



# Divi's Laboratories Ltd.

## Margin improvement driven by easing of RM prices

Divi's lab missed the earnings estimate and reported revenue degrowth of 21.2% YoY and 8.9% QoQ to Rs. 17,780 mn. The sequential decline was mainly due to 11% QoQ decline in Generic API business and Custom synthesis business. The gross margins have seen improvement on sequential basis due to softening of raw material prices and improvement in the logistics costs. However, the full impact will be by Q4FY24. EBITDA decreased 41% YoY but has witnessed improvement of 3.4% QoQ to Rs.5,040 Mn due to lower revenue. Due to improvement in logistics and RM costs and visibility of strong revenue growth in FY25 we increase the FY25 revenue, EBITDA PAT estimates by 4.7%/17.4%/17.6% resp.

**Custom Synthesis** – For Q1FY24, Divi's 86% of the revenue is from export business, where the export to regulated markets contributed 67% of the total export revenue. The custom synthesis segment, which is a high margin business, accounted for 40% of total revenue, witnessed decline of 30% YoY and 11% QoQ to Rs.7,112 mn. **This segment is expected to witness CAGR growth of 15.4% from FY23-FY25E on the back of launch of two fast track projects.** Apart from this, there are certain Contrast media projects where the validation is to be completed by Q4FY24 which will contribute to revenue growth in FY24.

**Generic** – The generic segment accounted for 50% of total revenue. Revenues grew by 6% YoY but has seen decline of 11.2% QoQ to Rs 8,888 mn. The company is expecting that in FY23-FY25 USD, USD 20 bn worth of drugs will be going off patent which will create huge opportunities for APIs companies. The company has allocated an aggressive capex spend of Rs.10-20 Bn (including a greenfield Kakinada factory) over the FY23 and FY24 to seize these opportunities. The Kakinada plant is expected to be commercialized by end of FY24, which will help Divi's to supply API's in huge volume. We expect revenue CAGR of 18.4% from FY23-FY25E from this segment.

**Nutraceuticals** – This segment witnessed decline of 4% YoY and has seen improvement of 18.6% QoQ basis to Rs. 1,780 Mn.

**Margin** – The softening of prices of intermediates, solvents, and other raw material prices led to improvement of the gross margin on sequential basis by 373 bps in Q1 FY24 but has seen decline of 269 bps YoY to 61.3%. These margins are sustainable going forward as well. EBITDA margins decreased by ~921 bps YoY but has marginally improved by 335 bps on sequential basis to 28.3% due to significant decrease in logistics costs and other operating expenses (logistics costs have reduced from Rs. 4000 per container to Rs. 2000). **Currently, its facilities are operating at 70-80% utilization. Post commercialization of Kakinada plant, several capacities will be free which will help in Debottlenecking.** Higher capex spending, launch of new products and volume growth across offerings remain key growth drivers.

**Valuation:** Divi excels in tailoring synthesis processes for specific segments, showcasing its expertise in custom synthesis. Its remarkable track record of securing recurring high-volume contracts underscores its specialization. As a result, Divi is strategically poised to capitalize on emerging opportunities presented by recently off-patent molecules. Company is seeing softening of RM and logistics costs which will improve the margins further. We forecast Revenue / EBITDA / PAT CAGR during FY23- 25E at 16.7% /31.5%/27.5%. **We value the stock based on SOTP valuation strategy and arrive at a target price of INR 4,041. Accumulate.**

Y/E Mar (Rs mn)	Q1FY24	Q1FY23	YoY (%)	Q4FY23	QoQ (%)	Q1FY24E	Var. (%)
Net sales	17,780	22,550	-21.2%	19,508	-8.9%	19,637	-9.5%
Operating costs	12,740	14,070	-9.5%	14,632	-12.9%		
EBITDA	5,040	8,480	-40.6%	4,876	3.4%	5,480	-8.0%
EBITDA Margin (%)	28.3%	37.6%	(926) bps	25.0%	335 bps	27.9%	44 bps
Depreciation	930	840	10.7%	870	6.9%		
Other income	810	880	-8.0%	662	22.4%		
Interest	0	0	NA	2	-100.0%		
Extraordinary items	0	0	NA	0	NM		
PBT	4,920	8,520	-42.3%	4,665	5.5%		
Provision for tax	1,360	1,500	-9.3%	1,455	-6.5%		
Effective tax rate (%)	27.6%	17.6%	1,004 bps	31.2%	(355) bps		
Consolidated PAT	3,560	7,020	-49.3%	3,210	10.9%	3,877	-8.2%

