

Margin miss in Q1; exports commentary benign

Auto & Auto Ancillaries ▶ Result Update ▶ July 26, 2023

TARGET PRICE (Rs): 4,760

BJAUT reported a slight miss on margins in Q1 (down ~30bps QoQ to 19% vs our estimate of 19.4%), owing to normalizing mix; PAT was largely in-line. On the demand front, while exports are expected to improve sequentially, the pace of uptick is seen to be gradual. We believe the recent Triumph launch, while positive, will not move the needle much for BJAUT, even as the weakening domestic ICE-2W franchise and disruptive risk to the 3W space (from EVs) remain structural concerns. This compels us to maintain our HOLD rating on the stock, even as we upgrade FY24E/FY25E EPS by 11.6%/9.7% to largely reflect the Q1 margin run-rate (also introduce FY26E). Our revised target price stands at Rs4,760/share (15x core FY25E EPS and Rs924 cash/investment per share).

Bajaj Auto: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	331,447	364,276	445,547	517,273	568,770
EBITDA	52,586	65,491	85,245	99,134	109,866
Adj. PAT	47,761	56,276	71,930	82,021	89,765
Adj. EPS (Rs)	165.1	198.9	254.2	289.9	317.2
EBITDA margin (%)	15.9	18.0	19.1	19.2	19.3
EBITDA growth (%)	6.7	24.5	30.2	16.3	10.8
Adj. EPS growth (%)	10.2	14.7	27.8	14.0	9.4
RoE (%)	18.4	21.6	27.9	30.9	32.7
RoIC (%)	145.8	182.6	208.6	196.9	194.7
P/E (x)	29.4	24.4	19.1	16.7	15.3
EV/EBITDA (x)	22.7	17.9	13.9	11.9	10.7
P/B (x)	5.3	5.4	5.2	5.1	4.9
FCFF yield (%)	2.1	3.0	2.0	4.6	5.6

Source: Company, Emkay Research

Adverse mix impacts margins: Revenue grew 29% YoY to ~Rs103bn (Emkay: Rs99.3bn), amid volume growth of 10% (+20% QoQ) and realization growth of 17% (-3% QoQ). Company took a ~1% price increase (offsetting the increase in material cost and the OBD-2 cost). EBITDA grew 51% YoY to Rs19.5bn (Emkay: Rs19.3bn), with EBITDA margin up 280bps (-30bps QoQ) to 19% (Emkay: 19.4%). Sequentially, margins were affected by the adverse mix (higher share of commuter 2Ws to cater to marriage season demand; higher E-2W sales). Adjusted PAT grew 42% to Rs16.6bn.

Earnings Call KTAs: i) Domestic 2W industry retails expected to continue growing at 4-6% in coming months; BJAUT expects to outperform, esp. in the +125cc segments, through targeted product interventions (Q2 dispatch growth rate may be hit by the higher base of last year). ii) Near-term exports outlook is cautiously optimistic; expects gradual improvements in line with uptick in factors like forex availability (e.g. in Nigeria, while Q1 retails were up 34% QoQ, driver incomes remain affected); however, suppressed inventory levels provide room for higher dispatches, once the situation normalizes some more. iii) Domestic 3W market share is now >80%, driven by CNG. iv) *Triumph* has 17K bookings; plans ramp-up to 5K/mth by Sep-2023, with exports to begin from Oct-23; initial qualitative feedback points to a different customer set than *Pulsar's*; distribution to expand to 44 cities (vs. 17 now) by Q2; may launch a new *Triumph* batch per year. v) E-2W industry growth to ease from the earlier triple-digit run-rate post the FAME-2 subsidy cut; expects top-5 players' market share to further consolidate to ~80% vs. ~50% last year. vi) E-scooter *Chetak* portfolio to expand from Q3, with network to expand to 120 cities from Q2 (vs. 100 now). vii) E-3W launched in a limited manner; to scale up from Sep-Oct '23, initially prioritizing markets where ICE 3Ws are not permitted. viii) Commodity basket relatively stable; aims to maintain current margin levels; while operating leverage would help, mix may see some dilution as exports and E-2Ws ramp up. ix) FY24E EV capex at Rs4-5bn. x) Spares/exports revenues in Q1 stood at Rs12bn/USD400mn. xi) USD-INR in Q1 at Rs82.1 vs. Rs81.5 in Q4FY23 and Rs77.4 in Q1FY23. xii) Generated Rs20bn FCF in Q1.

