

22 July 2022

Century Plyboards (India)

Excellent quarter, demand buoyancy continues; upgrading to a Buy

Rating: **Buy**

Target Price: Rs.740

Share Price: Rs.580

Beating our revenue/PAT estimates, Century Plyboards' Q1 FY23 result was outstanding, though margins belied our expectation. Revenue/EBITDA/PAT rose 94.3%/137.7%/194.3% y/y to Rs8,888m/Rs1,431m/Rs923m. Strong traction was seen in all divisions (despite continuing input cost pressure), leading to greater offtake and better realisation y/y. Sequentially, laminate and medium-density fibreboard sales volumes and container-freight-station services were lower, while plywood realisations were down.

Diversified products with strong brand pull; healthy balance sheet. The company is a one-stop solutions provider in wood panels due to its operations across segments and brand recall across product categories. This has helped to better growth, profitability and cash generation. The balance sheet is healthy and the vigorous capex would largely be funded from internal accruals.

Key expansion projects on track, commissioning as scheduled. The Rs2.2bn brownfield MDF expansion at Hoshiarpur in Punjab is likely to be commissioned by end-Q2 FY23, while the Rs2bn greenfield laminate and Rs6bn MDF projects at Kadapa in Andhra Pradesh are likely to be commissioned in Q2 FY24 and H2 FY24 (through Century Panels).

CFS business to be transferred to Century Infra. The company will receive 327.1m shares in its wholly-owned subsidiary, Century Infra, against transfer of the container freight station services business as a going concern on a slump sale basis w.e.f. 1st Apr'22

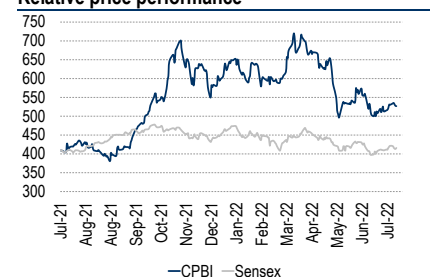
Encouraging demand outlook, input cost tailwind; upgrading to a Buy. The bright outlook, backed by continued healthy real-estate bookings and strong demand from end-users, keep us positive on the wood-panel segment. Input cost tailwinds are expected to lift margins. The vigorous capex provides medium-term growth assurance. The healthy balance sheet is comforting. The stock looks attractively priced. We have a Buy on it, with a higher price target of Rs740 (earlier Rs721), based on 35x FY24e earnings (unchanged).

Key data	CPBI IN / CNTP.BO
52-week high / low	Rs.749 / 342
Sensex / Nifty	55682 / 16605
3-m average volume	\$1.2m
Market cap	Rs.129bn / \$1612.1m
Shares outstanding	222m

Shareholding pattern (%)	Jun'22	Mar'22	Jun'20
Promoters	73.0	73.0	73.0
- of which, Pledged	-	-	-
Free float	27.0	27.0	27.0
- Foreign institutions	7.0	6.9	5.5
- Domestic institutions	12.0	11.2	13.2
- Public	8.0	8.9	8.3

Estimates revision (%)	FY23e	FY24e
Sales	10.8	6.4
EBITDA	8.9	7.3
PAT	3.5	2.7

Relative price performance



Source: Bloomberg

Key financials (YE Mar)	FY20	FY21	FY22	FY23e	FY24e
Sales (Rs m)	23,170	21,304	30,270	36,287	41,372
Net profit (Rs m)	1,506	1,915	3,131	4,008	4,703
EPS (Rs)	6.8	8.6	14.1	18.0	21.1
P/E (x)	85.8	67.5	41.3	32.2	27.5
EV / EBITDA (x)	40.0	38.6	24.4	20.2	17.6
P/BV (x)	11.8	10.2	8.3	6.8	5.5
RoE (%)	14.6	16.2	22.2	23.1	22.2
RoCE (%) after tax	10.0	14.1	18.7	19.4	18.5
Dividend yield (%)	0.2	0.2	0.3	0.3	0.4
Net debt / equity (x)	0.3	0.0	0.0	0.1	0.2

Source: Company, Anand Rathi Research

Rishab Bothra
Research Analyst

Anand Rathi Share and Stock Brokers Limited (hereinafter "ARSSBL") is a full-service brokerage and equities-research firm and the views expressed therein are solely of ARSSBL and not of the companies which have been covered in the Research Report. This report is intended for the sole use of the Recipient. Disclosures and analyst certifications are present in the Appendix.

Quick Glance – Financials and Valuations (Consol.)

