

# Shree Cement

Estimate change	↔
TP change	↑
Rating change	↔

Bloomberg	SRCM IN
Equity Shares (m)	36
M.Cap.(INRb)/(USDb)	947.9 / 11.4
52-Week Range (INR)	27299 / 21410
1, 6, 12 Rel. Per (%)	3/0/5
12M Avg Val (INR M)	1022

## Financial Snapshot (INR b)

Y/E Mar	FY24E	FY25E	FY26E
Sales	199.3	215.1	232.9
EBITDA	40.4	48.7	55.7
Adj. PAT	20.4	21.0	25.4
EBITDA Margin (%)	20.3	22.6	23.9
Cons. Adj. EPS (INR)	568	581	704
EPS Gr. (%)	74.6	2.2	21.2
BV/Sh. (INR)	5,537	5,997	6,551

## Ratios

Net D:E	-0.3	-0.2	-0.2
RoE (%)	10.7	10.1	11.2
RoCE (%)	10.5	10.0	10.9
Payout (%)	17.6	20.7	21.3

## Valuations

P/E (x)	46.2	45.2	37.3
P/BV (x)	4.7	4.4	4.0
EV/EBITDA(x)	21.7	18.2	15.9
EV/ton (USD)	198	190	157
Div. Yield (%)	0.4	0.5	0.6
FCF Yield (%)	-0.4	-0.5	0.3

## Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	62.6	62.6	62.6
DII	12.6	12.0	11.1
FII	12.2	12.6	12.4
Others	12.7	12.8	14.0

FII Includes depository receipts

**CMP: INR26,271 TP: INR25,500 (-3%) Neutral**

## In line operating performance

### Greenfield expansion at Nawalgarh, Rajasthan delayed by three months

- Shree Cement (SRCM) reported 2QFY24 EBITDA of INR8.7b vs. our estimate of INR8.5b. Blended EBITDA/t stood at INR1,062 vs. estimate of INR1,028. OPM surged 5pp YoY to 19% (in line). However, adjusted PAT stood at INR4.9b, above estimate of INR4.3b, led by lower-than-estimated tax rate.
- The Greenfield expansion at Nawalgarh (Rajasthan), having clinker/grinding capacity of 3.8mtpa/3.5mtpa, is delayed by three months and is expected to be commissioned in 4QFY24. However, other projects are expected to be completed as per schedule. SRCM targets to increase domestic grinding capacity to 80mtpa in the next three years (from 49.9mtpa currently).
- We maintain our FY24/FY25 EBITDA estimates; however, raised EPS estimate for FY24 by ~13%, due to lower depreciation estimate (amid delayed project) and lower tax expense. We continue to believe that SRCM's cost benefits over peers are narrowing. We value it at 16x Sep'25E (earlier FY25E) EV/EBITDA to arrive at a revised TP of INR25,500 (earlier INR24,300) and maintain our Neutral rating on the stock.

### Capacity utilization at 76% in 2Q; cement realization up 1% YoY

- Standalone revenue/EBITDA/PAT stood at INR46b/INR8.7b/INR4.9b, (up 21%/66%/159% YoY and up 4%/3%/14% vs. our estimate) in 2QFY24. Sales volumes grew 10% YoY to 8.2mt. Cement realization was up 1% YoY/2% QoQ to INR4,843/t in 2QFY24. Capacity utilization stood at 76% in 2QFY24 vs. 66%/80% in 2QFY23/1QFY24.
- Opex/t grew 4% YoY (up 4% vs. our estimate) in 2QFY24. Variable cost/Other expenses per ton rose 4%/8% YoY, while freight/employee costs per ton grew 1% (each). OPM was up 5pp YoY at 19% and EBITDA/t increased 51% YoY to INR1,062. The effective tax rate was 17.6% vs. 23.9% in 2QFY23. Consequently, Adj. PAT increased 159% YoY to INR4.9b.
- In 1HFY24, revenue grew 20% YoY, led by 15% volume growth and 5% surge in realization. EBITDA grew 34% YoY to INR18b and OPM improved 2pp YoY to 18.8%. EBITDA/t was up 17% YoY at INR1,053. PAT increased 112% YoY to INR10.7b. CFO in 1H stood at INR19.4b vs. INR7.3b in 1HFY23. Capex stood at INR14.1b vs. INR12.5b in 1HFY23.

