

Muted quarter, medium-term outlook intact

Specialty Chemicals ▶ Result Update ▶ February 15, 2024

TARGET PRICE (Rs): 2,600

DN's Q3 EBITDA at Rs3bn (flat YoY/QoQ) was below consensus/our estimates of Rs3.3bn. While the current environment remains subdued for chemicals, on several headwinds including lower global consumption, the management guided that it is focusing on operational and process efficiencies to maintain cost competitiveness. DN raised its stake in its Oman entity to 51%, where it plans to expand its sodium nitrite production capacity. Deepak Chem Tech (DCTL) signed an MoU worth Rs90bn in Jan-24, with the Government of Gujarat to manufacture 3 new downstream products. Company has also signed a term-sheet with PLNG for offtake of propylene and hydrogen, to ensure a secure supply of both these raw materials. Our FY24/25/26 estimates remain unchanged. We maintain ADD with unchanged SoTP-based TP of Rs2,600/sh.

Deepak Nitrite: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	68,022	79,721	76,348	80,406	92,531
EBITDA	16,036	12,894	11,499	13,692	18,261
Adj. PAT	10,666	8,520	7,511	9,058	12,104
Adj. EPS (Rs)	78.2	62.5	55.1	66.4	88.7
EBITDA margin (%)	23.6	16.2	15.1	17.0	19.7
EBITDA growth (%)	28.6	(19.6)	(10.8)	19.1	33.4
Adj. EPS growth (%)	37.5	(20.1)	(11.8)	20.6	33.6
RoE (%)	37.5	22.9	17.0	17.7	19.9
RoIC (%)	36.4	24.3	18.6	20.2	22.5
P/E (x)	29.2	36.5	41.5	34.4	25.7
EV/EBITDA (x)	19.4	23.9	26.9	22.5	17.1
P/B (x)	9.3	7.6	6.6	5.6	4.7
FCFF yield (%)	2.0	1.1	0.0	0.6	(1.2)

Source: Company, Emkay Research

DN sees muted performance in the quarter, on demand headwinds

The advanced intermediates (AI) segment was muted on subdued demand recovery in end-use industries, such as agrochemicals, textiles, and dyes & pigments (construction, infrastructure, and homecare industries have healthy growth visibility). Though volumes grew YoY, the pricing environment remains lackluster. Higher volumes in Phenolics (on conducive season), coupled with operating leverage gains and process optimization, contributed to the steady performance in this business. DN registered its highest-ever production volumes, of 88,378MT of phenol and 121,571MT of cumene.

Greenfield & brownfield capex on track

Management has guided for commissioning of ongoing projects worth Rs20bn in CY24. The photo halogenation and fluorination platforms for BTC/BTF are expected to commission in Q4FY24. Similarly, other projects like nitric acid plant, MIBK, MIBC, hydrogenation facility, etc. too are expected to commission over the next few quarters. DN has signed a term sheet with Petronet LNG for offtake of 250KTPA of propylene and 11KTPA of hydrogen via its pipeline at Dahej. This arrangement will span over 15 years from the date of initial delivery, and ensures assured access to crucial feedstock for its production processes, thus paving the way for consistent output and operational stability.

DCTL signed an MoU worth Rs90bn with the Government of Gujarat

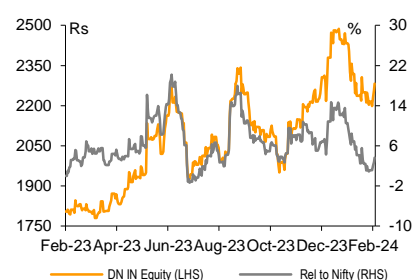
Deepak Chem Tech (DCTL) signed an MoU worth Rs90bn with the Government of Gujarat in Jan-24, taking the total value of MoUs signed to ~Rs140bn (previously signed an MoU worth Rs50bn in May-23 for MIBK, MIBC, Bisphenol-A & Polycarbonate Compounding). This MoU has been signed to manufacture 3 new products – polycarbonate, methyl methacrylate (MMA)/poly methyl methacrylate (PMMA) resins & compounds, and aniline. DCTL aims to complete these projects by 2027; this will create 1,300 direct and indirect employment opportunities. Such MoUs reaffirm DN's aim to capture the downstream value chain, thus capitalizing on its first-mover advantage.

