

3 February 2022

Orient Cement

Rating: Buy

Target Price: Rs.233

Share Price: Rs.172

Lean balance sheet continues; retaining a Buy

In the high-cost milieu and heavy and unseasonal monsoon, Orient's performance was much better than its peers, although its EBITDA/PAT fell 14%/19% y/y (on a high base). While de-levering continues, the company has attractively financed the balance debt. Cost optimisation measures, a rake-handling system, the WHRS setup and solar power are positives. We retain our Buy rating, with a slightly lower target of Rs.233 (earlier Rs.240) on 7x FY24e EV/EBITDA.

Volumes take a hit in line with the industry. Cement volumes declined 10% y/y to 1.22m ton. The company maintained its market share in its prime region; the decline came from far-off un-remunerative markets. This was also visible in better realisations than peers'. Overall revenue registered 2% growth y/y to Rs6.17bn led by the strong rise (14% y/y) in realisation/ton to Rs5,070. For FY22, the company targets cement sales of 5.7m tons (down a fraction from 6m tons earlier). We expect volume/revenue to clock 10%/14% CAGRs over FY21-24 due to greater demand and higher prices.

EBITDA/ton at Rs965, much better than industry. High costs pushed EBITDA/ton down 4% y/y to Rs965, whereas EBITDA fell 14% y/y to Rs1.17bn. In the inflationary context now, the company did well on operation metrics. While fuel availability continues to be a concern, fuel cost coming off all-time highs would help. The solar facility, and newly ordered 10MW WHRS will save costs. We expect EBITDA to record a 13% CAGR over FY21-24.

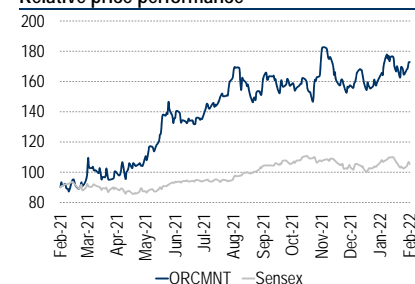
Business outlook; Valuation. The company refinanced its debt at attractive rates and reduced net debt to Rs4.25bn in Jan'22. While the 0.5m-ton de-bottlenecking was completed, the 2m-ton GU expansion at Tiroda, Maha, and the expansion at Devapur (clinker ~2m tons, GU ~1m tons) are expected to be complete by FY24 subject to approvals received. We retain our Buy rating, with a lower target of Rs233. **Risks:** Rising pet-coke/diesel prices, demand slowdown.

Key data	ORCMNT IN
52-week high / low	Rs186 / 88
Sensex / Nifty	58788 / 17560
3-m average volume	\$1.5m
Market cap	Rs35bn / \$473m
Shares outstanding	205m

Shareholding pattern (%)	Dec-21	Sept-21	Jun-21
Promoters	37.4	37.4	37.4
- of which, Pledged	-	-	14.0
Free float	62.6	62.6	62.6
- Foreign institutions	6.6	6.0	4.4
- Domestic institutions	15.4	15.9	20.6
- Public	40.6	40.7	37.6

Estimates revision (%)	FY22e	FY23e	FY24e
Sales	(7.0)	(2.7)	0.4
EBITDA	(11.6)	(4.4)	1.8
PAT	(17.3)	(9.5)	(4.9)

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY20	FY21	FY22e	FY23e	FY24e
Sales (Rs m)	24,218	23,241	27,501	31,038	34,695
Net profit (Rs m)	866	2,142	2,639	3,269	3,655
EPS (Rs)	4.2	10.5	12.9	16.0	17.8
P/E (x)	10.6	9.4	13.4	10.8	9.6
EV / EBITDA (x)	5.5	4.8	6.7	6.1	5.9
EV / ton (\$)	36.1	45.4	64.1	67.7	75.2
RoE (%)	8.0	17.7	18.6	19.4	18.2
RoCE (%)	6.2	11.1	13.1	14.2	13.2
Dividend yield (%)	1.7	2.0	0.9	0.9	0.9
Net debt / equity (x)	1.1	0.5	0.3	0.4	0.5

