



Eicher Motors Ltd

Biggest hurdle to get resolved; Buy!

Q3FY22 numbers were lower than estimates on account of higher than anticipated commodity inflation, lower exports contribution & small one-offs. In our opinion, the demand has never been a concern for RE, but supply issue was one of the biggest hurdles, due to Covid lockdowns, followed by disappointing chip availability issues. This long pending biggest hurdle is expected to get resolved with each passing month. Strong bookings momentum as per our checks, multiple new launches/refreshers on cards, exports growing remarkably well should provide required operating leverage to improve margins ahead. Moreover, there is no threat of electrification. We have a long-term positive view on Eicher Motors and is our top pick in the two-wheelers space.

Supplies remain the culprit for underperformance; witnessing sigh of relief

- Dealers are witnessing improvement in supplies and management too officially indicated that the biggest problem of semiconductor seems to be getting resolved with each passing month.
- Earlier the company was dependent on a single source to procure ECUs, however, added one and one more is in the discussion & could get added. This should hopefully improve supplies.

Combination of products range & increased footprints is the answer to the competition

- In our opinion, the company has strong bookings for the next 2-3 months. Few years ago, RE was dependent only on Classic, but now it has a range of products starting with Meteor, Himalayan, Bullet, new Classic, Interceptor & Continental GT. This we believe is the answer to the competition.
- RE is following Maruti's footsteps in expanding its network. Dealer network increased by 4x in six years to 2,118 stores. We believe no premium motorcycle player has such a wide & deep reach.
- New products or variant launches are on the cards, which always keeps customers excited and resulted into an increase in footfalls.

VECV in its best days, business outperforming industry

- VECV MHCV gained share from 16.1% in Q3FY21 to 17.5% in Q3FY22 majorly due to its wide CNG products range, which is a red-hot growth segment in the market. It's getting 1st mover advantage.
- In exports as well, share increased from 18.3% in Q3FY21 to 22.1% in Q3FY22. VECV exports grown by ~92% in YTD FY22. Added new markets viz. South Africa, Latin America and the Middle East.
- The industry is picking up & seeing a good recovery. QoQ volumes as well as margins will only get better from hereon.

Exports supporting well, operating leverage ahead to improve margins

- 2W exports posted 130% YoY growth in YTD FY22, which is a high margin play & is supporting well.
- RE is least impacted in terms of input cost pressures as it keeps taking price increases. The intensity of RM cost pressure has come down & expect to stabilize in 1-2 quarters. In addition, operating leverage to kick-in should improve margins in the upcoming multi-quarters.

Long term positive view, trading at reasonably attractive valuation

- Trading at striking good valuation of 21.7x 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 3,345**.

Y/E Mar (Rs Mn)	Q3 FY22	Q3 FY21	YoY (%)	Q2 FY22	QoQ (%)	Q3 FY22e	Var. (%)
Volumes (No)	167,664	198,557	(15.6)	123,427	35.8	167,664	-
Core realization (Rs)	168,646	141,493	19.2	179,572	(6.1)	175,980	(4.2)
EBITDA/unit (Rs)	34,734	33,845	2.6	38,069	(8.8)		
Total Income	28,807	28,283	1.9	22,496	28.1	30,156	(4.5)
Gross margin (%)	40.3	41.6	(135) bps	42.4	(208) bps	-	-
EBITDA	5,824	6,720	(13.3)	4,699	23.9	7,163	(18.7)
EBITDA margin (%)	20.2	23.8	(354) bps	20.9	(67) bps	23.8	(354) bps
Other income	921	1,250	(26.3)	1,086	(15.2)	-	-
PBT	5,929	7,019	(15.5)	4,758	24.6	-	-
Taxes paid	1,368	1,694	(19.2)	1,026	33.4	-	-
Effective tax rate (%)	23.1	24.1	(105) bps	21.6	152 bps	-	-
Reported PAT	4,561	5,326	(14.4)	3,732	22.2	5,760	(20.8)
PAT margin (%)	15.8	18.8	(300) bps	16.6	(76) bps	19.1	(327) bps

