

Narayana Hrudayalaya Ltd.

Capacity addition and expansion to drive growth

Narayana posted strong numbers in Q2FY23 owing to robust revenue by Cayman and strong trajectory in the flagship hospitals contributed by rising international patient mix. Rising footfall from patients, capacity additions in existing units and expansion in the hospitals at Cayman Island is expected to support growth going forward. The international patient mix grew to 8% in Q2FY23 from 6% in Q1FY23 which led to improvement in revenues. ARPOB for India business was Rs. 33,699 in Q2FY23 vs 33,425 in Q2FY22, which was flat in the quarter. The Cayman business reported robust growth of 47.6% YoY in the quarter with revenues of USD 29.1 Mn from 19.7 Mn in Q2FY22. The company remained well focused to garner higher revenue from its India business. The India story is strong and there would be a continual need of healthcare given the demographic situation. A mix of brownfield, greenfield, and acquisition opportunities would be undertaken by Narayana to grow in India. The priority would be brownfield opportunities to ensure synergies in the existing set up. This would be followed by greenfield opportunities which must be close to the area of the existing set up. Having said those, Narayana can easily manage growth for the next 2-3 years in India without adding any fresh capacity/beds. On an overall basis, we are positive about the growth prospects of Narayana. Buy.

Strong performance across topline and bottom-line

- Narayana reported strong set of numbers for Q2FY23. While on a YoY basis there was a high growth of 21.4% because of the low base effect, on a sequential basis the company reported growth of 10.5%.
- The average revenue per person (ARPP) for India inpatients (IP) was Rs 1,10,600 which has witnessed an increase of 0.5%, whereas the outpatient's revenue has seen decline of 2.5% due to lower visits as result of festive seasons such as Durga Puja and Diwali. The ARPP for India outpatients (OP) was Rs 3900.
- ARPP for IP in Cayman was USD 30,300 which has witnessed increase of 83% YoY due to low base of covid in Q2 FY22. ARPP for OP in Cayman was USD 1000, an increase of 2.1%.
- IP footfalls were 59,500 for the quarter while OP footfalls were 6,13,400 for the India business. For Cayman, IP footfalls were 545 while OP footfalls were 7,609.

Outlook and Valuation:

We are positive about the growth prospects connected with Narayana. Both Cayman and India operations should continue to do well in the future. Apart from cardiology, Narayana is exploring other therapies as well such as Oncology and Gastro which would improve the revenue mix. We expect patients mix and case mix to improve which would result in increased EBITDA margins going ahead. We value the stock at 17x EV/EBITDA with respect to Sep 24e EBITDA to arrive at a target price of Rs 995. Buy.

Y/E Mar (Rs mn)	Q2FY23	Q2 FY22	YoY (%)	Q1 FY23	QoQ (%)	Q2 FY23e	Var. (%)
Net sales	11,416	9,403	21.4%	10,334	10.5%	11,200	1.9%
Operating costs	8,979	7,714	16.4%	8,415	6.7%		
EBITDA	2,437	1,689	44.3%	1,920	26.9%	2,095	16.3%
EBITDA Margin (%)	21.3%	18.0%	338 bps	18.6%	277 bps	18.7%	264 bps
Depreciation	489	459	6.6%	475	3.1%		
Other income	312	121	157.3%	80	290.2%		
Finance Cost	151	167	-9.4%	151	0.2%		
PBT	2109	1185	78.0%	1375	53.4%		
Provision for tax	420	168	149.5%	267	57.7%		
Effective tax rate (%)	19.9%	14.2%	571 bps	19.4%	54 bps		
Share of (loss) of equity accounted investees	0	1	-42.3%	0	0.0%		
PAT (Reported)	1689	1017	66.1%	1108	52.4%	1,075	57.1%
NPM (%)	14.8%	10.8%	398 bps	10.7%	407 bps	9.6%	520 bps

