

Sagar Cements reported an in-line performance in Q1FY25, with EBITDA increasing 53% YoY/declining 32% QoQ to Rs467mn (Emkay est: Rs446mn). On a sequential basis, EBITDA/t fell by Rs66 to Rs356 as realizations dipped by Rs222 QoQ. Volume growth was steady at 9% YoY, to 1.28mt (in line with estimates). The management maintained volume guidance of 6.5mt, with FY25 EBITDA/t ranging at Rs540-575, which looks challenging in our view. Net debt increased by Rs1.2bn sequentially to Rs13bn, as of Jun-24, and we expect it to maintain similar levels for a couple of years on the back of increase in capex intensity. Factoring in the lower realization, we cut FY25-26E EBITDA by 10-17% and introduce our forecast for FY27. We maintain ADD on the stock, with unchanged Jun-25E TP of Rs250/share (10x EV/E) post quarterly roll-over. At CMP, the stock is trading at FY26E EV/t of US\$46.

Sagar Cements: Financial Snapshot (Consolidated)

Y/E March (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	22,295	25,046	27,210	32,695	36,814
EBITDA	1,532	2,459	2,871	4,156	5,520
Adj. PAT	(1,390)	(582)	(555)	357	1,301
Adj. EPS (Rs)	2.2	(3.3)	(4.2)	2.7	10.0
EBITDA margin (%)	6.9	9.8	10.6	12.7	15.0
EBITDA growth (%)	(44.5)	60.5	16.8	44.8	32.8
Adj. EPS growth (%)	(62.2)	(249.3)	28.0	(164.3)	264.7
RoE (%)	(9.6)	(3.2)	(2.9)	1.9	6.6
RoIC (%)	(0.1)	0.7	1.4	4.4	7.3
P/E (x)	(22.6)	(53.9)	(56.5)	87.9	24.1
EV/EBITDA (x)	28.7	17.5	15.2	10.5	7.7
P/B (x)	1.9	1.6	1.7	1.6	1.5
FCFF yield (%)	(6.0)	4.4	2.3	3.5	5.9

Source: Company, Emkay Research

Result Summary:

Volumes increased 9% YoY to 1.28mt (excluding clinker volumes of ~84k) on account of ramping up of capacities in the recently acquired Andhra Cements. Overall capacity utilization during the quarter was ~50%. Given weak cement prices for the southern region, realization declined 5% QoQ to Rs4,170/t in Q1FY25. Total cost/t was down 12% YoY/4% QoQ to Rs3,814, mainly due to decline of 5% QoQ in RM+P&F costs. Average lead distance declined marginally QoQ to 255km (Q4FY24: 258km; Q1FY24: 261km). During the quarter, net debt increased by Rs1.2bn QoQ to Rs13bn as of Jun-24, and we expect it to remain at similar levels for the next couple of years on the back of increased capex intensity (cumulative capex of Rs7bn in FY25E-27E). Of the upcoming projects, the company has proposed to expand cement capacities of the Gudipadu and Jeerabad plants by 0.25mt and 0.5mt, respectively, by FY26. Besides, the mgmt. aims to expand clinker capacity, from 1.85mt to 2.31mt, and cement capacity to 3mt from 2.25mt at the Dachepalli plants by end-FY26. The proposed capex for expansion is likely to be Rs4.7bn.

What we like: Better than industry volume growth

What we did not like: Increase in net debt

Key Concall Takeaways:

i) The management maintained its volume guidance of 6.5mt (+18% YoY) for FY25, implying 20% growth run-rate for remaining Quarters. Besides, it has guided to absolute EBITDA of Rs3.5-3.75bn, with EBITDA/t to range at Rs540-575 in FY25. ii) The management does not expect prices to improve till mid-Q3FY25. iii) Cement prices have further declined by Rs5/bag since the end of Jun-24. iv) Fuel costs broadly are likely to be stable in coming quarters. v) Capex spends stood at Rs300mn in Q1FY25 and the management has guided to Rs3bn for FY25. vi) The management expects to see break-even in Andhra Cements by Q1FY26. viii) Net debt is likely to be capped in the Rs12-13bn range. ix) Sagar expects incentives of ~Rs300mn in FY25, for its Jeerabad plant.

