Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Result Update

# Godrej Consumer Products Ltd

## Soft Q2; Growth to revive in H2FY2023

| Consumer Goods | Sharekhan code: GODREJCP |
|---|---|

| Reco/View: Buy | ↔ | CMP: **Rs. 826** | Price Target: **Rs. 1,000** | ↔ |
|---|---|---|---|---|

↑ Upgrade ↔ Maintain ↓ Downgrade

| 3R MATRIX | + | = | - |
|---|---|---|---|
| Right Sector (RS) | | ✓ | |
| Right Quality (RQ) | ✓ | | |
| Right Valuation (RV) | ✓ | | |

\+ Positive = Neutral – Negative

**What has changed in 3R MATRIX**

| | Old | | New |
|---|---|---|---|
| RS | | ↔ | |
| RQ | | ↔ | |
| RV | | ↔ | |

**ESG Disclosure Score** NEW

| ESG RISK RATING<br>Updated Oct 08, 2022 | | | | 26.88 |
|---|---|---|---|---|
| **Medium Risk** | | | | |
| NEGL | LOW | MED | HIGH | SEVERE |
| 0-10 | 10-20 | 20-30 | 30-40 | 40+ |

*Source: Morningstar*

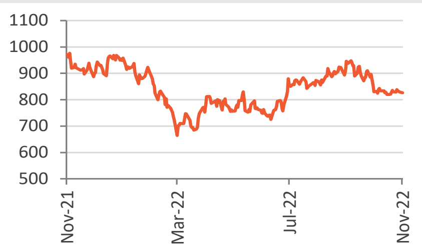
**Company details**

| | |
|---|---|
| Market cap: | Rs. 84,485 cr |
| 52-week high/low: | Rs. 985 / 660 |
| NSE volume: (No of shares) | 13.9 lakh |
| BSE code: | 532424 |
| NSE code: | GODREJCP |
| Free float: (No of shares) | 37.6 cr |

**Shareholding (%)**

| | |
|---|---|
| Promoters | 63.2 |
| FII | 24.8 |
| DII | 6.5 |
| Others | 5.5 |

**Price chart**




**Price performance**

| (%) | 1m | 3m | 6m | 12m |
|---|---|---|---|---|
| Absolute | -0.6 | -3.4 | 7.2 | -14.9 |
| Relative to Sensex | -6.2 | -7.5 | -5.3 | -15.9 |

*Sharekhan Research, Bloomberg*


**Summary**

- Q2FY2023 was yet another soft quarter for Godrej Consumer Products Limited (GCPL) as consolidated volumes declined by 5%, while revenue growth of 7% was primarily price-led. OPM fell by 454 bps y-o-y to 17.0% due to higher input prices and media investments.
- Management targets mid-single digit volume growth in H2FY2023 with domestic soaps volume expected to revive post price correction, recovery in Indonesia business, and gradual recovery in the HI business.
- The decline in raw-material prices would help gross margins to improve from Q3; ad-spends are likely to remain higher in domestic and key international markets; correction in input prices and lower other expenses will help OPM remain close to 20% in the coming years.
- The stock has underperformed its peers for the past one year and is trading at 48x/38x its FY2023E/FY2024E earnings. We maintain our Buy recommendation on the stock with an unchanged PT of Rs. 1,000.


**Godrej Consumer Products Limited (GCPL) delivered yet another soft quarter with consolidated revenue growth of 7% y-o-y (volume decline of 5%) to Rs. 3,391.9 crore. The India business posted 8% y-o-y growth, with the personal care segment growing strongly by 18% y-o-y, while the homecare segment grew by 2%. Internationally, Africa, U.S., and Middle East businesses maintained double-digit growth momentum and grew by 15% y-o-y, while revenue of Indonesia business decreased by 8% y-o-y (Indonesia ex-hygiene grew by 12%). Consolidated gross margins declined by 194 bps y-o-y, while OPM declined by 454 bps y-o-y to 17% due to higher input cost inflation and advertisement spends. EBITDA margin of India and Indonesia businesses registered a decline of 300 bps and 930 bps y-o-y, respectively. Operating profit decreased by 15.4% y-o-y to Rs. 574.3 crore. Adjusted PAT decreased by 21% y-o-y to Rs. 381.5 crore.**

**Key positives**

- Consolidated gross margin improved by 129 BPS q-o-q due to a decline in input prices.
- Indonesia business (excluding hygiene business) registered 12% growth.
- AUM region maintained its strong growth momentum and witnessed 15% y-o-y growth in Q2.
- Core working capital days decreased to 46 days from 53 days earlier due to reduction in SKUs.

