

**Voltas**

Refer to important disclosures at the end of this report

## Need to steady the ship

- Voltas reported sales growth of ~12% YoY for the quarter, on the back of strong execution in the projects business (17% YoY growth) and 12% YoY growth in the Cooling products segment in a seasonally-weak quarter. Sales was ahead of Consensus' estimates.
- EBITDAM at 3.8% for the quarter was below Consensus and our estimates of ~7%, due to loss (of Rs410mn) in the EMPS segment. This was mainly due to delayed certification, along with new projects not crossing margin-recognition. Further, in one of its overseas projects, Voltas' main contractor unilaterally encashed the underlying bank guarantee which resulted in additional loss reported as exceptional. EBIT margin for the UCP segment at 7.4% was largely in line with the 1HFY23 margin.
- We cut our FY24E/FY25E EPS by 7.5%/6%, respectively, as we factor in the lower margin levels. Our Mar-24E TP now stands at Rs872/share. We maintain HOLD on the stock. We believe the company needs to stabilize and up its performance in both, the UCP and EMPS segments in coming quarters, for a re-rating. While the order book in EMPS remains strong, profitable execution is key. Similarly, losing market share in the RAC market has had a twin adverse impact – lower-than-market growth; margin below that in the recent past.
- EMPS margin continues to drag down overall margin levels:** In the last few quarters, the company's EMPS segment has reported low margin or a loss. Delayed collection in some projects in the last few quarters has resulted in higher provisioning. Adding to the woes, the current quarter saw additional provisioning in one of the projects in Qatar, as the main contractor encashed the bank guarantee. Voltas has initiated legal action and issued a 'Request for Arbitration', for recovering amounts due from the contractor.
- Sales growth and order booking, the key positives:** Execution pace in the projects segment resulted in 17% YoY sales growth for the quarter. Order book at the end of the quarter stood at Rs75bn, which is near pre-Covid levels and comprises of ~Rs45bn/Rs30bn of domestic/overseas orders. Key sectors to have bagged domestic orders are water, HVAC, rural electrification and urban infrastructure.
- UCP margin, market share upholding for last few quarters, albeit down YoY:** Voltas indicated that its YTD market share stands at 22.5% (down ~400bps from last year) in the AC market, granting it the leadership position. Air-cooler market share stands at 9.2%; the segment margin has hovered at 7.3-7.7% since the last 3 quarters vs 10-14% earlier.
- We maintain HOLD with TP of Rs872/share:** Our Mar-24E TP stands at Rs872/share. We believe the improvement in performance of the UCP and EMPS segments is critical for the company, looking ahead.

### Financial Snapshot (Consolidated)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	75,558	79,345	95,504	1,16,869	1,35,765
EBITDA	6,414	6,815	5,883	8,357	10,254
EBITDA Margin (%)	8.5	8.6	6.2	7.2	7.6
APAT	5,251	5,041	4,299	6,026	7,714
EPS (Rs)	15.9	15.2	13.0	18.2	23.3
EPS (% chg)	(8.2)	(4.0)	(14.7)	40.2	28.0
ROE (%)	11.3	9.6	7.6	9.9	11.6
P/E (x)	53.5	55.8	65.4	46.7	36.4
EV/EBITDA (x)	38.8	37.5	43.6	30.6	24.7
P/BV (x)	5.6	5.1	4.8	4.4	4.0

Source: Company, Emkay Research

<b>CMP</b> Rs 850 as of (February 10, 2023)	<b>Target Price</b> Rs 872 (▼) 12 months
<b>Rating</b> HOLD (■)	<b>Upside</b> 2.6 %

Change in Estimates (Rs)	
EPS Chg FY23E/FY24E (%)	(24)/(7.5)
Target Price change (%)	(12.8)
Target Period (No. of months)	12
Previous Reco	HOLD

