



HealthCare Global Enterprises Ltd.

A Walmart of cancer care – All services at one stop...

We visited the Centre of Excellence centre of HCG at Bangalore and met the management of the company. The following are the key takeaways:

What makes HCG different:

HCG provides all kind of services right from diagnosis to treatment and after care services under one roof. It has the best technology in India such as Cyclotron for tumor detection, Genomics study for determining the treatment, Ethos technology for radiation treatment, Digital pathology for hub and spoke model and Psycho-Oncology for post care or rehabilitation services. Right from diagnosis to after care services all in under one roof which improves the patient’s journey and saves time for them which is the most critical element in treating cancer. Where as in other multi- specialty hospitals, testing such as genomics, detection of tumors by using FAPI are not available under one roof.

Radiation oncology: Radiation as a treatment is being used from 1950 but due to evolution of technology, radiation is still an important treatment as it targets a mass area and kills the cancer cells in less time. HCG is using Ethos machines for the radiation therapy. Ethos radiotherapy is a comprehensive, revolutionary new therapy that is patient-centric and personalized, from initial planning to on-couch adaptation and treatment monitoring. Adaptive radiotherapy gives increased hope for tumor control and longer life expectancy for many kinds of cancer. Ethos therapy is an artificial intelligence–driven holistic solution designed to increase the capability, flexibility, and efficiency of radiotherapy. It’s a one-hour treatment and HCG treats avg of 45-50 patients per month in the Bangalore centre. The avg cost of therapy per patient is Rs. 4.5 – 5 Lacs.

Pay per Use model: HCG has 30 LINAC’s (Linear Accelerators) which are on pay per use model. This makes HCG asset light as it only has to pay lease on these equipments. This equipment has a long shelf life of 15 Years where only software upgrade is required. Pay per use model is scalable and it can be used for tier-2 and tier 3 cities where the modern technology is not available.

Hub and Spoke model - Since, the cost of testing equipment is quite high for HCG, it uses a Hub and Spoke model. Such as for certain tests such as genomic testing and gene sequencing it has equipment in bangalore. If there are some severe patients in their other centres, HCG sends the sample to Bangalore centre and patients sample is checked and report is sent to the respective centre. This helps HCG to provide highest quality service to patients getting treatment in a Tier-2 cities.

Digital Initiative – In order to reach mass people HCG is about to start a helpline desk where patients for cancers in the remote location can upload their tests and can get consultations form the top oncologists from a tier 1 city. They also plan to start an app-based service where the patient can book their chemotherapy sessions at their desired time. This will help HCG to utilise their beds faster as one bed can be used by 4 patients in a day. The Bangalore COE unit has 13 beds for chemotherapy sessions

Plans to retain employees – They don’t have any ESOP plans for their doctors but they help them to grow personally by training them in newer technologies. The oncologists prefer to work with HCG as it provides them a platform to learn newer technologies and improve the patient’s experience. HCG has full time consultants and they incentivise them through their research.

Margins growth – The existing centres are already at mid-30 and due to volume increase and operating leverage HCG aims to reach at 30% EBITDA margins for the existing centre and for new centres it aims to reach at 20% in next 3-4 years. The new centre has witnessed a sharp increase in margins from 2% in FY22 to 10% in H1 FY23.

Rating: Buy Upside: 28.7%
Current Price: 285 Target Price: 367

Earlier recommendation

Previous Rating:	Buy
Previous Target Price:	351
Source: SMIFS Research	

Market data

Bloomberg:	HCG IN
52-week H/L (Rs):	313/221
Mcap (Rs bn/USD Mn):	40.3/510
Shares outstanding (mn):	138.9
Free float:	28.6%
Avg. daily vol. 3mth (3M Avg – in ‘000):	211.8
Face Value (Rs):	10
Group:	S&P BSE SmallCap
Source: Bloomberg, SMIFS Research	

Shareholding pattern (%)

	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	71.4	71.4	71.4	71.4
FII	7.3	7.2	7.0	7.0
DII	4.0	4.6	5.9	6.6
Public	17.3	16.8	15.7	14.9

Promoter pledging (%)

