

Sagar Cement

Refer to important disclosures at the end of this report

Cost pressure impacts margins; Capacity expansion to drive superior volume growth

Sagar Cement's Q2FY23 EBITDA sharply declined by 91% YoY and QoQ to Rs57mn vs. our estimate of Rs156mn (Consensus: Rs234mn) owing to higher-than-expected increase in cost/ton. Accordingly, EBITDA/ton declined to just Rs55 (Emkay est.: Rs150). Volume growth remains superior at 21% YoY to 1.03mt, in line with our estimates. The company has recently increased its capacity by 43% to 8.3mt. Sagar is expected to register an industry-leading volume CAGR of 19% over FY22-25E, aided by a low base effect and capacity expansion. The company is also expanding its footprint to the East and Central regions, which would lead to reduced earnings volatility. In May-22, the company issued 13.2mn equity shares (10% stake) to Premji Invest at Rs265/share, totaling Rs3.5bn, to fund growth capex. Factoring in Q2FY23 miss and higher opex/ton, we reduce our FY23 EBITDA estimates by 29% and 4-6% for FY24E and FY25E, respectively. We maintain our Buy rating on the stock with a revised Sep-23 TP to Rs220 (earlier Rs225) post the quarterly rollover. Our DCF-based TP implies a one-year forward EV/EBITDA of 8x.

Results Summary: Sagar Cement's consolidated volumes increased by 21% YoY to 1.03mt, while cement realization/ton increased 6% YoY/declined ~3% QoQ to Rs4,585 – both were broadly in line with our estimates. Total cost/ton increased 25% YoY/8% QoQ to Rs4,530 (Emkay est.: Rs4,410). The company reported loss of Rs423mn. In H1FY23, the company generated negative FCF of Rs1.5bn post working capital blockage of Rs751mn and capex spend of Rs633mn. Net debt decreased by Rs308mn to Rs11.8bn as of Sep-22. **What we liked:** Superior volume growth; **What we did not like:** Higher-than-expected cost pressure and downward revision of FY23E EBITDA guidance.

Earnings call KTAs: 1) Management stated that prices have witnessed an uptick of Rs10/bag in Odisha and Rs15-20/bag in South India and Maharashtra in Oct-22. However, prices have been flat in Indore; 2) Net debt declined by Rs308mn QoQ to Rs11.8bn as of Sep-22. Management mentioned that the current debt level is at its peak, since it includes Rs5bn borrowed towards the acquisition; 3) Management has maintained its volume guidance of 5mt, implying volume growth of ~50% for H2FY23. However, in a worst-case scenario, it may decline to 4.75mt, implying 35% volume growth for H2FY23; 4) It also expects robust demand in South India for the next two years due to elections and expects volumes in South India to touch pre-Covid levels by H1FY24. Moreover, demand has started picking up in UP, and management expects demand growth to outpace supply, driven by infra spends; 5) Management has revised downwards its EBITDA guidance of Rs4bn due to input cost pressures and slower ramp-up of new units. However, it will provide more clarity in the coming quarters; 6) The company expects savings of Rs250/ton in Q3 due to the decline in fuel costs; 7) Andhra Cement issue is likely to be resolved by the end of Q3. The company has limestone reserves of 165mt; 8) Trade mix has declined to 57% in Q3 and management plans to again increase it to 65% in the coming quarters; 9) Sales mix for the quarter stood at 50% in Andhra Pradesh/Telangana, 16% in Tamil Nadu, 9% Karnataka, 7% each in Odisha and Madhya Pradesh, and 6% in Maharashtra; and 10) Management is targeting to increase the share of blended cement to 70% in the next few years.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Cement & Building Materials \(Page 7\)](#)

Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	13,713	15,969	22,404	25,657	29,598
EBITDA	4,004	2,758	1,964	4,026	4,900
EBITDA Margin (%)	29.2	17.3	8.8	15.7	16.6
APAT	1,865	692	(519)	1,053	1,816
EPS (Rs)	79.4	5.9	(4.0)	8.1	13.9
EPS (% chg)	562.1	(92.6)	NA	NA	72.4
ROE (%)	17.2	5.6	(3.7)	6.6	10.4
P/E (x)	2.4	32.7	NA	23.9	13.8
EV/EBITDA (x)	6.8	10.2	18.0	8.1	6.9
P/BV (x)	0.4	1.8	1.6	1.5	1.4