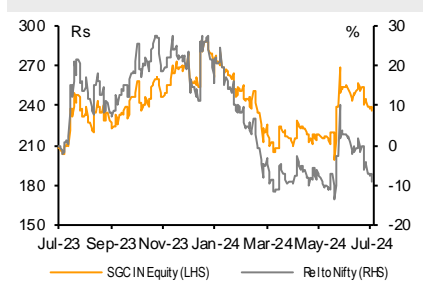
Target Price – 12M	Jun-25
Change in TP (%)	-
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	4.2
CMP (19-Jul-24) (Rs)	240.0

Stock Data	Ticker
52-week High (Rs)	305
52-week Low (Rs)	190
Shares outstanding (mn)	130.7
Market-cap (Rs bn)	31
Market-cap (US\$ mn)	375
Net-debt, FY22E (Rs mn)	5,682
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	64.6
ADTV-3M (US\$ mn)	0.8
Free float (%)	-
Nifty-50	24,531
INR/US\$	83.7
Shareholding, Jun-24	
Promoters (%)	48.3
FPIs/MFs (%)	2.6/17.1

Price Performance

(%)	1M	3M	12M
Absolute	(4.8)	11.5	14.0
Rel. to Nifty	(8.8)	0.6	(7.9)

1-Year share price trend (Rs)



Dharmesh Shah

dharmesh.shah@emkayglobal.com
+91 22 6612 1255

Quarterly Analysis

Exhibit 1: Actual vs. Estimates (Q1FY25)

(Rs mn)	Actual	Estimates		Variation (%)		Comment
		Emkay	Consensus	Emkay	Consensus	
Net sales	5,606	5,369	5,666	4.4	(1.1)	Broadly in-line quarter
EBITDA	467	446	438	4.8	6.7	
PAT	(284)	(357)	(359)	NA	NA	
Volumes (mt)	1.28	1.27		0.8		
Cement realization (Rs/ton)*	4,170	4,216		(1.1)		
EBITDA (Rs/ton)*	356	350		1.7		

Source: Bloomberg, Emkay Research; *adjusted for cement

Exhibit 2: Quarterly Financial Highlights (Consolidated)

(Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)
Revenue	5,397	5,868	6,694	7,087	5,606	3.9	(20.9)
Expenditure	5,092	5,266	5,824	6,406	5,139	0.9	(19.8)
Total RM costs	999	759	1,078	1,281	1,005	0.5	(21.5)
Power & Fuel costs	2,093	2,393	2,496	2,540	2,043	(2.4)	(19.6)
Freight costs	1,017	1,117	1,215	1,371	1,083	6.5	(21.0)
Staff costs	268	299	299	307	304	13.3	(0.8)
Other expenditure	714	698	736	908	704	(1.5)	(22.5)
EBITDA	305	602	871	681	467	53.2	(31.5)
Depreciation	496	513	562	561	562	13.3	0.2
EBIT	(191)	90	309	120	(95)	(50.4)	(178.7)
Other Income	39	27	37	437	83	112.3	(81.0)
Interest	437	468	489	455	464	6.2	1.9
PBT	(589)	(351)	(143)	103	(476)		
Total Tax	(166)	(98)	(41)	(13)	(154)		
Adjusted PAT	(422)	(253)	(102)	116	(322)		
(Profit)/loss from JV's/Ass/MI	(25)	(21)	(24)	(17)	(38)		
PAT after MI	(398)	(232)	(77)	133	(284)		
Extra ordinary items	-	148	-	-	-		
Reported PAT	(398)	(84)	(77)	133	(284)		
Adjusted EPS (Rs)	(3.4)	(2.0)	(0.7)	1.1	(2.4)		

(%)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (bps)	QoQ (bps)
EBITDAM	5.6	10.3	13.0	9.6	8.3	47.5	(13.3)
EBITM	(0.4)	(3.5)	1.5	4.6	1.7	NA	(63.1)
EBTM	(6.7)	(10.9)	(6.0)	(2.1)	1.5	NA	NA
PATM	(11.3)	(7.8)	(4.3)	(1.5)	1.6	NA	NA
Effective Tax rate	(68.5)	28.3	27.9	28.7	(12.5)		

Source: Company, Emkay Research

Exhibit 3: Quarterly analysis on a per-ton basis

(Rs/ton)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25*	YoY (%)	QoQ (%)
Volumes (mt)	1.18	1.31	1.41	1.61	1.28	8.8	(20.5)
Blended Realization	4,575	4,471	4,757	4,392	4,170	(8.9)	(5.0)
Raw Material costs	847	578	766	793	780	(7.9)	(1.7)
Power & Fuel costs	1,774	1,823	1,773	1,574	1,470	(17.2)	(6.6)
Freight costs	862	851	864	850	844	(2.1)	(0.6)
Staff costs	228	228	213	190	225	(1.1)	18.4
Other expenditure	605	532	523	563	495	(18.2)	(12.0)
Operating cost	4,317	4,012	4,138	3,969	3,814	(11.6)	(3.9)
EBITDA	258	459	619	422	356	37.7	(15.8)

Source: Company, Emkay Research; adjusted for Cement

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 08/07/2024 03:39 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>.

