

Asian Paints

Refer to important disclosures at the end of this report

Margins disappoint, likely to recover by Q4

- APNT reported a big earnings miss (33% below estimates) due to a sharp fall in margins. Gross and operating margins fell ~10ppts due to the steep rise in input costs and slower price increases. Growth momentum was stronger as sales rose 33% (9% beat).
- In order to improve margins, management plans to expedite price increases and focus on formulation efficiencies. APNT expects margins to return to the normal range of 18-20% by Q4. We hence trim our margin forecasts from ~22% to 18.3%/19.8% for FY23/24.
- Growth momentum remained robust as APNT significantly outpaced most consumer peers in volume/sales growth. Bullish commentary, aggressive initiatives on portfolio and distribution expansion and revival in construction/industrial demand offer a strong outlook.
- With input inflation getting back to the peak, FY21 margins appear challenging. We raise sales estimates by 6%, factoring in the strong growth momentum, but reduce margin assumptions. As a result, we cut earnings estimates by 23%/13%/7% for FY22/23/24. Retain Hold with a revised TP of Rs2,800 (Rs2,960 earlier) based on 55x Dec'23E EPS.

Strong growth momentum continues; 2-year volume CAGR of 22%: Total revenue grew 33% (2-year CAGR of 20%), with 34% volume growth in the domestic decorative segment driven by strong momentum in Tier 1/2 markets. As consumer confidence returned, domestic sales grew 36%, witnessing a turnaround in housing construction and industrial demand. Management noted expansion in the project business and home decor, continued momentum in waterproofing and market share gains in wood finishing. The industrial coatings business grew 30-50%, aided by demand for protective coatings and upswing in the auto sector, though profitability was impacted. Commentary on rural markets was positive with a double-digit growth outlook on the back of favorable monsoons and a strong increase in network presence with 40,000 retail outlet additions in the last one and a half years (both direct and indirect).

Margins tank as input prices surge: While APNT took a further price increase of 4% QoQ, input inflation rose 6% QoQ, leading to a 970bps YoY contraction in gross margins (down 370bps QoQ). EBITDA margin declined 1,090bps to 13% as overhead costs jumped by 53% due to higher freight and marketing spends. Management plans to expedite price increases and formulation savings (Rs3bn savings in H1) to offset rising inflation. APNT expects EBITDA margins to return to the normal range of 18-20% by Q4FY22.

Weak margin outlook limits upsides; retain Hold: Growth momentum remains strong, thanks to APNT's aggressive initiatives on portfolio and distribution expansion. However, the sharp contraction in margins due to high input inflation leads us to reduce our margin assumptions. Accordingly, we cut earnings estimates by 23%/13%/7% for FY22/23/24. Despite recent underperformance, valuations (71x FY23EPS) are unattractive. Retain Hold with a revised TP of Rs2,800 (from Rs2,960) based on 55x Dec'23E EPS.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Consumer Goods & Retail \(Page 8\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	2,02,113	2,17,128	2,81,512	3,31,104	3,78,036
EBITDA	41,618	48,556	44,278	60,465	74,969
EBITDA Margin (%)	20.6	22.4	15.7	18.3	19.8
APAT	27,101	31,393	28,390	40,544	51,329
EPS (Rs)	28.3	32.7	29.6	42.3	53.5
EPS (% chg)	25.4	15.8	(9.6)	42.8	26.6
ROE (%)	27.7	27.4	21.6	28.4	32.0
P/E (x)	106.3	91.7	101.4	71.0	56.1
EV/EBITDA (x)	69.1	59.2	64.8	47.3	37.9
P/BV (x)	28.4	22.5	21.3	19.2	16.9

Source: Company, Emkay Research

CMP	Target Price
Rs 3,002	Rs 2,800 (▼)
as of (October 21, 2021)	12 months
Rating	Upside
HOLD (■)	(6.7) %

Change in Estimates

EPS Chg FY22E/FY23E (%)	(23)/(13.4)
Target Price change (%)	(5.4)
Target Period (Months)	12
Previous Reco	HOLD

Emkay vs Consensus

EPS Estimates		
	FY22E	FY23E
Emkay	29.6	42.3
Consensus	37.7	47.0
Mean Consensus TP (12M)	Rs 3,129	