Fig 1 – Income statement (Rs m)

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
Net revenues	23,170	21,304	30,270	36,287	41,372
Growth (%)	1.6	-8.1	42.1	19.9	14.0
Direct costs	11,605	10,405	15,021	17,917	20,169
SG&A	6,042	4,858	9,941	11,907	13,640
EBITDA	3,307	3,355	5,308	6,464	7,563
EBITDA margins (%)	14.3	15.7	17.5	17.8	18.3
- Depreciation	1,274	687	743	1,002	1,337
Other income	128	173	231	272	310
Interest expenses	389	128	114	205	267
PBT	1,772	2,596	4,682	5,529	6,270
Effective tax rates (%)	29.3	26.3	33.1	27.5	25.0
+ Associates / (Minorities)	253	2	-1	-	-
Net income	1,506	1,908	3,146	4,008	4,703
Adjusted income	1,506	1,915	3,131	4,008	4,703
WANS	222.5	222.5	222.5	222.5	222.5
FDEPS (Rs / sh)	6.8	8.6	14.1	18.0	21.1
FDEPS growth (%)	1.4	27.1	63.5	28.0	17.3
Gross margins (%)	49.9	51.2	50.4	50.6	51.3

Fig 3 – Cash-flow statement (Rs m)

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
EBIT (excl. other income)	1,772	2,596	4,682	5,529	6,270
+ Non-cash items	1,274	687	743	1,002	1,337
Oper. prof. before WC	3,046	3,282	5,425	6,531	7,607
- Incr. / (decr.) in WC	1,086	683	(1,811)	(1,375)	(1,098)
Others incl. taxes	(18)	(322)	(983)	(1,316)	(1,301)
Operating cash-flow	4,115	3,644	2,631	3,841	5,208
- Capex (tang. + intang.)	(587)	(584)	(2,369)	(3,486)	(6,587)
Free cash-flow	3,528	3,060	262	355	(1,379)
Acquisitions					
- Div.(incl. buyback & taxes)	(267)	(223)	(334)	(445)	(556)
+ Equity raised	-	-	-	-	-
+ Debt raised	(2,717)	(1,049)	986	887	1,240
- Fin investments	1	(1,106)	1,105	-	-
- Misc. (CFI + CFF)	(559)	(22)	(317)	(424)	(633)
Net cash-flow	(15)	661	1,702	372	(1,329)

Source: Company, Anand Rathi Research

Fig 5 – Price movement


Source: Bloomberg

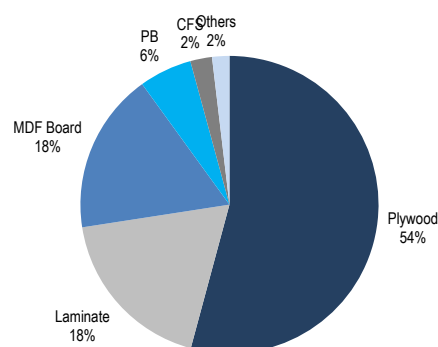
Fig 2 – Balance sheet (Rs m)

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
Share capital	223	223	223	223	223
Net worth	10,684	12,451	15,346	18,909	23,056
Debt	3,268	2,220	3,205	4,092	5,332
Minority interest	-17	-12	-26	-38	-50
DTL / (Assets)	-573	-420	167	167	167
Capital employed	13,583	14,462	18,914	23,354	28,727
Net tangible assets	7,825	7,599	7,745	11,495	16,495
Net intangible assets	8.78	7.63	6.91	6.91	6.91
Goodwill	13	13	13	13	13
CWIP (tang. & intang.)	160	285	1,766	500	750
Investments (strategic)	2	3	3	3	3
Investments (financial)	-	1,105	-	-	-
Current assets (excl. cash)	1,217	1,055	1,372	1,550	1,884
Cash	248	908	2,610	2,983	1,654
Current liabilities	923	1,144	862	1,026	1,146
Working capital	5,033	4,630	6,260	7,829	9,068
Capital deployed	13,583	14,462	18,914	23,354	28,727
Contingent liabilities	716	369	-	-	-

Fig 4 – Ratio analysis

Year-end: Mar	FY20	FY21	FY22	FY23e	FY24e
P/E (x)	85.8	67.5	41.3	32.2	27.5
EV / EBITDA (x)	40.0	38.6	24.4	20.2	17.6
EV / Sales (x)	5.7	6.1	4.3	3.6	3.2
P/B (x)	11.8	10.2	8.3	6.8	5.5
RoE (%)	14.6	16.2	22.2	23.1	22.2
RoCE (%) - after tax	10.0	14.1	18.7	19.4	18.5
RoIC	10.2	15.3	21.6	22.3	20.3
DPS (Rs / sh)	1.0	1.0	1.5	2.0	2.5
Dividend yield (%)	0.2	0.2	0.3	0.3	0.4
Dividend payout (%) - incl. DDT	17.7	11.7	10.6	11.1	11.8
Net debt / equity (x)	0.3	0.0	0.0	0.1	0.2
Receivables (days)	40.5	51.9	42.5	43.8	45.0
Inventory (days)	62.7	63.3	63.5	65.0	65.0
Payables (days)	23.9	35.8	30.5	30.0	30.0
CFO : PAT %	273.2	190.3	84.0	95.8	110.7

Source: Company, Anand Rathi Research

Fig 6 – Q1 FY23 revenue mix


Source: Company

Financial highlights

Fig 7 – Financials (consolidated)

