

# Shree Cement

SRCM IN; SHCM.BO

August 16, 2013

Cement | India

## 4Q/F13 result review

**HOLD**

Current price	Rs	3,950
Target price	Rs	4,395
Upside/(downside)	%	11
Earning estimate		Revised

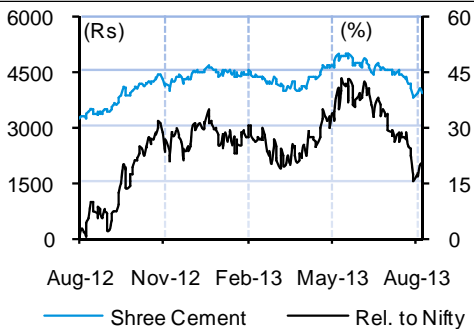
### Market data

Mkt capitalisation	Rs bn	137.6
Average daily vol	'000	3.8
52-week H/L	Rs	5384 / 3175
Shares O/S	mn	34.8
Free float	mn	12.3
Promotor holding	%	64.8
Foreign holding	%	8.1
Face value	Rs	10.0

### Price performance (%)

	1m	3m	6m	1yr
Nifty (abs)	(8.7)	(10.4)	(6.4)	2.4
Stock (abs)	(11.2)	(17.6)	(10.6)	23.1
Relative to Index	(2.6)	(7.2)	(4.2)	20.7

### Performance



Source: Bloomberg, SSL

## Power segment continues to lighten performance, cement disappoints

Shree Cements' (SRCM) 4QF13 performance was driven by power segment while the cement segment lagged yet again. Cement volume declined by ~ 6.0% YoY to 3.17mn tonnes (including clinker). The blended realisations fell by Rs10/bag YoY to Rs3,602/tonne falling by 5.3% YoY. However the realisations were flat QoQ. Weak realisations point towards lacklustre demand in the key markets of SRCM and the company pushing dispatches through higher non-trade sales (40% versus 30% in 4QF13). The cement revenues declined ~ 11% YoY to Rs11.41bn. The cement related power & fuel cost was flat YoY at Rs591/tonne compared to Rs594/tonne in 4QF13. The power cost benefit were driven by fall in pet-coke prices to Rs ~ Rs6,487 in 4QF13 from ~ Rs6,687/tonne in 4QF12 (Rs6,378/tonne in 3QF13). The cement EBIDTA/tonne however dipped sharply to Rs957/tonne from Rs1,354/tonne in June 2012. The fall continued QoQ with a decline of Rs132 /tonne. The power EBIDTA was Rs842.4mn backed by a spurt in power volumes to ~ 794.7mn units compared to 389.9mn units in June 2012. Depreciation rose to Rs1.33bn compared to Rs818mn in 4QF12 following the commissioning of unit IX at Ras. Tax rate was lower due to prior period adjustment. The PAT was 2.33bn compared to Rs2.93bn in June 2012. However, higher other income of Rs630 mn (short-term cash management) pumped up the reported PAT to Rs2.84bn.

**Cement volume declines YoY:** The cement volume declined by ~6.0% YoY to 3.17mn tonnes compared with 3.37mn tonnes in June 2012. The fall in volume is accompanied with a decline in realisations indicating very weak demand in SRCM's key markets. The lull in cement volume however was filled by a jump in power volumes at 794.7mn units compared to 389.9 mn units in June 2012.

**Power segment helps limited fall EBIDTA YoY:** The cement energy cost was flat YoY to Rs591/tonne but rose sharply from Rs408 in 3QF13. The YoY fall was driven by fall in pet-coke prices to Rs ~ Rs6,487 in 4QF13 from ~ Rs6,687/tonne in 4QF12 (Rs6,378/tonne in 3QF13). This indicates the fall in energy cost YoY was lower than the decline in cost of fuel. The sharp jump in QoQ cost suggest towards use of high cost old inventory and the benefits coming from scaling of power generation ( in the immediate previous preceding 2 quarters) getting saturated. The logistic cost increase was also checked to ~ 6% YoY to Rs739/tonne which was a positive surprise as fuel and freight cost has risen in F13. The logistic benefits emanated from better logistic management from grinding units. The other expenditure remained flat at Rs1.89bn due to accounting adjustment of rebates and discounts. The overall cost/tonne rose to Rs3,353/tonne compared to Rs2,891/tonne in June 2012. This pulled the EBIDTA margins down to 26.7% from 33.1% in June 2012. The power EBIDTA of Rs842.4mn helped SRCM restrict the fall in overall EBIDTA to Rs3.87bn compared to Rs4.82bn in June 2012.