Source: Company, SMIFS research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT (Adj)	YoY (%)	EPS (Adj)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY21	25,830	-17.4	1,828	7.1	-143	-111.3	-0.7	-1.6	0.2	-376.4	42.5
FY22	37,013	43.3	6,535	17.7	3,419	-2490.5	16.8	40.5	18.8	21.0	17.7
FY23e	40,439	9.3	8,945	22.1	4,714	37.9	23.2	46.3	21.4	23.4	17.6
FY24e	44,163	9.2	10,923	24.7	6,156	30.6	30.3	65.8	22.8	24.4	13.8
FY25e	50,507	14.4	12,761	25.3	7,601	23.5	37.5	117.7	24.5	19.7	11.3

Source: AceEquity, SMIFS research



Rating: Buy Upside: 35%
Current Price: 739 Target Price: 995

Earlier recommendation

Previous Rating: Accumulate
Previous Target Price: 734
Source: SMIFS Research

Market data

Bloomberg: NARH IN
52-week H/L (Rs): 810/530
Mcap (Rs bn/USD mn): 151/1,909
Shares outstanding (mn): 204.4
Free float: 35.4%
Avg. daily vol. 3mth (3M Avg - in '000): 151.4
Face Value (Rs): 10
Group: S&P BSE 500

Source: Bloomberg, SMIFS Research

Shareholding pattern (%)

	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	63.9	63.9	63.9	63.9
FII	9.6	10.0	10.6	10.8
DII	16.6	17.8	18.3	19.0
Public	9.9	8.3	7.2	6.3

Promoter pledging (%)

Pledging	0.0	0.0	0.0	0.0
----------	-----	-----	-----	-----

Source: BSE

Price performance (%)*

	1M	3M	12M	36M
BSE 500	6.4	3.7	1.9	62.1
NARH IN	4.2	7.8	29.5	155.9

*as on 11th Nov 2022; Source: AceEquity, SMIFS research

Dhara Patwa

Sector Lead – Pharma & Healthcare
9766492546/022 42005511
dhara.patwa@smifs.com

Awanish Chandra

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

Q2FY23— Key takeaways from the management call

India Operations:

- ARPOB trend has increased due to improvement in international patients mix along with case mix.
- **Narayana would prioritise investment in Cayman and countries surrounding Cayman. But due to covid uncertainty they want to prioritise India as the India story is strong and there would be a continual need of healthcare in India given the demographic situation, however, Narayana would not want to overspend or overpay for expansion in India.** A mix of brownfield, greenfield and acquisition opportunities would be undertaken by Narayana to grow in India. The first priority would be brownfield opportunities to ensure synergies in the existing set up. This would be followed by greenfield opportunities which must be close to the area of the existing set up. The last priority would be acquisitions with an objective of not over paying and preferring tie-ups with charitable trust and government bodies to save costs.
- **In terms of brownfield expansion in 1-2 years in India, there are plans of setting up radiation oncology centres in Ahmedabad and Jaipur. The management expect that by Jan – Mar 23 these radiotherapy block will be ready to take patients. Ahmedabad and Howrah would also see some bed capacity addition. A small piece of land has been selected close to RTIICS in Kolkata, where some expansion would happen.**
- An OPD department may be added in Healthcity, Bangalore. Dharamshila may see some beds addition for bone marrow transplants and ICU. 2 more floors may be added in Gurugram subject to permission. Having said those, Narayana can easily manage growth for the next 2-3 years in India without adding any fresh capacity/beds.
- Delhi cluster generated EBITDA margin of 12% in the quarter, despite high competition in Gurugram and Delhi, the hospitals did well on EBITDA front. In previous quarter as international traffic was at halt, the EBITDA was negative but now due to more international patients coming in, this cluster has started delivering positive EBITDA.
- **The refurbishment of India hospitals with a plan of adding up more private, semi-private, and ICU beds is on track and the complete project is expected to get over in the next 5 years.**
- **Kolkata:** Volume and margin expansion may be there but not much swing. This quarter there were less patients due to Durga pooja and Diwali. This level of growth will be only be driven by capacity expansion.
- Business mix: Owned/operated hospitals: 96%, heart centres: 3%, ancillary business: 1%. Indian operations payee profile – Domestic walk in:48%, insured patients: 23%, schemes: 23%, international patients:6%
- Ahmedabad and Mumbai cluster is still negative EBITDA, in Ahmedabad, Narayana has built the hospital in an area where more patients are coming through government schemes as compared to private. This has led to slow take off in terms of profitability and revenues. Oncology therapy is being added to this hospital, and high end and semi-private rooms are being added to attract rich patients.
- The utilization level of Mumbai pediatric hospital is 65%. This hospital is struggling from quite few years to break even due to low patient's admission.