Source: 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	55.3	29.2
FY22e	104,998	20.4%	21,941	20.9%	17,105	27.0%	63	14.3	13.6	43.5	30.1
FY23e	133,054	26.7%	31,028	23.3%	27,025	58.0%	99	20.1	17.1	27.5	20.8
FY24e	155,664	17.0%	38,323	24.6%	34,357	27.1%	126	22.2	18.3	21.7	16.4

Source: Company, SMIFS institutional research estimates

Rating: **Buy** Upside/(Downside): **22.9%**
 Current Price: **2,723** Target Price: **3,345**

Earlier recommendation

Previous Rating: Buy
 Previous Target Price: 2,948

Market data

Bloomberg:	EIM IN
52-week H/L (Rs):	2,995/2,304
Mcap (Rs bn/USD bn):	744/9.9
Shares outstanding (mn):	273
Free float:	51.0%
Daily vol. (3M Avg):	0.7mn
Face Value (Rs):	1
Group:	Nifty 50

Source: Bloomberg, SMIFS institutional research

Shareholding pattern (%)

	Dec-21	Sep-21	Jun-21	Mar-21
Promoter	49.2%	49.2%	49.2%	49.2%
FIIs	29.5%	30.3%	28.8%	29.1%
DIIs	9.8%	8.8%	9.5%	9.2%
Public/others	11.5%	11.7%	12.5%	12.5%

Source: BSE

Price performance (%) *

	1M	3M	12M	36M
Nifty 50	-5%	-4%	13%	62%
EIM	-3%	1%	-2%	35%

* As on 15th Feb 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

Q3FY22 – Key takeaways from the management call

Royal Enfield business

- YoY volumes are lower mainly impacted due to global chip shortages, however sequentially volumes increased on account of better component supplies and this improvement is expected to continue going ahead.
- Royal Enfield has added additional source to supply electronic components and is in the process of adding one more. Production ramp up will happen gradually MoM.
- Premiumization and personal mobility continues to create demand. Have healthy order book in hand, bookings are slowly inching up week on week. New launches on the cards.
- Studio stores addition will continue in strategic places, where there are growth opportunities.
- No huge addition ahead as the company needs to ensure that dealers are doing well & its profitability is secured.
- Exports done good led by the strong interest of customers in the new Classic 350cc motorcycle.
- Geographies leading the growth are the US, Europe, Latin America, Thailand, among others.
- Started local assembly unit and CKD facility in Thailand. This unit will also distribute motorcycle in the South-East Asia region including Indonesia and Vietnam.
- In total, RE has three CKD facilities, i.e., in Argentina, Columbia and Thailand.
- Non-motorcycle revenue: It reported growth of 29% YoY in Q3FY22. The company has plans to increase revenue from apparels and accessories business.

Electric vehicles

- RE has a strong internal team working on EVs, built team capability, infrastructure, products road map, a lot of work on new ideas & models are ongoing.
- While the RE team is working hard on the EV side, it's not going to come out with eProduct in the near future. It's all in the works & requires a lot more thoughts.
- In this initial phase, no electric 2W company in the world has been making profits or successful, as per the management.
- RE's every single product in the past five years has been successful starting with Himalayans, Twins, Meteor and new Classic.
- The company puts a lot of effort, time, energy, etc. in one product to make them extremely ready for the market. RE won't take any short cuts for EVs as it's a long game.

VECV business

- Volumes increased by 25% YoY to 16,044 units in Q3FY22. Revenues increased by 35% YoY to Rs 36.2bn for the same period. CNG and export markets supporting well to the growth.

