Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Godrej Consumer Products Ltd

Mixed bag Q1; domestic HI & Indonesia businesses fared well

Consumer Goods	Sharekhan code: GODREJCP
Reco/View: Buy ↔	CMP: Rs. 1,012	Price Target: Rs. 1,250 ↔

↑ 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 26.87

Updated Jul 08, 2023

Medium Risk

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

Source: Morningstar

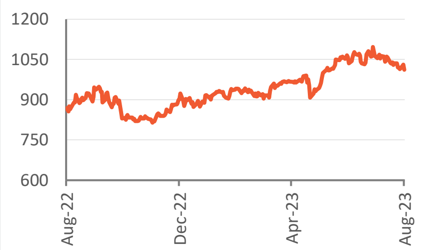
Company details

Market cap:	Rs. 1,03,477 cr
52-week high/low:	Rs. 1,102 / 794
NSE volume: (No of shares)	10.5 lakh
BSE code:	532424
NSE code:	GODREJCP
Free float: (No of shares)	37.6 cr

Shareholding (%)

Promoters	63.2
FII	23.9
DII	7.4
Others	5.5

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-4.1	5.1	7.6	16.5
Relative to Sensex	-4.8	-1.2	-1.7	4.6

Sharekhan Research, Bloomberg

Summary

- Godrej Consumer Products Limited's (GCPL's) Q1FY2024 performance was a mixed bag with volume-led revenue growth of 10% (in line with ours as well as the street's expectation) while OPM lagged expectation at 19.8% (vs expectation of 20.7-21%).
- India business' performance will be driven by sustained double-digit growth in HI category. International business will be driven by strong recovery in Indonesia business; Africa to remain volatile due to currency revaluation. OPM to remain at ~19-20%.
- The company will be investing Rs. 900 crore to expand existing capacity by 20-25%, which will take care of the rising demand and help in improving the productivity.
- We retain our Buy rating with an unchanged PT of Rs. 1,250. The stock is currently trading at 48x/40x its FY2024E/FY2025E EPS.

Godrej Consumer Products (GCPL)'s Q1FY2024 numbers are not strictly comparable on y-o-y basis due to consolidation of Raymond's Consumer Care Ltd (RCCL) for 1.5 months and impact of forex losses due to revaluation of Nigerian currency (Naira).

GCPL's revenue grew by 10.4% y-o-y to Rs. 3,448.9 crore. Organic volume growth stood at 9% y-o-y driven by 10% y-o-y volume growth in the India business. All geographies posted y-o-y growth in Q1FY2024, with India, Indonesia, Africa, USA and Middle East (AUM) and Latin America and SAARC businesses growing by 9%, 20%, 9% and 18% y-o-y, respectively. Correction in input cost inflation led to a 715-bps y-o-y improvement in gross margins to 55.7%. Higher advertisement expenses, increased employee cost and other expenses led to just 273 bps y-o-y expansion in OPM to 19.8%. Acquired business of Raymond contributed Rs. 47 crore and registered a EBIDTA loss of Rs. 45 crore due to reduction in the inventory from the channel (affecting GMV) and stock return affecting (NSV) resulting in the EBIDTA loss during the quarter. Operating profit increased by 28% y-o-y to Rs. 681.8 crore. Despite strong operating growth and higher other income, adjusted PAT grew by 9.3% y-o-y to Rs. 379.3 crore due to higher interest expenses, depreciation cost, forex losses and tax incidence.

Key positives

- India business volumes rose 12%; margins expanded by 250 bps y-o-y.
- Indonesia business posted 15% CC y-o-y revenue growth; margins higher by 420 bps y-o-y.
- Gross margins improved by 715 bps y-o-y, aided by correction in input costs.

Key negatives

- Personal care category posted muted performance with revenue growth at 2% y-o-y.
- Reported PAT declined by 8% y-o-y.

Management Commentary

- Company would be doing capex of Rs. 900 crore spread over three years to expand existing capacity by 20-25%. This will take care of incremental volumes generated through higher demand and better productivity through in-house manufacturing and scale boosting margins.
- Double-digit growth in HI can be attributed to a good season led by a weak summer and company's initiatives to improve penetrations through lower unit packs. The management believe the recovery is not 100% in HI category and will focus on maintaining good growth momentum.
- Indonesia business grew by 20% in Q1 driven by 12% volume growth. The company expects double-digit growth to sustain with improvement in the market share and uptick in demand.
- Africa business will remain volatile as revaluation of Nigerian currency will have an impact for another two quarters.
- Consolidated OPM will remain at 19-20%. The company is net cash Positive.
- RCC acquired business revenues will be around Rs. 620-625 crore and OPM will be in high single digits in FY2024.