**Key negatives**

- EBITDA margin of India, Indonesia, and AUM region decreased by 300 BPS, 930 BPS, and 270 BPS, respectively.
- The home care business grew by 2% as the home insecticides (HI) business was impacted by extended monsoon.

**Management Commentary**

- Management expects volume growth to recover in mid-single digits in H2FY2023. This will be driven by recovery in sales volume of the domestic soaps business post price correction in the past few days, gradual recovery in domestic HI sales, and expected recovery in Indonesia business.
- The domestic HI segment's Q2 performance was impacted by delayed monsoon in the Eastern and Northern parts of India. The company has maintained its market share in the domestic HI business (recovered the lost market share from illegal incense stick players). It is focusing on deepening category penetration and category development through the launch of new media communication. Further, the company is focusing on premiumising the category through shift of consumers from coils/mats to aerosols and liquid vapourisers.
- In Indonesia, the base of sanitor will reduce by Q3 and with improvement in the macro environment. Revenue is expected to be flat in Q3 and should register high growth in Q4FY2023. In Africa, the focus is to simplify the business by rationalising SKUs, improving governance, and enhancing the operating structure, which will help to improve profitability in the coming years. The company will continue to see double-digit growth in Africa.
- The decline in prices of key inputs (including palm oil and packaging material) would help in margin improvement in the standalone business from Q3FY2023. EBITDA margin of the Indonesia business will recover in the coming quarters, with reduction in input cost inflation and better operating leverage in the coming quarters. For Africa business, the company is targeting high teen EBIDTA margin in the medium term.
- The company has increased its media spends in key markets as part of its product development strategy. However, despite higher media spends, the company is confident of OPM returning close to 20% in the medium term.
- GCPL reduced its SKUs by 25% in India and has substantially reduced its SKUs in Indonesia and Africa. Reduction in SKUs will not have any impact on revenue (contribution to sales is 1-2%) but would help in reducing the overall inventory on books. Thus, working capital days reduced to 46 days in September 2022 from 53 days in September 2021.

**Revision in estimates –** We have reduced our earnings estimates for FY2023 and FY2024 to factor in higher advertisement spends. Management has maintained its guidance of low double-digit revenue growth and expects to maintain OPM on a y-o-y basis. We have introduced FY2025 earnings estimates through this note.

**Our Call**

**View – Maintain Buy with an unchanged PT of Rs. 1,000:** GCPL's H1FY2023 performance was soft affected by slowdown in India business, the decline in Indonesia business, and higher input cost inflation affecting profitability. With strategies in place, management is confident of posting gradual recovery in sales in the coming quarters and targets to achieve double-digit growth in the medium term. The company targets consistent improvement in OPM through premiumisation and operating efficiencies in the medium to long run. The stock is currently trading at discount valuations of 48.3x/38.0x its FY2023/FY2024E earnings. We maintain our Buy recommendation on the stock with an unchanged price target (PT) of Rs. 1,000.

**Key Risks**

Sustained demand slowdown in key markets or inflation in raw-material prices would act as a key risk to our earnings estimates in the medium to long term.

**Valuation (Consolidated)** Rs cr

| Particulars | FY21 | FY22 | FY23E | FY24E | FY25E |
|---|---|---|---|---|---|
| Revenue | 11,029 | 12,277 | 13,591 | 15,133 | 16,995 |
| OPM (%) | 22.2 | 20.3 | 17.6 | 19.7 | 20.4 |
| Adjusted PAT | 1,765 | 1,793 | 1,750 | 2,224 | 2,614 |
| Adjusted EPS (Rs.) | 17.3 | 17.5 | 17.1 | 21.8 | 25.6 |
| P/E (x) | 47.9 | 47.1 | 48.3 | 38.0 | 32.3 |
| P/B (x) | 8.9 | 7.3 | 6.8 | 6.1 | 5.4 |
| EV/EBITDA (x) | 35.3 | 34.5 | 35.8 | 28.5 | 24.2 |
| RoNW (%) | 20.4 | 17.1 | 14.6 | 16.9 | 17.7 |
| RoCE (%) | 18.3 | 17.3 | 15.6 | 18.5 | 19.9 |