Target Price – 12M	Dec-24
Change in TP (%)	-
Current Reco.	ADD
Previous Reco.	ADD
Upside/(Downside) (%)	13.9
CMP (15-Feb-24) (Rs)	2,282.7

Stock Data	Ticker
52-week High (Rs)	2,521
52-week Low (Rs)	1,749
Shares outstanding (mn)	136.4
Market-cap (Rs bn)	311
Market-cap (USD mn)	3,749
Net-debt, FY24E (Rs mn)	-2,251
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	956.9
ADTV-3M (USD mn)	11.5
Free float (%)	-
Nifty-50	21,911
INR/USD	83.0
Shareholding, Dec-23	
Promoters (%)	49.1
FPIs/MFs (%)	6.5/18.9

Price Performance

(%)	1M	3M	12M
Absolute	(6.0)	7.7	27.0
Rel. to Nifty	(5.2)	(3.3)	4.4

1-Year share price trend (Rs)

Meet Vora

 meet.vora@emkayglobal.com
+91 22 6624 2474

Meet Gada

 meet.gada@emkayglobal.com
+91 22 6612 1235

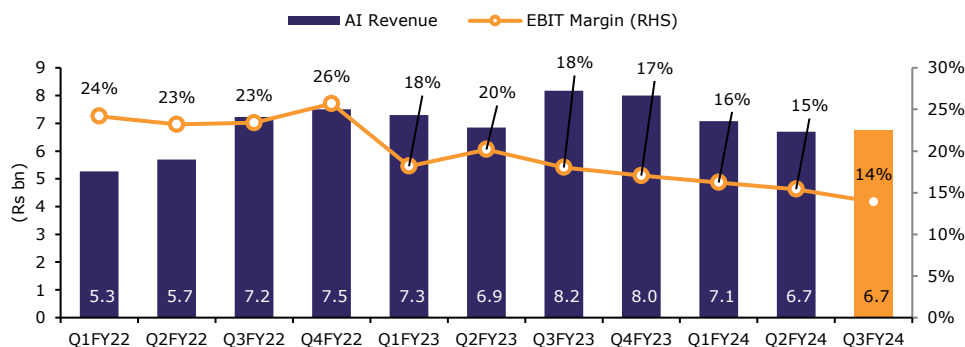
Exhibit 1: Result update

P&L (Rs mn)	Reported					Emkay Est.		9M ended		
	Q3FY23	Q2FY24	Q3FY24	YoY (%)	QoQ (%)	Q3FY24	vs. Est. (%)	9MFY24	9MFY23	YoY (%)
Net revenue	19,911	17,781	20,092	1	13	19,003	6	55,556	60,107	-8
Material cost	(13,387)	(11,658)	(13,726)	3	18	(12,428)	10	(37,621)	(40,695)	-8
Gross Profit	6,524	6,122	6,366	-2	4	6,575	-3	17,935	19,412	-8
Gross margin (%)	32.8	34.4	31.7	-109 bps	-275 bps	34.6	-292 bps	32.3	32.3	-2 bps
Employee cost	(811)	(848)	(891)	10	5	(893)	0	(2,582)	(2,408)	7
Other overheads	(2,568)	(2,252)	(2,428)	-5	8	(2,432)	0	(7,187)	(7,591)	-5
Total expenses	(16,766)	(14,758)	(17,046)	2	16	(15,754)	8	(47,390)	(50,694)	-7
EBITDA	3,145	3,023	3,047	-3	1	3,249	-6	8,167	9,413	-13
EBITDA margin (%)	15.8	17.0	15.2	-64 bps	-184 bps	17.1	-194 bps	14.7	15.7	-97 bps
Other income	134	170	136	1	-20	187	-28	625	350	78
Interest	(58)	(27)	(29)	-50	9	(29)	2	(74)	(203)	-63
Depreciation	(411)	(394)	(417)	1	6	(399)	5	(1,192)	(1,254)	-5
EO Items	-	-	-	-	-	-	-	-	-	-
PBT	2,809	2,772	2,736	-3	-1	3,009	-9	7,525	8,306	-9
Tax	(720)	(721)	(715)	-1	-1	(783)	(9)	(1,955)	(2,126)	-8
Adj. PAT	2,090	2,051	2,020	-3	-1	2,226	-9	5,570	6,180	-10
EO Items	-	-	-	-	-	-	-	-	-	-
Reported PAT	2,090	2,051	2,020	-3	-1	2,226	-9	5,570	6,180	-10
EPS (Rs)	15.3	15.0	14.8	-3	-1	16.3	-9	40.8	45.3	-10
Costs as a % of sales										
Material cost	67.2	65.6	68.3	108 bps	274 bps	65.4	291 bps	67.7	67.7	1 bps
Employee cost	4.1	4.8	4.4	36 bps	-34 bps	4.7	-27 bps	4.6	4.0	64 bps
Other overheads	12.9	12.7	12.1	-82 bps	-58 bps	12.8	-72 bps	12.9	12.6	30 bps
Income tax rate	25.6	26.0	26.1	53 bps	13 bps	26.0	13 bps	26.0	25.6	38 bps

