

November 22, 2022

**RESULT REPORT Q2 FY23** | Sector: Chemicals

# Aarti Industries Ltd

## Volatile macro weighs on 2Q; prognosis strong

### Our View:

ARTO's 2QFY23 Adj. Ebitda at Rs 2.7bn (+31.5% YoY; -5.2%), stood largely in-line with our estimates. The YoY growth stemmed from adjustment for shortfall fee of Rs 520mn in base quarter. Higher raw material volatility, lower volume due to maintenance shutdown at Jhagadia and muted demand for discretionary products (dyes & pigments) coupled with QoQ higher operating expense led to sequential drop in operating profits. Going ahead, while Ebitda for 2HFY23 could remain flat (vs 1H), a stronger 25% CAGR is expected over FY24-25e driven by a) expansion in NCB and Ethylation capacities, b) ramp-up in LT-2 (revenue potential : Rs 5.5bn) c) commissioning and ramp-up of LT-3 (revenue potential: Rs 940mn) and d) launch of 50+ molecules currently under R&D. Maintain BUY

### Result Highlights

- Revenue:** The Revenue for the quarter stood at Rs 16.8bn (+34% YoY; +4.6% QoQ). As the statements are restated, so the revenue pertains only to Specialty Chemicals. Volatility in raw material prices, forex and muted demand for Dyes & Pigment impacted business during the quarter. However exports demand picked up as proportion of exports in the mix increased to 50%
- Consolidated Ebitda & PAT:** Consol. Adj. Ebitda stood at Rs 2.7bn (+31% YoY; -5.2% QoQ) and Consol. PAT stood at Rs 1.25bn (-17% YoY; -8.2% QoQ). The sequential decline in Ebitda/Ebitda margin stemmed from contraction in gross margin to 47% (1Q: 54%) and 11% QoQ increase in operating expenses. ARTO has guided for FY23 Ebitda to be in excess of Rs 11bn (1HFY23: 5.5bn), followed by an EBITDA growth CAGR of ~ 25% over FY24-25e.
- Pharma Demerger:** Given the approval for de-merger of Pharma business (effective 17<sup>th</sup> Oct'2022), the assets and liabilities pertaining to the Pharma Business Undertaking, including supporting manufacturing units, employees, cash and cash equivalents and investments (including investments in subsidiaries and joint ventures), as defined in the Scheme, stand transferred and vested into the Aarti Pharmalabs Ltd from its appointed Date i.e. from 1<sup>st</sup> Jul'21. Accordingly, the financial statement for Aarti Industries Ltd. stands restated.
- Capex:** The planned Capex for FY23 is estimated at Rs 11-12bn, with Rs 5.7bn invested in 1HFY23.

### Valuation

We maintain BUY rating on ARTO with a revised TP of Rs 845/sh, as we align our estimates to re-stated, post demerger financials and roll estimates forward to FY25e. Our TP is premised upon an operating earnings growth CAGR of 10% (FY22-30e) and RoEs of ~15-16%.

### Exhibit 1: Actual vs estimate

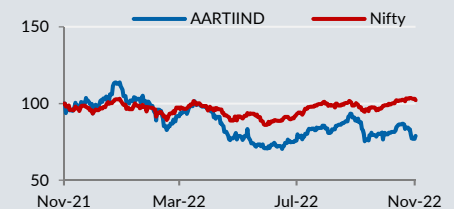
Rsmn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	16,850	15,296	20,654	10.2	(18.4)	
EBITDA	2,670	2,799	3,797	(4.6)	(29.7)	
EBITDA Margin (%)	16	18	18	-245 bps	-254 bps	Operating earnings broadly in-line with estimates
Adjusted PAT	1,245	1,287	2,043	(3.3)	(39.1)	

Reco	: BUY
CMP	: Rs 669
Target Price	: Rs 845
Potential Return	: +26%

### Stock data (as on Nov 21, 2022)

Nifty	18,160
52 Week h/l (Rs)	976/584
Market cap (Rs/USD mn)	242642/2965
Outstanding Shares (mn)	363
6m Avg t/o (Rs mn):	631
Div yield (%):	0.4
Bloomberg code:	ARTO IN
NSE code:	AARTIIND

