November 10, 2022

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

# Orient Cement

## In-line with industry trend; reducing price gap with peers to improve margins

### Result Synopsis

***Orient Cements (ORCMNT) reported weak performance on account of seasonal weakness with escalated cost. Revenue was flat y/y, but declined by 14% q/q as erratic rainfall in core markets moderated volumes by 3% y/y and 10% q/q. NSR remained up by 4% y/y but seasonal correction caused a decline of 4% q/q. Total cost surged by 26% y/y and 6% q/q dragged EBITDA/te by 75% y/y and 65% q/q to Rs263/te (Rs326mn). Therefore, owing to muted operating profit, ORCMNT posted a net loss of Rs95mn. Considering the subdued volume performance in Q2FY23, we reduced the FY23 volume estimate to 5.5MT (earlier 5.7MT) lowered revenue estimate by 4%. Ongoing expansion project of 3MTPA in Maharashtra & Telangana would take total capacity to 11.5MTPA by FY24E. This expansion will enhance the access to Chhattisgarh, Maharashtra & South MP markets and thereby diversifying its geographical presence with higher blended sales & enabling logistical optimization. Management emphasized that they focus on better pricing rather than higher dispatches as would be vital to offset cost inflation and improve the margins going forward. However, as we factored the Q2FY23 performance coupled with fuel price resurgence (Pet coke +$200/te v/s +$160/te in Sep'22), the EBITDA/PAT estimates moderated by 26/31% for FY23E, while FY24 estimates remain intact. Despite being amongst the low-cost producer, ORCMNT has significant headroom to improve on its efficiency parameters further: 1) Product-mix (Higher Blended Sales), 2) Augmenting Green Power 3) Higher use of alternative fuel 4) Targeting Average TSR of 25% by 2030. ORMNT is expected to generate a CFO of Rs8bn over FY23-24E that would partially fund its ongoing CAPEX of Rs18bn, while the rest to be funded through debt. Hence, Net Debt is expected to peak at ~Rs13bn with net debt/EBITDA of 1.7x by FY24E. We retain our BUY rating with a revised TP of 194, valuing the stock at 7x EV/EBITDA on FY24E.***

### Result Highlights

- Volume decline of 3% y/y and 10% q/q to 1.2MT as heavy rains & flooding in core markets impacted trade volumes. However, NSR improved by 4% y/y but declined by 4% q/q translates into flat y/y revenue of Rs6.15bn but declined 14% q/q.
- Total Cost/te witnessed a sharp uptick of 26% y/y and 6% q/q on account of surge in RM/power by 44/49% y/y (+52/-6% q/q respectively).
- NSR increase by 3% y/y was inadequate to offset the cost surge of 26% y/y declined EBITDA/te by 74% y/y to Rs263/te, while sequentially NSR fall of 4% with 6% cost escalation dragged EBITDA/te by 65%.
- EBITDA declined by 76% y/y and 68% q/q to Rs326mn, whereas the EBITDA margin contracted substantially to 5.3% Q2FY23 v/s 21.9% in Q2FY22.

### Exhibit 1: Actual vs estimates

| Rs Mn | Actual | Estimate | | % Variation | | Remarks |
|---|---|---|---|---|---|---|
| | | YSec | Consensus | YSec | Consensus | |
| Sales | 6,153 | - | 6,458 | - | (4.7) | Rains & floods in key markets impacted sales & NSR with higher cost impacting the profitability |
| EBITDA | 326 | - | 656 | - | (50.4) | |
| Margin (%) | 5.3 | - | 10.2 | - | (487 bps) | |
| Adj. PAT | (95) | - | 143 | - | (166.4) | |

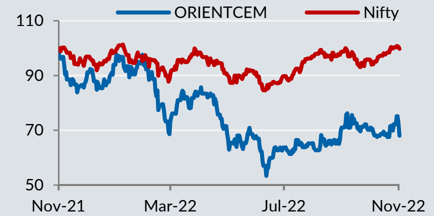
Source: Company, YES Sec

| | | |
|---|---|---|
| Reco | : | BUY |
| CMP | : | Rs 124 |
| Target Price | : | Rs 194 |
| Potential Return | : | +57% |

