

NOCIL Ltd.

High competitive intensity, premium valuations, bumpy road ahead, Maintain SELL

NOCIL reported weak operational performance during the quarter. Revenue de-grew by ~9% YoY but grew by ~5% QoQ. Volume grew by 2% YoY & 12% QoQ largely led by strong offtake in export market, although realization remained weak declining by 11% YoY & 7% QoQ. Domestic market remained muted because of heavy imports from China & it is anticipated to continue in the coming quarters as well. Management stated that NOCIL is well placed & will be able to ride the negatives currently faced by rubber chemical players & expects long-term outlook is good because of robust tyre & replacement demand. Higher competition from China is a major concern as imports of accelerator witnessed ~32% YoY growth in FY24 which impacted gross & EBITDA spreads & led to subdued volumes in domestic market. Since, the business does not have protection from ADD which is the major reason why rubber chemical players are struggling to maintain margins. Adding to the tensions, some new rubber chemical supplies globally are coming up in H2FY25E which will further heighten competitive intensity globally, it remains under our watch how demand pans out. Still, the long-term growth story remains structurally positive for NOCIL, led by tyre players expanding capacity & investing to the tune of Rs200-250bn over FY24-26E leading to increased usage of rubber chemicals. However, higher competitive intensity, weak return ratios & premium valuations make NOCIL unattractive at current juncture. Hence, we maintain our SELL rating on the stock.

Q4FY24 reported weak EBITDA spreads, Chinese imports a major cause of concern

- Realization declined by 11% YoY & 7% QoQ largely because of weak demand from domestic market & higher imports. The company's gross spread per kg declined by 7% YoY & 15% QoQ to Rs ~107 per kg in Q4FY24.
- Considering uncertainty owing to higher imports of rubber chemicals from China & other countries which increases competitive intensity, we remain cautious on operating spreads and volumes of the company.
- Accordingly, we model in EBITDA spreads of ~Rs 39/44.5 per kg for FY25/FY26E respectively, factoring in cut of 6%/5% on FY25/26E respectively.
- We have witnessed higher imports in FY24 to the tune of 32% YoY of rubber accelerators and with competitors in China dumping along with expanding their capacity coupled with subdued demand in Chinese market is leading to higher dumping in world markets including India.

Sequentially volumes higher, mid high single digit volume growth for next 3 years

- In Q4FY24, volume grew by ~2% YoY & 12% QoQ. Generally speaking Q4 volumes remains high because of higher stocking by tyre companies. Management stated that domestic volumes remained subdued but export volumes witnessed recovery despite weak & global recessionary trends persisting. With domestic tyre companies increasing capacity and investing close to Rs200-250bn over FY23-26E, we feel there is no worry on incremental demand growth for the next 3 years.
- We expect that the company expanded capacity of 55,000 TPA is likely to reach optimum utilization levels in the next 2 years. On the back of this, we expect NOCIL to report volume CAGR growth of mere ~7.5% from FY24-26E.

Valuations

- We feel that near term concerns like highly competitive intensity led by surge in Chinese imports, global recessionary trends impacting volumes, weaker return ratios, lowering speciality sales & premium valuations make NOCIL unattractive as an investment bet.
- We value the stock on P/E multiple maintaining ~20x P/E on March 26E projections and arrive at target price of 213 per share which indicates downside of ~18% from the current level. Hence, we maintain our SELL rating on the stock.

Y/E Mar (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)	Q4FY24E	Var (%)
Revenue	3,565	3,927	-9.2	3,406	4.7	3,665	-2.7
Operating cost	3,119	3,430	-9.1	2,918	6.9		
EBITDA	446	497	-10.3	489	-8.7	525	-15.0
EBITDA margin (%)	12.5	12.7	(15) bps	14.3	(183) bps	14.3	(181) bps
Depreciation	133	139	-4.0	135	-1.3		
Interest	4	3	55.6	5	-16.0		
Other Income	247	29	740.5	58	323.8		
Exceptional Items	-	-	NA	-	NA		
PBT	556	385	44.3	407	36.6		
Taxes paid	140.60	102	37.7	107	31.5		
PAT	415	283	46.7	300	38.5	311	33.6

