

Shree Cement

BSE SENSEX
32,969

S&P CNX
10,114

CMP: INR16,182 TP: INR18,867 (+17%)

Buy



Stock Info

Bloomberg	SRCM IN
Equity Shares (m)	35
52-Week Range (INR)	20560 / 15600
1, 6, 12 Rel. Per (%)	-2/-17/-15
M.Cap. (INR b)	564
M.Cap. (USD b)	8.6
Avg Val, INRm	401.0
Free float (%)	35.2

Financials Snapshot (INR b)

Y/E Mar	2018E	2019E	2020E
Sales	96.4	119.2	154.7
EBITDA	23.7	29.5	39.7
NP	12.5	16.1	23.3
EPS (INR)	359.0	463.5	668.5
EPS Gr. (%)	-6.6	29.1	44.2
BV/Sh. (INR)	2,520	2,936	3,556
RoE (%)	15.2	17.0	20.6
RoCE (%)	14.1	16.1	19.5
Payout (%)	13.4	10.4	7.2

Valuation

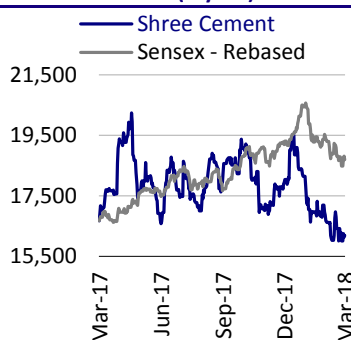
P/E (x)	45.1	34.9	24.2
P/BV (x)	6.4	5.5	4.6
EV/EBITDA (x)	22.4	17.7	13.3
EV/Ton (USD)	217	197	174

Shareholding pattern (%)

As On	Dec-17	Sep-17	Dec-16
Promoter	64.8	64.8	64.8
DII	16.1	14.8	15.0
FII	13.3	14.7	14.4
Others	5.9	5.7	5.9

FII Includes depository receipts

Stock Performance (1-year)



Capacity-led earnings growth on the cards

Valuations have moderated based on FY20E capacity

- Shree Cement (SRCM) is increasing its domestic capacity by ~32% over FY17-19 at an estimated capital cost of USD60/t. Acquisition of the asset in the UAE at USD76/t has also been at a significant discount and in line with the company's long-term strategy.
- SRCM's relatively low cost of production compared to peers has resulted in healthy margins and return ratios. As a result, it warrants premium valuations, in our view.
- We expect SRCM to deliver a better performance than industry due to 1) capacity ramp-up over FY17-19 and 2) a favorable market mix, with higher exposure to the north markets (>70%), where prices are expected to be the highest.
- Valuations have also moderated on account of ~18% correction in the stock price from its peak due to 1) market correction, 2) downward revision in its earnings estimate and 3) multiple de-rating due to capacity acquisition in the UAE.
- Valuations have moderated to USD174/t on FY20E capacity. This translates into ~25% premium to the replacement cost of USD140/t and ~14% premium to the revised bids for Binani Cements' domestic assets.
- SRCM is likely to deliver EBITDA CAGR of 29% over FY18-20, led by healthy volume growth (driven by rapid capacity addition) and pricing improvement (driven by higher realizations in the underlying markets in the north). In our view, SRCM – with its superior return ratios and strong earnings growth – deserves to trade at premium valuations. We, thus, value the stock at 15.5x FY20E EV/EBITDA to arrive at a target price of INR18,867. Maintain Buy.

Aggressive capacity expansion at lower capex

SRCM is increasing its domestic capacity by ~32% over FY17-19, supported by capacity addition in the east, north and south markets at an estimated capital cost of USD60/t (significantly lower than market ascribed EV/tonne of USD 170-200/t). Additionally, the company has acquired an integrated asset in the UAE at USD76/t, helping it maintain lower cost of capacity addition – in line with the company's long-term strategy.

Cost leadership ensures healthy return ratios and warrants premium valuations

SRCM has been able to generate superior RoEs/RoCEs than peers owing to a healthy cost curve – a differentiating factor in a commodity-led market. SRCM's cost of production has been ~19% lower than its peers, which has resulted in healthy margins and strong earnings growth. As a result, SRCM valuations have always commanded a significant premium to peers.

