

Dixon Technologies

Refer to important disclosures at the end of this report

Revenue disappoints, margin the savior

- Dixon's PAT for 3QFY23 was ~30% below consensus estimates. Sales declined 22% YoY and turned out to be the major disappointment. Consumer electronics and lighting sales declined by more than 35% YoY, and were the main segments that dragged down sales.
- Despite lower sales, margin came in at 4.6%, with all segments seeing better margin than in 3QFY22. Management indicated that value engineering, cost optimization and certain price hikes were the main margin drivers.
- FY23 sales guidance by Management has been further cut to Rs120-125bn from the Rs140-145bn guided a few months earlier. Sales guidance for FY23 at the start of the year was ~Rs170-180bn. We have built-in ~Rs120bn/Rs180bn revenue for FY23E/FY24E, with EBITDAM at ~4%. Our EPS for FY24E/FY25E stands at ~Rs71/Rs97. Our Dec-23 TP stands at Rs3,165/share, based on 35x (40x earlier, given lower growth rate in the medium term).
- **Big miss on the mobile and TV fronts:** The mobile market in both, India and globally, is seeing a slowdown. During 3Q, the mobile market in India was down 27% YoY on volume basis and stands at 12% for 9M. While the Motorola market share in India has sustained, US exports have not materialized. Management indicated to mobile sales increasing, from Rs38-40bn in FY23 to ~Rs80bn in FY24, on the back of two large-client additions. The two clients have potential of ~Rs50bn annual revenue. On the TV front, Dixon is expected to clock 3.5-3.6mn volumes in FY23E, while ~4.2mn is expected for FY24E.
- **Slowdown in lighting as well:** Lighting volumes have been on a decline since the start of the year, conforming to the ongoing slowdown. Apart from the drop in volume, Company has also seen a hit on pricing, thus further aggravating the situation. For 9M, sales are down 20%, though the better margin has led to only 3% lower EBITDA. Management indicated new products and geographies will help to scale up business in the medium term.
- **Home Appliance faring well:** The order book on the semi-automatic front is healthy. 9M sales/EBITDA is up 82%/120% YoY. In FY23, the company is expected to deliver 1.1-1.5mn units of Semi-Automatic Washing Machines (WMs). For Fully Automatic WMs, the target is 0.16mn units in FY23 and a potential doubling in FY24.
- **Valuation and outlook:** We believe slowdown in some key segments is hampering overall growth of brands, with additional impact from Dixon being a B2B supplier. In the last one year, the Street has cut FY23 EPS by over 30% owing to lower sales. We have cut our FY23e-FY25e EPS by 16-20% largely on account of lower sales, while margin remains at ~4%. We maintain HOLD on the stock, with Dec-23 TP of Rs3,165/share based on 35x PE. Sales ramp-up remains the key monitorable going forward, in our view. Risks include slowdown leading to lower requirement by brands.

Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	64,482	1,06,971	1,19,919	1,81,843	2,33,779
EBITDA	2,866	3,791	4,706	7,144	9,137
EBITDA Margin (%)	4.4	3.5	3.9	3.9	3.9
APAT	1,598	1,902	2,272	4,208	5,752
EPS (Rs)	26.9	32.1	38.3	70.9	96.9
EPS (% chg)	32.6	19.0	19.4	85.2	36.7
ROE (%)	25.0	21.9	20.6	29.8	30.4
P/E (x)	124.9	104.9	87.9	47.4	34.7
EV/EBITDA (x)	69.7	53.0	42.8	28.0	21.4
P/BV (x)	27.1	20.0	16.5	12.4	9.2

Source: Company, Emkay Research

CMP	Target Price
Rs 3,364 as of (January 26, 2023)	Rs 3,165 (▼) 12 months
Rating	Upside
HOLD (■)	(5.9) %

Change in Estimates

EPS Chg FY23E/FY24E (%)	(16)/(20)
Target Price change (%)	(18%)
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY23E	FY24E
Emkay	38.3	70.9
Consensus	54.6	82.7
Mean Consensus TP (12M)	Rs 4,350	