### Stock performance



	1M	3M	1Y
Absolute return	-1.3%	-5.7%	-20.9%

### Shareholding pattern (As of Sep '22 end)

Promoter	44.2%
FII+DII	26.9%
Others	28.7%

### Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	845*	1195

\*Restatement after demerger of Pharma segment

### Financial Summary

(Rs bn)	FY22	FY23e	FY24e	FY25e
Revenues	70.0	65.6	74.0	81.9
yoy gr. (%)	55.3	-6.2	12.7	10.7
EBITDA	17.9	11.8	14.6	18.1
OPM (%)	25.6	17.9	19.8	22.1
PAT	13.1	5.8	7.4	9.3
yoy gr. (%)	144.3	-55.3	25.9	26.2
EPS (Rs)	36.0	15.6	19.7	25.0
P/E (x)	18.6	42.8	33.9	26.8
P/B (x)	5.4	4.8	4.3	3.7
EV/EBITDA	14.7	22.9	19.0	15.3
RoE (%)	32.6	12.2	13.8	15.3

**NITIN TIWARI**

Lead Analyst

nitin.tiwari@ysil.in

+91 22 6885 0299



## Exhibit 2: Quarterly snapshot

Particulars (Rs mn)	Q1 FY22	Q2 FY22	Q1 FY23	Q2 FY23	y/y (%)	q/q (%)	1HFY22	1HFY23	y/y (%)
Revenue	13,168	12,559	16,103	16,850	34.2	4.6	25,726	32,953	28.1
Expenditure	10,030	10,010	13,288	14,180	41.7	6.7	20,039	27,463	37.0
-Raw Material	6,101	6,623	9,262	9,781	47.7	5.6	12,724	19,038	49.6
-Staff Cost	995	731	910	928	27.0	2.0	1,726	1,838	6.5
-Other Expenses	2,934	2,656	3,116	3,471	30.7	11.4	5,590	6,587	17.8
<b>EBITDA</b>	<b>2,806</b>	<b>2,030</b>	<b>2,815</b>	<b>2,670</b>	<b>31.5</b>	<b>(5.2)</b>	<b>4,836</b>	<b>5,490</b>	<b>13.5</b>
EBITDA margin (%)	21.3	16.2	17.5	15.8	-32 bps	-164 bps	18.8	16.7	-214 bps
Other Income	1	5	4	0	(96)	(95)	6	4	(28.6)
Depreciation	686	574	718	729	27	2	1,260	1,446	14.8
<b>EBIT</b>	<b>2,121</b>	<b>1,461</b>	<b>2,102</b>	<b>1,941</b>	<b>33</b>	<b>(8)</b>	<b>3,582</b>	<b>4,048</b>	<b>13.0</b>
EBIT margin	16.1	11.6	13.1	11.5	-11 bps	-153 bps	13.9	12.3	-164 bps
Interest	383	145	445	437	203	(2)	527	883	67.3
Excp. Item	332	519	-	-	(100)	-	851	-	(100.0)
<b>PBT</b>	<b>2,070</b>	<b>1,835</b>	<b>1,656</b>	<b>1,504</b>	<b>(18.0)</b>	<b>(9.2)</b>	<b>3,905</b>	<b>3,165</b>	<b>(18.9)</b>
Tax	419	336	301	259	(22.8)	(13.8)	755	565	(25.1)
<b>PAT</b>	<b>1,651</b>	<b>1,500</b>	<b>1,356</b>	<b>1,245</b>	<b>(17.0)</b>	<b>(8.2)</b>	<b>3,150</b>	<b>2,600</b>	<b>(17.5)</b>
<b>Adj.PAT</b>	<b>1386</b>	<b>1076</b>	<b>1356</b>	<b>1245</b>	<b>15.7</b>	<b>(8.2)</b>	<b>2462</b>	<b>2601</b>	<b>5.6</b>

Source: Company, YES Sec

## Exhibit 3: Pharma-Proforma P&L

Pharma Proforma P&L	
Net Revenue	9,145
Total Expenses	7057.5
<b>Ebitda</b>	<b>2,087</b>
Depreciation	421
<b>Ebit</b>	<b>1,666</b>
Interest	120
<b>PBT</b>	<b>1,547</b>
PAT	1,216