### Financial summary

Y/E June (Rs mn)	F 11	F 12*	F 13p	F 14e	F 15e
Sales	35,122	58,707	55,902	64,725	72,401
EBIDTA margin (%)	25.1	28.0	27.9	26.8	25.8
PAT	2,097	6,185	10,039	9,650	10,605
EPS (Rs)	60.2	142.0	288.2	277.0	304.4
P/E (x)	65.6	27.8	13.7	14.3	13.0
EV/EBIDTA (x)	16.0	9.8	8.1	7.6	7.4
Dividend yield (%)	0.4	0.4	0.3	0.3	0.3
RoE (%)	11.0	16.8	30.5	22.4	20.1
RoCE (%)	7.2	17.1	26.5	23.2	21.2

Source: Company, SSL

\* SRCM has shifted its reporting year from Apr-Mar to Jul-Jun from F12. Hence F12 numbers are for 5 quarters and are not comparable with previous years and F13 numbers are not comparable with F12.

**Milind Raginwar**

+91 22 4227 3362

milind.raginwar@sbicapsec.com

**Power segment continues its higher contribution:** Higher contribution from the power segment helped SRCM make up for the weak cement contribution in 4QF13. Power segment EBIDTA jumped to ~ Rs842.4mn in the quarter from Rs253mn YoY. This was following higher EBIDTA of ~ Rs1.06/unit compared to ~ Rs0.65/unit in June 2012 despite relatively lower power realisations at Rs3.82per unit. The power cost per unit dropped to ~ Rs2.76/unit. The sharp drop in the power cost has helped higher operating profit from the power segment.

**Valuation and Target Price:** The 4QF13 earnings continued to be supported by robust power segment performance while the cement performance was weaker than expected. We expect cement performance to be under continued pressure in the 1HF14 (June ending financial year) with steady power segment play. The benefit of power & fuel expenditure was the key driver to improve operating margins despite fall in cement realisations. The tax benefit further boosted the earnings. However we feel the benefits from power business segment will gradually taper off due to the higher base from 2QF14 (December 2013). We have revised our earnings estimates for F14 downwards 5.6% to Rs277.0/share following the weakness in the cement business. Our cement volume estimates remain unchanged however we have revised our realisation estimates downward by 2%. We have introduced F15 earnings estimates of Rs304.4/share assuming volume jump of 9.6% YoY (base of F14) and jump of Rs8/bag in realisations. We expect cement demand to be strong in F15 typically in SRCM's key North Indian markets. We are expecting steady central government post the union elections. Any change in the political outcome will be a key risk to our estimates. We have used the sum-of-the-parts valuation method to value the stock. Following the same, we expect power business to contribute an EV of Rs19.6bn (assuming a RoE of 10%). We have valued cement business at an EV/tonne of US\$120/tonne and assuming F14 capacities of 18.4 mn tonnes. We are currently valuing SRCM at marginal discount to the replacement cost of \$130/tonne given its north-based facilities (relatively weaker cement market) and margin pressure. The contribution from the cement business EV is Rs128.0bn. We have arrived at a target price of Rs4,395 per share. We continue to maintain our 'HOLD' rating.

#### Valuation

Particulars	Basis	EV (Rs mn)
Cement	18.4 mn tpa @ US\$120 EV/tonne	128,064
Power	560 MW @ Rs 35 mn per MW	19,600
Total EV		147,664
Net Debt		(5,280)
Market Cap		152,944
No of Shares (mn)		34.8
<b>SOTP Value (Rs)</b>		<b>4,395</b>