**Stock data** (as on Nov 10, 2022)

| | |
|---|---|
| Nifty | 18,028 |
| 52 Week h/l (Rs) | 184 / 96 |
| Market cap (Rs/USD mn) | 25373 / 310 |
| Outstanding Shares (mn) | 205 |
| 6m Avg t/o (Rs mn): | 68 |
| Div yield (%): | 2.0 |
| Bloomberg code: | ORCMNT IN |
| NSE code: | ORIENTCEM |

**Stock performance**




| | 1M | 3M | 1Y |
|---|---|---|---|
| Absolute return | -4.2% | 7.0% | -28.1% |

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

| | |
|---|---|
| Promoter | 37.9% |
| FII+DII | 19.2% |
| Others | 44.4% |

**Δ in stance**

| (1-Yr) | New | Old |
|---|---|---|
| Rating | BUY | BUY |
| Target Price | 194 | 198 |

**Δ in earnings estimates**

| | FY23E | FY24E |
|---|---|---|
| EPS (New) | 6.3 | 18.9 |
| EPS (Old) | 10.0 | 19.0 |
| % change | -36% | -1% |

**Financial Summary**

| (Rs mn) | FY22 | FY23E | FY24E |
|---|---|---|---|
| Revenue | 27,254 | 28,743 | 35,331 |
| Growth | 17.3 | 5.5 | 22.9 |
| EBITDA | 5,911 | 3,645 | 7,584 |
| Margin | 21.7 | 12.7 | 21.5 |
| Adj PAT | 2,633 | 1,298 | 3,873 |
| Growth | 22.9 | (50.7) | 198.3 |
| EPS | 12.8 | 6.3 | 18.9 |
| ND/EBITDA | 0.4 | 2.3 | 1.7 |
| ROE | 17.3 | 8.1 | 20.0 |
| ROCE | 22.8 | 8.9 | 18.2 |
| EV/EBITDA | 5.5 | 9.2 | 5.1 |


**ABHISHEK LODHIYA**
Lead Analyst
abhishek.lodhiya@ysil.in
+91 22 6885 0521



**SONU UPADHYAY,** Associate

### Exhibit 2: Quarterly snapshot

| Particulars (Rs m) | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | y/y (%) | q/q (%) | FY22 | FY21 | y/y (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| Net Revenue | 6,131 | 6,175 | 8,039 | 7,139 | 6,153 | 0.4 | (13.8) | 27,254 | 23,241 | 17.3 |
| Total Expenses | 4,791 | 5,000 | 6,505 | 6,117 | 5,827 | 21.6 | (4.7) | 21,343 | 17,734 | 20.4 |
| COGS | 769 | 849 | 1,018 | 779 | 1,071 | 39.4 | 37.5 | 3,547 | 3,247 | 9.2 |
| Employee Expenses | 369 | 416 | 340 | 430 | 433 | 17.2 | 0.7 | 1,524 | 1,525 | (0.1) |
| Power & fuel | 1,341 | 1,399 | 2,183 | 2,287 | 1,937 | 44.4 | (15.3) | 6,244 | 4,506 | 38.6 |
| Freight Exp | 1,627 | 1,585 | 2,119 | 1,925 | 1,638 | 0.7 | (14.9) | 7,116 | 6,089 | 16.9 |
| Other Expenses | 686 | 751 | 845 | 696 | 749 | 9.2 | 7.5 | 2,912 | 2,366 | 23.1 |
| EBITDA | 1,340 | 1,175 | 1,533 | 1,022 | 326 | (75.7) | (68.1) | 5,911 | 5,507 | 7.3 |
| EBITDA (%) | 21.9 | 19.0 | 19.1 | 14.3 | 5.3 | (1656 bps) | (902 bps) | 21.7 | 23.7 | (201 bps) |
| D&A | 364 | 368 | 366 | 363 | 369 | 1.4 | 1.6 | 1,452 | 1,419 | 2.4 |
| Other Income | 30 | 25 | 20 | 12 | 48 | 61.5 | 298.9 | 96 | 183 | (47.9) |
| Interest Expense | 149 | 158 | 49 | 80 | 105 | (29.2) | 32.0 | 514 | 936 | (45.0) |
| Exceptional/EO items | - | - | - | - | - | - | - | - | - | - |
| Share JV/Associates | - | - | - | - | - | - | - | - | - | - |
| EBT | 857 | 674 | 1,138 | 591 | (101) | NA | NA | 4,040 | 3,336 | 21.1 |
| Tax | 288 | 237 | 406 | 217 | (6) | NA | NA | 1,407 | 1,194 | 17.9 |
| Reported PAT | 569 | 437 | 732 | 374 | (95) | NA | NA | 2,633 | 2,142 | 22.9 |
| Less: Minority Interest | - | - | - | - | - | NA | NA | - | - | - |
| Adj. PAT | 569 | 437 | 732 | 374 | (95) | NA | NA | 2,633 | 2,142 | 22.9 |