Emkay vs Consensus		
EPS Estimates (Rs)		
	FY23E	FY24E
Emkay	13.0	18.2
Consensus	15.7	22.1
Mean Consensus TP (12M)	Rs 972	

Stock Details	
Bloomberg Code	VOLT IN
Face Value (Rs)	1
Shares outstanding (mn)	331
52 Week H/L	1,348 / 737
M Cap (Rs bn/USD bn)	281 / 3.41
Daily Avg Volume (no of)	11,22,436
Daily Avg Turnover (USD mn)	11.1

Shareholding Pattern Dec '22	
Promoters	30.3%
FIIIs	21.6%
DIIIs	31.7%
Public and Others	16.4%

Price Performance				
(%)	1M	3M	6M	12M
<b>Absolute</b>	3	3	(13)	(31)
<b>Rel. to Nifty</b>	3	4	(14)	(32)

### Relative price trend



Source: Bloomberg

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

**Exhibit 1: Summary of quarterly financials**

(Rs mn)	Q3FY20	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	3-year CAGR
Net Sales	14,925.1	17,936	26,666	27,680	17,684	20,056	11.8	13.4	10.4%
Raw Material	10655	13,097	20,588	21,993	13,375	15,232	16.3	13.9	13%
as % of sales	71.4	73.0	77.2	79.5	75.6	75.9			
Employee Cost	1733.6	1,562	1,600	1,505	1,748	1,742	11.5	(0.3)	0%
as % of sales	11.6	8.7	6.0	5.4	9.9	8.7			
Other operating expenses	1561	1,720	1,868	2,413	1,552	2,319	34.8	49.4	14%
as % of sales	10.5	9.6	7.0	8.7	8.8	11.6			
Total Expenditure	13950	16,380	24,056	25,910	16,675	19,292	17.8	15.7	11%
EBITDA	975	1,556	2,610	1,770	1,008	764	(50.9)	(24.3)	-8%
Depreciation	80.2	97	95	85	97	111	13.9	13.9	11%
EBIT	895	1,459	2,516	1,685	911	653	(55.2)	(28.3)	-10%
Other Income	543	288	372	268	644	307	6.6	(52.4)	-17%
Interest	57	36	125	40	67	64	77.6	(4.6)	4%
Share of Profit and loss from associate	-187	(320)	(289)	(310)	(289)	(326)	1.9	12.8	20%
Exceptional Items	0	-	-	-	(1,064)	(1,374)			
PBT	1193	1,391	2,474	1,603	134	(805)	(157.9)	(698.7)	-188%
Tax	314	425	647	508	195	300	(29.4)	54.2	-1%
PAT	879	966	1,827	1,095	(60)	(1,105)	(214.4)	1,729.3	-208%
<b>(%)</b>							<b>(bps)</b>	<b>(bps)</b>	
Gross margin	28.6	27.0	22.8	20.5	24.4	24.1	(292)	(31)	
EBITDA margin	6.5	8.7	9.8	6.4	5.7	3.8	(487)	(189)	
EBIT margin	6.0	8.1	9.4	6.1	5.2	3.3	(488)	(190)	
EBT margin	8.0	7.8	9.3	5.8	0.8	(4.0)	(1,177)	(477)	
PAT margin	5.9	5.4	6.9	4.0	(0.3)	(5.5)	(1,089)	(517)	
Effective Tax rate	26.3	30.6	26.1	31.7	144.9	(37.3)	(6,789)	(18,226)	