Note: Assumed 1\$ = 58.0 Rs

## Quarterly financials

Y/E June (Rs mn)	4Q/F13	4Q/F12	YoY (%)	3Q/F13	QoQ (%)	4Q/F13e	Var (%)
<b>Net sales</b>	14,414	14,553	(1.0)	14,568	(1.1)	14,827	(2.8)
Raw Material	1,415	1,324	6.9	1,407	0.5	1,348	4.9
% of sales	9.8	9.1		9.7		9.1	
Power & fuel	4,066	3,415	19.1	3,545	14.7	4,377	(7.1)
% of sales	28.2	23.5		24.3		29.5	
<b>Total cost</b>	10,618	9,742		10,514		11,328	
<b>EBITDA</b>	3,872	4,816	(19.6)	4,202	(7.9)	3,514	10.2
<b>EBITDA margin (%)</b>	26.7	33.1		28.8		23.7	
Dep. & amortisation	1,332	818	62.8	1,265	5.3	1,040	28.0
Interest	378	480	(21.1)	447	(15.4)	450	(16.0)
<b>EBT</b>	2,583	4,162	(37.9)	3,346	(22.8)	2,744	(5.9)
Other income	211	322	(34.5)	428	(50.8)	360	(41.5)
<b>PBT</b>	2,372	3,840	(38.2)	2,918	(18.7)	2,384	(0.5)
Exceptional items	630	0		1		0	
Provision for tax	159	915	(82.6)	176	(9.6)	405	(60.7)
Effective tax rate (%)	5.3	23.8		6.0		17.0	
Minority interest							
<b>PAT (Reported)</b>	2,843	3,520	(19.2)	2,742	3.7	1,979	43.7
<b>PAT (adjusted)</b>	2,327	2,925	(20.5)	2,741	(15.1)	1,979	17.6
<b>NPM (%)</b>	16.1	20.1		18.8		13.3	

Source: SSLe

## Financials

## Income Statement

Y/E June (Rs mn)	F11	F 12	F 13p	F 14e	F 15e
<b>Net sales</b>	<b>35,122</b>	<b>58,707</b>	<b>55,902</b>	<b>64,725</b>	<b>72,401</b>
growth (%)	(3.6)	33.7	19.0	15.8	11.9
Operating expenses	(26,310)	(42,249)	(40,293)	(47,354)	(53,730)
<b>Operating profit</b>	<b>8,812</b>	<b>16,458</b>	<b>15,609</b>	<b>17,371</b>	<b>18,671</b>
Other operating income	0	0	0	0	0
<b>EBITDA</b>	<b>8,812</b>	<b>16,458</b>	<b>15,609</b>	<b>17,371</b>	<b>18,671</b>
growth (%)	(40.9)	49.4	18.6	11.3	7.5
Depreciation	(7,242)	(8,854)	(4,367)	(5,272)	(5,600)
Other income	1,243	1,628	1,883	1,479	1,633
<b>EBIT</b>	<b>2,813</b>	<b>9,231</b>	<b>13,125</b>	<b>13,579</b>	<b>14,704</b>
Interest paid	(1,709)	(2,354)	(1,931)	(1,954)	(1,931)
<b>PBT (before non-recurring items)</b>	<b>1,104</b>	<b>6,878</b>	<b>11,194</b>	<b>11,624</b>	<b>12,774</b>
Non-recurring items	0	0	0	0	0
Tax on non-recurring items	0	0	0	0	0
<b>PBT (before non-recurring items)</b>	<b>1,104</b>	<b>6,878</b>	<b>11,194</b>	<b>11,624</b>	<b>12,774</b>
Tax (current + deferred)	994	(693)	(1,155)	(1,975)	(2,169)
<b>Net profit</b>	<b>2,097</b>	<b>6,185</b>	<b>10,039</b>	<b>9,650</b>	<b>10,605</b>
<b>Adjusted net profit</b>	<b>2,097</b>	<b>6,185</b>	<b>10,039</b>	<b>9,650</b>	<b>10,605</b>
growth (%)	(69.0)	136.0	102.9	(3.9)	9.9
Prior period adjustments	0	0	0	0	0
Minority interests	0	0	0	0	0
Preference dividend	0	0	0	0	0
<b>Net income</b>	<b>2,097</b>	<b>6,185</b>	<b>10,039</b>	<b>9,650</b>	<b>10,605</b>