Exhibit 4: We cut our EBITDA estimates by 10-17% for FY25-26

Earnings revision	FY25E			FY26E		
	Old	New	Change (%)	Old	New	Change (%)
Revenue (Rs mn)	28,815	27,210	(5.6)	34,061	32,695	(4.0)
EBITDA (Rs mn)	3,455	2,871	(16.9)	4,590	4,156	(9.5)
PAT (Rs mn)	(244)	(555)	127.6	558	357	(36.1)

Source: Emkay Research

Exhibit 5: We maintain ADD on the stock, with TP of Rs250/share, based on Jun-26E EV/E of 10x

EV/E valuation	
Jun-26E EBITDA (Rs bn)	4.5
EV/E (x)	10.0
Enterprise Value (Rs bn)	45
Net debt (Jun-25E; Rs bn)	12
Equity value (Rs bn)	33
No. of shares (mn)	131
Jun-25E Target Price (Rs/share)	250

Source: Emkay Research

Exhibit 6: Annual Financials

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	CAGR (%)	
										FY19-24	FY24-27E
Key Assumptions											
Capacity (mt)	5.8	5.8	5.8	8.3	8.3	10.5	10.5	11.3	12.0	12.8	4.6
Volumes (mt)	3.3	3.1	3.2	3.6	4.8	5.5	6.2	7.2	7.9	11.1	12.6
Utilization (%)	57	54	55	44	58	53	59	64	66		
Blended Realization (Rs/ton)	3,742	3,753	4,339	4,431	4,628	4,543	4,407	4,526	4,675	4.0	1.0
EBITDA/ton (Rs/ton)	459	592	1,267	765	318	446	465	575	701	(0.6)	16.3
P&L (Rs bn)											
Revenue	12.2	11.8	13.7	16.0	22.3	25.0	27.2	32.7	36.8	15.5	13.7
EBITDA	1.5	1.9	4.0	2.8	1.5	2.5	2.9	4.2	4.6	10.5	22.9
Adj. Net Profit	0.1	0.3	1.9	0.7	(1.4)	(0.6)	(0.6)	0.4	1.3	NA	NA
Balance Sheet (Rs bn)											
Equity	8.4	9.7	12.0	12.6	16.4	19.4	18.9	19.2	20.5		
Net Debt	4.9	4.8	5.6	10.3	12.6	11.8	12.3	12.2	11.1		
Net Debt: EBITDA	3.3	2.6	1.4	3.7	8.2	4.8	4.3	2.9	2.4		
Net Debt: Equity	0.6	0.5	0.5	0.8	0.8	0.6	0.7	0.6	0.5		
Cash Flow (Rs bn)											
OCF before NWC change	0.9	1.1	3.1	2.0	2.0	1.5	1.6	2.7	3.8		
Change in NWC	(0.1)	0.3	0.2	(1.7)	0.2	1.5	(0.3)	(0.2)	(0.2)		
Capex	(2.0)	(2.3)	(4.6)	(3.6)	(4.4)	(2.0)	(2.0)	(2.5)	(2.5)		
FCF	(1.2)	(0.9)	(1.3)	(3.4)	(2.8)	0.5	(1.1)	(0.4)	0.7		
Return ratios (%)											
RoE	1.7	3.0	17.2	5.6	(9.6)	(3.2)	(2.9)	1.9	6.6		
RoCE	3.8	4.1	11.8	4.8	2.5	2.0	2.4	5.0	7.6		
RoIC	4.2	4.3	15.2	5.6	(0.1)	0.7	1.4	4.4	7.3		
Valuations (x)											
PER							NA	87.9	24.1		
EV/EBITDA							15.0	10.5	7.9		
EV/ton (US\$)							49	46	43		