(Rs m)	Q1 FY22	Q4 FY22	Q1 FY23	% Y/Y	% Q/Q	FY21	FY22	% Y/Y
Revenue	4,575	9,011	8,888	94.3	(1.4)	21,304	30,270	42.1
Raw material costs	1,965	4,506	4,607	134.4	2.2	10,405	15,021	44.4
Employee costs	930	1,163	1,192	28.2	2.5	3,316	4,176	25.9
Other expenses	1,078	1,734	1,657	53.7	(4.4)	4,228	5,765	36.4
EBITDA	602	1,607	1,431	137.7	(10.9)	3,355	5,308	58.2
Other income	52	54	60	14.8	11.8	173	231	33.2
Depreciation	181	189	191	5.6	1.0	687	743	8.2
Finance costs	31	37	43	37.2	16.9	128	114	(10.6)
Exceptional items	-	-	-			118	-	
PBT	443	1,436	1,258	184.2	(12.4)	2,596	4,682	80.4
Tax	132	548	332	151.5	(39.4)	684	1,550	126.8
PAT	314	885	923	194.3	4.2	1,915	3,131	63.5
EPS (Rs)	1.4	4.0	4.1	194.3	4.2	8.6	14.1	63.5
As % of income				bps y/y	bps q/q			bps y/y
Gross margins	57.0	50.0	48.2	(888)	-183	51.2	50.4	-78
Employee costs	20.3	12.9	13.4	(691)	51	15.6	13.8	-177
Other expenses	23.6	19.2	18.6	(492)	-60	19.8	19.0	-80
EBITDA margins	13.2	17.8	16.1	295	-173	15.7	17.5	179
Depreciation	1.1	0.6	0.7	(47)	8	0.8	0.8	-5
Finance costs	3.9	2.1	2.1	(180)	5	3.2	2.5	-77
Other income	0.7	0.4	0.5	(20)	8	0.6	0.4	-22
PBT	9.7	15.9	14.2	448	-178	12.2	15.5	328
Effective tax rates	29.8	38.2	26.4	(342)	-1,179	26.3	33.1	678
PAT margins	6.9	9.8	10.4	353	56	9.0	10.3	135
Segment revenues (%)				bps y/y	bps q/q			bps y/y
Plywood	50.4	53.5	54.2	376	72	53.4	53.1	(34)
Laminates	19.2	19.2	18.4	-79	-86	19.5	19.0	(50)
MDF Boards	19.8	18.0	17.5	-237	-55	16.8	18.5	165
Particle Boards	5.2	5.2	5.7	55	53	4.2	5.0	75
CFS Services	4.0	2.4	2.4	-167	-6	3.9	2.6	(128)
Others	1.4	1.7	1.9	51	22	2.2	1.9	(28)
Total	100	100	100			100	100	
EBIT margins (%)				bps y/y	bps q/q			bps y/y
Plywood	5.0	15.7	9.7	469	-601	11.3	13.2	190
Laminates	13.6	12.5	13.4	-20	95	16.8	15.0	(174)
MDF Board	23.3	33.2	33.9	1065	76	21.3	29.5	819
Particle Board	20.5	28.9	35.0	1450	603	15.4	24.9	950
CFS Services	5.1	11.6	15.3	1025	373	16.2	9.8	(640)
Others	7.6	4.0	8.8	120	483	12.7	12.7	2
Blended margin (%)	11.1	18.7	16.2	506	-245	14.5	17.1	261

Source: Company, Anand Rathi Research

Quantitative highlights

Fig 8 – Financials (consolidated)

	Q1 FY22	Q4 FY22	Q1 FY23	% Y/Y	% Q/Q	FY21	FY22	% Y/Y
Volumes (units)								
Plywood (cu.mtr.)	42,754	87,398	88,015	105.9	0.7	222,628	298,063	33.9
Laminate (sheets)	1,151,858	1,964,843	1,848,545	60.5	(5.9)	5,517,779	6,749,237	22.3
MDF Board (cu.mtr.)	31,836	48,137	45,309	42.3	(5.9)	147,251	177,936	20.8
PB (cu.mtr.)	12,496	20,508	21,537	72.4	5.0	54,972	72,933	32.7
CFS Service (TEUs)	12,487	15,848	12,679	1.5	(20.0)	53,356	54,482	2.1
Realisation (Rs / unit)								
Plywood (cu.mtr.)	52,042	54,436	53,802	3.4	(1.2)	50,314	52,986	5.3
Laminate (sheets)	758	859	876	15.6	1.9	739	840	13.6
MDF Board (cu.mtr.)	28,571	33,787	34,296	20.0	1.5	24,396	31,215	27.9
PB (cu.mtr.)	19,030	22,796	23,713	24.6	4.0	16,387	20,642	26.0
CFS Services (TEUs)	14,527	13,510	16,295	12.2	20.6	15,417	14,229	(7.7)
Revenues (Rs m)								
Plywood	2,313	4,825	4,824	108.6	(0.0)	11,401	16,100	41.2
Laminates	879	1,736	1,636	86.1	(5.8)	4,150	5,747	38.5
MDF Board	910	1,628	1,556	70.9	(4.4)	3,594	5,609	56.1
Particle Board	238	470	511	114.8	8.6	901	1,508	67.4
CFS Services	184	217	209	13.6	(3.7)	830	791	(4.7)
Others	63	149	167	167.1	11.9	459	568	23.7
Less: Inter-segment	11	15	14	29.2	(1.9)	31	53	67.0
Overall revenues	4,575	9,011	8,888	93.9	(1.4)	21,304	30,270	42.1