Source: Company, YES Sec – Research

## Exhibit 4: Pharma -Proforma Balance Sheet

Pharma Balance Sheet	
Property, Plant and Equipment	7,801
Capital work-in-progress	1,874
<b>Total Non-Current Assets</b>	<b>10,148</b>
Inventories	4,772
Trade Receivables	2,990
Cash and Cash Equivalents	833
<b>Total Current Assets</b>	<b>6,276</b>
<b>Total Assets</b>	<b>16,424</b>
<b>Total Equity</b>	<b>13,985</b>
LT Borrowings	6
<b>Total Non-Current Liabilities</b>	<b>727</b>
ST Borrowings	131
Trade Payables	1,375
<b>Total Current Liabilities</b>	<b>1,713</b>
<b>Total Equity and Liabilities</b>	<b>16,425</b>

Source: Company, YES Sec – Research

## KEY CALL HIGHLIGHTS

- Almost 78% of sales was derived from value added product
- Revenue mix was equally distributed between non-discretionary application viz agrochemicals, FMCG and discretionary applications viz Dyes & Pigments, polymers etc
- Volatility in raw material cost and foreign exchange rate impacted the business during the quarter
- In addition, to above, muted demand from certain key segments like Dyes and pigments was also a drag; demand to recover from 4QFY23
- Demerged Pharma business into Aarti Pharma Labs to maximize shareholder return, as both entities are now free to take appropriate business decisions.
- Listing of Aarti Pharma labs in Dec 2022
- Export contribution to total revenue at 50%
- Base 2QFY22 Ebitda included shortfall fee of Rs 520mn from termination of LT-1
- Raw material and freight costs elevated during the quarter, but ARTO operates under a pass through mechanism; the costs are also likely to soften in 3Q
- Due to maintenance work at Jhagadia, the volume was lower in 2QFY23 for few products
- Mark to market impact of Rs 200 mn, due to forex fluctuation, raised interest costs
- FY23 Ebitda to be above Rs 11bn
- Expansion Program: Production at LT-1 plant progressing as per expectations and expected to reach a utilization of 70% by next financial year.
- Long term contract -2 is also progressing as per plan in phased manner to generate guided Ebitda
- Plant with respect to third long term contract at Jhagadia is expected to commission by end of this quarter
- Brownfield expansion of NCB capacity would be progressively commissioned over next four quarter to contribute from next Financial Year
- The Ethylation capacity at Dahez SEZ which is currently operating at 90% would be tripled through an investment of Rs 2000mn, to come on stream by 1HFY25
- Looking to de-bottleneck Nitrotoulene capacity, with certain Agrochemical molecules as key target segment
- Annual growth capex estimated at Rs 11-12bn, with Rs 5.77bn spent over 1HFY23
- The impact of capacity expansion to be visible by FY24 and FY25 as the expanded capacity ramps up
- Ebitda CAGR of 25% expected in FY24 and FY25
- FY24-25 collective capex about Rs 30bn, to drive future earnings growth
- The capex over FY24-25 to add new high potential products in the portfolio and tap new market segments
- 250 plus R&D engineers working on cutting edge products including that in sunrise sectors
- 50+ products in R&D phase in chemicals
- From contract: should be on the lower side, contract 1 is terminated and from contract 2 contribution should be low

## VIEW & VALUATIONS

### BUY with a TP of Rs 845/sh

We maintain BUY rating on ARTO with a revised TP of Rs 845/sh, as we align our estimates to re-stated, post demerger financials and roll estimates forward to FY25e. Our TP is premised upon an operating earnings growth CAGR of 10% (FY22-30e) and RoEs of ~15-16%. While 2HFY23 could continue to be tepid, but we believe in ARTO's strong guidance for ~25% CAGR in operating earnings backed by ongoing investment in capacity expansion and more than new 50 molecules under development.

