

Solid Q1; valuation demands sustained healthy earnings

Consumer Goods ▶ Result Update ▶ July 29, 2024

TARGET PRICE (Rs): 2,850

Colgate India has turned around its fortune under the new leadership, where actions in the core oral care portfolio have been rewarding. Regarding the two key concerns of low-volume growth and business diversification, the company has addressed the first concern with high single-digit toothpaste volume growth in Q1FY25. The improved show led us to upgrade earnings by 2-3% over FY25-27E and target valuations multiple to 45x from 41x (now a 10% premium to its historical avg. fwd. P/E). In the absence of much action on diversification, we now see high single-digit sales growth over FY25-27E. We lift the margin for FY25E by 100bps but see moderate improvement over FY26-27E, thereby limiting support to earnings. Given the limited earnings visibility, we maintain **REDUCE** with Jun-25E TP of Rs2,850/share (vs Rs2,525/share earlier).

Colgate-Palmolive: Financial Snapshot (Standalone)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	52,262	56,804	63,317	68,868	74,909
EBITDA	15,470	19,008	21,849	23,821	25,990
Adj. PAT	10,584	13,432	15,412	16,835	18,436
Adj. EPS (Rs)	38.9	49.4	56.7	61.9	67.8
EBITDA margin (%)	29.6	33.5	34.5	34.6	34.7
EBITDA growth (%)	(1.2)	22.9	14.9	9.0	9.1
Adj. EPS growth (%)	(1.9)	26.9	14.7	9.2	9.5
RoE (%)	61.3	74.8	80.7	83.1	84.3
RoIC (%)	125.9	233.0	400.2	574.9	1,008.6
P/E (x)	82.8	65.2	56.8	52.0	47.5
EV/EBITDA (x)	56.0	45.4	39.4	36.0	32.9
P/B (x)	51.0	46.7	45.0	41.6	38.7
FCFF yield (%)	1.3	1.3	1.8	2.0	2.2

Source: Company, Emkay Research

Strong topline delivery; high single-digit volume growth is a positive

Colgate India reported strong 13% topline growth in Q1 (a 3% beat), aided by double-digit value and high single-digit volume growth in toothpaste. The management noted that steady demand pickup in rural reflects in better-than-urban market growth (trend similar to Q4FY24). Based on peer performance for the quarter (HUL reported mid-single digit growth), we sense market share gains for the company. Double-digit growth in the toothbrush portfolio is heartening. We see that an improved growth trajectory would be positive for the company from a growth perspective, where reliance on price growth is likely to be limited. We see 10% sales CAGR over FY24-27E. The company continues to focus on its differentiated approach in the category advocating for teeth whitening and to drive category consumption with twice brushing habit and its *Brush at Night* campaign.

Margin delivery continues to surprise

Colgate sustained healthy expansion in EBITDA margin by 240bps YoY to 34%. Gross margin rose by 220bps YoY to 70.6%, aided by price hikes in part of the portfolio. A&P spending increased 10% YoY, but eased by 40bps YoY as a % of sales to 13.3%. EBITDA and earnings growth were 22% and 26% (7-8% beat), respectively. Considering Q1, we lift FY25E margin by 100bps to 34.5% and expect limited margin expansion (given thrust on business diversification). From FY26E, we see earnings replicating topline growth.

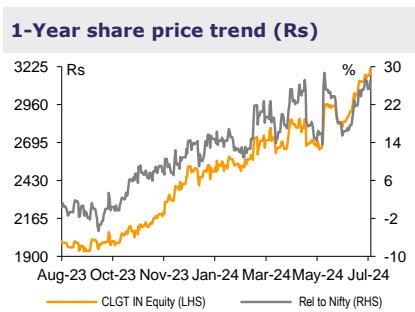
Performance improvement positive, sustenance key for valuations; REDUCE

Colgate, under the new management, has been able to evolve its strategy in the slow-growing oral care category, which is now improving on the back of Colgate's category development efforts. In the last couple of years, Colgate has maximized margin and enhanced structural prospects. The stock valuation at 52x P/E for FY26E and forward P/E near 3x S. D. (at 57x), demand sustenance of healthy earnings momentum, which looks tough on a high base. We maintain **REDUCE** with Jun-25E TP of Rs2,850/sh (on 45x P/E).

