

FIEM

P

Better late than never – reiterate LONG

CMP
Rs 1,027

Target Price

Rs 1,794
Mar 2023

Rating
LONG

Upside
75% (↑)

- Despite FY22 2W industry volumes down ~36% from peak of FY19, FIEM FY22 Sales/EBITDA/PAT was 9%/25%/72% higher than FY19 levels
- In one of the worst years for industry from both volume as well as margin perspective due to commodity inflation, FIEM delivered RoE of 16% on a net cash balance sheet
- Now that industry volumes are expected to revive over next 2-3 years, company will see strong profit growth, cash flow generation as well as RoE expansion
- Major contributors to FIEM's strong growth during FY22 was increased Sales to Yamaha's multiple models globally and supplies to many new E2W OEMs
- LED's share in lighting Sales increased to 44%/46% in FY22/4QFY22 vs 40% in FY21.
- Reiterate LONG with a Mar'23 TP of Rs 1,794 at 15x Mar'24 EPS. (Mar'23 TP of Rs. 1,750 earlier)

Strong Inhouse capabilities lead to Consistent Industry Outperformance: In 2019, FIEM had developed the world's smallest bi-function lighting module for 2Ws with PES lens for Yamaha, Japan. These lamps will be used in several Yamaha motorcycles to be launched globally. The company is already supplying to seven programs of Yamaha globally, with more to be added. Yamaha's share in the company's sales has consistently increased, from 4% to 19% in FY22. FIEM has also started supplying LED lamps to the Harley Davidson plant in US and Thailand, which will gradually ramp up. This apart, FIEM should also benefit from its status at the sole supplier to Ola Electric for head lamps, tail lamps, indicators, rear fender assemblies and mirrors used its model, S1. FIEM is supplying lights to some other new 2W OEMs such as Okinawa, Ampere and Tork.

Automotive lighting – a structural growth segment given EV transition: Automotive lights are witnessing a shift towards LEDs due to better energy savings, safety, and enhanced design capabilities to OEMs. There has been a shift towards LEDs in most new 2W and PV models in the form of DRLs, head lamps or tail lamps. Beyond basic LEDs as well, lighting has a clear upgrade path over the next few years towards adaptive lighting and matrix. Current LED penetration in 2Ws is around 25%, as per our estimates, and has a long way to go. LED penetration will be further enhanced by transition to EVs given their likely deployment due to energy savings.

Strong Performance in a tough Business Environment: Despite Domestic 2W Industry production declined by 28%/3% from FY19/21 levels, FIEM was able to grow its sales by 9%/29% in FY22 mainly driven by a rising share of LEDs, new business with existing customers, and new customer addition. The company also maintained stable margins of 12.3% amid inflationary pressures in FY22; this translated into the highest-ever revenue and profits during the year. Given the solid performance and lower capex requirement, FIEM has generated strong free cash flows of ~Rs 1.9bn in the last two years and we expect this momentum to continue ahead.

Financial Summary

YE Mar Rs mn	Sales	EBITDA	Recurring PAT	EPS (Rs)	P/E (x)	P/B (x)	EV/ EBITDA (x)	ROE (%)	Core ROIC (%)	EBITDA Margin (%)
FY22A	15,723	1,940	942	71.7	14.9	2.2	6.6	15.5	17.0	12.3
FY23E	19,669	2,484	1,340	101.9	10.5	1.9	4.4	19.2	22.5	12.6
FY24E	22,351	2,795	1,574	119.6	8.9	1.6	3.4	19.2	26.4	12.5
FY25E	25,562	3,197	1,884	143.1	7.5	1.3	2.5	19.5	27.7	12.5

Source: Company, Equirus Securities

Estimate Revision

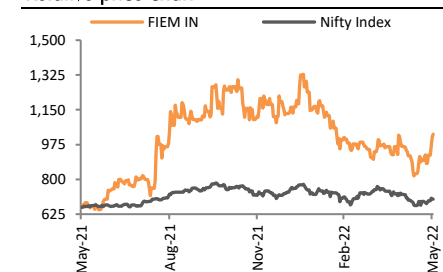
	Forecasts		% Change	
	FY23E	FY24E	FY22E	FY23E
Sales	19,669	22,351	5.9%	6.3%
EBITDA	2,484	2,795	9.6%	6.9%
PAT	1,340	1,574	7.7%	3.1%
EPS	101.9	119.6	7.7%	3.1%