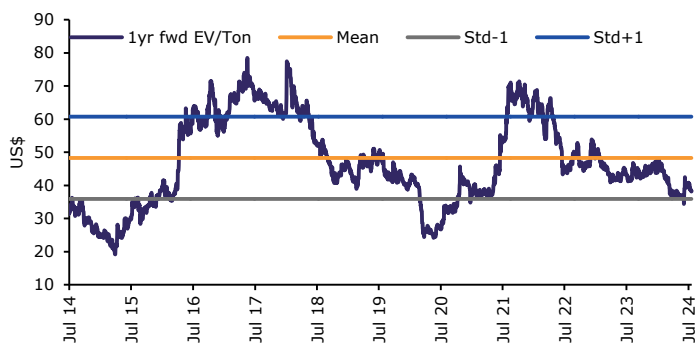
Source: Company, Emkay Research

Exhibit 7: Annual analysis on a per-ton basis

(Rs/ton)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Blended realization	3,742	3,753	4,339	4,431	4,628	4,543	4,407	4,526	4,675
YoY (%)	(4.6)	0.3	15.6	2.1	4.4	(1.8)	(3.0)	2.7	3.3
Raw-material costs	734	726	758	625	876	747	737	748	759
Power and fuel costs	1,115	987	827	1,431	1,855	1,727	1,597	1,596	1,589
Freight costs	776	715	741	773	807	856	860	870	880
Staff costs	181	207	242	237	206	213	203	186	191
Other expenses	477	526	503	599	566	554	545	550	555
Total Opex	3,283	3,161	3,072	3,666	4,310	4,097	3,942	3,950	3,974
YoY (%)	(2.1)	(3.7)	(2.8)	19.3	17.6	(4.9)	(3.8)	0.2	0.6
Blended EBITDA	459	592	1,267	765	318	446	465	575	701
YoY (%)	(19.7)	29.0	113.9	(39.6)	(58.4)	40.3	4.2	23.7	21.8

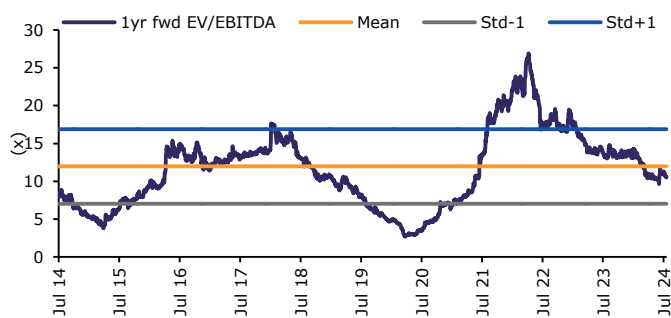
Source: Company, Emkay Research

Exhibit 8: One-year forward EV/ton



Source: Bloomberg, Emkay Research

Exhibit 9: One-year forward EV/EBITDA



Source: Bloomberg, Emkay Research

Sagar Cements: Consolidated Financials and Valuations

Profit and Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	22,295	25,046	27,210	32,695	36,814
Revenue growth (%)	39.6	12.3	8.6	20.2	12.6
EBITDA	1,532	2,459	2,871	4,156	5,520
EBITDA growth (%)	(44.5)	60.5	16.8	44.8	32.8
Depreciation & Amortization	1,558	2,141	2,309	2,411	2,562
EBIT	(26)	318	562	1,745	2,958
EBIT growth (%)	(101.4)	0.0	76.8	210.4	69.5
Other operating income	0	0	0	0	0
Other income	547	541	406	422	439
Financial expense	2,016	1,848	1,856	1,799	1,736
PBT	(1,495)	(989)	(888)	369	1,660
Extraordinary items	1,680	148	0	0	0
Taxes	100	(321)	(225)	93	420
Minority interest	(205)	(87)	(109)	(81)	(61)
Income from JV/Associates	0	0	0	0	0
Reported PAT	290	(434)	(555)	357	1,301
PAT growth (%)	(58.0)	(249.3)	0.0	0.0	264.7
Adjusted PAT	(1,390)	(582)	(555)	357	1,301
Diluted EPS (Rs)	2.2	(3.3)	(4.2)	2.7	10.0
Diluted EPS growth (%)	(62.2)	(249.3)	28.0	(164.3)	264.7
DPS (Rs)	0.7	0.0	0.0	0.0	0.0
Dividend payout (%)	31.5	0.0	0.0	0.0	0.0
EBITDA margin (%)	6.9	9.8	10.6	12.7	15.0
EBIT margin (%)	(0.1)	1.3	2.1	5.3	8.0
Effective tax rate (%)	(6.7)	32.4	25.3	25.3	25.3
NOPLAT (pre-IndAS)	(28)	215	420	1,304	2,209
Shares outstanding (mn)	130.7	130.7	130.7	130.7	130.7