Target Price – 12M	Jun-25
Change in TP (%)	12.9
Current Reco.	REDUCE
Previous Reco.	REDUCE
Upside/(Downside) (%)	(11.5)
CMP (29-Jul-24) (Rs)	3,221.0

Stock Data	CLGT
52-week High (Rs)	3,272
52-week Low (Rs)	1,902
Shares outstanding (mn)	272.0
Market-cap (Rs bn)	876
Market-cap (USD mn)	10,462
Net-debt, FY25E (Rs mn)	0
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	1,227.7
ADTV-3M (USD mn)	14.7
Free float (%)	49.0
Nifty-50	24,836
INR/USD	83.7
Shareholding, Jun-24	
Promoters (%)	51.0
FPIs/MFs (%)	24.4/6.0

Price Performance			
(%)	1M	3M	12M
Absolute	13.3	14.5	57.8
Rel. to Nifty	9.5	4.4	24.8



Nitin Gupta
nitin.gupta@emkayglobal.com
+91 22 6612 1257

Pinky Mahato
pinky.mahato@emkayglobal.com
+91 22 6612 1206

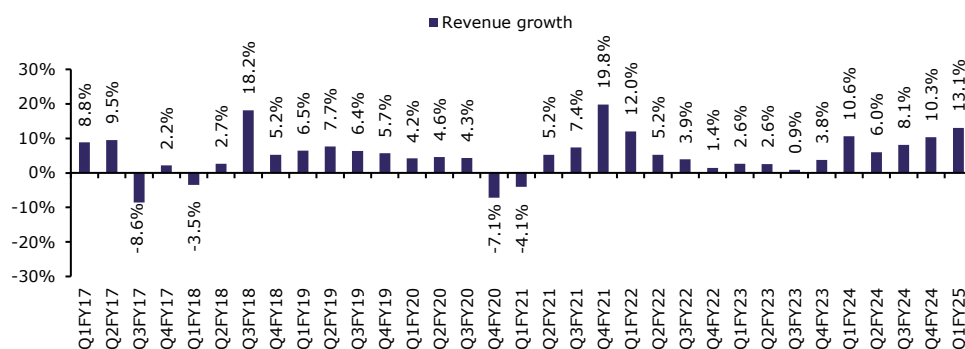
Quarterly performance

Exhibit 1: Q1FY25 Performance

(Rs mn)	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)	4QFY24E	Var. (%)
Total income	14,967	13,237	13.1	14,900	0.4	14,560	2.8
Cost of goods	4,393	4,179	5.1	4,573	(3.9)	4,368	0.6
Employee expenses	1,123	958	17.3	999	12.4	1,048	7.1
A&P spends	1,991	1,813	9.8	1,689	17.9	2,111	(5.7)
Other expenses	2,376	2,106	12.9	2,317	2.6	2,286	4.0
EBITDA	5,083	4,181	21.6	5,322	(4.5)	4,747	7.1
EBITDAM (%)	34.0	31.6	240bps	35.7	-180bps	32.6	140bps
Depreciation	415	438	(5.1)	421	(1.4)	394	5.4
EBIT	4,668	3,744	24.7	4,901	(4.7)	4,353	7.2
EBITM (%)	31.2	28.3	290bps	32.9	-170bps	29.9	130bps
Interest cost	10	11	(8.4)	14	(27.9)	12	
Other income	234	150	56.3	227	3.3	165	42.1
PBT	4,893	3,883	26.0	5,114	(4.3)	4,506	8.6
Tax	1,253	1,001	25.2	1,315	(4.8)	1,149	9.0
Tax rate (%)	25.6	25.8	20bps	25.7	(10bps)	25.5	10bps
Non-recurring items	0	-145	(100.0)	0		0	
PAT	3,640	2,737	33.0	3,798	(4.2)	3,357	8.4
Adj Profit	3,640	2,882	26.3	3,798	(4.2)	3,357	8.4
NPM (%)	24.3	21.8	250bps	25.5	-120bps	23.1	130bps
EPS (Rs)	13.4	10.6	26.3	14.0	(4.2)	12.3	8.4