Stock Information

Market Cap (Rs Mn)	13,514
52 Wk H/L (Rs)	1,378/611
Avg Daily Volume (1yr)	56,738
Avg Daily Value (Rs Mn)	0.8
Equity Cap (Rs Mn)	6,422
Face Value (Rs)	10
Share Outstanding (Mn)	13.2
Bloomberg Code	FIEM IN
Ind Benchmark	BSEAUTO

Ownership (%)	Recent	3M	12M
Promoters	66.6	0.0	0.0
DII	0.0	0.0	0.0
FII	10.6	0.6	2.4
Public	22.8	(0.6)	(2.2)

Relative price chart



Source: Bloomberg

Analysts

Aashin Modi
aashin.modi@equirus.com
+91-07969015035

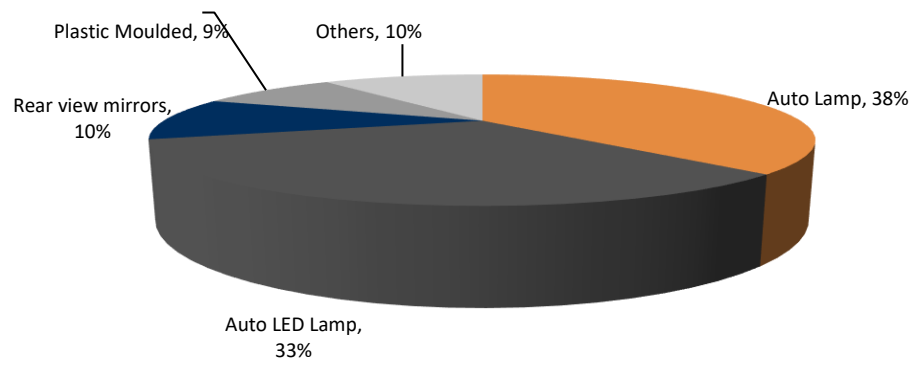
Exhibit 1: Quarterly performance

Rs Mn	4QFY22	4QFY22E	3QFY22	4QFY21	% Change			Comments
					4QFY22E	3QFY22	4QFY21	
Net Sales	4,895	3,942	3,888	4,212	24%	26%	16%	
Raw Materials Consumed	3,052	2,495	2,455	2,535	22%	24%	20%	
Employee Cost	534	532	521	529	0%	2%	1%	
Other Expenses	681	445	440	615	53%	55%	11%	
Total Expenditures	4,267	3,473	3,417	3,679	23%	25%	16%	
EBITDA	628	469	472	533	34%	33%	18%	
Depreciation	174	151	134	162	15%	30%	8%	
EBIT	454	318	338	371	43%	34%	22%	
Interest	25	16	19	27	59%	37%	-5%	
Other Income	6	11	7	20	-50%	-23%	-72%	
PBT	434	313	327	365	39%	33%	19%	
Tax	114	79	87	110	45%	31%	3%	
Recurring PAT	320	234	240	255	37%	33%	26%	
Extraordinaries	0	0	0	0				
Reported PAT	320	234	240	255	37%	33%	26%	
EPS (Rs)	24.3	17.8	18.3	19.4	37%	33%	26%	
Gross Margin	37.6%	36.7%	36.9%	39.8%	94 bps	77 bps	-216 bps	
EBITDA Margin	12.8%	11.9%	12.1%	12.7%	92 bps	69 bps	16 bps	
EBIT Margin	9.3%	8.1%	8.7%	8.8%	121 bps	57 bps	45 bps	
PBT Margin	8.9%	7.9%	8.4%	8.7%	92 bps	45 bps	20 bps	
PAT Margin	6.5%	5.9%	6.2%	6.1%	59 bps	36 bps	49 bps	
Tax Rate	26.2%	25.2%	26.5%	30.2%	108 bps	-26 bps	-393 bps	
as % of Sales								
RM as % of Sales	62.4%	63.3%	63.1%	60.2%	-94 bps	-77 bps	216 bps	
Empl. Cost as % of Sales	10.9%	13.5%	13.4%	12.6%	-259 bps	-249 bps	-164 bps	
Other exp. as % of Sales	13.9%	11.3%	11.3%	14.6%	261 bps	258 bps	-69 bps	
Segmental								
Sales								
Automotive	4,880		3,865	4,188	NA	26%	17%	
LED Luminaires	15		24	24	NA	-35%	-37%	
EBIT								
Automotive	548		378	509	NA	45%	8%	
LED Luminaires	-39		-2	-49	NA	1969%	-21%	
EBIT Margin								
Automotive	11.2%		9.8%	12.1%	NA	144 bps	-93 bps	
LED Luminaires	-255.3%		-8.0%	-204.1%	NA	-24735 bps	-5124 bps	