Cayman Operations:

- The radiation oncology block in the new Cayman centre would get commissioned in the next 12 months. The balance unit will get operational in FY24.
- Cayman operations reported revenue of USD 29.1 mln during Q2FY23. In the near term, the EBITDA Margin of Cayman operations will be maintained around the 40% mark, however, once the new unit is commissioned there would be some pressure on EBITDA margins as the new unit would definitely take some time to ramp up while fixed costs would continue to get incurred once the new unit becomes operational.
- Narayana will continue to add clinics in Cayman. These have an investment of USD 500,000 to USD 1 mln.
- The tax rate in Cayman is nil and in India there are brought forward losses because of which Narayana has not opted for the 25% tax rate and continues to be in 35% tax bracket. The net effect on tax or effective tax rate because of the losses is below 20%. Narayana would migrate to the 25% tax regime once it completely sets off the brought forward losses.
- Outpatients in Cayman in Q2FY23 has increased by 2.1% to 7609 as compared to 7451 in Q2FY22.

Outlook and Valuation

We are positive about the growth prospects connected with Narayana. Both Cayman and India operations should continue to do well in the future. Apart from cardiology, Narayana is exploring other therapies as well such as Oncology and Gastro which would improve the revenue mix. We expect patients mix and case mix to improve which would result in increased EBITDA margins going ahead. **We value the stock at 17x EV/EBITDA with respect to Sep 24e EBITDA to arrive at a target price of Rs 995. Buy.**

Fig 1: Change in Estimates

Particulars	New Estimates		Old Estimates		Change	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenues	40,169	44,163	39,518	42,216	1.6%	4.6%
Gross Profit	31,169	34,159	30,372	32,641	2.6%	4.7%
Gross Margin	77.6%	77.3%	76.9%	77.3%	74 bps	3 bps
EBITDA	8,945	10,923	7,872	8,548	13.6%	27.8%
EBITDA Margin (%)	22.3%	24.7%	19.9%	20.2%	235 bps	449 bps
PAT	4,714	6,156	3,909	4,422	20.6%	39.2%
EPS	23.6	30.3	19.3	21.8	22.3%	39.0%

Source: Company, SMIFS Research

Fig 2: Assumption table

YE March	FY20	FY21	FY22	FY23e	FY24e	FY25e
Revenues						
India	26,940	20,706	29,228	32,565	36,186	41,512
Cayman	4,338	5,118	7,372	7,874	7,977	8,995
Total	31,278	25,824	36,601	40,439	44,163	50,507
% Contribution						
India	86.1%	80.2%	79.9%	80.5%	81.9%	82.2%
Cayman	13.9%	19.8%	20.1%	19.5%	18.1%	17.8%
EBITDA						
India	2,721	-269	2,800	5,827	6,948	8,427
Cayman	1,508	2,097	3,735	3,118	3,975	4,334
Total	4,229	1,828	6,535	8,945	10,923	12,761
EBITDA margin						
India	10.1%	-1.3%	9.6%	17.9%	19.2%	20.3%
Cayman	34.8%	41.0%	50.7%	39.6%	49.8%	48.2%
Total	13.5%	7.1%	17.9%	22.1%	24.7%	25.3%
Occupancy Levels						
India	61.0%	45.6%	57.7%	50.3%	50.4%	52.9%
Cayman	35.0%	37.7%	47.2%	47.7%	48.1%	54.2%
ARPOB						
India in Rs. Mn	26,575	28,493	32,329	33,946	36,322	38,864
Cayman in USD Mn	1.5	1.9	1.9	1.9	1.9	1.9