Expect SRCM to deliver healthy performance than industry

We expect SRCM to deliver a healthier performance than industry due to 1) capacity ramp-up over FY17-19 and 2) a favourable market mix, with higher exposure to the north markets (>70%), where prices are expected to be the highest. We note that SRCM's valuations have moderated due to ~18% correction in the stock price from its peak due to 1) market correction 2) a downward revision in its earnings estimates and 3) the acquisition of an asset in the UAE.

Abhishek Ghosh – Research analyst (Abhishek.Ghosh@motilaloswal.com); +91 22 6129 1538

Pradnya Ganar – Research analyst (Pradnya.Ganar@motilaloswal.com); +91 22 6129 1537

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuations have moderated on FY20E capacity

SRCM's valuation on EV/tonne on FY20E adjusted capacity is ~35% lower than that on FY17 capacity due to low-cost capacity addition. SRCM trades at USD174/t on FY20E capacity. This translates into ~25% premium to the replacement cost of USD140/t and ~14% premium to the revised bids for Binani Cements' assets.

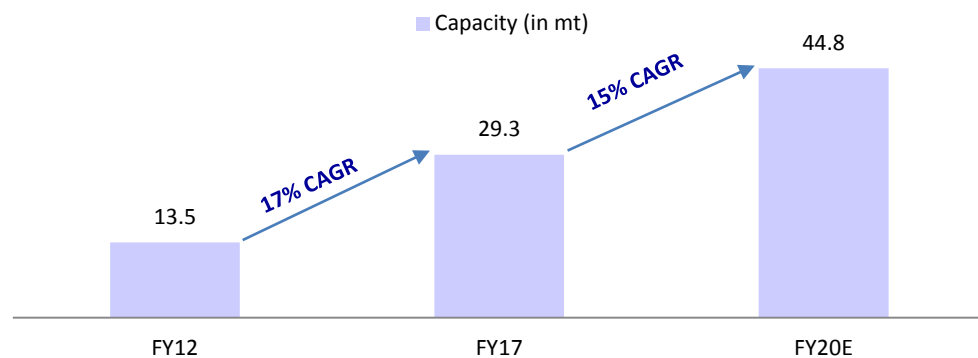
Deserves premium valuations; reiterate Buy

We believe that the key trigger for SRCM over the next 12-15 months would be domestic profitability, especially because it is adding ~13mt of capacity domestically (~3x of acquired capacity) and also diversifying into newer markets. Given SRCM's low cost curve and capex cost, it should be able to generate healthy return ratios from domestic operations, in our view. Moreover, any improvement in profitability from the acquired capacity in the UAE would be an added benefit. SRCM is likely to deliver EBITDA CAGR of 29% over FY18-20, led by healthy volume growth (driven by rapid capacity addition) and pricing improvement (driven by higher realizations in the underlying markets in the north). In our view, SRCM – with its superior return ratios and strong earnings growth – deserves to trade at premium valuations. We, thus, value the stock at 15.5x FY20E EV/EBITDA to arrive at a target price of INR18,867. Maintain **Buy**.

Aggressive capacity expansion at lower capex

- SRCM is increasing its domestic capacity significantly by ~32% via organic route over the next 2-3 years. It is adding capacity in the east, south and north markets at an estimated capex of ~INR40b, translating into EV/tonne of USD60 – significantly lower than market-ascribed EV/tonne of USD170-200/t.

Exhibit 1: Aggressive capacity expansion by SRCM



Source: MOSL, Company

- Additionally, SRCM's board has approved acquisition of Union Cement Company in the UAE with capacity of 4mt at an enterprise value of ~INR19.5b. This translates into EV/tonne of USD76 (~41% discount to the replacement cost in India) and EV/EBITDA of ~8.8x on annualized EBITDA of CY17. The cost of acquisition on EV/t (INR/t) basis is at ~14% discount to the acquisition made by Ultratech of ETA Star Cement Company in 2010. The acquisition is in line with SRCM's strategy of setting up/acquiring cement plants at low cost and achieving higher return ratios by improving the cost curve.