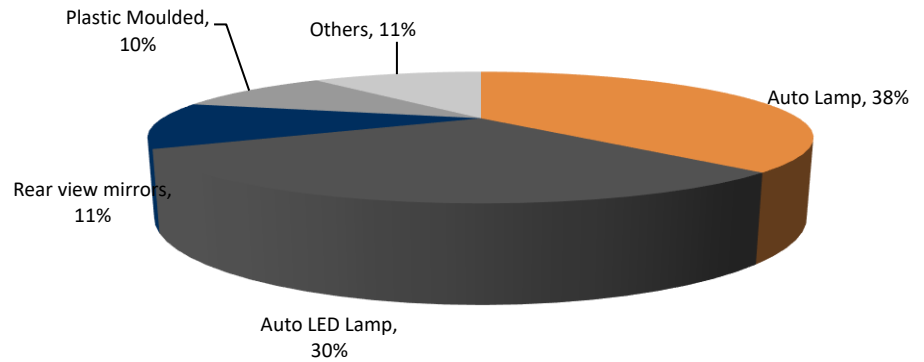
Source: Company, Equirus Securities

Earnings call Takeaways

- Highest ever revenue and profits against significant industry and commodity cost headwinds
- Despite in-house LED technology, FIEM supplies LED headlamps to 7-8 global models of Yamaha with more in the pipeline. Besides, it started supplying to Harley Davidson's Thailand and US plants in 2QFY22. FIEM is also the sole supplier for OLA S1, and a lighting supplier to other E2W OEMs such as Okinawa, Ampere, Tork and Revolt.
- Peak revenue at current capacity is Rs 20bn-22bn. Management expects it to touch Rs 3bn post the brownfield capacity addition of Rs 500mn next year.
- Revenues from E2W OEMs at Rs 400mn in FY22 would jump 3x in FY23.
- FIEM is increasing business with HMCL and expects orders for three new models in FY24.
- Share of LED in auto lighting sales rose to 44%/46% in FY22/Q4FY22 from 40% in FY21. Management expects this proportion to increase to 55% over the next 2-3 years
- Developed several new projects during the year, Strong pipeline of 80 new projects in FY23
- FIEM is increasing business with HMCL and expects orders for three new models in FY24
- Increased Business with Yamaha significantly in FY22 driven by exports and addition of new products, expect momentum to continue led by product launches and new geographies
- Work with all E2W, Ola, Bounce, Hero Electric etc. Leadership position in E2W to drive growth
- In FY22, the company paid Rs. 31 cr of debt would pay balance Rs. 20 cr debt by September
- Asean FIEM JV to exit, agreement has been formalized, expect payment in June
- Dividend of Rs. 20 per share
- Others growth contributed majorly by E2W OEMs
- Brownfield Capex plan at Hosur at Rs. 30-40 cr, overall expect Rs. 50-60 cr capex for the year with 6x asset turnover. New Greenfield capex asset turn would be ~2x
- With new customers adding both mirrors and with some customers Plastic and sheet metal parts. Add non lighting products as relationship improve
- Margins to remain at 12-12.5%
- Topline to grow by 15-20% supported by value growth
- Not part of PLI as lighting not included in the scheme
- LED content is 2-2.5x as compared to Halogen lamp
- Current capacity utilization at 78-80%.
- Inventory days increase to stock electronic components to run line continuously
- In process of forming JV for 4W lighting business
- Have more 87 projects currently
- Winding up LED luminaries, using its capacity in auto mode. Had competitive advantage but didn't went well as it was B2G
- First in India with SMT plant in 2002 have 7 SMT line thus have edge over customers. Started supplying to Europe. Developed worlds smallest LED headlamp for Yamaha, design center in Italy also supporting

Exhibit 2: Segment-wise revenue split (4QFY22)

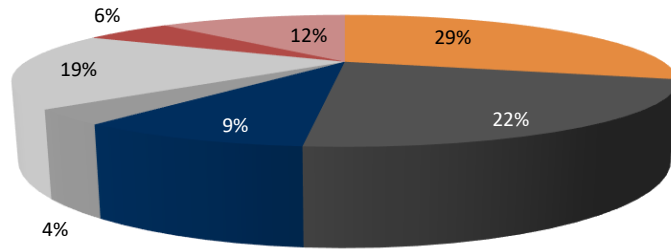
Source: Company, Equirus Securities

Exhibit 3: Segment wise revenue split (FY22)