Target Price – 12M	Jun-24
Change in TP (%)	7.7
Current Reco.	HOLD
Previous Reco.	HOLD
Upside/(Downside) (%)	(1.8)
CMP (25-Jul-23) (Rs)	4,849.0

Stock Data	Ticker
52-week High (Rs)	4,995
52-week Low (Rs)	3,461
Shares outstanding (mn)	289.4
Market-cap (Rs bn)	1,403
Market-cap (USD mn)	17,138
Net-debt, FY24E (Rs mn)	-190,981
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	1,968.1
ADTV-3M (USD mn)	24.0
Free float (%)	45.0
Nifty-50	19,681
INR/USD	81.9
Shareholding, Jun-23	
Promoters (%)	55.0
FPIs/MFs (%)	13.7/9.6

Price Performance

(%)	1M	3M	12M
Absolute	4.9	11.7	20.6
Rel. to Nifty	(0.5)	0.8	1.9

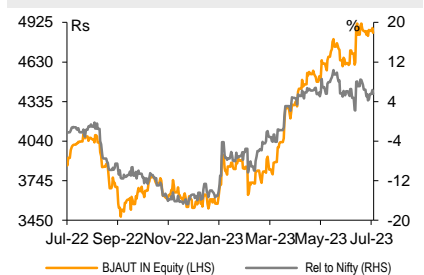
1-Year share price trend (Rs)**Chirag Jain**chirag.jain@emkayglobal.com
+91 22 6624 2428**Bhargava Perni**bhargava.perni@emkayglobal.com
+91 22 6624 2429**Jaimin Desai**jaimin.desai@emkayglobal.com
+91 22 6612 1334

Exhibit 1: Q1FY24 result snapshot – Adverse mix impacts margins

(Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY (%)	QoQ (%)
Revenue	80,050	102,028	93,151	89,047	103,098	28.8	15.8
Expenditure	67,080	84,440	75,383	71,882	83,558	24.6	16.2
<i>as % of sales</i>	83.8	82.8	80.9	80.7	81.0		
Consumption of RM	57,776	74,861	65,775	62,135	74,127	28.3	19.3
<i>as % of sales</i>	72.2	73.4	70.6	69.8	71.9		
Employee Cost	3,796	3,522	3,511	3,620	3,842	1.2	6.1
<i>as % of sales</i>	4.7	3.5	3.8	4.1	3.7		
Other expenditure	5,507	6,058	6,097	6,126	5,590	1.5	(8.8)
<i>as % of sales</i>	6.9	5.9	6.5	6.9	5.4		
EBITDA	12,970	17,587	17,768	17,166	19,539	50.6	13.8
EBITDA margin (%)	16.2	17.2	19.1	19.3	19.0		
Depreciation	673	670	740	742	835	24.1	12.6
EBIT	12,297	16,917	17,029	16,424	18,704	52.1	13.9
Other Income	3,193	3,332	2,691	2,598	3,463	8.5	33.3
Interest	43	109	85	157	121	178.6	(23.2)
PBT	15,447	20,140	19,635	18,865	22,046	42.7	16.9
Total Tax	3,714	4,840	4,721	4,536	5,399	45.4	19.0
Adjusted PAT	11,733	15,300	14,914	14,329	16,648	41.9	16.2
Extra ordinary items Loss/(Gain)	0	0	0	0	0		
Reported PAT	11,733	15,300	14,914	14,329	16,648	41.9	16.2
Adjusted EPS	40.5	53.9	52.7	50.6	58.8	45.1	16.2
(%)						(bps)	(bps)
EBITDAM	16.2	17.2	19.1	19.3	19.0	275	(32)
EBITM	15.4	16.6	18.3	18.4	18.1	278	(30)
EBTM	19.3	19.7	21.1	21.2	21.4	209	20
PATM	14.7	15.0	16.0	16.1	16.1	149	6
Effective Tax rate	24.0	24.0	24.0	24.0	24.5	45	44

Source: Company, Emkay Research

Exhibit 2: Actual vs Estimates (Q1FY24)

(Rs mn)	Actual	Emkay Est	% variance	Consensus	% variance
Net sales	103,098	99,343	3.8	103,875	(0.7)
EBITDA	19,539	19,303	1.2	19,830	(1.5)
EBITDA margin (%)	19.0	19.4	-48 bps	19.1	-14 bps
Adj net income	16,648	16,239	2.5	16,561	0.5
FDEPS (Rs)	58.8	57.4	2.5	58.5	0.5

