

Eicher Motors Ltd

One more operational beat, picking up pace in the right lane!

Q1FY23 performance was higher than estimates majorly driven by good improvement in the realization and superior operational performance. We maintain long-term positive view on Eicher Motors and recommend ACCUMULATE for a target price of 3,424 per share. Back-to-back model/variant launches, along with network expansion in domestic & exports and expectation of semiconductor situation getting better onwards to lift up volumes. EBITDA margin has turned around, there is no RMC pressures anticipated ahead. This, along with operating leverage to push up margins. The visibility of growth and margin improvement looks clear. We see much positivity ahead across parameters, demand/supply/margins are picking-up pace in the right lane. Moreover, there is no threat of electrification in the mid-term & VECV good performance is icing on the cake.

Exports – the journey has just begun, huge prospects for growth

- Export volumes contribution in the total has been increasing from 2.3% in FY17 to 13.5% in FY22 to more than 15% in Q1FY23. This was largely driven by network addition, product portfolio expansion and CKD setup. The world is recognizing RE as a global motorcycle brand.
- In our opinion, the export opportunity is huge & management is serious in growing this piece of business. We have projected faster export growth in the coming years.

Domestic – new models & supply improvement to support volumes

- New launches like Scram 411 and Hunter 350 is clearly targeting larger young audience. Hunter model is likely to bring in more footfalls in the showroom due to its accessible pricing & looks.
- With chip supplies getting better just ahead of the festival season, network expansion is the core focus and newly launched models/variants will surely push-up its volumes.

Margin – northwards ride started, clear visibility of an improving trend ahead

- EBITDA margin has turned northwards since last three quarters from 20.2% in Q3FY22 to 24.5% in Q1FY23. RE has strong pricing power in the market as per our checks.
- We expect this uptrend to continue due to benefits of softness in the commodity prices, higher operating leverage, better geographic & product mix.

VECV – in its best days for the next two years

- The management sounded extremely optimistic on the CV industry's high growth prospects in the coming two years. VECV is gaining share led by network expansion, product launches & service.

Long term positive view, trading at a reasonably attractive valuation

- Eicher Motors is trading at reasonably good valuation of 25x FY24e EPS. We have valued RE's FY24e EPS at 27x and assigned 10x to FY24e EBITDA of VECV (54.4% Eicher's share) to arrive at a **target price of 3,424**, seeking an upside of 8.5%. **Recommend ACCUMULATE!**

Y/E Mar (Rs Mn)	Q1 FY23	Q1 FY22	YoY (%)	Q4 FY22	QoQ (%)	Q1 FY23e	Var. (%)
Volumes (No)	1,86,032	1,22,170	52.3	1,85,675	0.2	1,86,032	-
Core realization (Rs)	1,78,776	1,59,028	12.4	1,69,126	5.7	1,73,354	3.1
EBITDA/unit (Rs)	44,675	29,710	50.4	40,773	9.6	40,532	
Total Income	33,975	19,743	72.1	31,933	6.4	32,676	4.0
Gross margin (%)	44.0	42.2	182 bps	43.7	27 bps	-	-
EBITDA	8,311	3,630	129.0	7,571	9.8	7,540	10.2
EBITDA margin (%)	24.5	18.4	608 bps	23.7	75 bps	23.1	139 bps
Other income	487	1,220	(60.1)	1,180	(58.8)	-	-
PBT	7,921	3,275	141.8	8,063	(1.8)	-	-
Taxes paid	1,814	904	100.7	1,962	(7.5)	-	-
Effective tax rate (%)	22.9	27.6	(469) bps	24.3	(142) bps	-	-
Reported PAT	6,107	2,371	157.5	6,101	0.1	5,899	3.5
PAT margin (%)	18.0	12.0	596 bps	19.1	(113) bps	18.1	(8) bps

