

# India Cements

Estimate change	↔
TP change	↔
Rating change	↔

**CMP: INR432 TP: INR370 (-14%) Sell**

## EBITDA above estimate, led by strong volume growth

Bloomberg	ICEM IN
Equity Shares (m)	310
M.Cap.(INRb)/(USDb)	133.7 / 1.5
52-Week Range (INR)	490 / 239
1, 6, 12 Rel. Per (%)	2/17/30
12M Avg Val (INR M)	324

### Financial Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Sales	45.8	51.3	56.6
EBITDA	3.9	6.3	9.2
Adj. PAT	0.2	1.7	3.6
EBITDA Margin (%)	8.5	12.4	16.3
Adj. EPS (INR)	0.8	5.6	11.7
EPS Gr. (%)	n/m	n/m	108.6
BV/Sh. (INR)	311	316	326

### Ratios

Net D:E	0.2	0.2	0.2
RoE (%)	0.2	1.8	3.6
RoCE (%)	1.1	2.6	4.2
Payout (%)	0.0	8.9	12.9

### Valuations

P/E (x)	n/m	77.3	37.0
P/BV (x)	1.4	1.4	1.3
EV/EBITDA(x)	38.2	24.4	16.3
EV/ton (USD)	109	96	93
Div. Yield (%)	0.0	0.1	0.3

### Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	75.0	75.6	55.5
DII	12.8	12.3	6.7
FII	3.4	3.1	14.5
Others	8.8	9.0	23.3

FII Includes depository receipts

- India Cements (ICEM) reported EBITDA of INR795m (~35% beat) in 3QFY26 vs. an operating loss of INR1.9b in 3QFY25. EBITDA beat was led by higher volume and lower opex/t vs. our estimates. EBITDA/t stood at INR307 (vs. estimate of INR251). Adjusted PAT stood at INR1.0m (vs. estimated loss of INR277m) vs. a loss of INR2.6b in 3QFY25.
- ICEM is making significant investments in renewable energy (WHRS and other RE power sources). It aims to increase the share of RE power to ~80% by FY29 from ~5% currently. It plans to scale up WHRS capacity to ~30MW by FY28-29E from ~9MW currently and other RE power capacity to ~250MW by FY28-29E from ~20MW currently. It has committed a capex of INR20.0b over the next two years towards capacity expansion and efficiency improvement. **The company's average capacity utilization stood at ~69% in 3QFY26 vs. ~65%/61% in 2Q/1QFY26.** The trade mix improved to ~75% vs. ~68% in 2QFY26, and direct sales increased to ~77% from ~70% in 2QFY26.
- We raised our EBITDA estimate for FY26 by ~9% to factor in outperformance in 3QFY26, while maintaining it for FY27-28E. We value ICEM at 14x FY28E EV/EBITDA to arrive at our TP of INR370. Reiterate Sell.

### Volume grows ~24% YoY; EBITDA/t at INR307 (est. INR251)

- ICEM's revenue increased ~23% YoY to INR11.1b (~6% above estimates) in 3QFY26. Volume increased ~24% YoY (up 6% QoQ) to 2.6mt. Realization/t declined ~1% YoY (down ~6% QoQ; ~4% below estimates).
- ICEM's opex/t dipped ~24%/6% YoY/QoQ (~6% below estimates), resulting from sustained cost-reduction initiatives across operational parameters. Variable cost/other expenses/freight cost per ton declined ~15%/20%/43% YoY. Employee costs declined 31% YoY. EBITDA/t stood at INR307 vs. a loss in 3QFY25. Depreciation increased ~35% YoY and interest cost declined ~59%. Other income was up 2.4x YoY to INR258m.
- In 9MFY26, ICEM's revenue grew ~13% YoY to INR32.6b. It posted EBITDA of INR2.4b vs. an operating loss of INR3.8b in 9MFY25. Adjusted net loss stood at INR206m vs. INR6.7b in 9MFY25. Sales volume grew ~14 YoY to 7.2mt. EBITDA/t stood at INR337. Net debt stood at INR11.6b vs. INR11.4b as of Mar'25.

