



TM

SYSTEMATIX INSTITUTIONAL EQUITIES

Systematix

Institutional Equities

Surya Roshni

15 May 2024

The lighting segment partially offsets steel margin pressure; fresh capex announced

RESULT UPDATE

Sector: Metals and Mining Rating: BUY

CMP: Rs 578 Target Price: Rs 684

Stock Info

Sensex/Nifty 72,987/22,200

Bloomberg SYR IN

Equity shares (mn) 108

52-wk High/Low 842/364

Face value Rs 5

M-Cap Rs 63bn/USD 0.8bn

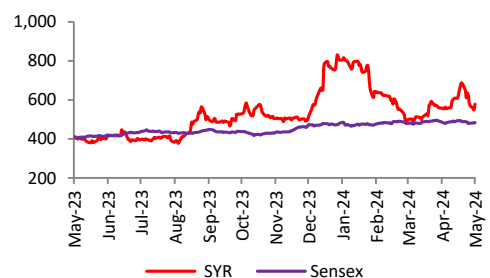
Financial Snapshot (Rs bn)

Y/E Mar	FY24	FY25E	FY26E
Sales	78.1	91.3	102.0
EBITDA	5.7	6.9	7.6
PAT	3.3	4.2	4.6
EPS (Rs)	30.3	38.4	42.1
PE (x)	19.0	15.1	13.7
EV/EBITDA (x)	10.6	8.9	8.0
RoE (%)	16.3	18.1	17.6
RoCE (%)	20.5	24.1	23.5
Dividend yield (%)	0.9	1.1	1.1

Shareholding pattern (%)

	Mar'24	Dec'23	Sep'23
Promoter	63.0	63.0	63.0
-Pledged	-	-	-
FII	5.0	5.3	5.1
DII	0.6	0.5	0.6
Others	31.5	31.3	31.4

Stock Performance (1-year)



Surya Roshni (SYR) reported 4QFY24 revenue of Rs 20.8bn (-3%/+7% YoY/QoQ), 4% below our estimate due to lower realizations. EBITDA for the quarter was reported at Rs 1.7bn (-32%/+9% YoY/QoQ), 11% below estimate, majorly impacted by a) lower realisations, and b) a fall in API spiral pipes deliveries, partially offset by better margins at the lighting and consumer durables segment. The steel pipes and tubes segment recorded 4QFY24 sales of 236kt (+10%/+20% YoY/QoQ). EBITDA/t was reported at Rs 5,877/t, falling by 40% YoY and 5% QoQ impacted by lower steel prices and subdued sales of value-added products (VAP), especially the high margin API spiral pipes (32% YoY decline). The segment's current order book stands at Rs 8bn comprising oil & gas and water segment, and export deliveries. The lighting and consumer durables segment EBITDA was reported at Rs 0.5bn (+7%/+18% YoY/QoQ) with a +102bps/+134bps YoY/QoQ improvement in EBITDA margin at 10.8%. SYR repaid Rs 4bn debt in FY24 attaining a debt-free status with closing cash position of Rs 0.6bn. The company has announced a fresh capex plan towards a) steel pipe capacity expansion from 1.2mt to 2mt, and b) enhancing the professional and value-added product portfolio in the lighting segment. The capex plan would span over two years at an estimated outlay of Rs 5bn.

SYR reported FY24 revenue of Rs 78.1bn (-2% YoY) and EBITDA of Rs 5.9bn (-5% YoY). FY24 steel segment volumes of 825kt (+5% YoY) fell short by 75kt versus 900kt guided by the company. The steel segment reported FY24 revenue of Rs 62bn, declining by 3% YoY. Higher volume deliveries partially offset the impact of lower steel prices during the year. In the lighting segment, the company reported revenue of Rs 16bn, a growth of 2% YoY, and an improvement in EBITDA margin to 8.05% vs 6.75% in FY23.