Source: Company, Anand Rathi Research

India Research Team

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Quick Glance – Financials and Valuations

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
Sales volumes (m tons)	5.8	5.7	5.6	6.2	6.8
Net revenues	24,218	23,241	27,501	31,038	34,695
Growth (%)	-4.0	-4.0	18.3	12.9	11.8
Direct costs	16,057	13,843	17,063	19,234	21,436
SG&A	4,333	3,891	4,487	4,902	5,357
EBITDA	3,829	5,507	5,952	6,902	7,902
EBITDA margins (%)	15.8	23.7	21.6	22.2	22.8
- Depreciation	1,409	1,419	1,490	1,544	1,594
Other income	177	183	138	155	104
Interest expenses	1,223	936	601	559	874
PBT	1,374	3,336	3,998	4,954	5,537
Effective tax rate (%)	37.0	35.8	34.0	34.0	34.0
+ Associates / (Minorities)	-	-	-	-	-
Net income	866	2,142	2,639	3,269	3,655
Adjusted income	866	2,142	2,639	3,269	3,655
WANS	205	205	205	205	205
FDEPS (Rs / sh)	4.2	10.5	12.9	16.0	17.8
Adj. FDEPS growth (%)	82.1	147.4	23.2	23.9	11.8

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
PBT (Adj. OI and Interest)	2,420	4,088	4,462	5,358	6,308
+ Non-cash items	1,409	1,419	1,490	1,544	1,594
Oper. prof. before WC	3,829	5,507	5,952	6,902	7,902
- Incr. / (decr.) in WC	841	-2,085	1,388	29	30
Others incl. taxes	-	-	-	-	-
Operating cash-flow	2,988	7,592	4,564	6,873	7,872
- Capex (tang. + intang.)	768	522	500	6,750	9,550
Free cash-flow	2,220	7,070	4,064	123	-1,678
Acquisitions					
- Div. (incl. buyback & taxes)	185	410	307	307	307
+ Equity raised	-	-	-	-	-
+ Debt raised	-634	-4,297	-3,000	2,500	4,500
- Fin investments	-	1,151	-1,151	-	-
- Misc. (CFI + CFF)	1,328	1,211	1,823	2,088	2,653
Net cash-flow	73	1	84	227	-139

Source: Company, Anand Rathi Research

Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
Share capital	205	205	205	205	205
Net worth	11,184	13,059	15,391	18,353	21,700
Debt	12,264	7,966	4,966	7,466	11,966
Minority interest	-	-	-	-	-
DTL / (Assets)	1,219	1,811	1,811	1,811	1,811
Capital employed	24,667	22,837	22,168	27,630	35,477
Net tangible assets	22,098	21,460	20,683	20,589	19,545
Net Intangible assets	617	613	613	613	613
Goodwill	-	-	-	-	-
CWIP (tang. & intang.)	668	413	200	5,500	14,500
Investments (strategic)	-	-	-	-	-
Investments (financial)	-	1,151	-	-	-
Current assets (excl. cash)	5,255	4,122	5,651	6,378	7,129
Cash	360	362	446	673	534
Current liabilities	4,331	5,284	5,425	6,123	6,844
Working capital	923	-1,162	226	255	285
Capital deployed	24,667	22,837	22,168	27,630	35,477
Contingent liabilities	659	680	-	-	-

Fig 4 – Ratio analysis

Year-end: Mar	FY20	FY21	FY22e	FY23e	FY24e
P/E (x)	10.6	9.4	13.4	10.8	9.6
EV / EBITDA (x)	5.5	4.8	6.7	6.1	5.9
EV / Sales (x)	0.9	1.1	1.4	1.4	1.3
P/B (x)	0.8	1.5	2.3	1.9	1.6
RoE (%)	8.0	17.7	18.6	19.4	18.2
RoCE (%) - after tax	6.2	11.1	13.1	14.2	13.2
DPS (Rs / sh)	0.8	2.0	1.5	1.5	1.5
Dividend payout (%) - incl. DDT	21.4	19.1	11.6	9.4	8.4
Net debt / equity (x)	1.1	0.5	0.3	0.4	0.5
Working capital (days)	13.9	-18.2	3.0	3.0	3.0
EV/ton (\$)	36.1	45.4	64.1	67.7	75.2
NSR / ton (Rs)	4,171	4,602	4,902	5,002	5,102
EBITDA / ton (Rs)	659	1,090	1,061	1,112	1,162
Volumes	5.81	5.05	5.61	6.21	6.80
CFO : PAT %	345.1	354.5	173.0	210.2	215.4