Source: Company, Emkay Research

CMP	Target Price
Rs 192	Rs 220 (▼)
as of (October 20, 2022)	12 months
Rating	Upside
BUY (■)	15 %

Change in Estimates

EPS Chg FY23E/FY24E (%)	NA/(18)
Target Price change (%)	(2.3)
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	(4.0)	8.1
Consensus	0.2	9.9
Mean Consensus TP (12M)	Rs 249	

Stock Details

Bloomberg Code	SGC IN
Face Value (Rs)	2
Shares outstanding (mn)	131
52 Week H/L	308 / 154
M Cap (Rs bn/USD bn)	25 / 0.30
Daily Avg Volume (nos.)	1,29,048
Daily Avg Turnover (US\$ mn)	0.3

Shareholding Pattern Jun '22

Promoters	45.2%
FIIIs	4.5%
DIIIs	18.2%
Public and Others	32.1%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(15)	12	(21)	(32)
Rel. to Nifty	(13)	5	(23)	(30)

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Dharmesh Shah

dharmesh.shah@emkayglobal.com
+91 22 6612 1255

Harshal Milan Mehta

harshal.mehta@emkayglobal.com
+91 22 6624 2481

Quarterly Highlights

Exhibit 1: Actual vs. Estimates (Q2FY23)

(Rs mn)	Actual	Estimates		% variation		Comment
		Emkay	Consensus	Emkay	Consensus	
Sales	4,746	4,727	4,496	0.4	5.5	In line
EBITDA	57	156	234	(63.3)	(75.6)	Led by higher-than-expected input cost
Adj. PAT	(423)	(411)	(408)			In-line owing to higher-than-expected other income
Volume (mt)	1.03	1.04		(0.2)		
Cement Realization (Rs/ton)	4,585	4,560		0.5		
EBITDA (Rs/ton)	55	150		(63.2)		

Source: Bloomberg, Emkay Research

Exhibit 2: Quarterly financial highlights (Consolidated)

Rs mn	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)	H1FY22	H1FY23	YoY (%)
Revenue	3,689	3,337	5,017	5,577	4,746	28.6	(14.9)	7,615	10,323	35.6
Expenditure	3,082	2,869	4,406	4,967	4,688	52.1	(5.6)	5,936	9,655	62.7
Total RM	597	292	839	999	713	19.4	(28.7)	1,123	1,712	52.5
Power & Fuel	1,120	1,330	1,706	2,145	2,277	103.2	6.2	2,121	4,422	108.4
Freight	678	562	875	947	826	21.9	(12.7)	1,348	1,773	31.5
Staff cost	202	197	266	254	229	13.7	(9.8)	392	484	23.3
Other expenditure	485	488	721	621	643	32.7	3.5	951	1,264	32.9
EBITDA	608	468	611	610	57	(90.6)	(90.6)	1,679	667	(60.2)
Depreciation	199	219	315	366	379	90.3	3.7	392	745	90.3
EBIT	409	249	296	245	(322)	NA	NA	1,287	(78)	NA
Other Income	26	19	42	124	149	480.9	20.0	73	274	273.4
Interest	114	184	471	481	503	340.2	4.6	270	984	264.4
PBT	320	85	(134)	(112)	(676)	NA	NA	1,091	(787)	NA
Total Tax	119	34	58	19	(184)	NA	NA	404	(165)	NA
Adjusted PAT	201	51	(192)	(131)	(492)	NA	NA	686	(623)	NA
(Profit)/loss from JV's/Ass/MI	(3)	(7)	(76)	(59)	(69)	NA	NA	(17)	(128)	NA
PAT after MI	204	58	(115)	(72)	(423)	NA	NA	670	(751)	NA
Extra ordinary items	-	47	-	-	-			-	-	
Reported PAT	204	105	(115)	(72)	(423)	NA	NA	703	(495)	NA
Adjusted EPS (Rs)	1.7	0.5	(1.0)	(0.6)	(3.6)	NA	NA	6.0	(4.2)	NA