Source: Company, Emkay Research

Exhibit 2: Advanced intermediates business witnessing demand headwinds in Q3

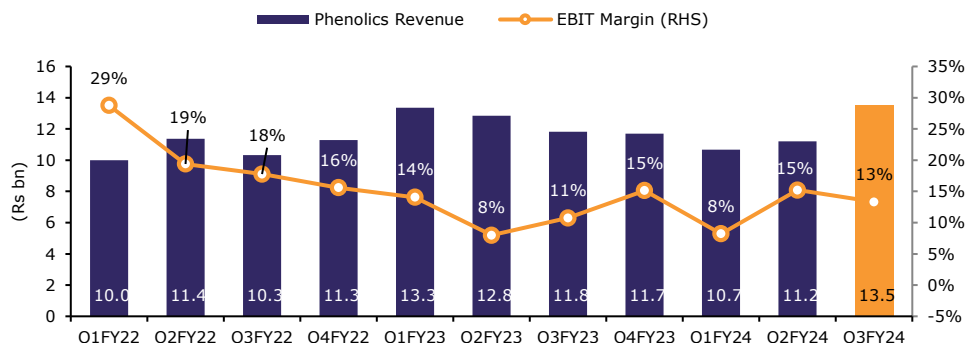
Advanced intermediates business volumes are higher YoY; though pricing remains muted on subdued demand



Source: Company, Emkay Research

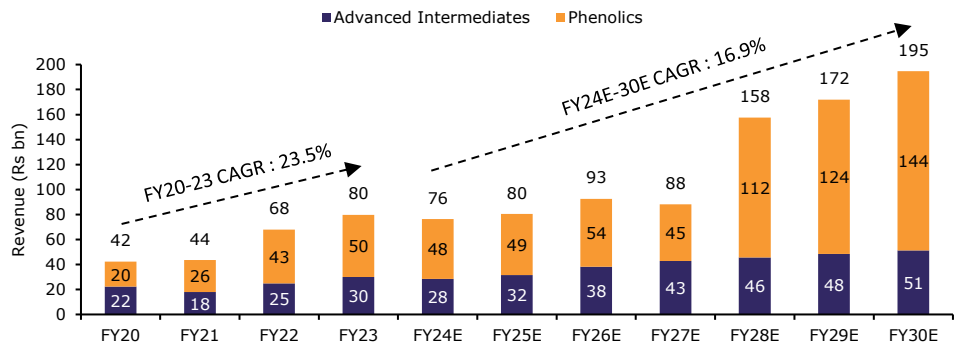
Exhibit 3: The Phenolics business grew 14% YoY/20% QoQ

Phenolics segment performance was led by higher sales volume and better operating efficiency



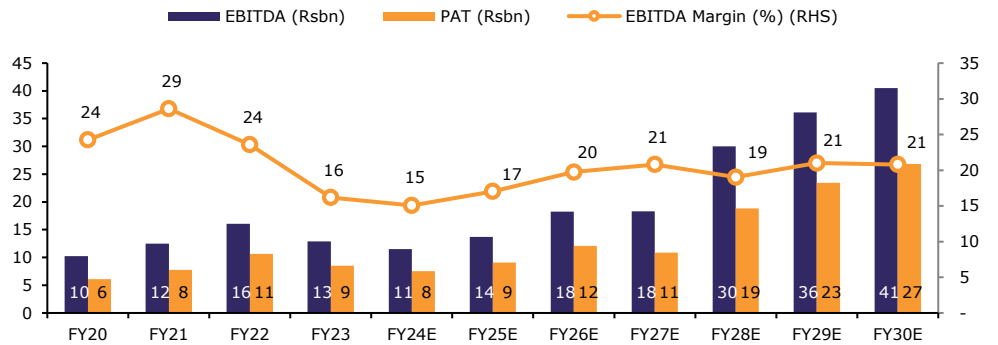
Source: Company, Emkay Research

Exhibit 4: DCTL's revenue (phenolics) to rise, as it incurs most of the upcoming capex