#### Exhibit 5: Valuation table

	(Rs mn)	USD mn	Rs /sh
Discounted projected FCF	72,889	911	201
Terminal Value	268,238	3,353	740
EV	341,128	4,264	941
Net Debt/ (cash)	35,680	446	98
<b>Equity</b>	<b>305,448</b>	<b>3,818</b>	<b>843</b>
Rs/USD	80		
Shr Outstanding	362.5		
Terminal Growth rate	4%		
WACC	9.3%		

## FINANCIALS

### Exhibit 6: Income statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22(R)	FY23E	FY24E	FY25E
Revenue	31,635	38,061	47,055	41,863	45,061	60,855	65,634	74,003	81,930
Total Expense	(25,100)	(31,069)	(37,404)	(32,090)	(35,246)	(43,654)	(53,868)	(59,364)	(63,848)
<b>Operating Profit</b>	<b>6,535</b>	<b>6,991</b>	<b>9,651</b>	<b>9,773</b>	<b>9,815</b>	<b>15,821</b>	<b>11,767</b>	<b>14,638</b>	<b>18,082</b>
Other Income	20	78	21	88	7	8	9	10	11
Depreciation	(1,225)	(1,462)	(1,627)	(1,852)	(2,313)	(2,464)	(2,583)	(3,423)	(4,287)
EBIT	5,329	5,607	8,045	8,010	7,509	13,365	9,193	11,225	13,806
Interest	(1,173)	(1,317)	(1,825)	(1,248)	(864)	(1,023)	(1,893)	(2,033)	(2,208)
Extraordinary Item	-	-	-	-	-	1,380	-	-	-
<b>PBT</b>	<b>4,156</b>	<b>4,290</b>	<b>6,220</b>	<b>6,762</b>	<b>6,646</b>	<b>13,722</b>	<b>7,300</b>	<b>9,193</b>	<b>11,598</b>
Tax	(881)	(829)	(1,178)	(1,290)	(1,293)	(1,863)	(1,460)	(1,839)	(2,320)
<b>PAT</b>	<b>3,275</b>	<b>3,461</b>	<b>5,042</b>	<b>5,471</b>	<b>5,352</b>	<b>11,858</b>	<b>5,840</b>	<b>7,354</b>	<b>9,279</b>
Adj. PAT	3,275	3,461	5,042	5,471	5,352	10,478	5,840	7,354	9,279
Eps	8.7	9.2	13.6	14.8	14.4	32.6	15.6	19.7	25.0

Source: Company, YES Sec (R) : Restated

### Exhibit 7: Balance sheet

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22(R)	FY23E	FY24E	FY25E
Equity capital	411	407	436	871	871	1,813	1,813	1,813	1,813
Reserves	13,214	15,378	25,872	28,917	34,158	43,347	48,430	54,852	62,985
<b>Net worth</b>	<b>13,625</b>	<b>15,784</b>	<b>26,308</b>	<b>29,788</b>	<b>35,029</b>	<b>45,160</b>	<b>50,242</b>	<b>56,664</b>	<b>64,797</b>
Total Debt	14,357	19,208	21,056	18,105	24,921	23,228	30,846	36,909	36,689
Deferred tax liab (net)	1,554	1,774	1,930	2,110	2,339	1,796	1,796	1,796	1,796
Other non-current liab.	643	1,410	2,872	6,455	2,367	2,392	2,566	2,763	2,981
<b>Capital Employed</b>	<b>30,179</b>	<b>38,176</b>	<b>52,166</b>	<b>56,458</b>	<b>64,656</b>	<b>72,576</b>	<b>85,450</b>	<b>98,132</b>	<b>106,262</b>
<b>Fixed assets</b>	<b>19,665</b>	<b>24,341</b>	<b>29,413</b>	<b>38,861</b>	<b>48,905</b>	<b>49,410</b>	<b>60,496</b>	<b>72,073</b>	<b>75,286</b>
Investments	470	472	332	370	635	283	283	283	283
Net working capital	10,044	13,363	22,422	17,227	15,115	21,698	24,671	25,776	30,693
Inventories	5,714	7,473	7,718	8,357	9,357	9,341	12,424	14,863	17,021
Sundry debtors	5,247	6,548	7,760	7,534	7,937	10,915	11,332	12,822	14,234
Cash & Bank Balance	285	321	8,042	2,473	4,123	1,736	3,418	1,229	3,015
Other assets	3,610	4,760	5,315	5,730	5,459	8,621	8,621	8,621	8,621
Sundry creditors	2,997	3,575	2,793	3,452	5,763	3,526	5,734	6,370	6,808
Other Liab.	1,814	2,164	3,621	3,415	5,997	5,390	5,390	5,390	5,390
<b>Application of Funds</b>	<b>30,179</b>	<b>38,176</b>	<b>52,166</b>	<b>56,458</b>	<b>64,655</b>	<b>71,391</b>	<b>85,450</b>	<b>98,132</b>	<b>106,262</b>