Source: Company, Emkay Research

Exhibit 3: Margins have expanded 280bps YoY

Year to March	1QFY24	1QFY23	Change (bps)	4QFY23	Change (bps)
Raw material	71.9	72.2	(28)	69.8	212
Staff costs	3.7	4.7	(102)	4.1	(34)
Other expenses (incl expenses capitalized)	5.4	6.9	(146)	6.9	(146)
EBITDA	19.0	16.2	275	19.3	(32)
Adjusted net profit	16.1	16.0	14	15.4	77
Tax rate	24.5	24.0	45	24.0	44

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY24E				FY25E				FY26E	
	Earlier	Revised	% Change	% YoY	Earlier	Revised	% Change	% YoY	Introducing	% YoY
Domestic 2W	1,980,597	2,193,780	10.8	21.6	2,217,882	2,449,070	10.4	11.6	2,670,193	9.0
Domestic 3W	360,881	420,919	16.6	40.0	386,142	450,383	16.6	7.0	477,406	6.0
Total Domestic	2,341,477	2,614,699	11.7	24.2	2,604,025	2,899,454	11.3	10.9	3,147,599	8.6
Export 2W	1,882,499	1,702,434	(9.6)	4.0	2,258,999	2,042,921	(9.6)	20.0	2,165,496	6.0
Export 3W	206,398	187,970	(8.9)	2.0	237,358	216,165	(8.9)	15.0	229,135	6.0
Total Export	2,088,897	1,890,404	(9.5)	3.8	2,496,357	2,259,086	(9.5)	19.5	2,394,631	6.0
Volume (Units)	4,430,375	4,505,103	1.7	14.8	5,100,382	5,158,540	1.1	14.5	5,542,231	7.4
Revenue	422,806	445,547	5.4	22.3	493,595	517,273	4.8	16.1	568,770	10.0
EBITDA	77,470	85,245	10.0	30.2	91,610	99,134	8.2	16.3	109,866	10.8
Margin (%)	18.3	19.1	81 bps	115 bps	18.6	19.2	60 bps	3 bps	19.3	15 bps
Net Profit	64,468	71,930	11.6	27.8	74,797	82,021	9.7	14.0	89,765	9.4
EPS (Rs)	227.8	254.2	11.6	27.8	264.3	289.9	9.7	14.0	317.2	9.4

Source: Company, Emkay Research

Exhibit 5: Revenue model – Expect robust revenue CAGR of 16% over FY23-26E

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Domestic 2Ws (units)	2,541,320	2,078,348	1,809,375	1,641,084	1,803,748	2,193,780	2,449,070	2,670,193
Growth (%)	28.7	(18.2)	(12.9)	(9.3)	9.9	21.6	11.6	9.0
Domestic 3Ws (units)	398,826	364,817	109,304	160,599	300,009	420,013	449,413	476,378
Growth (%)	7.9	(8.5)	(70.0)	46.9	86.8	40.0	7.0	6.0
Domestic Total (units)	2,940,146	2,443,165	1,918,679	1,801,683	2,103,757	2,613,792	2,898,484	3,146,571
Growth (%)	25.4	(16.9)	(21.5)	(6.1)	16.8	24.2	10.9	8.6
Export 2Ws (units)	1,695,553	1,869,220	1,796,518	2,195,772	1,636,956	1,702,434	2,042,921	2,165,496
Growth (%)	21.6	10.2	(3.9)	22.2	(25.4)	4.0	20.0	6.0
Export 3Ws (units)	383,177	301,885	257,729	310,854	184,284	187,970	216,165	229,135
Growth (%)	43.1	(21.2)	(14.6)	20.6	(40.7)	2.0	15.0	6.0
Export Total (units)	2,078,730	2,171,105	2,054,247	2,506,626	1,821,240	1,890,404	2,259,086	2,394,631
Growth (%)	25.0	4.4	(5.4)	22.0	(27.3)	3.8	19.5	6.0
Total volumes (units)	5,018,876	4,614,270	3,972,926	4,308,309	3,924,997	4,504,196	5,157,570	5,541,203
Growth (%)	25.3	(8.1)	(13.9)	8.4	(8.9)	14.8	14.5	7.4
ASP (Rs/unit)	60,479	64,826	69,826	76,930	92,792	98,898	100,275	102,625
Growth (%)	(3.9)	7.2	7.7	10.2	20.6	6.6	1.4	2.3
Revenues	303,576	299,187	277,411	331,447	364,276	445,547	517,273	568,770
Growth (%)	20.4	(1.4)	(7.3)	19.5	9.9	22.3	16.1	10.0
EBITDA	51,925	50,962	49,285	52,586	65,491	85,245	99,134	109,866
EBITDA margin (%)	17.1	17.0	17.8	15.9	18.0	19.1	19.2	19.3
EBITDA growth (%)	7.3	(1.9)	(3.3)	6.7	24.5	30.2	16.3	10.8
EBIT	63,656	65,834	59,457	61,987	74,481	95,087	108,413	118,652
EBIT margin (%)	21.0	22.0	21.4	18.7	20.4	21.3	21.0	20.9
EPS (Rs)	153	176	157	165	199	254	290	317