Source: Company, Emkay Research

Cash Flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	(1,495)	(989)	(888)	369	1,660
Others (non-cash items)	0	0	0	0	0
Taxes paid	(148)	(96)	225	(93)	(420)
Change in NWC	197	1,537	(293)	(180)	(207)
Operating cash flow	1,752	4,155	3,020	4,046	5,015
Capital expenditure	(4,400)	(2,258)	(2,000)	(2,500)	(2,500)
Acquisition of business	0	0	0	0	0
Interest & dividend income	1,670	126	406	422	439
Investing cash flow	2,392	(1,076)	(1,697)	(2,181)	(2,164)
Equity raised/(repaid)	3,429	0	0	0	0
Debt raised/(repaid)	(5,206)	(339)	0	0	(1,000)
Payment of lease liabilities	(18)	(20)	0	0	0
Interest paid	(1,779)	(1,756)	(1,856)	(1,799)	(1,736)
Dividend paid (incl tax)	(92)	(92)	0	0	0
Others	(18)	(20)	0	0	0
Financing cash flow	(3,666)	(2,206)	(1,856)	(1,799)	(2,736)
Net chg in Cash	478	872	(533)	67	115
OCF	1,752	4,155	3,020	4,046	5,015
Adj. OCF (w/o NWC chg.)	1,554	2,618	3,313	4,226	5,222
FCFF	(2,648)	1,897	1,020	1,546	2,515
FCFE	(7,854)	1,558	1,020	1,546	1,515
OCF/EBITDA (%)	114.3	169.0	105.2	97.3	90.9
FCFE/PAT (%)	565.2	(267.9)	(183.9)	433.3	116.4
FCFF/NOPLAT (%)	9,585.2	882.7	242.9	118.6	113.8

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	261	261	261	261	261
Reserves & Surplus	16,114	19,151	18,596	18,953	20,254
Net worth	16,375	19,412	18,857	19,214	20,515
Minority interests	514	785	785	785	785
Deferred tax liability (net)	104	(325)	(325)	(325)	(325)
Total debt	14,721	14,390	14,390	14,390	13,390
Total liabilities & equity	31,715	34,263	33,708	34,064	34,366
Net tangible fixed assets	27,518	31,528	29,719	28,674	30,112
Net intangible assets	573	573	573	573	573
Net ROU assets	133	133	133	133	133
Capital WIP	992	147	1,647	2,647	1,147
Goodwill	416	416	416	416	416
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	2,105	2,621	2,082	2,170	2,327
Current assets (ex-cash)	6,224	6,873	6,807	8,507	9,854
Current Liab. & Prov.	5,540	7,895	7,537	9,056	10,197
NWC (ex-cash)	684	(1,022)	(729)	(549)	(342)
Total assets	31,715	34,263	33,708	34,064	34,366
Net debt	12,616	11,769	12,308	12,220	11,063
Capital employed	31,715	34,263	33,708	34,064	34,366
Invested capital	28,618	31,494	29,978	29,247	30,892
BVPS (Rs)	125.3	148.5	144.3	147.0	157.0
Net Debt/Equity (x)	0.8	0.6	0.7	0.6	0.5
Net Debt/EBITDA (x)	8.2	4.8	4.3	2.9	2.0
Interest coverage (x)	0.3	0.5	0.5	1.2	2.0
RoCE (%)	1.7	2.6	2.8	6.4	9.9