Stock Details

Bloomberg Code	DIXON IN
Face Value (Rs)	2
Shares outstanding (mn)	60
52 Week H/L	4,830 / 3,181
M Cap (Rs bn/USD bn)	200 / 2.46
Daily Avg Volume (nos.)	1,62,670
Daily Avg Turnover (USD mn)	8.2

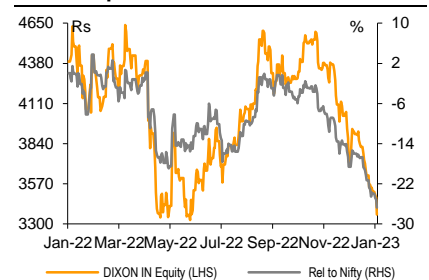
Shareholding Pattern Dec '22

Promoters	34.1%
FIIIs	16.7%
DIIIs	18.9%
Public and Others	30.4%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(10)	(22)	(11)	(26)
Rel. to Nifty	(10)	(23)	(17)	(29)

Relative price trend



This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Abhineet Anand

abhineet.anand@emkayglobal.com
+91 22 6624 2466

Anshul Agrawal

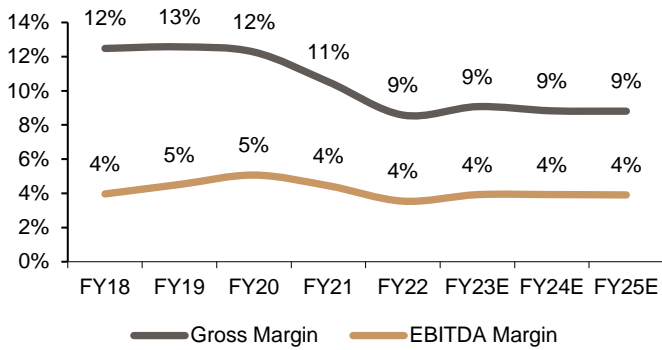
anshul.agrawal@emkayglobal.com
+9122 6612 1228