Source: Company, SMIFS research

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E (x)	EV/EBITDA (x)
FY21	69,694	29	28,599	41.0	19,843	44.2	74.7	23.9	23.8	40.7	29.0
FY22	89,598	29	38,819	43.3	29,604	49.2	111.5	28.2	28.2	40.7	31.8
FY23	77,680	-13	23,649	30.4	18,231	-38.4	68.7	14.9	14.9	42.2	34.3
FY24E	87,875	13	29,487	33.6	21,675	18.9	81.6	16.2	16.2	45.9	35.2
FY25E	1,05,803	20	40,887	38.6	29,627	36.7	111.6	19.9	19.8	33.6	25.6

Source: Company, SMIFS research estimates

Rating: Accumulate Upside/(Downside): 8.3%

Current Price: 3,731 Target Price: 4,041

**| Earlier recommendation**

Previous Rating: Accumulate

Previous Target Price: 3,476

**| Market data**

Bloomberg: DIVI IN

52-week H/L (Rs): 3,958/2,730

Mcap (Rs bn/USD bn): 990.6/11.9

Shares outstanding (mn): 265

Free float: 48.0%

Avg. daily vol. 3mth (3M Avg.): 0.56 Mn

Face Value (Rs): 2

Source: Bloomberg, SMIFS research

**| Shareholding pattern (%)**

	Jun-23	Mar-23	Dec-22	Sep-22
Promoter	51.9	51.9	51.9	51.9
FII's	14.6	14.6	15.1	15.4
DII's	21.2	21.0	20.6	20.7
Public/others	12.1	12.3	12.2	11.8

**| Promoters pledged shares (%)**

Pledged	0.0	0.0	0.0	0.0
---------	-----	-----	-----	-----

Source: BSE

**| Price performance (%) \***

YE Mar (R)	1M	3M	12M	36M
NIFTY 50	-0.6	6.1	9.8	73.8
NIFTY 500	0.3	8.7	11.1	82.6
DIVI IN	1.4	12.5	0.1	20.7

\* As on 14<sup>th</sup> Aug 2023; Source: AceEquity, SMIFS research

**Dhara Patwa**

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

**Awanish Chandra**

Executive Director  
8693822293  
awanish.chandra@smifs.com

## Q1FY24 – Key takeaways from the management call

**Carotenoids:** No indications of pricing pressure have been observed. The manufacturing facility is operating at a robust capacity range of 90-95%. To meet the growing demand for additional capacity, the company is in the process of initiating Unit III, scheduled to become operational in Q2FY25.

**Contrast Media:** Divi's ongoing commitment revolves around seizing opportunities within the Contrast Media sector. Evidencing this commitment, the company has bolstered its capacity for contrast media products and is actively engaged in innovating new and enhanced manufacturing methods. Notably, Divi's has also ventured into specialized chemicals such as gadolinium within the Contrast Media realm.

This strategic move highlights that Contrast Media presents a substantial growth prospect. While Divi's already maintains a presence in the market, its objective is to broaden its business horizons by tapping into new customer segments.

**Softening of prices of solvents:** Prices of solvents have shown a downward trend. The company possesses the advantage of having equipment in place for recycling and reusing these solvents, setting it apart from other API manufacturers. While price fluctuations might occur, the company's operations are not reliant on these variations.

**Capacity Utilization:** The company's operational capacity is consistently maintained at utilization levels ranging between 70% to 80%. Notably, there have been no issues related to lower utilization rates.

**Kakinada's Plant:** The company expect to commercialize this plant by end of FY24. Revenue would flow in from second half of FY25.