Source: Company, Emkay Research

	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (bps)	QoQ (bps)	H1FY22	H1FY23	YoY (bps)
EBIDTA	16.5	14.0	12.2	10.9	1.2	(1,527)	(974)	22.0	6.5	(1,558)
EBIT	11.1	7.5	5.9	4.4	(6.8)	(1,786)	(1,117)	16.9	(0.8)	(1,766)
EBT	8.7	2.5	(2.7)	(2.0)	(14.2)	(2,291)	(1,223)	14.3	(7.6)	(2,195)
PAT	5.6	1.5	(3.8)	(2.3)	(10.4)	(1,580)	(802)	9.0	(6.0)	(1,505)
Effective Tax rate	35.1	40.0	(43.1)	(17.1)	27.2			37.1	20.9	

Source: Company, Emkay Research

Exhibit 3: Quarterly analysis on per-ton basis

Rs/ton	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY (%)	QoQ (%)	H1FY22	H1FY23	YoY (%)
Volumes (mt)	0.85	0.74	1.13	1.19	1.03	21.3	(12.8)	1.73	2.22	28.2
Blended Realization	4,324	4,489	4,448	4,702	4,585	6.0	(2.5)	4,395	4,647	5.7
Raw Material	700	393	744	842	689	(1.6)	(18.3)	648	771	18.9
Power & Fuel	1,313	1,790	1,512	1,808	2,200	67.5	21.7	1,224	1,991	62.6
Freight	794	756	776	798	798	0.5	0.0	778	798	2.6
Staff cost	236	265	236	214	222	(6.2)	3.4	226	218	(3.8)
Other expenditure	568	656	639	524	621	9.4	18.7	549	569	3.7
Operating cost	3,612	3,860	3,907	4,187	4,530	25.4	8.2	3,426	4,347	26.9
EBITDA/ton	712	629	542	514	55	(92.3)	(89.3)	969	300	(69.0)

Source: Company, Emkay Research

Exhibit 4: We have decreased FY23 EBITDA estimates by 29% and FY24-FY25 EBITDA estimates by 4-6%

Y/E March (Rs mn)	FY23E			FY24E			FY25E		
	Old	New	% chg	Old	New	% chg	Old	New	% chg
Revenue	22,404	22,404	-	25,713	25,657	(0.2)	29,777	29,598	(0.6)
EBITDA	2,781	1,964	(29.4)	4,276	4,026	(5.8)	5,091	4,900	(3.7)
PAT	22	(519)		1,290	1,053	(18.4)	1,947	1,816	(6.7)

Source: Emkay Research

Exhibit 5: Maintain Buy with a TP of Rs220 based on Sep-24E EV/EBITDA**EV/E method, backed by DCF analysis**

Sep24E EBITDA (Rs bn)	4.5
EV/E multiple (x)	8.0
Enterprise Value (Rs bn)	37
Net debt (Sep-23E, Rs bn)	8
Equity value (Rs bn)	29
No. of shares (mn)	131
Sep-23 Target Price (Rs)	220

Source: Emkay Research

Key Financials (Standalone)**Income Statement**

Y/E March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	13,713	15,969	22,404	25,657	29,598
Expenditure	9,709	13,211	20,440	21,631	24,698
EBITDA	4,004	2,758	1,964	4,026	4,900
Depreciation	810	927	1,510	1,560	1,594
EBIT	3,194	1,831	454	2,466	3,306
Other Income	78	134	336	235	247
Interest expenses	466	925	1,565	1,291	1,122
PBT	2,806	1,040	(775)	1,410	2,431
Tax	945	449	(256)	357	615
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	4	100	0	0	0
Reported Net Income	1,865	692	(519)	1,053	1,816
Adjusted PAT	1,865	692	(519)	1,053	1,816

Balance Sheet

Y/E March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	235	235	261	261	261
Reserves & surplus	11,810	12,319	15,315	16,284	17,954
Net worth	12,045	12,554	15,577	16,545	18,216
Minority Interest	535	540	540	540	540
Loan Funds	8,129	15,034	13,034	15,034	17,034
Net deferred tax liability	759	823	823	823	823
Total Liabilities	21,468	28,951	29,973	32,942	36,612
Net block	13,238	20,481	19,384	18,236	21,442
Investment	0	3,147	3,147	3,147	3,147
Current Assets	7,273	8,857	11,319	12,660	14,944
Cash & bank balance	2,542	1,627	2,394	3,073	4,452
Other Current Assets	1,370	1,762	2,197	2,516	2,903
Current liabilities & Provision	4,218	4,539	6,081	7,039	8,242
Net current assets	3,055	4,318	5,237	5,621	6,702
Misc. exp	0	0	0	0	0
Total Assets	21,468	28,951	29,973	32,942	36,612