Naman Bagrecha

naman.bagrecha@emkayglobal.com
+91 22 6612 1235

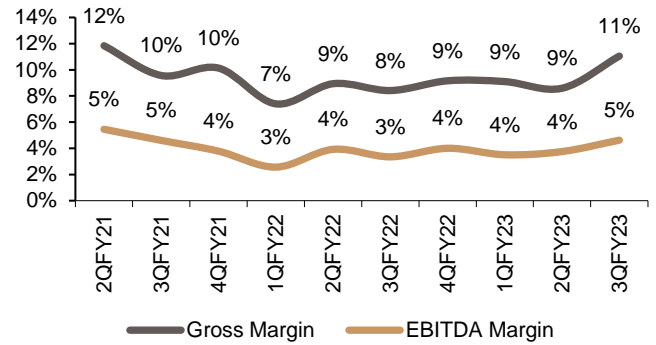
Story in charts

Exhibit 1: EBITDAM to be stable over FY23E-25E



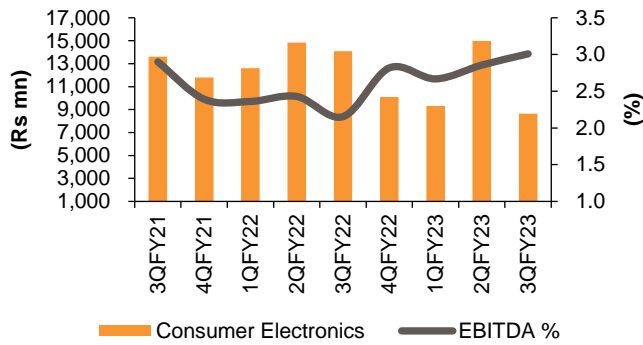
Source: Company, Emkay Research

Exhibit 2: Margins improved due to price hikes and cost optimization



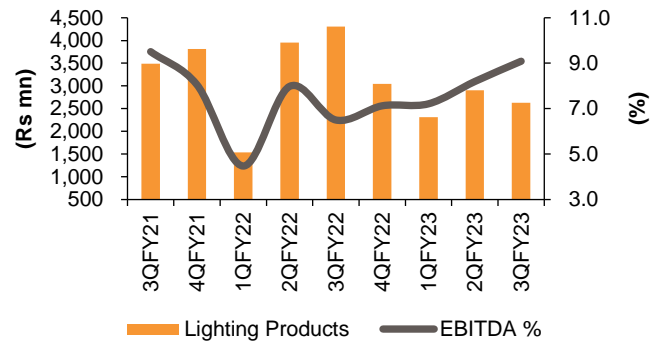
Source: Company, Emkay Research

Exhibit 3: Margins improved despite volume decline



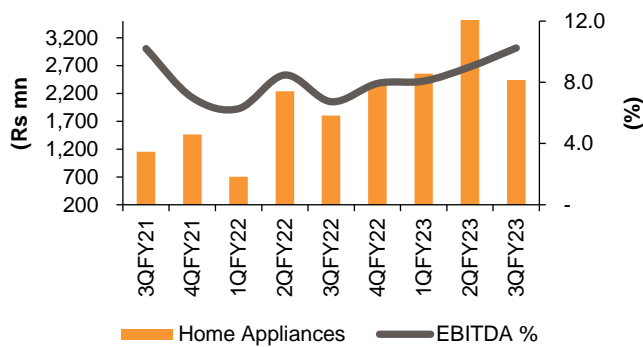
Source: Company, Emkay Research

Exhibit 4: Despite slow demand, margins improved



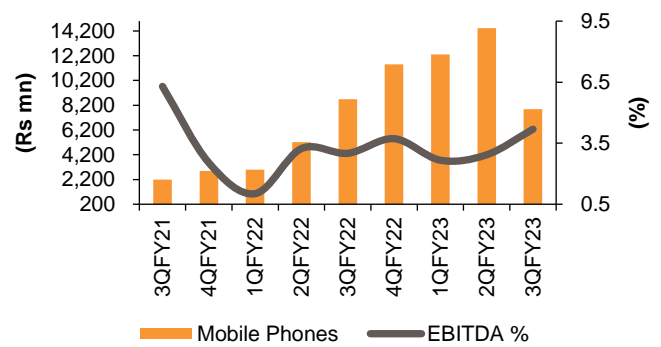
Source: Company, Emkay Research

Exhibit 5: Both, margins and sales, improved YoY



Source: Company, Emkay Research

Exhibit 6: Motorola US exports did not materialize



Source: Company, Emkay Research

Exhibit 7: Actual vs. Estimates (Q3FY23)

(Rs mn)	Actual	Estimate (Emkay)	Consensus estimate (Bloomberg)	Variation	
				Emkay	Consensus
Revenue	24,047	34,595	35,787	-30%	-33%
EBITDA	1,112	1,332	1,318	-17%	-16%
EBITDA Margin	4.6%	3.8%	3.7%	77 bps	94 bps
PAT	512	684	730	-25%	-30%

Source: Company, Bloomberg, Emkay Research

Exhibit 8: Summary of quarterly financials

(Rs mn)	Q3FY20	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)	3-year CAGR
Total Sales	9,938	30,733	29,528	28,551	38,668	24,047	(21.8)	(37.8)	40%
Raw Material	8,666	28,147	26,823	25,953	35,346	21,391	(24.0)	(39.5)	41%
as % of sales	87.2	91.6	90.8	90.9	91.4	89.0			
Employee Cost	272	533	537	547	702	637	19.4	(9.3)	31%
as % of sales	2.7	1.7	1.8	1.9	1.8	2.6			
Other operating expenses	486	1,023	986	1,050	1,168	908	(11.2)	(22.3)	31%
as % of sales	4.9	3.3	3.3	3.7	3.0	3.8			
Total Expenditure	9,423	29,703	28,346	27,550	37,216	22,936	(22.8)	(38.4)	41%
EBITDA	515	1,030	1,182	1,001	1,452	1,112	7.9	(23.4)	32%
Depreciation	98	282	191	241	291	290	2.9	(0.3)	53%
EBIT	417	748	991	761	1,161	821	9.8	(29.2)	28%
Other Income	18	7	18	4	6	28	320.9	412.7	-42%
Interest	81	120	139	144	158	152	26.5	(4.2)	19%
PBT	355	635	869	621	1,008	698	9.9	(30.8)	28%
Tax	92	171	238	165	231	186	8.6	(19.5)	63%
PAT before MI	263	464	632	455	777	512	10.4	(34.1)	22%
Minority interest	-	-	-	-	-	-			
PAT	263	464	632	455	777	512	10.4	(34.1)	22%
Margins (%)							(bps)	(bps)	
Gross	12.8	8.4	9.2	9.1	8.6	11.0	263	246	
EBITDA	5.2	3.4	4.0	3.5	3.8	4.6	127	87	
EBIT	4.2	2.4	3.4	2.7	3.0	3.4	98	41	
EBT	3.6	2.1	2.9	2.2	2.6	2.9	84	30	
PAT	2.6	1.5	2.1	1.6	2.0	2.1	62	12	
Effective Tax rate	25.8	26.9	27.3	26.7	22.9	26.6	(31)	374	