- EBITDA Margin came in at 6.7%, which was lower by 170bps YoY largely due to input cost pressures and high discounting in the market. PAT in Q3FY22 was Rs 660mn vs. Rs 577mn YoY.
- Outlook is good with improvement expected QoQ led by pent up replacement demand and strong focus of the government continued on infrastructure investments.
- Increased its reach. The VECV CNG portfolio has been doing well and it gained market share. Launched heavy-duty coach and sleeper bus range.
- Exports reported 72% YoY growth in Q3FY22. Added new markets viz. South Africa, Latin America and the Middle East.

Margin

- RM inflation seen of Rs 2,000 per unit QoQ in Q3FY22. Taken price increase of 1.5% in January 2022. Intensity of RM cost increase has come down & expect to stabilize in 1-2 quarters.
- Other expenses increased substantially by 21.7% QoQ to Rs 3,766mn in Q3FY22 mainly due to Rs 600mn marketing spends on new launches.
- Also, one-off cost of 120 years celebration. These two costs are non-recurring. Adjusted EBITDA Margin is looking better upwards of 22.3%+.
- In addition, RE spent expense on production ramp-up and paid Rs 60-70mn extra on warehousing charges to store vehicles.

Outlook and Valuations

Q3FY22 numbers were lower than estimates on account of higher than anticipated commodity inflation, lower exports contribution & small one-offs.

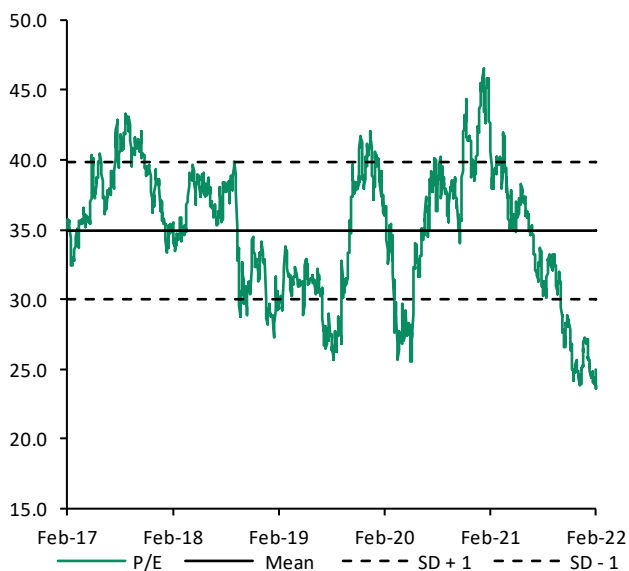
In our opinion, the demand has been never a concern for RE, but supply issue was one of the biggest hurdles, due to Covid lockdowns, followed by thrilling chip availability issues. This long pending biggest hurdle is expected to get resolved with each passing month.

Strong bookings momentum as per our checks, multiple new launches/refreshers on cards, exports growing remarkably well should provide required operating leverage to improve margins ahead. Moreover, there is no threat of electrification.

We have a long-term positive view on Eicher Motors and is our top pick in the two-wheeler space.

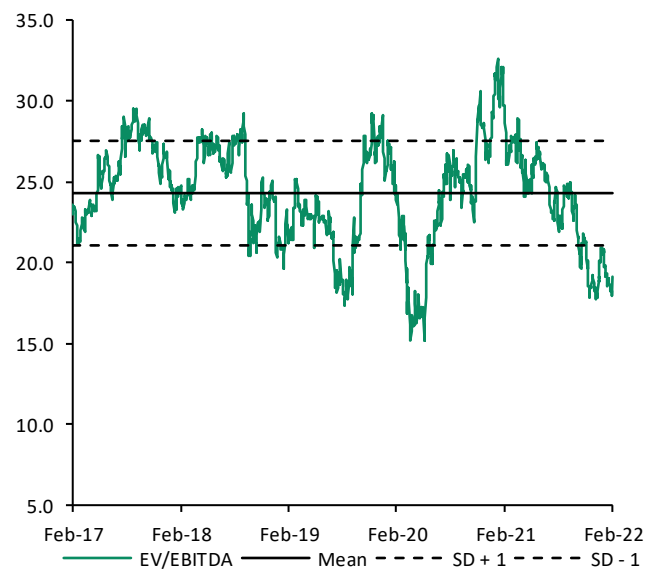
Eicher Motors is trading at striking good valuation of 21.7x FY24e EPS. We have valued RE's FY24e EPS at 27x and assigned 10x to FY24e EBITDA of VECV (54.4% Eicher's share) to arrive at a target price of 3,345.