Source: Company, SMIFS Research Estimates

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	YoY (%)	Adj EPS	RoE (%)	RoCE (%)	Adj P/E (x)	EV/EBITDA (x)
FY22	15,713	69.9	2,862	18.2	1,761	99.2	10.6	12.9	12.9	22.5	13.6
FY23	16,166	2.9	2,527	15.6	1,492	-15.3	9.0	10.0	10.0	27.2	15.0
FY24	14,447	-10.6	1,950	13.5	1,330	-10.8	8.0	8.2	8.2	29.7	17.8
FY25E	14,946	3.5	2,246	15.0	1,428	7.4	8.6	8.2	8.2	30.2	17.0
FY26E	16,632	11.3	2,727	16.4	1,772	24.1	10.6	9.6	9.6	24.4	13.9

Source: Company, SMIFS Research Estimates



Rating: SELL Downside: ~18%
 Current Price: 259 Target Price: 213

Earlier Recommendation

Previous Rating: SELL
 Previous Target Price: 234

Market data

Bloomberg:	NOCIL: IN
52-week H/L (Rs):	298/204
Mcap (Rs bn/USD bn):	43.2/0.52
Shares outstanding (mn):	166.6
Free float:	65.0%
Daily vol. (3M Avg.):	0.66mn
Face Value (Rs):	10

Source: Bloomberg, SMIFS Research

Shareholding pattern (%)

	Mar-24	Dec-23	Sep-23	Jun-23
Promoter	33.8	33.8	33.8	33.8
FIIs	7.8	7.0	6.4	5.4
DII	3.5	2.9	3.6	4.7
Public/others	54.9	56.3	56.2	56.1

Source: BSE

Pro. Pledging (%)

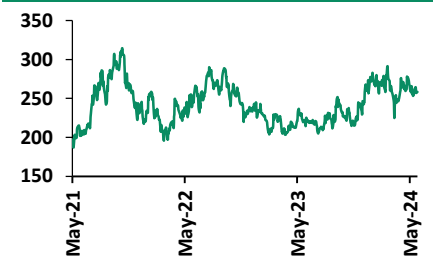
Pledging	13.1	9.7	10.1	10.4
----------	------	-----	------	------

Price performance (%)*

	1M	3M	12M	36M
NIFTY 50	-0.5	0.7	20.7	45.7
NIFTY 500	0.2	3.4	33.2	60.4
NOCIL	-3.6	-1.5	20.8	28.3

*as on 30th May 2024; Source: AceEquity, SMIFS Research

3 Year Price Performance Chart



Source: NSE

Aditya Khetan

Sector Lead- Chemicals

+91 9004126470

aditya.khetan@smifs.co.in

Awanish Chandra

Executive Director

+91 8693822293

awanish.chandra@smifs.com

Analyst Call Highlights

- **Demand outlook:** The demand of rubber chemical in the exports market stabilized, however, headwinds like increasing imports by China & volatile raw material prices still linger around. Domestic demand is struggling & higher imports particularly from China is leading to a spoilsport. Latex segment which was earlier struggling has now witnessed pickup, although, a long road yet to full recovery. Demand of rubber chemicals is expected to increase in the long term with subsequent pick up in auto, tyre sector and other allied sector which consumes rubber.
- **Sales volume & capacity utilization:** The company reported volume growth of ~2% QoQ & 12% QoQ in Q4FY24. The capacity utilization stood at ~70% in Q4FY24. For FY24, volumes grew by 2% YoY & capacity utilization stood at ~65%. Sequential volume growth is because of higher volumes in the export market, despite weak economic conditions globally. Management stated that company has added new customers in the recent months which also contributed to growth.
- **Domestic volumes subdued in FY24.** For FY24, domestic volumes remained flattish on YoY basis because of higher dumping from China. It is anticipated that volumes might pickup going ahead.
- **Realizations:** During the quarter realizations declined by ~11% YoY & 7% QoQ. Overall for FY24, realizations declined by 12% YoY.
- **Tyre sector outlook:** The domestic OEM auto and tyre sector has witnessed good performance and the long-term growth outlook is intact. Replacement demand which constitutes 60-70% of tyre sector has faced headwinds led by weak pickup in demand but is anticipated to witness growth going ahead. Global tyre players globally have lined up Rs550bn-600bn & domestic players have lined by Rs200-250bn over FY24-26E in creating additional capacities which bodes well for companies like NOCIL and other rubber chemical companies.
- **Export market outlook:** Export market has witnessed good momentum at a time when economic scenario is bleak
- With EBITDA & Gross spreads per kg at multi year lows, management stated things have nearly bottomed out & growth outlook looks good led by rising volumes from the existing capacity, focus on speciality products, exploring high margin export markets & anticipation of less Chinese imports.
- The company is planning to add 20% of the base capacity at a capex of Rs2.5bn. The approved capex will primarily be funded through internal accruals as company has surplus cash to the tune of Rs2.75bn as on FY24 on its books.