Source: Company, YES Sec

## Exhibit 8: Cash Flow statement

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20	FY21	FY22(R)	FY23E	FY24E	FY25E
PBT	4,156	4,290	6,220	6,762	6,646	15,268	7,300	9,193	11,598
Depreciation & amortization	1,225	1,462	1,627	1,852	2,313	2,885	2,583	3,423	4,287
Interest expense	1,173	1,317	1,825	1,248	864	1,143	1,893	2,033	2,208
(Inc)/Dec in working capital	(869)	(2,633)	(992)	2,902	(72)	(11,859)	(1,291)	(3,293)	(3,131)
Tax paid	(975)	(988)	(1,307)	(1,638)	(966)	(2,670)	(1,460)	(1,839)	(2,320)
Less: Interest/Dividend Income Received	-	(1)	(0)	(1)	(0)	-	-	-	-
Other operating Cash Flow	(11)	(98)	(11)	(104)	(57)	(61)	2,517	-	-
<b>Operating Cashflow</b>	<b>4,700</b>	<b>3,349</b>	<b>7,362</b>	<b>11,021</b>	<b>8,727</b>	<b>4,707</b>	<b>11,541</b>	<b>9,516</b>	<b>12,642</b>
Capital expenditure	(5,302)	(6,148)	(7,936)	(11,533)	(13,148)	(13,066)	(15,000)	(15,000)	(7,500)
Inc/(Dec) in investments	8	34	(61)	(26)	(78)	-	-	-	-
Other items	6	11	27	318	5	6	-	-	-
<b>Investing Cashflow</b>	<b>(5,289)</b>	<b>(6,104)</b>	<b>(7,970)</b>	<b>(11,241)</b>	<b>(13,221)</b>	<b>(13,055)</b>	<b>(15,000)</b>	<b>(15,000)</b>	<b>(7,500)</b>
Inc/(Dec) in share capital	(960)	(985)	7,414	(6)	-	11,867	-	0	0
Inc/(Dec) in debt	2,722	5,192	3,181	(3,032)	7,459	(2,663)	7,618	6,063	(220)
Dividend Paid	(6)	(100)	(440)	(1,064)	(451)	(1,269)	(584)	(735)	(928)
Others	(1,173)	(1,317)	(1,825)	(1,248)	(864)	(1,975)	(1,893)	(2,033)	(2,208)
<b>Financing Cashflow</b>	<b>583</b>	<b>2,791</b>	<b>8,329</b>	<b>(5,349)</b>	<b>6,145</b>	<b>5,960</b>	<b>5,141</b>	<b>3,295</b>	<b>(3,356)</b>
<b>Net cash flow</b>	<b>(5)</b>	<b>36</b>	<b>7,721</b>	<b>(5,569)</b>	<b>1,650</b>	<b>(2,388)</b>	<b>1,682</b>	<b>(2,189)</b>	<b>1,786</b>
<b>Ending Balance</b>	<b>285</b>	<b>321</b>	<b>8,042</b>	<b>2,473</b>	<b>4,123</b>	<b>1,735</b>	<b>3,418</b>	<b>1,229</b>	<b>3,015</b>