**Revenue growth:** Leveraging the prospects within the Generic API market along with securing two Fastrack orders within the custom synthesis sector, the company anticipates achieving a double-digit growth trajectory. This expansion will be fueled by both increased volumes and a gradual improvement in margins over the medium term, facilitated by strategic cost optimizations and the decreasing trend in API prices.

**Margins:** While the initial signs of improvement in gross margins were evident in Q1FY24, the complete extent of this enhancement is expected to materialize by Q4FY24. The company is currently experiencing a favourable trend in raw material prices and logistics costs, which has contributed to this positive shift. Notably, the high-cost inventory that the company held has been effectively utilized during the previous quarter.

**Pricing Pressure:** The pricing pressure in generic API still prevails. The company expects the API prices to stabilize and it sees improvement in the prices in coming quarters.

**Growth Levers:**

The generic product side, offers significant untapped potential, prompting the company to significantly enhance its production capacity. Qualification processes for certain products have been successfully concluded, and these are now transitioning into the commercial phase. It's anticipated that the substantial revenue impact from these developments will be realized within a span of 4 to 8 quarters.

**Capex:** The capex guidance for Kakinada plant of Rs 1500 cr. is maintained.

## Quarterly financials, operating metrics & key performance indicators

Y/E March (Rs mn)	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	Q1FY24
<b>Net Sales</b>	<b>19,875</b>	<b>24,668</b>	<b>25,184</b>	<b>22,550</b>	<b>18,545</b>	<b>17,077</b>	<b>19,508</b>	<b>17,780</b>
Raw Materials	6,548	8,260	8,386	8,120	6,746	7,396	8,276	6,880
Employee Costs	2,240	2,397	2,568	2,460	2,321	2,389	2,576	2,630
Other Expenditure	2,906	3,012	3,186	3,490	3,268	3,210	3,780	3,230
<b>EBITDA</b>	<b>8,181</b>	<b>10,999</b>	<b>11,044</b>	<b>8,480</b>	<b>6,210</b>	<b>4,083</b>	<b>4,876</b>	<b>5,040</b>
Depreciation	774	797	810	840	857	868	870	930
Interest	2	2	0	0	2	1	2	0
Other Income	191	166	524	880	801	1,143	662	810
<b>PBT</b>	<b>7,596</b>	<b>10,366</b>	<b>10,758</b>	<b>8,520</b>	<b>6,152</b>	<b>4,356</b>	<b>4,665</b>	<b>4,920</b>
Tax	1,532	1,294	1,811	1,500	1,216	1,288	1,455	1,360
Tax rate (%)	20.2	12.5	16.8	17.6	19.8	29.6	31.2	27.6
<b>PAT</b>	<b>6,065</b>	<b>9,072</b>	<b>8,947</b>	<b>7,020</b>	<b>4,936</b>	<b>3,068</b>	<b>3,210</b>	<b>3,560</b>
<b>Adjusted PAT</b>	<b>6,065</b>	<b>9,072</b>	<b>8,947</b>	<b>7,020</b>	<b>4,936</b>	<b>3,068</b>	<b>3,210</b>	<b>3,560</b>
<b>Y-o-Y Growth (%)</b>								
Revenue	13.6	45.0	40.8	15.0	-6.7	-30.8	-22.5	-21.2
EBITDA	10.4	59.1	54.2	-0.5	-24.1	-62.9	-55.9	-40.6
Adjusted PAT	16.7	92.8	78.2	26.0	-18.6	-66.2	-64.1	-49.3
<b>Q-o-Q Growth (%)</b>								
Revenue	1.4	24.1	2.1	-10.5	-17.8	-7.9	14.2	-8.9
EBITDA	-4.0	34.5	0.4	-23.2	-26.8	-34.3	19.4	3.4
Adjusted PAT	8.9	49.6	-1.4	-21.5	-29.7	-37.8	4.6	10.9
<b>Margin (%)</b>								
RMC/revenue (%)	32.9	33.5	33.3	36.0	36.4	43.3	42.4	38.7
Gross margin (%)	67.1	66.5	66.7	64.0	63.6	56.7	57.6	61.3
Employee cost/revenue (%)	11.3	9.7	10.2	10.9	12.5	14.0	13.2	14.8
Other expenses/revenue (%)	14.6	12.2	12.7	15.5	17.6	18.8	19.4	18.2
EBITDA	41.2	44.6	43.9	37.6	33.5	23.9	25.0	28.3
Adjusted PAT	30.5	36.8	35.5	31.1	26.6	18.0	16.5	20.0