Revision in earnings estimates: We have fine-tuned our earning estimates for FY2024 and FY2025 to include the impact of consolidation of RCC business. We will keenly monitor the performance of Africa business in the coming quarters.

Our Call

View – Maintain Buy with an unchanged PT of Rs. 1,250: With strategies in place, the management targets to achieve double-digit growth over the next 2-3 years (largely driven by improved sales volume). The company targets consistent improvement in OPM through premiumisation and operating efficiencies in the medium to long run. Stock is currently trading at attractive valuations of 47.9x/39.6x its FY2024E/FY2025E earnings. We maintain a Buy on the stock with an unchanged price target (PT) of Rs. 1,250.

Key Risks

Any 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	FY22	FY23	FY24E*	FY25E*
Revenue	12,277	13,316	15,587	17,522
OPM (%)	20.3	19.1	19.6	20.9
Adjusted PAT	1,793	1,743	2,115	2,431
Adjusted EPS (Rs.)	17.5	17.0	21.1	25.5
P/E (x)	57.7	59.4	47.9	39.6
P/B (x)	9.0	7.5	6.8	6.1
EV/EBITDA (x)	42.2	40.3	35.0	29.8
RoNW (%)	17.1	13.7	14.9	16.3
RoCE (%)	17.3	15.2	15.4	16.6

Source: Company; Sharekhan estimates;
**Consolidated financials include the expected performance of recently acquired RCC portfolio*

Mixed Q1 – Revenue in line; PAT missed estimates

GCPL's consolidated revenues grew by 10.4% y-o-y to Rs. 3,448.9 crore versus our expectation of Rs. 3,422 crore and street average expectation of Rs. 3,467 crore. Volumes grew by 10% y-o-y (India business volumes rose 12% y-o-y). All geographies posted y-o-y growth in Q1FY2024, with India, Indonesia, Africa, the US and Middle East (AUM) and Latin America and SAARC businesses growing by 9%, 20%, 9% and 18% y-o-y, respectively. In the India business, the home care segment grew by 14% y-o-y, while the personal care segment grew by 2% y-o-y. Correction in input cost inflation led to a 715-bps y-o-y improvement in gross margins to 55.7%. Higher advertisement expenses, increased employee cost and other expenses led to just 273 bps y-o-y expansion in OPM to 19.8%. OPM lagged ours and average street's expectation of 20.4-20.7%. OPM of India business improved by 250 bps y-o-y and Indonesia business increased by 420 bps y-o-y. Operating profit increased by 28% y-o-y to Rs. 681.8 crore. Despite strong operating growth and higher other income, adjusted PAT grew by 9.3% y-o-y to Rs. 379.3 crore due to higher interest expenses, depreciation cost and tax incidence. PAT missed our and average street expectation of Rs. 459 crore and Rs. 480 crore, respectively. Exceptional item of Rs. 81.78 crore includes Rs. 77.52 crore for acquisition of Raymond Consumer Care business and Rs. 4.26 crore for other restructuring costs. Considering the exceptional items, reported PAT declined by 8% y-o-y to Rs. 318.8 crore.

India business – volume-led revenue growth; margins improve y-o-y

The India business reported revenue growth of 9% y-o-y to Rs. 1,971 crore driven by 12% y-o-y volume growth. Growth was led by 14% y-o-y growth in home care category, while personal care category posted muted performance with revenue growth at 2% y-o-y. India business' organic revenue growth stood at 6% y-o-y with organic volume growth at 10% y-o-y. India business EBITDA margin improved by ~250 bps y-o-y to 25%, aided by gross margin expansion of ~1,130 bps y-o-y, which was partially mitigated by a 125% y-o-y rise in working media investment and higher employee and other expenses. India business's adjusted net profit grew by 10% y-o-y to Rs. 350 crore.