### Valuation and view

- ICEM is witnessing operational improvement under UTCCEM's leadership with recovery in margins, steady improvement in capacity utilization, and a surge in trade share/direct sales. We estimate the company's revenue CAGR at ~11% over FY25-28, led by a volume/realization CAGR of ~9%/2%. We estimate an EBITDA CAGR of ~54%, albeit on a low base, and an EBITDA/t of INR568/756 in FY27E/FY28E vs. INR382 in FY26E.
- We believe the current valuation at 16x EV/EBITDA on FY28E has priced in most of the operational improvements that are expected from this transition and, hence, limits the further scope of re-rating. We value ICEM at 14x FY28E EV/EBITDA to arrive at our TP of INR370. Reiterate Sell.

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

**Standalone quarterly performance**

(INR b)

Y/E March	FY25				FY26				FY25	FY26E	FY26	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Sales Volumes (mt)	2.0	2.3	2.1	2.6	2.2	2.4	2.6	2.9	9.0	10.2	2.3	11
Change (YoY %)	(26.4)	(2.9)	5.0	8.4	11.2	6.0	24.3	11.6	(5.0)	13.0	12.4	
<b>Realization (INR/ton)</b>	<b>4,954</b>	<b>4,416</b>	<b>4,333</b>	<b>4,535</b>	<b>4,700</b>	<b>4,578</b>	<b>4,302</b>	<b>4,498</b>	<b>4,549</b>	<b>4,511</b>	<b>4,488</b>	<b>(4)</b>
Change (YoY %)	(5.2)	(14.4)	(20.5)	(11.3)	(5.1)	3.7	(0.7)	(0.8)	(13.0)	(0.8)	3.6	
Change (QoQ %)	(3.1)	(10.9)	(1.9)	4.6	3.7	(2.6)	(6.0)	4.6			(2.0)	
<b>Net Sales</b>	<b>9.7</b>	<b>10.2</b>	<b>9.0</b>	<b>12.0</b>	<b>10.2</b>	<b>11.2</b>	<b>11.1</b>	<b>13.2</b>	<b>40.9</b>	<b>45.8</b>	<b>10.5</b>	<b>6</b>
Change (YoY %)	(30.3)	(16.8)	(16.5)	(3.9)	5.5	9.9	23.4	10.7	(17.3)	12.0	16.4	
<b>EBITDA</b>	<b>(0.3)</b>	<b>(1.6)</b>	<b>(1.9)</b>	<b>0.0</b>	<b>0.8</b>	<b>0.8</b>	<b>0.8</b>	<b>1.5</b>	<b>(3.8)</b>	<b>3.9</b>	<b>0.6</b>	<b>35</b>
Change (YoY %)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margin (%)	(3.2)	(16.1)	(20.9)	0.0	8.0	7.3	7.1	11.0	(9.4)	8.5	5.6	
Depreciation	0.6	0.5	0.6	0.7	0.7	0.7	0.7	0.8	2.4	3.0	0.8	(0)
Interest	0.8	0.7	0.7	0.5	0.3	0.3	0.3	0.4	2.8	1.3	0.3	(8)
Other Income	0.1	0.1	0.1	0.2	0.1	0.1	0.3	0.3	0.5	0.8	0.1	108
<b>PBT before EO expense</b>	<b>(1.6)</b>	<b>(2.8)</b>	<b>(3.1)</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.6</b>	<b>(8.5)</b>	<b>0.3</b>	<b>(0.4)</b>	<b>NM</b>
Extra-Ord. expense	(2.4)	(0.1)	1.9	0.0	-	-	0.1	-	(0.5)	0.1	-	
<b>PBT</b>	<b>0.8</b>	<b>(2.7)</b>	<b>(5.0)</b>	<b>(1.0)</b>	<b>(0.2)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.6</b>	<b>(7.9)</b>	<b>0.2</b>	<b>(0.4)</b>	<b>NM</b>
Tax	0.0	(0.3)	(0.7)	(0.3)	(0.0)	(0.0)	(0.0)	0.1	(1.3)	0.1	(0.1)	
Rate (%)	1.7	12.6	13.7	25.2	15.3	39.4	25.2	25.1	16.0	25.0	25.0	
<b>Reported PAT</b>	<b>0.8</b>	<b>(2.4)</b>	<b>(4.3)</b>	<b>(0.8)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.4</b>	<b>(6.7)</b>	<b>0.2</b>	<b>(0.3)</b>	<b>NM</b>
Tax	-	-	-	-	-	-	-	-	-	-	-	
<b>Adj. PAT</b>	<b>(1.6)</b>	<b>(2.5)</b>	<b>(2.6)</b>	<b>(0.7)</b>	<b>(0.1)</b>	<b>(0.1)</b>	<b>0.0</b>	<b>0.4</b>	<b>(7.4)</b>	<b>0.2</b>	<b>(0.3)</b>	<b>NM</b>
Change (YoY %)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	
Margin (%)	(16.4)	(24.2)	(29.3)	(6.2)	(1.3)	(0.6)	0.0	3.3	(18.2)	0.5	(2.6)	