### Highlights from the management commentary

- Cement demand is expected to remain robust in the mid-term and expects volume to grow ~12% in FY24.
- Average fuel consumption cost (in Kcal) was at INR2.05 vs. INR2.8/INR2.34 in 2QFY23/1QFY24. Estimate average fuel cost will be at INR1.90 in 2HFY24.
- Green power share stood at 58.6% vs. 50.8%/56% in 2QFY23/1QFY24. This is estimated to increase to 62-63% in the next six to eight months.

**Sanjeev Kumar Singh - Research analyst** (Sanjeev.Singh@MotilalOswal.com)

**Mudit Agarwal - Research analyst** (Mudit.Agarwal@MotilalOswal.com)

**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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Valuation expensive; maintain Neutral**

- We estimate an 11% CAGR in volume over FY23-26 for SRCM. We expect EBITDA/t at INR1,140/INR1,250/INR1,300 in FY24/FY25/FY26 vs. INR925 in FY23. SRCM's net cash is estimated at INR44b vs. INR63b in FY23E, given high capex for its expansion plan.
- The stock trades at 22x/18x FY24E/FY25E EV/EBITDA, which appears rich. We maintain our **Neutral** rating and value the stock at 16x Sep'25E (earlier FY25E) EV/EBITDA to arrive at our revised TP of INR25,500 (INR24,300 earlier).

**Standalone quarterly performance**

	FY23				FY24				FY23	FY24E	FY24	Var. (INR b)
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	(%)
<b>Net Sales</b>	<b>42.0</b>	<b>37.8</b>	<b>40.7</b>	<b>47.9</b>	<b>50.0</b>	<b>45.8</b>	<b>50.4</b>	<b>53.0</b>	<b>168.4</b>	<b>199.3</b>	<b>44.2</b>	4
YoY Change (%)	21.8	17.9	14.6	16.7	18.9	21.3	23.9	10.8	17.5	18.3	16.8	
Total Expenditure	33.8	32.6	33.6	38.9	40.7	37.1	39.8	41.2	139.0	158.8	35.7	4
<b>EBITDA</b>	<b>8.2</b>	<b>5.2</b>	<b>7.1</b>	<b>8.9</b>	<b>9.3</b>	<b>8.7</b>	<b>10.6</b>	<b>11.8</b>	<b>29.4</b>	<b>40.4</b>	<b>8.5</b>	3
Margin (%)	19.5	13.8	17.4	18.7	18.7	19.0	21.0	22.3	17.5	20.3	19.2	
Depreciation	3.3	3.6	4.1	4.4	3.1	3.3	3.5	5.4	15.5	15.3	3.3	1
Interest	0.6	0.7	0.7	0.7	0.8	0.7	0.8	1.0	2.7	3.2	0.8	-10
Other Income	-0.2	1.6	1.6	1.4	1.6	1.3	1.1	1.0	4.3	5.0	1.3	-6
<b>PBT before EO Exp.</b>	<b>4.1</b>	<b>2.5</b>	<b>3.8</b>	<b>5.1</b>	<b>7.1</b>	<b>6.0</b>	<b>7.3</b>	<b>6.5</b>	<b>15.6</b>	<b>26.9</b>	<b>5.8</b>	4
Extra-Ord. Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
<b>PBT</b>	<b>4.1</b>	<b>2.5</b>	<b>3.8</b>	<b>5.1</b>	<b>7.1</b>	<b>6.0</b>	<b>7.3</b>	<b>6.5</b>	<b>15.6</b>	<b>26.9</b>	<b>5.8</b>	4
Tax	1.0	0.6	1.1	-0.3	1.3	1.1	2.1	2.1	2.3	6.5	1.4	
Rate (%)	23.4	23.9	28.0	-6.4	18.2	17.6	28.0	31.7	14.8	24.0	25.0	
<b>Reported PAT</b>	<b>3.2</b>	<b>1.9</b>	<b>2.8</b>	<b>5.5</b>	<b>5.8</b>	<b>4.9</b>	<b>5.3</b>	<b>4.4</b>	<b>13.3</b>	<b>20.4</b>	<b>4.3</b>	14
Tax adjustment prior period	0.0	0.0	0.0	-1.5	0.0	0.0	0.0	0.0	-1.5	0.0	0.0	
<b>Adj. PAT</b>	<b>3.2</b>	<b>1.9</b>	<b>2.8</b>	<b>3.9</b>	<b>5.8</b>	<b>4.9</b>	<b>5.3</b>	<b>4.4</b>	<b>11.7</b>	<b>20.4</b>	<b>4.3</b>	14
YoY Change (%)	-52.3	-66.9	-43.7	-28.1	84.2	159.1	90.9	13.1	-48.3	74.1	127.9	