*Source: Company; Sharekhan estimates*

### Soft Q2 – Revenue grew by 7% y-o-y; OPM declined by 454 bps y-o-y

GCPL's consolidated revenue grew by 7.2% y-o-y to Rs. 3,391.9 crore, registering a three-year CAGR of 9%, driven by 8% y-o-y growth in India business (three-year CAGR at 9%), 13% y-o-y CC growth in Africa, US, and Middle East (AUM) (three-year CAGR at 13%), 34% y-o-y CC growth in Latin America and SAARC, while Indonesia decreased by 11% y-o-y in CC terms (Indonesia y-o-y CC growth ex-hygiene at 8%). Consolidated volume declined by 5% (India business volumes also declined by 5%). The homecare segment's revenue grew marginally by 2% y-o-y, while the personal care segment continued its strong momentum, growing by 18% y-o-y. Higher palm oil and packaging cost led to a 194-bps y-o-y decline in gross margin to 47.9%. OPM decreased by 454 bps y-o-y to 16.9%. OPM of India and Indonesia businesses registered a decline of 300 bps and 930 bps y-o-y, respectively. Operating profit decreased by 15.4% y-o-y to Rs. 574.3 crore due to consumption of high-cost inventory, upfront marketing investments (advertising expenses are higher by 50% y-o-y), and a weak performance in Indonesia and Latin America and SAARC businesses. In line with the decline in operating profit coupled with higher interest expenses, adjusted PAT fell by 20.5% y-o-y to Rs. 381.5 crore. Exceptional items include an amount of ~Rs. 5.9 crore on account of restructuring costs and ~Rs. 18.6 crore because of litigation settlement under VAT amnesty scheme. After accounting for the exceptional items, reported PAT stood at Rs. 358.9 crore.

### India business registered price-led growth of 8% as volumes declined by 5% y-o-y

India business delivered price-led y-o-y growth of 8% to Rs. 1,953 crore, with three-year CAGR at 9%, driven by continued growth momentum in personal care, while the home care segment continued to deliver muted performance. Revenue growth of 8% was driven by 13% price-led growth, while sales volume declined by 5% y-o-y in Q2. However, three-year CAGR for volume growth stood at 1%. EBITDA margin declined by 300 bps y-o-y to 21.6%. Management has indicated that with significant correction in commodities such as palm oil derivatives and crude oil, GCPL expects recovery in consumption, gross margin expansion, and upfront marketing investments in the upcoming quarters.

### Muted Q2 for the home care segment; Revenue grew by 2% y-o-y

Revenue of the home care segment grew marginally by 2% y-o-y to Rs. 869 crore. GCPL delivered soft performance in HI, impacted by delayed monsoon in the Eastern and Northern parts of India. The company's non-mosquito portfolio continued to deliver strong growth momentum and premium aerosol portfolio continued to grow in double digits. The company continued to deepen its penetration and has put in place various category development initiatives to drive sustainable growth. Air Fresheners continued to deliver strong performance coupled with market share gains. GCPL's category development initiative around driving relevance for Aer Power Pocket and premiumisation through Aer Matic ('If bathrooms/rooms could talk') is receiving encouraging consumer response.

### Strong 18% y-o-y growth in personal care

The personal care segment grew by 18% y-o-y to Rs. 1,017 crore (largely price-led growth). Personal wash and hygiene maintained its growth momentum, delivering double-digit sales growth. GCPL continued to gain market share and deepen its penetration led by category development initiatives. Magic powder-to-liquid handwash continued to gain share. Hair Colour witnessed close to double-digit growth. Godrej Expert Rich Crème continued to perform well, backed by strong marketing campaigns. Furthermore, the response to Godrej Expert Rich Crème's at Rs. 15 is encouraging.

**India business performance**

| Category | Sales (Rs. crore) | y-o-y growth |
|---|---|---|
| Homecare | 869 | 2% |
| Personal Care | 1,017 | 18% |
| Unbranded and Exports | 67 | -26% |
| **Total Net Sales** | **1,953** | **8%** |
| **Branded Volume Growth** | **-** | **-5%** |

*Source: Company, Sharekhan Research*

**Weak Q2 for Indonesia; AUM maintained double digit revenue growth**

**Revenue of Indonesia business down by 12% y-o-y**

Indonesia business continued to deliver weak performance with sales declining by 11% y-o-y in CC terms to Rs. 408 crore. Sales excluding hygiene (Saniter) saw 8% y-o-y growth in CC terms. GCPL continued to put building blocks in place to drive category development and general trade distribution expansion. Indonesia's EBITDA margin contracted by 930 bps y-o-y to 17.1% due to consumption of high-cost inventory, upfront marketing investments, high hygiene comparator, and scale deleverage.