Soure: Company, SMIFS institutional research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY20	91,536	-6.6%	21,804	23.8%	18,274	-17.0%	67	19.3	18.8	28.3	20.8
FY21	87,204	-4.7%	17,813	20.4%	13,469	-26.3%	49	12.6	12.2	64.0	29.2
FY22	1,02,978	18.1%	21,723	21.1%	16,766	24.5%	61	13.9	13.4	51.4	28.9
FY23e	1,36,130	32.2%	33,850	24.9%	26,581	58.5%	97	19.7	18.1	32.4	22.5
FY24e	1,58,364	16.3%	40,821	25.8%	34,533	29.9%	126	22.3	19.6	25.0	18.1

Source: Company, SMIFS institutional research estimates



Rating: **Accumulate** Upside/(Downside): **8.5%**

Current Price: **3,155** Target Price: **3,424**

Earlier recommendation

Previous Rating:	Buy
Previous Target Price:	2,922

Market data

Bloomberg:	EIM IN
52-week H/L (Rs):	3,198/2,110
Mcap (Rs bn/USD bn):	863/10.9
Shares outstanding (mn):	273
Free float:	50.0%
Daily vol. (3M Avg):	0.81mn
Face Value (Rs):	1
Group:	Nifty 50

Source: Bloomberg, SMIFS institutional research

Shareholding pattern (%)

	Jun-22	Mar-22	Dec-21	Sep-21
Promoter	49.2%	49.2%	49.2%	49.2%
FII's	29.5%	29.2%	29.5%	30.3%
DII's	10.2%	10.0%	9.8%	8.8%
Public/others	11.1%	11.6%	11.5%	11.7%

Source: BSE

Price performance (%) *

	1M	3M	12M	36M
Nifty 50	8%	8%	8%	58%
EIM	8%	31%	15%	79%

* As on 10th Aug 2022; Source: AceEquity, SMIFS research

Amit Hiranandani

Sector Lead - Automobile
9619848422
amit.hiranandani@smifs.co.in

Awanish Chandra

Head - Institutional Equities
8693822293
awanish.chandra@smifs.com

Q1FY23 – Key takeaways from the management call

Domestic

- ✓ Royal Enfield (RE) launched new models like the Scram 411 and Hunter 350, this along with optimism for the festive season and improvement in the supply chain, the management is confident about continued sustained growth in the upcoming quarters.
- ✓ RE's dealer network increased to 2,118 touch points (1,055 studio stores & 1,063 large size stores) as on 31st March 2022. The total count as on 31st March 2021 was 2,056.

Exports

- ✓ Royal Enfield sold 28,390 units in the international markets, a growth of 62% YoY and 30% QoQ. Export revenue contributed 16.8% in FY22 vs. 9.7% in FY21. This was largely driven by network expansion, product portfolio expansion and CKD setup.
- ✓ RE has 860+ global touchpoints (169 exclusive stores and 690+ multi-brand outlets) and it is growing touchpoints in the international markets.
- ✓ The management sees extremely good potential for RE outside India. It stated that the journey has just started, long way to go.

Hunter 350cc launch and new variants

- ✓ The company globally launched the new Hunter 350cc and received good response from global media. The management is confident to add new audiences and this product will be sold outside India as well.
- ✓ The product is launched at a very accessible point to attract a large set of audiences specially youngster. Hunter will get those customers, which earlier were not buying RE motorcycles due to heavy weight &/or high price.
- ✓ The advantage of this motorcycle is that the price is accessible to a large audience, its lighter in weight & easy to ride, among other factors.
- ✓ It is mostly targeting young urban set of customers who prefer lightweight motorcycles, at a lower price point & want to own the Royal Enfield brand.
- ✓ All the new launches in the past, added volumes, expect Hunter 350cc to add in overall sales.
- ✓ RE launched three new colors in Meteor 350cc model, which received well by the customers.

Margin

- ✓ Commodities are stabilizing; there is no need to take any further pricing action. This, along with fast growing exports, better product mix & operating leverage kicking-in is likely to support EBITDA margin.
- ✓ The management doesn't see significant headwinds in the material costs.
- ✓ In Q1FY23, RE increased price of 350cc models by Rs 3,000 and for twins, the price increased by Rs 5,000. No pricing action taken in Q2FY23.

VECV

- ✓ The government spending and pent-up replacement demand will support the CV industry to report handsome numbers in FY23, although FY19 peak is far but will cover most of the lost ground.