Source: Company, SMIFS research

**Fig 1: Quarterly performance**

Revenue in INR Mn	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Generic API	6,876	8,058	6,833	10,089	8,915	8,746	10,010	8,888
% growth yoy	-24%	-8%	-26%	20%	30%	9%	46%	-12%
Custom Synthesis	11,319	14,959	16,781	10,596	8,000	6,831	7,998	7,112
% growth yoy	58%	114%	129%	8%	-29%	-54%	-52%	-33%
Nutraceuticals	1,680	1,650	1,570	1,860	1,630	1,500	1,500	1,780
% growth yoy	28%	29%	17%	35%	-3%	-9%	-4%	-4%
<b>Total Revenue</b>	<b>19,875</b>	<b>24,668</b>	<b>25,184</b>	<b>22,545</b>	<b>18,545</b>	<b>17,077</b>	<b>19,508</b>	<b>17,780</b>
% growth yoy	14%	45%	41%	15%	-7%	-31%	-23%	-21%

Source: Company, SMIFS research

**Fig 2: Key Assumptions Yearly**

Revenue in Rs. Mn	2021	2022	2023	2024E	2025E
Generic API	35,892	30,455	37,762	43,427	52,980
% growth	30%	-16%	25%	15%	22%
Custom Synthesis	28,575	52,863	33,427	37,439	44,552
% growth	26%	85%	-37%	12%	19%
Nutraceuticals	5,227	6,280	6,490	7,009	8,271
% growth	38%	20%	3%	8%	18%
<b>Total Revenue</b>	<b>69,694</b>	<b>89,598</b>	<b>77,680</b>	<b>87,875</b>	<b>1,05,803</b>

Source: Company, SMIFS Research

**Fig 3: SOTP Valuation Metrics for FY25**

Segment	Sales in FY25E	% Contribution	PAT in FY25E	Forward P/E	Segment Value	Value per share (Rs)
Generic API	52,980	50%	12,794	32	4,09,400	1542
Custom Synthesis	44,552	42%	15,593	40	6,23,730	2350
Nutraceuticals	8,271	8%	1,241	32	39,700	150
<b>Total Sales</b>	<b>1,05,803</b>	<b>100%</b>	<b>29,628</b>		<b>10,72,830</b>	<b>4,041</b>

Source: Company, SMIFS Research

**Fig 4: Change in Estimates**

Particulars	New Estimates		Old Estimates		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Revenues	87,875	1,05,803	87,869	1,01,065	0.0%	4.7%
Gross Profit	54,934	69,654	54,056	63,427	1.6%	9.8%
Gross Margin	62.5%	65.8%	61.50%	62.80%	101 bps	303 bps
EBITDA	29,487	40,887	28,611	34,820	3.1%	17.4%
EBITDA Margin (%)	33.6%	38.6%	32.60%	34.50%	96 bps	414 bps
PAT	21,675	29,628	21,139	25,205	2.5%	17.5%
EPS	81.6	111.6	79.6	94.9	2.6%	17.6%