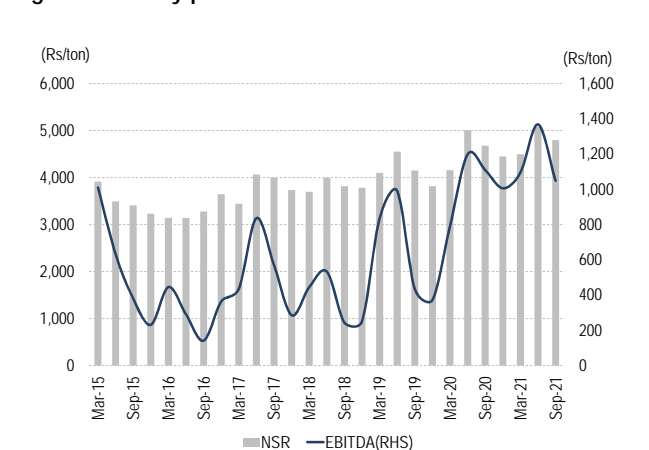
Source: Company, Anand Rathi Research

Fig 5 – Price movement



Source: Bloomberg

Fig 6 – Quarterly per-ton NSR and EBITDA trends



Source: Company, Anand Rathi Research

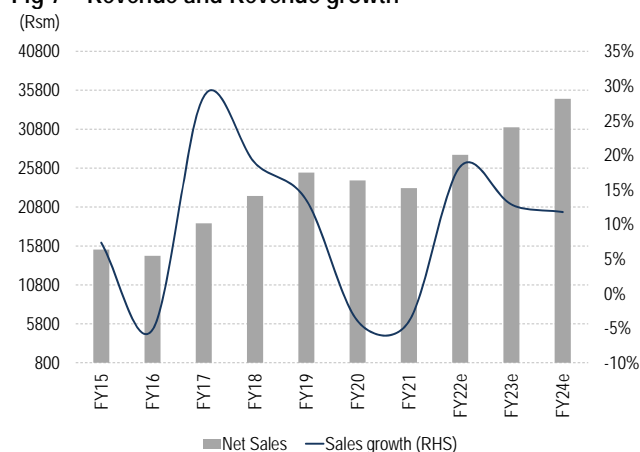
Key updates

Revenue growth

The company's key markets (Maharashtra 55%, Telangana/Karnataka/ AP 36%) together account for 91% of its revenue. The rest of its revenue arises from MP and the eastern region.

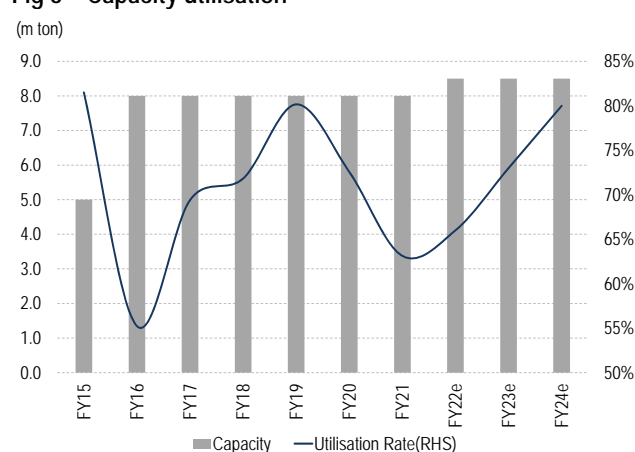
Q3 revenue grew 2.1% y/y to Rs6.15bn aided by 14% realisation growth y/y to Rs5,070/ton and a 10% y/y dip in cement sales volume growth to 1.22m tons. While cement demand was good in Oct and late Dec'22, Nov'22 was a washout on heavy and unseasonal rain. FY22 volumes are expected at 5.7m tons. To pass on higher input cost, prices were hiked by Rs15-20/bag in Oct'21 but they couldn't sustain through the quarter. The share of premium cement in trade sales was 12% (6% the quarter prior). The company has not lost market share in its core markets. Lower volumes were also because the company has chosen to stay away from far-off unremunerative markets, so that it maintains its minimum margin threshold. This was visible in its higher-than-industry EBITDA margin.