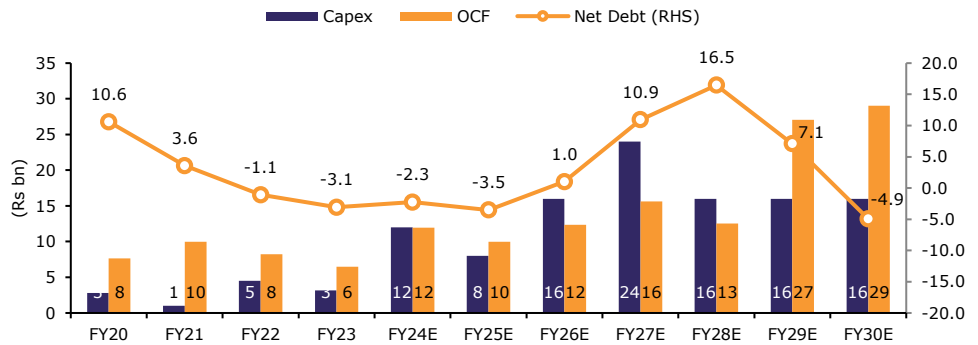
Source: Company, Emkay Research

Exhibit 5: EBITDA CAGR expected at 23% over FY24-30E, along with margin expansion



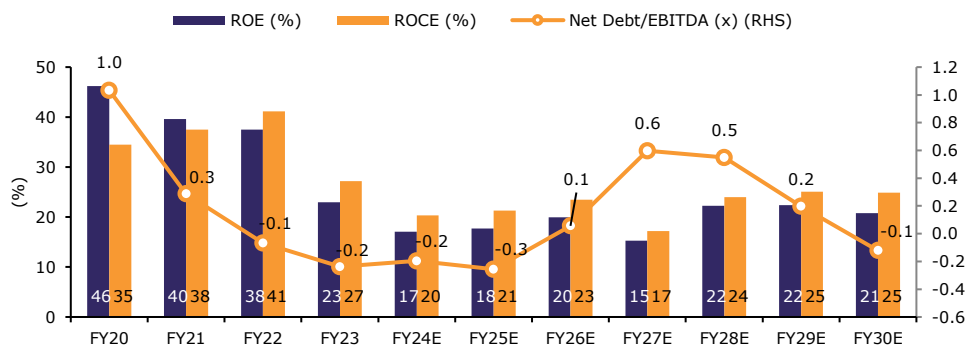
Source: Company, Emkay Research

Exhibit 6: Strong OCF generation to aid funding and pare debt



Source: Company, Emkay Research

Exhibit 7: Return ratios to largely remain at >20% over the next few years

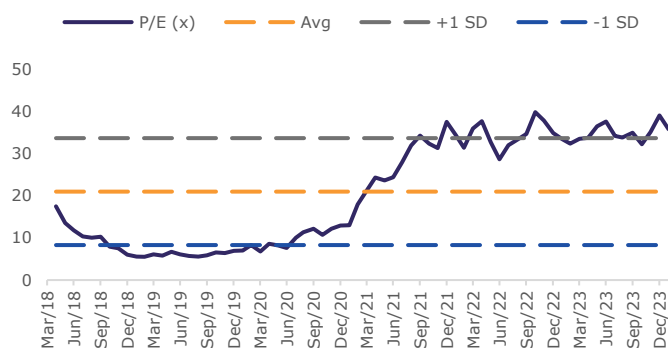


Source: Company, Emkay Research

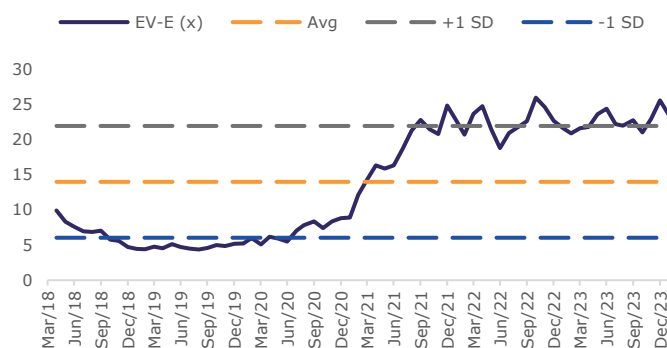
Exhibit 8: SoTP-based workings for TP of Rs2,600/share