**Africa, US, and Middle East (AUM) businesses reported 13% y-o-y CC growth**

AUM regions delivered y-o-y double-digit sales growth of 13% in CC terms (three-year CAGR of 13%) to Rs. 857 crore (grew by 15%yoy on INR basis), driven by strong sales growth momentum in Southern and West Africa. In terms of categories, the dry hair and FMCG categories grew in double digits. GCPL continued to increase investments across the dry hair and FMCG categories, which is in line with its strategy to drive category development. EBITDA margin for the regions decreased by 270 bps y-o-y to 9.2%.

**Latin America and SAARC y-o-y revenue growth at 34% (CC terms)**

Latin America and SAARC regions posted CC revenue growth of 34% y-o-y to Rs. 172 crore, while revenues stood flat on y-o-y basis due to adverse currency moment. EBITDA margin for the region sharply declined from 16% in Q2FY2022 to 1.5% in Q2FY2023.

**International business performance**

| Particulars | Q2FY23 | Q2FY22 | y-o-y (%) |
|---|---|---|---|
| **Revenue (Rs. crore)** | | | |
| Indonesia | 409 | 445 | -8.2 |
| AUM | 859 | 749 | 14.7 |
| Latin America and SAARC | 174 | 174 | 0.4 |
| **EBITDA Margin (%)** | | | **bps** |
| Indonesia | 18.0 | 26.1 | -807 |
| AUM | 2.4 | 11.9 | -951 |
| Latin America and SAARC | 4.6 | 15.5 | - |

*Source: Company, Sharekhan Research*

**Results (Consolidated)** — **Rs cr**

| Particulars | Q2FY23 | Q2FY22 | y-o-y (%) | Q1FY23 | q-o-q (%) |
|---|---|---|---|---|---|
| **Total revenue** | **3,391.9** | **3,163.7** | **7.2** | **3,125.0** | **8.5** |
| Raw-material cost | 1,768.1 | 1,587.6 | 11.4 | 1,669.2 | 5.9 |
| Employee cost | 259.3 | 257.8 | 0.6 | 259.7 | -0.1 |
| Advertisement & Publicity | 283.9 | 189.9 | 49.5 | 201.4 | 41.0 |
| Other expenses | 506.4 | 449.2 | 12.7 | 462.1 | 9.6 |
| Total operating expenses | 2,817.7 | 2,484.5 | 13.4 | 2,592.4 | 8.7 |
| **Operating profit** | **574.3** | **679.2** | **-15.4** | **532.6** | **7.8** |
| Other income | 39.9 | 22.6 | 76.1 | 27.5 | 44.9 |
| Forex gain/ (loss) | -32.1 | -19.6 | 64.3 | -11.8 | 172.1 |
| Interest expense | 48.3 | 24.5 | 96.9 | 35.1 | 37.6 |
| Depreciation | 53.3 | 50.9 | 4.8 | 57.1 | -6.6 |
| **Profit before tax** | **480.4** | **606.8** | **-20.8** | **456.2** | **5.3** |
| Tax | 98.9 | 126.7 | -22.0 | 109.3 | -9.5 |
| **Adjusted PAT (before MI)** | **381.5** | **480.1** | **-20.5** | **347.0** | **10.0** |
| Minority interest (MI) | 0.0 | 0.2 | -100.0 | -0.3 | -100.0 |
| Extraordinary item | -22.7 | -1.4 | - | -1.8 | - |
| **Reported PAT** | **358.9** | **478.9** | **-25.1** | **344.9** | **4.1** |
| EPS (Rs.) | 3.7 | 4.7 | -20.5 | 3.4 | 10.0 |
| | | | bps | | bps |
| GPM (%) | 47.9 | 49.8 | -194 | 46.6 | 129 |
| OPM (%) | 16.9 | 21.5 | -454 | 17.0 | -11 |
| NPM (%) | 11.2 | 15.2 | -393 | 11.1 | 15 |
| Tax rate (%) | 20.6 | 20.9 | -30 | 23.9 | -337 |

*Source: Company, Sharekhan Research*

## Outlook and Valuation

### Sector view - H2FY2023 to be better compared to H1

Consumer goods companies would start seeing the benefit of correction in key input prices from Q3FY2023. The recent sharp correction in some key input prices helped companies to pass on benefits to the customer in the form of price cuts in highly penetrated categories (such as soaps). This along with a good monsoon season in most parts of the country (except for some parts in the North and East) will help in a good recovery in sales volumes in the coming quarters. A decline in commodity prices has also helped inflationary pressures ease out boosting consumer sentiments. Hence, some tailwinds are building up for the sector to improve its growth in the coming quarters. Overall, we expect H2FY2023 will be much better compared with H1FY2023 with expected recovery in sales volumes. OPM is also expected to improve from Q3FY2023. Low penetration in key categories (especially in rural India), lower per capita consumption compared with other countries, a large shift to branded products, and emergence of new channels such as e-commerce/D2C provide several opportunities for achieving sustainable growth in the medium to long run.