Stock Details

Bloomberg Code	APNT IN
Face Value (Rs)	1
Shares outstanding (mn)	959
52 Week H/L	3,505 / 2,070
M Cap (Rs bn/USD bn)	2,880 / 38.47
Daily Avg Volume (nos.)	12,63,658
Daily Avg Turnover (US\$ mn)	53.6

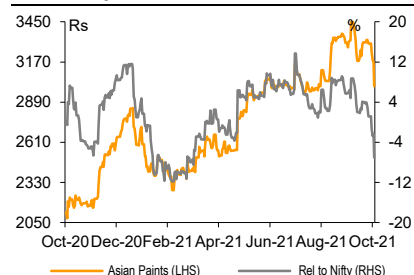
Shareholding Pattern Jun '21

Promoters	52.8%
FIIIs	20.7%
DIIIs	7.3%
Public and Others	19.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(9)	(5)	18	42
Rel. to Nifty (12)	(18)	(8)	(7)	(7)

Relative price chart



Source: Bloomberg

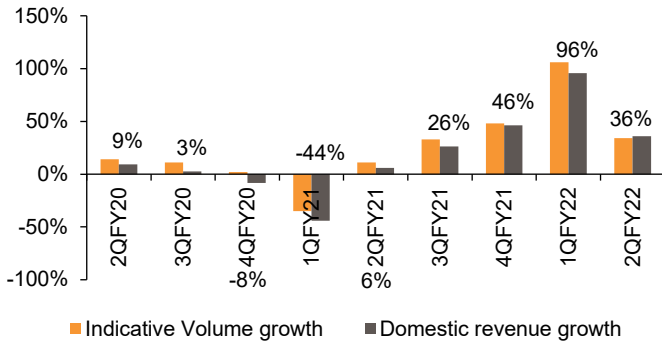
This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Ashit Desai

ashit.desai@emkayglobal.com
+91 22 6612 1340

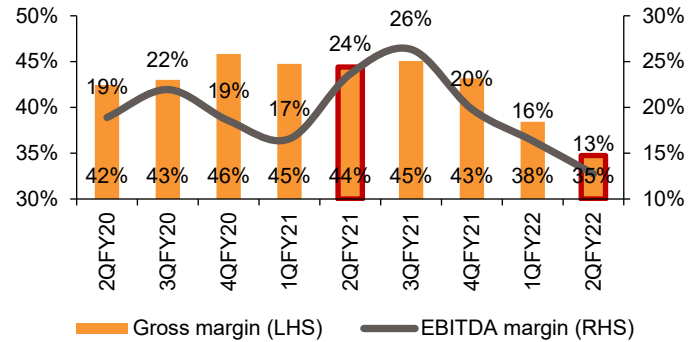
Story in Charts

Exhibit 1: Strong volume growth led by high demand in Tier 1/2 markets and low base



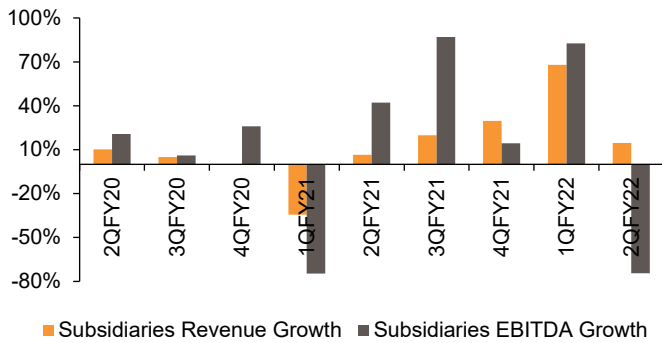
Source: Company, Emkay Research

Exhibit 2: Steep increase in crude prices affected margins



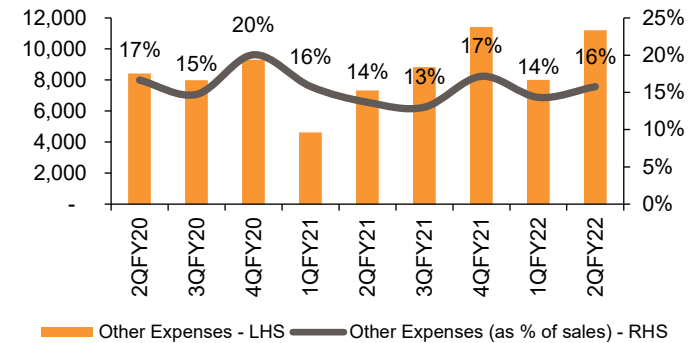
Source: Company, Emkay Research

Exhibit 3: International business performance was mixed; Asian markets grew while Middle East and Africa were sluggish



