Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Result Update

Jyothy Labs Ltd

Good Q4; Margins continue to expand

Consumer Goods	Sharekhan code: JYOTHYLAB

Reco/View: Buy ↔	CMP: Rs. 194	Price Target: Rs. 240 ↔

↑ 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	Neutral	↔	Neutral
RQ	Positive	↔	Positive
RV	Positive	↔	Positive

ESG Disclosure Score NEW

ESG RISK RATING 31.95

Updated Mar 08, 2023

High Risk

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

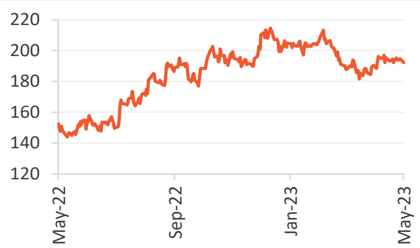
Company details

Market cap:	Rs. 7,120 cr
52-week high/low:	Rs. 223 / 142
NSE volume: (No of shares)	3.7 lakh
BSE code:	532926
NSE code:	JYOTHYLAB
Free float: (No of shares)	13.6 cr

Shareholding (%)

Promoters	62.9
FII	14.1
DII	16.8
Others	6.2

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	2.9	-6.8	-2.8	31.4
Relative to Sensex	-0.7	-8.9	-3.2	21.4

Sharekhan Research, Bloomberg

Summary

- Jyothy Labs Limited's (JLL's) operating performance largely met our expectations in Q4FY23, with consolidated revenues growing by 13% y-o-y to Rs. 617 crore while OPM expanded by432 bps y-o-y to 14.8% resulting in 61% y-o-y growth in PAT to Rs. 59.3 crore.
- JLL aims to focus on improving volume growth, improve market share in key categories, widen distribution reach and enhance digitisation to achieve double-digit revenue growth in the medium-long term. Further, JLL targets to achieve a historical OPM of 15-16% in the next 1-2 years.
- The company remains debt free with cash on books at Rs. 283 crore as on March 31, 2023.
- Stock trades at a discounted valuation of 23.8x/19.8x its FY2024E/FY2025E EPS. We maintain Buy with an unchanged PT of Rs. 240.

Jyothy Labs Limited's (JLL's) Q4FY2023 operating performance was largely in-line with our expectation with a 13% y-o-y growth in revenue to Rs. 617 crore, while OPM expanded by 432 bps y-o-y to 14.8%. This resulted in a strong 61% y-o-y growth in adjusted PAT to Rs. 59.3 crore. Revenue growth was driven by a 3.3% volume growth and 9.5% price led growth. Double digit revenue growth can be attributable to 20% growth in the fabric care business and 12% growth in the personal care business. Decline in the key input prices (including crude derivatives) led to a 428 bps y-o-y (262 bps q-o-q) rise in gross margins to 45.7%. This led to a sharp 432 bps y-o-y expansion in the OPM to 14.8% (improved by 102 bps q-o-q). Operating profit grew by 59.4% y-o-y to Rs. 91.3 crore and the adjusted PAT grew by 60.5% y-o-y to Rs. 59.3 crore. For FY2023, consolidated revenues grew by 13.2% y-o-y to Rs. 2,486 crore, OPM improved by 140 bps y-o-y to 12.7% and adjusted PAT grew by 45% y-o-y to Rs. 230.9 crore. The company declared a dividend of Rs. 3 per share for FY2023.

Key positives

- Fabric care clocked strong revenue growth of 20%.
- Gross margin/OPM improved by 428 bps / 432 bps y-o-y and 262 bps / 102 bps q-o-q; management expects margin expansion to continue.
- Cash balance on books at FY2023-end stood at Rs. 283 crore.

Key negatives

- HI category's revenues stood flat y-o-y at Rs. 80 crore due to weather vagaries and adverse impact of illegal incense sticks on the coil category.