Home care – Double-digit growth in HI & air fresheners continued

Home care category's revenue grew by 14% y-o-y to Rs. 752 crore, driven by double-digit growth in both HI and air fresheners. Strong double-digit volume and value growth in HI was led by strong growth in premium formats. The company is scaling up distribution of access packs of Goodknight Mini Liquid Vaporizer and HIT No-gas Spray. GCPL continues to drive category adoption and penetration for long-term sustainable growth of the HI portfolio. Air fresheners continued to deliver strong double-digit growth with market share gains and continued to enjoy market leadership. Performance was broad based with strong growth in Aer Pocket, Aer Matic and the Car Range. GCPL continues category development and relevance-building initiatives for the Air Fresheners portfolio.

Personal care – Muted Q1 impacted by price correction in personal wash & high base in hair colour

The personal care segment grew by just 2% y-o-y to Rs. 1,109 crore, as the company passed on the benefit of lower input cost to consumers leading to low single-digit value growth in personal was portfolio, while hair colour grew in mid-single digits due to high base (launch of Rs. 15 Godrej Expert Crème access pack). Personal wash delivered high single-digit volume growth (grew ahead of category) led by effective media campaigns and micro-marketing initiatives. Magic handwash delivered strong double-digit volume growth. Growth in hair colour is led by steady performance across formats. GCPL continues to scale-up distribution of Godrej Selfie Shampoo Hair Colour access pack.

India business performance

Particulars	Q1FY24	Q1FY23	Y-o-Y %	Q4FY23	Q-o-Q %
Revenue (Rs. Crore)					
Home care	752	663	13.4	826	-9.0
Personal care	1,109	1,088	1.9	872	27.2
Unbranded & Exports	110	63	74.6	91	20.9
Total India business	**1,971**	**1,814**	**8.7**	**1,789**	**10.2**
India business volume growth			12%		

Source: Company; Sharekhan Research

Park Avenue and KamaSutra brand integration on track

RCC's business was consolidated for 1.5months in Q1FY2024. Primary sales of Park Avenue and KamaSutra brands came in at Rs. 48 crore in Q1FY2024, with secondary sales more than 2x of primary sales. Management has indicated that improvement in channel hygiene underway and GCPL reduced channel inventory and took stock returns during the quarter which impacted the revenues and resulted in losses of Rs 45 crore in Q1. The company wants to reduce the inventory days to 10 days from 90 days earlier and hence the inventory reduction process will continue for next two quarters. However the company is confident of achieving flat sales on y-o-y basis and OPM of high single digit (as guided earlier) in FY2024. In FY2025, the acquired brands are expected to grow in mid-teens and OPM expected to improve in upwards of 20%.

Revenue growth across regions:

Indonesia business – 15% CC y-o-y revenue growth; margins expand by 420 bps y-o-y

Indonesia business reported 15% y-o-y CC revenue growth (20% y-o-y growth in rupee terms) to Rs. 450 crore driven by structural initiatives taken last year. Indonesia business's EBITDA margins at 19.5% improved by 420 bps y-o-y led by reduction in trade promotions and scale leverage. GCPL continues to focus on category development initiatives, increase media investments and launch access packs to augment GT distribution in Indonesia. Modern trade inventory days reduced to 58 days from 95 days earlier.

Africa, US, and Middle East (AUM) businesses – 8% y-o-y CC revenue growth; margins up by 350 bps y-o-y

AUM business delivered 16% CC y-o-y growth (9% y-o-y growth in rupee terms) to Rs. 847 crore, led by double-digit growth in the FMCG category. EBITDA margins for the AUM business expanded by 350 bps y-o-y to 11.8% led by gross margin expansion. Africa business performance is expected to be volatile affected by revaluation in Nigerian currency (Naira). The impact of Naira depreciation was high in the second half of the quarter. The exchange rate was 450 Naira/USD in May,23 and it has rose to 750 Naira/dollar. GCPL had booked the rate at an average rate of 650 Naira/USD. So the expected impact of depreciation will be around 2% on the revenue growth. However in the medium, the revaluation of Naira is Positive for GCPL as it will help the company to become more competitive in the Nigerian market.

Latin America and SAARC – 79% y-o-y revenue growth (CC terms); margins lower y-o-y

Latin America and SAARC regions posted 79% y-o-y CC revenue growth to Rs. 178 crore, while revenue grew by 18% y-o-y in rupee terms due to adverse currency movement. EBITDA margin for the region declined by 80 bps y-o-y to 0.6%.