**Quarterly performance**

<b>Sales Dispat. (mt)</b>	<b>7.50</b>	<b>7.46</b>	<b>8.03</b>	<b>8.83</b>	<b>8.92</b>	<b>8.20</b>	<b>8.93</b>	<b>9.73</b>	<b>31.82</b>	<b>35.57</b>	<b>8.23</b>	-0
YoY Change (%)	9.7	18.0	22.6	10.0	18.8	9.9	11.1	10.3	14.7	11.8	10.4	
<b>Realization</b>	<b>5,602</b>	<b>5,071</b>	<b>5,065</b>	<b>5,420</b>	<b>5,607</b>	<b>5,594</b>	<b>5,644</b>	<b>5,446</b>	<b>5,292</b>	<b>5,601</b>	<b>5,367</b>	4
YoY Change (%)	11.1	0.0	-6.6	6.2	0.1	10.3	11.4	0.5	2.4	5.9	5.8	
<b>Expenditure</b>												
RM Cost	234	496	352	488	646	556	571	587	396	594	418	33
Staff Cost	290	281	271	250	263	285	263	243	272	264	274	4
Power and Fuel	1,923	1,646	1,622	1,782	1,709	1,671	1,621	1,444	1,743	1,615	1,589	5
Freight	1,204	1,148	1,174	1,168	1,192	1,160	1,203	1,193	1,173	1,195	1,182	-2
Other Expenses	859	799	765	721	750	861	803	763	783	797	875	-2
<b>Total Op. cost</b>	<b>4,511</b>	<b>4,369</b>	<b>4,184</b>	<b>4,409</b>	<b>4,561</b>	<b>4,533</b>	<b>4,462</b>	<b>4,229</b>	<b>4,367</b>	<b>4,465</b>	<b>4,339</b>	4
<b>EBITDA</b>	<b>1,091</b>	<b>701</b>	<b>881</b>	<b>1,011</b>	<b>1,046</b>	<b>1,062</b>	<b>1,183</b>	<b>1,217</b>	<b>925</b>	<b>1,137</b>	<b>1,028</b>	3

Source: Company, MOFSL Estimates



## Highlights from the management commentary

### Cement demand and pricing

- Cement demand is expected to remain robust in the mid-term on account of rising expenditure on infrastructure and housing. Capacity utilization stood at 76% in 2QFY24 vs. 66%/80% in 2QFY23/1QFY24. In East India, capacity utilization stood at ~74% during the quarter (vs. 92% in 1QFY24), due to heavy rains in some areas. Also, the commissioning of new Grinding unit in Purulia, West Bengal resulted in lower utilization on an average basis. Volume growth is estimated at ~12% in FY24 (volume grew 14% YoY in 1HFY24).
- Cement realization increased 1% YoY and 2% QoQ to INR4,843/t in 2QFY24. As per the management, realization is higher by INR200/t in Oct'23 vs. 2QFY24.