Source: Company, SMIFS Research

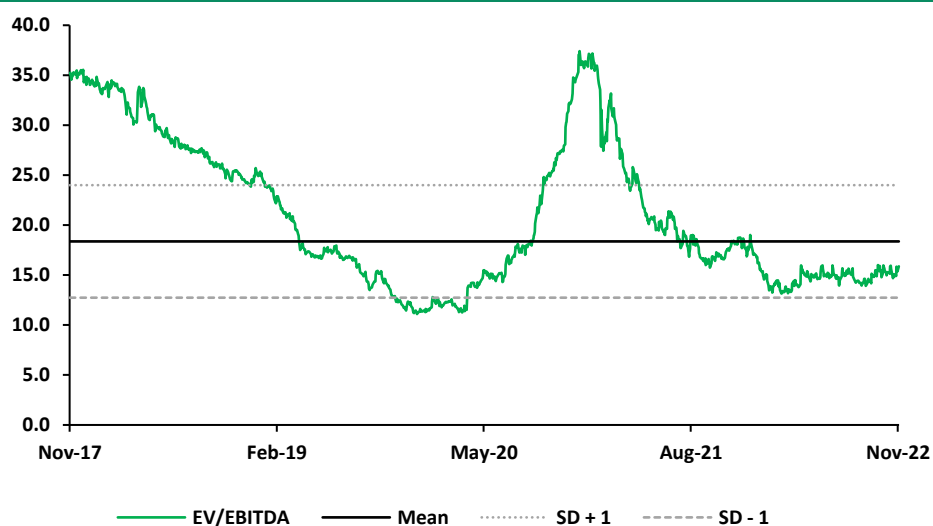
Fig 3: India business- Margin profile

	FY19	FY20	FY21	FY22	Q1FY23	Q2FY23
Bangalore	29.0	30.7	10.4	23.4	32.8	34.7
Southern Peripheral	15.4	18.4	19.0	22.7	22.4	25.4
Kolkata	20.8	21.7	6.0	20.3	23.1	26.2
Eastern Peripheral	3.8	12.0	5.3	14.5	18.8	40.4
Western	0.0	3.4	-0.2	7.9	-0.6	-1.7
Northern	-30.2	-18.1	-9.2	0.7	10.4	12.2

Source: Company, SMIFS Research

Fig 4: India business- Number of Beds region wise in FY22

	Number of Beds
Bangalore	1,683
Southern Peripheral	601
Kolkata	1,563
Eastern Peripheral	481
Western	1,142
Northern	541
Total	6011
Cayman Island	110