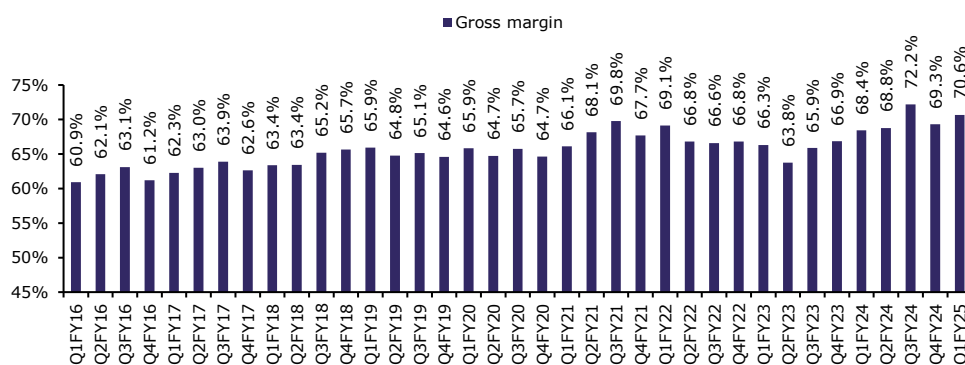
Source: Company, Emkay Research

Exhibit 2: Quarterly revenue growth



Source: Company, Emkay Research

Exhibit 3: Quarterly gross-margin trend



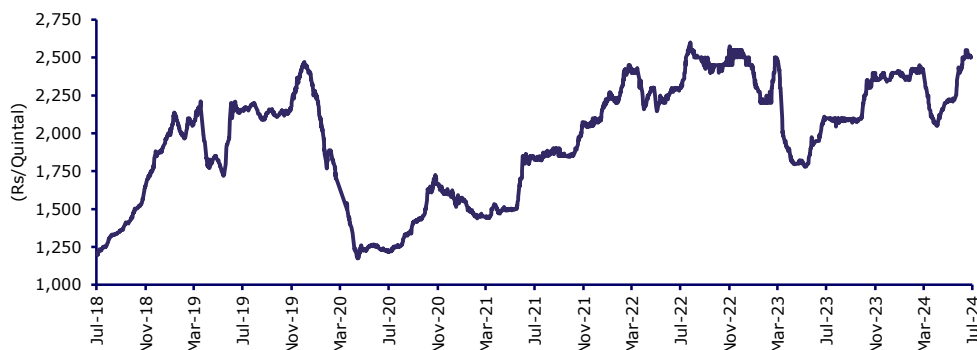
Source: Company, Emkay Research

Exhibit 4: Key raw materials for Colgate and the spot price trend

	RM mix	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY	QoQ
Sorbitol (Maize)	20%	2,263	2,417	2,480	2,257	1,882	2,067	2,263	2,352	1,882	0%	-20%
Mentha Oil	20%	1,249	1,172	1,180	1,251	1,176	1,054	1,021	1,020	1,006	-14%	-1%
Crude derivative	15%	114	101	89	81	78	87	84	83	85	9%	2%
HDPE	10%	114,671	95,092	89,866	93,869	86,244	87,158	84,055	86,790	86,291	0%	-1%

Source: Company, Bloomberg, NCDEX, Emkay Research; Note: Maize price data is in Rs/Quintal; Mentha oil & HDPE are in Rs/kg, Crude is in US\$/Barrel