### Operational highlights

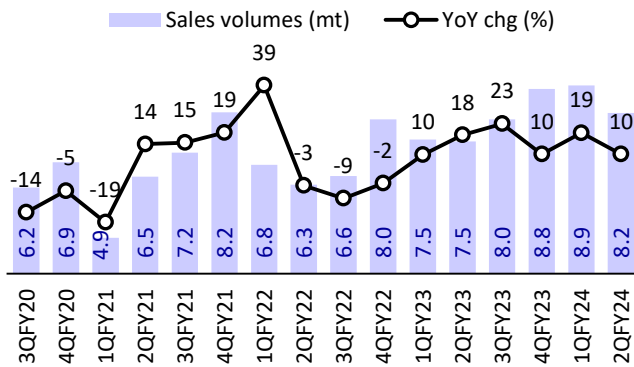
- Average fuel consumption cost (in Kcal) stood at INR2.05 vs. INR2.8/INR2.34 in 2QFY23/1QFY24. Management estimated the average fuel cost to be at INR1.90 for the next six months. The company's alternative fuel share stood at ~10% in 2QFY24.
- Green power share stood at 58.6% vs. 50.8%/56% in 2QFY23/1QFY24. Green power share is estimated to increase to 62-63% in the next six to eight months.
- The company is witnessing some delay in achieving its TSR target of ~15%.
- Trade sales stood at 80% in 2QFY24 and blended cement share stood at 75%. Sales of premium products stood at 9.5% vs. 7.5%/8.8% in 2QFY23/1QFY24. It is targeting to increase this to ~12% in the next six months.
- Lead distance increased to 472Km vs. 456Km in 1QFY24. Higher lead distance was led by increase in volume to Orissa and West Bengal markets.
- Revenue from the power business stood at INR3.43b and EBITDA was at INR300m (8-9% margin). The company sold ~400m units. In 1HFY24, power business revenue stood at INR8.22b and EBITDA was around INR750m. The company uses entirely imported fuel (comes from the Gujarat port) for power generation, which is costlier.

### Capacity expansion and strategic diversification

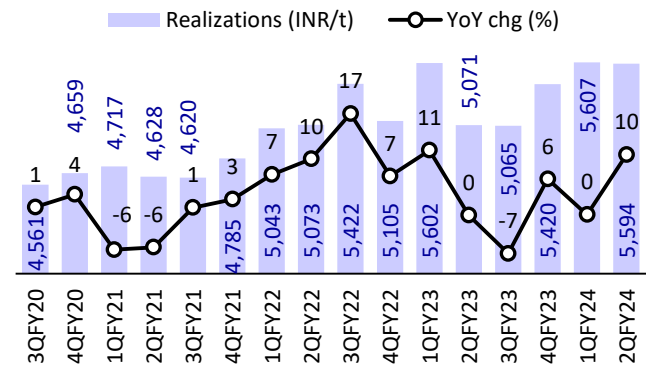
- The Greenfield expansion at Nawalgarh (Rajasthan), having clinker/grinding capacity of 3.8mtpa/3.5mtpa, is delayed by three months and is now expected to be commissioned in 4QFY24. The Guntur (Andhra Pradesh) plant, equipped with a clinker/grinding capacity of 1.5mtpa/3.0mtpa, is anticipated to be operational in March-April 2024. Concurrently, the work on other expansions announced in 1QFY24, has commenced and is on track to be completed as scheduled.
- The company announced brownfield grinding capacity expansion of 3.4mtpa at Baloda Bazar in Chhattisgarh at an estimated capex of INR5.5b. The project is estimated to be completed by 2QFY26. It expects grinding capacity to increase to 36mtpa/62mtpa by Mar'24/Mar'25 from 49.9mtpa currently. SRCM targets to increase domestic grinding capacity to 80mtpa in the next three years.

## Story in charts

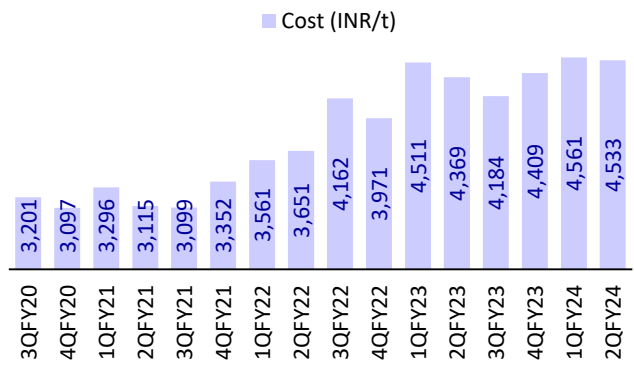
**Exhibit 1: Sales volume grew 10% YoY**