Source: Company, Emkay Research

Exhibit 9: Quarterly segmental financials

(Rs mn)	Q3FY20	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	YoY (%)	QoQ (%)	3-year CAGR
Consumer Electronics	4,543	14,075	10,087	9,306	14,985	8,640	(38.6)	(42.3)	23.9
Lighting Products	2,767	4,304	3,046	2,312	2,904	2,630	(38.9)	(9.4)	-1.7
Home Appliances	684	1,801	2,341	2,556	3,629	2,440	35.5	(32.8)	52.8
Mobile +EMS	1,395	9,397	12,941	13,049	15,944	9,150	(2.6)	(42.6)	87.2
Reverse Logistics	46	29	16	16	22	46	60.5	110.8	0.1
Security Systems	503	1,127	1,096	1,311	1,183	1,184	5.1	0.1	33.0
Total Sales	9,938	30,733	29,528	28,551	38,667	24,090	(21.6)	(37.7)	34.3
EBITDA									
Consumer Electronics	115	303	284	248	428	260	(14.2)	(39.3)	31.3
Lighting Products	239	280	217	167	238	239	(14.6)	0.4	0.1
Home Appliances	92	121	186	207	327	250	106.1	(23.5)	39.8
Mobile +EMS	32	279	457	328	423	330	18.5	(22.0)	117.2
Reverse Logistics	16	-	-	-	-	-	-	-	-
Security Systems	22	47	38	52	36	20	(57.6)	(44.4)	-3.6
Total EBITDA	515	1,030	1,182	1,001	1,452	1,099	6.7	(24.3)	28.7

EBITDA Margins (%)							(bps)	(bps)
Consumer Electronics	2.5	2.2	2.8	2.7	2.9	3.0	86	15
Lighting Products	8.6	6.5	7.1	7.2	8.2	9.1	259	89
Home Appliances	13.4	6.7	7.9	8.1	9.0	10.2	351	124
Mobile +EMS	2.3	3.0	3.5	2.5	2.7	3.6	64	95
Reverse Logistics	34.4	-	-	-	-	-	-	-
Security Systems	4.4	4.2	3.4	4.0	3.0	1.7	(250)	(135)
Total EBITDA	5.2	3.4	4.0	3.5	3.8	4.6	121	81

Source: Company, Emkay Research

Exhibit 10: Change in estimates

Particulars	FY23E			FY24E			FY25E		
	Old	New	Change	Old	New	Change	Old	New	Change
Revenue	1,35,152	1,19,919	-11.3%	2,24,002	1,81,843	-18.8%	2,85,409	2,33,779	-18.1%
EBITDA	5,331	4,706	-11.7%	8,608	7,144	-17.0%	10,986	9,137	-16.8%
<i>EBITDA Margin (%)</i>	3.9	3.9	-2 bps	3.8	3.9	9 bps	3.8	3.9	6 bps
PAT	2713	2272	-16.3%	5256	4208	-19.9%	7102	5752	-19.0%
EPS (Rs)	45.7	38.3	-16.3%	88.6	71	-19.9%	119.7	97	-19.0%

Source: Company, Emkay Research

Concall Highlights

Management guided for Rs122-127bn revenue for FY23 and margins of around 4%. While for FY24, Management is confident of achieving **Rs190-210bn revenues** on the back of robust growth across all segments. For 9MFY23, ODM contributed 24% of revenues, while contributing 48% of operating profits. **Exports revenue** for 9MFY23 is Rs7-8bn and should clock-in **Rs11bn for FY23**; Management guided for **Rs23-25bn export revenue in FY24** on the back of new customers and growth in Motorola and the Lighting business.