Fig 7 – Revenue and Revenue growth



Source: Company, Anand Rathi Research

Fig 8 – Capacity utilisation



Source: Company, Anand Rathi Research

Operating performance

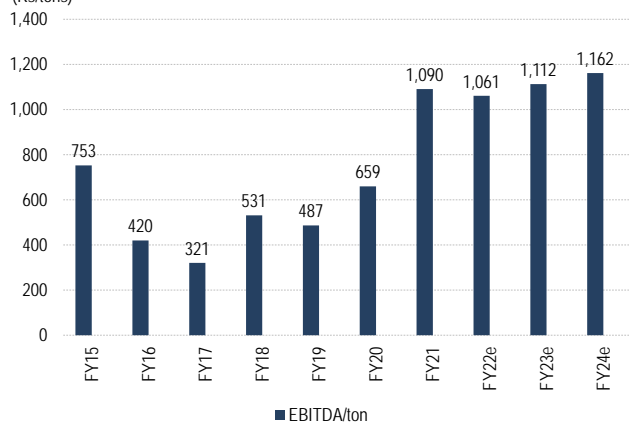
Q3 EBITDA was Rs1.17bn, down 14% y/y. EBITDA/ton for the quarter was down 4% y/y to Rs965 (Rs1,006 a year ago, Rs1,048 the quarter prior).

Power and fuel cost/ton increased 25% y/y on high coal and petcoke prices, but was partially offset by greater efficiencies and increased use of alternative fuel (currently at 18% of clinker fuel requirement). Raw material cost/ton grew 11% y/y. Freight cost/ton increased 8% y/y primarily on account of the rise in diesel prices and higher packing cost, despite reduction in lead distance to slightly above 300km during the quarter.

The company reported Rs437m profit, down 18.9% y/y, on lower operating profit and lower other income, despite interest cost down 35% y/y.

Fig 9 – EBITDA-per-ton trend

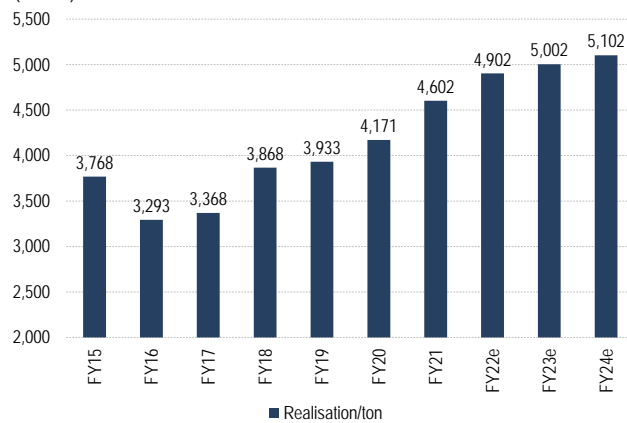
(Rs/tons)



Source: Company, Anand Rathi Research

Fig 10 – NSR-per-ton trend

(Rs/tons)