**Exhibit 2: Blended realization was flat QoQ**

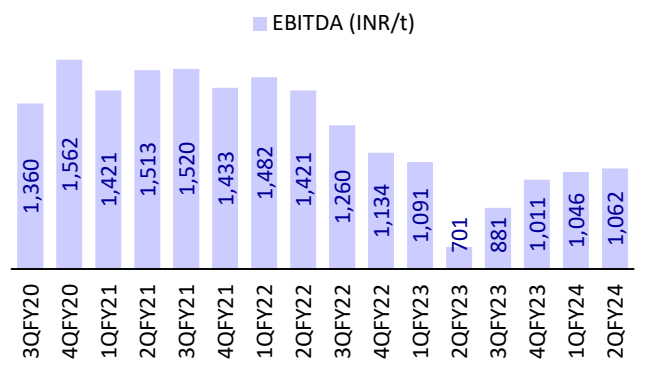


**Exhibit 3: Blended OPEX/t was up 4% YoY, declined 1% QoQ**



Source: Company, MOFSL

**Exhibit 4: EBITDA/t was up 51% YoY**



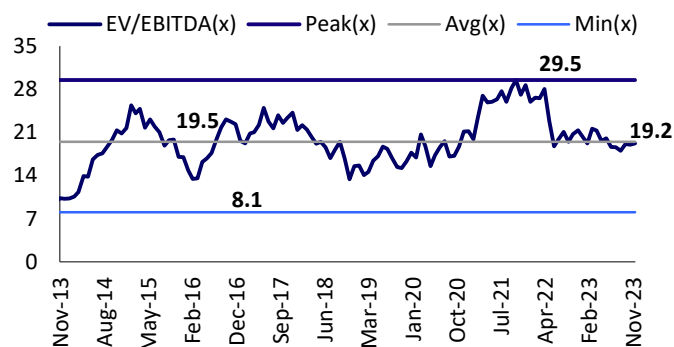
Source: Company, MOFSL

**Exhibit 5: Key performance indicators – per tonne analysis**

INR/t	2QFY24	2QFY23	YoY (%)	1QFY24	QoQ(%)
<b>Net realization</b>	<b>5,594</b>	<b>5,071</b>	<b>10</b>	<b>5,607</b>	<b>-0</b>
RM Cost	556	496	12	646	-14
Employee Expenses	285	281	1	263	8
Power, Oil, and Fuel	1,671	1,646	2	1,709	-2
Freight and Handling	1,160	1,148	1	1,192	-3
Other Expenses	861	799	8	750	15
<b>Total Expenses</b>	<b>4,533</b>	<b>4,369</b>	<b>4</b>	<b>4,561</b>	<b>-1</b>
<b>EBITDA</b>	<b>1,062</b>	<b>701</b>	<b>51</b>	<b>1,046</b>	<b>2</b>