Exhibit 5: Maize price trend



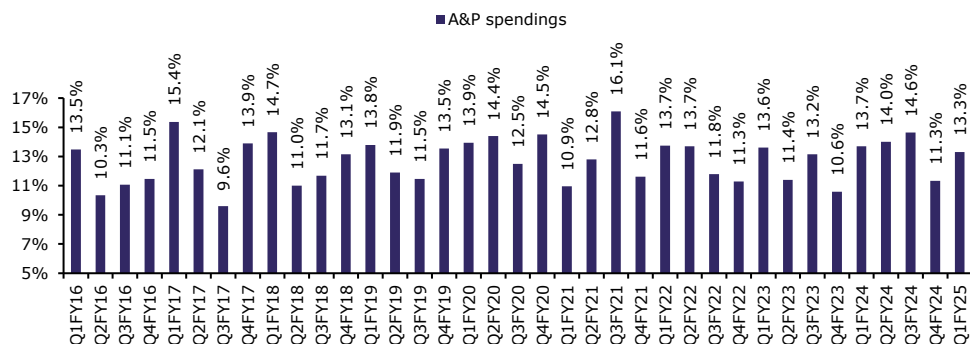
Source: NCDEX, Emkay Research

Exhibit 6: Mentha oil price trend



Source: Company, Emkay Research

Exhibit 7: Quarterly advertising and promotion spending as a % of sales



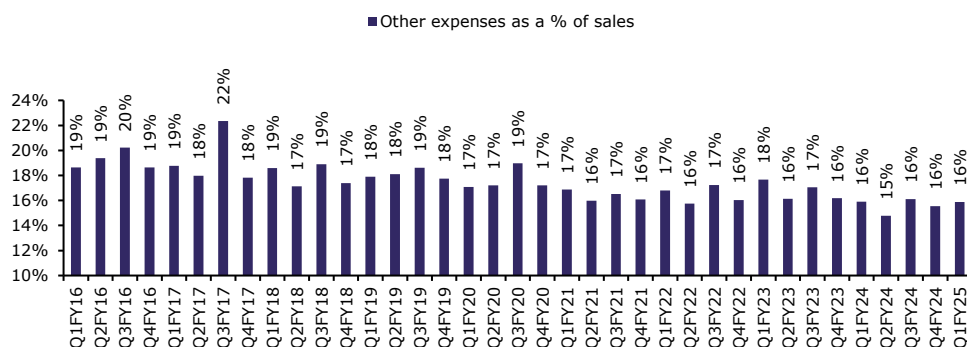
Source: Company, Emkay Research

Exhibit 8: Quarterly staff cost as a % of sales



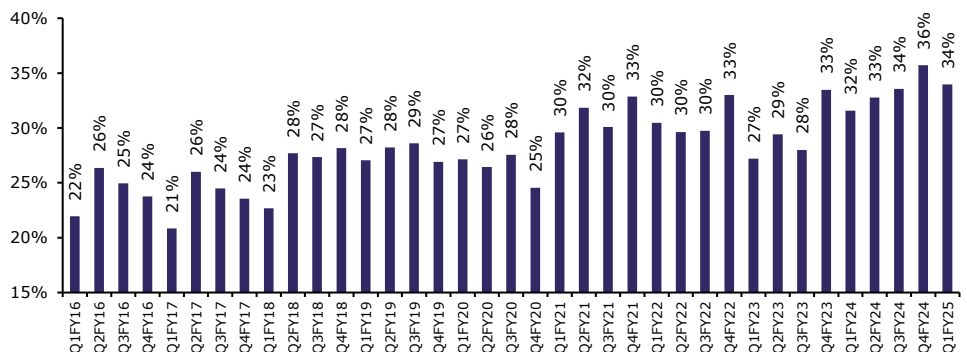
Source: Company, Emkay Research

Exhibit 9: Quarterly other expenses as a % of sales