Source: Company, Equirus Securities

Exhibit 4: Customer-wise revenue split (4QFY22)

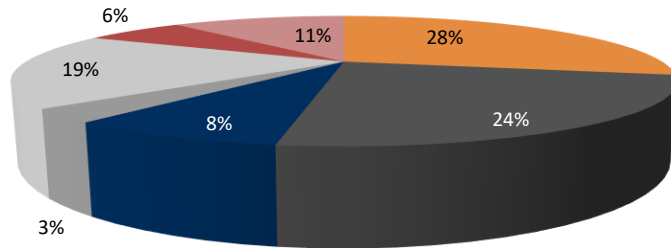
■ HMSI
 ■ TVS
 ■ Suzuki
 ■ Royal Enfield
 ■ Yamaha
 ■ Replacement
 ■ Other customers



Source: Company, Equirus Securities

Exhibit 5: Customer-wise revenue split (FY22)

■ HMSI
 ■ TVS
 ■ Suzuki
 ■ Royal Enfield
 ■ Yamaha
 ■ Replacement
 ■ Other customers



Source: Company, Equirus Securities

Company Snapshot

How we differ from consensus

Particular (Rs Mn)		Equirus	Consensus	% Diff	Comment
Sales	FY23E	19,669	18,569	6%	
	FY24E	22,351	21,033	6%	
EBITDA	FY23E	2,484	2,267	10%	
	FY24E	2,795	2,616	7%	
PAT	FY23E	1,340	1,245	8%	
	FY24E	1,574	1,527	3%	

Key Estimates

	FY21	FY22	FY23E	FY24E	FY25E
Automotive Lights	7,979	10,481	13,646	15,753	18,349
Rear View Mirrors	1,464	1,756	2,107	2,360	2,643
Plastic Moulded Parts	1,148	1,556	1,867	2,091	2,321
LED Luminaires	112	84	84	84	84
Others	1,507	1,846	1,952	2,050	2,153
Gross Sales	12,209	15,723	19,657	22,339	25,551
Ex Duty	0	0	0	0	0
Net Sales	12,209	15,723	19,657	22,339	25,551

Key Investment arguments:

- Set to be a key beneficiary of a shift to LEDs.
- Strong track record of adding new products.
- Margin and return profile to rebound after a blip in FY17.

Key Triggers

- Waiting period on new model launches.
- Monthly production volumes

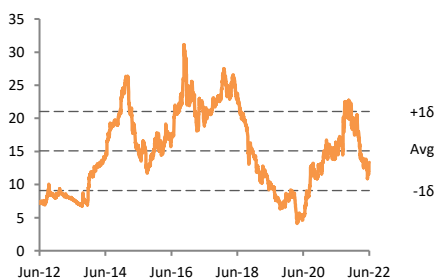
Company Description:

FIEM Industries is one of the frontrunners in the automotive lighting segment. Along with automotive lighting, it also produces rear view mirrors, plastic molded parts & sheet metal parts in the automotive components space. It has developed LED luminaires for indoor & outdoor application and integrated passenger information systems for railways and buses. It was one of the first movers to develop LED lights for two wheelers.

Comparable valuation

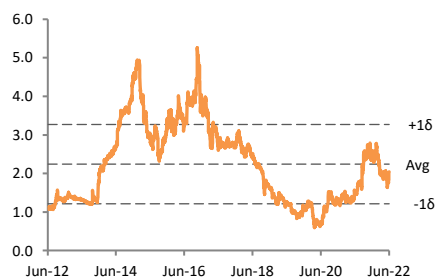
Company	Reco.	CMP	Mkt Cap Rs. Mn.	Price Target	Target Date	P/E			P/B			EV/EBITDA			RoE			Div Yield
						FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	FY22A	FY23E	FY24E	
Subros	LONG	307	20,003	450	Mar-23	61.4	23.7	13.6	2.4	2.3	2.0	12.9	8.2	5.7	4.0%	9.9%	15.4%	1%
Varroc	LONG	342	52,173	400	Jun-23	NA	NA	21.5	2.7	3.4	3.1	28.1	9.5	7.1	NA	6.5%	15.0%	1%
Lumax Industries	LONG	1,174	10,974	2,431	Jun-23	19.0	10.5	7.8	2.2	1.9	1.6	10.7	5.6	4.2	12.2%	19.8%	22.9%	3%
Minda Industries	LONG	910	2,59,948	1,157	Jun-23	73.1	39.8	29.8	7.2	6.2	5.2	30.3	21.0	16.7	12.9%	18.5%	21.0%	2%
FIEM	LONG	1,023	13,467	1,794	Mar-23	14.1	10.0	8.6	2.1	1.8	1.5	6.1	4.1	3.2	15.7%	19.1%	19.1%	2%
Endurance	LONG	1,300	1,82,842	1,671	Jun-23	37.2	30.4	22.9	4.7	4.1	3.6	18.4	14.4	11.2	13.2%	14.4%	16.7%	0%

