

Q3FY23 Update | Textile | 13 February 2023

Rupa & Company Ltd.

Muted all round performance

Rupa & Company Ltd. (RUPA), reported weak all round performance in Q3FY23, which was even lower than our estimates. Revenues in Q3FY23 declined by ~45.5% YoY led by a volume decline of ~55% YoY as per our estimate. In Q3FY23 primary sales of the company was impacted due to a sharp volatility in raw material prices, which impacted purchasing decisions of the distribution channels. There was also a base impact of last year (pentup demand and channel filling) due to an expectation of hike in GST rate which led to preponement of demand from Q4FY22. Gross margins were impacted in the quarter due to consumption of high cost inventory. Management expects some impact of high cost inventory to be there even in Q4FY23. Raw material prices seem to be stabilised now which should help in improvement of sentiments of the distribution channel and results in better pickup in primary sales. We expect performance of the company to gradually improve from Q1FY24 onwards.

9mFY23 Earnings key highlights

- In 9mFY23, company reported a revenue decline of ~27.7% YoY to Rs 7,363 mn.
- Gross margin for 9mFY23 declined by ~365 bps YoY to 31.4%. Decline in gross margins was due to increase & volatility in raw material cost.
- EBITDA margin for 9mFY23 stood at ~8.4% vs ~19.1% YoY. Decline in EBITDA margins was on account of lower gross margins, higher advertisement expenditure & lower absorption of fixed overhead. Advertisement expenditure increased by ~60% YoY to ~Rs 530 mn.
- PAT declined by 75.6% YoY to Rs 348 mn.

Capex Announcement

Company has announced a capex plan of ~Rs 370 mn. In 9mFY23 export sales contributed ~5% of sales at ~Rs 330 mn a growth of ~51% YoY. Based on the increasing trajectory of export sales company plans to setup a dedicated export unit at West Bengal for a planned capex of ~Rs 180 mn which is expect to start in FY24. Company also plans to setup a cutting unit in West Bengal for a capex of ~Rs 190 mn which is expected to start from FY24. Cutting unit will help to improve margins of the company.

Outlook and Valuation

- Beyond short term challenges, we expect company to return to growth path from FY24. Management focus on increasing sales in the focussed domestic markets, rising sales from exports, modern trade, women's segment should help the company drive long term growth.
- We have valued the stock at 15x FY25e EPS of Rs 17.0 (rolled over from Sep'24), to arrive at a target price of Rs 255 and thus maintain "Accumulate" rating on the stock.**

Y/E Mar (Rs mn)	Q3FY23	Q3FY22	YoY (%)	Q2FY23	QoQ (%)	Q3FY23e	Var. (%)
Net sales	2,360	4,332	-45.5%	2,856	-17.4%	3,236	-27%
Operating costs	2,217	3,523	-37.1%	2,564	-13.5%		
EBITDA	143	809	-82.4%	292	-51.2%	390	-63%
EBITDA Margin (%)	6.0%	18.7%	(1,263)Bps	10.2%	(419)Bps	12.1%	
Depreciation	33	36	-7.0%	34	-1.2%		
Interest	60	50	20.4%	65	-7.5%		
Other income	26	29	-9.1%	32	-17.9%		
PBT	76	752	-89.9%	226	-66.5%		
Provision for tax	20	169	-87.9%	57	-64.3%		
Effective tax rate (%)	27.0%	22.5%	447 Bps	25.3%	169 Bps		
Reported PAT	55	583	-90.5%	169	-67.3%	256	-78%
PAT Margin (%)	2.3%	13.5%	(1,111)Bps	5.9%	(357)Bps	7.9%	

Source: Company, SMIFS Institutional Research Estimates

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj. PAT	YoY (%)	Adj. EPS	RoE (%)	RoCE (%)	P/E (x)	EV/EBITDA (x)
FY21	13,127	34.7%	2,573	19.6%	1,753	183.1%	22.0	26.8%	22.0%	9.7	6.7
FY22	14,741	12.3%	2,685	18.2%	1,918	9.5%	24.1	23.8%	18.2%	18.2	13.9
FY23e	10,761	-27.0%	845	7.9%	452	-76.4%	5.7	5.0%	4.3%	42.4	22.9
FY24e	13,452	25.0%	1,560	11.6%	1,034	128.8%	13.0	10.8%	8.8%	18.5	12.2
FY25e	15,624	16.2%	1,906	12.2%	1,353	30.9%	17.0	12.3%	10.8%	14.2	10.1