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)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Sales	22,082	8,182	21,336	28,283	29,403	19,743	22,496	28,807
Raw Materials	12,439	5,011	12,221	16,505	17,391	11,417	12,964	17,200
Employee Costs	2,136	1,769	2,075	2,335	2,254	2,234	1,738	2,017
Other Expenditure	3,185	1,364	2,329	2,723	3,415	2,463	3,095	3,766
EBITDA	4,322	38	4,711	6,720	6,344	3,630	4,699	5,824
Depreciation	1,089	982	1,048	1,229	1,248	1,116	1,094	1,114
Interest	55	51	38	36	39	64	31	61
Other Income	1,431	1,142	1,000	1,250	1,139	1,220	1,086	921
Exceptional Items	-140	-654	-39	314	690	-394	98	359
PBT	4,468	-507	4,585	7,019	6,886	3,275	4,758	5,929
Tax	1,426	45	1,152	1,694	1,625	904	1,026	1,368
Tax rate (%)	30.9%	30.6%	24.9%	25.3%	26.2%	24.6%	22.0%	24.6%
Reported PAT	3,043	-552	3,433	5,326	5,261	2,371	3,732	4,561
YoY Growth (%)								
Revenue	-11.7	-65.7	-2.7	19.3	33.2	141.3	5.4	1.9
EBITDA	-36.9	-99.4	-13.0	13.5	46.8	9,477.0	-0.3	-13.3
PAT	-44.2	NA	-40.0	6.8	72.9	-529.7	8.7	-14.4
QoQ Growth (%)								
Revenue	(6.9)	(62.9)	160.8	32.6	4.0	(32.9)	13.9	28.1
EBITDA	(27.0)	(99.1)	NA	42.7	(5.6)	(42.8)	29.5	23.9
PAT	(39.0)	NA	NA	55.1	(1.2)	(54.9)	57.4	22.2
Margin (%)								
RMC/revenue (%)	56.3	61.2	57.3	58.4	59.1	57.8	57.6	59.7
Gross margin (%)	43.7	38.8	42.7	41.6	40.9	42.2	42.4	40.3
Employee cost/revenue (%)	9.7	21.6	9.7	8.3	7.7	11.3	7.7	7.0
Other expenses/revenue (%)	14.4	16.7	10.9	9.6	11.6	12.5	13.8	13.1
EBITDA margin (%)	19.6	0.5	22.1	23.8	21.6	18.4	20.9	20.2
PAT margin (%)	13.8	(6.7)	16.1	18.8	17.9	12.0	16.6	15.8