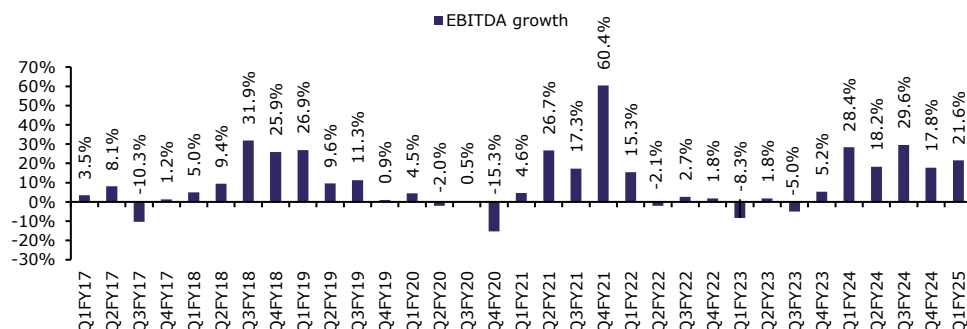
Source: Company, Emkay Research

Exhibit 10: Quarterly EBITDA margin trends



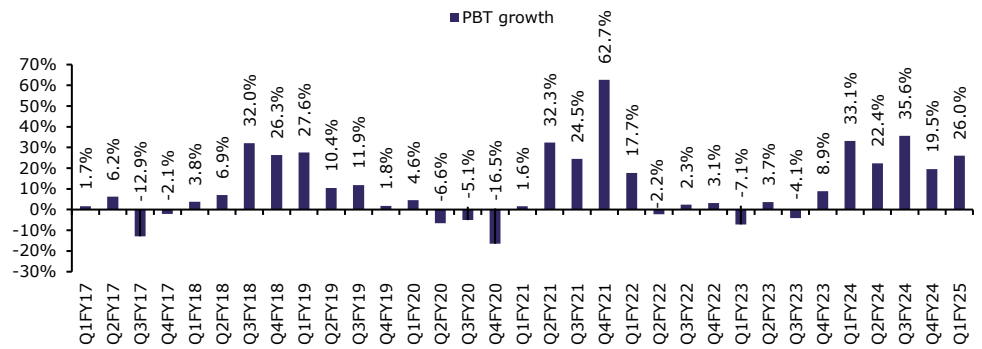
Source: Company, Emkay Research

Exhibit 11: Quarterly EBITDA growth trends



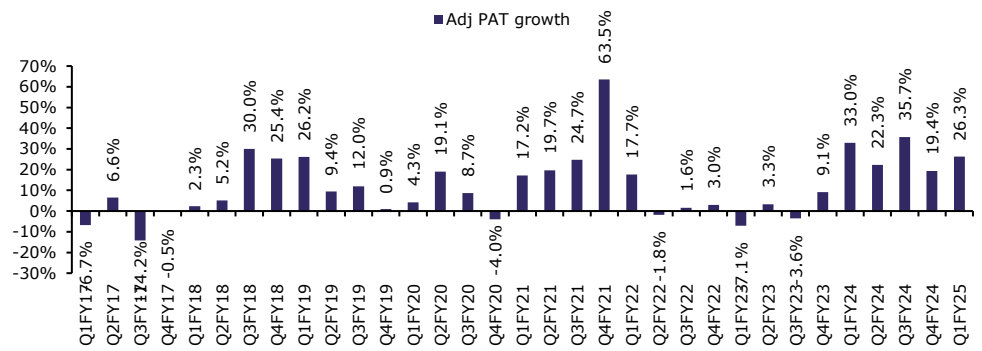
Source: Company, Emkay Research

Exhibit 12: Quarterly profit before tax growth trend



Source: Company, Emkay Research

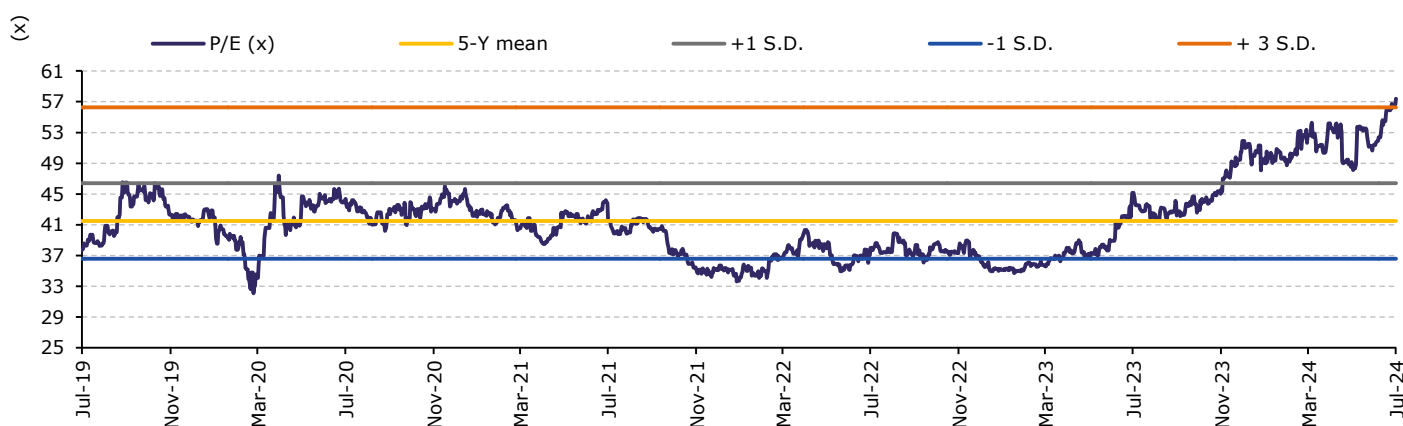
Exhibit 13: Quarterly adjusted PAT growth trend