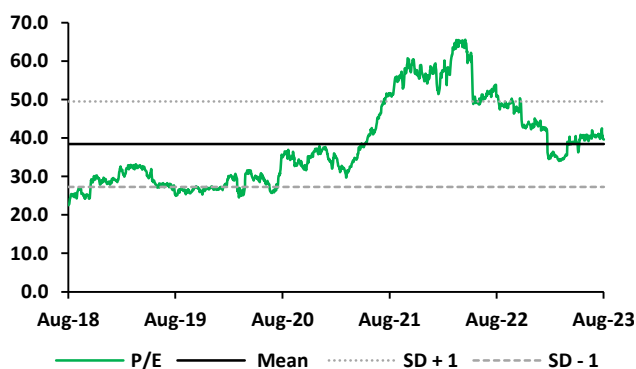
Source: Company, SMIFS Research

**Fig 5: Details of molecules where Divi's is expanding its capacity**

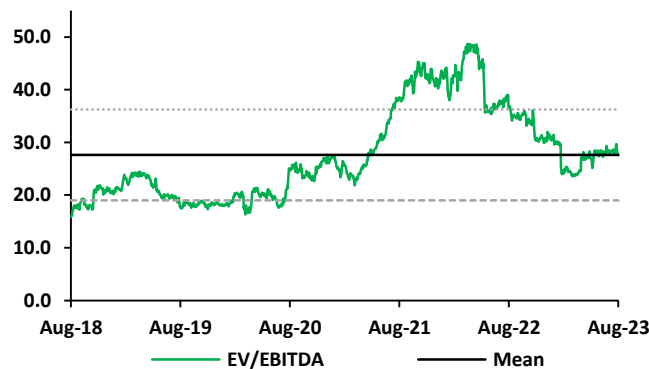
Molecule	Existing capacities	New Capacities	Total
Naproxen	2,700	810	3,510
Gabapentin	1,250	375	1,625
Levetiracetam	300	300	600
Dextromethorphan	270	200	470
Pregabalin	150	150	300
Valsartan	90	270	360
Contrast Media	3,500	700	4,200
Mesalamine	2,000	200	2,200
Ticagrelor	100	25	125
Lacosamide	50	13	63
Rivaroxaban	42	11	53

Source: Industry, SMIFS Research

Naproxen, Gabapentin, dextromethorphan and pregabalin are its flagship molecules where Divi's has sizeable market share. Two generics, Naproxen (pain management) and Dextromethorphan (cough suppressant) account for ~26% of overall revenues. Divi's enjoys ~70% global market share in these two products. Debottlenecking and addition of new API will fuel the revenue growth in Generic API segment going ahead.