Source: Company, YES Sec

### Exhibit 3: Quarterly Operational Performance Analysis

| Particulars (Rs m) | 2QFY22 | 3QFY22 | 4QFY22 | 1QFY23 | 2QFY23 | y/y (%) | q/q (%) | FY22 | FY21 | y/y (%) |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Volumes (MMT) | 1.3 | 1.2 | 1.6 | 1.4 | 1.2 | (3.3) | (9.8) | 5.5 | 5.1 | 7.8 |
| NSR/te (Blended) | 4,798 | 5,062 | 4,962 | 5,211 | 4,978 | 3.8 | (4.5) | 4,955 | 4,557 | 8.7 |
| RM/te | 602 | 696 | 628 | 569 | 867 | 44.1 | 52.4 | 645 | 637 | 1.3 |
| Employees/te | 289 | 341 | 210 | 314 | 350 | 21.2 | 11.6 | 277 | 299 | (7.3) |
| Power/te | 1,049 | 1,147 | 1,348 | 1,669 | 1,567 | 49.4 | (6.1) | 1,135 | 884 | 28.5 |
| Freight/te | 1,273 | 1,299 | 1,308 | 1,405 | 1,325 | 4.1 | (5.7) | 1,294 | 1,194 | 8.4 |
| Others/te | 536 | 616 | 522 | 508 | 606 | 12.9 | 19.1 | 530 | 464 | 14.1 |
| Opex/te (Blended) | 3,749 | 4,098 | 4,016 | 4,465 | 4,715 | 25.8 | 5.6 | 3,881 | 3,477 | 11.6 |
| EBITDA/te (Blended) | 1,048 | 963 | 947 | 746 | 263 | (74.9) | (64.7) | 1,075 | 1,080 | (0.5) |

Source: Company, YES Sec

# KEY CON-CALL HIGHLIGHTS

- Extensive rainfall & flooding in core operating market had kept demand and price muted as construction activities halted. Whereas, excessive rainfall also impacted mining activities effecting the supply and making fuel costlier also the impacted the availability of AFR.
- Price correction on account of monsoon has restricted industry to pass on the cost further in the supply chain.
- In Q2FY23, Orient cement has no clinker sales, therefore by excluding clinker sales from last previous year quarter, the cement volume de grew by 1.4% y/y to 1.24MT. Management specified that lower demand from the south was mitigated from the Maharashtra market.
- Demand in Oct'22 was strong due to festive month and the Nov'22 remain stable till now. Company had taken price hike in Oct'22 and similarly some hike in Nov'22 but the price hike substance is vital.
- Due to strong demand from the govt infrastructure projects had increased the Non-trade volume share to 45% in Q2FY23 v/s 39% in Q1FY23 which pressured NSR in this quarter.
- Sales of premium was 15% of trade sale in Q2FY23.
- Devapur capacity largely source its fuel from Singareni mines and as in Q2FY23 due to the rack unavailability led the logistics through road transport which also impacted the cost.
- Unavailability of high-grade domestic coal obliged to source imported coal resulted in higher fuel cost impacting the margins.
- Management also indicated that due to the increase demand for alternate fuels the prices of alternate fuels double from the last few quarters. Whereas as same trends witnessed in grid renewable energy despite the cost of production remained the same.
- Blended fuel consumption cost increased to Rs2.379 per kcal/kg in Q2FY23 (Rs2.358 per kcal/kg in H1FY23) as compared to Rs1.336 per kcal/kg in Q2FY22 (Rs1.296 per kcal/kg in H1FY23). Whereas, management indicated that in Q3 the fuel cost to witness some moderation as company holds large inventories of pet coke at recent cooled off prices.
- WHRS capacity at Chittarpur capacity is expected to commission by FY23 end.
- Other cost for Q2FY23 includes one-time settlement of Rs18mn with govt. of Telangana over rate war.
- Fuel mix for Q2FY23: Pet coke 58%, domestic coal 28%, imported coal 6% and rest others.
- Trioda, Maharashtra unit expansion is not yet started as environmental clearance not yet received. While, the land & environmental clearance are in place for other major plants.