Source: Company, Emkay Research

Valuations

Exhibit 14: Colgate India's one-year forward P/E



Source: Bloomberg, Emkay Research

Exhibit 15: Changes to estimate

	New estimates			Old estimates			Changes to our estimates		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net sales	62,977	68,494	74,498	62,005	66,927	72,242	1.6%	2.3%	3.1%
Growth	11.5%	8.8%	8.8%	9.9%	7.9%	7.9%			
EBITDA	21,849	23,821	25,990	21,384	22,996	25,037	2.2%	3.6%	3.8%
Growth	14.9%	9.0%	9.1%	12.5%	7.5%	8.9%			
EBITDA margin	33.5%	34.5%	34.6%	34.5%	34.4%	34.7%			
Adj. PAT	15,412	16,835	18,436	15,128	16,287	17,833	1.9%	3.4%	3.4%
Growth	14.7%	9.2%	9.5%	24.4%	24.3%	24.7%			
EPS (Rs)	56.7	61.9	67.8	55.6	59.9	65.6	1.9%	3.4%	3.4%

Source: Company, Emkay Research

Exhibit 16: Key assumptions

	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Profit and loss statement									
Net sales growth	6.6%	1.4%	7.0%	5.3%	2.5%	8.7%	11.5%	8.8%	8.8%
Toothpaste volume growth	5.8%	1.0%	4.0%	3.5%	-2.5%	2.0%	6.0%	5.0%	5.0%
Gross margin	65.1%	65.2%	68.0%	67.3%	65.7%	69.7%	70.5%	70.5%	70.5%
A&P spends as a % of sales	12.7%	13.8%	12.9%	12.6%	12.1%	13.4%	13.7%	13.7%	13.7%
Employee costs	6.6%	7.3%	7.6%	7.6%	7.2%	7.2%	7.0%	7.0%	6.9%
EBITDA margin	27.7%	26.6%	31.2%	30.7%	29.6%	33.5%	34.5%	34.6%	34.7%
EBITDA growth	11.1%	-2.8%	25.6%	3.7%	-1.2%	22.9%	14.9%	9.0%	9.1%
EBIT growth	12.7%	-6.8%	32.2%	4.6%	-1.2%	26.0%	16.0%	9.4%	9.5%
PBT growth	11.8%	-6.2%	29.4%	4.4%	0.8%	26.7%	15.2%	9.2%	9.5%
Effective tax rate	35.4%	21.7%	23.3%	23.5%	25.5%	25.4%	25.7%	25.7%	25.7%
Adjusted PAT growth	10.4%	13.7%	26.8%	4.1%	-1.9%	26.9%	14.7%	9.2%	9.5%
EPS (Rs)	26.4	30.0	38.1	39.6	38.9	49.4	56.7	61.9	67.8
DPS (Rs)	23.0	29.0	38.0	40.0	39.0	58.0	54.0	60.0	66.0
Dividend payout	87%	97%	100%	101%	100%	117%	95%	97%	97%
Balance sheet									
Inventory days (no. of)	20	24	25	26	23	19	23	22	24
Receivable days (no. of)	17	11	9	16	11	11	11	11	11
Payable days (no. of)	81	64	115	70	69	73	70	69	69
Avg ROE	48%	54%	75%	74%	61%	75%	81%	83%	84%
Avg ROCE	71%	62%	90%	90%	76%	93%	101%	104%	106%
Capex spends (Rs mn)	1,042	604	573	495	695	755	1,000	1,100	1,200

Source: Company, Emkay Research

This report is intended for team emkay@whitemarquesolutions.com use and downloaded at 08/19/2024 04:53 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

