

BUY

Gujarat State Petronet

Higher HP grid volume drives the beat; tariff event awaited


Your success is our success
Oil & Gas ▶ Result Update ▶ **November 6, 2023****TARGET PRICE (Rs): 335**

GSPL posted a 17% EBITDA beat at Rs4.1bn in Q2FY24, led by 13% higher than expected tariff of Rs1.59/scm (up 11% QoQ) owing to a greater share of HP in the mix, amid largely in-line volume. Q2 PAT came in at a 25% beat, at Rs5.3bn, due to lower ETR of 15% (from Gujarat Gas dividend). GSPL's H1 capex stood at Rs3.3bn vs. Rs462mn YoY/1.98bn HoH, implying rebound in the capex cycle which should lead to favorable tariff revision—albeit, still awaited. Gas transmission volume rose 3% QoQ to 30.2mmscmd (up 23% YoY, in-line) and fertilizer/CGD/others' offtake was up 1.2/0.4/0.3mmscmd QoQ, while refinery volume fell 1.1mmscmd. We raise FY24E/25E EPS by 22-23% each, to build-in higher Other Income (H1 rate) and slightly higher volume. We maintain BUY with revised Sep-24E TP of Rs335 (roll-over gains offset by lower GUJGA FV).

Gujarat State Petronet: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	20,200	17,458	13,777	13,646	14,699
EBITDA	13,976	12,585	8,698	8,440	9,119
Adj. PAT	9,536	9,447	7,433	7,172	7,705
Adj. EPS (Rs)	16.9	16.7	13.2	12.7	13.6
EBITDA margin (%)	69.2	72.1	63.1	61.9	62.0
EBITDA growth (%)	(5.1)	(10.0)	(30.9)	(3.0)	8.0
Adj. EPS growth (%)	14.8	(10.1)	(21.4)	(3.6)	7.4
RoE (%)	11.9	10.7	7.8	7.1	7.3
RoIC (%)	23.9	23.6	13.7	11.8	11.7
P/E (x)	16.1	16.3	20.7	21.5	20.0
EV/EBITDA (x)	11.0	11.7	16.6	16.8	15.3
P/B (x)	1.8	1.7	1.6	1.5	1.4
FCFF yield (%)	6.5	5.3	1.3	0.7	0.9

Source: Company, Emkay Research

Result Highlights

GSPL's Q2FY24 SA EBITDA/PAT of Rs4.1bn/Rs5.3bn was up 23%/69% YoY and 22%/2.3x QoQ. Tariff realization rose 11% QoQ to Rs1.59/scm, on higher share of high-pressure (HP) gas grid volume (up 1.55mmscmd, while LP was down 0.7 mmscmd) and swapping benefits. Other Expenses fell 26% YoY/36% QoQ to Rs261mn, while employee cost rose 5% YoY and QoQ to Rs169mn. For Q2, GSPL's gas transmission expense rose 53% YoY and 60% QoQ to Rs760mn. Depreciation rose 2% QoQ to Rs477mn. Electricity income was up 15% YoY to Rs122mn (up 21% QoQ). EBITDA/scm rose 17% QoQ (an 18% beat) to Rs1.48 (flat YoY). Other Income was in-line, at Rs2.7bn, up 2.6x YoY, with higher GUJGA dividend payout. Tax rate was lower, at 15%. Cash balance fell 24% HoH to Rs5.3bn, mainly due to Rs1.5bn investments in JVs, etc (as indicated in the cashflows).

Management KTAs

Tariff realization was up, as HP grid volume share was higher. There is no further update on the tariff review, which is though still awaited. Capex was largely for Chhara LNG terminal connectivity. Investments include infusion on GIGL at SA level and GSPC LNG by Gujarat Gas at a consolidated level. GIGL/GITL's net share loss was Rs132.2/5.8mn. Share of profit from associate/JV was Rs99mn, supported by Sabarmati Gas.