Valuation & View: We revise our FY25E EBITDA estimate lower by 13% based on lower steel segment margins partially offset by a higher margin assumption for the lighting division. We value SYR at 9.5x FY26EV/EBITDA to arrive at a revised target price of Rs 684/share (Rs 740 based on 8.8x FY26E EV/EBITDA earlier) implying an upside of 18% from CMP and upgrade the rating to BUY. **UPGRADE TO BUY.**

Key takeaways from the 4QFY24 earnings call

- Capacity expansion plans:** SYR has announced a fresh expansion plan to expand steel capacities from 1.2mt to 2mt at an outlay of Rs 5bn. The company's ongoing capex of Rs 1bn includes investments at the Bahadurgarh plant (50,000t), to be operational by June this year, and the Gwalior plant (60,000t), expected to be operational by 3QFY25. A greenfield project in Maharashtra is underway, at an estimated outlay of Rs 2.5bn towards land and machinery. SYR is also working to develop new product categories in the professional lighting segment. Capital expenditure for the lighting segment is expected to be around Rs 1bn over the next three years.
- Focus on VAP:** Around 70% of the planned capex would be allocated to high-margin VAP, enabling an increased share of VAP sales. SYR targets to achieve 50% of its sales from VAP (45% in FY24). API pipes generate around Rs 11,000-15,000/t margins in the value-added category, followed by galvanized iron pipes at Rs

Shweta Dikshit

shwetadikshit@systematixgroup.in
+91 22 6704 8042

Hinal Kothari

hinalkothari@systematixgroup.in
+91 22 6704 8076

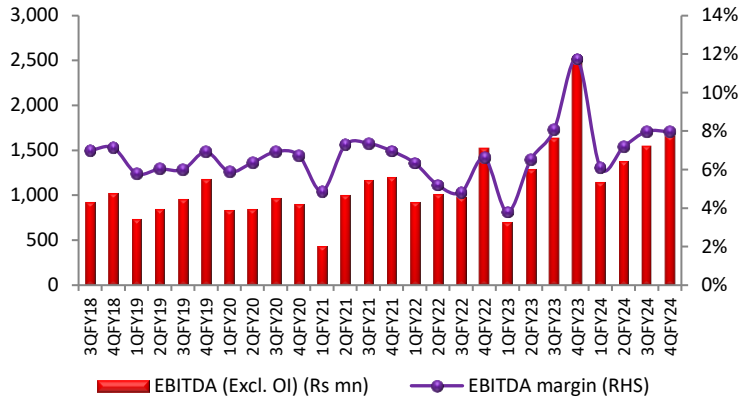
6,500-7,000/t, black pipes at Rs 4,500/t, hollow section pipes at Rs 2,000/t, and cold rolling strips at Rs 1,500/t.

- **Volume:** The company reported 825kt of volumes in FY24, recording a growth of 5% YoY but fell short of the company's guidance of 900kt due to electoral slowdown. The drop in EBITDA/t can be attributed to a 32% YoY fall in API spiral pipe deliveries and flat ERW pipe volumes during the year. The management expects steel segment volumes to grow by 15% YoY in FY25 led by demand revival and incremental volumes from expansions.
- **EBITDA and EBITDA/t guidance:** The management expects to achieve around Rs 6.9bn in FY25, out of which ~Rs 1.9bn is expected to be contributed by the lighting and consumer durables segment. EBITDA/t is expected to remain around the Rs 5,400-5,500/t range and can potentially improve to ~Rs 6,500-7,000/t after full commissioning of the proposed expansion plan.
- **Lighting segment:** The lighting segment displayed resilient performance during the year. Higher professional lighting sales, backward integration, and improving sales in the consumer durables segment helped majorly offset around a 30% price erosion during the year. Infrastructure and Industrial sectors were the major drivers for a 20% YoY growth in FY24 and this trajectory is expected to continue.