Colgate-Palmolive: Standalone Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	52,262	56,804	63,317	68,868	74,909
Revenue growth (%)	2.5	8.7	11.5	8.8	8.8
EBITDA	15,470	19,008	21,849	23,821	25,990
EBITDA growth (%)	(1.2)	22.9	14.9	9.0	9.1
Depreciation & Amortization	1,748	1,715	1,795	1,878	1,969
EBIT	13,722	17,293	20,054	21,943	24,021
EBIT growth (%)	(1.2)	26.0	16.0	9.4	9.5
Other operating income	320	318	340	374	411
Other income	536	765	738	765	842
Financial expense	49	50	51	52	53
PBT	14,209	18,008	20,741	22,656	24,810
Extraordinary items	0	0	0	0	0
Taxes	3,625	4,577	5,329	5,821	6,374
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	10,471	13,237	15,412	16,835	18,436
PAT growth (%)	(2.9)	26.4	16.4	9.2	9.5
Adjusted PAT	10,584	13,432	15,412	16,835	18,436
Diluted EPS (Rs)	38.9	49.4	56.7	61.9	67.8
Diluted EPS growth (%)	(1.9)	26.9	14.7	9.2	9.5
DPS (Rs)	39.0	43.0	54.0	56.0	62.0
Dividend payout (%)	101.3	88.4	95.3	90.5	91.5
EBITDA margin (%)	29.6	33.5	34.5	34.6	34.7
EBIT margin (%)	26.3	30.4	31.7	31.9	32.1
Effective tax rate (%)	25.5	25.4	25.7	25.7	25.7
NOPLAT (pre-IndAS)	10,221	12,898	14,901	16,305	17,850
Shares outstanding (mn)	272.0	272.0	272.0	272.0	272.0

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	14,209	18,008	20,741	22,656	24,810
Others (non-cash items)	65	99	0	0	0
Taxes paid	(3,809)	(4,686)	(5,329)	(5,821)	(6,374)
Change in NWC	(89)	(2,272)	(321)	570	67
Operating cash flow	11,763	11,990	16,199	18,570	19,682
Capital expenditure	(695)	(755)	(1,000)	(1,100)	(1,200)
Acquisition of business	0	0	0	0	0
Interest & dividend income	1,014	1,252	1,355	1,414	3,326
Investing cash flow	(75)	792	(262)	(335)	(358)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(191)	(190)	0	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(102)	(93)	(51)	(52)	(53)
Dividend paid (incl tax)	(10,575)	(11,670)	(14,688)	(15,232)	(16,864)
Others	0	0	0	0	0
Financing cash flow	(10,867)	(11,953)	(14,739)	(15,284)	(16,917)
Net chg in Cash	820	829	1,198	2,951	2,407
OCF	11,763	11,990	16,199	18,570	19,682
Adj. OCF (w/o NWC chg.)	11,852	12,079	16,520	18,000	19,616
FCFF	11,068	11,234	15,199	17,470	18,482
FCFE	12,033	12,437	16,503	18,831	21,756
OCF/EBITDA (%)	76.0	63.1	74.1	78.0	75.7
FCFE/PAT (%)	113.7	92.6	107.1	111.9	118.0
FCFF/NOPLAT (%)	108.3	87.1	102.0	107.1	103.5

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	272	272	272	272	272
Reserves & Surplus	16,892	18,472	19,196	20,799	22,370
Net worth	17,164	18,744	19,468	21,071	22,642
Minority interests	0	0	0	0	0
Deferred tax liability (net)	(288)	(648)	(648)	(648)	(648)
Total debt	942	950	986	1,024	1,063
Total liabilities & equity	17,817	19,046	19,806	21,447	23,058
Net tangible fixed assets	8,618	7,941	7,145	6,367	5,598
Net intangible assets	0	0	0	0	0
Net ROU assets	0	0	0	0	0
Capital WIP	1,141	1,103	1,103	1,103	1,103
Goodwill	0	0	0	0	0
Investments [JV/Associates]	325	257	270	283	296
Cash & equivalents	9,230	13,738	14,936	17,887	20,294
Current assets (ex-cash)	9,228	8,279	9,467	9,935	10,989
Current Liab. & Prov.	10,724	12,272	13,115	14,127	15,222
NWC (ex-cash)	(1,496)	(3,992)	(3,648)	(4,192)	(4,233)
Total assets	17,817	19,046	19,806	21,447	23,058
Net debt	(9,214)	(13,721)	(14,919)	(17,870)	(20,278)
Capital employed	16,892	18,113	18,837	20,440	22,011
Invested capital	7,122	3,948	3,498	2,175	1,365
BVPS (Rs)	63.1	68.9	71.6	77.5	83.2
Net Debt/Equity (x)	(0.5)	(0.7)	(0.8)	(0.8)	(0.9)
Net Debt/EBITDA (x)	(0.6)	(0.7)	(0.7)	(0.8)	(0.8)
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	83.7	103.2	112.5	115.6	117.1