- ✓ The situation in the CV industry is good and the buses are doing extremely well due to opening up of schools, etc.
- ✓ This, along with the company expanding its reach, increasing product offerings and following a customer centric approach will help VECV to outperform. VECV has been gaining share in each of the segments.
- ✓ EBITDA margin (5.3% in Q1FY23 vs. 6.7% in Q4FY22) impacted due to high inflation in a competitive marketplace and low operating leverage.
- ✓ VECV continues to remain a profitable truck company and has a strong product pipeline in place. It expanded the reach by 29 touchpoints in Q1FY23 and the focus remains to keep increasing the reach.
- ✓ It won 150 eBuses order from 'Surat' city in Gujarat. Launched eBus in Chandigarh. VECV continue to invest in products, services and network.

Other important highlights

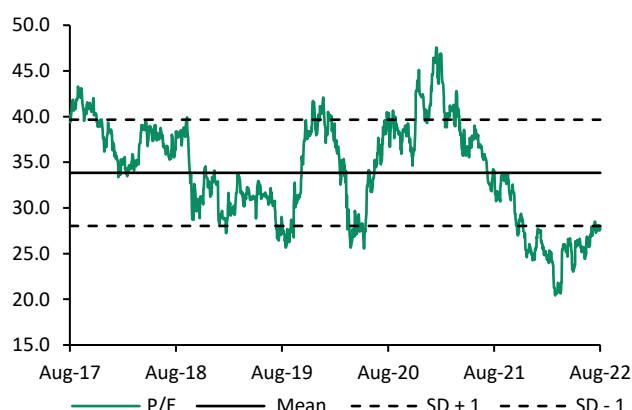
- ✓ Other income declined sharply by 59% QoQ to Rs 487mn was largely due to MTM losses, offset by grants received from the government.
- ✓ MTM loss was Rs 1.2bn, offset by Rs 400mn of government grants received. Hence, Rs 800mn was the net negative impact on the other income.
- ✓ The volumes in July 2022 was subdued as the company was managing inventory before the launch of Hunter 350cc. The conversion level to improve post-adding Hunter 350cc in the products list.
- ✓ The supply chain situation is gradually settling down and should continue to improve, but the complete problem is not yet resolved.
- ✓ Average age of the consumer is 29-30 years.

Outlook and Valuations

- Q1FY23 performance was higher than estimates majorly driven by good improvement in the realization and superior operational performance.
- We maintain long-term positive view on Eicher Motors and recommend ACCUMULATE for a target price of 3,424 per share. Back-to-back model/variant launches, along with network expansion in domestic & exports and expectation of semiconductor situation getting better onwards to lift up volumes.
- EBITDA margin has turned around, there is no RMC pressures anticipated ahead. This, along with operating leverage to push up margins. The visibility of growth and margin improvement looks clear.
- We see much positivity ahead across parameters, demand/supply/margins are picking-up pace in the right lane. Moreover, there is no threat of electrification in the mid-term & VECV good performance is icing on the cake.

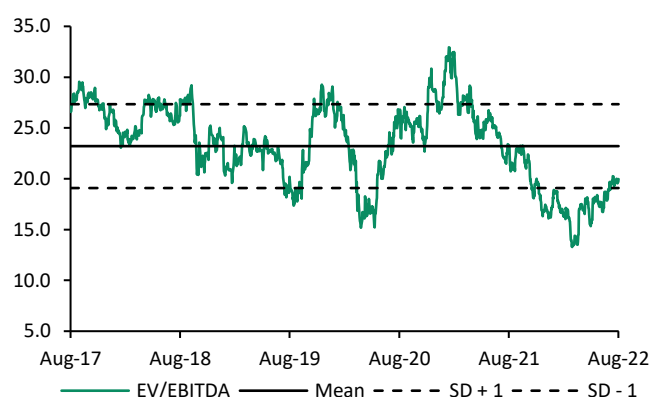
Eicher Motors is trading at reasonably good valuation of 25x FY24e EPS. We have valued RE's FY24e EPS at 27x and assigned 10x to FY24e EBITDA of VECV (54.4% Eicher's share) to arrive at a **target price of 3,424**, seeking an upside of 8.5%. Recommend ACCUMULATE!