Management Commentary

- Rural growth lagged urban growth due to inflation, but both urban and rural markets continue to do well as the slowdown is bottoming out. JLL's focus would be on rural markets for achieving long-term growth.
- Category-wise, the company aims to achieve growth in fabric care by building scale, focus on gaining market share in dishwashing category, aims to increase share of personal care and mitigate category challenges in HI to achieve growth in the coming years.
- Direct reach stood at 1.1 million outlets at FY2023-end. JLL aims to increase the number of outlets across the country without focusing on any particular region. According to the management, the company has 100% reach in villages with 1,000+ population.
- Management stated that commodity prices are still volatile. JLL targets to achieve a historical OPM of 15-16% in 1-2 years.
- According to the management, tax rate was higher in Q4FY2023 due to asset sale, however, the company expects tax rate to remain at 20% in coming 2-3 years.

Revision in earnings estimates - We have broadly maintained our earnings estimates for FY2024/ FY2025 due to largely in-line operating performance in Q4FY2023.

Our Call

View: Maintain Buy with an unchanged PT of Rs. 240: JLL posted relatively better broad-based performance in past few quarters despite inflation in input prices and a slowdown in volume growth (especially in rural India). Product innovation and availability of relevant product assortment for general trade/e-commerce/modern trade and distribution expansion will help JLL to continue to gain market share in key categories. The stock has corrected by 13% from its 52-week high and is currently trading at discounted valuations of 23.8x/19.8x its FY2024E/FY2025E earnings as compared to some of the large peers. Improving cash flows, focus on achieving double-digit volume growth, and attractive valuations make it a good mid-cap pick in the consumer goods space. We maintain a Buy recommendation on the stock with an unchanged price target (PT) of Rs. 240 over the next 12 months.

Key Risks

A late recovery in the HI category or market share loss in some of the key categories would act as a key risk to our earnings estimates.

Valuation (Consolidated) Rs cr

Particulars	FY21	FY22	FY23	FY24E	FY25E
Revenues	1,909	2,196	2,486	2,798	3,197
OPM (%)	16.5	11.3	12.7	14.5	15.1
Adjusted PAT	208	159	231	299	359
% YoY growth	30.5	-23.5	45.1	29.5	20.2
Adjusted EPS (Rs.)	5.7	4.3	6.3	8.1	9.8
P/E (x)	34.2	44.7	30.8	23.8	19.8
P/B (x)	5.0	4.9	4.6	4.3	3.9
EV/EBIDTA (x)	22.6	28.3	21.9	17.2	14.2
RoNW (%)	15.7	11.1	15.4	18.7	20.8
RoCE (%)	14.2	10.7	15.1	17.8	19.2

Source: Company; Sharekhan estimates

Good Q4 – Revenue growth at 13% y-o-y; OPM up by 432 bps y-o-y

JLL's revenues grew by 13% y-o-y to Rs. 617 crore driven by 20.1% y-o-y growth in the fabric care segment, a 9% y-o-y growth in the dishwashing segment and 12% y-o-y growth in personal care segment. The HI segment registered flat sales with revenues standing at Rs. 80 crore. Gross margins increased by 428 bps y-o-y to 45.7% and OPM was up by 432 bps y-o-y to 14.8%. Operating profit grew by 59.4% y-o-y to Rs. 91.3 crore. Reported PAT grew by 60.5% y-o-y to Rs. 59.3 crore. For FY2023 revenue grew by 13.2% y-o-y to Rs. 2,48 crore, OPM expanded by 140 bps y-o-y to 12.7% and reported PAT grew by 48% y-o-y to Rs. 236 crore. The company had nil gross debt and net cash balance of Rs. 283 crore as on March 31, 2023. The board has proposed a dividend of Rs. 3 per share for FY2023.

Fabric Care category – Double-digit revenue growth coupled with improvement in profitability

JLL's fabric care revenue grew by 20.1% y-o-y to Rs. 255 crore in Q4FY2023 and by 29.3% y-o-y to Rs. 1,056 crore in FY2023 driven by improvement in sales across all brands with strong value proposition and focus on distribution. Ujala Supreme held its market share at 84% in MQ23 vs MQ22. Ujala Detergent held its market share in Kerala at 21.9% in MQ23 vs MQ22. Ujala Crisp & Shine consistently gained consumer demand and grew on y-o-y basis. Henko Stain Care Powder detergent grew in double-digits delivering robust performance across channels. JLL's foray into liquid detergents is showing positive results and has strengthened the portfolio given the evolving category dynamics. Strong focus on building user base in post-wash is driving category growth. Mid-priced detergent brands, 'Mr. White & Morelight' have witnessed good demand. PBIT margin for the category increased by 768 bps y-o-y to 19.6% in Q4FY2023 and by 122 bps y-o-y to 16.3% in FY2023.