## Balance Sheet

Y/E June (Rs mn)	F11	F 12	F 13p	F 14e	F 15e
Current assets	26,353	42,851	41,387	43,018	48,625
Investments	0	0	0	0	0
Net fixed assets	21,949	16,178	19,153	33,188	37,413
Other non-current assets	0	0	0	0	0
<b>Total assets</b>	<b>48,303</b>	<b>59,029</b>	<b>60,540</b>	<b>76,206</b>	<b>86,038</b>
Current liabilities	9,084	11,647	9,294	11,413	12,757
Total Debt	20,079	20,739	14,156	18,413	16,688
Other non-current liabilities	(723)	(697)	(938)	(890)	(875)
<b>Total liabilities</b>	<b>28,440</b>	<b>31,689</b>	<b>22,512</b>	<b>28,936</b>	<b>28,570</b>
Share capital	348	348	348	348	348
Reserves & surplus	19,513	26,991	37,680	46,922	57,119
Less: Misc. expenditure	0	0	0	0	0
<b>Shareholders' funds</b>	<b>19,862</b>	<b>27,339</b>	<b>38,028</b>	<b>47,270</b>	<b>57,468</b>
Minorities interests	0	0	0	0	0
<b>Total equity &amp; liabilities</b>	<b>48,302</b>	<b>59,029</b>	<b>60,540</b>	<b>76,206</b>	<b>86,038</b>

Source: Company, SSLe

\* SRCM has shifted its reporting year from Apr-Mar to Jul-Jun from F12. Hence F12 numbers are for 5 quarters and are not comparable with previous years and F13 numbers are not comparable with F12.

## Cash Flow Statement

Y/E June (Rs mn)	F11	F 12	F 13p	F 14e	F 15e
Pre-tax profit	1,104	6,878	11,194	11,624	12,774
Depreciation	6,761	8,490	4,356	5,097	5,505
Chg in working capital	3,477	559	(4,710)	(2,499)	(1,146)
Total tax paid	(1,786)	(1,791)	(1,787)	(858)	(1,930)
Other operating activities	0	0	1,465	0	0
<b>Cash flow from operations (a)</b>	<b>9,555</b>	<b>14,135</b>	<b>10,519</b>	<b>13,365</b>	<b>15,203</b>
Capital expenditure	(11,516)	(2,719)	(7,331)	(19,132)	(9,730)
Chg in investments	3,958	(13,387)	3,026	1,481	(2,505)
Other investing activities	0	0	0	0	0
<b>Cash flow from investing (b)</b>	<b>(7,559)</b>	<b>(16,106)</b>	<b>(4,304)</b>	<b>(17,651)</b>	<b>(12,235)</b>
<b>Free cash flow (a+b)</b>	<b>1,996</b>	<b>(1,971)</b>	<b>6,214</b>	<b>(4,287)</b>	<b>2,968</b>
Equity raised/(repaid)	0	0	0	0	0
Chg in minorities	0	0	0	0	0
Debt raised/(repaid)	(983)	660	(6,583)	4,257	(1,725)
Dividend (incl. tax)	(569)	(810)	(650)	(693)	(408)
Other financing activities	0	2,102	0	0	0
<b>Cash flow from financing (c)</b>	<b>(1,552)</b>	<b>1,952</b>	<b>(7,233)</b>	<b>3,564</b>	<b>(2,133)</b>
<b>Net chg in cash (a+b+c)</b>	<b>444</b>	<b>(19)</b>	<b>(1,019)</b>	<b>(723)</b>	<b>835</b>

## Key ratios

Y/E June	F11	F 12	F 13p	F 14e	F 15e
EPS (Rs)	60.2	142.0	288.2	277.0	304.4
EPS growth (%)	(69.0)	136.0	102.9	(3.9)	9.9
EBITDA margin (%)	25.1	28.0	27.9	26.8	25.8
EBIT margin (%)	8.0	15.7	23.5	21.0	20.3
ROCE (%)	7.2	17.1	26.6	23.4	21.3
Net debt/Equity (%)	17.7	(33.7)	(30.9)	(11.2)	(18.0)