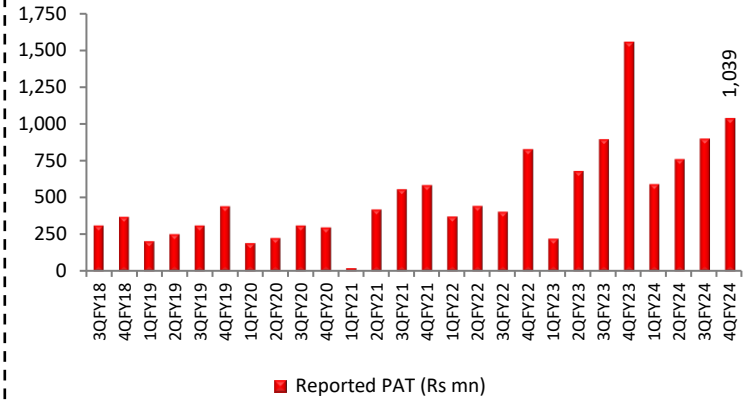
Exhibit 1: Quarterly snapshot

Particulars (Rs bn)	4QFY24	4QFY23	YoY (%)	3QFY24	QoQ (%)
Sales (Net)	20.8	21.5	-3.3%	19.4	7.4%
Other income	0.1	0.0	350.3%	0.0	83.2%
Total Income	20.9	21.5	-3.0%	19.4	7.5%
Expenditure:					
Cost of material	16.0	16.1	-0.6%	15.0	6.6%
Employees expenses	1.1	1.0	7.5%	1.1	1.7%
Other expenses	2.1	1.9	9.5%	1.8	17.4%
Total expenditure	19.1	19.0	0.8%	17.8	7.4%
EBITDA	1.7	2.5	-32.0%	1.6	9.1%
EBITDA (Excl. OI)	1.7	2.5	-34.3%	1.5	7.3%
Depreciation	0.3	0.3	2.0%	0.3	-2.2%
EBIT	1.4	2.3	-36.3%	1.3	11.7%
Finance Cost	0.0	0.1	-59.6%	0.1	-45.2%
Exceptional item	-	-		-	
EBT	1.4	2.2	-35.3%	1.2	15.1%
Tax	0	1	-40.7%	0	14.5%
Tax rate	25%	28%	0.0%	26%	0.0%
PAT	1.0	1.6	-33.2%	0.9	15.3%
PAT (adj)	1.0	1.6	-33.2%	0.9	15.3%
EPS (Rs.)	0.0	0.0	-33.7%	0.0	15.3%
EPS Diluted (Rs.)	0.0	0.0	-33.7%	0.0	15.3%
EBITDA margin	8.0%	11.7%	-376	8.0%	-1
PAT margin	5.0%	7.2%	-224	4.6%	35

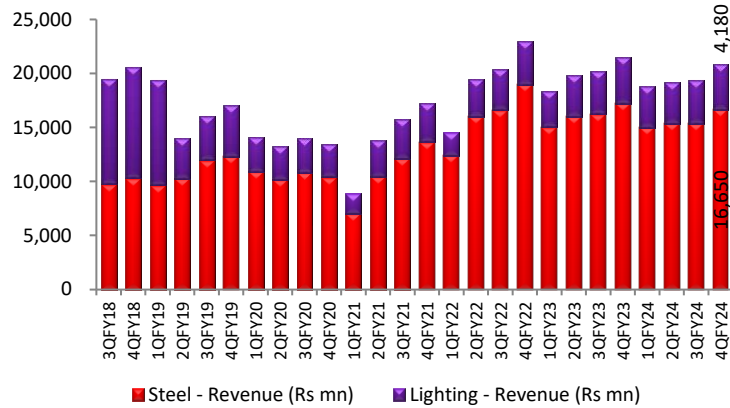
Source: Systematix Institutional Research

Exhibit 2: EBITDA margin flat sequentially at 8%

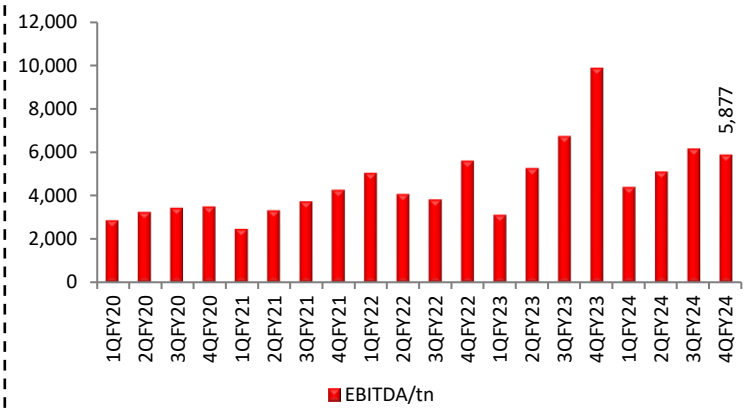
Source: Company, Systematix Institutional Research