Fig 1: 1-year forward P/E



Source: AceEquity, SMIFS institutional research

Fig 2: 1-year forward EV/EBITDA



Source: AceEquity, SMIFS institutional research

Quarterly financials, operating metrics & key performance indicators

Fig 3: Quarterly Financials

Y/E March (Rs mn)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Net Sales	21,336	28,283	29,403	19,743	22,496	28,807	31,933	33,975
Raw Materials	12,221	16,505	17,391	11,417	12,964	17,200	17,971	19,030
Employee Costs	2,075	2,335	2,254	2,234	1,738	2,017	2,221	2,470
Other Expenditure	2,329	2,723	3,415	2,463	3,095	3,766	4,170	4,165
EBITDA	4,711	6,720	6,344	3,630	4,699	5,824	7,571	8,311
Depreciation	1,048	1,229	1,248	1,116	1,094	1,114	1,194	1,162
Interest	38	36	39	64	31	61	31	52
Other Income	1,000	1,250	1,139	1,220	1,086	921	1,180	487
Share of profit of JV	-39	314	690	-394	98	359	538	338
PBT	4,585	7,019	6,886	3,275	4,758	5,929	8,063	7,921
Tax	1,152	1,694	1,625	904	1,026	1,368	1,962	1,814
Tax rate (%)	24.9%	25.3%	26.2%	24.6%	22.0%	24.6%	26.1%	23.9%
Reported PAT	3,433	5,326	5,261	2,371	3,732	4,561	6,101	6,107
YoY Growth (%)								
Revenue	-2.7	19.3	33.2	141.3	5.4	1.9	8.6	72.1
EBITDA	-13.0	13.5	46.8	9,477.0	-0.3	-13.3	19.3	129.0
PAT	-40.0	6.8	72.9	-529.7	8.7	-14.4	16.0	157.5
QoQ Growth (%)								
Revenue	160.8	32.6	4.0	(32.9)	13.9	28.1	10.9	6.4
EBITDA	NA	42.7	(5.6)	(42.8)	29.5	23.9	30.0	9.8
PAT	NA	55.1	(1.2)	(54.9)	57.4	22.2	33.8	0.1
Margin (%)								
RMC/revenue (%)	57.3	58.4	59.1	57.8	57.6	59.7	56.3	56.0
Gross margin (%)	42.7	41.6	40.9	42.2	42.4	40.3	43.7	44.0
Employee cost/revenue (%)	9.7	8.3	7.7	11.3	7.7	7.0	7.0	7.3
Other expenses/revenue (%)	10.9	9.6	11.6	12.5	13.8	13.1	13.1	12.3
EBITDA margin (%)	22.1	23.8	21.6	18.4	20.9	20.2	23.7	24.5
PAT margin (%)	16.1	18.8	17.9	12.0	16.6	15.8	19.1	18.0

Source: Company, SMIFS institutional research

Fig 4: Key Assumptions

Operating Details	FY19	FY20	FY21	FY22	FY23e	FY24e
Royal Enfield						
- Domestic	8,05,273	6,56,651	5,70,781	5,15,242	6,28,595	6,91,455
YoY Growth (%)	0.5%	-18.5%	-13.1%	-9.7%	22.0%	10.0%
- Exports	20,825	39,188	38,622	80,232	1,20,348	1,38,400
YoY Growth (%)	8.1%	88.2%	-1.4%	107.7%	50.0%	15.0%
Total RE volumes	8,26,098	6,95,839	6,09,403	5,95,474	7,48,943	8,29,855
YoY Growth (%)	0.7%	-15.8%	-12.4%	-2.3%	25.8%	10.8%
RE - Realization (Rs)	1,17,631	1,30,397	1,42,132	1,70,067	1,78,571	1,87,499
YoY Growth (%)	8.2%	10.9%	9.0%	19.7%	5.0%	5.0%
VECV						
MHCVs	50,962	32,462	28,914	44,510	57,863	71,658
YoY Growth (%)	11.5%	-36.3%	-10.9%	53.9%	30.0%	23.8%
LCVs	20,861	15,072	11,292	11,326	12,952	15,408
YoY Growth (%)	8.8%	-27.8%	-25.1%	0.3%	14.4%	19.0%
Volvo trucks	1,146	1,187	1,062	1,241	1,613	2,017
YoY Growth (%)	8.6%	3.6%	-10.5%	16.9%	30.0%	25.0%
Total VECV volumes	72,969	48,721	41,268	57,077	72,429	89,083
YoY Growth (%)	10.7%	-33.2%	-15.3%	38.3%	26.9%	23.0%
VECV - Realization (Rs)	15,89,708	17,49,642	21,02,355	22,29,269	23,40,733	24,57,769
YoY Growth (%)	4.3%	10.1%	20.2%	6.0%	5.0%	5.0%