Price to earning chart



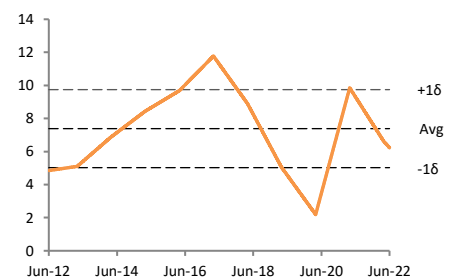
Source: Company, Equirus Research

Price to book chart



Source: Company, Equirus Research

EV-EBITDA chart



Source: Company, Equirus Research

Quarterly performance

Y/E Mar (Rs mn)	1QFY22A	2QFY22A	3QFY22A	4QFY22A	1QFY23A	2QFY23E	3QFY23E	4QFY23E
Revenue	2,747	4,192	3,888	4,895	4,718	4,914	4,914	5,111
COGS	1,668	2,686	2,455	3,052	2,949	3,071	3,071	3,194
Employee Cost	441	552	521	534	543	565	565	588
Other Expenses	323	435	440	681	613	663	663	690
EBITDA	315	519	472	628	613	614	614	639
Depreciation	138	140	134	174	169	172	176	179
EBIT	177	379	338	454	445	442	439	460
Interest Exp.	22	20	19	25	16	16	16	16
Other Income	3	9	7	6	9	16	20	23
Profit before Tax	159	368	327	434	438	442	442	467
Tax Expenses	41	94	87	114	110	111	111	118
Profit After Tax	118	274	240	320	327	331	331	350
Minority Interest	0	0	0	0	0	0	0	0
Profit/(Loss) from Associates	0	0	0	0	0	0	0	0
Recurring PAT	118	274	240	320	327	331	331	350
Exceptional Items	0	0	0	0	0	0	0	0
Reported PAT	118	274	240	320	327	331	331	350
Other comprehensive income.	0	0	0	0	0	0	0	0
PAT after comp. income.	118	274	240	320	327	331	331	350
FDEPS	8.9	20.9	18.3	24.3	24.9	25.1	25.2	26.6
Cost items as % of sales								
RM expenses	60.7	64.1	63.1	62.4	62.5	62.5	62.5	62.5
Employee expenses	16.0	13.2	13.4	10.9	11.5	11.5	11.5	11.5
Other expenses	11.8	10.4	11.3	13.9	13.0	13.5	13.5	13.5
Margin (%)								
Gross Margin	39.3	35.9	36.9	37.6	37.5	37.5	37.5	37.5
EBITDA Margin	11.5	12.4	12.1	12.8	13.0	12.5	12.5	12.5
PAT Margin	4.3	6.5	6.2	6.5	6.9	6.7	6.7	6.8
YoY Growth (%)								
Sales	306.3	12.2	8.5	16.2	71.8	17.2	26.4	4.4
EBITDA	0.0	(2.0)	10.1	17.7	94.5	18.3	30.2	1.8
EBIT	0.0	(3.6)	14.9	22.1	151.4	16.6	29.7	1.4
PAT	0.0	(12.1)	16.6	25.5	178.3	20.6	37.7	9.3

Key Financials (Consolidated)