Source: Company, SMIFS Institutional Research Estimates



Rating: Accumulate

Upside: 6%

Current Price: 241

Target Price: 255

Earlier recommendation

Previous Rating:	Accumulate
Previous Target Price:	316

Market data

Bloomberg:	RUPA IN
52-week H/L (Rs):	585/230
Mcap (Rs bn/USD bn):	19.16/0.24
Shares outstanding (mn):	79.5
Free float:	26.7%
Avg. daily vol. 3mth (3M Avg – in '000):	118.62
Face Value (Rs):	1

Source: Bloomberg, SMIFS research

Shareholding pattern (%)

	Dec-22	Sep-22	Jun-22	Mar-22
Promoter	73.3	73.3	73.3	73.3
FIIIs	0.7	0.7	1.0	1.5
DIIIs	4.1	4.1	4.5	3.9
Public/other	21.9	21.9	21.2	21.3

Promoters Pledging (%)

Pledge	0	0	0	0
--------	---	---	---	---

Source: BSE

Price performance (%)*

	1M	3M	12M	36M
Nifty 50	-1.0	-3.1	2.3	45.9
Nifty 500	-2.9	-4.8	0.1	48.7
RUPA	-13.2	-21.7	-50.8	11.3

*as on 13th Feb 2023; Source: AceEquity, SMIFS research

Saurabh Ginodia

Senior Vice President- Institutional Equities

+91 9836140444

saurabh.ginodia@smifs.com

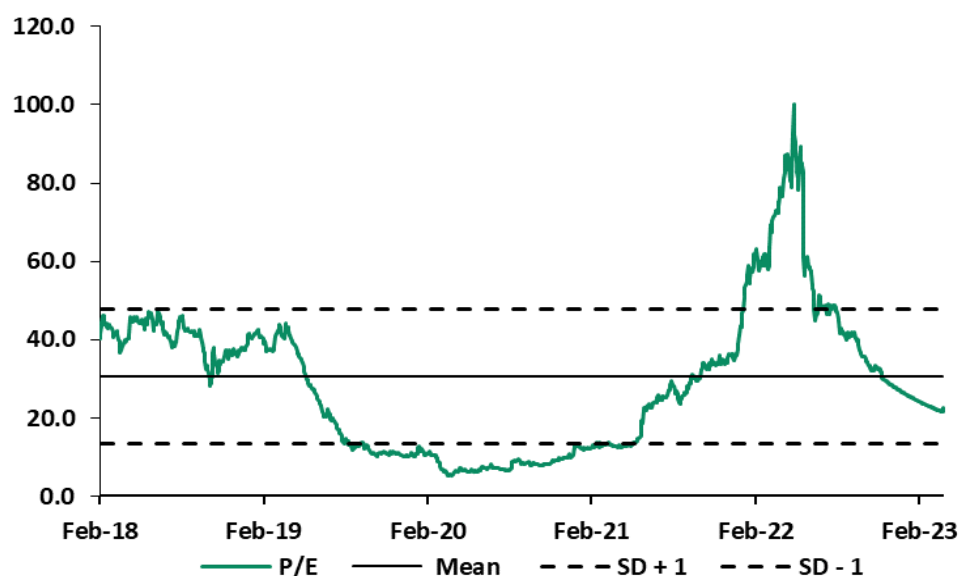
Q3FY23 – Key takeaways from the management call