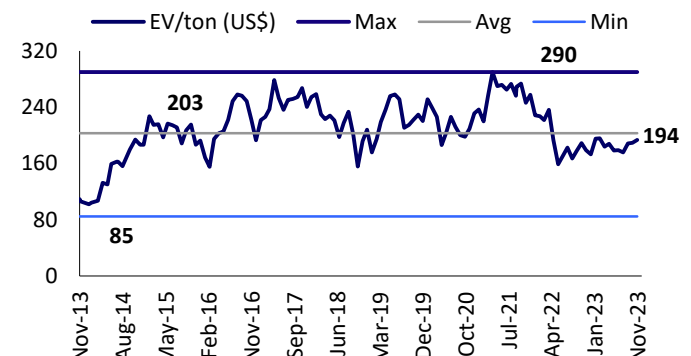
Source: Company, MOFSL

**Exhibit 6: One-year forward EV/EBITDA ratio chart**



Source: Company, MOFSL

**Exhibit 7: One-year forward EV/t chart**



Source: Company, MOFSL

## Standalone financials and valuations

Income Statement								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Net Sales</b>	<b>1,17,599</b>	<b>1,19,301</b>	<b>1,26,037</b>	<b>1,43,297</b>	<b>1,68,375</b>	<b>1,99,251</b>	<b>2,15,059</b>	<b>2,32,860</b>
Change (%)	18.9	1.4	5.6	13.7	17.5	18.3	7.9	8.3
<b>EBITDA</b>	<b>27,869</b>	<b>36,745</b>	<b>39,547</b>	<b>36,478</b>	<b>29,423</b>	<b>40,435</b>	<b>48,694</b>	<b>55,738</b>
Margin (%)	23.7	30.8	31.4	25.5	17.5	20.3	22.6	23.9
Depreciation	13,917	16,994	11,399	10,365	15,462	15,335	21,808	22,842
<b>EBIT</b>	<b>13,952</b>	<b>19,751</b>	<b>28,148</b>	<b>26,114</b>	<b>13,961</b>	<b>25,100</b>	<b>26,886</b>	<b>32,895</b>
Int. and Finance Charges	3,810	2,865	2,471	2,178	2,689	3,220	3,837	3,613
Other Income – Rec.	2,454	2,716	4,580	5,373	4,315	5,084	4,885	4,569
<b>PBT before EO Expense</b>	<b>12,596</b>	<b>19,602</b>	<b>30,257</b>	<b>29,309</b>	<b>15,586</b>	<b>26,963</b>	<b>27,935</b>	<b>33,852</b>
EO Expense/(Income)	1,781	0	0	0	0	0	0	0
PBT after EO Expense	10,814	19,602	30,257	29,309	15,586	26,963	27,935	33,852
Tax	2,177	5,248	7,536	4,382	937	6,471	6,984	8,463
Deferred Tax	-873	-1,348	-398	1,161	1,368	0	0	0
Tax Rate (%)	12.1	19.9	23.6	18.9	14.8	24.0	25.0	25.0
<b>Reported PAT</b>	<b>9,510</b>	<b>15,702</b>	<b>23,119</b>	<b>23,766</b>	<b>13,281</b>	<b>20,492</b>	<b>20,951</b>	<b>25,389</b>
Tax adjustment prior period	0	0	-103	-1,045	-1,543	0	0	0
<b>Adj. PAT for EO items</b>	<b>10,754</b>	<b>15,702</b>	<b>23,017</b>	<b>22,721</b>	<b>11,739</b>	<b>20,492</b>	<b>20,951</b>	<b>25,389</b>
Change (%)	-22.3	46.0	46.6	-1.3	-48.3	74.6	2.2	21.2
Margin (%)	9.1	13.2	18.3	15.9	7.0	10.3	9.7	10.9