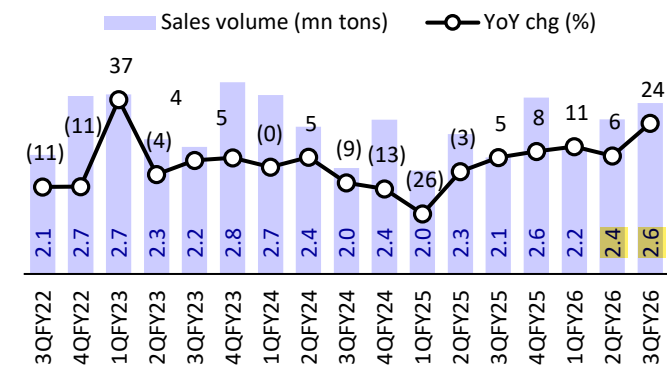
**Per ton analysis**

(INR/t)

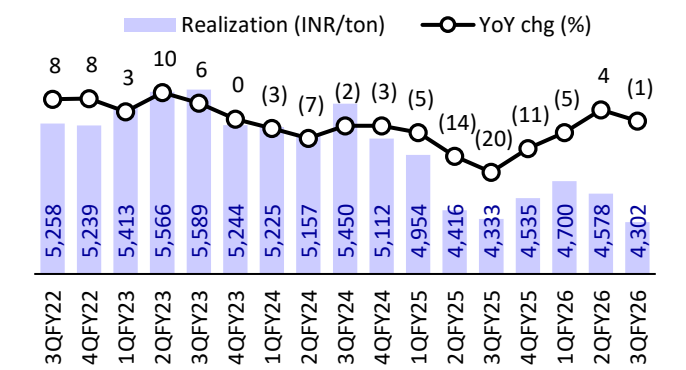
RM Cost	951	982	1,052	860	725	1,057	931	873	955	900	920	1
Employee Expenses	461	410	418	255	284	236	231	195	418	233	248	(7)
Power, Oil, and Fuel	1,826	1,843	1,916	1,801	1,741	1,504	1,597	1,687	1,844	1,632	1,610	(1)
Freight cost	1,067	1,060	1,041	922	915	812	589	585	1,017	712	840	(30)
Other Expenses	808	834	810	695	659	636	647	666	741	652	620	4
<b>Total Expense</b>	<b>5,112</b>	<b>5,128</b>	<b>5,237</b>	<b>4,533</b>	<b>4,324</b>	<b>4,245</b>	<b>3,995</b>	<b>4,006</b>	<b>4,975</b>	<b>4,129</b>	<b>4,238</b>	<b>(6)</b>
<b>EBITDA</b>	<b>(158)</b>	<b>(712)</b>	<b>(904)</b>	<b>2</b>	<b>376</b>	<b>334</b>	<b>307</b>	<b>493</b>	<b>-426</b>	<b>382</b>	<b>251</b>	<b>23</b>
YoY (%)	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	