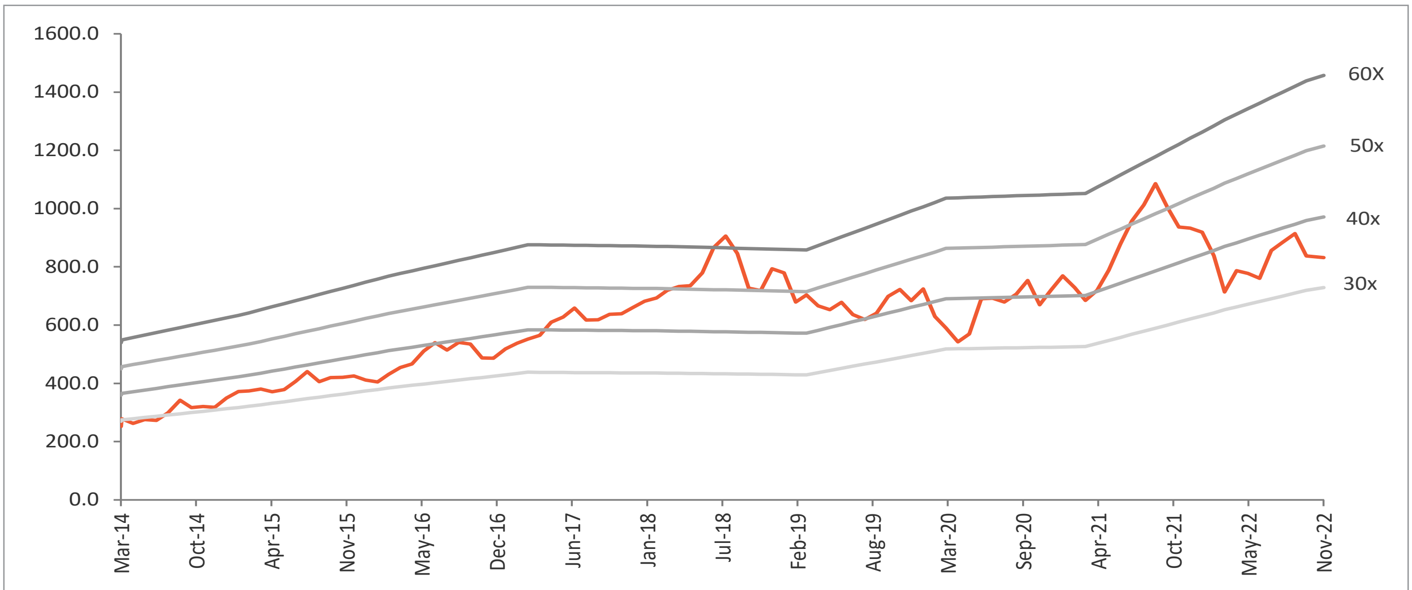
### Company outlook - Change in leadership likely to drive consistent growth in the long run

Under the leadership of Mr. Sudhir Sitapati, the company will focus on achieving consistent double-digit revenue growth in the medium term. Improved penetration of HI in rural markets, sustained double-digit growth in Africa business, and recovery in Indonesia business are key medium-term revenue growth drivers. The decline in key input prices (including palm oil and packaging material) would help in margin improvement in Q3FY2023. The company will pass on some benefits to consumers to improve sales volumes. Management expects to maintain OPM at ~20% y-o-y and aims to sustain it at 20-22% in the medium term.

### Valuation - Maintain Buy with an unchanged PT of Rs. 1,000

GCPL's H1FY2023 performance was soft affected by slowdown in India business, the decline in Indonesia business, and higher input cost inflation affecting profitability. With strategies in place, management is confident of posting gradual recovery in sales in the coming quarters and targets to achieve double-digit growth in the medium term. The company targets consistent improvement in OPM through premiumisation and operating efficiencies in the medium to long run. The stock is currently trading at discount valuations of 48.3x/38.0x its FY2023/FY2024E earnings. We maintain our Buy recommendation on the stock with an unchanged price target (PT) of Rs. 1,000.