Fig 5: 1 year forward EV/EBITDA chart


Source: Company, SMIFS Research

Quarterly financials

Fig 6: Quarterly Financials

Y/E March (Rs mIn)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Net Sales	7,504	8,378	8,598	9,403	9,596	9,407	10,334	11,416
COGS	1,988	2,069	2,154	2,375	2,364	2,199	2,419	2,572
Employee Costs	2,934	3,258	3,398	3,569	3,634	3,686	4,024	4,092
Other Expenditure	1,532	1,636	1,709	1,770	1,849	1,771	1,972	2,315
EBITDA	1,049	1,414	1,337	1,689	1,749	1,751	1,920	2,437
Depreciation	465	445	447	459	461	468	475	489
Interest	186	182	171	167	163	163	151	151
Other Income	46	85	67	121	69	98	80	312
Share of (loss) of equity accounted investees	(28)	(19)	(14)	(22)	(23)	(26)	(2)	(0)
Reported PBT	416	853	771	1,162	1,172	1,192	1,373	2,109
Tax	8	172	9	168	196	503	267	420
Tax rate (%)	1.9%	20.2%	1.1%	14.5%	16.7%	42.2%	19.4%	19.9%
Reported PAT	408	680	762	993	975	690	1,106	1,689
YoY Growth (%)								
Revenue	-8.7%	6.7%	118.5%	56.5%	27.9%	12.3%	20.2%	21.4%
EBITDA	-13.8%	37.7%	NA	531.1%	66.7%	23.8%	43.6%	44.3%
PAT	-10.0%	116.7%	NA	NA	138.9%	1.4%	45.2%	70.0%
QoQ Growth (%)								
Revenue	24.9%	11.6%	2.6%	9.4%	2.1%	-2.0%	9.9%	10.5%
EBITDA	292.1%	34.8%	-5.5%	26.3%	3.6%	0.1%	9.7%	26.9%
PAT	1292.6%	66.6%	12.0%	30.4%	-1.8%	-29.3%	60.4%	52.7%
Margin (%)								
RMC/revenue (%)	26.5%	24.7%	25.1%	25.3%	24.6%	23.4%	23.4%	22.5%
Gross margin (%)	73.5%	75.3%	74.9%	74.7%	75.4%	76.6%	76.6%	77.5%
Employee cost/revenue (%)	39.1%	38.9%	39.5%	38.0%	37.9%	39.2%	38.9%	35.8%
Other expenses/revenue (%)	20.4%	19.5%	19.9%	18.8%	19.3%	18.8%	19.1%	20.3%
EBITDA margin (%)	14.0%	16.9%	15.5%	18.0%	18.2%	18.6%	18.6%	21.3%
PAT margin (%)	5.4%	8.1%	8.9%	10.6%	10.2%	7.3%	10.7%	14.8%

Source: AceEquity, SMIFS Research

Financial Statements

Income Statement					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	25,830	37,013	40,439	44,163	50,507
Raw materials	6,779	9,092	9,270	10,003	11,239
% of sales	26.2	24.6	22.9	22.7	22.3
Personnel	11,400	14,287	15,041	16,433	18,722
% of sales	44.1	38.6	37.2	37.2	37.1
Other Expenses	5,824	7,099	7,183	6,803	7,785
% of sales	22.5	19.2	17.8	15.4	15.4
EBITDA	1,828	6,535	8,945	10,923	12,761
Other Income	275	346	243	254	271
Depreciation & Amortisation	1,835	1,835	1,785	2,113	2,033
EBIT	267	5,046	7,403	9,063	10,998
Finance Cost	760	663	1081	604	559
Core PBT	-767	4,037	6,079	8,206	10,168
Exceptional items	-	-	-	-	-
PBT	-492	4,383	6,322	8,459	10,439
Tax-Total	-418	877	1,573	2,279	2,813
<i>Effective tax rate (%)</i>	<i>84.9</i>	<i>20.0</i>	<i>24.9</i>	<i>26.9</i>	<i>26.9</i>
Reported PAT	(75)	3,506	4,749	6,181	7,626
Minority interest	0.1	2	5	5	5
Share of (loss) of equity accounted investees	-68	-85	-30	-20	-20
Adjusted PAT	(143)	3,419	4,714	6,156	7,601