Valuation and Recommendations

We feel that near term concerns like highly competitive intensity led by surge in Chinese imports, global recessionary trends impacting volumes, weaker return ratios, lowering speciality sales & premium valuations make NOCIL unattractive as an investment bet.

We value the stock on P/E multiple maintaining ~20x P/E on March 26E projections and arrive at target price of 213 per share which indicates downside of ~18% from the current level.

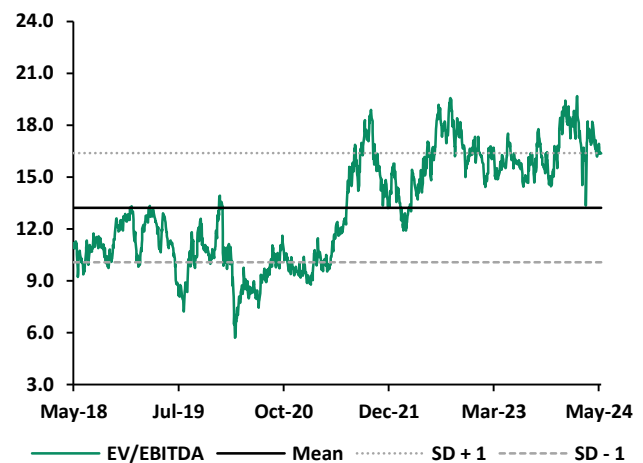
Hence, we maintain our **SELL** rating on the stock.

Fig 1: 1-year forward P/E



Source: AceEquity, SMIFS Research

Fig 2: 1-year forward EV/EBITDA



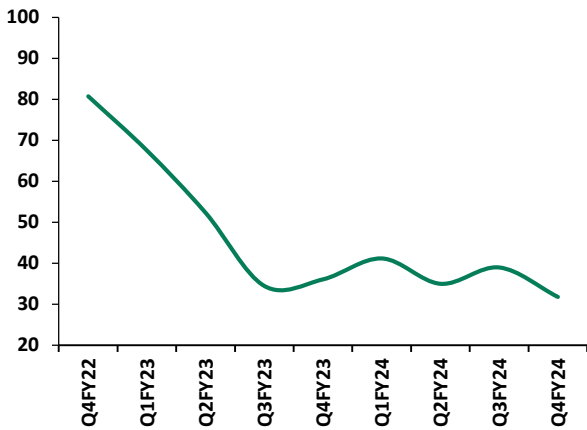
Source: AceEquity, SMIFS Research

Fig 3: Key Performance Indicators

Y/E March (Rs mn)	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Total volume (in MT)	41816	40240	45919	53460	51878	53001	57173	61256
YoY Change (%)	3.0	-3.8	14.1	16.4	-3.0	2.2	7.9	7.1
Net realization (Rs/kg)	245	208	199	292	312	273	260	270
YoY Change (%)	4	-15	-4	47	7	-13	-5	4
EBITDA spreads (Rs/kg)	70	44	28	54	49	37	39	45
YoY Change (%)	7.1	-36.7	-35.7	87.9	-9.0	-24.5	6.7	13.3

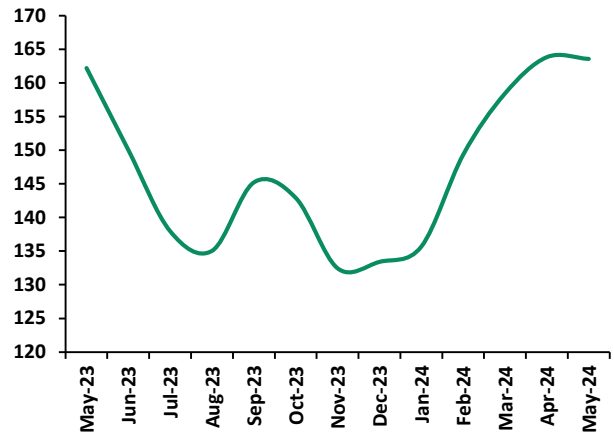
Source: Company, SMIFS Research Estimates

Fig 4: Quarterly EBITDA Per Kg (in Rs Kg)