Valuation and Outlook

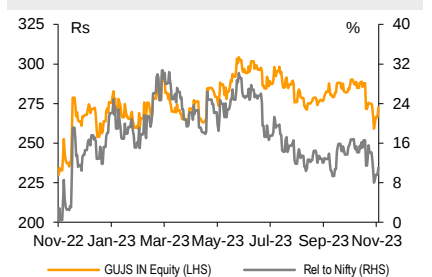
We value GSPL on SOTP basis, with TP of Rs335/sh, comprising of core business (using DCF method) at Rs133/share (implied Sep-25E target SA P/E of ~13x), GUJGA's stake at Rs175/share, building-in 40% holdco discount to our FV/TP, and Rs28/share derived from stake in Sabarmati Gas & new pipelines. GSPL's upcoming tariff review (we build-in ~30% effective cut) is crucial to our medium-term earnings visibility, as the stock continues to trade at attractive valuation. We cut our 12M TP by ~1%, as our lowered FV for GUJGA, from Rs480 to Rs440 is offset by the roll-over. Key risks: Adverse oil-gas prices/demand, industrial slowdown, cost overruns, project delays & regulatory aspects.

Target Price – 12M	Sep-24
Change in TP (%)	(1.4)
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	23.0
CMP (06-Nov-23) (Rs)	272.6

Stock Data	Ticker
52-week High (Rs)	311
52-week Low (Rs)	225
Shares outstanding (mn)	564.2
Market-cap (Rs bn)	154
Market-cap (USD mn)	1,848
Net-debt, FY24E (Rs mn)	-9,489
ADTV-3M (mn shares)	1
ADTV-3M (Rs mn)	258.6
ADTV-3M (USD mn)	3.1
Free float (%)	51.0
Nifty-50	19,412
INR/USD	83.2
Shareholding, Sep-23	
Promoters (%)	37.6
FPIs/MFs (%)	16.0/25.2

Price Performance

(%)	1M	3M	12M
Absolute	(6.0)	(1.2)	21.0
Rel. to Nifty	(4.8)	(0.7)	12.9

1-Year share price trend (Rs)**Sabri Hazarika**

sabri.hazarika@emkayglobal.com
+91 22 6612 1282

Harsh Maru

harsh.maru@emkayglobal.com
+91 22 6612 1336

Arya Patel

arya.patel@emkayglobal.com
+91 22 6612 1285

Exhibit 1: Actuals vs. Estimates (Q2FY24)

(Rs mn)	Actual	Estimates (Emkay)	Consensus Estimates (Bloomberg)	Variation		Comments
				Emkay	Consensus	
Total Revenue	5,293	4,565	4,545	16%	16%	Higher tariff realization
Adjusted EBITDA	4,103	3,506	3,650	17%	12%	Lower opex
EBITDA margin	77.5%	76.8%	80.3%	70bps	-280bps	
Adjusted Net Profit	5,320	4,244	4,597	25%	16%	Lower tax rate

Source: Company, Emkay Research

Exhibit 2: Quarterly Summary

(Rs mn)	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	YoY	QoQ	H1FY23	H1FY24	YoY
Reported Net Revenue	4,346	4,024	4,270	4,412	5,293	22%	20%	9,164	9,705	6%
Gas Transmission	4,240	3,989	4,215	4,311	5,171	22%	20%	8,940	9,482	6%
Sale of Electricity	106	35	55	101	122	15%	21%	224	223	-1%
CGD Business/Adj.	-0	-0	-0	-0	-0			0	-0	
OPEX	1,008	1,325	1,325	1,047	1,190	18%	14%	2,224	2,238	1%
Employee Cost	161	257	161	161	169	5%	5%	304	330	9%
Gas Transmission	496	540	690	475	760	53%	60%	1,114	1,236	11%
Others	351	528	474	411	261	-26%	-36%	806	672	-17%
EBITDA	3,338	2,699	2,945	3,364	4,103	23%	22%	6,940	7,467	8%
Depreciation	488	489	483	468	477	-2%	2%	966	945	-2%
EBIT	2,851	2,210	2,462	2,896	3,626	27%	25%	5,974	6,522	9%
Interest Cost	11	11	10	10	10	-11%	-1%	26	20	-21%
Other Income	1,037	130	476	180	2,663	157%		1,077	2,844	164%
PBT	3,877	2,329	2,928	3,066	6,278	62%	105%	7,025	9,345	33%
Exceptional Items	-	-	2	-	-			-	-	
PBT After Exceptionals	3,877	2,329	2,931	3,066	6,278	62%	105%	7,025	9,345	33%
Current Tax	735	613	684	785	972	32%	24%	1,525	1,757	15%
Deferred Tax	-0	7	4	-11	-14			3	-25	
Total Tax	735	620	687	773	958	30%	24%	1,529	1,732	13%
Reported PAT	3,142	1,709	2,243	2,293	5,320	69%	132%	5,497	7,613	38%
Reported EPS (Rs.)	5.6	3.0	4.0	4.1	9.4	69%	132%	9.7	13.5	38%
Adjusted PAT	3,142	1,709	2,241	2,293	5,320	69%	132%	5,497	7,613	38%
Adjusted EPS (Rs.)	5.6	3.0	4.0	4.1	9.4	69%	132%	9.7	13.5	38%
Shares O/S (mn)	564	564	564	564	564	0%	0%	564	564	0%
EBITDA Margin	77%	67%	69%	76%	78%	1%	2%	76%	77%	2%
NPM	72%	42%	53%	52%	101%	39%	93%	60%	78%	31%
Effective Tax Rate	19%	27%	23%	25%	15%	-19%	-39%	22%	19%	
Gas Volumes (mmcmd)	24.6	22.3	25.1	29.4	30.2	23%	3%	27.0	29.8	10%
CGD Share	35%	38%	40%	35%	36%			36%	36%	
Refinery/Petchem Share	32%	27%	27%	22%	18%			31%	20%	
Fertilizer Share	15%	17%	14%	12%	15%			13%	13%	
Power Share	2%	3%	5%	14%	14%			4%	14%	
Other Segments - Share	16%	15%	14%	17%	17%			15%	17%	
Adjusted Tariff (Rs/scm)	1.66	1.68	1.56	1.44	1.59	-4%	11%	1.58	1.51	-5%
Adjusted OPEX/scm (Rs)	0.23	0.38	0.28	0.21	0.15	-32%	-28%	0.22	0.18	-18%
EBITDA/scm (Rs)	1.48	1.31	1.30	1.26	1.48	0%	17%	1.40	1.37	-3%