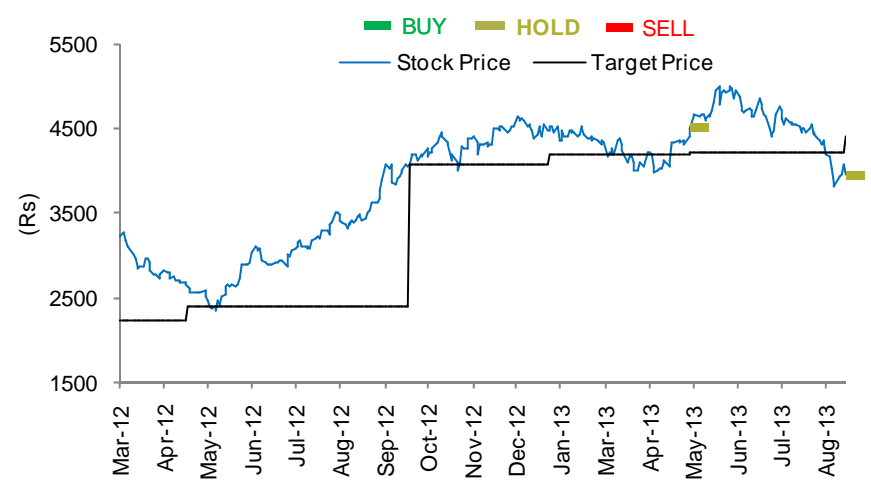
## Valuations

Y/E June	F11	F 12	F 13p	F 14e	F 15e
PER (x)	65.6	27.8	13.7	14.3	13.0
PCE (x)	14.7	11.4	9.6	9.2	8.5
Price/Book (x)	6.9	5.0	3.6	2.9	2.4
Yield (%)	0.4	0.4	0.5	0.3	0.3
EV/Net sales (x)	4.0	2.7	2.3	2.0	1.9
EV/EBITDA (x)	16.0	9.8	8.1	7.6	7.4

## Du Pont Analysis - ROE

Y/E June	F11	F 12	F 13p	F 14e	F 15e
Net margin (%)	6.0	10.5	18.0	14.9	14.6
Asset turnover (x)	0.7	0.9	0.9	0.9	0.9
Leverage factor (x)	2.5	1.8	1.8	1.6	1.5
Return on equity (%)	11.0	16.8	30.7	22.6	20.3

## Recommendation History



Date	Stock Price	TP	Rec.
16-May-12	2,638	2,395	REDUCE
17-Oct-12	4,073	4,066	ADD
22-Jan-13	4,479	4,195	REDUCE
Rating based on Current Rating System (Feb'13)			
Date	Stock Price	TP	Rec.
30-Apr-13	4,502	4,211	HOLD
16-Aug-13	3,950	4,395	HOLD

## SBICAP Securities Limited

**Corporate Office:** Mafatlal Chambers, A-Wing, 2nd Floor, N. M. Joshi Marg, Lower Parel, Mumbai -400013.

Tel.: 91-22-42273300/01 | Fax: 91-22-42273335 | Email: sbicapresearch@sbicapsec.com | [www.sbicapsec.com](http://www.sbicapsec.com)

## KEY TO INVESTMENT RATINGS (w.e.f. February 2013)

Guide to the expected return over the next 12 months. 1=BUY (expected to give absolute returns of 15 or more percentage points); 2=HOLD (expected to give absolute returns between -10 to 15 percentage points); 3=SELL (expected to give absolute returns less than -10 percentage points)

## DISCLAIMER

I, Milind Raginwar, MBA (Finance), LLB - Analyst author of this report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject issuer(s) or securities. This report has been prepared based upon information available to the public and sources, believed to be reliable. I also certify that no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

SBICAP Securities Limited (SSL), a full service Stock Broking Company and a member of National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Ltd. (BSE). SSL is a wholly owned subsidiary of SBI Capital Markets Limited (SBICAP), which is engaged into the investment banking activities and is registered with the Securities and Exchange Board of India as a "Category I" Merchant Banker. SBICAP (Singapore) Limited, a fellow subsidiary of SSL, incorporated in Singapore is regulated by the Monetary Authority of Singapore as a holder of a capital markets services license and an exempt financial adviser in Singapore. SBICAP (Singapore) Limited's services are available only to accredited investors (other than individuals), and institutional investors in Singapore as defined in section 4A of the Securities and Futures Act (Cap. 289) of Singapore. SBICAP (Singapore) is a wholly owned subsidiary of SBICAP. SBICAP (UK) Limited, a fellow subsidiary of SSL, incorporated in United Kingdom is authorised and regulated by the Financial Services Authority. [SBICAP, SBICAP (Singapore) Limited, SBICAP (UK) Limited and SSL are collectively referred to as SBICAP Entities].

Recipients of this report should assume that SBICAP Entities (and/or its Affiliates) is seeking (or may seek or will seek) Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/ report. SSL (and/or its Affiliates) and its officers, directors and employees, including the analysts and others involved in the preparation/issuance of this material and their dependant(s), may on the date of this report/from time to time, have long/short positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein.

SSL's sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to its clients that reflect opinion that are contrary to the opinions expressed herein, and its proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. SSL may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different from those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to potential conflicts of interest.

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.