Exhibit 2: Acquisition details

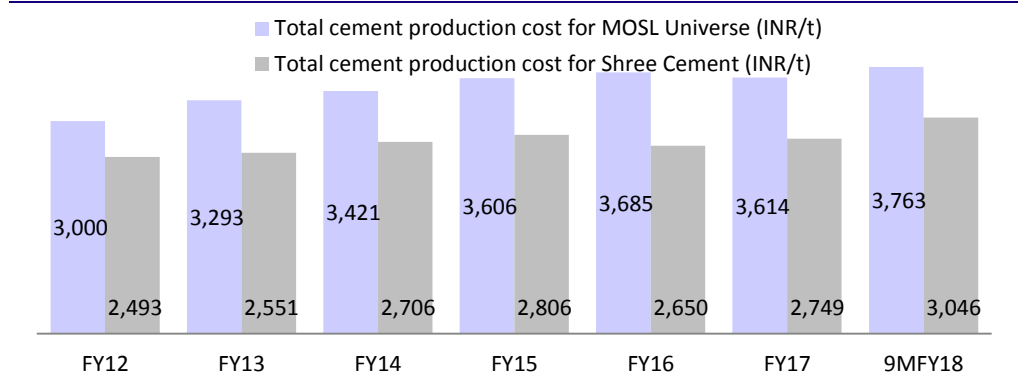
	Units	
Clinker capacity	mt	3.3
Cement capacity	mt	4
Enterprise Value	INR bn	20
EV/ton	INR	4884
EV/ton	USD	76
Current replacement cost	USD	130
% Discount to current replacement cost		-41%

Source: MOSL, Company

Cost leadership results in healthy return ratios and warrants premium valuations

- SRCM's cost of production has been ~19% lower than peers, resulting in healthy margins and strong earnings growth.

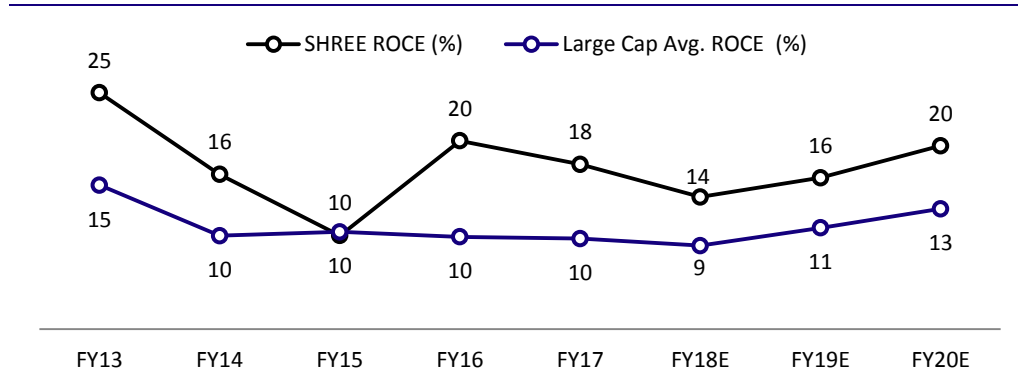
Exhibit 3: Production cost of SRCM much better than peers



Source: MOSL, Company

- SRCM has been able to generate superior RoEs/RoCEs than peers owing to a healthy cost curve – a differentiating factor in a commodity-led market. As a result, SRCM’s valuations have always commanded a significant premium to its peers.

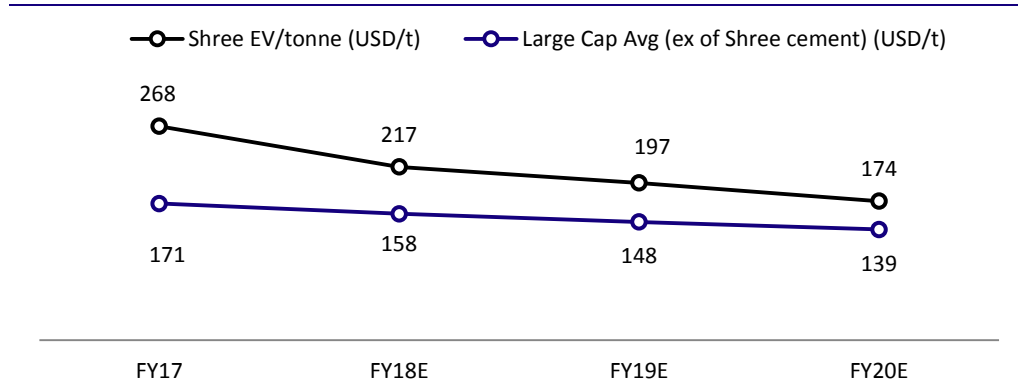
Exhibit 4: RoCE – SRCM v/s large cap average