Source: Company, SMIFS institutional research

Fig 4: Key Assumptions

Operating Details	FY19	FY20	FY21	FY22e	FY23e	FY24e
Royal Enfield						
- Domestic	805,273	656,651	573,438	521,829	626,194	688,814
YoY Growth (%)	0.5%	-18.5%	-12.7%	-9.0%	20.0%	10.0%
- Exports	20,825	39,188	38,622	83,037	103,797	124,556
YoY Growth (%)	8.1%	88.2%	-1.4%	115.0%	25.0%	20.0%
Total RE volumes	826,098	695,839	612,060	604,866	729,991	813,370
YoY Growth (%)	0.7%	-15.8%	-12.0%	-1.2%	20.7%	11.4%
RE - Realization (Rs)	117,631	130,397	141,515	172,418	181,039	190,091
YoY Growth (%)	8.2%	10.9%	8.5%	21.8%	5.0%	5.0%
VECV						
MHCVs	50,962	32,462	28,914	39,759	55,431	68,850
YoY Growth (%)	11.5%	-36.3%	-10.9%	37.5%	39.4%	24.2%
LCVs	20,861	15,072	11,292	13,550	17,312	19,043
YoY Growth (%)	8.8%	-27.8%	-25.1%	20.0%	27.8%	10.0%
Volvo trucks	1,146	1,187	1,062	1,328	1,792	2,151
YoY Growth (%)	8.6%	3.6%	-10.5%	25.0%	35.0%	20.0%
Total VECV volumes	72,969	48,721	41,268	54,636	74,535	90,043
YoY Growth (%)	10.7%	-33.2%	-15.3%	32.4%	36.4%	20.8%
VECV - Realization (Rs)	1,589,708	1,749,642	2,102,355	2,307,125	2,422,481	2,543,605
YoY Growth (%)	4.3%	10.1%	20.2%	9.7%	5.0%	5.0%

Source: Company, SMIFS institutional research estimates

Financial Statements

Income Statement					
YE March (Rs mn)	FY20	FY21	FY22e	FY23e	FY24e
Revenues	91,536	87,204	104,998	133,054	155,664
% Growth	(6.6)	(4.7)	20.4	26.7	17.0
Raw Materials	49,959	51,128	61,875	77,744	90,176
% of sales	54.6	58.6	58.9	58.4	57.9
Personnel	7,958	8,432	8,090	8,749	9,922
% of sales	8.7	9.7	7.7	6.6	6.4
Other Expenses	11,815	9,831	13,091	15,533	17,242
% of sales	12.9	11.3	12.5	11.7	11.1
EBITDA	21,804	17,813	21,941	31,028	38,323
EBITDA Margin (%)	23.8	20.4	20.9	23.3	24.6
Depreciation & Amortization	3,815	4,507	4,557	5,153	5,748
EBIT	17,988	13,305	17,384	25,875	32,576
Finance cost	189	165	227	288	337
PBT From Operations	17,799	13,141	17,157	25,588	32,239
Other Income	5,433	4,532	4,270	4,716	5,076
Share of profit of JV (VECV)	317	311	735	3,873	5,849
PBT	23,549	17,984	22,161	34,177	43,164
Tax	5,275	4,515	5,057	7,152	8,806
Tax Rate (%)	22.7	25.5	23.6	23.6	23.6
Net Profit after tax	18,274	13,469	17,105	27,025	34,357
PAT Margin	20.0	15.4	16.3	20.3	22.1

Source: Company, SMIFS institutional research estimates

Key Ratios					
YE March	FY20	FY21	FY22e	FY23e	FY24e
Growth Ratios (%)					
Net Sales	(6.6)	(4.7)	20.4	26.7	17.0
EBITDA	(24.9)	(18.3)	23.2	41.4	23.5
Adjusted Net Profit	(17.0)	(26.3)	27.0	58.0	27.1
Margin Ratio (%)					
EBITDA Margin	23.8	20.4	20.9	23.3	24.6
EBIT Margin	19.7	15.3	16.6	19.4	20.9
PBT margins	25.7	20.6	21.1	25.7	27.7
Adj. PAT Margin	20.0	15.4	16.3	20.3	22.1
Return Ratios					
ROE	19.3	12.6	14.3	20.1	22.2
ROCE	18.8	12.2	13.6	17.1	18.3
ROIC	39.7	26.1	32.0	44.0	50.3
Turnover Ratios (days)					
Gross Block Turnover (x)	2.8	2.2	2.3	2.4	2.4
Inventory	42	62	40	40	40
Debtors	3	7	3	3	3
Creditors	74	110	100	95	90
Cash Conversion Cycle	(28)	(41)	(57)	(52)	(47)
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	0.1	0.1	0.1
Current ratio	3.4	3.6	3.4	3.3	3.5
Interest coverage ratio	95	81	77	90	97
Dividend					
DPS (Rs.)	25	17	22	34	43
Dividend Yield (%)	0.9	0.6	0.8	1.3	1.6
Dividend Payout (%)	37.3	34.5	34.5	34.5	34.5
Per share (Rs.)					
Basic EPS (reported)	67	49	63	99	126
CEPS	81	66	79	118	147
BV	366	418	459	524	607
Valuation					
P/E	28.3	55.3	43.5	27.5	21.7
P/BV	5.2	5.2	5.9	5.2	4.5
EV/EBITDA	20.8	29.2	30.1	20.8	16.4
EV/Sales	4.9	6.0	6.3	4.9	4.0