### Exhibit 4: Annual Operational Performance Estimates

| Particulars (Rs m) | FY20 | FY21 | FY22 | FY23E | FY24E |
|---|---|---|---|---|---|
| Total Volumes (MMT) | 5.8 | 5.1 | 5.5 | 5.5 | 6.6 |
| Utilization (%) | 72% | 64% | 65% | 65% | 57% |
| Cement Realization/te | 4,178 | 4,554 | 4,939 | 5,218 | 5,358 |
| Net Realization/te (Blended) | 4,183 | 4,557 | 4,955 | 5,218 | 5,358 |
| RM/te | 554 | 637 | 645 | 782 | 643 |
| Power/te | 1,021 | 884 | 1,135 | 1,571 | 1,371 |
| Freight/te | 1,198 | 1,194 | 1,294 | 1,362 | 1,342 |
| Employees/te | 267 | 299 | 277 | 315 | 318 |
| Others/te | 481 | 464 | 530 | 526 | 533 |
| Opex/te (Blended) | 3,521 | 3,477 | 3,881 | 4,556 | 4,208 |
| EBITDA/te (Blended) | 661 | 1,080 | 1,075 | 662 | 1,150 |

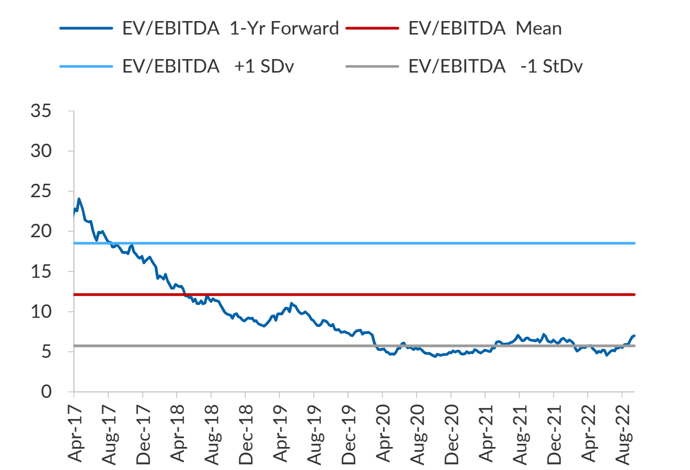
Source: Company, YES Sec

### Exhibit 5: Key Estimate Revision

| Y/e 31 Mar | FY23E | | | FY24E | | |
|---|---|---|---|---|---|---|
| (Rs m) | Old | New | Change | Old | New | Change |
| Revenues | 30,042 | 28,743 | -4% | 35,331 | 35,331 | 0% |
| EBITDA | 4,600 | 3,645 | -21% | 7,584 | 7,584 | 0% |
| PAT | 2,039 | 1,298 | -36% | 3,900 | 3,873 | -1% |
| EPS | 10.0 | 6.3 | -36% | 19.0 | 18.9 | -1% |