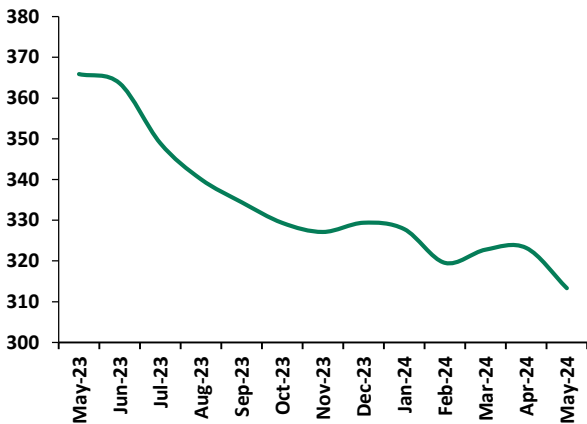
Source: Company, SMIFS Research

Fig 5: Indian Aniline Prices (In Rs Kg)



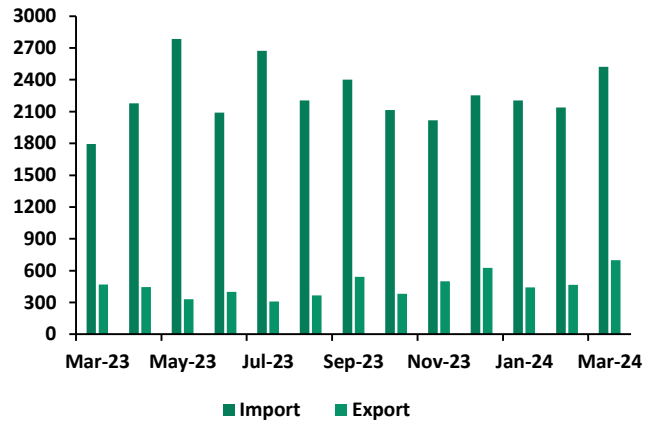
Source: Company, SMIFS Research

Fig 6: Indian Accelerator CZ Prices (in Rs kg)



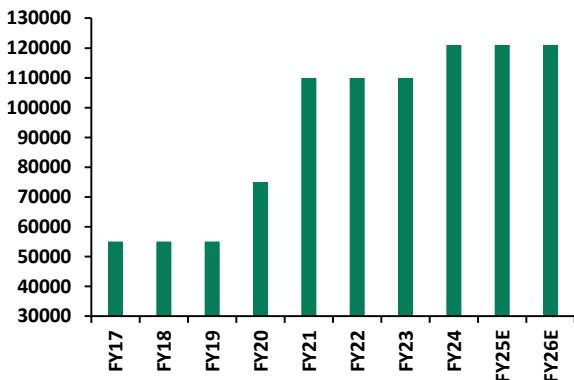
Source: Company, SMIFS Research

Fig 7: India's Accelerator Import & Export Data (in kg Tons)



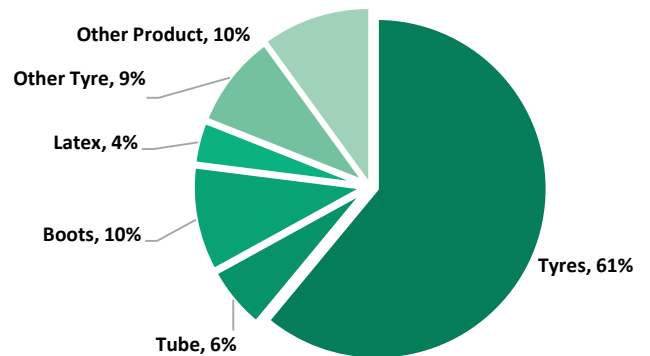
Source: Company, SMIFS Research

Fig 8: Name plate Installed Capacity (In MT)