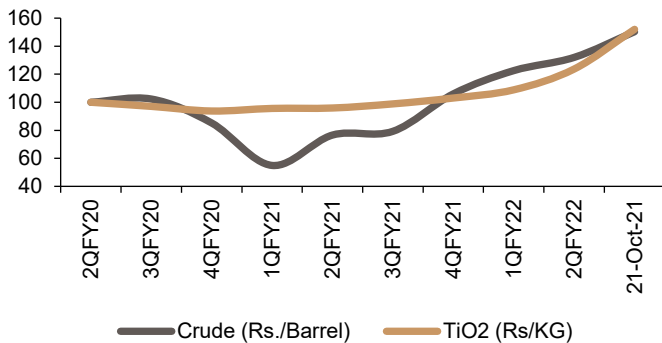
Source: Company, Emkay Research

Exhibit 4: Other overhead costs on the rise due to higher freight and marketing expenses



Source: Company, Emkay Research

Exhibit 5: Crude/TiO2 prices up 72%/29% YoY in Q2FY22 and continue to rise



Source: Company, Emkay Research

Exhibit 6: One-year forward P/E band chart

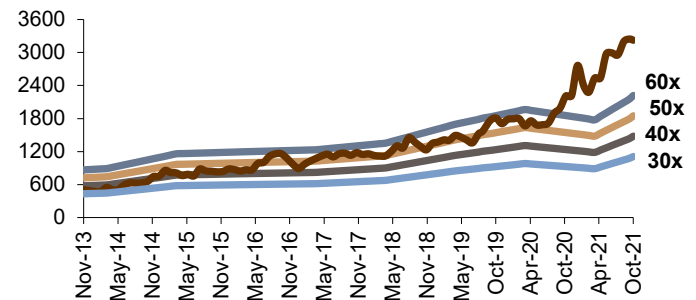


Exhibit 8: Quarterly Performance (Consolidated)

Y/E, Mar (Rs mn)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	YoY (%)	QoQ (%)	1HFY21	1HFY22	YoY (%)
Revenue	53,502	67,885	66,514	55,854	70,960	32.6	27.0	82,729	1,26,814	53.3
Expenditure	40,850	50,006	53,332	46,718	61,916	51.6	32.5	65,234	1,08,634	66.5
Consumption of RM	29,745	37,285	37,793	34,389	46,304	55.7	34.6	45,894	80,694	75.8
as % of sales	55.6%	54.9%	56.8%	61.6%	65.3%			55.5%	63.6%	
Employee Cost	3,789	3,883	4,121	4,321	4,415	16.5	2.2	7,404	8,736	18.0
as % of sales	7.1%	5.7%	6.2%	7.7%	6.2%			8.9%	6.9%	
Other expenditure	7,317	8,839	11,417	8,008	11,196	53.0	39.8	11,936	19,204	60.9
as % of sales	13.7%	13.0%	17.2%	14.3%	15.8%			14.4%	15.1%	
EBITDA	12,652	17,879	13,183	9,136	9,045	-28.5	-1.0	17,495	18,180	3.9
Depreciation	1,936	1,932	2,134	2,006	2,028	4.7	1.1	3,848	4,033	4.8
EBIT	10,716	15,947	11,049	7,130	7,017	-34.5	-1.6	13,647	14,147	3.7
Other Income	826	979	754	896	1,382	67.3	54.2	1,297	2,278	75.6
Interest	205	211	299	215	239	16.3	11.1	406	453	11.6
PBT	11,337	16,715	11,505	7,811	8,160	-28.0	4.5	14,538	15,971	9.9
Total Tax	2,936	4,314	2,864	2,043	2,211	-24.7	8.2	3,798	4,254	12.0
Adjusted PAT	8,401	12,401	8,640	5,768	5,950	-29.2	3.1	10,740	11,718	9.1
Share of Associate	118	253	59	-25	102	-13.4	-504.8	-25	77	-407.2
Minority Interest	215	270	178	58	92	-57.2	58.8	227	150	-33.8
APAT after MI	8,304	12,383	8,521	5,685	5,960	-28.2	4.8	10,488	11,645	11.0
Exceptional Items										
Reported PAT	8,304	12,383	8,521	5,685	5,960	-28.2	4.8	10,488	11,645	11.0
Adjusted EPS	8.7	12.9	8.9	5.9	6.2	-28.2	4.8	10.9	12.1	11.0