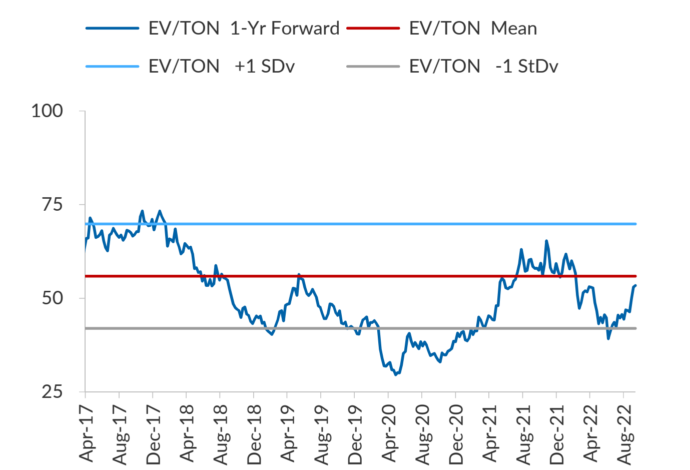
Source: Company, YES Sec

### Exhibit 6: 1-yr forward EV/EBITDA band




Source: Company, YES Sec

### Exhibit 7: 1-yr forward EV/te ($) band




Source: Company, YES Sec

# FINANCIALS

### Exhibit 8: Balance Sheet

| Y/e 31 Mar (Rs m) | FY20 | FY21 | FY22 | FY23E | FY24E |
|---|---|---|---|---|---|
| Equity capital | 205 | 205 | 205 | 205 | 205 |
| Reserves | 10,979 | 12,854 | 15,049 | 15,836 | 19,196 |
| **Net worth** | **11,184** | **13,059** | **15,254** | **16,041** | **19,401** |
| Other LT Liabilities | 13 | - | 38 | 38 | 38 |
| LT provision. | 399 | 572 | 479 | 479 | 479 |
| Minority interest | - | - | - | - | - |
| Long-term Borrowing | 11,354 | 7,838 | 1,480 | 7,780 | 12,780 |
| Deferred tax liabilities. (net) | 1,219 | 1,811 | 2,517 | 2,517 | 2,517 |
| | | | | | |
| **Current Liabilities** | | | | | |
| Trades Payables | 1,764 | 1,844 | 2,310 | 2,465 | 2,939 |
| Short-term Borrowing | 3 | 128 | 1,617 | 891 | 891 |
| Other current liabilities | 2,644 | 2,537 | 2,488 | 2,488 | 2,488 |
| Short Term Provision | 419 | 331 | 314 | 314 | 314 |
| **Total Liabilities** | **28,998** | **28,121** | **26,496** | **33,012** | **41,847** |
| | | | | | |
| **Assets** | | | | | |
| Total Net Block | 22,682 | 22,061 | 21,093 | 21,625 | 22,119 |
| CWIP & Other Assets | 701 | 425 | 456 | 6,198 | 14,198 |
| Investments | - | - | 42 | 42 | 42 |
| Other Non-current Asset | 768 | 781 | 576 | 576 | 576 |
| Deferred tax asset (net) | - | - | - | - | - |
| | | | | | |
| **Current Assets** | | | | | |
| Inventories | 2,366 | 1,705 | 1,866 | 2,223 | 2,434 |
| Trades Receivables | 1,618 | 1,102 | 1,273 | 1,185 | 1,317 |
| Other current assets | 502 | 1,685 | 752 | 752 | 752 |
| Short Term Loans & advances | 1 | 0 | 0 | 0 | 0 |
| Cash & Bank Balances | 360 | 362 | 438 | 412 | 410 |
| **Total Assets** | **28,998** | **28,121** | **26,496** | **33,012** | **41,847** |