Source: Company, SMIFS institutional research estimates

Financial Statements

Income Statement					
YE March (Rs mn)	FY20	FY21	FY22	FY23e	FY24e
Revenues	91,536	87,204	1,02,978	1,36,130	1,58,364
% Growth	(6.6)	(4.7)	18.1	32.2	16.3
Raw Materials	49,959	51,128	59,557	76,007	87,867
% of sales	54.6	58.6	57.8	55.8	55.5
Personnel	7,958	8,432	8,210	9,841	11,159
% of sales	8.7	9.7	8.0	7.2	7.0
Other Expenses	11,815	9,831	13,489	16,432	18,517
% of sales	12.9	11.3	13.1	12.1	11.7
EBITDA	21,804	17,813	21,723	33,850	40,821
EBITDA Margin (%)	23.8	20.4	21.1	24.9	25.8
Depreciation & Amortization	3,815	4,507	4,519	5,153	5,749
EBIT	17,988	13,305	17,203	28,697	35,072
Finance cost	189	165	188	248	289
PBT From Operations	17,799	13,141	17,015	28,448	34,783
Other Income	5,433	4,532	4,408	3,506	4,993
Share of profit of JV (VECV)	317	311	602	2,256	4,255
PBT	23,549	17,984	22,025	34,211	44,031
Tax	5,275	4,515	5,259	7,630	9,497
Tax Rate (%)	22.7	25.5	24.5	23.9	23.9
Net Profit after tax	18,274	13,469	16,766	26,581	34,533
PAT Margin	20.0	15.4	16.3	19.5	21.8

Source: Company, SMIFS institutional research estimates

Key Ratios					
YE March	FY20	FY21	FY22	FY23e	FY24e
Growth Ratios (%)					
Net Sales	(6.6)	(4.7)	18.1	32.2	16.3
EBITDA	(24.9)	(18.3)	22.0	55.8	20.6
Adjusted Net Profit	(17.0)	(26.3)	24.5	58.5	29.9
Margin Ratio (%)					
EBITDA Margin	23.8	20.4	21.1	24.9	25.8
EBIT Margin	19.7	15.3	16.7	21.1	22.1
PBT margins	25.7	20.6	21.4	25.1	27.8
Adj. PAT Margin	20.0	15.4	16.3	19.5	21.8
Return Ratios					
ROE	19.3	12.6	13.9	19.7	22.3
ROCE	18.8	12.2	13.4	18.1	19.6
ROIC	39.7	26.1	30.9	49.3	59.0
Turnover Ratios (days)					
Gross Block Turnover (x)	2.8	2.2	2.3	2.6	2.7
Inventory	42	62	69	69	69
Debtors	3	7	11	11	11
Creditors	74	108	110	110	110
Cash Conversion Cycle	(28)	(39)	(29)	(29)	(29)
Solvency ratio (x)					
Debt-equity	0.0	0.0	0.0	0.0	0.0
Net Debt-Equity	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)
Gross Debt/EBITDA	0.1	0.1	0.0	0.0	0.0
Current ratio	3.4	3.6	1.9	1.7	1.8
Interest coverage ratio	95	81	92	116	121
Dividend					
DPS (Rs.)	25	17	21	33	43
Dividend Yeld (%)	0.8	0.5	0.7	1.1	1.4
Dividend Payout (%)	37.3	34.5	34.2	34.2	34.2
Per share (Rs.)					
Basic EPS (reported)	67	49	61	97	126
CEPS	81	66	78	116	147
BV	366	418	461	525	608
Valuation					
P/E	28.3	64.0	51.4	32.4	25.0
P/BV	5.2	5.2	5.7	6.0	5.2
EV/EBITDA	20.8	29.2	28.9	22.5	18.1
EV/Sales	4.9	6.0	6.1	5.6	4.7