Exhibit 3: Quarterly PAT improves on lower costs

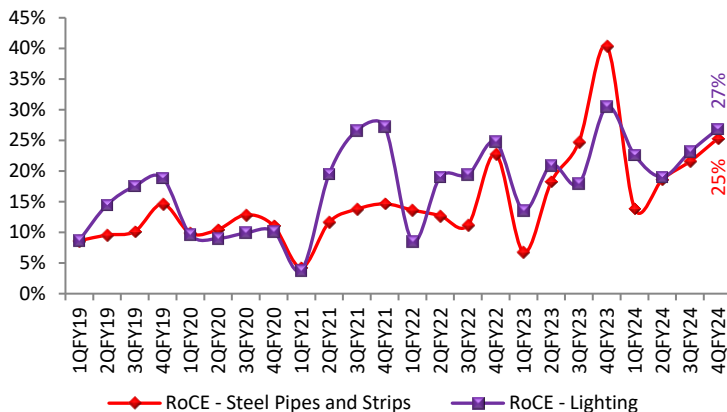
Source: Company, Systematix Institutional Research

Exhibit 4: Segment-wise revenue

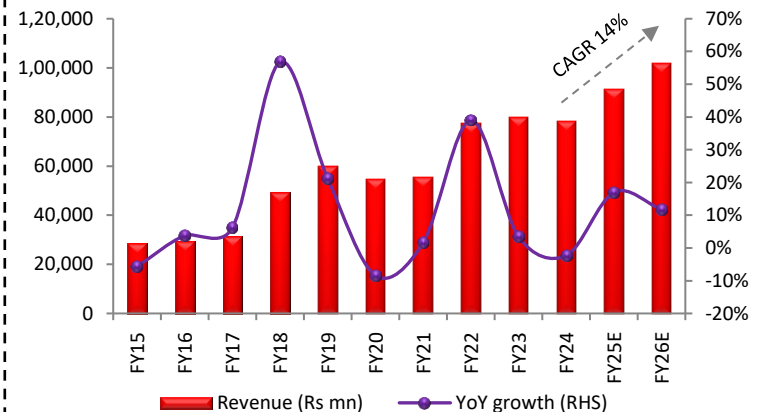
Source: Company, Systematix Institutional Research

Exhibit 5: Steel segment EBITDA/ton

Source: Company, Systematix Institutional Research

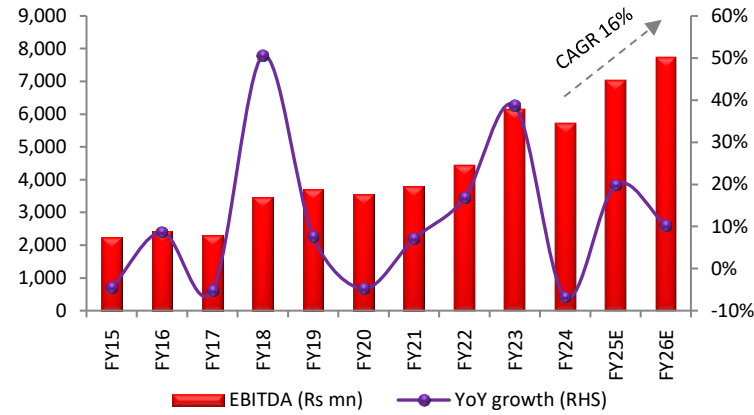
Exhibit 6: Segment-wise RoCE

Source: Company, Systematix Institutional Research

Exhibit 7: Revenue to trend higher on higher VAP sales and grow at 14% CAGR over FY24-FY26E

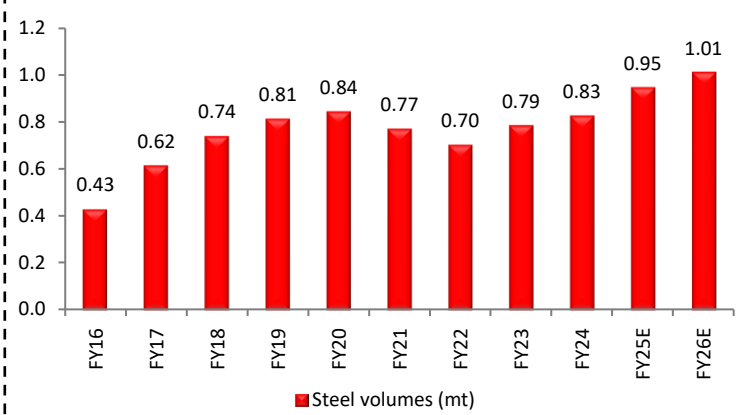
Source: Company, Systematix Institutional Research