Source: Company, Anand Rathi Research

Q1 FY23 Results highlights, analysis

Robust revenue growth boost profitability

- **Strong growth across verticals.** Revenue grew at a robust 94% y/y to Rs8.9bn, bolstered by key segments constituting 90% of revenue. These are plywood (54%), laminates (18%) and medium-density fibre-board (MDF, 17%), where revenues were up respectively 109%, 86% and 71% y/y.
- **Input cost pressure dents gross margin.** Input cost pressures pushed the gross margin down 888 bps y/y, 183bps q/q to 48.2%, partially mitigated by price hikes. Hence, gross profit (Rs4.4bn) growth was restricted to 64% y/y.
- **Economies of scale lift EBITDA margin y/y.** Higher revenue drove economies of scale, and absorption of fixed overheads improved considerably. Employee costs and other operating costs as percents of sales were 691bps and 492bps lower respectively to 13.4% and 18.6%. EBITDA grew a significant 138% y/y to Rs1.4bn.
- **Marked boost in PAT.** Strong operating profitability, higher other income (15% y/y) and a lower tax rate (26.4% of PBT, against 29.8% a year ago) rocketed PAT 194% y/y to Rs923m.

Performance, segment-wise

- **Encouraging demand environment drives volume.** Key business segments such as plywood, laminates and MDF saw y/y sales volumes increases of respectively 106%, 61% and 42%. Also, y/y particle-board sales volumes were an encouraging 72%. CFS volume growth, though, was a muted 1.5% y/y. Sequentially, however, laminate, particle board and CFS sales volumes were down.

Higher realisation to offset input cost pressures. Realisations across segments improved by double digits y/y, except for plywood which climbed only 3.4%.

Shorter working-capital cycle; net cash status maintained

- **Working-capital cycle shortens a bit.** The Q1 FY23 working-capital cycle was 58 days, against 63 in FY22, five days fewer owing to prudent working capital management.
- **High Liquidity persists.** Net cash on the books was unchanged at Rs1.8bn owing to strong profitability and efficient working-capital management

Healthy balance sheet, strong cash-flow generation to fund vigorous capex

- **Healthy cash-flow generation supports vigorous capex.** In FY22, cash from operations was Rs2.6bn; this is likely to rise to Rs3.8bn in FY23 and to 5.2bn in FY24.
- **25% already incurred, balance split over next 18 months.** Ongoing expansion entails Rs12.4bn cash outflow (Rs10.2bn on key projects). Of this, Rs2.5bn has been incurred in FY22 and Rs1bn in Q1 FY23. Rs3.2bn would be spent in the rest of FY23, Rs4.9bn in FY24 and Rs0.8bn beyond FY24.

CFS business to be transferred to Century Infra

- The company will receive 327.1m shares of its wholly-owned subsidiary, Century Infra, against the transfer of its container freight station services as an ongoing concern on a slump-sale basis w.e.f 1st Apr'22.

Fig 9 – Financial Information on the basis of book value

(Rs m)	Revenue	PBT	Net worth
Century Plyboards (India) (A)	30,008	4,802	15,612
Container freight station services (B)	778	62	201
% of B to A	2.59	1.30	1.29

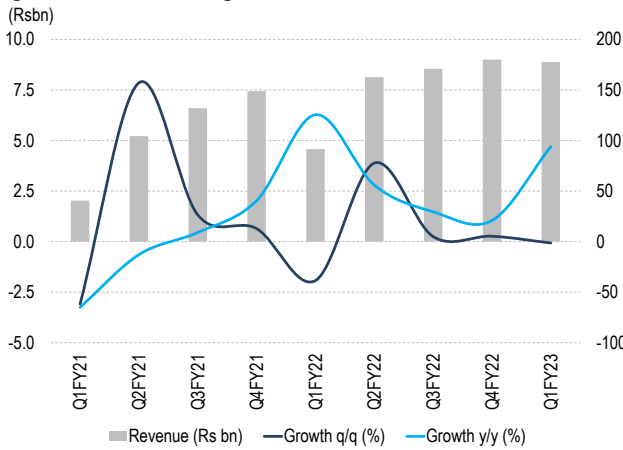
Source: Company, Anand Rathi Research

Q1 FY23 concall KTAs

- Q4 is usually a peak quarter, while Q1 is typically a lean quarter. However the company reported a stellar performance: its Q1 FY23 revenue was just 1.5% lower than in the previous quarter.
- The gross margin was lower due to price hikes with a lag effect and to the product-mix. Though input costs (kraft paper and phenol) have begun to soften, timber prices are still high.
- Timber makes up ~50% of the raw material cost, and prices of timber inched up ~5% q/q. The company has passed on the higher prices of timber. Since then, timber prices have been stable.
- Despite continuous input cost pressure in core segments like plywood and laminate, the company has partially mitigated such pressures by corresponding price increases and through operating leverage, aided by a better product mix.
- Price hikes in Q1 FY23: plywood 2–7% (premium 2%, Sainik 3%, Sainik MR 7%), laminates 3-4% (3% in 0.8mm and 4% in 1mm), particle boards 9% (5%+4%). No price hikes in MDF.
- The company is growing its base in tier-2 and -3 cities in mass market product categories, which are now growing fast.
- Management said FY23 plywood margins would be 13-15% due to front-loading A&P spends (IPL) and BCG expenses in Q1, full absorption of these cost in Q1 and expected operating leverage ahead. These expenses trimmed margins 1.5% in Q1 FY23.
- Laminate, MDF and PB EBITDA margins are expected to be firm for a year or so.
- Realisations in Prelam MDF and plain MDF per cu.mtr were respectively Rs44,000 and Rs31,000. Prelam MDF sales constitutes 20% of the division's revenues.
- ~70% of particle board is sold as Prelam. The company is aiming for ~80-85%.
- Plywood capacity is now 300,000 cu.mtr.; post-expansion it will be 330,000 cu.mtr.
- Utilisation levels in plywood/laminates/MDF/PB were 82%/89%/98%/120% in Q1 FY23, against 84%/97%/97%/115% the prior quarter. On commissioning of capacity, the company aims at 100% utilisation by the end of the third year
- The company is competing with paper manufactures in sourcing raw materials for MDF; in plywood it is competing only with other plywood manufacturers.
- Plywood is consumed by end-user/consumers, while PB and MDF are consumed by OEMs.
- Healthy double-digit volume and value growth guidance across key business verticals.