Pledging	3.1	3.0	3.0	3.0
Source: BSE				

Price performance (%)*

	1M	3M	12M	36M
BSE Small Cap	1.3	4.2	-0.6	114.7
HCG	-2.4	5.2	10.0	155.3

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

Dhara Patwa

Sector Lead – Pharma & Healthcare
9766492546/022 4200 5511
dhara.patwa@smifs.com

Awanish Chandra

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

Y/E Mar (Rs Mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	PAT (Adj)	YoY (%)	EPS (Adj)	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY21	10,135	-7%	1,267	12.5%	-1,030	NM	-7.4	-14.8%	-2.1%	NM	35.9
FY22	13,978	38%	2,380	17.0%	118	NM	0.8	1.4%	4.6%	324.7	19.1
FY23E	16,337	16.9	3,061	18.7	739	-528.9	5.3	8.1	7.1	56.3	15.4
FY24E	17,196	5.3	3,370	19.6	1,040	40.7	7.5	10.4	9.5	40.0	13.2
FY25E	18,659	8.5	3,676	19.7	1,399	34.6	10.1	12.2	11.3	29.8	12.7

Source: AceEquity, SMIFS Research

Key takeaways from the visit

- **Exit of CVC** – CVC investments currently holds 58% stake in HCG and it entered into contract in 2020. CVC will exit one day but it will stay invested in HCG for next 6-7 years. No buyer will buy without consent of the management. We are positive about the prospects connected with HCGEL. Both the existing and new centres should perform robustly in the future.
- **ROCE of new hospitals** – Out of the total investments in the hospitals 38% of capital was in newer hospitals which has dragged the return ratios. Now, the newer hospitals have also started contributing to the EBITDA which will improve the ratios further. ROCE of mature hospitals is currently 20% and the management aims that newer hospitals will also be at similar levels going forward.
- **Debt** – HCGEL's focus in the medium to long term would be to generate free cash flows as it has done in the last 3 quarters after taking into account spends on high end equipment, replacement capex and medical talent. It will also use the free cash flows to repay debt.
- **Inorganic growth** – HCG has plans to acquire smaller hospitals who are into cancer care and are available at attractive valuations. They want to focus on brownfield expansions rather than greenfield. The geographic preference would be the same locations where they are already present. And in newer geographies such as Punjab they may think of acquiring few assets.

Outlook and Valuation

We are positive about the prospects connected with HCGEL. Both the existing and new centres should perform robustly in the future. Further, HCGEL's focus on consolidation of existing operations would ensure the strength of the balance sheet. **We value the stock at 15x EV/EBITDA with respect to Sep 24e EBITDA to arrive at a Target Price of Rs 367, and recommend a "Buy" rating on the stock.**

Fig 1: Key KPI indicators

YE March (Rs Mn)	FY20	FY21	FY22	FY23e	FY24e	FY25e
Revenues						
Hospitals	10,255	9,690	13,356	15,656	16,361	17,694
IVF Clinics	701	444	621	681	835	965
Total Revenue	10,956	10,134	13,977	16,337	17,196	18,659
Contribution %						
Hospitals	94	96	96	96	95	95
IVF Clinics	6	4	4	4	5	5

Source: Company, SMIFS research

Fig 2: Hospitals key parameters

YE March (Rs Mn)	FY19	FY20	FY21	FY22	Q1FY23	Q2FY23
Revenues						
Mature Centres	8,187	8,765	7,859	10,074	2,979	3,090
New Centres	956	1,490	1,831	3,283	945	929
EBITDA margin						
Mature Centres	21.8%	21.1%	17.4%	21.5%	25.2%	25.1%
New Centres	-30.9%	-16.6%	8.6%	2.2%	10.6%	10.2%
Other						
Avg Occupancy level	43.7%	42.9%	48.4%	58.3%	64.6%	66.4%
ARPOB	31,423	32,767	32,632	36,697	38,454	36,914
Growth rate		4.3%	-0.4%	12.5%	5.9%	1.3%