Source: Company, Emkay Research

Exhibit 3: Change in assumptions

	FY24E			FY25E			FY26E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Adj Tariff (Rs/mscm)	1,008	1,004	0%	937	934	0%	934
Growth	-37%	-37%	0bps	-7%	-7%	0bps	0%
Volumes (mmscmd)	29.0	30.0	3%	31.0	32.0	3%	34.5
Growth	14%	18%	394bps	7%	7%	-23bps	8%

Source: Company, Emkay Research

Exhibit 4: Change in estimates

(Rs mn)	FY24E			FY25E			FY26E
	Previous	Revised	Variance	Previous	Revised	Variance	Introduced
Revenue	13,377	13,777	3%	13,279	13,646	3%	14,699
EBITDA	8,415	8,698	3%	8,185	8,440	3%	9,119
EBITDA margin	62.9%	63.1%	23bps	61.6%	61.9%	21bps	62.0%
PAT	6,059	7,433	23%	5,885	7,172	22%	7,705
EPS (Rs)	10.7	13.2	23%	10.4	12.7	22%	13.6

Source: Company, Emkay Research

Exhibit 5: DCF-based valuation of core business (Sep-24E)

DCF assumptions			Rs. mn
Risk Free Rate	7.0%	NPV Of FCF (Sep'25-Sep'36)	35,844
Risk Premium	5.3%	Terminal Value	92,326
Beta	0.8	PV Of TV	26,121
Cost Of Equity	11.1%	Total Value	61,965
Cost Of Debt	9.0%	Less: Net Debt (Sep'24E)	-13,194
Post Tax Cost Of Debt	6.8%	Equity Value	75,159
Average Debt:Equity Ratio	0.0%	No. Of Shares O/S (mn)	565
WACC	11.1%	Core Business FV (Rs.)	133
Terminal Growth Rate	0.0%		

Source: Company, Emkay Research

Exhibit 6: Value of Gujarat-Gas stake

Gujarat Gas at FV (Rs mn)	
FV (Rs/sh)	440
No. of shares O/S (mn)	689
FV of GGL	3,03,160
At 40% HoldCo Disc.	1,81,896
GSPL's Stake	54.2%
GSPL's Value	98,533
GSPL's Shares O/S (mn)	565
Value/sh For GSPL (Rs)	175

Source: Company, Emkay Research

Exhibit 7: SOTP-based valuation

	Method	Value (Rs)
Core Gujarat Business	DCF-based	133
Gujarat Gas Stake	FV-based	175
3 New Pipelines	DCF-based	15
Sabarmati Gas	PER-based	13
Target Price per share		335