## Story in charts

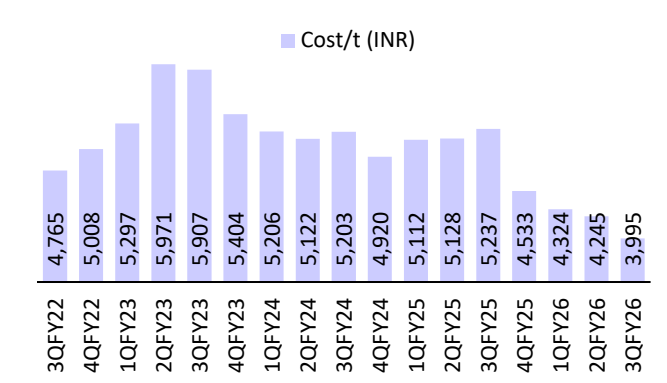
**Exhibit 1: Sales volume up 24% YoY**



**Exhibit 2: Blended realization down ~1% YoY**

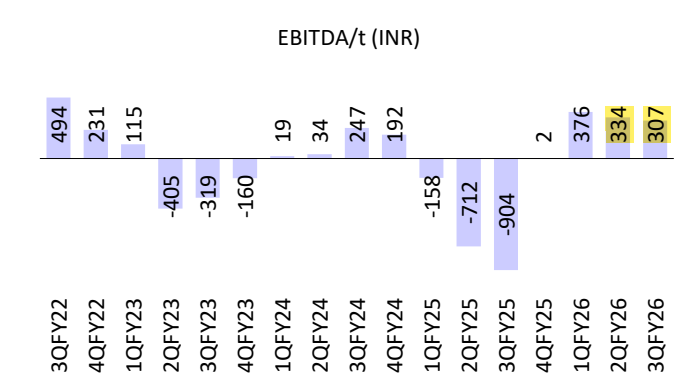


**Exhibit 3: Opex/t down 24% YoY/6% QoQ**



Source: Company, MOFSL

**Exhibit 4: EBITDA/t stood at INR307 in 3QFY26**



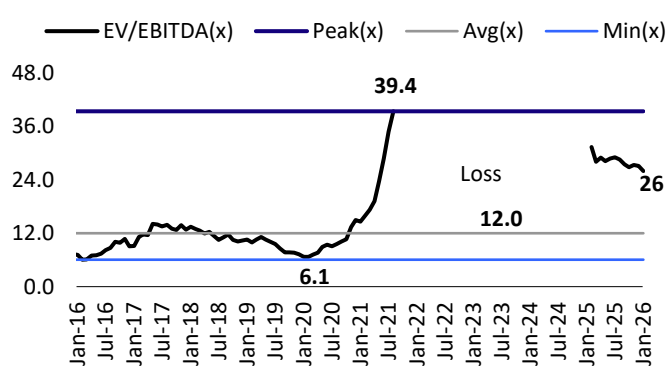
Source: Company, MOFSL

**Exhibit 5: Key operating metrics (blended)**

INR/t	3QFY26	3QFY25	YoY (%)	2QFY26	QoQ (%)
<b>Blended realization</b>	<b>4,302</b>	<b>4,333</b>	<b>(1)</b>	<b>4,578</b>	<b>(6)</b>
Raw Material Cost	931	1,052	(12)	1,057	(12)
Staff Cost	231	418	(45)	236	(2)
Power and fuel	1,597	1,916	(17)	1,504	6
Freight and selling Exp.	589	1,041	(43)	812	(27)
Other Exp.	647	810	(20)	636	2
<b>Total Exp.</b>	<b>3,995</b>	<b>5,237</b>	<b>(24)</b>	<b>4,245</b>	<b>(6)</b>
<b>EBITDA</b>	<b>307</b>	<b>(904)</b>	<b>NM</b>	<b>334</b>	<b>(8)</b>