Source: Company, SMIFS research

Fig 3: Breakup of Beds region wise in FY22

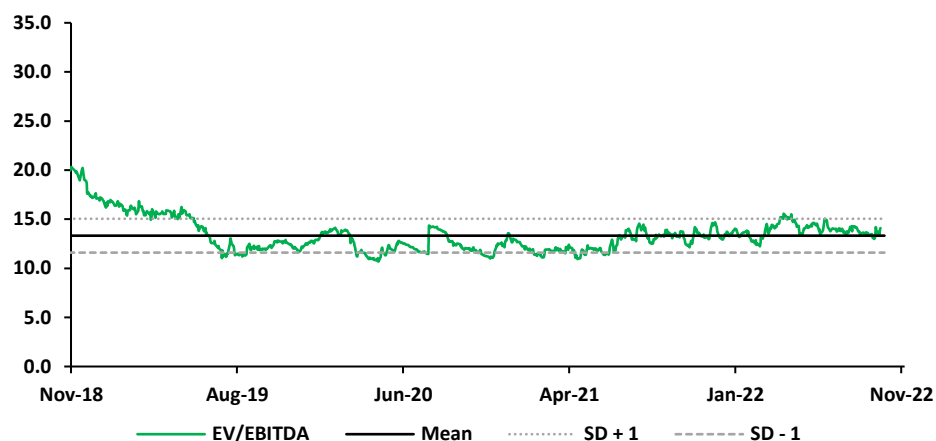
Region	Number of Beds
Karnataka	514
Gujarat	403
Andhra Pradesh	155
Odisha and Jharkhand	239
Maharashtra	321
Rajasthan	45
East India	267
Total Beds	1,944

Source: Company, SMIFS research

Fig 4: Cluster wise details

Location of the comprehensive cancer centre	Commencement of Operation (calendar year)	Facilities and Services				
		Number of Beds	Number of RT- LINACS	Number of Operation theatres	Number of PET-CT scanners	Laboratory
Karnataka Cluster						
Bengaluru - Double Road	1989	48	1	3	0	Yes
Shimoga	2003	47	1	3	0	Yes
Bengaluru - Kalinga Rao Road	2006	194	3	7	2	Yes
Bengaluru - MS Ramaiah Nagar	2007	33	1	1	1	Yes
Hubli	2008	31	1	2	1	Yes
Gulbarga	2016	43	1	3	0	Yes
Gujarat Cluster						
Ahmedabad	2012	90	2	5	1	Yes
Baroda	2016	63	1	3	1	Yes
Bhavnagar	2018	87	1	3	0	Yes
East India Cluster						
Ranchi	2008	74	1	3	0	Yes
Cuttack	2008	116	2	3	1	Yes
Kolkata	2019	49	1	2	1	Yes
Maharashtra Cluster						
Nashik	2007	95	1	2	1	Yes
Borivali	2017	63	1	5	1	Yes
Nagpur	2017	63	1	4	1	Yes
South Mumbai	2019	25	2	2	1	Yes
Nashik Phase II	2018	75	2	5	1	Yes
Andhra Pradesh Cluster						
Vijayawada	2009	75	3	4	0	Yes
Ongole	2012	30	1	2	0	Yes
Vishakhapatnam	2016	50	1	2	1	Yes
Others						
Chennai	2012	5	1	0	0	Yes
Jaipur	2018	65	2	2	0	Yes