Exhibit 8: Consolidated EBITDA



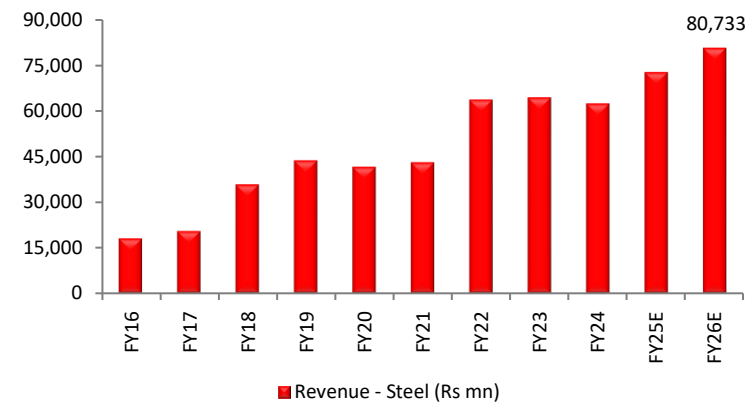
Source: Company, Systematix Institutional Research

Exhibit 9: Stable growth in steel segment volumes



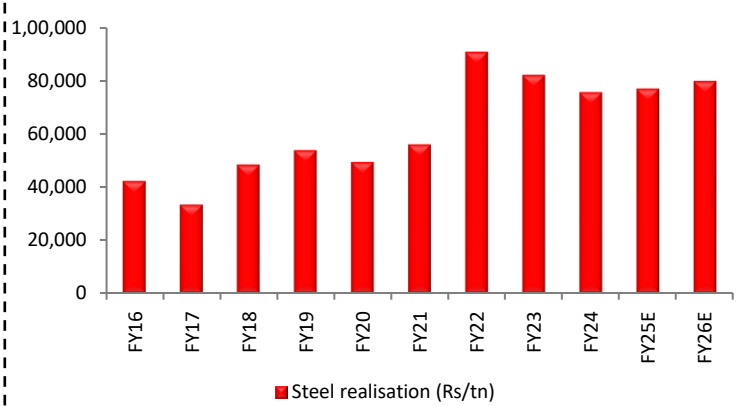
Source: Company, Systematix Institutional Research

Exhibit 10: Steel segment growth in line with volume



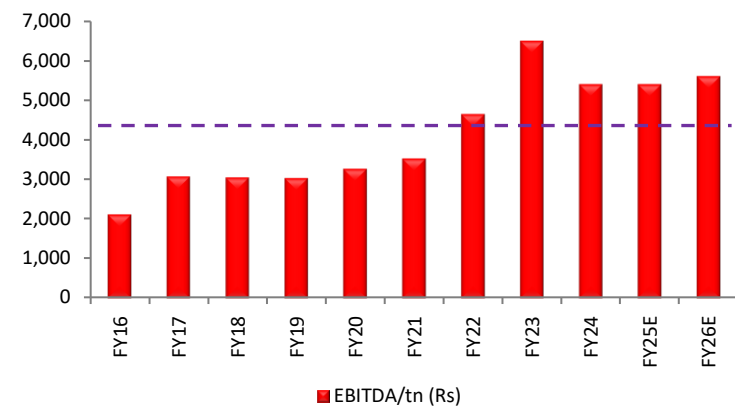
Source: Company, Systematix Institutional Research