**Fig 1: 1-year forward P/E**


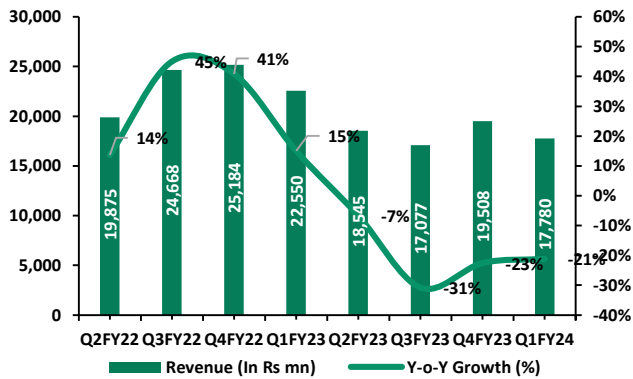
Source: Company, SMIFS Research

**Fig 2: 1-year forward EV/EBITDA**


Source: Company, SMIFS Research

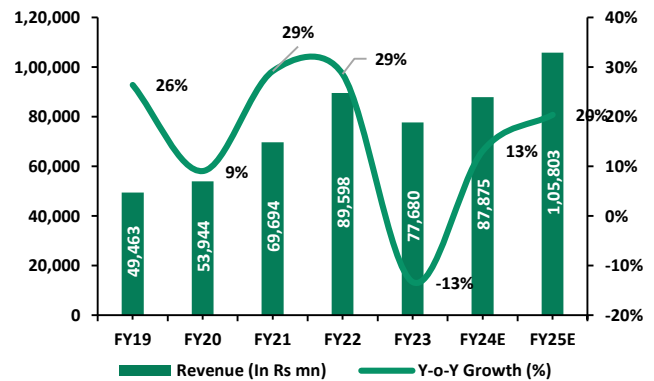
## Story In Charts

**Fig 3: Revenues (Quarterly)**



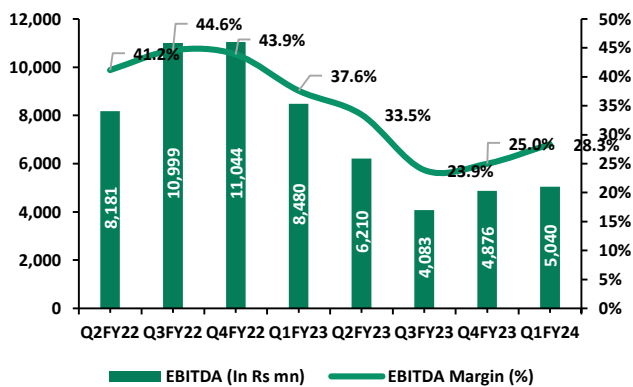
Source: AceEquity, SMIFS Research

**Fig 4: Revenues (Yearly)**



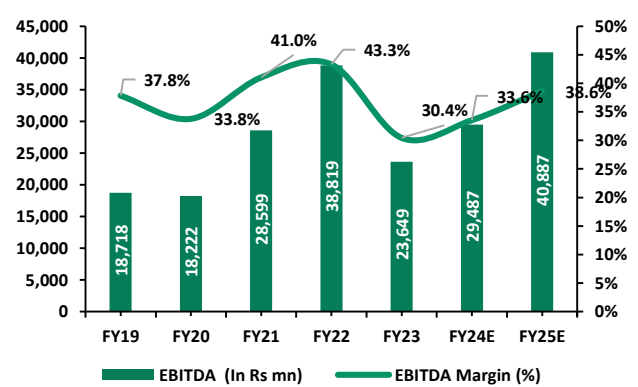
Source: AceEquity, SMIFS Research

**Fig 5: EBITDA & Margin (Quarterly)**



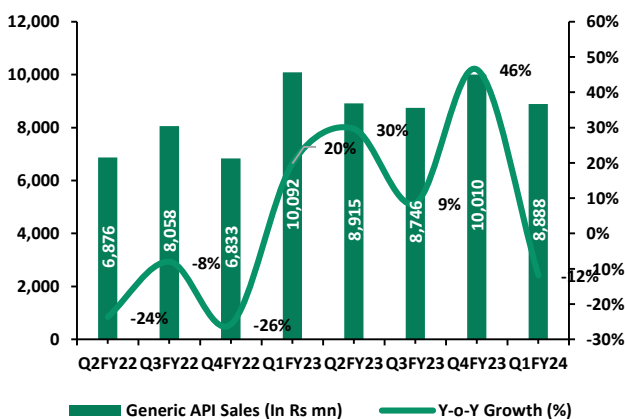
Source: AceEquity, SMIFS Research

**Fig 6: EBITDA & Margin (Yearly)**



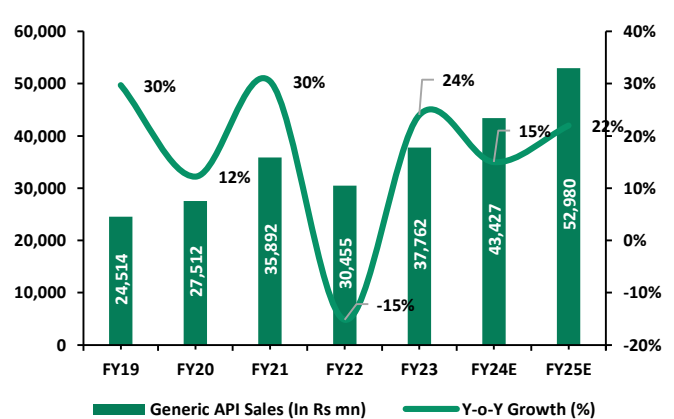
Source: AceEquity, SMIFS Research

**Fig 7: Generic API Sales (Quarterly)**

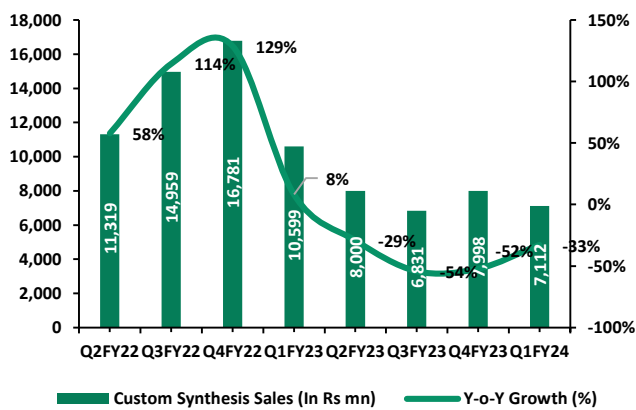


Source: AceEquity, SMIFS Research

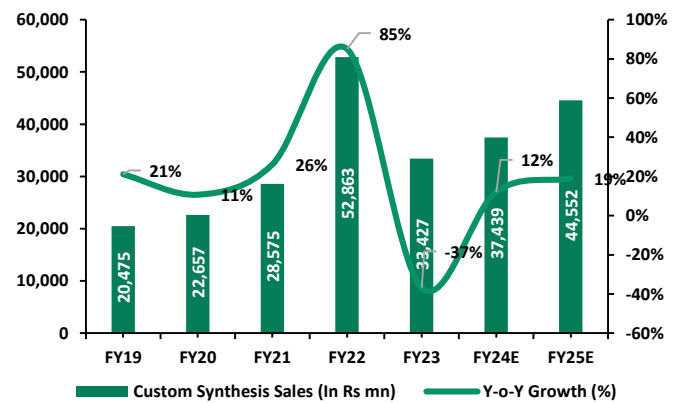
**Fig 8: Generic API Sales (Yearly)**



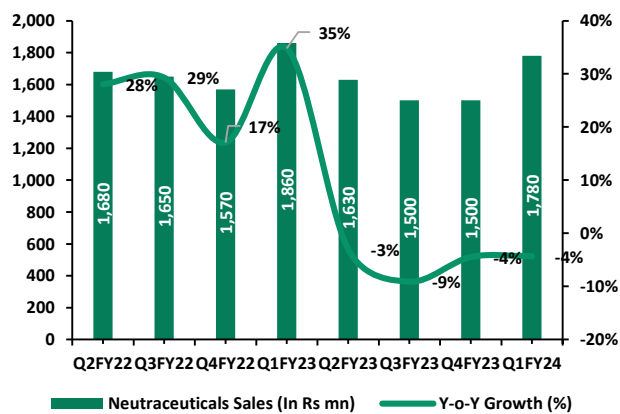