Dishwash– Revenue growth at 9% y-o-y; Margin improved by 522 bps y-o-y in Q4

JLL's dishwashing sales grew by 8.7% and 8.4% y-o-y to Rs. 206 crore and Rs. 865 crore in Q4FY2023 and FY2023, respectively, aided by unique value offering across SKUs and resilient efforts in distribution. Dishwash category's growth stood at 9% in CY2022, while Exo grew at a faster pace of 11% in the same period. The Exo brand clocked strong growth and reached highest ever market share of 13.8% In CY2022 and has become a strong No. 2 player in the category. Pril's market share stood at 13.9% in MQ23. PBIT margin of the dishwashing category improved by 522 bps y-o-y to 17.5% in Q4FY2023 and by 370 bps y-o-y to 15.3% in FY2023.

HI Category – Underperformance continued in Q4

HI category's revenue stood flat y-o-y at Rs. 80 crore in Q4FY2023 and declined by 20.2% y-o-y to Rs. 212 crore in FY2023, primarily due to seasonality impacting the demand in JLL's core markets and proliferation of illegal incense sticks in the market which has impacted the demand for the company's products. The HI category ex incense sticks declined by 2% y-o-y in FY2023. Liquid refill grew by 2% y-o-y while coils declined by 9% y-o-y in FY2023. Maxo Coil and liquid vaporisers' market share stood at 23.1% and 8.9% respectively for CY2022. Management has guided that these challenges are transitory and has a positive view on category's growth outlook. The HI category reported a loss of Rs. 0.9 crore in Q4FY2023 vs a profit of Rs. 0.3 crore in Q4FY2022 and a loss of Rs. 20.2 crore in FY2023 vs a loss of Rs. 7.9 crore in FY2022.

Personal care– Revenue up 12% y-o-y; Margin expanded by 76 bps y-o-y in Q4

JLL's personal care category grew by 12.1% and 8.7% y-o-y to Rs. 52 crore and Rs. 254 crore in Q4FY2023 and FY2023, respectively, led by double-digit growth of the neem-based Margo soap and resilient efforts in distribution. Margo recorded a growth of 22% in total no. of households (highest amongst green all green soaps) registering an increase in penetration from 8% to 9.4%. PBIT margin improved by 76 bps y-o-y to 13.4% in Q4FY2023 and declined by 504 bps y-o-y to 10.2% in FY2023.

Key concall highlights

- **Price-led revenue growth:** Revenue growth excluding HI came in at 17.8% y-o-y in FY2023. The company reported 10 consecutive quarters of double-digit growth in Q4FY2023. Out of the 12.8% revenue growth registered in Q4, volume growth stood at 3.3% and balance 9.5% was price-led growth. Volume-led growth in FY2023 stood at 3%, resulting in price-led growth of 10.2% y-o-y. MT and e-commerce together contribute ~10% of sales.
- **Rural focus for long-term growth:** According to the management, rural growth had lagged urban growth due to inflation, however, both urban and rural continue to do well as slowdown is bottoming out. As indicated by the management, JLL's focus would be on rural markets for achieving long-term growth.
- **Building scale in Fabric care:** For fabric care, the company aims to achieve growth by building scale in a highly competitive large category. As guided by the management, Mr. White, Morelight and Ujala IDD each are Rs. 100 crore plus brands.
- **Focus on gaining market share in dishwashing category:** JLL expects to achieve double-digit growth in dishwashing in FY2024 and gain market share in the fast growing category.
- **Aim to increase share of personal care:** The management has guided that Margo original neem is doing well and has achieved double-digit growth during FY2023. The company aims to strengthen the Margo franchise, which will to help increase share of personal care in the company's portfolio. The Margo brand is poised to extend the portfolio with new variants (Lemon, Rose and Jasmine) launched in April 2023.
- **Mitigate category challenges in HI:** The company plans to focus on liquid vaporisers and promote coils as a safer alternative to illegal incense sticks. JLL is trying to educate consumers about health hazards that come with incense sticks and create awareness about liquids and coils.
- **Laundry to scale up:** The laundry business was at breakeven level for past three quarters. In FY2024, the company plans to focus on improving the segment's topline.
- **Growing the distribution reach:** Direct reach stood at 1.1 million outlets at FY2023-end. JLL aims to increase the number of outlets across the country without focusing on any particular region. According to the management, the company has 100% reach in villages with 1,000+ population.
- **OPM guidance:** As guided by the management, commodity prices are still volatile. JLL targets to achieve its historical OPM of 15-16% in the next 1-2 years.
- **Multiple drivers in place to achieve double-digit growth:** JLL aims to focus on volume-led growth, improve market share, increase its distribution reach, and enhance digitisation to achieve double-digit revenue growth in the medium-long term.
- **Tax rate to remain stable at 20%:** According to the management, tax rate was higher in Q4FY2023 due to asset sales, but the company expects tax rate to remain at 20% in coming 2-3 years.
- **Ad spends to continue:** The company's A&P spends came in at Rs 45.9 crore in Q4FY2023 (7.4% of net sales) versus Rs. 39.1 crore (7.2% of net sales) in Q4FY2022, registering a y-o-y increase of 17.5%. For FY2023, A&P spends stood at Rs. 174.3 crore (7% of net sales) versus Rs. 161.1 crore (7.3% of net sales) in FY2022, reporting a y-o-y increase of 8.2%. The management has indicated that the company will to continue to spend on advertisements to create brand awareness and scale up the new products.