Exhibit 11: NSR likely to stabilize over FY24-FY26E



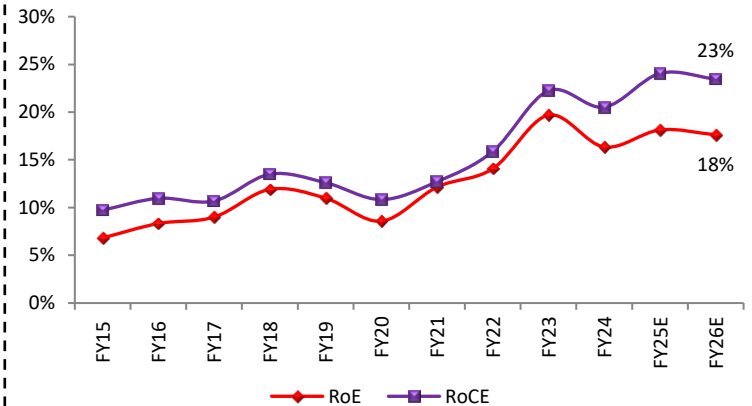
Source: Company, Systematix Institutional Research

Exhibit 12: EBITDA margins likely to stay above Rs 5,000/t



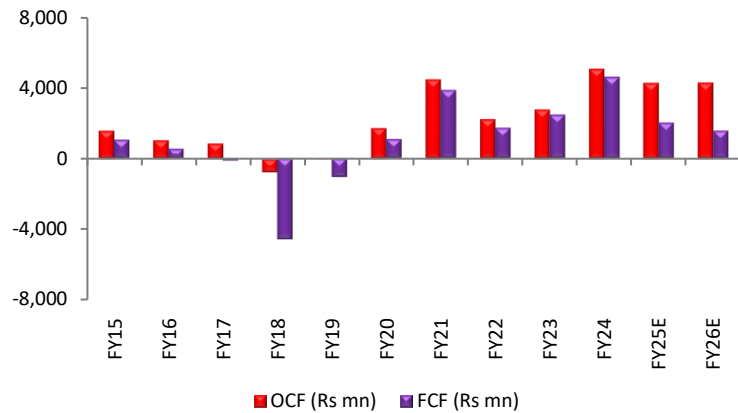
Source: Company, Systematix Institutional Research

Exhibit 13: RoE and RoCE



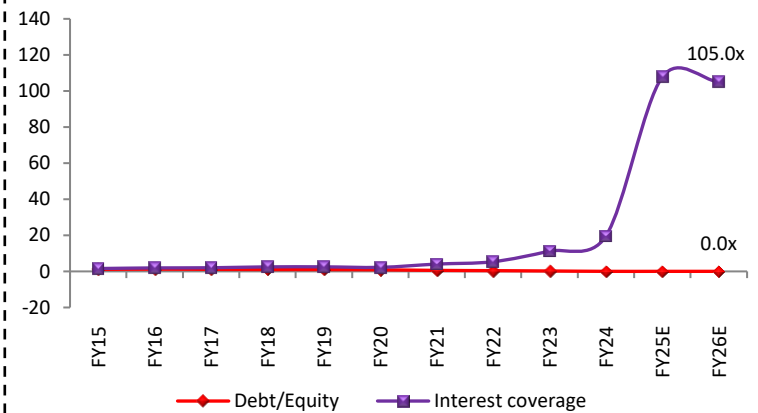
Source: Company, Systematix Institutional Research

Exhibit 14: Operating cash flow generation to remain healthy



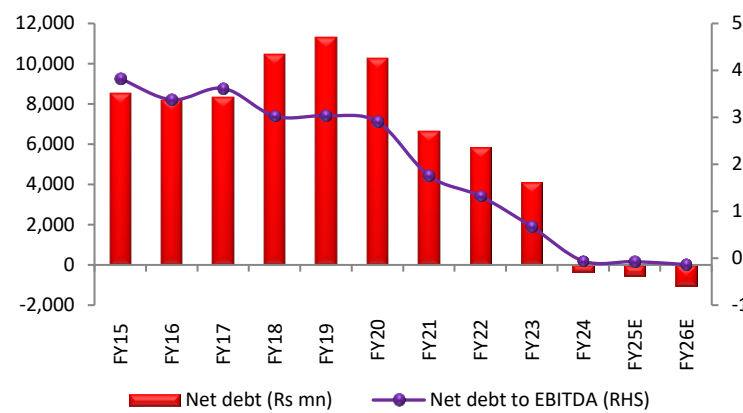
Source: Company, Systematix Institutional Research

