaipur Metro, Smart cities in Rajasthan and Delhi, Eastern peripheral expressway/ six-laning of NH8, dam project
Central	↑	↑	↑	<ul style="list-style-type: none"> ✓ Lucknow + Kanpur are amongst the top 20 growing cities in India and expected to grow at a CAGR of ~10% on back of infrastructure and real estate development. Proposed expansion will also reduce overall lead distance ✓ Several metro projects, Upper Ganga Expressway, irrigation (Ken-Betwa), smart cities (Indore, Bhopal, Lucknow..)
East	↑	↑	↑	<ul style="list-style-type: none"> ✓ Entry for UltraTech in Jharkhand for manufacturing. Jharkhand expected to grow at ~9% over next 5 years ✓ Reduction in current lead distance ✓ Metro projects in Patna, Kolkata, EDFC, north-east (several road and rail connectivity projects) ✓ Capacity to service North-East markets of Assam and Meghalaya
South	↑	↑	↑	<ul style="list-style-type: none"> ✓ UltraTech presence is negligible currently in South Tamil Nadu. ✓ Commercial & industrial and real estate growth will lead to higher requirement of bulk volume mainly in Chennai & Salem/ Coimbatore region, which can be serviced from Arakkonam economically ✓ Vizag IT City Project in Andhra Pradesh, irrigation projects in Telangana.

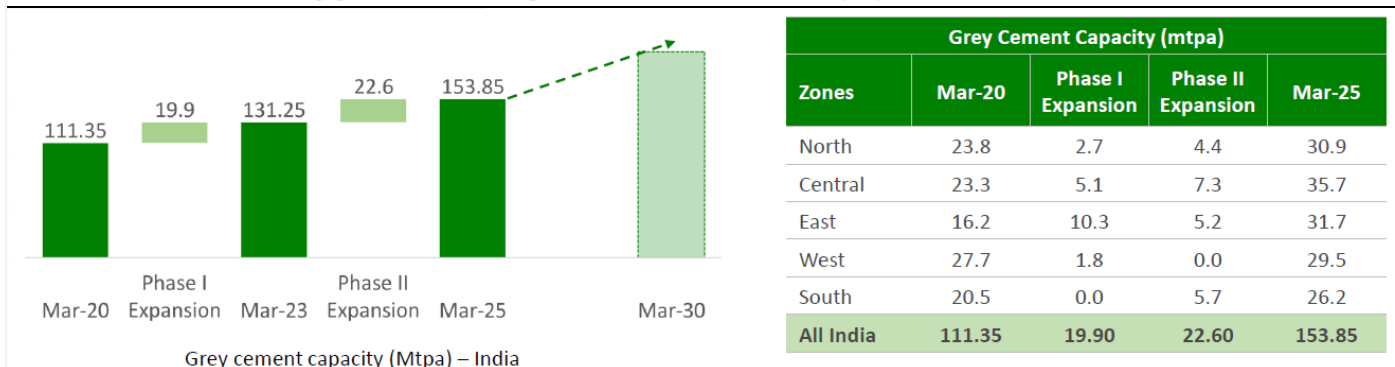
Source: Company, PL I = Infrastructure, H = Housing, C = Commercial, NHAI = National Highway Authority of India, EDFC = Eastern Dedicated Freight Corridor, DFC = Dedicated Freight Corridor, IHB = Industrialised Housing & Building

Exhibit 8: Strong focus on renewable energy and increased blending ratio

No additional thermal power capacity	
~45% green power	
All new clinker capacity will be enabled for alternative fuel consumption	
High clinker conversion ratio, thrust on blended cement	
Additional renewable power investment	
Green power mix will increase to 36% by FY25 from 18% in FY22	Thermal power mix will reduce to 50% by FY25 from 65% in FY22

Source: Company, PL

Exhibit 9: On path of strong growth with a target to reach 200mnt capacity by FY30e