Balance Sheet								(INR m)
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	348	361	361	361	361	361	361	361
Other Reserves	95,626	1,29,003	1,52,140	1,72,348	1,82,524	1,99,408	2,16,030	2,36,006
Total Reserves	95,626	1,29,003	1,52,140	1,72,348	1,82,525	1,99,410	2,16,032	2,36,008
<b>Net Worth</b>	<b>95,974</b>	<b>1,29,364</b>	<b>1,52,501</b>	<b>1,72,709</b>	<b>1,82,885</b>	<b>1,99,771</b>	<b>2,16,392</b>	<b>2,36,369</b>
Deferred Liabilities	-6126	-7438	-7855	-6695	-6686	-6686	-6686	-6686
Secured Loan	27,980	31,042	21,332	20,142	25,392	28,000	32,424	29,366
Unsecured Loan	0	400	0	0	0	0	0	0
Total Loans	27,980	31,442	21,332	20,142	25,392	28,000	32,424	29,366
<b>Capital Employed</b>	<b>1,17,827</b>	<b>1,53,368</b>	<b>1,65,978</b>	<b>1,86,155</b>	<b>2,01,592</b>	<b>2,21,085</b>	<b>2,42,131</b>	<b>2,59,049</b>
Gross Block	88,365	1,03,634	1,13,644	1,35,229	1,50,803	1,93,803	2,33,803	2,73,803
Less: Accum. Deprn.	43,608	60,445	71,729	82,014	97,476	1,12,811	1,34,619	1,57,461
<b>Net Fixed Assets</b>	<b>44,757</b>	<b>43,189</b>	<b>41,916</b>	<b>53,215</b>	<b>53,327</b>	<b>80,992</b>	<b>99,184</b>	<b>1,16,342</b>
Capital WIP	14,725	12,576	12,836	9,729	23,203	15,203	15,203	15,203
Financial investments	22,856	63,575	83,712	86,014	87,060	82,060	77,060	72,060
Strategic Investment	21,583	25,579	26,794	29,445	29,445	29,445	29,445	29,445
<b>Curr. Assets</b>	<b>41,886</b>	<b>41,022</b>	<b>37,275</b>	<b>49,056</b>	<b>58,467</b>	<b>67,417</b>	<b>74,679</b>	<b>79,044</b>
Inventory	15,891	14,279	14,772	21,614	24,226	27,295	29,460	28,709
Account Receivables	7,324	8,285	4,859	5,957	9,061	10,918	11,784	12,759
Cash and Bank Balance	3,078	1,082	2,098	1,183	1,193	1,619	1,712	1,095
Others	15,593	17,378	15,547	20,303	23,987	27,585	31,723	36,481
<b>Curr. Liability and Prov.</b>	<b>27,980</b>	<b>32,574</b>	<b>36,555</b>	<b>41,304</b>	<b>49,911</b>	<b>54,033</b>	<b>53,442</b>	<b>53,046</b>
Account Payables	27,886	32,470	36,430	41,160	49,756	53,879	53,287	52,892
Provisions	93	104	125	144	155	155	155	155
<b>Net Current Assets</b>	<b>13,907</b>	<b>8,449</b>	<b>721</b>	<b>7,752</b>	<b>8,556</b>	<b>13,383</b>	<b>21,237</b>	<b>25,998</b>
<b>Appl. of Funds</b>	<b>1,17,827</b>	<b>1,53,368</b>	<b>1,65,978</b>	<b>1,86,155</b>	<b>2,01,592</b>	<b>2,21,085</b>	<b>2,42,131</b>	<b>2,59,049</b>

Source: Company, MOFSL

## Standalone financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>309</b>	<b>435</b>	<b>638</b>	<b>630</b>	<b>325</b>	<b>568</b>	<b>581</b>	<b>704</b>
Cash EPS	399	471	316	287	429	425	604	633
BV/Share	2,755	3,585	4,227	4,787	5,069	5,537	5,997	6,551
DPS	60.0	110.0	60.0	90.0	100.0	100.0	120.0	150.0
Payout (%)	22.0	25.3	9.4	13.7	27.2	17.6	20.7	21.3
<b>Valuation (x)</b>								
P/E	85.0	60.3	41.2	41.7	80.7	46.2	45.2	37.3
Cash P/E	65.7	55.7	83.1	91.4	61.3	61.8	43.4	41.5
P/BV	9.5	7.3	6.2	5.5	5.2	4.7	4.4	4.0
EV/Sales	7.9	7.6	6.9	6.1	5.1	4.4	4.1	3.8
EV/EBITDA	33.5	24.5	22.0	23.9	29.3	21.7	18.2	15.9
EV/t (USD-Cap)	298	270	242	227	224	198	190	157
Dividend Yield (%)	0.2	0.4	0.2	0.3	0.4	0.4	0.5	0.6
<b>Return Ratios (%)</b>								
RoIC	23.4	25.8	39.2	33.4	15.6	23.6	19.9	20.6
RoE	11.6	13.9	16.3	14.0	6.6	10.7	10.1	11.2
RoCE	11.7	12.6	14.9	13.9	7.8	10.5	10.0	10.9
<b>Working Capital Ratios</b>								
Inventory (Days)	49	44	43	55	53	50	50	45
Debtor (Days)	23	25	14	15	20	20	20	20
Creditor (Days)	87	99	106	105	108	99	90	83
Working Capital Turnover (Days)	43	26	2	20	19	25	36	41
<b>Leverage Ratio (x)</b>								
Current Ratio	1.5	1.3	1.0	1.2	1.2	1.2	1.4	1.5
Net Debt/Equity ratio	0.0	-0.3	-0.4	-0.4	-0.3	-0.3	-0.2	-0.2

### Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
<b>(INR m)</b>								
OP/(Loss) before Tax	10,814	19,602	30,257	29,309	15,586	26,963	27,935	33,852
Depreciation	13,916	16,994	11,399	10,365	15,462	15,335	21,808	22,842
Interest and Finance Charges	833	1,132	220	-849	-165	0	0	0
Direct Taxes Paid	-2,300	-4,859	-7,439	-1,959	-3,287	-6,471	-6,984	-8,463
(Inc.)/Dec. in WC	-5,302	5,591	8,762	-7,321	967	-4,401	-7,761	-5,378
<b>CF from Operations</b>	<b>17,962</b>	<b>38,460</b>	<b>43,200</b>	<b>29,546</b>	<b>28,563</b>	<b>31,426</b>	<b>34,998</b>	<b>42,853</b>
Others	2,635	-947	-2,264	-2,317	-1,520	0	0	0
<b>CF from Operations incl. EO</b>	<b>20,597</b>	<b>37,513</b>	<b>40,936</b>	<b>27,229</b>	<b>27,043</b>	<b>31,426</b>	<b>34,998</b>	<b>42,853</b>
(Inc.)/Dec. in FA	-18,853	-12,941	-9,984	-19,483	-27,619	-35,000	-40,000	-40,000
<b>Free Cash Flow</b>	<b>1,744</b>	<b>24,572</b>	<b>30,953</b>	<b>7,746</b>	<b>-576</b>	<b>-3,574</b>	<b>-5,002</b>	<b>2,853</b>
(Pur.)/Sale of Investments	10,727	-42,478	-17,791	-77	3,737	5,000	5,000	5,000
Others	51	0	0	0	0	0	0	0
<b>CF from Investments</b>	<b>-8,075</b>	<b>-55,419</b>	<b>-27,774</b>	<b>-19,559</b>	<b>-23,882</b>	<b>-30,000</b>	<b>-35,000</b>	<b>-35,000</b>
Issue of Shares	0	23,833	0	0	0	0	0	0
Inc./(Dec.) in Debt	-7,591	1,175	-9,610	-2,707	2,669	2,608	4,424	-3,058
Interest Paid	-2,753	-2,868	-2,514	-2,088	-2,574	0	0	0
Dividend Paid	-2,308	-6,231	-22	-3,789	-3,245	-3,608	-4,330	-5,412
<b>CF from Fin. Activity</b>	<b>-12,653</b>	<b>15,910</b>	<b>-12,146</b>	<b>-8,584</b>	<b>-3,151</b>	<b>-1,000</b>	<b>95</b>	<b>-8,470</b>
<b>Inc./Dec. in Cash</b>	<b>-131</b>	<b>-1,997</b>	<b>1,016</b>	<b>-915</b>	<b>11</b>	<b>426</b>	<b>93</b>	<b>-617</b>
Opening Balance	3,209	3,078	1,081	2,097	1,183	1,193	1,620	1,712
<b>Closing Balance</b>	<b>3,078</b>	<b>1,081</b>	<b>2,097</b>	<b>1,183</b>	<b>1,193</b>	<b>1,620</b>	<b>1,712</b>	<b>1,095</b>

Investment in securities market are subject to market risks. Read all the related documents carefully before investing



Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
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 is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days 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 Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - 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), NERL, COMRIS and CCRL 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 Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL 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 MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL 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 MOFSL 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. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL 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 MOFSL & 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 Financial Services Limited (MOFSL) 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 MOFSL 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 MOFSL, 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., MOFSL 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

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

#### Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/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 or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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 MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

#### 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.

#### Terms & Conditions:

This report has been prepared by MOFSL 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 MOFSL. 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. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### 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. MOFSL, 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 MOFSL. 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 MOFSL 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, nor 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 MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL 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.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000.

Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.