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	82.8	65.2	56.8	52.0	47.5
P/CE(x)	71.0	57.8	50.9	46.8	42.9
P/B (x)	51.0	46.7	45.0	41.6	38.7
EV/Sales (x)	16.7	15.3	13.7	12.5	11.5
EV/EBITDA (x)	56.0	45.4	39.4	36.0	32.9
EV/EBIT(x)	63.2	49.9	42.9	39.1	35.6
EV/IC (x)	121.7	218.4	246.2	394.6	627.0
FCFF yield (%)	1.3	1.3	1.8	2.0	2.2
FCFE yield (%)	1.4	1.4	1.9	2.1	2.5
Dividend yield (%)	1.2	1.3	1.7	1.7	1.9
DuPont-RoE split					
Net profit margin (%)	20.3	23.6	24.3	24.4	24.6
Total asset turnover (x)	3.1	3.2	3.4	3.5	3.5
Assets/Equity (x)	1.0	1.0	1.0	1.0	1.0
RoE (%)	61.3	74.8	80.7	83.1	84.3
DuPont-RoIC					
NOPLAT margin (%)	19.6	22.7	23.5	23.7	23.8
IC turnover (x)	6.4	10.3	17.0	24.3	42.3
RoIC (%)	125.9	233.0	400.2	574.9	1,008.6
Operating metrics					
Core NWC days	(49.9)	(52.4)	(52.3)	(50.5)	(49.5)
Total NWC days	(10.5)	(25.7)	(21.0)	(22.2)	(20.6)
Fixed asset turnover	2.5	2.6	2.8	2.9	3.0
Opex-to-revenue (%)	36.1	36.2	36.0	35.9	35.8

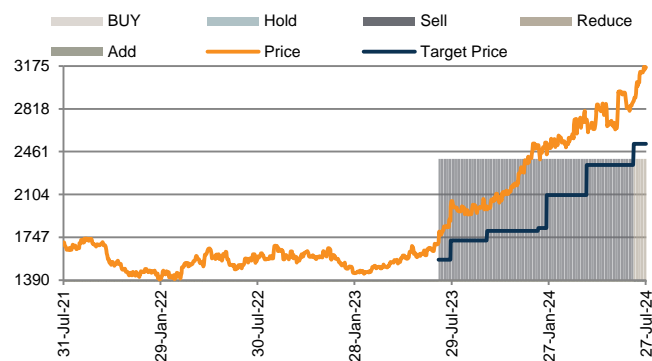
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
04-Jul-24	2,885	2,525	Reduce	Nitin Gupta
26-Jun-24	2,802	2,350	Sell	Nitin Gupta
04-Jun-24	2,810	2,350	Sell	Nitin Gupta
15-May-24	2,673	2,350	Sell	Nitin Gupta
13-May-24	2,859	2,350	Sell	Nitin Gupta
08-May-24	2,825	2,350	Sell	Nitin Gupta
15-Apr-24	2,673	2,350	Sell	Nitin Gupta
07-Apr-24	2,729	2,350	Sell	Nitin Gupta
14-Mar-24	2,687	2,100	Sell	Nitin Gupta
23-Jan-24	2,438	2,100	Sell	Nitin Gupta
07-Jan-24	2,515	1,825	Sell	Nitin Gupta
12-Dec-23	2,336	1,800	Sell	Nitin Gupta
30-Nov-23	2,196	1,800	Sell	Nitin Gupta
24-Nov-23	2,195	1,800	Sell	Nitin Gupta
26-Oct-23	2,034	1,800	Sell	Nitin Gupta
24-Oct-23	2,076	1,800	Sell	Nitin Gupta
20-Oct-23	2,111	1,800	Sell	Nitin Gupta
03-Oct-23	1,978	1,800	Sell	Nitin Gupta
28-Aug-23	1,936	1,720	Sell	Nitin Gupta
22-Aug-23	1,940	1,720	Sell	Nitin Gupta
15-Aug-23	1,963	1,720	Sell	Nitin Gupta
27-Jul-23	2,002	1,720	Sell	Nitin Gupta
04-Jul-23	1,705	1,560	Sell	Nitin Gupta

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 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 29, 2024
- 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 29, 2024
- 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 29, 2024
- 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	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

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.