International business performance

Particulars	Q1FY24	Q1FY23	Y-o-Y %	Q4FY23	Q-o-Q %
Revenue (Rs. Crore)					
Indonesia	450	377	19.5	434	3.7
AUM	847	779	8.7	770	10.0
Latin America & SAARC	178	154	15.5	203	-12.3
EBITDA Margins (%)			**bps**		**bps**
Indonesia	19.5	15.3	420	21.5	-204
AUM	11.8	8.3	350	10.4	140
Latin America & SAARC	0.6	1.4	-80	8.4	-780

Source: Company; Sharekhan Research

Capacity expansion on cards

The board has approved a capital expenditure of Rs. 900 crores for setting up new manufacturing sites at Tamil Nadu and Madya Pradesh to expand its existing capacity in Home Care and Personal Care categories. GCPL's existing capacity utilisation is 75-80%. To cater to the growing demand of the customers and to consolidate the manufacturing footprint, GCPL plans to add 20-25% capacity in these categories with this additional investment. The manufacturing sites are expected to be operational in ~18-36 months. The capex will partially take care of incremental volumes driven by improved demand in the medium term while part of capex will help in improving the productivity and will add-on to margins in the long run. The project will be funded through a mix of internal accruals and debt (if required).

Results (Consolidated) — **Rs cr**

Particulars	Q1FY24	Q1FY23	Y-o-Y %	Q4FY23	Q-o-Q %
Net sales	3,417.9	3,094.3	10.5	3,172.2	7.7
Other operating income	31.1	30.7	1.3	28.0	11.1
Total revenue	**3,448.9**	**3,125.0**	**10.4**	**3,200.2**	**7.8**
Raw material cost	1,595.5	1,669.2	-4.4	1,507.4	5.8
Employee cost	314.0	259.7	20.9	300.8	4.4
Advertisement & Publicity	320.4	201.4	59.1	224.5	42.7
Other expenses	537.2	462.1	16.3	502.7	6.9
Total operating expenses	2,767.1	2,592.4	6.7	2,535.4	9.1
Operating profit	**681.8**	**532.6**	**28.0**	**664.8**	**2.6**
Other income	69.1	27.5	-	57.9	19.3
Forex gain / (loss)	-39.0	-11.8	-	-23.9	62.9
Interest expense	74.0	35.1	-	52.5	40.9
Depreciation	76.3	57.1	33.7	68.6	11.2
Profit before tax	**561.7**	**456.2**	**23.1**	**577.7**	**-2.8**
Tax	182.3	109.3	66.9	109.1	67.0
Adjusted PAT (before MI)	**379.3**	**347.0**	**9.3**	**468.5**	**-19.0**
Minority interest (MI)	0.0	-0.3	-	-0.4	-
Extraordinary item	-60.5	-1.8	-	-16.4	-
Reported PAT	**318.8**	**344.9**	**-7.6**	**451.7**	**-29.4**
EPS (Rs.)	3.7	3.4	9.4	4.6	-19.0
			bps		**bps**
GPM (%)	53.7	46.6	715	52.9	84
OPM (%)	19.8	17.0	273	20.8	-100
NPM (%)	11.0	11.1	-10	14.6	-364
Tax rate (%)	32.5	23.9	851	18.9	-

Source: Company; Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Rural recovery on cards; margin improvement to sustain

Rural demand bottomed out with sales returning to the positive growth path in Q4FY2023. With price inflation stabilising and a decline in key input prices, managements of most companies are confident of witnessing a gradual pick-up in rural demand in the quarters ahead. Moreover, expectation of a well spread-out monsoon and the government offering some incentives prior to the budget might provide some boost to rural sentiments in the coming quarters. In FY2024, revenue growth is expected to be volume-led growth with companies focusing on passing on the benefits of the decline in input costs to customers in the coming quarters. The drop in input prices will drive gross margins in the coming quarters. Despite higher media spends, OPM is expected to remain high on a y-o-y basis in the near term.