- ✓ In Q3FY23 company has reported sales decline of ~45.5% YoY (volume de-growth of ~55% YoY as per our estimate). Primary sales of the company got impacted due to volatility in raw material prices.
- ✓ Management believes that raw material prices has now stabilized which should help in improvement of sentiments of the distribution channel and pickup in primary sales of the company.
- ✓ Gross margins were impacted due to increase and volatility in raw material prices. Management expect some impact on gross margins in Q4FY23 due to some balance stock of high cost inventory, but post that expect improvement in the margins.
- ✓ Company has announced a capex plan of ~Rs 370 mn. In 9mFY23 export sales contributed ~5% of sales at ~Rs 330 mn a growth of ~51% YoY. Based on the increasing trajectory of export sales company plans to setup a dedicated export unit at West Bengal for a planned capex of ~Rs 180 mn which is expect to start in FY24. **Company expects to grow its exports sales ~Rs 1bn over the next two years.**
- ✓ Company also plans to setup a cutting unit in West Bengal for a capex of ~Rs 190 mn which is expected to start from FY24. Cutting unit will help to improve margins of the company.
- ✓ In 9mFY23, advertising expense stood at ~Rs 530 mn ~7.4% vs ~3.3% (YoY). **Company has planned for advertisement spend of ~7% of sales in FY24e.**
- ✓ In 9mFY23, sales from thermal products was at ~Rs 600 mn ~8% of sales.
- ✓ **Company is in process of introduction of a channel financing scheme for the distribution network.**
- ✓ Modern trade channel contributed ~5.5% of the sales & grew by ~35% YoY in 9mFY23.
- ✓ In 9mFY23 revenue contribution by segment- Men: ~84%, Women: ~12%, Kids: ~4%
- ✓ In 9mFY23 revenue mix from different regions- East: ~45%, North: ~25%, West & Central: ~14%, South: ~8%, North East: ~3%, Exports: ~5%.
- ✓ Company's womens wear brand "Softline" contributed ~5% of the sales in 9mFY23. Company has appointed actress Kiara Advani as the brand ambassador to endorse brand Softline.
- ✓ At the end of 9mFY23, company has 28 EBOs. **Company plans to roll out ~150 EBOs on a pan India level in the next 2-3 years.**

Outlook and Valuations

- ✓ Currently, the innerwear industry is witnessing a structural shift from unorganised to the organised sector, we expect company to benefit from this trend. Furthermore, RUPA has been gradually inching its presence in mid-premium and premium segment with a focus on higher growth categories like women's leggings, thermal wear, premium inner-wear and athleisure wear.
- ✓ Beyond short term challenges, we continue to remain positive on company's mid to long-term growth prospects given its strong brand equity and long-standing operations in innerwear industry.
- ✓ We have valued the stock at 15x FY25e EPS of Rs 17.0 (rolled over from Sep'24) to arrive at a target price of Rs 255 and thus maintain "Accumulate" rating on the stock.
- ✓ **Key risks** are (1) Volatile raw material prices (2) Competition from both organised & un-organised players (3) Any increase in GST rates.

Fig 1: 1-year forward P/E



Source: AceEquity, SMIFS Institutional research

Quarterly financials, operating metrics and key performance indicators

Fig 2: Quarterly Financials (Consolidated)

Y/E March (Rs mn)	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Net Sales	4,540	2,180	3,675	4,332	4,555	2,147	2,856	2,360
COGS	2,917	1,335	2,371	2,907	2,988	1,344	1,999	1,706
Employee Cost	178	144	161	160	216	172	147	139
Other Expenditure	539	280	431	456	608	446	418	372
EBITDA	906	421	713	809	742	185	292	143
Depreciation	27	34	35	36	34	33	34	33
Interest	28	32	43	50	62	58	65	60
Other Income	32	20	23	29	36	56	32	26
PBT	883	375	658	752	682	150	226	76
Tax	224	83	128	169	189	25	57	20
Tax rate (%)	25.4%	22.2%	19.5%	22.5%	27.7%	16.9%	25.3%	27.0%
Reported PAT	659	292	530	583	493	124	169	55
Extraordinary Items	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-
Adjusted PAT	659	292	530	583	493	124	169	55
YoY Growth (%)								
Revenue	153.2%	4.0%	21.1%	25.3%	0.3%	-1.5%	-22.3%	-45.5%
EBITDA	1049.9%	16.0%	7.9%	25.8%	-18.1%	-56.1%	59.0%	82.4%
Adj. PAT	NA	41.7%	16.7%	34.3%	-25.2%	-57.3%	-68.1%	-90.5%
QoQ Growth (%)								
Revenue	31.4%	-52.0%	68.6%	17.9%	5.2%	-52.9%	33.1%	-17.4%
EBITDA	40.9%	-53.5%	69.2%	13.4%	-8.3%	-75.1%	58.2%	51.2%
Adj. PAT	51.9%	-55.7%	81.6%	10.0%	-15.4%	-74.8%	35.5%	-67.3%
Margin (%)								
Gross margin (%)	35.7%	38.8%	35.5%	32.9%	34.4%	37.4%	30.0%	27.7%
Employee Cost/Revenue (%)	3.9%	6.6%	4.4%	3.7%	4.7%	8.0%	5.1%	5.9%
Other expenses / Revenue (%)	11.9%	12.8%	11.7%	10.5%	13.4%	20.8%	14.7%	15.8%
EBITDA margin (%)	20.0%	19.3%	19.4%	18.7%	16.3%	8.6%	10.2%	6.0%
Adj. PAT margin (%)	14.5%	13.4%	14.4%	13.5%	10.8%	5.8%	5.9%	2.3%