Income Statement

Y/E Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Revenue	14,490	13,794	12,212	15,723	19,669	22,351	25,562
COGS	9,006	8,402	7,546	9,861	12,287	13,963	15,970
Employee Cost	1,965	1,985	1,659	2,076	2,265	2,574	2,943
Other Expenses	1,948	1,839	1,669	1,846	2,633	3,019	3,452
EBITDA	1,572	1,569	1,338	1,940	2,484	2,795	3,197
Depreciation	489	532	572	590	696	752	808
EBIT	1,082	1,037	766	1,350	1,787	2,043	2,388
Interest Exp.	221	177	116	86	63	63	63
Other Income	9	17	32	26	68	124	192
Profit before Tax	870	877	681	1,290	1,791	2,104	2,517
Tax Expenses	304	82	180	337	451	530	634
Profit After Tax	566	796	501	953	1,340	1,574	1,884
Minority Interest	0	0	0	0	0	0	0
Profit/(Loss) from Associates	(10)	(41)	(2)	(11)	0	0	0
Recurring PAT	556	754	499	942	1,340	1,574	1,884
Exceptional Items	8	6	(13)	3	0	0	0
Reported PAT	565	761	485	944	1,340	1,574	1,884
Other comprehensive income.	0	0	0	0	0	0	0
PAT after comp. income.	565	761	485	944	1,340	1,574	1,884
FDEPS	42.9	57.8	36.9	71.7	101.9	119.6	143.1
DPS	12	16	16	16	18	20	22
BVPS	363	399	433	489	573	672	793

YoY Growth (%)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Sales	16.9	(4.8)	(11.5)	28.8	25.1	13.6	14.4
EBITDA	11.7	(0.2)	(14.7)	45.0	28.1	12.5	14.4
EBIT	12.3	(4.2)	(26.1)	76.2	32.4	14.3	16.9
PAT	21.6	34.7	(36.2)	94.6	42.0	17.4	19.6

Key Ratios

Profitability (%)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Gross Margin	37.9	39.1	38.2	37.3	37.5	37.5	37.5
EBITDA Margin	10.8	11.4	11.0	12.3	12.6	12.5	12.5
PAT Margin	3.9	5.5	4.0	6.0	6.8	7.0	7.4
ROE	12.0	15.1	9.1	15.5	19.2	19.2	19.5
ROIC	10.9	13.9	8.9	14.5	17.8	18.0	18.4
Core ROIC	11.1	14.9	9.6	17.0	22.5	26.4	27.7
Dividend Payout	28.0	27.1	42.4	21.8	17.7	16.7	15.4

CAGR (%)	1 year	2 years	3 years	5 years	7 years	10 years
Revenue	16.6	19.1	13.5	14.9	15.2	20.8
EBITDA	10.4	14.9	6.9	12.0	12.6	23.1
PAT	7.1	(4.2)	(0.5)	8.7	15.1	28.5

Valuation (x)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
P/E	24.9	18.5	29.0	14.9	10.5	8.9	7.5
P/B	2.9	2.7	2.5	2.2	1.9	1.6	1.3
P/FCFF	65.6	230.6	14.1	444.3	8.0	10.3	8.2
EV/EBITDA	5.0	2.2	9.9	6.6	4.4	3.4	2.5
EV/Sales	0.5	0.2	1.1	0.8	0.5	0.4	0.3
Dividend Yield (%)	1.1	1.5	1.5	1.5	1.7	1.9	2.1

Balance Sheet

Y/E Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Equity Capital	132	132	132	132	132	132	132
Reserves	4,640	5,122	5,562	6,300	7,404	8,715	10,309
Net Worth	4,772	5,253	5,693	6,432	7,535	8,846	10,440
Total Debt	1,314	581	219	212	(116)	(116)	(116)
Other long term liabilities	587	677	657	615	944	944	944
Minority Interest	0	0	0	0	0	0	0
Account Payables	1,883	1,674	1,722	2,611	2,726	3,097	3,543
Other Current Liabilities	1,073	1,020	930	625	990	1,080	1,189
Total Liabilities	9,628	9,205	9,222	10,495	12,079	13,852	16,000
Gross Fixed Assets	8,584	8,959	9,453	9,649	10,447	11,247	12,047
Acc. Depreciation	(2,940)	(3,407)	(3,980)	(4,570)	(5,266)	(6,018)	(6,827)
Net Fixed Assets	5,644	5,551	5,473	5,079	5,181	5,229	5,220
Capital WIP	115	3	27	7	7	7	7
long term investments	254	212	210	3	31	31	31
Others	246	592	244	204	82	82	82
Inventory	1,472	1,291	1,169	1,847	1,832	2,082	2,382
Receivables	1,468	770	809	1,746	1,641	1,864	2,133
Loans and advances	5	5	5	6	6	7	8
Other current assets	380	306	180	153	163	185	211
Cash & Cash Equivalents.	45	475	1,105	1,449	3,136	4,364	5,926
Total Assets	9,628	9,205	9,222	10,495	12,079	13,852	16,000
Non-Cash WC	369	(322)	(489)	516	(73)	(39)	2
Cash Conv. Cycle	26.6	10.2	7.6	22.8	13.9	13.9	13.9
WC Turnover	39.2	(42.9)	(24.9)	30.4	(268.0)	(573.7)	11,164.3
Gross Asset Turnover	1.7	1.5	1.3	1.6	1.9	2.0	2.1
Net Asset Turnover	2.5	2.5	2.2	3.1	3.8	4.3	4.9
Net D/E	0.3	0.0	(0.2)	(0.2)	(0.4)	(0.5)	(0.6)