Source: Company, Anand Rathi Research

Result highlights

Fig 11 – Quarterly trend

(Rs m)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	%Y/Y	%Q/Q
Sales	6,878	5,150	5,645	6,545	4,104	4,775	6,046	8,316	6,909	6,131	6,175	2.1	0.7
EBITDA	1,496	536	550	1,247	982	1,132	1,367	2,025	1,862	1,340	1,175	-14.0	-12.3
EBITDA margins %	21.7	10.4	9.7	19.1	23.9	23.7	22.6	24.4	27.0	21.9	19.0	-357bps	-282bps
EBITDA / ton	990	432	372	792	1,198	1,109	1,006	1,095	1,368	1,048	965	-4.1	-7.9
Interest	313	320	311	279	270	263	243	159	159	149	158	-35.1	6.1
Depreciation	353	365	346	345	346	354	360	359	353	364	368	2.4	1.1
Other income	36	41	27	74	56	27	74	27	21	30	25	-66.3	-17.0
PBT	866	(108)	(81)	696	422	542	837	1,534	1,371	857	674	-19.5	-21.3
Tax	307	(31)	(24)	256	166	194	299	536	477	288	237	-20.6	-17.6
ADJ. PAT	559	(77)	(57)	441	256	348	539	999	895	569	437	-18.9	-23.2

Source: Company, Anand Rathi Research

Fig 12 – Per-ton analysis

(Rs)	Q1 FY20	Q2 FY20	Q3 FY20	Q4 FY20	Q1 FY21	Q2 FY21	Q3 FY21	Q4 FY21	Q1 FY22	Q2 FY22	Q3 FY22	% Y/Y	% Q/Q
Realisations	4,552	4,150	3,817	4,156	5,004	4,677	4,449	4,495	5,076	4,798	5,070	14.0	5.7
EBITDA	990	432	372	792	1,198	1,109	1,006	1,095	1,368	1,048	965	-4.1	-7.9
Sales volumes (m tons)	1.51	1.24	1.48	1.58	0.82	1.02	1.36	1.85	1.36	1.28	1.22	-10.4	-4.7
Costs													
Raw material	400	400	416	632	623	601	582	609	673	673	648	11.4	-3.7
Power & Fuel	1,059	1,075	959	992	836	877	918	907	970	1,049	1,149	25.1	9.5
Packing, Freight & Forwarding	1,227	1,189	1,141	1,217	1,162	1,175	1,204	1,243	1,312	1,273	1,301	8.1	2.2
Staff	274	319	259	227	453	353	278	225	294	289	341	22.8	18.0
Other expenditure	674	782	660	426	524	487	496	414	463	536	617	24.5	15.0

Source: Company, Anand Rathi Research

Concall Highlights

- **Volume, demand.** The company has not lost market share in its core markets. Lower volumes are also because it has chosen to stay away from far-off un-remunerative markets, so that it maintains its minimum-margin threshold. While cement demand was good in Oct and late Dec'22, Nov'22 was a washout on heavy and unseasonal rains. FY22 volumes are expected at 5.6m tons, up 11% y/y.
- **Pricing environment.** Prices were hiked by Rs15-20/bag in Oct'21, but couldn't sustain during the quarter. The company has bridged the gap between itself and category A players on realisation. StrongCrete is 12% of trade sales (6% the prior quarter).
- **Operational highlights**
 - The rail-road mix was 20:80; the lead distance slightly over 300km. Higher diesel and plastics prices raised freight costs. Blended cement sales (PPC + Strongcrete) were 66% of sales volumes and trade sales were 60%.
- **Debt.** The company refinanced its debt at attractive rates and reduced Net debt to Rs4.25bn in Jan'22.
- **Expansion, capex**
 - The 0.5m-ton Devapur de-bottlenecking was completed in Sep'21.
 - The order for the 10MW WHRS has been placed and the plant will be commissioned in 15 months.
 - The 2m-ton GU at Tiroda, Maharashtra, will be implemented at Rs5bn capex by FY24. The company entered into a non-binding MoU with Adani Power, Maharashtra, on 23rd Sep'21, regarding facilitating the *bona fide* use of land to set up a GU in Maharashtra. It will be eligible for an incentive of 70% of the project cost in the form of soft loans.
 - It will set up a rake-handling system at the Chittapur plant in FY23 at Rs100m capex to enable flyash sourcing from distant power plants at reasonable cost.
 - The Devapur expansion (clinker ~2m tons, GU ~1m tons, CPP/ WHRS) is expected to be over by end-FY24 at Rs16bn-17bn capex.
 - FY22 capex is expected at Rs65m; FY23 capex would be Rs7bn and FY24, Rs14bn.
- **Rajasthan mines.** Not much progress has been made on the mining-lease transfer from Orient Paper to Orient Cement. The mines have estimated reserves for 40 years (100m tons) justifying the 2m-ton capacity expansion in Rajasthan.
- **Investment.** The company acquired a 26% stake in AMP Solar Systems Pvt. Ltd. through a combination of equity and CCD at Rs40.5m. Solar power started from Oct'21 at the Jalgaon plant, reducing power & fuel cost.