Results (Consolidated) Rs cr

Particulars	Q4FY23	Q4FY22	y-o-y (%)	Q3FY23	q-o-q (%)
Total Revenue	**617.0**	**546.7**	**12.8**	**612.7**	**0.7**
Raw material cost	334.9	320.2	4.6	348.6	-3.9
Employee expenses	64.8	60.2	7.6	66.4	-2.4
Advertisement expenses	45.9	39.1	17.5	41.8	9.8
Other expenses	80.1	70.0	14.4	71.5	12.1
Total operating cost	525.7	489.5	7.4	528.3	-0.5
Operating profit	**91.3**	**57.2**	**59.4**	**84.4**	**8.2**
Other income	5.7	5.7	-0.5	15.3	-62.6
Depreciation	11.9	15.4	-22.8	12.2	-2.1
Interest expenses	3.1	2.9	9.5	3.2	-2.8
Profit before tax	**81.9**	**44.7**	**83.3**	**84.3**	**-2.7**
Tax	22.7	7.8	-	16.9	34.5
Reported PAT	**59.3**	**36.9**	**60.5**	**67.4**	**-12.1**
EPS (Rs.)	1.6	1.0	60.5	1.8	-12.1
			bps		bps
GPM (%)	45.7	41.4	428	43.1	262
OPM (%)	14.8	10.5	432	13.8	102
NPM (%)	9.6	6.8	285	11.0	-139
Tax rate (%)	27.7	17.4	-	20.0	767

Source: Company, Sharekhan Research

Segmental performance Rs cr

Particulars	Q4FY23	Q4FY22	y-o-y (%)	Q3FY23	q-o-q (%)
Revenue			(%)		(%)
Fabric care	255.0	212.0	20.3	263.5	-3.2
Dish washing	206.0	190.0	8.4	221.3	-6.9
Household insecticides	80.0	79.0	1.3	43.4	84.3
Personal care	52.0	47.0	10.6	59.1	-12.1
Other Products	10.0	10.0	0.0	12.2	-18.2
Total Consumer	**603.0**	**538.0**	**12.1**	**599.6**	**0.6**
Laundry Services	14.0	9.0	55.6	13.1	7.0
	617.0	**547.0**	**12.8**	**612.7**	**0.7**
PBIT Margins (%)			**(bps)**		**(bps)**
Fabric care	19.6	11.9	768	18.4	115
Dish washing	17.5	12.3	522	15.3	223
Household insecticides	-1.2	0.4	-	-15.9	-
Personal care	13.4	12.7	76	15.3	-187
Other Products	-4.4	14.6	-	0.1	-448
Total Consumer	**15.2**	**10.5**	**472**	**14.1**	**110**
Laundry Services	-2.6	-17.1	-	-11.8	920
	14.8	**10.0**	**477**	**13.5**	**125**

Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector view - Rural recovery key for revival in volume growth