Source: Company, Emkay Research

Bajaj Auto: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	331,447	364,276	445,547	517,273	568,770
Revenue growth (%)	19.5	9.9	22.3	16.1	10.0
EBITDA	52,586	65,491	85,245	99,134	109,866
EBITDA growth (%)	6.7	24.5	30.2	16.3	10.8
Depreciation & Amortization	2,692	2,824	3,309	3,824	4,339
EBIT	49,895	62,667	81,936	95,310	105,527
EBIT growth (%)	6.9	25.6	30.7	16.3	10.7
Other operating income	0	0	0	0	0
Other income	12,092	11,814	13,150	13,104	13,124
Financial expense	87	395	442	491	540
PBT	61,901	74,086	94,644	107,923	118,112
Extraordinary items	0	0	0	0	0
Taxes	14,139	17,810	22,715	25,901	28,347
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	50,189	56,276	71,930	82,021	89,765
PAT growth (%)	10.2	12.1	27.8	14.0	9.4
Adjusted PAT	47,761	56,276	71,930	82,021	89,765
Diluted EPS (Rs)	165.1	198.9	254.2	289.9	317.2
Diluted EPS growth (%)	10.2	14.7	27.8	14.0	9.4
DPS (Rs)	140.0	140.0	228.8	260.9	285.5
Dividend payout (%)	80.7	70.4	90.0	90.0	90.0
EBITDA margin (%)	15.9	18.0	19.1	19.2	19.3
EBIT margin (%)	15.1	17.2	18.4	18.4	18.6
Effective tax rate (%)	22.8	24.0	24.0	24.0	24.0
NOPLAT (pre-IndAS)	38,498	47,602	62,272	72,435	80,201
Shares outstanding (mn)	289.4	283.0	283.0	283.0	283.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	61,901	74,086	94,644	107,923	118,112
Others (non-cash items)	0	0	0	0	0
Taxes paid	(17,015)	(19,184)	(22,809)	(26,009)	(28,465)
Change in NWC	6,009	7,234	1,881	900	2,133
Operating cash flow	29,983	43,305	39,195	64,942	76,565
Capital expenditure	(5,176)	(8,064)	(15,191)	(10,000)	(10,000)
Acquisition of business	(6,390)	(3,000)	(3,000)	(3,000)	(3,000)
Interest & dividend income	3,570	4,153	4,153	4,153	4,153
Investing cash flow	11,133	25,152	(1,541)	1,104	1,124
Equity raised/(repaid)	0	(30,939)	0	0	0
Debt raised/(repaid)	0	0	0	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(74)	(380)	(442)	(491)	(540)
Dividend paid (incl tax)	(40,490)	(40,470)	(39,614)	(64,737)	(73,819)
Others	57	306	0	0	0
Financing cash flow	(40,506)	(71,483)	(40,057)	(65,228)	(74,359)
Net chg in Cash	610	(3,026)	(2,402)	818	3,331
OCF	29,983	43,305	39,195	64,942	76,565
Adj. OCF (w/o NWC chg.)	23,974	36,071	37,314	64,042	74,432
FCFF	24,807	35,241	24,004	54,942	66,565
FCFE	28,290	38,999	27,715	58,604	70,178
OCF/EBITDA (%)	57.0	66.1	46.0	65.5	69.7
FCFE/PAT (%)	56.4	69.3	38.5	71.5	78.2
FCFF/NOPLAT (%)	64.4	74.0	38.5	75.8	83.0