Source: MOSL, Company

- Based on FY17 capacity of ~29.3m tonnes, SRCM trades at EV/tonne of USD268, which translates into ~58% premium to the average of large-cap players. While the company trades at ~12% premium to UltraTech, which has ~3x SRCM’s capacity, it trades at 60-125% premium to most other large-cap players.

Exhibit 5: SRCM’s valuation (EV/tonne) at significant premium to its peers

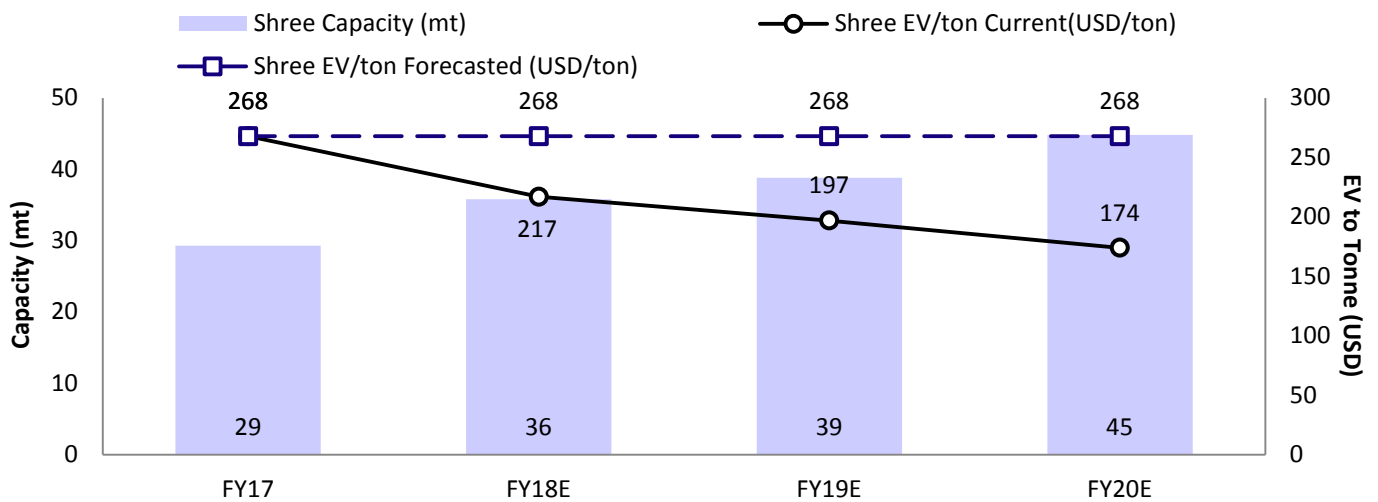


Source: MOSL

Valuations moderated on FY20E capacity

- On adjusted capacity of 44.8m tonnes in FY20, SRCM trades at EV/tonne of USD175, which translates into ~26% premium to the average of large-cap players, as against the current 58% premium.
- SRCM valuation on EV/tonne on FY20 adjusted capacity is ~35% lower than that on FY17 capacity due to its low-cost capacity addition.