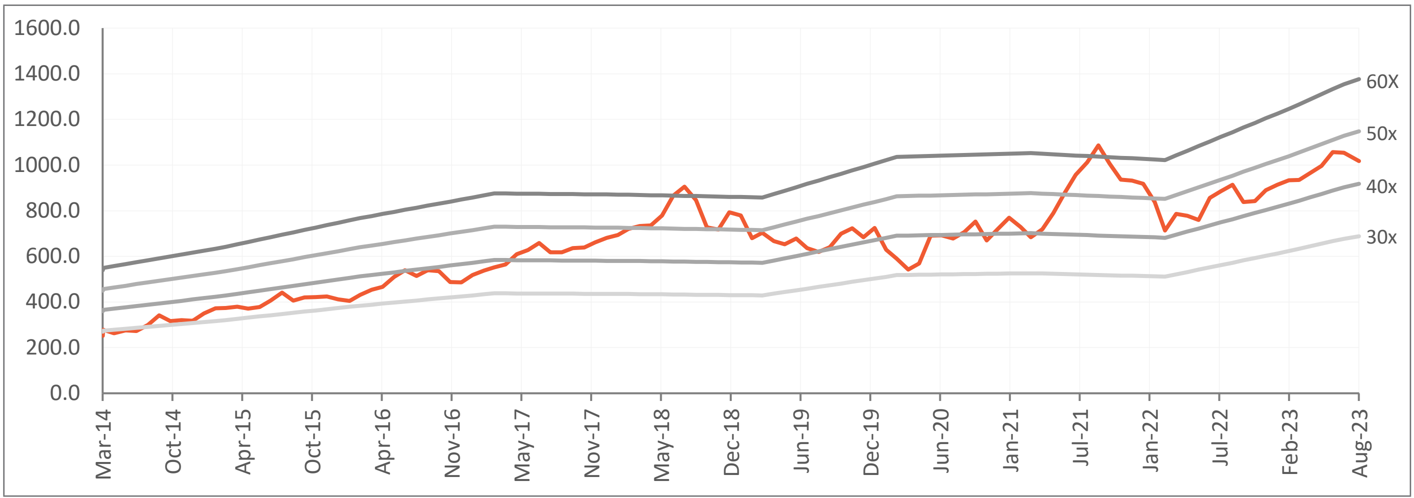
■ Company Outlook – Change in leadership likely to drive consistent growth in the long run

GCPL's Q1 performance was mixed but a recovery in HI and Indonesia business augurs well for the company from near to medium-term perspective. Under the new leadership of 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 for the company. The management expects double-digit growth in FY2024, largely driven by volume-led growth. The decline in key input prices (including palm oil and packaging material) would help in margin improvement in Q4. The company will pass on some benefits to consumers to improve sales volume. Management expects to maintain OPM on a y-o-y basis at around 19-20%.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 1,250

With strategies in place, the management targets to achieve double-digit growth over the next 2-3 years (largely driven by improved sales volume). The company targets consistent improvement in OPM through premiumisation and operating efficiencies in the medium to long run. Stock is currently trading at attractive valuations of 47.9x/39.6x its FY2024E/FY2025E earnings. We maintain a Buy on the stock with an unchanged price target (PT) of Rs. 1,250.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Particulars	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
Hindustan Unilever	60.1	54.9	47.1	43.8	38.9	33.2	25.6	28.2	31.9
Dabur India	58.6	43.4	35.7	46.2	35.4	28.9	22.1	27.0	30.0
Godrej Consumer Products	59.4	47.9	39.6	40.3	35.0	29.8	15.2	15.4	16.6

Source: Company, Sharekhan estimates

About company

GCPL is a leading emerging market company with a turnover of more than Rs. 13,000 crore. The group enjoys the patronage of 1.2 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 its 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 increased 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 & Chief Executive Officer
Sameer Shah	Chief Financial Officer
Rahul Botadara	Company Secretary & Compliance Officer

Source: Company Website

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	First State Investments ICVC	2.91
2	FIRST SENTIER INVESTORS LLC	2.27
3	BlackRock Inc	1.98
4	Temasek Holdings Pte Ltd	1.29
5	Vanguard Group Inc	1.22
6	Republic of Singapore	1.16
7	Capital Group Cos	1.09
8	EuroPacific Growth Fund	1.01
9	Mitsubishi UFJ Financial Group Inc	0.82
10	UTI AMC	0.76

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.

Correspondence/Administrative Office: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400 708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

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: 022-62263303; 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