Valuations

In the high-cost milieu and heavy & unseasonal monsoon, Orient's performance was much better than that of its peers, although its EBITDA/PAT declined 14%/19% y/y on a high base. While de-levering continues, the company attractively financed the balance debt. Cost optimisation, a rake-handling system, the WHRS setup and solar power are positives.

Change in estimates

We change our FY22/FY23/FY24 estimates: revenue -7%/-2.7%/ 0.4%, EBITDA -11.6%/-4.4%/1.8%, PAT -17.3%/-9.5%/-4.9%, because of the lower than expected operating performance.

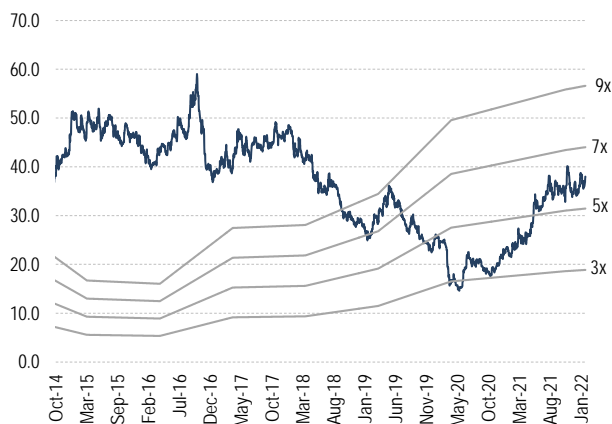
Fig 13 – Change in estimates

(Rs m)	Old			New			Variance (%)		
	FY22	FY23	FY24	FY22	FY23	FY24	FY22	FY23	FY24
Sales	29,584	31,889	34,559	27,501	31,038	34,695	(7.0)	(2.7)	0.4
EBITDA	6,735	7,222	7,766	5,952	6,902	7,902	(11.6)	(4.4)	1.8
PAT	3,190	3,614	3,843	2,639	3,269	3,655	(17.3)	(9.5)	(4.9)

Source: Anand Rathi Research

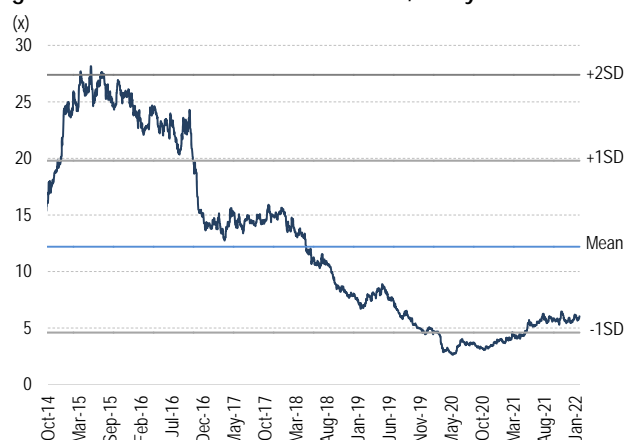
At the CMP, the stock quotes at an EV/EBITDA of 5.9x FY24e and an EV/ton of \$75 on FY24e. We retain our Buy rating, with a slightly lower target of Rs.233 (earlier Rs.240) on 7.5x FY24e EV/EBITDA, implying an EV/ton of \$95.

Fig 14 – EV/EBITDA band, one-year-forward



Source: Company, Anand Rathi Research

Fig 15 – EV/EBITDA: Standard deviation, one-year-forward



Source: Company, Anand Rathi Research

Risks

- Demand slowdown
- Rising prices of pet-coke and diesel.