A recovery in rural demand is key for consumer goods companies to post recovery in volume growth in the quarters ahead. A normal monsoon, well spread across the country, and government support (especially prior to elections) might help rural demand to gradually improve. In terms of categories, out-of-home, packaged foods, and edible oil categories are likely to maintain good momentum in the coming quarters. With mercury expected to rise in most parts of the country, demand for summer products is increasing as trade channels are building up the inventory prior to the season. On the margins, stable raw-material prices post the recent correction in some of the key inputs (including crude oil and vegetable oils) will help margins consistently improve in the coming quarters. Low penetration in key categories (especially in rural India), lower per capita consumption compared with other countries, a large shift to branded products, and the emergence of new channels such as e-Commerce/D2C provide several opportunities for achieving sustainable growth in the medium to long run.

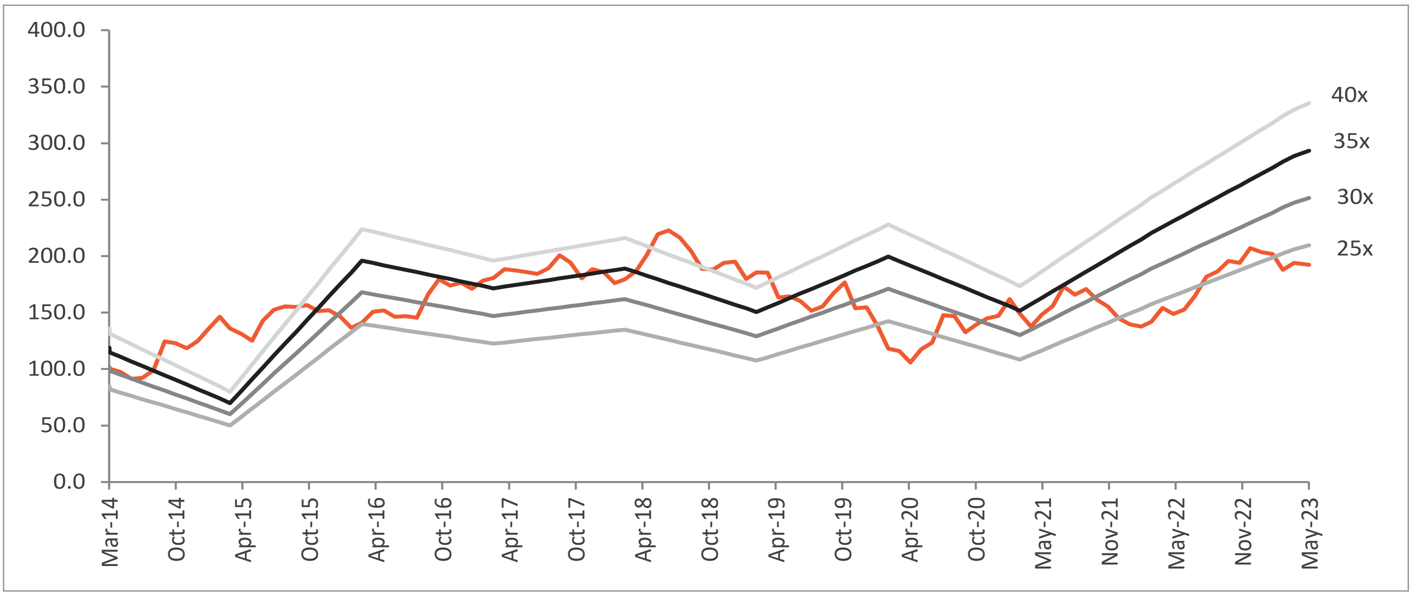
■ Company outlook - Focus remains on achieving double-digit revenue growth

JLL posted resilient numbers for FY2023 registering double-digit revenue growth, while volume growth was at low single digits. The company is focusing on achieving volume-led, double-digit revenue growth in the medium to long term through driving category development, increased brand-building initiatives, digital technology driving sales efficiency in go-to-market initiatives, market share gains, distribution expansion, and improving penetration for key categories in rural and urban markets. With the recent correction in key input prices, the company expects OPM to reach historical levels of 15-16% in the next 1-2 years.