Source: Company

Fig 5: 1-year forward EV/EBITDA


Source: AceEquity, SMIFS Research

Quarterly financials

Fig 6: Quarterly Financials

Y/E March (Rs Mn)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Net Sales	2,740	2,981	3,231	3,520	3,580	3,646	4,081	4,200
COGS	643	732	831	912	895	910	978	1,024
Employee Costs	1,126	1,180	1,229	1,260	1,356	1,449	1,554	1,581
Other Expenditure	593	675	659	730	711	655	827	848
EBITDA	378	394	512	618	618	632	722	747
Depreciation	418	384	378	380	414	411	397	408
Interest	287	259	264	232	240	241	250	258
Other Income	58	44	34	33	29	30	29	20
Share of associates/JV	2	9	6	(20)	(0)	-	-	-
Exceptional items	(88)	(847)	-	1,401	(455)	-	-	-
Reported PBT	(354)	(1,043)	(90)	1,420	(462)	9	104	100
Tax	(7)	94	36	429	37	(13)	79	47
Tax rate (%)	1.9%	-9.0%	-40.2%	30.2%	-7.9%	-144.6%	76.2%	47.1%
PAT before minority Int	(347)	(1,137)	(126)	990	(499)	23	25	53
Minority Interest	(55)	(116)	(30)	(41)	(40)	(37)	(36)	(21)
Consolidated PAT	(293)	(1,021)	(96)	1,031	(458)	60	60	74
Consolidated PAT Margins	-10.7%	-34.3%	-3.0%	29.3%	-12.8%	1.6%	1.5%	1.8%
Adjusted PAT	(207)	(98)	(96)	54	33	60	60	74
Adjusted PAT Margins	-7.5%	-3.3%	-3.0%	1.5%	0.9%	1.6%	1.5%	1.8%
YoY Growth (%)								
Revenue	-1.4%	10.2%	67.0%	42.0%	30.7%	22.3%	26.3%	19.3%
EBITDA	-17.2%	9.3%	163.7%	105.9%	63.4%	60.2%	41.0%	20.9%
PAT	NA	NA	NA	NA	NA	NA	NA	NA
QoQ Growth (%)								
Revenue	10.5%	8.8%	8.4%	8.9%	1.7%	1.9%	11.9%	2.9%
EBITDA	26.1%	4.2%	29.9%	20.7%	0.0%	2.2%	14.3%	3.5%
PAT	NA	NA	NA	NA	-150.3%	-104.5%	10.2%	114.1%
Margin (%)								
RMC/revenue (%)	23.5%	24.6%	25.7%	25.9%	25.0%	25.0%	24.0%	24.4%
Gross margin (%)	76.5%	75.4%	74.3%	74.1%	75.0%	75.0%	76.0%	75.6%
Employee cost/revenue (%)	41.1%	39.6%	38.0%	35.8%	37.9%	39.7%	38.1%	37.6%
Other expenses/revenue (%)	21.6%	22.6%	20.4%	20.7%	19.8%	18.0%	20.3%	20.2%
EBITDA margin (%)	13.8%	13.2%	15.8%	17.6%	17.3%	17.3%	17.7%	17.8%
PAT margin (%)	-12.7%	-38.1%	-3.9%	28.1%	-13.9%	0.6%	0.6%	1.8%

Source: Company, SMIFS Research

Financial Statements

Income Statement					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Net Sales	10,135	13,978	16,337	17,196	18,659
Raw materials	2,403	3,549	3,798	3,835	4,161
% of sales	23.7	25.4	23.2	22.3	22.3
Personnel	1,959	2,337	2,734	2,923	3,209
% of sales	19.3	16.7	16.7	17.0	17.2
Other expenses	4,506	5,713	6,743	7,068	7,613
% of sales	44.5	40.9	41.3	41.1	40.8
EBITDA	1,267	2,380	3,061	3,370	3,676
Other Income	170	127	139	200	200
Depreciation & Amortization	1,592	1,583	1,470	1,365	1,273
EBIT	-156	924	1,731	2,205	2,603
Finance costs	1,192	978	819	688	557
Core PBT	-1,517	-181	773	1,317	1,845
Exceptional items	-935	946	-	-	-
PBT	-2,282	892	912	1,517	2,045
Tax-Total	-76	489	198	306	411
Effective tax rate (%)	3.3	54.8	21.7	20.2	20.1
PAT	-2,207	404	714	1,211	1,634
Minority Interest	-276	-148	-14	183	247
Share of Associates / JV	-4	-14	11	12	12
Adjusted PAT	-1,233	-172	739	1,040	1,399