Grey cement network of 153.85 Mtpa at 57 locations (IU/GU/BT) by Mar-25 in India

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	4,42,393	5,10,815	5,51,129	6,06,236
YoY gr. (%)	5.9	15.5	7.9	10.0
Cost of Goods Sold	70,858	76,469	82,315	91,899
Gross Profit	3,71,535	4,34,347	4,68,814	5,14,337
Margin (%)	84.0	85.0	85.1	84.8
Employee Cost	23,530	26,068	27,670	29,184
Other Expenses	36,670	43,338	46,505	51,427
EBITDA	1,10,814	1,07,384	1,12,072	1,32,540
YoY gr. (%)	27.0	(3.1)	4.4	18.3
Margin (%)	25.0	21.0	20.3	21.9
Depreciation and Amortization	27,002	28,372	29,776	31,274
EBIT	83,812	79,012	82,296	1,01,266
Margin (%)	18.9	15.5	14.9	16.7
Net Interest	14,857	15,155	12,155	8,155
Other Income	12,206	16,750	16,944	16,790
Profit Before Tax	78,555	80,607	87,084	1,09,901
Margin (%)	17.8	15.8	15.8	18.1
Total Tax	25,387	24,564	26,339	33,391
Effective tax rate (%)	32.3	30.5	30.2	30.4
Profit after tax	53,168	56,043	60,745	76,509
Minority interest	(13)	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	53,180	56,043	60,745	76,509
YoY gr. (%)	45.7	5.4	8.4	26.0
Margin (%)	12.0	11.0	11.0	12.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	53,180	56,043	60,745	76,509
YoY gr. (%)	(7.6)	5.4	8.4	26.0
Margin (%)	12.0	11.0	11.0	12.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	53,180	56,043	60,745	76,509
Equity Shares O/s (m)	289	289	289	289
EPS (Rs)	184.2	194.2	210.4	265.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	6,11,123	6,22,123	6,71,723	6,86,746
Tangibles	6,11,123	6,22,123	6,71,723	6,86,746
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,19,205	1,47,577	1,77,353	2,08,628
Tangibles	1,19,205	1,47,577	1,77,353	2,08,628
Intangibles	-	-	-	-
Net fixed assets	4,91,918	4,74,546	4,94,370	4,78,118
Tangibles	4,91,918	4,74,546	4,94,370	4,78,118
Intangibles	-	-	-	-
Capital Work In Progress	38,535	77,510	83,260	1,29,337
Goodwill	62,199	62,199	62,199	62,199
Non-Current Investments	20,060	20,060	20,060	20,060
Net Deferred tax assets	(60,335)	(70,603)	(81,615)	(95,581)
Other Non-Current Assets	8,551	8,821	9,103	9,401
Current Assets				
Investments	1,08,939	1,08,939	1,08,939	1,08,939
Inventories	40,180	48,982	52,848	58,132
Trade receivables	25,717	32,188	34,729	38,201
Cash & Bank Balance	20,076	9,255	254	(4,266)
Other Current Assets	15,482	17,450	18,335	19,439
Total Assets	8,61,835	8,91,078	9,16,528	9,53,425
Equity				
Equity Share Capital	2,887	2,887	2,887	2,887
Other Equity	4,38,860	4,84,223	5,34,069	5,98,888
Total Network	4,41,747	4,87,110	5,36,955	6,01,775
Non-Current Liabilities				
Long Term borrowings	2,04,878	1,74,878	1,29,878	74,878
Provisions	3,655	3,655	3,655	3,655
Other non current liabilities	2,495	2,495	2,495	2,495
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	46,993	46,183	49,828	54,810
Other current liabilities	87,092	91,513	97,460	1,05,590
Total Equity & Liabilities	8,61,835	8,91,078	9,16,528	9,53,425

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	78,576	80,607	87,084	1,09,901
Add. Depreciation	27,002	28,372	29,776	31,274
Add. Interest	14,857	15,155	12,155	8,155
Less Financial Other Income	12,206	16,750	16,944	16,790
Add. Other	(5,785)	(11,830)	(11,550)	(10,583)
Op. profit before WC changes	1,14,650	1,12,304	1,17,465	1,38,747
Net Changes-WC	23,289	(14,849)	716	1,521
Direct tax	(12,910)	(14,296)	(15,327)	(19,426)
Net cash from Op. activities	1,25,030	83,160	1,02,854	1,20,842
Capital expenditures	(18,387)	(49,975)	(55,350)	(61,100)
Interest / Dividend Income	-	-	-	-
Others	(70,203)	11,830	11,550	10,583
Net Cash from Invt. activities	(88,590)	(38,145)	(43,800)	(50,517)
Issue of share cap. / premium	138	-	-	-
Debt changes	(25,646)	(30,000)	(45,000)	(55,000)
Dividend paid	(3,748)	(10,680)	(10,900)	(11,690)
Interest paid	(14,308)	(15,155)	(12,155)	(8,155)
Others	-	-	-	-
Net cash from Fin. activities	(43,565)	(55,835)	(68,055)	(74,845)
Net change in cash	(7,125)	(10,821)	(9,001)	(4,520)
Free Cash Flow	1,06,643	33,185	47,504	59,742