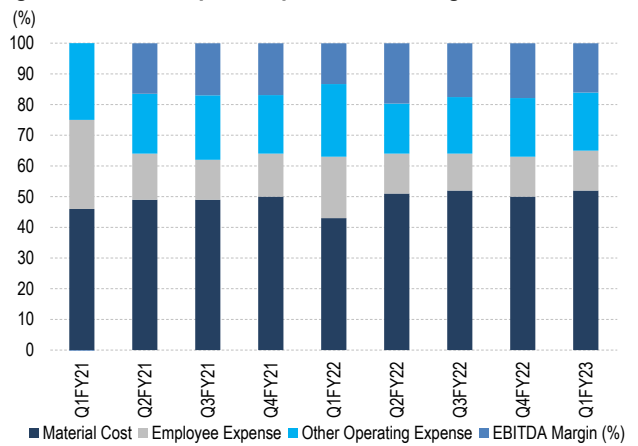
Story in charts

Fig 10 – Revenue and growth trends



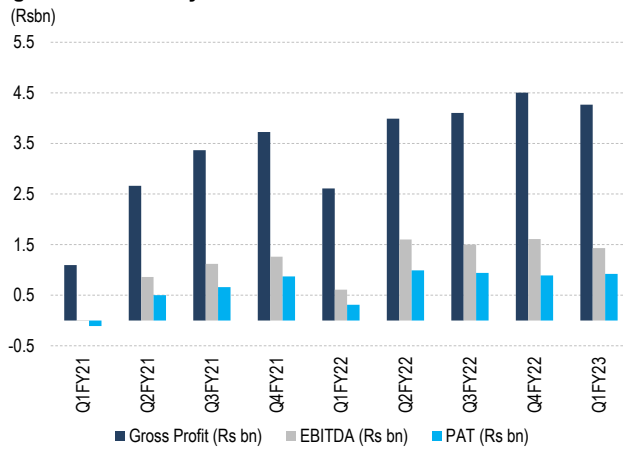
Source: Company, Anand Rathi Research

Fig 11 – Revenue split - expenses and margin trends



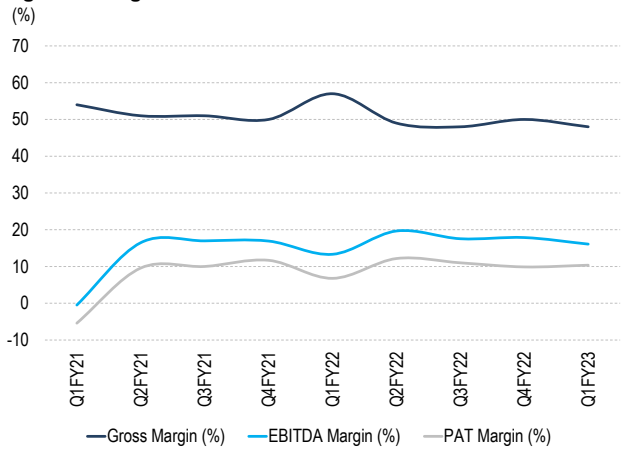
Source: Company, Anand Rathi Research

Fig 12 – Profitability trend



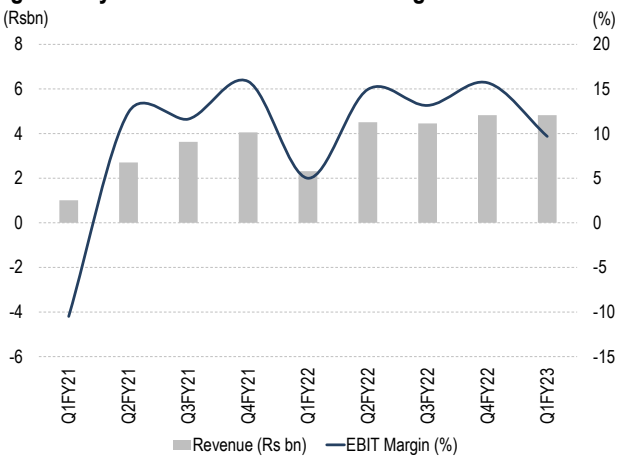
Source: Company, Anand Rathi Research

Fig 13 – Margin trend



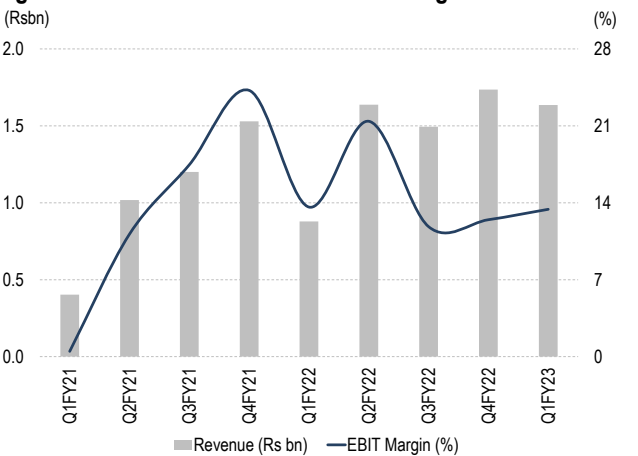
Source: Company, Anand Rathi Research

Fig 14 – Plywood: revenue and EBIT margin trends



Source: Company, Anand Rathi Research

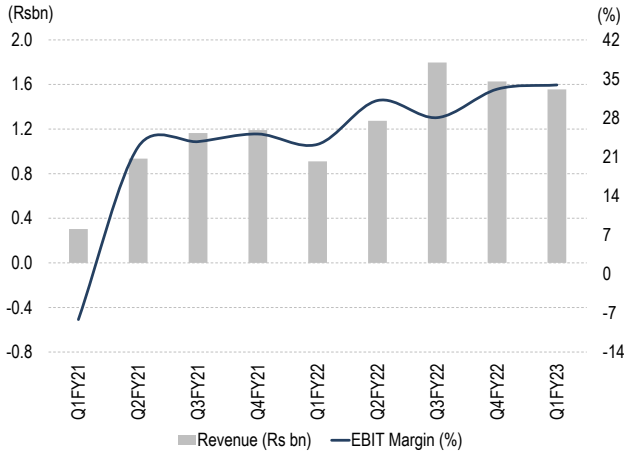
Fig 15 – Laminates: revenue and EBIT margin trends