**One-year forward P/E (x) band**




*Source: Sharekhan Research*

**Peer Comparison**

| Companies | P/E (x) | | | EV/EBITDA (x) | | | RoCE (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY22 | FY23E | FY24E | FY22 | FY23E | FY24E | FY22 | FY23E | FY24E |
| Hindustan Unilever | 67.3 | 61.2 | 51.6 | 47.1 | 42.7 | 36.2 | 24.1 | 26.3 | 30.6 |
| Dabur India | 53.6 | 48.3 | 38.0 | 43.4 | 40.1 | 31.7 | 26.3 | 26.8 | 31.4 |
| Godrej Consumer Products | 47.1 | 48.3 | 38.0 | 34.5 | 35.8 | 28.5 | 17.3 | 15.6 | 18.5 |

*Source: Company; Sharekhan Research*

## About company

GCPL is a leading emerging market company with a turnover of more than Rs. 10,000 crore. The group enjoys the patronage of 1.15 billion consumers globally across businesses. GCPL is present in key product categories such as soaps, hair colour, and HI. The company's power brands include Godrej No.1 soap, Godrej expert range of hair colours, and Good Knight. GCPL operates internationally in Indonesia, Latin America, and AUM (Africa, US, and Middle East) regions.

## Investment theme

GCPL has a '3 by 3' approach to international expansion by building presence in '3' emerging markets (Asia, Africa, and Latin America) across '3' categories (home care, personal wash, and hair care products). The company has a leadership position in most categories in the domestic and international markets. Under the new leadership, the immediate focus of the company is to fill the gaps to achieve sustainable double-digit revenue growth in the medium term. Increased penetration, cross-pollination, simplifying business in key markets, and surge in distribution are some of the key growth drivers in the medium term. Premiumisation, better revenue mix, and operating efficiencies would drive margins in the long run.

## Key Risks

- Currency fluctuation in key international markets, including Africa and Indonesia, will affect earnings performance.
- Increased prices of key raw materials such as palm oil would affect profitability and earnings growth.
- Increased competition in highly penetrated categories such as soaps would threaten revenue growth or any competition from illegal entrants in the HI category would affect its performance.

## Additional Data

**Key management personnel**

| | |
|---|---|
| Adi Godrej | Chairman, Godrej Group |
| Nisaba Godrej | Chairperson |
| Sudhir Sitapati | Managing Director and CEO |
| Sameer Shah | Chief Financial Officer |
| Rahul Botadara | Company Secretary and Compliance Officer |

*Source: Company*

**Top 10 shareholders**

| Sr. No. | Holder Name | Holding (%) |
|---|---|---|
| 1 | First State Investments ICVC | 2.76 |
| 2 | Temasek Holdings Pte Ltd. | 1.73 |
| 3 | BlackRock Inc. | 1.31 |
| 4 | Capital Group Cos | 1.23 |
| 5 | Vanguard Group Inc. | 1.2 |
| 6 | St James place PLC | 1.18 |
| 7 | Mitsubishi UFJ Financial Group Inc. | 1.04 |
| 8 | Republic of Singapore | 1.02 |
| 9 | EuroPacific Growth Fund | 0.94 |
| 10 | Kotak Mahindra AMC | 0.78 |

*Source: Bloomberg*

## Understanding the Sharekhan 3R Matrix

| | |
|---|---|
| **Right Sector** | |
| Positive | Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies |
| Neutral | Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies |
| Negative | Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability. |
| **Right Quality** | |
| Positive | Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance. |
| Neutral | Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable |
| Negative | Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and detoriating balance sheet |
| **Right Valuation** | |
| Positive | Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment. |
| Neutral | Trading at par to historical valuations and having limited scope of expansion in valuation multiples. |
| Negative | Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple. |

*Source: Sharekhan Research*

For Private Circulation only

**Disclaimer:** This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved) and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in this report.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject SHAREKHAN and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that neither he or his relatives or Sharekhan associates has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either, SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Ms. Binkle Oza; Tel: 022-61150000; email id: compliance@sharekhan.com;

For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com.

**Registered Office:** Sharekhan Limited, The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA, Tel: 022 - 67502000/ Fax: 022 - 24327343. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O/ CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183.