Source: Company, SMIFS institutional research estimates

Balance Sheet					
YE March (Rs mn)	FY20	FY21	FY22	FY23e	FY24e
Sources of funds					
Capital	273	273	273	273	273
Reserves & Surplus	99,536	1,14,108	1,25,807	1,43,287	1,65,997
Shareholders' Funds	99,809	1,14,381	1,26,080	1,43,561	1,66,271
Total Loan Funds	1,444	1,574	588	778	905
Deffered tax liabilities	2,522	2,215	2,201	3,193	3,974
Other non-current liabilities	1,981	2,702	3,896	4,426	5,032
Total Liabilities	1,05,756	1,20,872	1,32,765	1,51,957	1,76,181
Application of funds					
Gross Block	36,727	41,017	48,577	55,457	62,337
Accumulated Dep.	12,006	16,156	22,463	27,616	33,365
Net Block	24,720	24,861	26,114	27,841	28,971
Capital WIP	268	639	1,340	675	683
Net Assets	24,988	25,500	27,454	28,515	29,654
Investments	32,394	28,261	72,959	92,096	1,05,768
Other non current assets	3,369	3,741	5,404	6,343	7,030
Inventories	5,724	8,746	11,324	14,452	16,707
Sundry Debtors	868	1,582	3,020	3,993	4,645
Cash & Bank Balances	29,506	58,304	27,224	27,645	38,032
Loans and Advances	1	4,592	6,768	6,768	6,768
Other current Assets	27,648	14,862	7,857	9,443	10,690
Total Current Assets	63,746	88,085	56,193	62,301	76,841
Sundry Creditors	10,078	15,132	17,881	22,820	26,380
Other Current Liabilities	7,927	8,680	9,858	12,672	14,685
Provisions	737	902	1,507	1,806	2,048
Total Current Liabilities	18,742	24,714	29,245	37,298	43,113
Net Current Assets	45,004	63,371	26,948	25,003	33,728
Total Assets	1,05,756	1,20,872	1,32,765	1,51,957	1,76,181

Source: Company, SMIFS institutional research estimates

Cash Flow					
YE March (Rs mn)	FY20	FY21	FY22	FY23e	FY24e
Operating profit before WC changes	22,362	19,124	21,909	35,681	42,565
Net chg in working capital	859	2,352	(1,503)	2,382	2,046
Income taxes paid (net)	(6,283)	(4,566)	(5,136)	(7,630)	(9,497)
Cash flow from operating activities (a)	16,941	16,910	15,270	30,433	35,114
Capital expenditure	(5,445)	(5,149)	(6,387)	(6,215)	(6,888)
Free Cash Flow	11,497	11,760	8,883	24,218	28,226
Cash flow from investing activities (b)	(15,084)	(16,253)	(9,833)	(20,356)	(12,247)
Cash flow from financing activities (c)	(8,583)	(148)	(5,934)	(9,597)	(12,481)
Net chg in cash (a+b+c)	(6,725)	509	(496)	481	10,386

Source: Company, SMIFS institutional research estimates

Disclaimer

Analyst Certification:

We /I, the above-mentioned Research Analyst(s) of SMIFS Limited (in short “SMIFS / the Company”), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this Research Report. It is also confirmed that We/I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

Terms & Conditions and Other Disclosures:

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research Report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of SMIFS Limited. While we would endeavor to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research Report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This Research Report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research Report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this Research Report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising

out of the use of this Research Report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at www.nseindia.com and/or www.bseindia.com, www.mcxindia.com and/or www.icex.com.

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research 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 SMIFS and affiliates 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.

Specific Disclosures

1. SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
3. SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
4. SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as director/officer/employee in the subject company
6. SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
9. SMIFS has not received any compensation or other benefits from third party in connection with the research report.
10. SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com