Source: Company, Anand Rathi Research

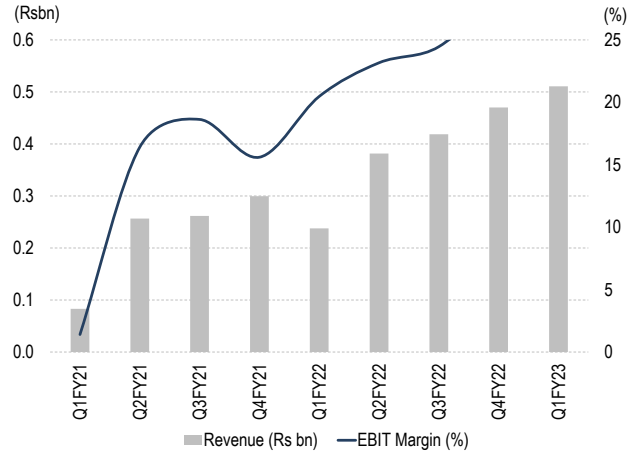
Story in charts continues

Fig 16 – MDF: revenue and EBIT margin trends



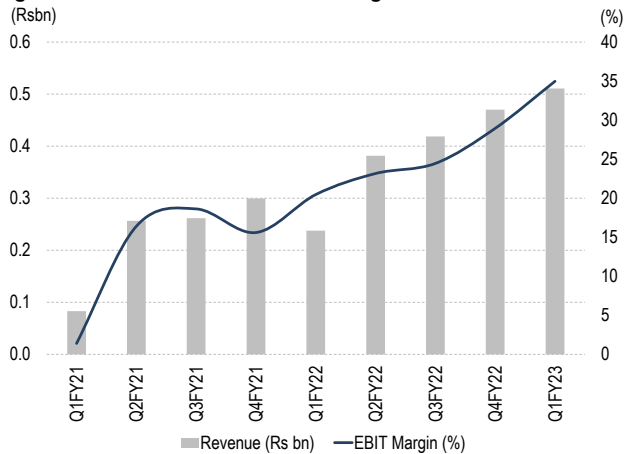
Source: Company, Anand Rathi Research

Fig 17 – PB: revenue and EBIT margin trends



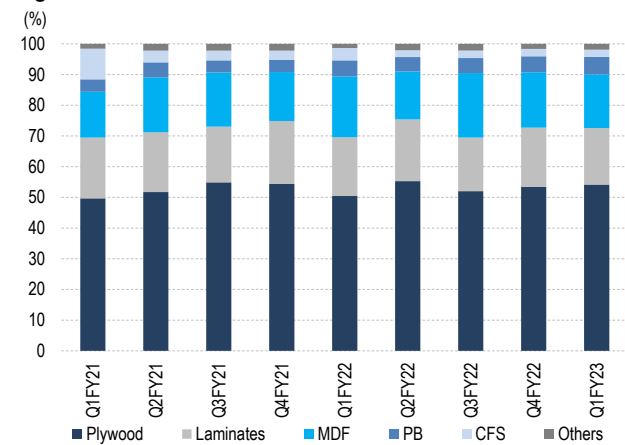
Source: Company, Anand Rathi Research

Fig 18 – CFS: revenue and EBIT margins trends



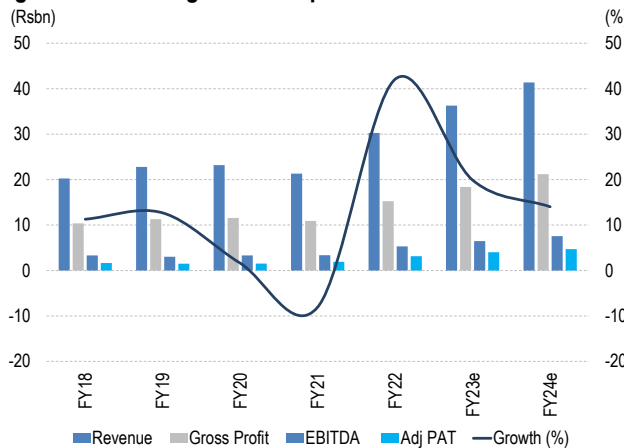
Source: Company, Anand Rathi Research

Fig 19 – Revenue-mix trend



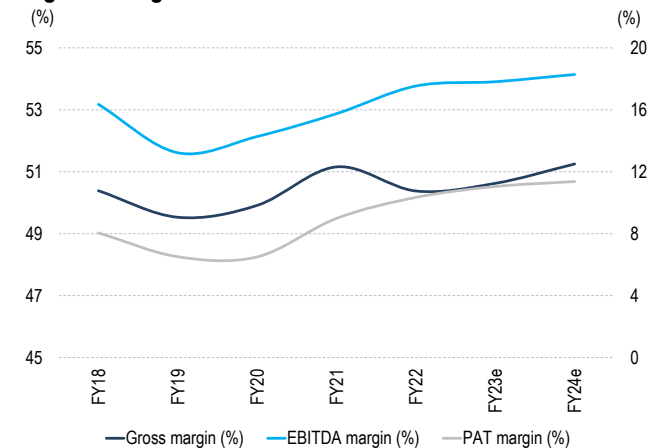
Source: Company, Anand Rathi Research

Fig 20 – Revenue growth and profit trends



Source: Company, Anand Rathi Research

Fig 21 – Margin trend



Source: Company, Anand Rathi Research

Valuation

We like Century for its leading position in its key business verticals, strong brand image (the premium-range Century Club and the mid-range Sainik in plywood) and its diversified product range. Also, management has been conservative and prudently allocating capital, which has helped strengthen and maintain a healthy balance sheet.