Source: AceEquity, SMIFS Research

**Fig 9: Custom Synthesis Sales (Quarterly)**


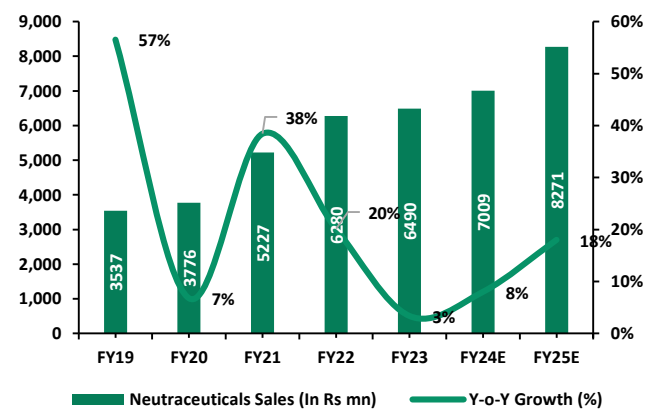
Source: AceEquity, SMIFS Research

**Fig 10: Custom Synthesis Sales (Yearly)**


Source: AceEquity, SMIFS Research

**Fig 11: Nutraceuticals Sales (Quarterly)**


Source: AceEquity, SMIFS Research

**Fig 12: Nutraceuticals Sales (Yearly)**


Source: AceEquity, SMIFS Research



## 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 endeavour 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 and/or [www.bseindia.com](http://www.bseindia.com), [www.mcxindia.com](http://www.mcxindia.com) and/or [www.icex.com](http://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](mailto: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](mailto: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](mailto:smifs.institutional@smifs.com)

---