Source: Company, Emkay Research

**Exhibit 2: Quarterly segmental financials**

(Rs mn)	Q3FY20	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	YoY (%)	QoQ (%)	3-year CAGR
EMPS	8,081	5,538	6,918	4,547	5,540	6,484	17.1	17.0	-7.1
Engineering Products & Services	826	1,247	1,235	1,243	1,374	1,179	(5.4)	(14.2)	12.6
UCP	6,005	10,936	18,184	21,622	10,477	12,160	11.2	16.1	26.5
Less: Intersegment	42	0	0	0	0	0			
Income from operations	14,871	17,721	26,337	27,412	17,391	19,823	11.9	14.0	10.1
<b>PBIT</b>									
EMPS	374.2	363	476	(125)	143	(461)	(227.0)	(421.4)	-207.2
Engineering Products & Services	231.0	400	408	509	480	460	14.9	(4.3)	25.8
UCP	606.8	1,017	1,919	1,662	765	895	(12.1)	17.0	13.8
Total PBIT	1,212	1,780	2,803	2,046	1,388	893	(49.8)	(35.7)	-9.7
Less: Unallocable expense	-38.5	353	204	403	122	260	(26.5)	112.5	-288.9
Operating Income	1251	1,427	2,599	1,643	1,266	634	(55.6)	(50.0)	-20.3
Less: Interest Expense	57	36	125	40	67	64	77.6	(4.6)	3.9
Exceptional	0	0	0	0	-1,064	-1,374		29.1	
PBT	1,193	1,391	2,474	1,603	134	-805	(157.9)	(698.7)	-187.7
<b>PBIT margin (%)</b>							<b>(bps)</b>	<b>(bps)</b>	
EMPS	4.6	6.6	6.9	(2.7)	2.6	(7.1)	(1,366)	(970)	
Engineering Products & Services	28.0	32.1	33.0	40.9	35.0	39.0	690	403	
UCP	10.1	9.3	10.6	7.7	7.3	7.4	(194)	6	
Total PBIT	8.2	10.0	10.6	7.5	8.0	4.5	(554)	(348)	

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 02/14/2023 02:08 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY&lt;GO&gt;. 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.

**Exhibit 3: Key assumptions (Segmental financials prior to FY21 are not comparable due to segment re-classification)**

Revenue (Rs mn)	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
EMPS	28,452	36,191	32,461	28,786	24,705	24,338	35,662	43,121
YoY change	7%	27%	-10%	-11%	-14%	-1%	47%	21%
Order Inflow	35,862	35,331	60,581	24,134	11,955	41,843	43,935	47,449
YoY change	28%	-1%	71%	-60%	-50%	250%	5%	8%
Order Book	44,223	49,760	77,880	73,228	53,600	71,105	79,377	83,705
YoY change	20%	13%	57%	-6%	-27%	33%	12%	5%
Engineering Products & Services	3,099	3,117	3,317	3,595	4,887	5,473	6,020	6,622
YoY change	-7%	1%	6%	8%	36%	12%	10%	10%
UCP	32,026	31,556	40,737	42,185	48,819	64,748	74,030	84,677
YoY change	7%	-1%	29%	4%	16%	33%	14.3%	14.4%
Total Revenue	63,577	70,863	76,515	74,566	78,411	94,558	1,15,712	1,34,421
YoY change	6%	11%	8%	-3%	5%	21%	22%	16%
<b>PBIT (Rs mn)</b>								
EMPS	1,854	2,773	1,704	270	1,258	-122	1,426	1,725
- Margin	6.5%	7.7%	5.2%	0.9%	5.1%	-0.5%	4.0%	4.0%
Engineering Products & Services	992	1,051	993	1,143	1,579	1,916	1,926	2,119
- Margin	32%	34%	30%	32%	32%	35%	32%	32%
UCP	4,749	3,254	5,121	5,837	5,134	5,180	6,293	8,044
- Margin	14.8%	10.3%	12.6%	13.8%	10.5%	8.0%	8.5%	9.5%
Total PBIT	7,595	7,077	7,817	7,250	7,971	6,974	9,646	11,888
- Margin	12%	10%	10%	10%	10%	7%	8%	9%