Fig 16 – Peer comparison – valuations

	CMP	P/E (x)			EV / EBITDA (x)			EV / ton (\$)		
	(Rs)	FY22e	FY23e	FY24e	FY22e	FY23e	FY24e	FY22e	FY23e	FY24e
Orient Cement	172	13.4	10.8	9.6	6.7	6.1	5.9	64	68	75
JK Cement	3,341	32.5	28.4	23.3	17.8	16.2	13.6	239	237	229
Birla Corp.	1,400	17.0	13.9	11.4	10.0	8.1	6.7	86	77	71
Ramco Cement	900	30.8	25.8	21.5	18.5	15.2	13.2	176	164	156
Dalmia Bharat	1,850	42.8	30.9	23.1	14.1	12.1	9.9	154	151	106
Deccan Cement	614	7.6	7.2	6.3	4.1	5.3	5.1	44	63	39
Heidelberg Cement	220	17.1	13.7	12.6	9.5	8.1	7.0	99	94	88
India Cement	216	38.7	22.2	16.6	13.2	10.4	8.7	82	81	77
JK Lakshmi	566	16.0	13.6	12.1	8.1	7.0	6.3	79	75	71
Mangalam Cement	380	9.2	7.6	6.6	6.0	4.9	3.9	46	41	36
Prism Johnson	136	31.5	25.1	19.8	11.3	9.9	8.3	104	89	74
Sanghi Industries	55	25.3	15.1	9.9	11.3	7.8	6.2	63	60	56
Star Cement	94	15.8	13.6	11.7	9.7	8.7	7.9	85	86	91

Source: Company, Anand Rathi Research

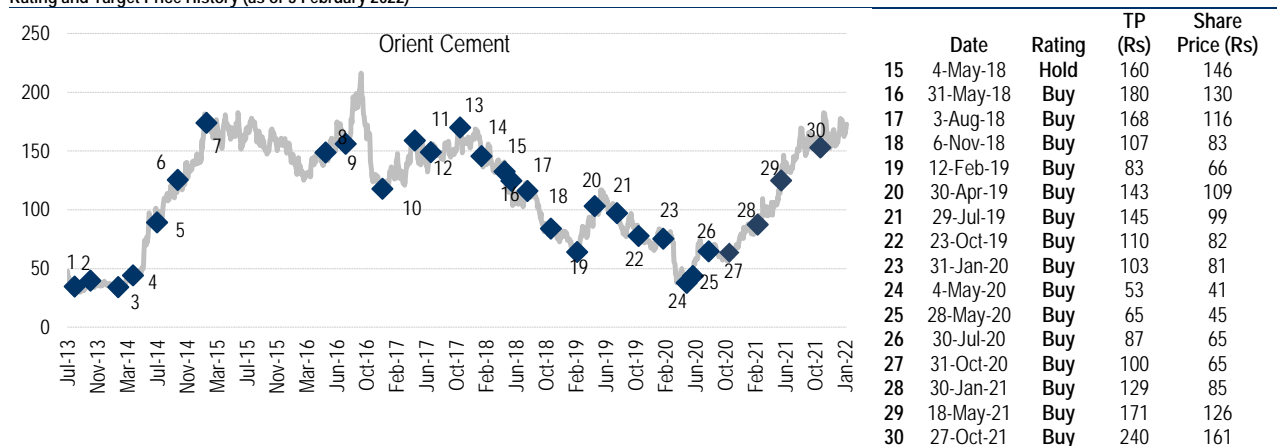
Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies

Rating and Target Price History (as of 3 February 2022)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity) is a subsidiary of Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged in the business of Stock Broking, Depository Participant and Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may: (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No

Other Disclosures pertaining to distribution of research in the United States of America

This research report is a product of ARSSBL, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by ARSSBL only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into an agreement with a U.S. registered broker-dealer, Cabrera Capital Markets. ("Cabrera"). Transactions in securities discussed in this research report should be effected through Cabrera or another U.S. registered broker dealer.

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. However, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on their own account or on behalf of their clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

© 2021. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.