Exhibit 15: The company turned debt-free in FY24



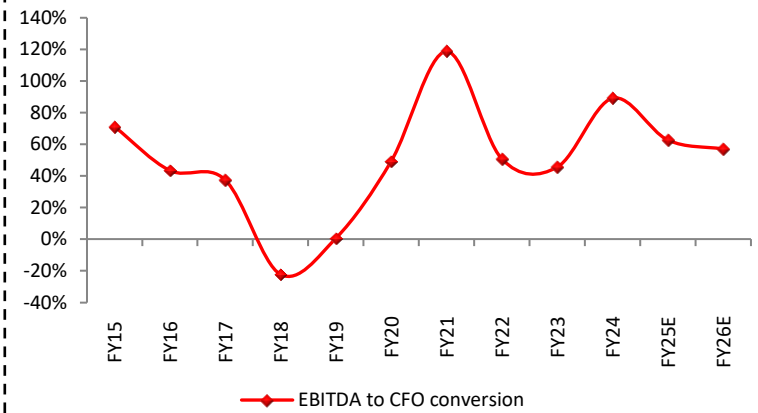
Source: Company, Systematix Institutional Research

Exhibit 16: Net debt and Net debt/EBITDA



Source: Company, Systematix Institutional Research

Exhibit 17: Cash conversion to remain high



Source: Company, Systematix Institutional Research

Exhibit 18: SYR, EV/EBITDA Method, FY26E, Mar YE

	Discount (%)	EBITDA (Rs bn)	Multiple (x)	Enterprise Value (Rs bn)	Per Share (Rs)
EBITDA		7.7	9.5	74	678
Less: net debt				(0)	(4)
CWIP	0%			0	2
Equity value				74	684
Target price per share				684	

Source: Company, Systematix Institutional Research

Exhibit 19: Key assumptions

	FY22	FY23	FY24	FY25E	FY26E
Steel Volume: (mtpa)	0.70	0.79	0.83	0.95	1.01
EBITDA/t - Steel Products	4,648	6,496	5,401	5,400	5,600
EBITDA Margin - Lightning (%)	8.8%	6.7%	8.1%	10.6%	10.0%

Source: Company, Systematix Institutional Research

Exhibit 20: Revised estimates

(Rs bn)	Previous		New		% Change
	FY25E	FY26E	FY25E	FY26E	FY25E
Net sales	103.8	-	91.3	102.0	-12%
EBITDA	7.9	-	6.9	7.6	-13%
PAT	4.6	-	4.2	4.6	-9%
EBITDA/t (Rs)	6,200	-	5,400	5,600	-13%
Volume Sales - steel segment (mt)	1.0	-	0.9	1.0	-5%
Lighting segmnet EBITDA margin	10%	-	15%	15%	500 bps

Source: Company, Systematix Institutional Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs bn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	77.3	80.0	78.1	91.3	102.0
Expenditure	72.9	73.8	72.4	84.5	94.5
EBITDA	4.4	6.1	5.7	6.9	7.6
Depreciation	1.1	1.2	1.2	1.3	1.5
EBIT	3.3	5.0	4.6	5.5	6.1
Interest and other income	0.6	0.4	0.2	0.1	0.1
Exceptionals	0.0	0.0	0.0	0.0	0.0
PBT	2.8	4.6	4.4	5.6	6.2
Taxes	0.7	1.2	1.2	1.5	1.6
Adj. PAT	2.1	3.4	3.3	4.2	4.6
No of shares	106.7	107.6	108.5	108.8	108.8
Adj. EPS	19.2	31.2	30.3	38.4	42.1

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs bn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	0.5	0.5	0.5	0.5	0.5
Reserves & Surplus	14.9	18.1	21.1	23.9	27.1
Networth	15.5	18.6	21.7	24.4	27.6
Minority interest	-	-	-	-	-
Total Debt	6.7	4.5	0.6	0.7	0.7
Def. tax liab. (net)	0.6	0.7	0.6	0.6	0.6
Capital employed	22.7	23.8	22.8	25.6	28.9
Net Fixed assets	10.0	9.2	8.5	11.4	12.5
Investments	-	-	-	-	-
Net Working capital	12.8	14.6	13.8	15.0	16.8
Cash and bank balance	0.0	0.0	0.5	0.6	1.1
Capital deployed	22.7	23.8	22.8	27.0	30.4
Net debt	6.7	4.5	0.1	0.0	-0.4
WC (days)	61	68	67	57	57
Book value (Rs/sh)	145	173	200	224	254