Exhibit 6: SRCM’s capacity and EV/tonne



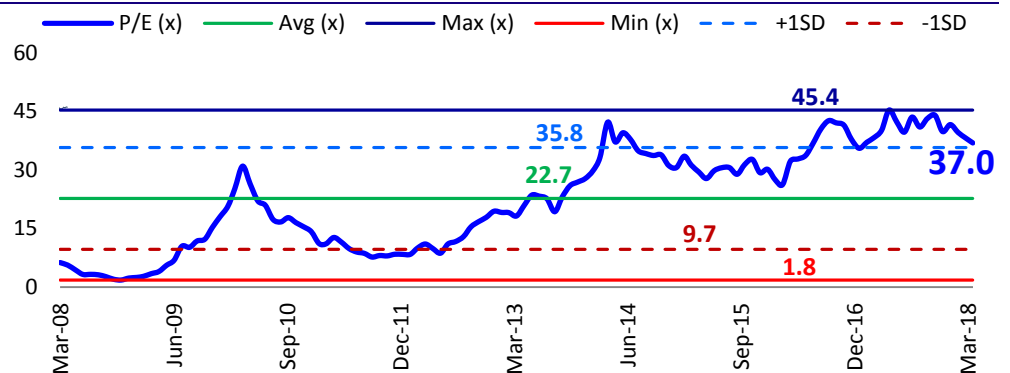
Source: MOSL

- SRCM trades at USD175/t on FY20E capacity. This translates into ~25% premium to the replacement cost of USD140 and ~14% premium to the revised bids for Binani Cements’ assets.

Expect SRCM to deliver healthy performance than industry

- We note that SRCM’s valuations have moderated due to ~18% correction in the stock price from its peak due to 1) market correction 2) a downward revision in its earnings estimates and 3) the acquisition of an asset in the UAE. However, we expect SRCM to deliver a healthier performance than industry due to 1) capacity ramp-up over FY17-19 and 2) a favourable market mix, with higher exposure to the north markets (>70%), where prices are expected to be the highest.

Exhibit 7: Stock corrected by ~18% from its peak



Source: MOSL, Company

Deserves premium valuations; reiterate Buy

We believe that the key trigger for SRCM over the next 12-15 months would be domestic profitability, especially because it is adding ~13mt of capacity domestically (~3x of acquired capacity) and also diversifying into newer markets. Given SRCM's low cost curve and capex cost, it should be able to generate healthy return ratios from domestic operations, in our view. Moreover, any improvement in profitability from the acquired capacity in the UAE would be an added benefit. SRCM is likely to deliver EBITDA CAGR of 29% over FY18-20, led by healthy volume growth (driven by rapid capacity addition) and pricing improvement (driven by higher realizations in the underlying markets in the north). In our view, SRCM – with its superior return ratios and strong earnings growth – deserves to trade at premium valuations. We, thus, value the stock at 15.5x FY20E EV/EBITDA to arrive at a target price of INR18,867. Maintain **Buy**.

Financials and Valuations

Income Statement						(INR Million)		
Y/E March	2013*	2014*	2015*	2016	2017	2018E	2019E	2020E
Net Sales	55,671	58,759	64,399	72,382	84,292	96,366	119,220	154,748
Change (%)	16.5	5.5	9.6	12.4	16.5	14.3	23.7	29.8
EBITDA	15,378	13,784	13,302	17,637	23,672	23,742	29,505	39,707
Margin (%)	27.6	23.5	20.7	24.4	28.1	24.6	24.7	25.7
Depreciation	4,356	5,499	9,248	10,658	12,147	9,215	13,212	14,686
EBIT	11,022	8,285	4,054	6,979	11,525	14,527	16,293	25,021
Int. and Finance Charges	1,931	1,292	1,206	1,021	1,294	1,096	1,108	706
Other Income - Rec.	2,114	1,964	1,515	7,119	5,077	3,700	5,000	4,800
PBT before EO Expense	11,205	8,957	4,363	13,076	15,308	17,131	20,185	29,115
EO Expense/(Income)	11	-154	355	240	0	0	0	0
PBT after EO Expense	11,194	9,111	4,008	12,837	15,308	17,131	20,185	29,115
Tax	1,155	1,238	-255	364	1,917	4,625	4,037	5,823
Tax Rate (%)	10.3	13.6	-6.4	2.8	12.5	27.0	20.0	20.0
Reported PAT	10,040	7,872	4,263	12,472	13,391	12,506	16,148	23,292
Adj PAT for EO items	10,049	7,739	4,640	12,705	13,391	12,506	16,148	23,292
Change (%)	77.2	-23.0	-40.0	173.8	5.4	-6.6	29.1	44.2
Margin (%)	18.1	13.2	7.2	17.6	15.9	13.0	13.5	15.1