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Net Revenue	1,12,420	1,21,560	1,49,190	1,45,430
YoY gr. (%)	14.0	3.9	8.4	28.7
Raw Material Expenses	14,800	18,550	24,680	21,540
Gross Profit	97,620	1,03,010	1,24,510	1,23,890
Margin (%)	86.8	84.7	83.5	85.2
EBITDA	24,210	20,480	27,900	28,590
YoY gr. (%)	(3.7)	(29.5)	(18.3)	(8.2)
Margin (%)	21.5	16.8	18.7	19.7
Depreciation / Depletion	6,490	6,450	6,800	6,670
EBIT	17,720	14,030	21,100	21,920
Margin (%)	15.8	11.5	14.1	15.1
Net Interest	2,250	1,780	1,750	2,000
Other Income	4,280	3,580	3,360	2,850
Profit before Tax	19,750	15,830	22,710	22,770
Margin (%)	17.6	13.0	15.2	15.7
Total Tax	6,460	4,600	8,040	7,140
Effective tax rate (%)	32.7	29.1	35.4	31.4
Profit after Tax	13,290	11,230	14,670	15,630
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	13,290	11,230	14,670	15,630
YoY gr. (%)	8.9	(27.5)	(17.3)	(7.1)
Margin (%)	11.8	9.2	9.8	10.7
Extra Ord. Income / (Exp)	-	(5,352)	(11,430)	-
Reported PAT	13,290	16,582	26,100	15,630
YoY gr. (%)	9.9	7.1	52.4	(7.1)
Margin (%)	11.8	13.6	17.5	10.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	13,290	16,582	26,100	15,630
Avg. Shares O/s (m)	289	289	289	289
EPS (Rs)	46.0	38.9	50.8	54.2

Source: Company Data, PL Research

Key Financial Metrics

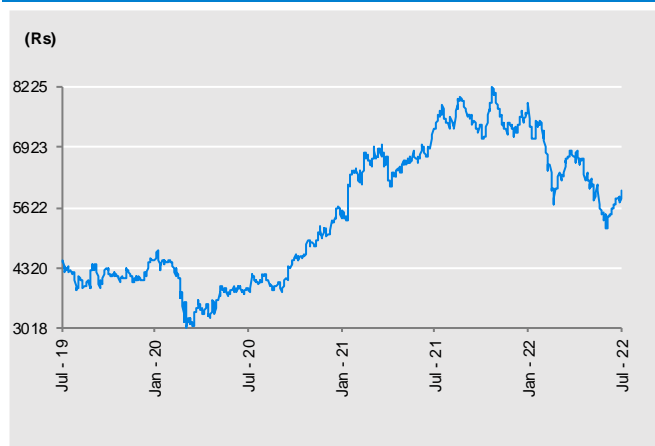
Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	184.2	194.2	210.4	265.1
CEPS	277.8	292.4	313.6	373.4
BVPS	1,530.4	1,687.5	1,860.2	2,084.8
FCF	369.5	115.0	164.6	207.0
DPS	37.0	37.8	40.5	51.4
Return Ratio(%)				
RoCE	13.2	12.1	12.4	15.1
ROIC	11.2	10.2	10.3	12.4
RoE	12.8	12.1	11.9	13.4
Balance Sheet				
Net Debt : Equity (x)	0.2	0.1	0.0	0.0
Net Working Capital (Days)	16	25	25	25
Valuation(x)				
PER	35.1	33.3	30.7	24.4
P/B	4.2	3.8	3.5	3.1
P/CEPS	277.8	292.4	313.6	373.4
EV/EBITDA	17.5	17.9	16.8	13.8
EV/Sales	4.4	3.8	3.4	3.0
Dividend Yield (%)	0.6	0.6	0.6	0.8

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Total volume (mn te)	83	89	97	110
Blended Real. (Rs/te)	5,169	5,514	5,510	5,349
Blended EBITDA/tonne (Rs)	1,266	1,126	1,082	1,138
RM cost (Rs/ te)	913	950	957	928
Power, Oil & Fuel (Rs/ te)	915	1,225	1,247	1,060
Freight Chrgs. (Rs/ te)	1,204	1,288	1,300	1,315

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jul-22	Accumulate	7,180	5,839
2	02-May-22	Accumulate	7,180	6,630
3	08-Apr-22	Accumulate	7,180	6,723
4	17-Jan-22	Accumulate	8,535	7,870
5	10-Jan-22	BUY	8,650	7,585
6	16-Dec-21	BUY	8,600	7,440
7	19-Oct-21	BUY	8,600	7,399
8	06-Oct-21	BUY	8,600	7,464
9	06-Sep-21	BUY	8,600	7,930

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ACC	Reduce	2,250	2,160
2	Ambuja Cement	Hold	385	371
3	Coal India	Accumulate	220	190
4	Dalmia Bharat	Accumulate	1,755	1,453
5	Heidelberg Cement India	Reduce	183	181
6	Hindalco Industries	Accumulate	545	358
7	Hindustan Zinc	Reduce	283	263
8	Jindal Steel & Power	Reduce	360	346
9	JK Lakshmi Cement	Accumulate	570	434
10	JSW Steel	Reduce	560	566
11	NMDC	Reduce	120	109
12	Shree Cement	Hold	23,150	20,015
13	Steel Authority of India	Reduce	55	72
14	Tata Steel	Reduce	975	886
15	The Ramco Cements	Hold	650	654
16	Ultratech Cement	Accumulate	7,180	5,839

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 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 a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

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 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