Consumer electronics: Volume declined 17% YoY, owing to an early festive season (*Diwali*) last year (beginning-October) which led to peak sales occurring in Q3FY22 vs being spread across the current year. Realizations continued to dip due to correction in global markets. **Dixon has also closed the agreement with Google for Android TV rights and is expected to roll out production from Q1FY24. The volume target for FY23 is 3.5-3.6mn (18-20% volume growth YoY), while it is likely to be 4.2-4.3mn for FY24 with the addition of Android TV.**

- **Volume:** Due to delayed festive season this year, peak TV volumes could not be achieved in Q3 (0.69mn vs. 0.88mn last year).
- **Margin:** Despite the decline of ~25% in pricing of open sales of TV, margin saw expansion owing to various cost optimization strategies as well as passing on of certain price hikes in raw materials to customers (with a lag).

Lighting: Management indicated that in addition to the slowdown in demand, unit pricing has also been hit, by 15-18% due to change in technology (migration from traditional lighting). Dixon has started exports to its client in ME and expects a break-through with a US-based customer in Q4.

- **Margins:** Despite demand (& volume) slowing down, margins expanded owing to growth in value turnover, reduction in raw-material costing, migration to newer technology SKUs like smart lighting, and cost optimization.
- The company is eyeing a portfolio of >Rs1bn, buoyed by its new products. It will launch a Bluetooth mesh technology product in Q1FY24.

Home Appliance: Company has a healthy order book in the semi-automatic category.

- In FY23, the company is expected to deliver 1.1-1.5mn units of Semi-Automatic WMs. For FA WMs, the target is 0.16mn units in FY23 and a potential doubling of this in FY24.
- **Margins:** Benign commodity prices should support margin improvement in ensuing quarters. The increased share of FA WMs going forward should also bode well for margin expansion.

IT hardware: The company indicated that a new PLI scheme is expected in the next 30-45 days and that it will be a participant in the scheme. It have already crossed the threshold revenue & capex requirement for this. Ramp-up with existing clients, especially Acer, is underway and scaling up at a fair pace.

Refrigerator: Construction of the refrigerator plant in Noida (20-acres) is in full swing. The company plans a trial run of the facility in Q2FY24.

Telecom: Airtel is now a large customer of the company, which is poised to start manufacturing STBs from Jun-23.

Mobile

- Expect revenue of Rs38-40bn in FY23 and of Rs80bn in FY24.
- 2 new customers will be added that can add Rs60bn annually.
- Addition of Customer 1, which will be closed by the next week, can generate Rs12-15bn revenues for Dixon. Addition of Customer 2, which could be closed in Q2FY24, can generate Rs20-30bn revenue in FY24.
- The new order will have better margins. Also, the favorable operating leverage will help to increase margins of the mobile business.
- Working-capital intensity will reduce once new orders ramp up.
- Motorola market share has sustained, but US exports did not materialize. Motorola volumes for Q3FY23 stood at 800-850k.

- For 9MFY23, only Mobile business margin was 2.5-2.6%, which is expected to be higher in FY24.