Balance Sheet

Y/E March	2013*	2014*	2015*	2016	2017	2018E	2019E	2020E
Equity Share Capital	348	348	348	348	348	348	348	348
Other Reserves	38,088	46,760	52,416	68,107	76,633	87,462	101,932	123,547
Total Reserves	38,088	46,760	52,416	68,107	76,633	87,462	101,932	123,547
Net Worth	38,436	47,109	52,764	68,455	76,981	87,810	102,280	123,895
Deferred Liabilities	-938	-1429	-1952	-3718	-5077	-4049	-4251	-4542
Secured Loan	11,274	10,783	8,200	7,265	12,925	11,425	9,925	8,425
Unsecured Loan	0	0	0	0	0	0	0	0
Total Loans	11,274	10,783	8,200	7,265	12,925	11,425	9,925	8,425
Capital Employed	48,773	56,463	59,012	72,002	84,829	95,186	107,954	127,778
Gross Block	56,895	66,764	85,764	38,689	46,297	63,401	83,401	126,401
Less: Accum. Deprn.	40,242	45,741	54,989	8,187	20,306	29,520	42,732	57,418
Net Fixed Assets	16,653	21,023	29,154	29,647	25,991	33,881	40,669	68,983
Capital WIP	2,500	8,500	6,000	3,500	7,104	10,000	10,000	4,000
Investments	22,033	22,444	16,626	30,305	40,426	40,426	40,426	40,426
Curr. Assets	19,478	19,892	26,246	27,463	33,063	34,375	47,440	51,575
Inventory	5,305	8,098	9,189	8,152	13,145	14,521	17,965	23,318
Account Receivables	3,147	2,966	4,764	3,286	3,351	5,280	5,553	7,207
Cash and Bank Balance	3,694	1,593	3,075	830	1,110	3,485	10,857	4,939
Others	7,333	7,236	9,219	15,195	15,456	11,089	13,065	16,111
Curr. Liability & Prov.	11,891	15,396	19,015	18,913	21,755	23,496	30,580	37,206
Account Payables	10,841	14,209	18,135	18,835	21,674	22,441	29,397	36,037
Provisions	1,050	1,186	880	78	81	1,055	1,183	1,169
Net Current Assets	7,587	4,496	7,231	8,551	11,308	10,879	16,860	14,369
Appl. of Funds	48,773	56,463	59,012	72,002	84,829	95,186	107,954	127,778

E: MOSL Estimates; *Y/E June

Financials and Valuations

Ratios

Y/E March	2013*	2014*	2015*	2016	2017	2018E	2019E	2020E
Basic (INR)								
EPS	288.5	222.2	133.2	364.7	384.4	359.0	463.5	668.5
Cash EPS	441.3	427.5	541.3	863.8	974.0	747.6	1,045.0	1,282.8
BV/Share	1,103.3	1,352.3	1,514.6	1,965.0	2,209.6	2,520.4	2,935.7	3,556.1
DPS	20.0	22.0	24.0	24.0	140.0	40.0	40.0	40.0
Payout (%)	8.1	11.4	22.8	8.1	43.8	13.4	10.4	7.2

Valuation (x)

P/E	56.1	72.8	121.5	44.4	42.1	45.1	34.9	24.2
Cash P/E	36.7	37.9	29.9	18.7	16.6	21.6	15.5	12.6
P/BV	14.7	12.0	10.7	8.2	7.3	6.4	5.5	4.6
EV/Sales	10.3	9.8	8.8	7.9	6.8	5.9	4.7	3.7
EV/EBITDA	35.7	39.9	41.5	30.6	22.6	22.4	17.7	13.3
EV (US\$)	8,050	8,016	8,089	7,960	7,868	7,788	7,657	7,814
EV/ton (USD-Cap)	596	458	344	312	268	217	197	174
Dividend Yield (%)	0.1	0.1	0.1	0.1	0.9	0.2	0.2	0.2

Return Ratios (%)