Source: Company, YES Sec

## Exhibit 9: Du Pont

Y/e 31 Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E	FY22(R)	FY23E	FY24E	FY25E
Tax burden (x)	0.8	0.8	0.8	0.8	0.8	0.9	0.8	0.8	0.8
Interest burden (x)	0.8	0.8	0.8	0.8	0.9	1.0	0.8	0.8	0.8
EBIT margin (x)	0.2	0.1	0.2	0.2	0.2	0.2	0.1	0.2	0.2
Asset turnover (x)	1.0	1.0	0.9	0.7	0.6	0.8	0.7	0.7	0.7
Financial leverage (x)	2.6	2.7	2.4	2.2	2.2	2.0	1.9	1.9	1.9
RoE (%)	25.8	23.3	23.7	19.1	15.8	31.0	11.9	13.4	14.9

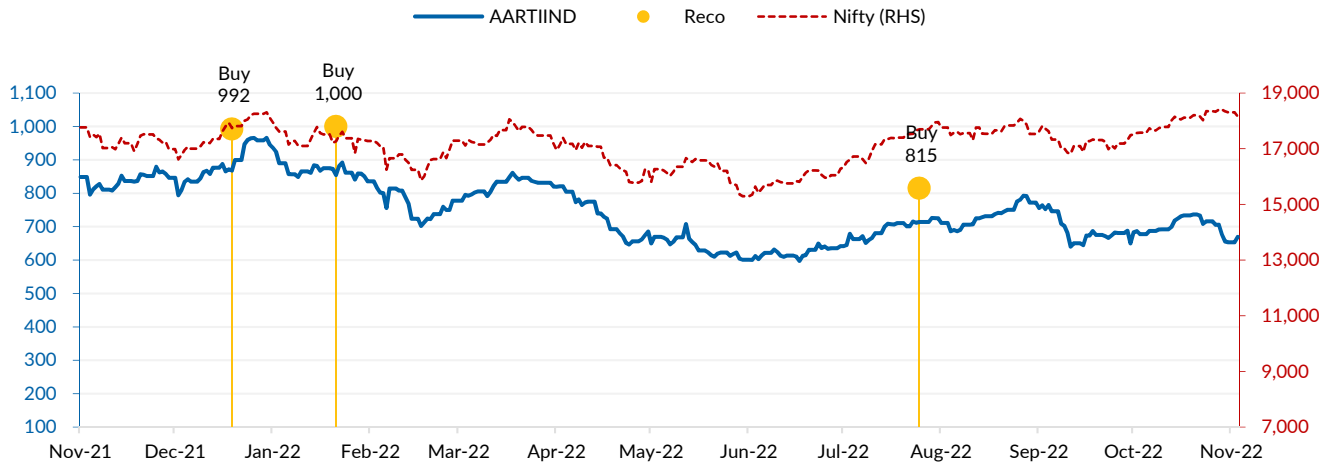
Source: Company, YES Sec

## Exhibit 10: Ratio Analysis

Y/e 31 Mar	FY17	FY18	FY19	FY20	FY21	FY22(R)	FY23E	FY24E	FY25E
<b>Growth matrix (%)</b>									
Revenue growth	5.4	20.7	23.9	(11.9)	4.9	47.9	(0.1)	13.2	11.0
Op profit growth	14.2	7.0	38.0	1.3	0.4	82.5	(34.3)	24.4	23.5
EBIT growth	12.1	4.1	45.1	(1.3)	(5.3)	100.2	(38.9)	22.1	23.0
Net profit growth	22.2	5.7	45.7	8.5	(2.2)	144.3	(55.3)	25.9	26.2
<b>Profitability ratios (%)</b>									
OPM	20.7	18.4	20.5	23.3	21.8	26.0	17.9	19.8	22.1
EBIT margin	16.8	14.7	17.1	19.1	16.7	22.0	14.0	15.2	16.9
Net profit margin	10.4	9.1	10.7	13.1	11.9	17.2	8.9	9.9	11.3
RoCE	16.3	14.4	15.8	13.6	11.2	20.1	9.8	10.3	11.3
RoE	26.2	23.5	24.0	19.5	16.5	32.6	12.2	13.8	15.3
RoA	10.1	8.8	9.8	9.0	7.7	15.1	6.6	7.1	8.1
<b>Per share ratios</b>									
EPS	8.7	9.2	13.6	14.8	14.4	32.6	15.6	19.7	25.0
Dividend per share	1.0	1.0	5.1	6.0	1.4	3.5	1.6	2.0	2.6
Cash EPS	25.0	24.6	39.4	20.8	8.4	25.9	9.0	10.8	13.8
Book value per share	165.9	194.1	303.5	171.0	96.6	124.6	138.6	156.3	178.8
<b>Valuation ratios</b>									
P/E	76.8	72.8	49.3	45.2	46.3	20.5	42.8	33.9	26.8
P/CEPS	26.8	27.2	17.0	32.2	79.8	25.8	74.4	61.7	48.6
P/B	4.0	3.4	2.2	3.9	6.9	5.4	4.8	4.3	3.7
EV/EBITDA	39.3	37.4	26.5	26.4	26.8	16.7	22.9	19.0	15.3
<b>Payout (%)</b>									
Dividend payout	2.5	2.3	8.8	19.1	9.8	10.0	10.0	10.0	10.0
Tax payout	21.2	19.3	18.9	19.1	19.5	14.4	20.0	20.0	20.0
<b>Liquidity ratios</b>									
Debtor days	61.4	57.3	56.0	68.0	65.6	54.0	65.0	65.0	65.0
Inventory days	116.3	110.9	107.9	164.7	166.8	104.4	130.0	140.0	150.0
Creditor days	66.0	55.3	45.2	64.0	86.8	51.9	60.0	60.0	60.0