Source: Company, Emkay Research

Gujarat State Petronet: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	20,200	17,458	13,777	13,646	14,699
Revenue growth (%)	(2.9)	(13.6)	(21.1)	(0.9)	7.7
EBITDA	13,976	12,585	8,698	8,440	9,119
EBITDA growth (%)	(5.1)	(10.0)	(30.9)	(3.0)	8.0
Depreciation & Amortization	1,960	1,939	2,119	2,351	2,582
EBIT	12,016	10,646	6,579	6,089	6,537
EBIT growth (%)	(5.4)	(11.4)	(38.2)	(7.5)	7.4
Other operating income	0	0	0	0	0
Other income	1,045	1,684	3,395	3,532	3,792
Financial expense	313	47	37	32	29
PBT	12,748	12,283	9,937	9,589	10,300
Extraordinary items	416	2	0	0	0
Taxes	3,067	2,836	2,504	2,416	2,596
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	10,514	9,452	7,433	7,172	7,705
PAT growth (%)	14.8	(10.1)	(21.4)	(3.5)	7.4
Adjusted PAT	9,536	9,447	7,433	7,172	7,705
Diluted EPS (Rs)	16.9	16.7	13.2	12.7	13.6
Diluted EPS growth (%)	14.8	(10.1)	(21.4)	(3.6)	7.4
DPS (Rs)	2.0	5.0	4.0	3.8	4.1
Dividend payout (%)	10.7	29.8	30.0	30.0	30.0
EBITDA margin (%)	69.2	72.1	63.1	61.9	62.0
EBIT margin (%)	59.5	61.0	47.8	44.6	44.5
Effective tax rate (%)	28.5	23.1	25.2	25.2	25.2
NOPLAT (pre-IndAS)	8,596	8,186	4,921	4,554	4,890
Shares outstanding (mn)	564.2	564.2	564.5	564.8	565.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	12,748	12,283	9,937	9,589	10,300
Others (non-cash items)	850	393	(1,239)	(1,149)	(1,181)
Taxes paid	(3,062)	(2,741)	(2,491)	(2,404)	(2,584)
Change in NWC	(202)	(274)	708	(28)	(248)
Operating cash flow	10,752	9,664	6,914	6,008	6,288
Capital expenditure	(798)	(1,892)	(5,000)	(5,000)	(5,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	912	1,137	3,395	3,532	3,792
Investing cash flow	59	(1,585)	(1,605)	(1,468)	(1,208)
Equity raised/(repaid)	0	0	3	3	3
Debt raised/(repaid)	(9,354)	(886)	(10)	(10)	(10)
Payment of lease liabilities	(9)	(9)	(9)	(9)	(9)
Interest paid	(341)	(12)	(37)	(32)	(29)
Dividend paid (incl tax)	(1,128)	(1,128)	(2,230)	(2,152)	(2,311)
Others	0	0	0	0	0
Financing cash flow	(10,823)	(2,026)	(2,274)	(2,191)	(2,348)
Net chg in Cash	(13)	6,053	3,035	2,349	2,732
OCF	10,752	9,664	6,914	6,008	6,288
Adj. OCF (w/o NWC chg.)	10,953	9,938	6,206	6,036	6,535
FCFF	9,953	7,772	1,914	1,008	1,288
FCFE	10,552	8,863	5,272	4,507	5,051
OCF/EBITDA (%)	76.9	76.8	79.5	71.2	68.9
FCFE/PAT (%)	100.4	93.8	70.9	62.8	65.6
FCFF/NOPLAT (%)	115.8	94.9	38.9	22.1	26.3

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	5,642	5,642	5,645	5,648	5,651
Reserves & Surplus	78,787	87,090	92,293	97,313	1,02,706
Net worth	84,429	92,732	97,938	1,02,961	1,08,357
Minority interests	0	0	0	0	0
Deferred tax liability (net)	4,250	4,238	4,251	4,263	4,274
Total debt	1,275	473	463	453	443
Total liabilities & equity	89,955	97,443	1,02,651	1,07,676	1,13,074
Net tangible fixed assets	31,528	29,826	33,132	36,164	38,927
Net intangible assets	1,434	1,434	1,434	1,434	1,434
Net ROU assets	292	292	292	292	292
Capital WIP	2,531	4,257	3,831	3,448	3,103
Goodwill	0	0	0	0	0
Investments [JV/Associates]	51,737	51,700	51,700	51,700	51,700
Cash & equivalents	864	6,917	9,952	12,300	15,032
Current assets (ex-cash)	5,013	6,457	5,810	5,891	6,218
Current Liab. & Prov.	3,445	3,440	3,501	3,554	3,633
NWC (ex-cash)	1,568	3,017	2,309	2,338	2,585
Total assets	89,955	97,443	1,02,651	1,07,676	1,13,074
Net debt	411	(6,444)	(9,489)	(11,848)	(14,590)
Capital employed	89,955	97,443	1,02,651	1,07,676	1,13,074
Invested capital	34,823	34,569	37,168	40,228	43,239
BVPS (Rs)	149.6	164.4	173.5	182.3	191.8
Net Debt/Equity (x)	0.0	(0.1)	(0.1)	(0.1)	(0.1)
Net Debt/EBITDA (x)	0.0	(0.5)	(1.1)	(1.4)	(1.6)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	14.5	13.2	10.0	9.1	9.4