RoIC	61.1	32.2	15.1	19.2	27.4	27.4	29.6	32.0
RoE	30.6	18.1	9.3	21.0	18.4	15.2	17.0	20.6
RoCE	25.2	16.5	10.0	20.0	17.5	14.1	16.1	19.5
Normalized RoE	33.5	22.0	19.2	32.1	30.0	20.4	24.4	26.5

Working Capital Ratios

Inventory (Days)	35	50	52	41	57	55	55	55
Debtor (Days)	19	17	24	15	13	18	15	15
Creditor (Days)	71	88	103	95	94	85	90	85
Working Capital Turnover (Days)	50	28	41	43	49	41	52	34

Leverage Ratio (x)

Current Ratio	1.6	1.3	1.4	1.5	1.5	1.5	1.6	1.4
Debt/Equity	0.3	0.2	0.2	0.1	0.2	0.1	0.1	0.1

Cash Flow Statement

(INR Million)

Y/E March	2013*	2014*	2015*	2016	2017	2018E	2019E	2020E
Oper. P/L before Tax	15,368	13,938	12,947	13,701	23,672	23,742	29,505	39,707
Interest/Dividends Recd.	2,114	1,964	1,515	6,675	5,077	3,700	5,000	4,800
Direct Taxes Paid	-2,198	-1,729	-268	-1,221	-3,241	-3,598	-4,239	-6,114
(Inc)/Dec in WC	-5,957	990	-1,253	-3,384	-2,477	2,804	1,391	-3,428
CF from Operations	9,326	15,162	12,942	15,770	23,031	26,648	31,657	34,965
(inc)/dec in FA	-7,331	-15,869	-14,879	-6,268	-12,096	-20,000	-20,000	-37,000
Free Cash Flow	1,995	-707	-1,938	9,502	10,935	6,648	11,657	-2,035
(Pur)/Sale of Investments	3,319	-411	5,818	-13,679	-10,121	0	0	0
CF from investments	-4,012	-16,280	-9,062	-19,947	-22,217	-20,000	-20,000	-37,000
Issue of Shares	1,867	1,697	2,364	5,266	1,006	0	0	0
(Inc)/Dec in Debt	-5,337	-491	-2,583	-935	5,660	-1,500	-1,500	-1,500
Interest Paid	-1,931	-1,292	-1,206	-758	-1,294	-1,096	-1,108	-706
Dividend Paid	-810	-897	-972	-1,006	-5,871	-1,677	-1,677	-1,677
CF from Fin. Activity	-6,211	-983	-2,398	2,568	-499	-4,273	-4,285	-3,883
Inc/Dec of Cash	-896	-2,101	1,482	-1,609	314	2,375	7,372	-5,918
Add: Beginning Balance	4,590	3,694	1,593	3,075	830	1,110	3,485	10,857
Closing Balance	3,693	1,592	3,075	1,706	1,145	3,485	10,857	4,939

E: MOSL Estimates; *Y/E June

NOTES

Explanation of Investment Rating	Expected return (over 12-month)
Investment Rating	
BUY	>=15%
SELL	< -10%
NEUTRAL	> -10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures:

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Securities Ltd. (MOSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited(MCX) and National Commodity & Derivatives Exchange Limited(NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products .Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

MOSL, its associates, Research Analyst or their relative may have any financial interest in the subject company. MOSL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. MOSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MOSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MOSL or any of its associates may have:

- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
- Subject Company may have been a client of MOSL or its associates during twelve months preceding the date of distribution of the research report.

MOSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report. MOSL and /or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

Terms & Conditions:

This report has been prepared by MOSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOSL will not treat recipients as customers by virtue of their receiving this report.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Disclosure of Interest Statement

Shree Cement

Analyst ownership of the stock

No

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

Regional Disclosures (outside India)

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 MOSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act(FAA) read with regulation 17(1)(d) of the Financial Advisers Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimthulla Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email id: na@motilaloswal.com, Contact No.:022-38281085.

Registration details of group entities: MOSL: SEBI Registration: INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100.IRDA Corporate Agent-CA0541. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. *Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDS, Insurance and IPO products. * Motilal Oswal Commodities Broker Pvt. Ltd. offers Commodities Products. * Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. * Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products