Source: Company, Emkay Research

**Exhibit 4: Change in estimates**

(Rs mn)	FY23E			FY24E			FY25E		
	Old	New	Change	Old	New	Change	Old	New	Change
EMPS	23,970	24,338	1.5%	28,345	35,662	25.8%	34,489	43,121	25.0%
Engineering Products & Services	5,473	5,473	0.0%	6,020	6,020	0.0%	6,622	6,622	0.0%
UCP	63,663	64,748	1.7%	74,475	74,030	-0.6%	83,927	84,677	0.9%
Total Revenue	93,106	94,558	1.6%	1,08,841	1,15,712	6.3%	1,25,038	1,34,421	7.5%
EBITDA	7,285	5,883	-19.2%	8,942	8,357	-6.5%	10,774	10,254	-4.8%
EBITDA margin (%)	7.8	6.2	-160 bps	8.2	7.2	-99 bps	8.6	7.6	-99 bps
PAT	4,254	3,235	-24.0%	6,513	6,026	-7.5%	8,204	7,714	-6.0%
EPS (Rs)	12.9	9.8	-24.0%	19.7	18.2	-7.5%	24.8	23.3	-6.0%

Source: Emkay Research

**Exhibit 5: March 2024E SoTP-based valuation**

(Rs mn)	Mar-25E PAT	Multiple (x)	Market Cap
EMPS	1,212	10	12,120
Engineering Products & Services	1,489	15	22,336
UCP	5,652	40	2,26,099
Total MCAP	8,353		2,60,554
Number of Shares			331
Target Price (s/share)			788
Value of VoltBek			80
Total Value			872

Source: Emkay Research

## Con-call Highlights

- **Unitary Cooling Products (UCP):** Relatively better show in a seasonally-weaker quarter. There was decent demand for high tonnage and better star-rated products which points to strengthening of demand for premium products.
  - Management plans to maintain focus on the inverter sub-category. ***Inverter contribution in the split AC segment increased, from 65% to 85% in Q3FY23.***
  - **Market share:** YTD market share in the AC market stood at **22.5%**. Competitive intensity remains at the same level. ***Company targets further strengthening its market leadership position in the upcoming seasonally-strong quarter.***
  - **Pricing:** Voltas has not taken any price hikes during 9MFY23, given the weak demand and competitive intensity. Further, the company has indicated that Q4 too is unlikely to witness any hike. There may be a chance of some price hike at the start of Q1FY24.
  - Channel inventory is building up and should be around 75-80 days.
  - **Margins were impacted** despite softening of commodity prices owing to INR depreciation. Management has indicated that prices of commodities are inching back up as at end-Q3, albeit staying at lower levels vs. what was witnessed in Q2. Although Management is hopeful of margin expansion on the back of operating leverage, margin expansion might not happen if commodity costs are not sustained at current levels.
- **Electro-Mechanical Projects and Services (EMPS):** ***Delay in certifications / certain projects not crossing the threshold of revenue recognition as per internal controls of the company has impacted this business's profitability in the current quarter.***
  - **Margin:** This is the second consecutive quarter when a contract was cancelled unilaterally and BGs were encashed by the main contractor, resulting in losses to the company. Voltas is seeking legal remedies in such cases. Both the contracts are from the ME market.
    - The company has entered the Saudi Arabia market, with its first project in Q3
  - Over Rs22.1bn worth of fresh orders was added across both, domestic and international markets. The carry-forward order book for domestic projects now stands at Rs45.4bn, entailing orders across the water, HVAC, rural electrification, and urban infra-activity categories. The international order book, as of end-Q3FY23, is worth Rs30bn. ***Total carry-forward order book of the segment stands at Rs75.4bn.***
- **Voltbek:** Management has reiterated its target, of achieving breakeven by FY24-25, and indicated that, cumulatively, 3mn units have been sold since inception. Management was, however, did not sound confident about achieving the 10% market-share target by FY24-25.