Source: Company, Emkay Research

Valuations and Key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	(22.6)	(53.9)	(56.5)	87.9	24.1
P/CE(x)	186.6	20.1	17.9	11.3	8.1
P/B (x)	1.9	1.6	1.7	1.6	1.5
EV/Sales (x)	2.0	1.7	1.6	1.3	1.2
EV/EBITDA (x)	28.7	17.5	15.2	10.5	7.7
EV/EBIT(x)	(1,698.2)	135.7	77.7	25.0	14.3
EV/IC (x)	1.5	1.4	1.5	1.5	1.4
FCFF yield (%)	(6.0)	4.4	2.3	3.5	5.9
FCFE yield (%)	(17.9)	3.6	2.3	3.5	3.6
Dividend yield (%)	0.3	0.0	0.0	0.0	0.0
DuPont-RoE split					
Net profit margin (%)	(6.2)	(2.3)	(2.0)	1.1	3.5
Total asset turnover (x)	0.7	0.8	0.8	1.0	1.1
Assets/Equity (x)	2.1	1.8	1.8	1.8	1.7
RoE (%)	(9.6)	(3.2)	(2.9)	1.9	6.6
DuPont-RoIC					
NOPLAT margin (%)	(0.1)	0.9	1.5	4.0	6.0
IC turnover (x)	0.9	0.8	0.9	1.1	1.2
RoIC (%)	(0.1)	0.7	1.4	4.4	7.3
Operating metrics					
Core NWC days	11.2	(14.9)	(9.8)	(6.1)	(3.4)
Total NWC days	11.2	(14.9)	(9.8)	(6.1)	(3.4)
Fixed asset turnover	0.7	0.6	0.6	0.7	0.8
Opex-to-revenue (%)	74.2	73.7	72.7	70.8	68.8

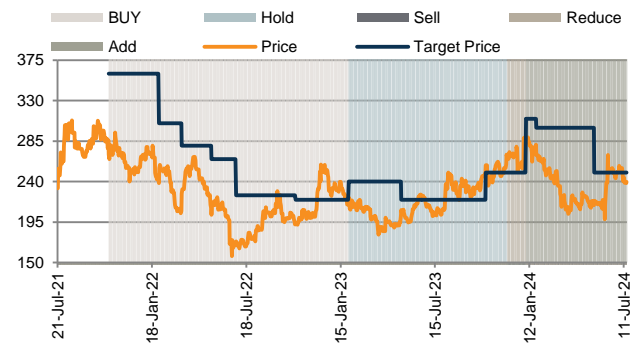
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
01-Jul-24	252	250	Add	Dharmesh Shah
10-Jun-24	270	250	Add	Dharmesh Shah
15-May-24	219	250	Add	Dharmesh Shah
01-Apr-24	220	300	Add	Dharmesh Shah
04-Mar-24	252	300	Add	Dharmesh Shah
25-Jan-24	269	300	Add	Dharmesh Shah
05-Jan-24	288	310	Add	Dharmesh Shah
30-Nov-23	267	250	Reduce	Dharmesh Shah
30-Nov-23	267	250	Hold	Dharmesh Shah
20-Oct-23	258	250	Hold	Dharmesh Shah
28-Sep-23	226	220	Hold	Dharmesh Shah
18-Sep-23	229	220	Hold	Dharmesh Shah
28-Jul-23	209	220	Hold	Dharmesh Shah
03-Jun-23	210	220	Hold	Dharmesh Shah
11-May-23	209	220	Hold	Dharmesh Shah
04-May-23	192	240	Hold	Dharmesh Shah
02-Mar-23	208	240	Hold	Dharmesh Shah
19-Feb-23	218	240	Hold	Dharmesh Shah
05-Feb-23	219	240	Hold	Dharmesh Shah
30-Jan-23	222	240	Hold	Dharmesh Shah
29-Dec-22	229	220	Buy	Dharmesh Shah
05-Dec-22	241	220	Buy	Dharmesh Shah
05-Nov-22	209	220	Buy	Dharmesh Shah
20-Oct-22	192	220	Buy	Dharmesh Shah
04-Oct-22	199	225	Buy	Dharmesh Shah
04-Sep-22	201	225	Buy	Dharmesh Shah
21-Jul-22	178	225	Buy	Dharmesh Shah
04-Jul-22	166	225	Buy	Dharmesh Shah
28-Jun-22	174	225	Buy	Dharmesh Shah
12-May-22	203	265	Buy	Dharmesh Shah
27-Mar-22	255	280	Buy	Dharmesh Shah
16-Mar-22	227	280	Buy	Dharmesh Shah
31-Jan-22	238	305	Buy	Dharmesh Shah
31-Dec-21	270	360	Buy	Dharmesh Shah
02-Dec-21	258	360	Buy	Dharmesh Shah
28-Oct-21	265	360	Buy	Dharmesh Shah
27-Oct-21	270	360	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst 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.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. 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.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities 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 including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, 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 Financial Institutions Regulatory Authority (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 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. Emkay Global Financial Services Ltd. has entered into a chaperoning 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.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, 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 or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of July 19, 2024
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
Disclosure of previous investment recommendation produced:
- EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of July 19, 2024
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the July 19, 2024
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:**Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) :-**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.