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY21	FY22	FY23E	FY24E	FY25E
Growth ratios (%)					
Net sales	-17.4	43.3	9.3	9.2	14.4
EBITDA	-56.8	257.5	36.9	22.1	16.8
Adjusted PAT	-111.3	-2490.5	37.9	30.6	23.5
Margin Ratio (%)					
Gross Profit	73.8	75.4	77.1	77.3	77.7
EBITDA Margin	7.1	17.7	22.1	24.7	25.3
EBIT Margin	1.0	13.6	18.3	20.5	21.8
Core PBT	-3.0	10.9	15.0	18.6	20.1
Adjusted PAT	-0.6	9.2	11.7	13.9	15.0
Return Ratio (%)					
ROE	-1.6	40.5	46.3	65.8	117.7
ROCE	0.2	18.8	21.4	22.8	24.5
Turnover Ratios (days)					
Gross Block Turnover (x)	1.0	1.2	1.3	1.2	1.3
Adj OCF / Adj PAT (%)	(1,629)	122	127	133	123
Inventory	26	26	26	26	26
Debtors	39	39	39	39	39
Creditors	221	187	187	187	187
Cash Conversion Cycle	-156	-121	-121	-121	-121
Solvency Ratio (%)					
Debt-equity (x)	0.8	0.6	0.7	0.3	0.2
Net Debt-equity (x)	0.5	0.4	0.4	0.0	-0.2
Gross Debt / EBITDA	4.7	1.3	1.3	0.6	0.5
Current ratio	1.3	1.8	1.8	1.9	2.8
Interest coverage ratio (x)	0.4	7.6	6.8	15.0	19.7
Dividend					
Dividend per share	-	1.5	1.5	1.5	1.5
Dividend Yield (%)	0.0	0.3	0.2	0.2	0.2
Dividend Payout (%)	0.0	8.9	6.5	4.9	4.0
Per share (Rs)					
Basic EPS (reported)	-0.7	16.8	23.2	30.3	37.5
Adjusted EPS	-0.7	16.8	23.2	30.3	37.5
CEPS	8.3	25.9	32.0	40.7	47.5
BVPS	55.2	73.4	82.7	111.6	147.7
Valuation					
P/E	-376.4	21.0	23.4	24.4	19.7
P/BV	4.8	4.8	6.6	6.6	5.0
EV/EBITDA	42.5	17.7	17.6	13.8	11.3
EV/Sales	3.0	3.1	3.9	3.4	2.8
EV/Core PBT	-101.4	28.7	25.9	18.4	14.1

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Sources of funds					
Capital	2,044	2,044	2,044	2,044	2,044
Reserves & Surplus	9,165	12,850	14,733	20,610	27,932
Shareholders' Funds	11,208	14,894	16,777	22,653	29,975
Total Loan Funds	8,534	8,345	12,011	6,711	6,211
Other liabilities	2,725	2,939	3,020	2,969	3,002
Total Liabilities	22,467	26,178	31,808	32,333	39,188
Application of funds					
Gross Block	26,971	29,746	31,471	36,970	38,251
Net Block	19,028	19,217	19,942	23,328	22,575
Capital WIP	183	627	3,957	183	627
Investments	1,203	1,324	1,387	1,365	1,356
Other non-current assets	1,735	2,351	2,929	3,044	3,254
Inventories	478	594	654	706	793
Sundry Debtors	2,785	4,369	4,360	4,762	5,446
Cash & Bank Balances	1,321	1,722	3,414	4,279	11,069
Other Current Assets	967	1,094	963	989	1,015
Total Current Assets	5,551	7,778	9,392	10,736	18,323
Sundry Creditors	4,103	4,490	4,739	5,114	5,746
Other Current Liabilities	1,130	629	1,059	1,208	1,203
Total Current Liabilities	5,233	5,120	5,798	6,322	6,948
Net Current Assets	318	2,658	3,594	4,415	11,375
Total Assets	22,467	26,178	31,808	32,334	39,188

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Operating profit before WC changes	1,992	7,036	9,188	11,177	13,032
Net change in working capital	628	-1,686	-551	-100	-340
Taxes paid	300	-1,063	-1,573	-2,279	-2,813
Cash flow from operating activities (a)	3,091	4,850	7,064	8,798	9,879
Adj OCF	2,331	4,187	5,983	8,194	9,320
Capital expenditure	-539	-3,220	-5,055	-1,725	-1,725
Adj FCF	1,792	968	928	6,469	7,595
Cash flow from investing activities (b)	-1,130	-2,669	-5,069	-1,738	-1,712
Debt	162	3,520	2,270	-4,800	-
Dividend	-	-	-304	-304	-304
Interest and lease	-760	-663	-1,081	-604	-559
Cash flow from financing activities (c)	-1,984	-1,589	-226	-6,208	-1,363
Net change in cash (a+b+c)	-24	592	1,769	852	6,803

Source: Company, SMIFS 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