We believe in Century's long-term structural growth as it is set to gain from demand revival at end-user industries, supported by macro-economic factors (rising disposable incomes, government focus on housing for all).

We expect 17%/23% revenue/earnings CAGRs over FY22-24 after the single-digit revenue growth and muted earnings performance over FY16-20. Return ratios, too, are expected to come at over 20% after a gap of 3-4 years despite relentless capex.

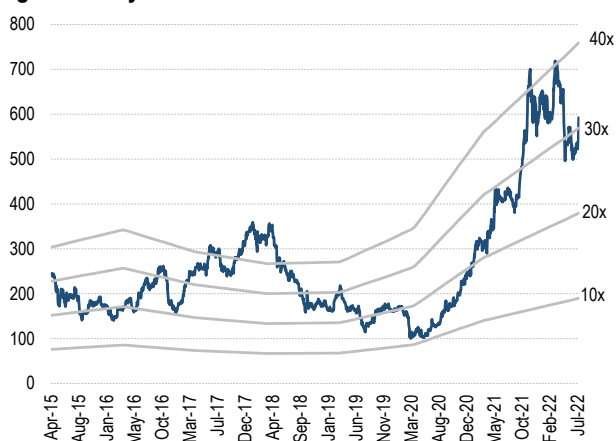
Encouraging demand outlook, input cost tailwind; upgrading to a Buy. The bright outlook, backed by continued healthy real-estate bookings and strong demand from end-users, keep us positive on the wood-panel segment. Input cost tailwinds are expected to lift margins. The vigorous capex provides medium-term growth assurance. The healthy balance sheet is comforting. The stock looks attractively priced. We have a Buy on it, with a higher price target of Rs740 (earlier Rs721), based on 35x FY24e earnings (unchanged).

Fig 22 – Change in estimates

(Rs m)	Old		New		% Var	
	FY23e	FY24e	FY23e	FY24e	FY23	FY24
Income	32,754	38,896	36,287	41,372	10.8	6.4
EBITDA	5,937	7,050	6,464	7,563	8.9	7.3
EBITDA margins %	18.1	18.1	17.8	18.3	(29)	18
PAT	3,873	4,581	4,008	4,703	3.5	2.7
EPS (Rs)	17.4	20.6	18.0	21.1	3.5	2.6