Days (x)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Receivable Days	37	20	24	41	30	30	30
Inventory Days	37	34	35	43	34	34	34
Payable Days	47	44	51	61	51	51	51
Non-cash WC days	9	(9)	(15)	12	(1)	(1)	0

Cash Flow

Y/E Mar (Rs mn)	FY19A	FY20A	FY21A	FY22A	FY23E	FY24E	FY25E
Profit Before Tax	870	877	681	1,290	1,791	2,104	2,517
Depreciation	489	532	572	590	696	752	808
Others	372	55	119	389	0	0	0
Tax paid	(304)	(82)	(180)	(337)	(451)	(530)	(634)
Change in WC	(216)	691	168	(1,006)	590	(34)	(41)
Operating Cashflow	1,212	2,073	1,360	927	2,627	2,292	2,651
Capex	(743)	(473)	(198)	(193)	(717)	(800)	(800)
Change in Invest.	191	0	22	(569)	(28)	0	0
Others	(254)	5	23	24	0	0	0
Investing Cashflow	(806)	(468)	(153)	(737)	(745)	(800)	(800)
Change in Debt	111	(766)	(410)	(303)	(328)	0	0
Change in Equity	0	0	0	0	0	0	0
Others	(492)	(414)	(161)	(303)	92	(263)	(290)
Financing Cashflow	(381)	(1,181)	(571)	(606)	(236)	(263)	(290)
Net Change in Cash	25	424	635	(417)	1,646	1,229	1,561

Source: Company, Equirus Research

<p>Rating & Coverage Definitions:</p> <p>Absolute Rating</p> <ul style="list-style-type: none"> • LONG : Over the investment horizon, ATR >= Ke for companies with Free Float market cap >Rs 5 billion and ATR >= 20% for rest of the companies • ADD: ATR >= 5% but less than Ke over investment horizon • REDUCE: ATR >= negative 10% but <5% over investment horizon • SHORT: ATR < negative 10% over investment horizon <p>Relative Rating</p> <ul style="list-style-type: none"> • OVERWEIGHT: Likely to outperform the benchmark by at least 5% over investment horizon • BENCHMARK: likely to perform in line with the benchmark • UNDERWEIGHT: likely to under-perform the benchmark by at least 5% over investment horizon <p>Investment Horizon</p> <p>Investment Horizon is set at a minimum 3 months to maximum 18 months with target date falling on last day of a calendar quarter.</p>	<p>Registered Office:</p> <p>Equirus Securities Private Limited Unit No. A2102B, 21st Floor, A Wing, Marathon Futurex, N M Joshi Marg, Lower Parel, Mumbai-400013. Tel. No: +91 - (0)22 - 4332 0600 Fax No: +91- (0)22 - 4332 0601</p> <p>Corporate Office:</p> <p>3rd floor, House No. 9, Magnet Corporate Park, Near Zydus Hospital, B/H Intas Sola Bridge, S.G. Highway Ahmedabad-380054 Gujarat Tel. No: +91 (0)79 - 6190 9550 Fax No: +91 (0)79 - 6190 9560</p>
---	--

© 2021 Equirus Securities Private Limited. All rights reserved. For Private Circulation only. This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Equirus Securities Private Limited

Analyst Certification

I, Ashutosh Tiwari/Aashin Modi, author to this report, hereby certify that all of the views expressed in this report accurately reflect my personal views about the subject company or companies and its or their securities. I also certify that no part of my compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Disclosures

Equirus Securities Private Limited (ESPL) having Corporate Identification Number U65993MH2007PTC176044 is registered in India with Securities and Exchange Board of India (SEBI) as a trading member on the Capital Market (Reg. No. INZ000251536), Futures & Options Segment (Reg. No. INZ000251536) of the National Stock Exchange of India Ltd. (NSE) and on Cash Segment (Reg. No. INZ000251536) of BSE Limited (BSE). ESPL is also registered with SEBI as Research Analyst under SEBI (Research Analyst) Regulations, 2014 (Reg. No. INH000001154), as a Portfolio Manager under SEBI (Portfolio Managers Regulations, 1993 (Reg. No. INP000005216) and as a Depository Participant of the Central Depository Services (India) Limited (Reg. No. IN-DP-324-2017). There are no disciplinary actions taken by any regulatory authority against ESPL. ESPL is a subsidiary of Equirus Capital Private Limited (ECPL) which is registered with SEBI as Category I Merchant Banker and provides investment banking services including but not limited to merchant banking services, private equity, mergers & acquisitions and structured finance.