The projections and forecasts described in this report should be carefully evaluated as these

1. Are based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies.
2. Can be expected that some of the estimates on which these were based, will not materialize or will vary significantly from actual results, and such variances may increase over time.
3. Are not prepared with a view towards compliance with published guidelines or generally accepted accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these.
4. Should not be regarded, by mere inclusion in this report, as a representation or warranty by or on behalf of SSL the authors of this report, or any other person, that these or their underlying assumptions will be achieved.

This report is for information purposes only and SBICAP Entities accept no liabilities for any loss or damage of any kind arising out of the use of this report. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. SSL will not treat recipients as clients by virtue of their receiving this report. It should not be construed as an offer to sell or solicitation of an offer to buy, purchase or subscribe to any securities this report shall not form the basis of or be relied upon in connection with any contract or commitment, whatsoever. This report does not solicit any action based on the material contained herein.

It does not constitute a personal recommendation and does not take into account the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all the investors. SSL does not provide tax advice to its clients and you should independently evaluate the suitability of this report and all investors are strongly advised to seek professional consultation regarding any potential investment. Nothing in this report is intended by SBICAP Entities to be construed as legal, accounting or tax advice.

Certain transactions including those involving futures, options, and other derivatives as well as non-investment grade securities give rise to substantial risk and are not suitable for all investors. Foreign currency denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. Investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk.

The price, value and income of the investments referred to in this report may fluctuate and investors may realize losses on any investments. Past performance is not a guide for future performance. Actual results may differ materially from those set forth in projections. SSL has reviewed the report and, the current or historical information included here is believed to be reliable, the accuracy and completeness of which is not guaranteed. SSL endeavors to update on a reasonable basis the information discussed in this document/material/ report, but regulatory compliance or other reasons may prevent it from doing so.

This report/document has been prepared by SSL based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete.

The opinions expressed in this report are subject to change without notice and have no obligation to tell the clients when opinions or information in this report change. This report has not been approved and will not or may not be reviewed or approved by any statutory or regulatory authority in India, United Kingdom or Singapore or by any Stock Exchange in India, United Kingdom or Singapore. This report may not be all inclusive and may not contain all the information that the recipient may consider material.

This report does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This report or any portion hereof may not be printed, sold or distributed without the written consent of SBICAP Entities.

The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. Distributing /taking/sending/dispatching/transmitting this document in certain foreign jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with this restriction may constitute a violation of any foreign jurisdiction laws. Neither SBICAP Entities 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. Further, no representation or warranty, expressed or implied, is made or given by or on behalf of SBICAP Entities, nor any person who controls it or any director, officer, employee, advisor or agent of it, or affiliate of any such person or such persons as to the accuracy, authenticity, completeness or fairness of the information or opinions contained in this report and SBICAP Entities or such persons do not accept any responsibility or liability for any such information or opinions and therefore, any liability or responsibility is expressly disclaimed.

#### Legal Entity Disclosure

**Singapore:** This report may be distributed in Singapore by SBICAP (Singapore) Limited (Registration No. 201026168R), a holder of a capital markets services license and an exempt financial adviser in Singapore and solely to persons who qualify as institutional investors or accredited investors (other than individuals) as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA") and is not intended to be distributed directly or indirectly to any other class of person. Persons in Singapore should contact SBICAP (Singapore) Limited in respect of any matters arising from, or in connection with this report.

**United Kingdom:** "This marketing communication is being solely issued to and directed at persons (i) fall within one of the categories of "Investment Professionals" as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial Promotion Order"), (ii) fall within any of the categories of persons described in Article 49 of the Financial Promotion Order ("High net worth companies, unincorporated associations etc.") or (iii) any other person to whom it may otherwise lawfully be made available (together "Relevant Persons") by SSL. The materials are exempt from the general restriction on the communication of invitations or inducements to enter into investment activity on the basis that they are only being made to Relevant Persons and have therefore not been approved by an authorised person as would otherwise be required by section 21 of the Financial Services and Markets Act 2000 ("FSMA")."

---

This report is issued and distributed by SBICAP Entities without any liability / undertaking / commitment on the part of itself or SBI Capital Markets Limited or State Bank of India or any other entity in the State Bank Group. Further, in case of any commitment on behalf of State Bank of India or SBI Capital Markets Limited or any entity in the State Bank Group, such commitment is valid only when separately confirmed by that entity.