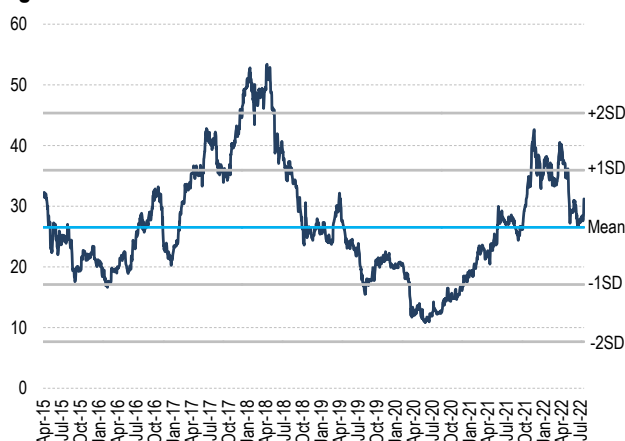
Source: Anand Rathi Research

Fig 23 – One-year forward PE band



Source: Company, Anand Rathi Research

Fig 24 – PE Mean and Standard deviation



Source: Company, Anand Rathi Research

Risks

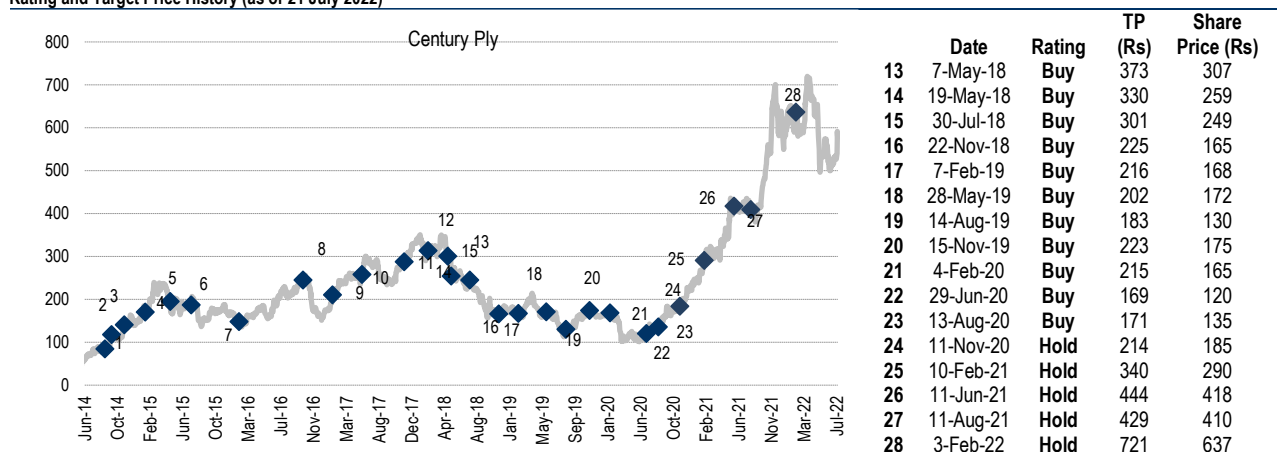
- **Slowdown in real-estate activity.** Lower demand at end-user industries would curtail offtake and profitability.
- **Heightened competition.** Considering the strong structural boom in end-user industries, those into furnishings are expanding capacities. Hence, competition seems bound to intensify, which may constrain volume growth if the market does not keep pace, or if the company's markets and those of its peers overlap.
- **Key raw material availability, volatile input costs.** Sourcing of key raw materials (face veneers, etc.) at reasonable prices is the key challenge due to environmental concerns. Also, a few of the raw materials such as phenol are linked to crude-oil prices, which are volatile. These pose risks to margins.
- **Currency volatility.** Since the company imports most of its raw material, currency fluctuations could dent margins.
- **Delay in project commissioning.** This may push up project costs and reduce envisaged growth rates and profitability.

Appendix

Analyst Certification

The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Important Disclosures on subject companies Rating and Target Price History (as of 21 July 2022)



Anand Rathi Ratings Definitions

Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps (>US\$1bn) and Mid/Small Caps (<US\$1bn) as described in the Ratings Table below:

Ratings Guide (12 months)

	Buy	Hold	Sell
Large Caps (>US\$1bn)	>15%	5-15%	<5%
Mid/Small Caps (<US\$1bn)	>25%	5-25%	<5%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX), and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.

The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

General Disclaimer: This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers. No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are our current opinions as of the date appearing on this Research only. We do not undertake to advise you as to any change of our views expressed in this Report. Research Report may differ between ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.

ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.

Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on our website i.e. www.rathionline.com

Disclaimers in respect of jurisdiction: This report is not directed to, 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 or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Answers to the Best of the knowledge and belief of ARSSBL/ its Associates/ Research Analyst who is preparing this report

Research analyst or research entity or his associate or his relative has any financial interest in the subject company and the nature of such financial interest.	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company	No
ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report?	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report	No
ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	No
ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	No

© 2022. This report is strictly confidential and is being furnished to you solely for your information. All material presented in this report, unless specifically indicated otherwise, is under copyright to ARSSBL. None of the material, its content, or any copy of such material or content, may be altered in any way, transmitted, copied or reproduced (in whole or in part) or redistributed in any form to any other party, without the prior express written permission of ARSSBL. All trademarks, service marks and logos used in this report are trademarks or service marks or registered trademarks or service marks of ARSSBL or its affiliates, unless specifically mentioned otherwise.

Additional information on recommended securities/instruments is available on request.

ARSSBL registered address: Express Zone, A Wing, 9th Floor, Western Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097.
Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.