Cash Flow

Y/E March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	2,636	1,016	(1,110)	1,175	2,184
Other Non-Cash items	0	0	0	0	0
Chg in working cap	223	(1,700)	(152)	295	298
Operating Cashflow	3,772	870	2,068	3,965	4,583
Capital expenditure	(4,613)	(3,610)	(1,613)	(4,146)	(4,183)
Free Cash Flow	(841)	(2,740)	455	(181)	400
Investments	0	0	0	0	0
Other Investing Cash Flow	107	(4,090)	0	0	0
Investing Cashflow	(4,475)	(7,643)	(1,277)	(3,911)	(3,937)
Equity Capital Raised	671	105	3,500	0	0
Loans Taken / (Repaid)	3,190	6,873	(2,000)	2,000	2,000
Dividend paid (incl tax)	(153)	(59)	42	(84)	(145)
Other Financing Cash Flow	(17)	(19)	0	0	0
Financing Cashflow	3,217	6,149	(23)	625	732
Net chg in cash	2,513	(625)	767	679	1,379
Opening cash position	29	2,251	1,627	2,394	3,073
Closing cash position	2,542	1,627	2,394	3,073	4,452

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 10/21/2022 11:48 AM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	29.2	17.3	8.8	15.7	16.6
EBIT Margin	23.3	11.5	2.0	9.6	11.2
Effective Tax Rate	33.7	43.1	33.0	25.3	25.3
Net Margin	13.6	3.7	(2.3)	4.1	6.1
ROCE	17.8	7.8	2.7	8.6	10.2
ROE	17.2	5.6	(3.7)	6.6	10.4
RoIC	15.2	5.6	1.3	8.6	11.1

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	79.4	5.9	(4.0)	8.1	13.9
CEPS	113.9	13.8	7.6	20.0	26.1
BVPS	512.6	106.8	119.2	126.6	139.4
DPS	6.5	0.8	(0.3)	0.6	1.1

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	2.4	32.7	(48.4)	23.9	13.8
P/CEPS	1.7	14.0	25.4	9.6	7.4
P/BV	0.4	1.8	1.6	1.5	1.4
EV / Sales	0.7	2.1	1.5	1.3	1.2
EV / EBITDA	6.8	10.2	18.0	8.1	6.9
Dividend Yield (%)	3.4	0.4	(0.2)	0.3	0.6

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	0.5	0.8	0.5	0.5	0.5
Net Debt/EBIDTA	1.4	3.7	3.8	2.2	1.9
Working Cap Cycle (days)	13.7	61.5	46.3	36.3	27.8

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	16.7	16.4	40.3	14.5	15.4
EBITDA	115.9	(31.1)	(28.8)	105.0	21.7
EBIT	199.5	(42.7)	(75.2)	442.9	34.1
PAT	598.4	(62.9)	(175.1)	0.0	72.4

Quarterly (Rs mn)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Revenue	3,689	3,337	5,017	5,577	4,746
EBITDA	608	468	611	610	57
EBITDA Margin (%)	16.5	14.0	12.2	10.9	1.2
PAT	204	58	(115)	(72)	(423)
EPS (Rs)	1.7	0.5	(1.0)	(0.6)	(3.6)

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
Promoters	50.3	50.3	50.3	50.3	45.2
FII	3.1	6.1	5.8	5.2	4.5
DII	11.5	8.2	9.0	8.9	18.2
Public and Others	35.1	35.4	35.0	35.6	32.1