Source: Company, SMIFS institutional research estimates

Balance Sheet					
YE March (Rs mn)	FY20	FY21	FY22e	FY23e	FY24e
Sources of funds					
Capital	273	273	273	273	273
Reserves & Surplus	99,536	114,108	125,311	143,012	165,516
Shareholders' Funds	99,809	114,381	125,584	143,286	165,790
Total Loan Funds	1,444	1,574	1,900	2,408	2,817
Deffered tax liabilities	2,522	2,215	2,481	3,509	4,320
Other non-current liabilities	1,981	2,702	2,514	2,976	3,365
Total Liabilities	105,756	120,872	132,479	152,177	176,292
Application of funds					
Gross Block	36,727	41,017	50,486	59,955	69,424
Accumulated Dep.	12,006	16,156	20,713	25,866	31,614
Net Block	24,720	24,861	29,773	34,089	37,811
Capital WIP	268	639	681	705	714
Net Assets	24,988	25,500	30,453	34,795	38,524
Investments	32,394	28,261	32,018	37,025	41,683
Other non current assets	3,369	3,741	3,916	4,267	4,528
Inventories	5,724	8,746	6,781	8,520	9,882
Sundry Debtors	868	1,582	863	1,094	1,279
Cash & Bank Balances	29,506	58,304	64,440	75,391	90,731
Loans and Advances	1	4,592	4,592	4,592	4,592
Other current Assets	27,648	14,862	16,775	19,278	21,644
Total Current Assets	63,746	88,085	93,450	108,874	128,128
Sundry Creditors	10,078	15,358	16,952	20,235	22,235
Other Current Liabilities	7,927	8,454	9,540	11,613	13,274
Provisions	737	902	865	936	1,061
Total Current Liabilities	18,742	24,714	27,358	32,784	36,570
Net Current Assets	45,004	63,371	66,093	76,090	91,557
Total Assets	105,756	120,872	132,479	152,177	176,292

Source: Company, SMIFS institutional research estimates

Cash Flow					
YE March (Rs mn)	FY20	FY21	FY22e	FY23e	FY24e
Operating profit before WC changes	22,362	19,124	22,943	32,921	40,133
Net chg in working capital	859	2,578	4,127	2,247	1,304
Income taxes paid (net)	(6,283)	(4,566)	(5,057)	(7,152)	(8,806)
Cash flow from operating activities (a)	16,941	17,136	22,013	28,017	32,631
Capital expenditure	(5,445)	(5,375)	(9,511)	(9,494)	(9,477)
Free Cash Flow	11,497	11,760	12,503	18,523	23,154
Cash flow from investing activities (b)	(15,084)	(16,479)	(9,913)	(7,573)	(5,069)
Cash flow from financing activities (c)	(8,583)	(148)	(5,964)	(9,493)	(12,222)
Net chg in cash (a+b+c)	(6,725)	509	6,136	10,951	15,340

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:

5G Court Chambers, 35 New Marine Lines, Mumbai 400 021, 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 40115400

Email Id: smifs.institutional@smifs.com