Capex

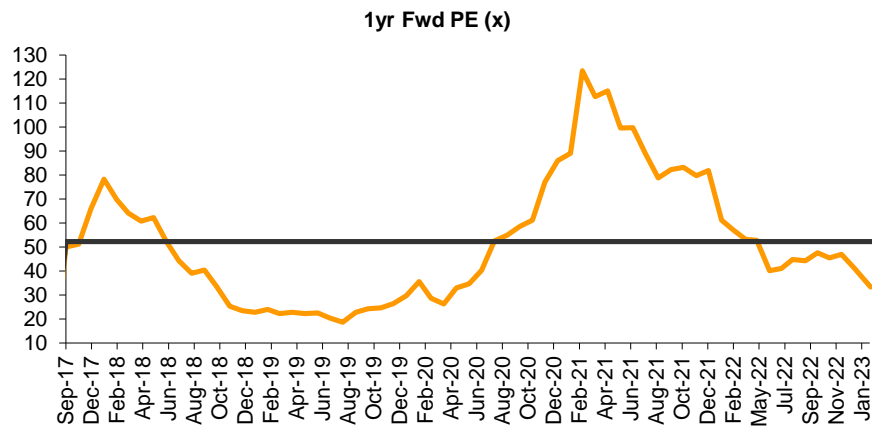
- 9MFY23 capex was Rs2.8bn and Company will invest Rs800-900mn in Q4FY23. Hence, Rs3.6-3.8bn capex will be incurred in FY23. For FY24, capex will be lower than in FY22 or FY23. Company guides for FY24 capex to be Rs2.5-2.6bn.

Balance sheet

- Management guided for a further Rs500mn reduction in debt, in Q4FY23.
- Bill discounting in Q3FY23 was Rs1.3bn, and interest rate 7.5-8%.

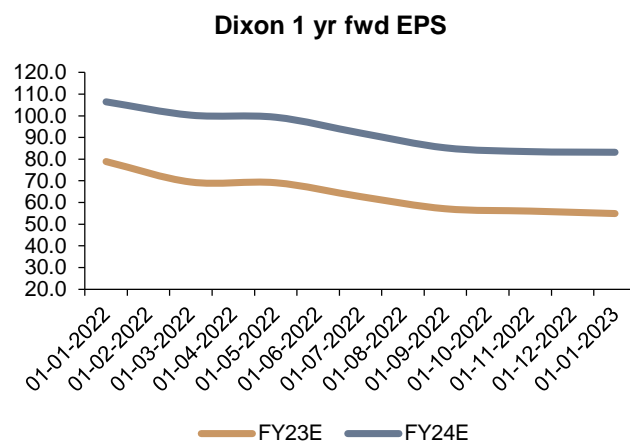
Valuation

Exhibit 11: Dixon's mean 1-yr fwd PER over the past 5 years is 52x, supported by 50% sales CAGR over FY19-22E



Source: Company, Emkay Research

Exhibit 12: FY23E/24E EPS has been cut by 30%/22% in the last one year



Source: Bloomberg, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	64,482	1,06,971	1,19,919	1,81,843	2,33,779
Expenditure	61,616	1,03,180	1,15,213	1,74,698	2,24,642
EBITDA	2,866	3,791	4,706	7,144	9,137
Depreciation	437	840	1,087	1,226	1,308
EBIT	2,429	2,952	3,619	5,919	7,829
Other Income	16	38	45	40	39
Interest expenses	274	442	618	416	213
PBT	2,170	2,548	3,046	5,543	7,654
Tax	572	644	767	1,284	1,774
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	2	7	51	128
Reported Net Income	1,598	1,902	2,272	4,208	5,752
Adjusted PAT	1,598	1,902	2,272	4,208	5,752

Balance Sheet

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	117	119	119	119	119
Reserves & surplus	7,256	9,849	12,002	16,032	21,547
Net worth	7,373	9,968	12,121	16,150	21,666
Minority Interest	0	6	13	64	193
Loan Funds	1,561	4,580	4,580	3,080	1,580
Net deferred tax liability	184	201	201	201	201
Total Liabilities	9,118	14,754	16,915	19,496	23,639
Net block	4,180	8,074	10,333	10,742	10,409
Investment	953	1,410	1,350	1,350	1,350
Current Assets	22,600	33,064	35,911	53,045	70,044
Cash & bank balance	638	1,765	1,465	1,360	4,034
Other Current Assets	3,319	5,194	5,601	7,662	9,414
Current liabilities & Provision	19,339	28,017	30,903	45,865	58,388
Net current assets	3,261	5,047	5,008	7,179	11,656
Misc. exp	0	0	0	0	0
Total Assets	9,118	14,754	16,915	19,496	23,639