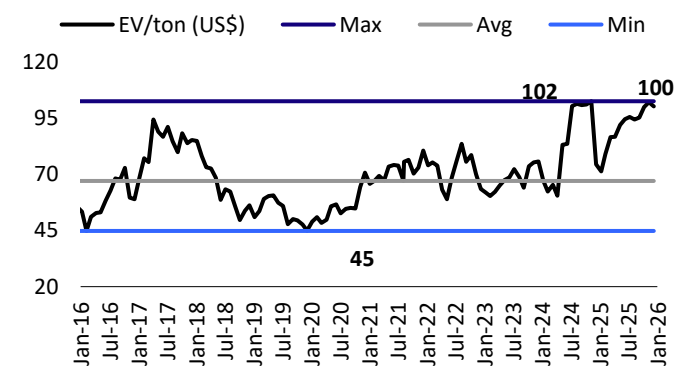
Source: Company, MOFSL

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



Source: Company, MOFSL

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



Source: Company, MOFSL

## Financials and valuations

### Standalone Income Statement

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Net Sales</b>	<b>44,367</b>	<b>47,131</b>	<b>53,808</b>	<b>49,424</b>	<b>40,885</b>	<b>45,809</b>	<b>51,283</b>	<b>56,630</b>
Change (%)	-12.3	6.2	14.2	-8.1	-17.3	12.0	12.0	10.4
<b>EBITDA</b>	<b>8,061</b>	<b>4,611</b>	<b>-1,745</b>	<b>1,090</b>	<b>-3,827</b>	<b>3,880</b>	<b>6,346</b>	<b>9,207</b>
Margin (%)	18.2	9.8	-3.2	2.2	-9.4	8.5	12.4	16.3
Depreciation	2,419	2,198	2,130	2,196	2,394	2,992	3,332	3,748
<b>EBIT</b>	<b>5,642</b>	<b>2,413</b>	<b>-3,875</b>	<b>-1,106</b>	<b>-6,221</b>	<b>888</b>	<b>3,014</b>	<b>5,460</b>
Int. and Finance Charges	2,650	2,040	2,342	2,404	2,767	1,336	1,603	1,748
Other Income – Rec.	235	167	343	543	503	765	701	696
<b>PBT bef. EO Exp.</b>	<b>3,227</b>	<b>540</b>	<b>-5,874</b>	<b>-2,968</b>	<b>-8,485</b>	<b>317</b>	<b>2,113</b>	<b>4,407</b>
EO Expense/(Income)	0	0	-1,805	-421	-541	77	0	0
<b>PBT after EO Exp.</b>	<b>3,227</b>	<b>540</b>	<b>-4,069</b>	<b>-2,547</b>	<b>-7,944</b>	<b>240</b>	<b>2,113</b>	<b>4,407</b>
Current Tax	1,380	393	0	0	0	60	380	793
Deferred Tax	-373	-243	-2,184	-522	-1,268	0	0	0
Tax Rate (%)	31.2	27.9	53.7	20.5	16.0	25.0	18.0	18.0
<b>Reported PAT</b>	<b>2,220</b>	<b>390</b>	<b>-1,886</b>	<b>-2,025</b>	<b>-6,676</b>	<b>180</b>	<b>1,732</b>	<b>3,614</b>
<b>PAT Adj. for EO items</b>	<b>2,220</b>	<b>390</b>	<b>-4,682</b>	<b>-2,347</b>	<b>-7,436</b>	<b>238</b>	<b>1,732</b>	<b>3,614</b>
Change (%)	947.7	-82.4	n/m	n/m	n/m	n/m	n/m	n/m
Margin (%)	5.0	0.8	-8.7	-4.7	-18.2	0.5	3.4	6.4