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>75,558</b>	<b>79,345</b>	<b>95,504</b>	<b>1,16,869</b>	<b>1,35,765</b>
<b>Expenditure</b>	<b>69,144</b>	<b>72,529</b>	<b>89,621</b>	<b>1,08,513</b>	<b>1,25,511</b>
<b>EBITDA</b>	<b>6,414</b>	<b>6,815</b>	<b>5,883</b>	<b>8,357</b>	<b>10,254</b>
Depreciation	339	373	430	511	601
<b>EBIT</b>	<b>6,075</b>	<b>6,443</b>	<b>5,453</b>	<b>7,846</b>	<b>9,653</b>
Other Income	1,889	1,892	1,951	2,023	2,197
Interest expenses	262	259	230	282	327
<b>PBT</b>	<b>7,702</b>	<b>8,076</b>	<b>7,174</b>	<b>9,587</b>	<b>11,522</b>
Tax	1,804	1,913	1,680	2,636	3,169
Extraordinary Items	0	0	(1,064)	0	0
Minority Int./Income from Assoc.	(646)	(1,122)	(1,195)	(925)	(640)
<b>Reported Net Income</b>	<b>5,251</b>	<b>5,041</b>	<b>3,235</b>	<b>6,026</b>	<b>7,714</b>
<b>Adjusted PAT</b>	<b>5,251</b>	<b>5,041</b>	<b>4,299</b>	<b>6,026</b>	<b>7,714</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	331	331	331	331	331
Reserves & surplus	49,603	54,665	58,032	63,106	69,204
<b>Net worth</b>	<b>49,934</b>	<b>54,996</b>	<b>58,362</b>	<b>63,436</b>	<b>69,534</b>
<b>Minority Interest</b>	<b>361</b>	<b>381</b>	<b>381</b>	<b>381</b>	<b>381</b>
<b>Loan Funds</b>	<b>2,606</b>	<b>3,608</b>	<b>2,878</b>	<b>3,522</b>	<b>4,092</b>
Net deferred tax liability	(558)	(317)	(317)	(317)	(317)
<b>Total Liabilities</b>	<b>52,343</b>	<b>58,668</b>	<b>61,305</b>	<b>67,023</b>	<b>73,690</b>
<b>Net block</b>	<b>3,391</b>	<b>3,304</b>	<b>4,329</b>	<b>5,272</b>	<b>6,126</b>
<b>Investment</b>	<b>30,464</b>	<b>36,154</b>	<b>36,154</b>	<b>36,154</b>	<b>36,154</b>
<b>Current Assets</b>	<b>52,120</b>	<b>56,973</b>	<b>62,293</b>	<b>75,542</b>	<b>88,852</b>
Cash & bank balance	4,588	5,717	5,116	7,367	10,950
Other Current Assets	10,769	7,656	7,547	7,561	7,574
<b>Current liabilities &amp; Provision</b>	<b>33,721</b>	<b>38,355</b>	<b>42,064</b>	<b>50,539</b>	<b>58,034</b>
<b>Net current assets</b>	<b>18,400</b>	<b>18,618</b>	<b>20,229</b>	<b>25,004</b>	<b>30,818</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>52,343</b>	<b>58,668</b>	<b>61,305</b>	<b>67,023</b>	<b>73,690</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>5,813</b>	<b>6,184</b>	<b>5,223</b>	<b>7,564</b>	<b>9,326</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	846	1,152	(2,212)	(2,523)	(2,231)
<b>Operating Cashflow</b>	<b>5,561</b>	<b>5,826</b>	<b>926</b>	<b>3,197</b>	<b>4,854</b>
Capital expenditure	(205)	(790)	(1,455)	(1,455)	(1,455)
<b>Free Cash Flow</b>	<b>5,356</b>	<b>5,037</b>	<b>(529)</b>	<b>1,743</b>	<b>3,400</b>
Investments	(7,031)	(5,690)	0	0	0
Other Investing Cash Flow	2,789	941	0	0	0
<b>Investing Cashflow</b>	<b>(2,559)</b>	<b>(3,646)</b>	<b>497</b>	<b>569</b>	<b>742</b>
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	428	1,002	(730)	644	569
Dividend paid (incl tax)	(1,324)	(1,661)	(1,063)	(1,877)	(2,255)
Other Financing Cash Flow	(341)	(134)	0	0	0
<b>Financing Cashflow</b>	<b>(1,498)</b>	<b>(1,051)</b>	<b>(2,024)</b>	<b>(1,515)</b>	<b>(2,013)</b>
<b>Net chg in cash</b>	<b>1,504</b>	<b>1,129</b>	<b>(601)</b>	<b>2,251</b>	<b>3,583</b>
Opening cash position	3,084	4,588	5,717	5,116	7,367
<b>Closing cash position</b>	<b>4,588</b>	<b>5,717</b>	<b>5,116</b>	<b>7,367</b>	<b>10,950</b>