Margins (%)	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	(bps)	(bps)	1HFY21	1HFY22	(bps)
Gross Margin	44.4	45.1	43.2	38.4	34.7	-970	-370	44.5	36.4	-820
EBIDTA	23.6	26.3	19.8	16.4	12.7	-1,090	-360	21.1	14.3	-680
EBIT	20.0	23.5	16.6	12.8	9.9	-1,010	-290	16.5	11.2	-530
EBT	21.2	24.6	17.3	14.0	11.5	-970	-250	17.6	12.6	-500
PAT	15.5	18.2	12.8	10.2	8.4	-710	-180	12.7	9.2	-350
Effective Tax rate	25.9	25.8	24.9	26.2	27.1	120	90	26.1	26.6	50

Source: Emkay Research, Company

Exhibit 9: Revision in earnings estimates

Y/E, Mar (Rs. mn)	FY22E			FY23E			FY24E		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	2,66,698	2,81,512	5.6	3,13,624	3,31,104	5.6	3,58,109	3,78,036	5.6
EBITDA	55,677	44,278	-20.5	68,908	60,465	-12.3	80,038	74,969	-6.3
EBITDA Margin (%)	20.9	15.7	-510 bps	22.0	18.3	-370 bps	22.4	19.8	-250 bps
APAT	36,871	28,390	-23.0	46,825	40,544	-13.4	55,101	51,329	-6.8
EPS (Rs)	38.4	29.6	-23.0	49	42.3	-13.4	57	53.5	-6.8

Source: Company, Emkay Research

Exhibit 10: Revenue Growth Assumptions

	FY20	FY21	FY22E	FY23E	FY24E
Domestic Volume growth	14%	15%	21%	16%	12%
Domestic Realization growth	-9%	-8%	3%	2%	2%
Subsidiaries Revenue growth	6%	6%	16%	15%	15%
Total Revenue (Rs mn)	2,02,113	2,17,128	2,81,512	3,31,104	3,78,036

Source: Company, Emkay Research

Exhibit 11: Relative Valuation

	Price (Rs)	Mcap (Rs bn)	Reco	Target Price (Rs)	EPS (Rs)			P/E (x)			EV / EBITDA (x)		
					FY22E	FY23E	FY24E	FY22E	FY23E	FY24E	FY22E	FY23E	FY24E
Asian Paints	3,002	2,880	Hold	2,800	29.6	42.3	53.5	101.4	71.0	56.1	64.8	47.3	37.9
Berger Paints	750	729	Sell	650	9.5	12.0	14.2	78.9	62.7	52.9	49.7	40.0	33.8
Britannia	3,714	895	Buy	4,300	73.0	85.5	97.1	50.9	43.5	38.3	37.1	32.6	29.0
Colgate	1,594	433	Buy	1,880	39.0	44.2	48.9	40.8	36.1	32.6	27.0	24.0	21.7
Dabur	588	1,039	Hold	625	10.8	12.6	14.5	54.4	46.6	40.6	42.8	36.7	31.9
Emami	539	240	Buy	620	16.2	18.3	20.6	33.2	29.5	26.2	24.6	21.7	19.2
GCPL	978	999	Hold	1,030	18.3	21.3	24.3	53.4	45.8	40.2	37.8	33.0	28.8
HUL	2,446	5,747	Hold	2,700	37.5	43.7	50.1	65.2	55.9	48.9	44.7	38.3	33.6
ITC	245	3,012	Buy	270	11.6	13.6	15.1	21.0	18.0	16.2	15.7	13.4	12.1
Marico	565	730	Buy	630	10.6	12.3	14.0	53.2	46.0	40.3	38.9	33.7	29.6
Nestle	19,233	1,854	Hold	17,500	242.0	286.3	335.0	79.5	67.2	57.4	54.5	46.5	40.0
Pidilite	2,306	1,172	Sell	1,730	25.5	32.2	36.6	90.5	71.6	63.0	62.5	50.1	44.3
Radico Khaitan	1,098	147	Buy	1,090	23.2	28.6	33.8	47.4	38.4	32.5	31.1	25.7	21.9
United Breweries	1,660	439	Buy	1,900	18.5	31.9	37.2	89.9	52.0	44.6	47.3	30.6	26.4
United Spirits	837	608	Buy	970	12.2	17.1	19.9	68.5	49.0	42.1	42.2	32.4	27.6