### Balance Sheet

	(INR m)							
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	3,099	3,099	3,099	3,099	3,099	3,099	3,099	3,099
Total Reserves	53,081	55,082	52,890	50,891	93,134	93,314	94,891	98,040
<b>Net Worth</b>	<b>56,180</b>	<b>58,181</b>	<b>55,989</b>	<b>53,990</b>	<b>96,233</b>	<b>96,413</b>	<b>97,990</b>	<b>1,01,139</b>
Deferred Liabilities	5,538	5,295	2,836	2,324	5,932	5,932	5,932	5,932
Secured Loan	19,798	19,287	17,992	14,153	10,664	14,164	20,664	17,664
Unsecured Loan	10,196	11,345	11,193	11,860	928	928	928	928
Total Loans	29,995	30,632	29,186	26,012	11,591	15,091	21,591	18,591
<b>Capital Employed</b>	<b>91,712</b>	<b>94,107</b>	<b>88,011</b>	<b>82,326</b>	<b>1,13,756</b>	<b>1,17,436</b>	<b>1,25,513</b>	<b>1,25,663</b>
Gross Block	81,871	84,244	84,964	87,925	1,38,450	1,42,450	1,60,450	1,65,450
Less: Accum. Deprn.	15,171	17,369	19,498	21,695	24,089	27,081	30,413	34,160
<b>Net Fixed Assets</b>	<b>66,700</b>	<b>66,876</b>	<b>65,466</b>	<b>66,231</b>	<b>1,14,361</b>	<b>1,15,370</b>	<b>1,30,038</b>	<b>1,31,290</b>
Capital WIP	1,871	2,715	3,134	1,901	1,766	6,766	1,766	1,266
<b>Total Investments</b>	<b>7,462</b>	<b>7,795</b>	<b>4,938</b>	<b>4,920</b>	<b>1,304</b>	<b>1,304</b>	<b>1,104</b>	<b>904</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>32,708</b>	<b>40,462</b>	<b>38,319</b>	<b>31,400</b>	<b>18,965</b>	<b>19,428</b>	<b>20,735</b>	<b>22,962</b>
Inventory	5,838	8,344	7,748	6,218	5,556	5,648	6,323	6,982
Account Receivables	5,413	9,213	8,141	6,930	6,592	7,386	8,269	9,131
Cash and Bank Balance	68	18	157	136	749	626	875	2,081
Loans and Advances	21,390	22,887	22,273	18,116	6,069	5,769	5,269	4,769
Real Estate Projects WIP	0	0	0	0	0	0	0	0
<b>Curr. Liability and Prov.</b>	<b>17,028</b>	<b>23,740</b>	<b>23,846</b>	<b>22,125</b>	<b>22,640</b>	<b>25,431</b>	<b>28,129</b>	<b>30,759</b>
Account Payables	10,763	12,875	13,300	12,201	9,708	11,309	12,660	13,980
Other Current Liabilities	5,301	8,580	8,240	7,601	11,546	12,937	14,483	15,993
Provisions	964	2,285	2,306	2,323	1,386	1,186	986	786
<b>Net Current Assets</b>	<b>15,680</b>	<b>16,722</b>	<b>14,474</b>	<b>9,275</b>	<b>-3,675</b>	<b>-6,003</b>	<b>-7,394</b>	<b>-7,797</b>
<b>Appl. of Funds</b>	<b>91,712</b>	<b>94,107</b>	<b>88,011</b>	<b>82,326</b>	<b>1,13,756</b>	<b>1,17,436</b>	<b>1,25,513</b>	<b>1,25,663</b>

## Financials and valuations

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>Standalone EPS</b>	<b>7.2</b>	<b>1.3</b>	<b>-15.1</b>	<b>(7.6)</b>	<b>(24.0)</b>	<b>0.8</b>	<b>5.6</b>	<b>11.7</b>
Cash EPS	15.0	8.4	-8.2	(0.5)	(16.3)	10.4	16.3	23.8
BV/Share	181	188	181	174	311	311	316	326
DPS	1.0	1.0	0.0	-	-	-	0.5	1.5
Payout (%)	14.0	79.5	-	-	-	-	8.9	12.9
<b>Valuation (x)</b>								
P/E ratio	60.3	343.4	n/m	n/m	n/m	n/m	77.3	37.0
Cash P/E ratio	28.9	51.7	n/m	n/m	n/m	41.5	26.4	18.2
P/BV ratio	2.4	2.3	2.4	2.5	1.4	1.4	1.4	1.3
EV/Sales ratio	3.7	3.5	3.0	3.2	3.5	3.2	3.0	2.7
EV/EBITDA ratio	20.3	35.7	n/m	n/m	n/m	38.2	24.4	16.3
EV/t (USD)	111	111	112	109	106	109	96	93
Dividend Yield (%)	0.2	0.2	0.0	-	-	-	0.1	0.3
<b>Return Ratios (%)</b>								
RoIC	4.2	1.9	-2.0	(1.1)	(5.5)	0.6	2.1	3.7
RoE	4.0	0.7	-8.2	(4.3)	(9.9)	0.2	1.8	3.6
RoCE	4.6	2.1	-1.9	(0.5)	(5.1)	1.1	2.6	4.2
<b>Working Capital Ratios</b>								
Asset Turnover ratio (x)	0.5	0.5	0.6	0.6	0.4	0.4	0.4	0.5
Inventory (Days)	48.0	64.6	52.6	45.9	49.6	45.0	45.0	45.0
Debtor (Days)	45	71	55	51	59	59	59	59
<b>Leverage Ratio (x)</b>								
Current Ratio	1.9	1.7	1.6	1.4	0.8	0.8	0.7	0.7
Debt/Equity ratio	0.5	0.5	0.5	0.5	0.1	0.2	0.2	0.2

### Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>(INR m)</b>								
<b>OP/(Loss) before Tax</b>	<b>3,221</b>	<b>540</b>	<b>(5,874)</b>	<b>(2,968)</b>	<b>(7,944)</b>	<b>240</b>	<b>2,113</b>	<b>4,407</b>
Depreciation	2,419	2,198	2,130	2,196	2,394	2,992	3,332	3,748
Interest and Finance Charges	2,591	1,899	2,082	2,264	2,602	1,336	1,603	1,748
Direct Taxes Paid	(507)	(401)	(42)	(63)	(329)	(60)	(380)	(793)
(Inc.)/Dec. in WC	2,592	(542)	1,319	1,285	5,438	2,206	1,640	1,608
<b>CF from Operations</b>	<b>10,317</b>	<b>3,694</b>	<b>(385)</b>	<b>2,715</b>	<b>2,162</b>	<b>6,713</b>	<b>8,307</b>	<b>10,718</b>
Others	39	4	279	383	(1,560)	-	-	-
<b>CF from Operations incl. EO</b>	<b>10,356</b>	<b>3,699</b>	<b>(106)</b>	<b>3,099</b>	<b>602</b>	<b>6,713</b>	<b>8,307</b>	<b>10,718</b>
(Inc.)/Dec. in FA	(1,256)	(1,296)	(1,112)	(893)	4,542	(9,000)	(13,000)	(4,500)
<b>Free Cash Flow</b>	<b>9,100</b>	<b>2,402</b>	<b>(1,218)</b>	<b>2,206</b>	<b>5,144</b>	<b>(2,287)</b>	<b>(4,693)</b>	<b>6,218</b>
(Pur.)/Sale of Investments	6	(309)	4,666	31	3,738	-	200	200
Others	(708)	(460)	741	3,322	9,021	-	-	-
<b>CF from Investments</b>	<b>(1,958)</b>	<b>(2,065)</b>	<b>4,294</b>	<b>2,460</b>	<b>17,301</b>	<b>(9,000)</b>	<b>(12,800)</b>	<b>(4,300)</b>
Issue of Shares	-	-	-	-	-	-	-	-
Inc./(Dec.) in Debt	(5,401)	637	(1,476)	(3,213)	(14,566)	3,500	6,500	(3,000)
Interest Paid	(2,809)	(2,011)	(2,264)	(2,366)	(2,725)	(1,336)	(1,603)	(1,748)
Dividend Paid	(187)	(309)	(309)	(1)	-	-	(155)	(465)
Others	-	-	-	-	-	-	-	-
<b>CF from Fin. Activity</b>	<b>(8,396)</b>	<b>(1,683)</b>	<b>(4,049)</b>	<b>(5,580)</b>	<b>(17,291)</b>	<b>2,164</b>	<b>4,742</b>	<b>(5,213)</b>
<b>Inc./Dec. in Cash</b>	<b>1</b>	<b>(49)</b>	<b>139</b>	<b>(22)</b>	<b>612</b>	<b>(122)</b>	<b>249</b>	<b>1,205</b>
Opening Balance	67	68	19	158	136	748	626	875
<b>Closing Balance</b>	<b>68</b>	<b>19</b>	<b>158</b>	<b>136</b>	<b>748</b>	<b>626</b>	<b>875</b>	<b>2,080</b>

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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

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