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 02/14/2023 02:08 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY&lt;GO&gt;. 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**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	8.5	8.6	6.2	7.2	7.6
EBIT Margin	8.0	8.1	5.7	6.7	7.1
Effective Tax Rate	23.4	23.7	23.4	27.5	27.5
Net Margin	7.8	7.8	5.8	5.9	6.2
ROCE	16.4	15.0	12.3	15.4	16.8
ROE	11.3	9.6	7.6	9.9	11.6
RoIC	26.5	29.4	23.4	26.9	28.6

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	15.9	15.2	13.0	18.2	23.3
CEPS	16.9	16.4	14.3	19.8	25.1
BVPS	150.9	166.3	176.4	191.8	210.2
DPS	4.0	5.0	3.2	5.7	6.8

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	53.5	55.8	65.4	46.7	36.4
P/CEPS	60.8	62.8	71.9	52.0	40.9
P/BV	5.6	5.1	4.8	4.4	4.0
EV / Sales	3.3	3.2	2.7	2.2	1.9
EV / EBITDA	38.8	37.5	43.6	30.6	24.7
Dividend Yield (%)	0.5	0.6	0.4	0.7	0.8

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	(0.6)	(0.5)	(0.4)	(0.4)	(0.4)
Net Debt/EBIDTA	(5.1)	(3.8)	(4.1)	(3.0)	(2.7)
Working Cap Cycle (days)	66.7	59.3	57.8	55.1	53.4

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	(1.3)	5.0	20.4	22.4	16.2
EBITDA	(6.6)	6.3	(13.7)	42.0	22.7
EBIT	(7.2)	6.1	(15.4)	43.9	23.0
PAT	0.8	(4.0)	(35.8)	86.3	28.0

<b>Quarterly (Rs mn)</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>
Revenue	17,936	26,666	27,680	17,684	20,056
EBITDA	1,556	2,610	1,770	1,008	764
<b>EBITDA Margin (%)</b>	<b>8.7</b>	<b>9.8</b>	<b>6.4</b>	<b>5.7</b>	<b>3.8</b>
PAT	966	1,827	1,095	(60)	(1,105)
<b>EPS (Rs)</b>	<b>2.9</b>	<b>5.5</b>	<b>3.3</b>	<b>(0.2)</b>	<b>(3.3)</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>
Promoters	30.3	30.3	30.3	30.3	30.3
FIs	24.4	26.2	24.7	24.4	21.6
DIs	29.8	27.8	29.5	29.7	31.7
Public and Others	15.5	15.7	15.6	15.7	16.4

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: 13 Feb 2023 01:12:25 (SGT)  
 Dissemination Date: 13 Feb 2023 01:13:25 (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](http://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](http://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 associate<sup>1</sup> 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 interests<sup>2</sup> 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.

<sup>1</sup> 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.

<sup>2</sup> 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 February 12, 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 February 12, 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 February 12, 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 February 12, 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 <sup>th</sup> 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](http://www.emkayglobal.com)