Source: Company, YES Sec

## Recommendation Tracker



Source: Company, YES Sec



## DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that each security's price or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections.

Technical Analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. This report is not directed 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, regulation or which would subject YSL and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all

jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through SEC 15a-6 rules and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This Research Report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s) who has prepared the research report. YES Securities (India) Limited is the employer of the YES Securities (India) Limited Representative who is responsible for the report, are responsible for the content of the YES Securities (India) Limited Research Report; any material conflicts of interest of YES Securities (India) Limited in relation to the issuer(s) or securities discussed in the YES Securities (India) Limited Research Report. This YES Securities (India) Limited Research Report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ 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 YES Securities (India) Limited 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 or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

### YES Securities (India) Limited

**Registered Address:** 2<sup>nd</sup> Floor, North Side, YES BANK House,  
Off Western Express Highway, Santacruz East,  
Mumbai - 400 055, Maharashtra, India.

**Correspondence Address:** 4<sup>th</sup> Floor, AFL House,  
Lok Bharti Complex, Marol Maroshi Road, Andheri East,  
Mumbai - 400059, Maharashtra, India.

☎ +91 22 68850521 | ✉ research@ysil.in  
Website: www.yesinvest.in

**Registration Nos.:** CIN: U74992MH2013PLC240971 | SEBI Single  
Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member  
Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL:  
IN-DP-653-2021 | MERCHANT BANKER: INM000012227 | RESEARCH  
ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 |  
Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (CAT  
III AIF) SEBI Registration No.: IN/AIF3/20-21/0818 |  
AMFI ARN Code - 94338.

**Details of Compliance Officer:** Name: Aditya Goenka,  
**Email id:** compliance@ysil.in, **Contact No:** 022- 65078127 (Extn: 718127)

## DISCLOSURE OF INTEREST

Name of the Research Analyst : Nitin Tiwari

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the Research Report	No
3	Research Analyst or his/her relative or YSL has any other material conflict of interest at the time of publication of the Research Report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSL has received any compensation from the subject company in the past twelve months	No
6	YSL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSL has 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
8	YSL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSL has been engaged in market making activity for the subject company(ies)	No

Since YSL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

## RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

**BUY:** Upside greater than 20% over 12 months

**ADD:** Upside between 10% to 20% over 12 months

**NEUTRAL:** Upside between 0% to 10% over 12 months

**REDUCE:** Downside between 0% to -10% over 12 months

**SELL:** Downside greater than -10% over 12 months

**NOT RATED / UNDER REVIEW**

## ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSL") is a wholly owned subsidiary of YES BANK LIMITED. YSL is a SEBI registered stock broker holding membership of NSE, BSE, MCX & NCDEX. YSL is also a SEBI registered Category I Merchant Banker, Investment Adviser and a Research Analyst. YSL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSL by SEBI/Stock Exchanges.