As ESPL and its associates are engaged in various financial services business, it might have: - (a) received compensation (except in connection with the preparation of this report) from the subject company for investment banking or merchant banking or brokerage services in the past twelve months; (b) managed or co-managed public offering of securities for the subject company in the past twelve months; or (c) have received a mandate from the subject company; or (d) might have other financial, business or other interests in entities including the subject company (ies) mentioned in this Report. ESPL & its associates, their directors and employees may from time to time have positions or options in the company and buy or sell the securities of the company (ies) mentioned herein. ESPL and its associates collectively do not own (in their proprietary position) 1% or more of the equity securities of the subject company mentioned in the report as the last day of the month preceding the publication of the research report. ESPL or its Analyst or Associates did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ESPL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ESPL has not been engaged in market making activity for the subject company.

The Research Analyst engaged in preparation of this Report:-

(a) has not received any compensation from the subject company in the past twelve months; (b) has not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) has neither received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months nor 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; (d) has not received any compensation or other benefits from the subject company or third party in connection with the research report; (e) might have served as an officer, director or employee of the subject company; (f) is not engaged in market making activity for the subject company.

This document 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 ESPL 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 a certain category of investors. Persons in whose possession of this document are required to inform themselves of, and to observe, such applicable restrictions. Please delete this document if you are not authorized to view the same. By reading this document you represent and warrant that you have full authority and all rights necessary to view and read this document without subjecting ESPL and affiliates to any registration or licensing requirement within such jurisdiction.

This document has been prepared solely for information purpose and does not constitute a solicitation to any person to buy, sell or subscribe any security. ESPL or its affiliates are not soliciting any action based on this report. The information and opinions contained herein is from publicly available data or based on information obtained in good faith from sources believed to be reliable but ESPL provides no guarantee as to its accuracy or completeness. The information contained herein is as on date of this report, and is subject to change or modification and any such changes could impact our interpretation of relevant information contained herein. While we would endeavour to update the information herein on reasonable basis, ESPL and its affiliates, their directors and employees are under no obligation to update or keep the information current. Also there may be regulatory, compliance, or other reasons that may prevent ESPL and its group companies from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document including the merits and risks involved. This document is intended for general circulation and does not take into account the specific investment objectives, financial situation or particular needs of any particular person. ESPL and its group companies, employees, directors and agents accept no liability, and disclaim all responsibility, for the consequences of you or anyone else acting, or refraining to act, in reliance on the information contained in this publication or for any decision based on it. ESPL/its affiliates do and seek to do business with companies covered in its research report. Thus, investors should be aware that the firm may have conflict of interest.

A graph of daily closing prices of securities is available at <http://www.nseindia.com/ChartApp/install/charts/mainpage.jsp> and www.bseindia.com (Choose a company from the list on the browser and select the "three years" period in the price chart).

Disclosure of Interest statement for the subject Company	Yes/No	If Yes, nature of such interest
Research Analyst' or Relatives' financial interest	No	
Research Analyst' or Relatives' actual/beneficial ownership of 1% or more	No	
Research Analyst' or Relatives' material conflict of interest	No	

Disclaimer for U.S. Persons

Equirus Securities Private Limited (ESPL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition ESPL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by ESPL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., ESPL has entered into a chaperoning agreement with a U.S. registered broker-dealer name called Enclave Capital. Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

"U.S. Persons" are generally defined as a natural person, residing in the United States or any entity organized or incorporated under the laws of the United States. US Citizens living abroad may also be deemed "US Persons" under certain rules.

The Research Analysts contributing to the report are not registered as research analyst with FINRA. Such research analyst is not associated persons of a U.S. registered broker-dealer and, therefore, are not subject to FINRA Rule 2241 or SEC Regulation AC, which address restrictions on an analyst's communications with a subject company, public appearances and ownership of publicly traded securities.