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs bn)	FY22	FY23	FY24	FY25E	FY26E
PAT	2	3	3	4	5
+ Non cash items	1	1	1	1	1
Cash profit	3	5	4	5	6
- Inc/(Dec) in WC	1	2	-1	1	2
Operating cash flow	2	3	5	4	4
- Capex	1	0	1	2	3
Free cash flow	2	2	5	2	2
- Dividend	0	1	1	1	1
+ Equity raised	-0	0	0	0	-
+ Debt raised	-1	-2	-4	0	0
- Investments	-	-	-	-	-
- Misc. items	0	-0	-0	1	0
Net cash flow	0	0	0	0	1
+ Opening cash	0	0	0	0	1
Closing cash	0	0	0	1	1

Source: Company, Systematix Institutional Research

Ratio Analysis

YE: Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	30.1	18.5	19.0	15.1	13.7
P/BV (x)	4.0	3.3	2.9	2.6	2.3
EV/EBITDA (x)	15.0	10.7	10.6	8.9	8.0
RoE (%)	14.1	19.7	16.3	18.1	17.6
RoCE (%)	15.9	22.2	20.5	24.1	23.5
Fixed Asset turnover (x)	4.9	4.9	4.2	4.4	4.3
Dividend (%)	41	140	100	130	130
Dividend yield (%)	0.4	1.2	0.9	1.1	1.1
Dividend payout (%)	10.6	22.5	16.5	16.9	15.4
Debtors days	42	34	34	42	42
Creditor days	28	19	17	30	30
Inventory days	47	53	51	45	45
Revenue growth (%)	39.0	3.4	(2.3)	17.0	11.7
PAT growth (%)	29.5	63.7	-1.9	26.9	9.7
EBITDA growth (%)	16.9	38.0	-5.4	19.8	10.3

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
--------------------------	--------------------------	-------------------------	----------------------------------

Equity Research

Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Abhishek Mathur	FMCG	+91-22-6704 8059	abhishekmathur@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Sameer Pardikar	IT & ITES	+91-22-6704 8041	sameerpardikar@systematixgroup.in
Santosh Yellapu	Capital Goods	+91-22-6704 8094	santoshiyellapu@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Deeksha Bhardwaj	Strategy & Economics	+91-22-6704 8017	deekshabhardwaj@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Hinal Kothari	Metals & Mining	+91-22-6704 8076	hinalkothari@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Kalash Jain	Midcaps	+91-22-6704 8038	kalashjain@systematixgroup.in
Krishna Zaveri	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8023	krishnazaveri@systematixgroup.in
Mahek Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8040	mahekshah@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niralichheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Ronak Dhruv	NBFCs & Diversified Financials	+91-22-6704 8045	ronakdhruv@systematixgroup.in
Rushank Mody	Pharmaceuticals and Healthcare	+91-22-6704 8046	rushankmody@systematixgroup.in
Swati Saboo	Midcaps	+91-22-6704 8043	swatisaboo@systematixgroup.in
Vivek Mane	Pharmaceuticals and Healthcare	+91-22-6704 8046	vivekmane@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeeathod@systematixgroup.in

Equity Sales & Trading

Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Jignesh Desai	Sales	+91-22-6704 8068	jigneshdesai@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Shreya Chaudhary	Sales	+91-22-6704 8033	shreyachaudhary@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in
Niraj Singh	Dealer	+91-22-6704 8096	nirajsingh@systematixgroup.in

Corporate Access

Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Darsha Hiwrale	Associate Corporate Access	+91-22-6704 8083	darshahiwrale@systematixgroup.in

Production

Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in

Operations

Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Hiren Patel	Assistant Manager	+91-22-6704 8056	hirenpatel@systematixgroup.in

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Shweta Dikshit, Hinal Kothari**, hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

II. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

- The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
- The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
- The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
- The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
- The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
- SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
- The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
- The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
- Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

- There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

III. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from 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.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report 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. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

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



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI - ARN - 64917