Source: Company, Emkay Research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	2,02,113	2,17,128	2,81,512	3,31,104	3,78,036
Expenditure	1,60,495	1,68,572	2,37,233	2,70,639	3,03,067
EBITDA	41,618	48,556	44,278	60,465	74,969
Depreciation	7,805	7,913	8,130	8,547	9,092
EBIT	33,813	40,643	36,148	51,918	65,877
Other Income	3,043	3,031	3,485	4,008	4,609
Interest expenses	1,023	916	900	800	800
PBT	35,833	42,758	38,733	55,126	69,686
Tax	8,549	10,976	9,916	14,112	17,840
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	(183)	(389)	(427)	(470)	(517)
Reported Net Income	27,101	31,393	28,390	40,544	51,329
Adjusted PAT	27,101	31,393	28,390	40,544	51,329

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	959	959	959	959	959
Reserves & surplus	1,00,342	1,27,104	1,34,077	1,49,335	1,69,589
Net worth	1,01,302	1,28,063	1,35,036	1,50,294	1,70,548
Minority Interest	4,035	4,229	4,971	5,787	6,685
Loan Funds	3,547	3,486	3,486	3,486	3,486
Net deferred tax liability	3,540	3,703	3,703	3,703	3,703
Total Liabilities	1,12,423	1,39,480	1,47,196	1,63,270	1,84,422
Net block	53,522	50,130	46,000	42,453	38,361
Investment	20,189	47,368	47,368	47,368	47,368
Current Assets	83,736	1,02,704	1,25,646	1,56,930	1,93,211
Cash & bank balance	7,828	6,108	12,324	25,158	43,979
Other Current Assets	23,146	31,765	33,271	37,619	41,733
Current liabilities & Provision	46,425	62,551	73,648	85,311	96,348
Net current assets	37,310	40,153	51,998	71,620	96,863
Misc. exp	0	0	0	0	0
Total Assets	1,12,423	1,39,480	1,47,196	1,63,270	1,84,422

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income) (NI+Dep)	32,789	39,727	35,248	51,118	65,077
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(18,556)	(4,400)	(5,629)	(6,787)	(6,423)
Operating Cashflow	25,191	32,271	28,734	39,565	50,706
Capital expenditure	4,333	(4,948)	(4,000)	(5,000)	(5,000)
Free Cash Flow	29,523	27,324	24,734	34,565	45,706
Investments	5,497	(27,180)	0	0	0
Other Investing Cash Flow	(11,381)	61	(742)	(816)	(898)
Investing Cashflow	1,492	(29,036)	(1,257)	(1,808)	(1,289)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(2,719)	(61)	0	0	0
Dividend paid (incl tax)	(20,940)	(17,122)	(21,102)	(24,939)	(30,694)
Other Financing Cash Flow	1,378	13,143	742	816	898
Financing Cashflow	(23,304)	(4,956)	(21,260)	(24,923)	(30,597)
Net chg in cash	3,379	(1,721)	6,217	12,834	18,820
Opening cash position	4,449	7,828	6,108	12,324	25,158
Closing cash position	7,828	6,108	12,324	25,158	43,979