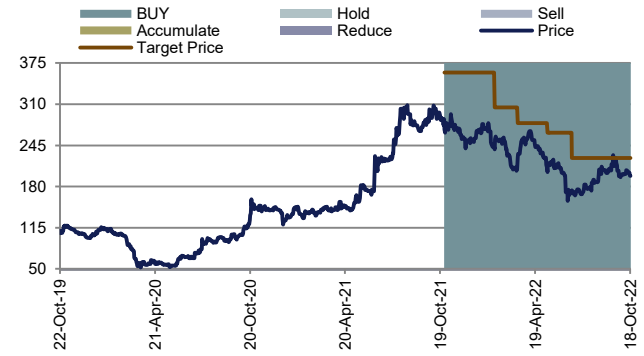
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
04-Oct-22	199	225	12m	Buy	Dharmesh Shah
04-Sep-22	201	225	12m	Buy	Dharmesh Shah
21-Jul-22	178	225	12m	Buy	Dharmesh Shah
04-Jul-22	166	225	12m	Buy	Dharmesh Shah
28-Jun-22	174	225	12m	Buy	Dharmesh Shah
12-May-22	203	265	12m	Buy	Dharmesh Shah
27-Mar-22	255	280	12m	Buy	Dharmesh Shah
16-Mar-22	227	280	12m	Buy	Dharmesh Shah
31-Jan-22	238	305	12m	Buy	Dharmesh Shah
31-Dec-21	270	360	12m	Buy	Dharmesh Shah
02-Dec-21	258	360	12m	Buy	Dharmesh Shah
28-Oct-21	265	360	12m	Buy	Dharmesh Shah
27-Oct-21	270	360	12m	Buy	Dharmesh Shah

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Cement & Building Materials



Analyst: Dharmesh Shah

Contact Details

dharmesh.shah@emkayglobal.com
+91 22 6612 1255

Sector

Cement & Building Materials

Analyst bio

Dharmesh is a CA and has around 10 years of experience in equity research. His team currently covers ten stocks in cement sector.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight based on Current NAV	Change vs last published EAP (bps)
Cement & Building Materials	2.17	2.17	0%	0	100.00	
ACC	0.18	0.18	0%	0	8.37	0
Ambuja Cements	0.36	0.35	-2%	-1	16.23	0
Birla Corporation	0.00	0.00	NA	0	0.00	0
Dalmia Bharat	0.12	0.08	-30%	-3	3.79	0
Grasim Industries*	0.61	0.61	0%	0	27.90	0
JK Cement	0.00	0.04	NA	4	1.95	0
Ramco Cements	0.00	0.00	NA	0	0.00	0
Shree Cements	0.20	0.20	0%	0	9.17	0
Star Cement	0.00	0.00	NA	0	0.00	0
Ultratech Cement	0.71	0.71	0%	0	32.59	0
Cash	0.00	0.00	NA	0	0.00	0

Source: Emkay Research

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	18-Oct-21	20-Apr-22	21-Jul-22	19-Sep-22	19-Oct-22
EAP - Cement & Building Materials	100.0	181.2	167.7	150.0	175.2	165.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	174.4	160.8	143.5	169.5	159.9

*Performance measurement base date 1st April 2019

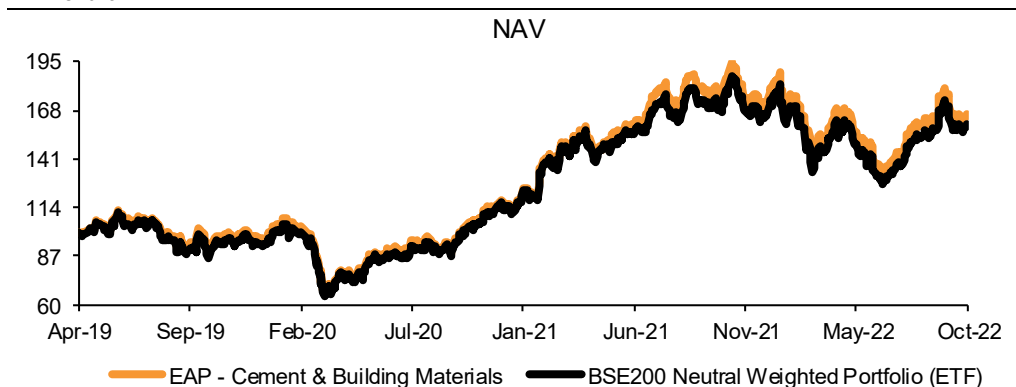
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Cement & Building Materials	-5.5%	10.3%	-1.3%	-8.7%
BSE200 Neutral Weighted Portfolio (ETF)	-5.6%	11.5%	-0.5%	-8.3%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 20 Oct 2022 21:53:15 (SGT)

Dissemination Date: 20 Oct 2022 21:54:15 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. 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 EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. 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. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), 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 Financial Institutions Regulatory Authority (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 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.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of October 20, 2022
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
3. **Disclosure of previous investment recommendation produced:** EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of October 20, 2022.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the October 20, 2022
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the October 20, 2022

RESTRICTIONS ON DISTRIBUTION

General	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.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com