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	16.1	16.3	20.7	21.5	20.0
P/CE(x)	13.4	13.5	16.1	16.2	15.0
P/B (x)	1.8	1.7	1.6	1.5	1.4
EV/Sales (x)	7.6	8.4	10.5	10.4	9.5
EV/EBITDA (x)	11.0	11.7	16.6	16.8	15.3
EV/EBIT(x)	12.8	13.8	21.9	23.3	21.3
EV/IC (x)	4.4	4.3	3.9	3.5	3.2
FCFF yield (%)	6.5	5.3	1.3	0.7	0.9
FCFE yield (%)	6.9	5.8	3.4	2.9	3.3
Dividend yield (%)	0.7	1.8	1.4	1.4	1.5
DuPont-RoE split					
Net profit margin (%)	47.2	54.1	54.0	52.6	52.4
Total asset turnover (x)	0.2	0.2	0.1	0.1	0.1
Assets/Equity (x)	1.1	1.1	1.0	1.0	1.0
RoE (%)	11.9	10.7	7.8	7.1	7.3
DuPont-RoIC					
NOPLAT margin (%)	42.6	46.9	35.7	33.4	33.3
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	23.9	23.6	13.7	11.8	11.7
Operating metrics					
Core NWC days	19.2	36.3	36.3	36.3	36.3
Total NWC days	19.2	36.3	36.3	36.3	36.3
Fixed asset turnover	0.4	0.4	0.3	0.2	0.2
Opex-to-revenue (%)	30.8	27.9	36.9	38.1	38.0

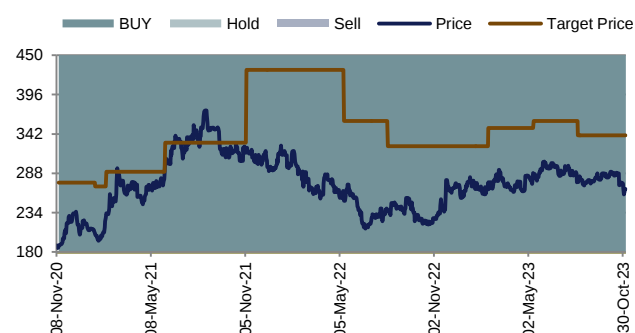
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
05-Aug-23	276	340	Buy	Sabri Hazarika
13-Jul-23	292	360	Buy	Sabri Hazarika
12-May-23	287	360	Buy	Sabri Hazarika
14-Feb-23	276	350	Buy	Sabri Hazarika
22-Nov-22	238	325	Buy	Sabri Hazarika
11-Nov-22	233	325	Buy	Sabri Hazarika
05-Aug-22	236	325	Buy	Sabri Hazarika
13-May-22	250	360	Buy	Sabri Hazarika
11-Feb-22	298	430	Buy	Sabri Hazarika
23-Nov-21	309	430	Buy	Sabri Hazarika
07-Nov-21	316	430	Buy	Sabri Hazarika
26-Jul-21	341	330	Buy	Sabri Hazarika
23-Jun-21	334	330	Buy	Sabri Hazarika
04-Jun-21	308	330	Buy	Sabri Hazarika
29-May-21	279	290	Buy	Sabri Hazarika
23-Apr-21	250	290	Buy	Sabri Hazarika
23-Mar-21	260	290	Buy	Sabri Hazarika
11-Feb-21	233	290	Buy	Sabri Hazarika
21-Jan-21	204	270	Buy	Sabri Hazarika
27-Nov-20	220	275	Buy	Sabri Hazarika
12-Nov-20	189	275	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, 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 November 6, 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 November 6, 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 November 6, 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.