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	20.6	22.4	15.7	18.3	19.8
EBIT Margin	16.7	18.7	12.8	15.7	17.4
Effective Tax Rate	23.9	25.7	25.6	25.6	25.6
Net Margin	13.5	14.6	10.2	12.4	13.7
ROCE	33.2	34.7	27.7	36.0	40.5
ROE	27.7	27.4	21.6	28.4	32.0
RoIC	42.2	48.6	42.6	59.5	73.1

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	28.3	32.7	29.6	42.3	53.5
CEPS	36.4	41.0	38.1	51.2	63.0
BVPS	105.6	133.5	140.8	156.7	177.8
DPS	18.2	17.9	22.0	26.0	32.0

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	106.3	91.7	101.4	71.0	56.1
P/CEPS	82.5	73.3	78.8	58.7	47.7
P/BV	28.4	22.5	21.3	19.2	16.9
EV / Sales	14.2	13.2	10.2	8.6	7.5
EV / EBITDA	69.1	59.2	64.8	47.3	37.9
Dividend Yield (%)	0.6	0.6	0.7	0.9	1.1

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	0.0	0.0	(0.1)	(0.1)	(0.2)
Net Debt/EBIDTA	(0.1)	(0.1)	(0.2)	(0.4)	(0.5)
Working Cap Cycle (days)	53.2	57.2	51.4	51.2	51.1

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	5.0	7.4	29.7	17.6	14.2
EBITDA	10.5	16.7	(8.8)	36.6	24.0
EBIT	7.6	20.2	(11.1)	43.6	26.9
PAT	25.4	15.8	(9.6)	42.8	26.6

Quarterly (Rs mn)	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22
Revenue	53,502	67,885	66,514	55,854	70,960
EBITDA	12,652	17,879	13,183	9,136	9,045
EBITDA Margin (%)	23.6	26.3	19.8	16.4	12.7
PAT	8,304	12,383	8,521	5,685	5,960
EPS (Rs)	8.7	12.9	8.9	5.9	6.2

Source: Company, Emkay Research

Shareholding Pattern (%)	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21
Promoters	52.8	52.8	52.8	52.8	52.8
FIs	18.2	19.8	21.1	20.4	20.7
DIs	9.0	8.1	7.0	7.3	7.3
Public and Others	20.1	19.3	19.1	19.6	19.2

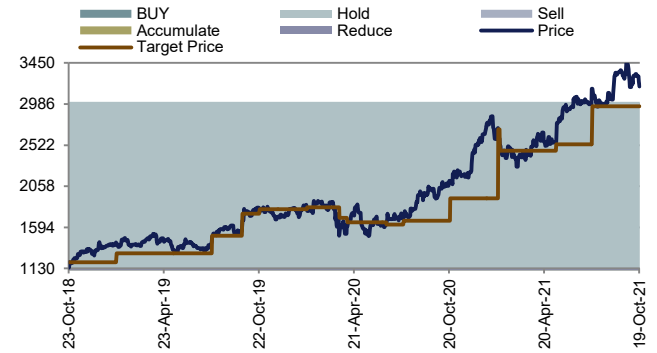
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
21-Jul-21	3,159	2,960	12m	Hold	Ashit Desai
13-May-21	2,556	2,530	12m	Hold	Ashit Desai
25-Jan-21	2,514	2,460	12m	Hold	Ashit Desai
22-Jan-21	2,597	2,700	12m	Hold	Ashit Desai
22-Oct-20	2,100	1,920	12m	Hold	Ashit Desai
25-Jul-20	1,712	1,670	12m	Hold	Ashit Desai
24-Jun-20	1,747	1,625	12m	Hold	Ashit Desai
22-Jun-20	1,652	1,625	12m	Hold	Ashit Desai
14-Apr-20	1,681	1,650	12m	Hold	Ashit Desai
08-Apr-20	1,609	1,650	12m	Hold	Ashit Desai
24-Mar-20	1,525	1,700	12m	Hold	Ashit Desai
22-Jan-20	1,779	1,820	12m	Hold	Ashit Desai
25-Dec-19	1,803	1,800	12m	Hold	Ashit Desai
23-Oct-19	1,767	1,800	12m	Hold	Ashit Desai
20-Sep-19	1,671	1,750	12m	Hold	Ashit Desai
24-Jul-19	1,483	1,500	12m	Hold	Ashit Desai
09-May-19	1,354	1,300	12m	Hold	Ashit Desai
09-Apr-19	1,445	1,300	12m	Hold	Ashit Desai
22-Jan-19	1,407	1,300	12m	Hold	Ashit Desai
23-Oct-18	1,138	1,200	12m	Hold	Ashit Desai