Source: Company, YES Sec

### Exhibit 9: Income statement

| Y/e 31 Mar (Rs m) | FY20 | FY21 | FY22 | FY23E | FY24E |
|---|---|---|---|---|---|
| **Net Revenue** | **24,218** | **23,241** | **27,254** | **28,743** | **35,331** |
| **EBITDA** | **3,829** | **5,507** | **5,911** | **3,645** | **7,584** |
| D&A | 1,409 | 1,419 | 1,452 | 1,468 | 1,505 |
| EBIT | 2,420 | 4,088 | 4,459 | 2,177 | 6,079 |
| Interest Expense | 1,223 | 936 | 514 | 547 | 1,039 |
| Other Income | 177 | 183 | 96 | 101 | 124 |
| Exceptional/EO items | - | - | - | - | - |
| **EBT** | **1,374** | **3,336** | **4,040** | **1,731** | **5,164** |
| Tax | 508 | 1,194 | 1,407 | 433 | 1,291 |
| Share of Profit/(Loss) in JV/Associates | - | - | - | - | - |
| **Reported PAT** | **866** | **2,142** | **2,633** | **1,298** | **3,873** |
| Less: Minority Interest | - | - | - | - | - |
| **Adj. PAT** | **866** | **2,142** | **2,633** | **1,298** | **3,873** |

Source: Company, YES Sec

### Exhibit 10: Cash Flow

| Y/e 31 Mar (Rs m) | FY20 | FY21 | FY22 | FY23E | FY24E |
|---|---|---|---|---|---|
| **Cash flow from operation** | **1,850** | **3,441** | **5,084** | **2,654** | **5,510** |
| Profit before tax | 1,374 | 3,336 | 4,040 | 1,731 | 5,164 |
| Depreciation | 1,409 | 1,419 | 1,452 | 1,468 | 1,505 |
| Tax paid | (508) | (1,194) | (1,407) | (433) | (1,291) |
| Working capital ∆ | (425) | (119) | 1,000 | (113) | 131 |
| Other operating items | - | - | - | - | - |
| | | | | | |
| **Cash flow from Investing Activities** | **(846)** | **(534)** | **(311)** | **(7,742)** | **(10,000)** |
| Capital expenditure | (768) | (522) | (515) | (7,742) | (10,000) |
| Change in other non-current assets | (78) | (13) | 204 | - | - |
| | | | | | |
| **Free cash flow** | **1,082** | **2,920** | **4,569** | **(5,088)** | **(4,490)** |
| | | | | | |
| **Cash flow from Financing activities** | **(931)** | **(2,906)** | **(4,697)** | **5,062** | **4,488** |
| Change in Equity & Reserves | (32) | 143 | 75 | - | - |
| Investments | - | - | (42) | - | - |
| Debt financing/disposal | (951) | (3,390) | (4,870) | 5,574 | 5,000 |
| Dividends paid | (185) | (410) | (512) | (512) | (512) |
| Other items | 237 | 751 | 652 | - | - |
| **Net ∆ in cash** | **73** | **1** | **76** | **(26)** | **(2)** |