■ Valuation - Retain Buy with an unchanged PT of Rs. 240

JLL posted relatively better broad-based performance in past few quarters despite inflation in input prices and a slowdown in volume growth (especially in rural India). Product innovation and availability of relevant product assortment for general trade/e-commerce/modern trade and distribution expansion will help JLL to continue to gain market share in key categories. The stock has corrected by 13% from its 52-week high and is currently trading at discounted valuations of 23.8x/19.8x its FY2024E/FY2025E earnings as compared to some of the large peers. Improving cash flows, focus on achieving double-digit volume growth, and attractive valuations make it a good mid-cap pick in the consumer goods space. We maintain a Buy recommendation on the stock with an unchanged price target (PT) of Rs. 240 over the next 12 months.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Companies	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Godrej Consumer Products	53.4	42.4	36.1	39.6	31.8	27.1	16.0	18.7	20.1
HUL	61.2	51.7	44.1	42.6	36.3	30.9	25.9	30.1	33.4
Jyothy Labs	30.8	23.8	19.8	21.9	17.2	14.2	15.1	17.8	19.2

Source: Company, Sharekhan estimates

About company

JLL has evolved from being a promoter-driven, south-centric, single-product company to a professionally managed, multi-brand, multi-product company with pan-India operations and a turnover of ~Rs. 2,500 crore. JLL is present in key categories such as fabric care, dishwash, HI, and personal care products. JLL's power brands include Ujala, Henko, Exo, Maxo, Margo, and Pril. The company's flagship brand, Ujala has remained at the top of the fabric whitener category since its launch, with an ~80% market share.

Investment theme

JLL has a leadership position in the fabric whitener category in India, whereas it ranks number two in the dishwash bar, liquid, and mosquito repellent coil categories. Going forward, long-term strategies undertaken to enhance growth include winning through innovations in the fabric wash category, leveraging rural penetration in the dishwash category, increasing footprint, and relevant extensions in the HI and personal care categories. A large presence in the essential and hygiene category will help JLL drive near-term growth in the pandemic situation. A resurgence in the HI category will help drive growth in the medium term.

Key Risks

- **Slowdown in demand:** A sustained slowdown in the HI category's growth would affect demand.
- **Higher input prices:** Sharp rise in key raw-material prices such as Brent crude oil would affect profitability and earnings growth.
- **Increased competition in highly penetrated categories:** Increased competition in highly penetrated categories such as fabric whiteners would threaten revenue growth.

Additional Data

Key management personnel

Ramakrishnan Lakshminarayanan	Chairman
Jyothy Ramchandran	Managing Director
Sanjay Agarwal	Chief Financial Officer
Shreyas Trivedi	Company Secretary

Source: Company

Top 9 shareholders

Sr. No.	Holder Name	Holding (%)
1	Franklin Resources	6.45
2	Nalanda India Equity Fund	6.02
3	ICICI Prudential AMC	3.39
4	Nippon Life India AMC	3.26
5	ICICI Lombard General Insurance Co Ltd	1.68
6	Pari Washington Company Pvt Ltd	1.67
7	abrdn plc	0.79
8	BlackRock Inc	0.63
9	Dimensional Fund Advisors	0.50

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

Sharekhan
by BNP PARIBAS

DISCLAIMER

This information/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 information/ document is subject to changes without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply for information/document focused on technical and derivatives research and shall not apply to reports/documents/ information focused on fundamental research.

This information/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 information/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 recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/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 might have dealt or traded directly or indirectly in securities of the company and that all 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 either he or his relatives or Sharekhan associates might have direct or indirect financial interest or might 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. The analyst and SHAREKHAN encourages independence in research report/ material preparation and strives to minimize conflict in preparation of research report. The analyst and SHAREKHAN does not have any material conflict of interest or has not served as officer, director or employee or engaged in market making activity of the company. The analyst and SHAREKHAN has 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 Ltd 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.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Sharekhan/its affiliates undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader/ investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgement before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

---

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited, Research Analyst Regn No.: INH000006183. (CIN): -U99999MH1995PLC087498. Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA. Tel: 022-6115000.

Other registrations of 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.

Compliance Officer: Ms. Binkle Oza; Tel: 022-61169602; email id: complianceofficer@sharekhan.com

For any complaints/grievance, email us at igc@sharekhan.com or you may even call Customer Service desk on - 022- 41523200/022- 33054600