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Consumer Goods & Retail



Analyst: Ashit Desai

Contact Details

ashit.desai@emkayglobal.com
+91 22 6612 1340

Sector

Consumer Goods & Retail

Analyst bio

Ashit Desai holds a PGDM and FRM (US GARP) with 13 years of research experience on the sell side. His team currently covers 24 stocks in the Indian Consumer and Retail space.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Consumer Goods & Retail	10.11	9.74	-4%	-37	100.00
Asian Paints	1.35	0.40	-70%	-95	4.00
Berger Paints	0.18	0.00	-100%	-18	0.00
Britannia Industries	0.42	0.51	20%	8	5.00
Colgate-Palmolive	0.20	0.22	7%	1	2.16
Dabur India	0.33	0.35	6%	2	3.45
Emami	0.10	0.10	0%	0	1.02
Godrej Consumer Products	0.36	0.32	-9%	-3	3.20
Hindustan Unilever	2.10	1.52	-28%	-58	15.00
ITC	2.04	2.12	4%	8	21.00
Marico	0.27	0.29	7%	2	2.90
Nestle India	0.65	0.35	-46%	-30	3.50
Pidilite Industries	0.35	0.00	-100%	-35	0.00
Radico Khaitan	0.00	0.25	NA	25	2.50
United Breweries	0.11	0.46	320%	35	4.50
United Spirits	0.00	0.29	NA	29	2.87
Varun Beverages	0.12	0.20	70%	8	2.00
ABFRL	0.07	0.10	42%	3	1.00
Jubilant FoodWorks	0.29	0.25	-12%	-3	2.50
Page Industries	0.20	0.45	124%	25	4.47
Titan Company	0.95	1.11	17%	16	11.00
TCNS Clothing	0.00	0.20	NA	20	2.00
Westlife Development	0.00	0.23	NA	23	2.25
Cash	0.00	0.37	NA	37	3.68

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	21-Oct-20	20-Apr-21	20-Jul-21	20-Sep-21	20-Oct-21
EAP - Consumer Goods & Retail	100.0	103.3	119.8	131.6	148.5	150.5
BSE200 Neutral Weighted Portfolio (ETF)	100.0	99.7	115.9	126.2	141.0	138.4

*Performance measurement base date 1st April 2019

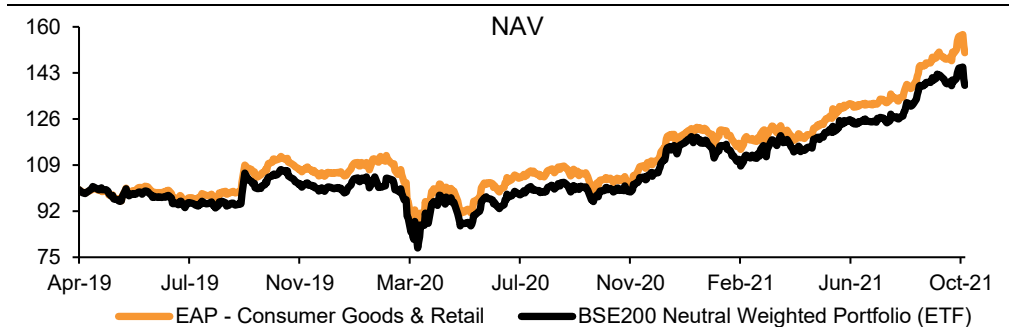
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Consumer Goods & Retail	1.3%	14.4%	25.6%	45.7%
BSE200 Neutral Weighted Portfolio (ETF)	-1.8%	9.7%	19.4%	38.8%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

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: 22 Oct 2021 02:43:37 (SGT)
Dissemination Date: 22 Oct 2021 02:44:37 (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. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be 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 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 October 22, 2021
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
3. **Disclosure of previous investment recommendation produced:** 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 October 22, 2021.
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 October 22, 2021
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 October 22, 2021

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