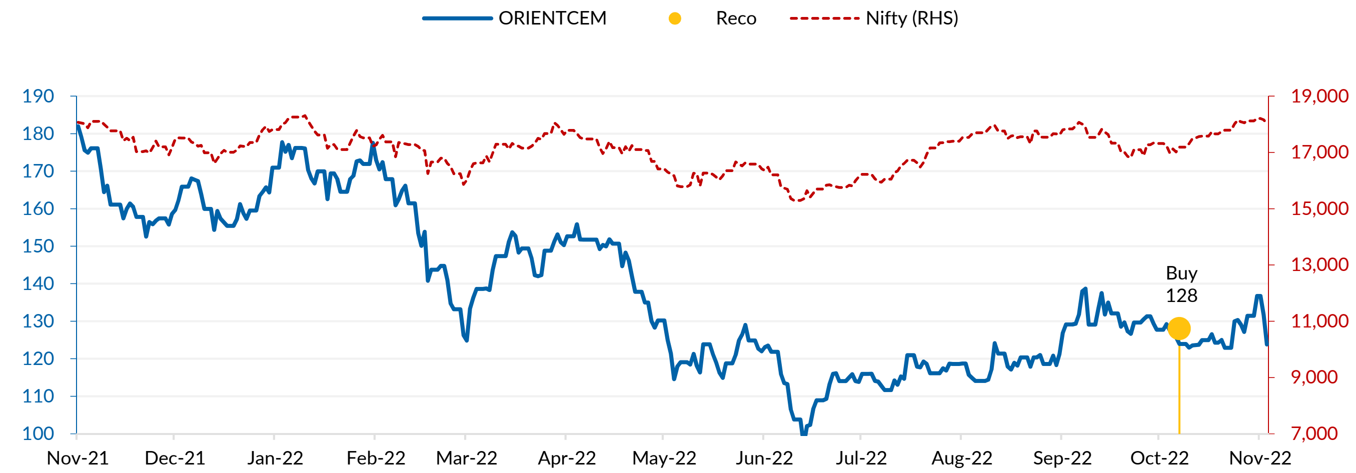
Source: Company, YES Sec

## Exhibit 11: Ratio Analysis

| Y/e 31 Mar | FY20 | FY21 | FY22 | FY23E | FY24E |
|---|---|---|---|---|---|
| **Growth matrix (%)** | | | | | |
| Revenue | (4.0) | (4.0) | 17.3 | 5.5 | 22.9 |
| EBITDA | 22.7 | 43.8 | 7.3 | (38.3) | 108.0 |
| EBT | 83.7 | 142.8 | 21.1 | (57.1) | 198.3 |
| PAT | 82.1 | 147.4 | 22.9 | (50.7) | 198.3 |
| EPS | 82.1 | 147.4 | 22.9 | (50.7) | 198.3 |
| | | | | | |
| **Profitability ratios (%)** | | | | | |
| EBITDA (%) | 15.8 | 23.7 | 21.7 | 12.7 | 21.5 |
| EBIT (%) | 10.7 | 18.4 | 16.7 | 7.9 | 17.6 |
| PAT (%) | 3.6 | 9.2 | 9.7 | 4.5 | 11.0 |
| ROCE | 11.1 | 20.2 | 22.8 | 8.9 | 18.2 |
| ROE | 7.7 | 16.4 | 17.3 | 8.1 | 20.0 |
| ROA | 3.7 | 9.5 | 12.2 | 4.7 | 10.7 |
| | | | | | |
| **Per share ratios (Rs)** | | | | | |
| EPS | 4 | 10 | 13 | 6 | 19 |
| DPS | 0.8 | 2.0 | 2.5 | 2.5 | 2.5 |
| Cash EPS | 11 | 17 | 20 | 14 | 26 |
| BVPS | 55 | 64 | 74 | 78 | 95 |
| | | | | | |
| **Payout (%)** | | | | | |
| Dividend payout | 17.7 | 19.1 | 19.5 | 39.4 | 13.2 |
| Tax payout | 37.0 | 35.8 | 34.8 | 25.0 | 25.0 |
| | | | | | |
| **Liquidity ratios** | | | | | |
| Inventory days | 50 | 65 | 56 | 54 | 54 |
| Payable days | 54 | 65 | 61 | 65 | 65 |
| Receivables days | 26 | 21 | 16 | 15 | 15 |
| | | | | | |
| **Leverage ratios (x)** | | | | | |
| Interest Coverage | 2.1 | 4.6 | 8.9 | 4.2 | 6.0 |
| Net D/E | 1.1 | 0.6 | 0.2 | 0.5 | 0.7 |
| Net Debt/EBITDA | 3.1 | 1.4 | 0.4 | 2.3 | 1.7 |

Source: Company, YES Sec

## Recommendation Tracker



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

**Correspondence Address:** 4th 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 : Abhishek Lodhiya, Sonu Upadhyay

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.

ABHISHEK BHUPENDRA LODHIYA — Digitally signed by ABHISHEK BHUPENDRA LODHIYA Date: 2022.11.11 00:05:57 +05'30'

SONU KUMAR OMPRAKASH UPADHYAY — Digitally signed by SONU KUMAR OMPRAKASH UPADHYAY Date: 2022.11.10 22:54:07 +05'30'

## 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.