Source: Company, SMIFS research estimates

Fig 3: Change in estimates

Rs mn	New Estimates			Old Estimates			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Revenue	10,761	13,452	15,624	13,415	14,914	16,510	-20%	-10%	-5%
Gross profit	3,266	4,506	5,312	4,293	5,071	5,696	-24%	-11%	-7%
Gross margin (%)	30.4%	33.5%	34.0%	32.0%	34.0%	34.5%	-165 Bps	-50 Bps	-50 Bps
EBITDA	845	1,560	1,906	1,502	2,192	2,559	-44%	-29%	-26%
EBITDA margin (%)	7.9%	11.6%	12.2%	11.2%	14.7%	15.5%	-335 Bps	-310 Bps	-330 Bps
PAT	452	1,034	1,353	959	1,505	1,841	-53%	-31%	-27%
EPS (Rs)	6	13	17	12	19	23			

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25e
Net Sales	13,127	14,741	10,761	13,452	15,624
COGS	8,533	9,601	7,495	8,945	10,312
% of sales	65.0%	65.1%	69.7%	66.5%	66.0%
Employee Expenditure	527	681	673	767	875
% of sales	4.0%	4.6%	6.3%	5.7%	5.6%
Other Exp.	1493	1774	1749	2179	2531
% of sales	11.4%	12.0%	16.3%	16.2%	16.2%
EBITDA	2,573	2,685	845	1,560	1,906
Other Income	73	108	135	148	172
Depreciation & Amortisation	138	139	134	159	172
EBIT	2,508	2,654	845	1,549	1,906
Interest Expenses	134	187	238	162	90
Core PBT	2,301	2,359	472	1,240	1,644
PBT	2374	2467	606	1388	1816
Tax	621	549	155	354	463
Tax Rate (%)	26.2%	22.2%	25.5%	25.5%	25.5%
Extraord. items	0	0	0	0	0
Reported PAT	1753	1918	452	1034	1353
Minority Interest	0	0	0	0	0
Adjusted PAT	1753	1918	452	1034	1353

Source: Company, SMIFS Institutional Research Estimates

Key Ratios					
YE March	FY21	FY22	FY23E	FY24E	FY25E
Growth ratios (%)					
Net sales	34.7%	12.3%	-27.0%	25.0%	16.2%
EBITDA	126.2%	4.4%	-68.5%	84.7%	22.2%
Adj. PAT	183.1%	9.5%	-76.4%	128.8%	30.9%
Margin Ratio (%)					
Gross Profit	35.0%	34.9%	30.4%	33.5%	34.0%
EBITDA	19.6%	18.2%	7.9%	11.6%	12.2%
EBIT	19.1%	18.0%	7.9%	11.5%	12.2%
Core PBT	17.5%	16.0%	4.4%	9.2%	10.5%
Adj. PAT	13.4%	13.0%	4.2%	7.7%	8.7%
Return Ratio (%)					
ROE	26.8%	23.8%	5.0%	10.8%	12.3%
ROCE	22.0%	18.2%	4.3%	8.8%	10.8%
Turnover Ratio days (days)					
Gross Block Turnover (x)	5.6	5.3	3.2	3.6	3.8
Adj. OCF/ Adj. PAT (%)	112	-70	562	131	93
Inventory Period	109	121	160	120	118
Debtors Period	101	113	125	120	120
Creditors	45	47	45	45	45
Cash Conversion Cycle	165	186	240	195	193
Solvency Ratio (%)					
Debt-equity (x)	0.2	0.4	0.3	0.2	0.1
Net Debt-equity (x)	0.0	0.3	0.0	0.0	0.0
Gross Debt/EBITDA	0.5	1.3	3.1	1.2	0.5
Current Ratio	2.3	2.0	2.5	2.7	3.1
Interest coverage ratio (%)	18.1	13.6	3.0	8.7	19.3
Dividend					
DPS (Rs)	5.0	3.0	1.5	3.0	3.8
Dividend Payout (%)	23%	12%	26%	23%	22%
Dividend Yield (%)	2.3%	0.7%	0.6%	1.2%	1.6%
Per share (Rs)					
Reported EPS	22.0	24.1	5.7	13.0	17.0
Adj. EPS	22.0	24.1	5.7	13.0	17.0
CEPS	23.8	25.9	7.4	15.0	19.2
Book value	91.7	110.9	116.0	125.4	138.2
Valuation					
P/E	9.7	18.2	42.4	18.5	14.2
P/BV	2.3	4.0	2.1	1.9	1.7
EV/EBITDA	6.7	13.9	22.9	12.2	10.1
EV/Sales	1.3	2.5	1.8	1.4	1.2
Adj M.Cap /Core PBT	6.9	14.3	35.5	13.9	11.1
Adj M.Cap / Adj OCF	8.0	-25.1	6.6	12.7	14.6