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	2,894	2,830	2,830	2,830	2,830
Reserves & Surplus	263,794	251,429	258,622	266,824	275,801
Net worth	266,688	254,259	261,452	269,654	278,630
Minority interests	0	0	0	0	0
Deferred tax liability (net)	4,033	3,452	3,357	3,249	3,131
Total debt	1,228	1,242	1,242	1,242	1,242
Total liabilities & equity	271,949	258,952	266,051	274,145	283,003
Net tangible fixed assets	17,576	26,353	36,845	43,021	48,682
Net intangible assets	253	307	307	307	307
Net ROU assets	0	0	0	0	0
Capital WIP	768	819	2,209	2,209	2,209
Goodwill	0	0	0	0	0
Investments [JV/Associates]	31,465	34,465	37,465	40,465	43,465
Cash & equivalents	213,117	198,126	192,224	192,042	194,373
Current assets (ex-cash)	56,040	51,207	58,335	64,828	69,537
Current Liab. & Prov.	47,270	52,325	61,333	68,727	75,569
NWC (ex-cash)	8,770	(1,118)	(2,999)	(3,899)	(6,032)
Total assets	271,949	258,952	266,051	274,145	283,003
Net debt	(211,890)	(196,884)	(190,981)	(190,800)	(193,130)
Capital employed	271,949	258,952	266,051	274,145	283,003
Invested capital	26,599	25,542	34,153	39,429	42,956
BVPS (Rs)	921.6	898.6	924.0	953.0	984.7
Net Debt/Equity (x)	(0.8)	(0.8)	(0.7)	(0.7)	(0.7)
Net Debt/EBITDA (x)	(4.0)	(3.0)	(2.2)	(1.9)	(1.8)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	14.3	18.3	23.9	26.9	28.8

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	29.4	24.4	19.1	16.7	15.3
P/CE(x)	28.0	23.4	18.4	16.1	14.7
P/B (x)	5.3	5.4	5.2	5.1	4.9
EV/Sales (x)	3.6	3.2	2.7	2.3	2.1
EV/EBITDA (x)	22.7	17.9	13.9	11.9	10.7
EV/EBIT(x)	24.1	18.9	14.5	12.5	11.3
EV/IC (x)	45.2	46.4	34.9	30.2	27.7
FCFF yield (%)	2.1	3.0	2.0	4.6	5.6
FCFE yield (%)	2.0	2.8	2.0	4.2	5.1
Dividend yield (%)	2.9	2.9	4.7	5.4	5.9
DuPont-RoE split					
Net profit margin (%)	14.4	15.4	16.1	15.9	15.8
Total asset turnover (x)	1.2	1.4	1.7	1.9	2.0
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	18.4	21.6	27.9	30.9	32.7
DuPont-RoIC					
NOPLAT margin (%)	11.6	13.1	14.0	14.0	14.1
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	145.8	182.6	208.6	196.9	194.7
Operating metrics					
Core NWC days	9.7	(1.1)	(2.5)	(2.8)	(3.9)
Total NWC days	9.7	(1.1)	(2.5)	(2.8)	(3.9)
Fixed asset turnover	7.5	7.3	7.3	7.1	6.8
Opex-to-revenue (%)	10.7	10.5	9.6	9.5	9.4

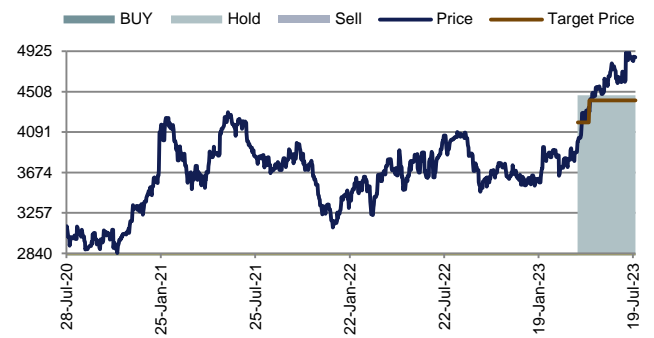
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	CMP (INR)	TP (INR)	Rating	Analyst
26-Apr-23	4,299	4,420	Hold	Chirag Jain
04-Apr-23	3,994	4,190	Hold	Chirag Jain

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Bloomberg, Company, Emkay Research

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 BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] 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 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 the Securities and Exchange Board of India ("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. However, SEBI and Stock Exchanges had conducted their 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 its existing 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.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. 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 affiliates. 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 report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, 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. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

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. Except 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. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

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 associated persons¹ may have served 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 may 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 associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) 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:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of July 26, 2023
- EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
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.
- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of July 26, 2023
- EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the July 26, 2023
- EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
- EGFSL, its affiliates and Research Analyst or his/her associate may have received 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.
- EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

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

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

OTHER DISCLAIMERS AND DISCLOSURES:**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) -:**

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.