Cash Flow

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
PBT (Ex-Other income) (NI+Dep)	2,154	2,510	3,000	5,503	7,616
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(450)	(642)	(261)	(2,276)	(1,802)
Operating Cashflow	1,701	2,728	4,088	3,000	5,094
Capital expenditure	(2,007)	(4,233)	(3,346)	(1,635)	(975)
Free Cash Flow	(306)	(1,505)	742	1,365	4,119
Investments	(953)	(457)	59	0	0
Other Investing Cash Flow	290	7	(59)	0	0
Investing Cashflow	(2,654)	(4,645)	(3,301)	(1,595)	(936)
Equity Capital Raised	1	2	0	0	0
Loans Taken / (Repaid)	694	3,019	0	(1,500)	(1,500)
Dividend paid (incl tax)	0	(59)	(119)	(178)	(237)
Other Financing Cash Flow	1,170	1,162	1,414	2,048	1,827
Financing Cashflow	1,591	3,682	677	(46)	(124)
Net chg in cash	638	1,765	1,464	1,360	4,034
Opening cash position	957	638	1,765	1,465	1,360
Closing cash position	638	1,765	1,464	1,360	4,034

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 01/27/2023 05:58 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Key Ratios

Profitability (%)	FY21	FY22	FY23E	FY24E	FY25E
EBITDA Margin	4.4	3.5	3.9	3.9	3.9
EBIT Margin	3.8	2.8	3.0	3.3	3.3
Effective Tax Rate	26.4	25.3	25.2	23.2	23.2
Net Margin	2.5	1.8	1.9	2.3	2.5
ROCE	31.4	25.0	23.1	32.7	36.5
ROE	25.0	21.9	20.6	29.8	30.4
RoIC	39.9	32.5	28.7	38.9	45.3

Per Share Data (Rs)	FY21	FY22	FY23E	FY24E	FY25E
EPS	26.9	32.1	38.3	70.9	96.9
CEPS	34.3	46.2	56.6	91.5	119.0
BVPS	124.2	167.9	204.2	272.1	365.0
DPS	0.0	2.0	2.0	3.0	4.0

Valuations (x)	FY21	FY22	FY23E	FY24E	FY25E
PER	124.9	104.9	87.9	47.4	34.7
P/CEPS	98.1	72.8	59.5	36.8	28.3
P/BV	27.1	20.0	16.5	12.4	9.2
EV / Sales	3.1	1.9	1.7	1.1	0.8
EV / EBITDA	69.7	53.0	42.8	28.0	21.4
Dividend Yield (%)	0.0	0.1	0.1	0.1	0.1

Gearing Ratio (x)	FY21	FY22	FY23E	FY24E	FY25E
Net Debt/ Equity	0.0	0.1	0.1	0.0	(0.2)
Net Debt/EBIDTA	0.0	0.4	0.4	0.1	(0.4)
Working Cap Cycle (days)	14.8	11.2	10.8	11.7	11.9

Growth (%)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	46.5	65.9	12.1	51.6	28.6
EBITDA	28.5	32.3	24.1	51.8	27.9
EBIT	30.2	21.5	22.6	63.6	32.3
PAT	32.6	19.0	19.4	85.2	36.7

Quarterly (Rs mn)	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Revenue	30,733	29,528	28,551	38,668	24,047
EBITDA	1,030	1,182	1,001	1,452	1,112
EBITDA Margin (%)	3.4	4.0	3.5	3.8	4.6
PAT	464	632	455	777	512
EPS (Rs)	7.8	10.6	7.7	13.1	8.6

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Promoters	34.5	34.3	34.3	34.3	34.1
FIIIs	18.5	16.4	15.1	16.3	16.7
DIIIs	7.6	8.0	8.1	18.6	18.9
Public and Others	39.4	41.3	42.6	30.9	30.4

Source: Capitaline

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 27 Jan 2023 08:41:25 (SGT)

Dissemination Date: 27 Jan 2023 08:42:25 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. 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 EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of January 27, 2023
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
Disclosure of previous investment recommendation produced:
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of January 27, 2023.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the January 27, 2023
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the January 27, 2023

RESTRICTIONS ON DISTRIBUTION

General	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.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com