Source: Company, SMIFS Research, includes Intermediates plus finished capacity

Fig 9: End-user Industries of NOCIL



Source: Company, SMIFS Research

Quarterly financials, operating metrics and key performance indicators

Fig 10: Quarterly Financials

Y/E March (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Sales	5089	3892	3257	3927	3967	3509	3406	3565
Raw Materials	2726	2057	1759	2335	2274	1982	1830	2065
Employee Costs	240	213	214	208	245	239	239	198
Other Expenditure	1090	1003	907	887	893	835	849	855
EBITDA	1033	620	377	497	555	453	489	446
Depreciation	137	140	142	139	129	131	135	133
Interest	3	3	3	3	4	3	5	4
Other Income	4	9	21	29	50	46	58	247
PBT	897	486	253	385	472	365	407	556
Tax	232	128	67	102	129	94	107	141
<i>Tax rate (%)</i>	25.9	26.4	26.4	26.5	27.3	25.7	26.3	25.3
Reported PAT	665	357	186	283	343	272	300	415
YoY Growth (%)								
<i>Revenue</i>	47.7	3.8	-16.2	-15.1	-22.1	-9.9	4.6	-9.2
<i>EBITDA</i>	40.1	23.3	-25.7	-55.4	-46.3	-27.0	29.5	-10.3
<i>PAT</i>	40.2	19.1	-37.5	-58.9	-48.4	-24.0	61.1	46.7
QoQ Growth (%)								
<i>Revenue</i>	10.0	-23.5	-16.3	20.6	1.0	-11.5	-2.9	4.7
<i>EBITDA</i>	-7.3	-40.0	-39.2	31.8	11.6	-18.4	7.9	-8.7
<i>PAT</i>	-3.5	-46.3	-47.9	52.1	21.1	-20.8	10.5	38.5
Margin (%)								
<i>Gross</i>	46.4	47.2	46.0	40.5	42.7	43.5	46.3	42.1
<i>EBITDA</i>	20.3	15.9	11.6	12.7	14.0	12.9	14.3	12.5
<i>PAT</i>	13.1	9.2	5.7	7.2	8.6	7.7	8.8	11.7
<i>Employee cost as % of sales</i>	4.7	5.5	6.6	5.3	6.2	6.8	7.0	5.6
<i>Other expenses as % of sales</i>	21.4	25.8	27.8	22.6	22.5	23.8	24.9	24.0
Operational Metrics								
<i>Volumes (In KMT)</i>	15.3	11.9	10.9	13.8	13.5	12.9	12.5	14.1
<i>Realization per kg</i>	333	328	297.7	285	294	271.2	271.9	253.6
<i>Gross spreads per kg</i>	154.5	154.8	136.9	115.5	125.6	118.0	125.8	106.7
<i>EBITDA spreads per kg</i>	67.5	52.3	34.5	36.1	41.2	35.0	39.0	31.7

Source: Company, SMIFS Research Estimates

Fig 11: Change in Estimates

	New Estimates		Old Estimates		Change (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Revenue	14,946	16,632	15,243	17,298	-2%	-4%
EBITDA	2,246	2,727	2,386	2,983	-6%	-9%
EBITDA Margin	15.0%	16.4%	15.7%	17.2%	(63) bps	(85) bps
PAT	1,428	1,772	1,493	1,953	-4%	-9%
EPS (Rs)	8.6	10.6	9.0	11.7	-5%	-9%

Source: Company, SMIFS Research Estimates

- Minor cut in topline because of cut in realization factoring in high competitive intensity from imports.
- We have cut EBITDA spreads estimate by 6%/5% for FY25/FY26E respectively which led to cut in EBITDA.

Financial Statements (Consolidated)

Income Statement					
YE March (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenues	15,713	16,166	14,447	14,946	16,632
Raw Materials	8,593	8,877	8,151	8,254	9,033
% of sales	54.7	54.9	56.4	55.2	54.3
Employee	808	875	921	980	1,036
% of sales	5.1	5.4	6.4	6.6	6.2
Other Expenses	3,450	3,887	3,425	3,466	3,836
% of sales	22.0	24.0	23.7	23.2	23.1
EBITDA	2,862	2,527	1,950	2,246	2,727
Other Income	39	62	394	256	262
Depreciation & Amortization	483	557	528	549	570
EBIT	2,417	2,033	1,816	1,952	2,419
Finance cost	11	12	16	19	20
Core PBT	2,367	1,959	1,406	1,678	2,137
PBT	2,406	2,021	1,800	1,933	2,399
Tax-Total	645	529	470	505	627
Tax Rate (%) – Total	26.8	26.2	26.1	26.1	26.1
PAT	1,761	1,492	1,330	1,428	1,772