Source: Company, SMIFS Institutional Research Estimates

Balance Sheet					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Sources of funds					
Capital	79.6	79.6	79.6	79.6	79.6
Reserves & Surplus	7216	8738	9146	9894	10911
Shareholders' Funds	7,295	8,818	9,226	9,973	10,991
Total Debt	1399	3550	2650	1800	1000
Deferred Tax Liabilities	105	117	117	117	117
Other-non current liabilities	169	156	156	156	156
Total Liabilities	8,968	12,641	12,149	12,046	12,264
Application of funds					
Net Block	1689	1887	2400	2652	2892
Capital WIP	194	261	0	0	0
Non-current Asset	572	435	443	446	461
Investments	0	0	0	0	0
Inventories	3906	5830	4717	4422	5051
Sundry Debtors	3644	5473	3685	4422	5137
Other Current Assets	476	647	470	578	633
Cash & Bank Balances	1184	1237	2433	1949	848
Total Current Assets	9,210	13,188	11,306	11,371	11,669
Creditors	1,626	2,199	1,327	1,658	1,926
Other Current Liabilities	1,070	932	673	764	833
Total Current Liabilities	2,696	3,131	2,000	2,423	2,759
Net Current Assets	6,513	10,057	9,306	8,948	8,910
Total assets	8,968	12,641	12,149	12,046	12,264

Source: Company, SMIFS Institutional Research Estimates

Cash Flow					
YE March (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Operating profit before WC changes					
Net change in working capital	-67	-3337	1961	167	-267
Income tax paid (net)	-439	-523	-155	-354	-463
Cash flow from operating activities (a)	2106	-1161	2778	1514	1348
Adjusted OCF	1972	-1348	2539	1352	1258
Capital expenditure	-227	-373	-300	-400	-400
Adjusted Free Cash Flow	1879	-1525	2478	1114	948
Cash flow from investing activities (b)	-1370	-336	-300	-400	-400
Debt issuance (repayment)	-336	2095	-900	-850	-800
Interest & Lease expenses	-142	-189	-238	-162	-90
Dividend Paid	-239	-398	-143	-286	-358
Cash flow from financing activities (c)	-717	1508	-1282	-1298	-1248
Net change in cash (a+b+c)	19	12	1196	-185	-300

Source: Company, SMIFS Institutional Research Estimates

Disclaimer

Analyst Certification:

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

Terms & Conditions and Other Disclosures:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

This Research Report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SMIFS and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

Specific Disclosures

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

Analyst holding in stock: **NO**

Key to SMIFS Investment Rankings

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

Contact us:

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

Compliance Officer:

Sudipto Datta,

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

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

Email Id.: compliance@smifs.com

Mumbai Office:

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

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

Email Id: institutional.equities@smifs.com

Kolkata Office:

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

Contact No.: (D) +91 33 6634 5408, (B) +91 33 40115400

Email Id: smifs.institutional@smifs.com