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY21	FY22	FY23E	FY24E	FY25E
Growth ratios (%)					
Net sales	-7.5	37.9	16.9	5.3	8.5
EBITDA	-26.4	87.9	28.6	10.1	9.1
Adjusted PAT	-15.5	-86.0	-528.9	40.7	34.6
Margin Ratio (%)					
Gross Profit	76.3	74.6	76.8	77.7	77.7
EBITDA Margin	12.5	17.0	18.7	19.6	19.7
EBIT Margin	-1.5	6.6	10.6	12.8	13.9
Core PBT	-15.0	-1.3	4.7	7.7	9.9
Adj PAT	-12.2	-1.2	4.5	6.0	7.5
Return Ratio (%)					
ROE	-21.8	-2.2	8.1	10.4	12.1
ROCE	-1.0	2.1	7.1	9.5	11.2
Turnover Ratios (days)					
Gross Block Turnover (x)	0.6	0.7	0.8	0.9	0.9
Adj OCF / Adj PAT (%)	-1.1	-710.2	126.0	224.2	220.8
Inventory	32	36	36	36	36
Debtors	67	62	62	62	62
Creditors	221	234	234	234	234
Cash Conversion Cycle	-122	-136	-136	-136	-136
Solvency Ratio (x)					
Debt-equity (x)	1.5	1.1	0.8	0.6	0.4
Net Debt-equity (x)	1.2	0.9	0.6	0.3	0.4
Gross Debt / EBITDA	8.4	4.0	2.5	1.9	1.4
Current ratio	2.0	1.4	1.7	1.8	3.6
Interest coverage ratio (x)	-0.1	0.9	2.1	3.2	4.7
Dividend					
Dividend per share	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0
Dividend Payout (%)	0.0	0.0	0.0	0.0	0.0
Per share (Rs)					
Basic EPS (reported)	-15.4	3.9	5.3	7.5	10.1
Adjusted EPS	-8.9	-1.2	5.3	7.5	10.1
CEPS	2.6	10.2	15.9	17.3	19.3
BVPS	51.4	63.7	67.8	76.6	90.1
Valuation					
P/E	NA	NA	56.3	40.0	29.8
P/BV	2.1	3.4	4.4	3.9	3.3
EV/EBITDA	18.8	16.1	15.4	13.2	12.7
EV / Sales	2.4	2.7	2.9	2.6	2.5
EV / Core PBT	NA	NA	61.1	33.7	25.3

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Sources of funds					
Capital	1,254	1,390	1,390	1,390	1,390
Reserves & Surplus	5,886	7,447	8,018	9,241	10,877
Shareholders' Funds	7,140	8,837	9,408	10,631	12,268
Total Loan Funds	10,618	9,447	7,514	6,314	5,114
Other Liabilities	409	373	411	376	378
Total Liabilities	18,167	18,657	17,333	17,321	17,760
Application of funds					
Gross Block	17,835	19,054	19,654	20,204	20,754
Net Block	12,860	13,659	11,627	10,812	10,089
Capital WIP	300	217	217	217	217
Investments	263	88	99	111	114
Other non-current assets	2,583	3,208	3,238	3,382	3,335
Inventories	211	300	375	378	102
Sundry Debtors	1,866	2,175	2,775	2,921	789
Cash & Bank Balances	409	1,975	1,058	1,940	3,579
Other Current Assets	1,864	574	1,229	925	1,077
Total Current Assets	4,350	5,024	5,436	6,164	5,547
Sundry Creditors	1,455	1,940	2,435	2,458	664
Other Current Liabilities	734	1,599	849	906	878
Total Current Liabilities	2,189	3,539	3,284	3,365	1,541
Net Current Assets	2,161	1,485	2,152	2,799	4,005
Total Assets	18,167	18,657	17,333	17,321	17,760

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Operating profit before WC changes					
Operating profit before WC changes	1,333	2,543	3,200	3,570	3,876
Net change in working capital	-507	-105	-1,252	-245	183
Taxes paid	380	-237	-198	-306	-411
Cash flow from operating activities (a)	1,205	2,201	1,750	3,020	3,647
Adj OCF	14	1,224	931	2,331	3,090
Capital expenditure	-354	-704	-600	-550	-550
Adj FCF	-340	519	331	1,781	2,540
Cash flow from investing activities (b)	-1,711	1,246	-600	-550	-550
Debt	-2,307	-1,132	-1,200	-900	-900
Interest and lease	-1,279	-1,340	-819	-688	-557
Cash flow from financing activities (c)	1,122	-1,549	-2,019	-1,588	-1,457
Net change in cash (a+b+c)	617	1,898	-869	881	1,640

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