Source: Company, SMIFS Research Estimates

Key Ratios					
YE March	FY22	FY23	FY24	FY25E	FY26E
Growth Ratio (%)					
Revenue	69.9	2.9	-10.6	3.5	11.3
EBITDA	118.8	-11.7	-22.8	15.1	21.4
PAT	99.2	-15.3	-10.8	7.4	24.1
Margin Ratios (%)					
Gross Profit	45.3	45.1	43.6	44.8	45.7
EBITDA	18.2	15.6	13.5	15.0	16.4
EBIT	15.4	12.6	12.6	13.1	14.5
Core PBT	15.1	12.1	9.7	11.2	12.8
Adj PAT	11.2	9.2	9.2	9.6	10.7
Return Ratios (%)					
ROE	12.9	10.0	8.2	8.2	9.6
ROCE	12.9	10.0	8.2	8.2	9.6
Turnover Ratios (days)					
Gross block turn ratio (x)	1.5	1.7	1.5	1.5	1.6
Adj OCF / PAT (%)	-19.1	185.8	147.1	102.4	107.2
Inventory	77.3	64.3	56.3	60.0	60.0
Debtors	104.5	78.1	85.9	90.0	90.0
Creditors	50.0	28.7	29.8	30.0	30.0
Cash conversion cycle	131.8	113.7	112.4	120.0	120.0
Solvency Ratio (x)					
Debt-equity	0.0	0.0	0.0	0.0	0.0
Net debt/equity	0.0	-0.2	-0.3	-0.3	-0.3
Gross debt/EBITDA	0.0	0.0	0.1	0.1	0.0
Current Ratio	3.3	5.2	5.9	6.1	6.0
Interest coverage ratio	221.8	169.4	112.1	102.8	121.0
Dividend					
DPS	3.0	3.0	3.0	3.3	3.6
Dividend yield (%)	1.3	1.2	1.3	1.3	1.4
Dividend payout (%)	28.4	33.5	37.6	38.5	34.1
Per share (Rs)					
Basic EPS (reported)	10.6	9.0	8.0	8.6	10.6
Adjusted EPS	10.6	9.0	8.0	8.6	10.6
CEPS	13.5	12.3	11.1	11.9	14.1
BVPS	86.7	93.1	101.9	107.2	114.2
Valuation (x)					
Adj P/E	22.5	27.2	29.7	30.2	24.4
P/BV	2.7	2.6	2.3	2.4	2.3
EV/EBITDA	13.6	15.0	17.8	17.0	13.9
EV / Sales	2.5	2.3	2.4	2.6	2.3
Adj Mcap / Core PBT	16.4	19.3	24.6	22.7	17.7
Adj Mcap / Adj OCF	-116.0	13.7	17.7	26.0	20.0

Source: Company, SMIFS Research Estimates

Balance Sheet					
YE March (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Source of funds					
Capital	1,666	1,666	1,667	1,667	1,667
Reserves & Surplus	12,786	13,855	15,319	16,197	17,364
Shareholders' Fund	14,452	15,521	16,986	17,864	19,031
Total Debt	55	98	131	122	113
Other Liabilities	1,232	1,271	1,401	1,454	1,609
Total Liabilities	15,739	16,890	18,518	19,440	20,753
Application of funds					
Gross Block	9,550	9,789	10,074	10,484	10,894
Net Block	9,090	8,875	8,694	8,505	8,294
Capital WIP	84	86	162	537	1,337
Quasi Cash Investments	359	420	1,186	1,403	1,405
Other Investments	4.4	4.5	4.5	4.3	4.3
Other Non-Current Assets	329	373	347	427	470
Inventories	3,327	2,849	2,228	2,457	2,734
Sundry Debtors	4,498	3,460	3,402	3,685	4,101
Cash and bank balances	160	574	955	1,951	2,073
Current investments	176	1,763	2,808	1,763	1,763
Other current assets	278	167	367	380	397
Total Current Assets	8,440	8,813	9,759	10,235	11,069
Sundry Creditors	2,151	1,273	1,181	1,228	1,367
Other current liabilities	415	408	454	444	461
Total Current Liabilities	2,566	1,681	1,634	1,672	1,828
Net Current Assets	5,873	7,132	8,125	8,563	9,241
Total Assets	15,739	16,890	18,518	19,440	20,753

Source: Company, SMIFS Research Estimates

Cash Flow					
YE March (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Operating profit before WC changes	2,855	2,529	1,930	2,502	2,989
Changes in working capital	-2,560	796	481	-515	-443
Tax Paid	-597	-505	-402	-505	-627
Cash flow from operating activities	-302	2,820	2,009	1,481	1,919
Adj. OCF	-336	2,771	1,956	1,462	1,899
Capital expenditure	-333	-291	-159	-735	-1,160
Adj. FCF	-669	2,479	1,797	726	739
Cash flow from investing activities	312	-2,168	-774	92	-1,163
Debt	0	0	0	-9	-9
Dividend	-332	-500	-501	-550	-605
Interest and lease	-33	-49	-53	-19	-20
Cash flow from financing activities	-336	-538	-553	-578	-634
Net change in cash	-327	114	683	995	123

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