Particulars (Rs mn)	FY25E	FY26E
DNL Standalone EBITDA	6,146	8,565
EV/EBITDA Target Multiple (x)	18	18
Target Enterprise Value (A)	110,637	154,164
DPL Discounted FY30E EBITDA	15,984	17,982
EV/EBITDA Target multiple (x)	12	12
Target Enterprise Value (B)	191,808	215,784
Total Enterprise Value (A+B)	302,444	369,947
Net Debt (Rs mn)	(3,504)	1,031
Total Equity Value	305,948	368,916
No. of shares outstanding (mn)	136	136
Target Price (Rs/share)	2,243	2,705
Dec-25E Target Price (Rs/share)		2,600
CMP (Rs/share)		2,283
Upside		14%

Source: Emkay Research

Exhibit 9: One-year forward P/E

Source: Bloomberg, Emkay Research

Exhibit 10: One-year forward EV/EBITDA

Source: Bloomberg, Emkay Research

Deepak Nitrite: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	68,022	79,721	76,348	80,406	92,531
Revenue growth (%)	56.0	17.2	(4.2)	5.3	15.1
EBITDA	16,036	12,894	11,499	13,692	18,261
EBITDA growth (%)	28.6	(19.6)	(10.8)	19.1	33.4
Depreciation & Amortization	1,777	1,663	1,845	2,009	2,549
EBIT	14,259	11,231	9,655	11,683	15,711
EBIT growth (%)	30.3	(21.2)	(14.0)	21.0	34.5
Other operating income	0	0	0	0	0
Other income	426	476	500	525	551
Financial expense	340	248	139	130	335
PBT	14,345	11,459	10,015	12,077	15,927
Extraordinary items	0	0	0	0	0
Taxes	3,678	2,939	2,504	3,019	3,822
Minority interest	0	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	10,666	8,520	7,511	9,058	12,104
PAT growth (%)	37.5	(20.1)	(11.8)	20.6	33.6
Adjusted PAT	10,666	8,520	7,511	9,058	12,104
Diluted EPS (Rs)	78.2	62.5	55.1	66.4	88.7
Diluted EPS growth (%)	37.5	(20.1)	(11.8)	20.6	33.6
DPS (Rs)	5.5	7.0	8.2	8.2	8.2
Dividend payout (%)	7.0	11.2	15.0	12.4	9.3
EBITDA margin (%)	23.6	16.2	15.1	17.0	19.7
EBIT margin (%)	21.0	14.1	12.6	14.5	17.0
Effective tax rate (%)	25.6	25.6	25.0	25.0	24.0
NOPLAT (pre-IndAS)	10,603	8,350	7,241	8,762	11,941
Shares outstanding (mn)	136.4	136.4	136.4	136.4	136.4

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	14,345	11,459	10,015	12,077	15,927
Others (non-cash items)	(46)	(246)	(500)	(525)	(551)
Taxes paid	(3,535)	(2,600)	(2,510)	(3,012)	(3,801)
Change in NWC	(5,157)	(3,945)	2,953	(691)	(2,065)
Operating cash flow	8,238	6,499	11,948	9,982	12,373
Capital expenditure	(1,900)	(3,231)	(12,000)	(8,000)	(16,000)
Acquisition of business	3	(3)	0	0	0
Interest & dividend income	426	476	500	525	551
Investing cash flow	(4,241)	(2,761)	(10,300)	(6,975)	(13,949)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(2,057)	(2,618)	509	33	5,099
Payment of lease liabilities	0	0	0	0	0
Interest paid	(340)	(248)	(139)	(130)	(335)
Dividend paid (incl tax)	(750)	(955)	(1,124)	(1,124)	(1,124)
Others	(711)	229	0	0	0
Financing cash flow	(3,858)	(3,591)	(754)	(1,221)	3,640
Net chg in Cash	140	148	894	1,786	2,064
OCF	8,238	6,499	11,948	9,982	12,373
Adj. OCF (w/o NWC chg.)	3,081	2,554	14,901	9,291	10,308
FCFF	6,338	3,268	(52)	1,982	(3,627)
FCFE	6,424	3,496	308	2,376	(3,411)
OCF/EBITDA (%)	51.4	50.4	103.9	72.9	67.8
FCFE/PAT (%)	60.2	41.0	4.1	26.2	(28.2)
FCFF/NOPLAT (%)	59.8	39.1	(0.7)	22.6	(30.4)

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Share capital	273	273	273	273	273
Reserves & Surplus	33,112	40,627	47,014	54,948	65,929
Net worth	33,384	40,900	47,287	55,221	66,202
Minority interests	0	0	0	0	0
Deferred tax liability (net)	1,229	1,565	1,565	1,565	1,565
Total debt	3,719	1,101	1,611	1,644	6,743
Total liabilities & equity	38,332	43,566	50,462	58,430	74,509
Net tangible fixed assets	19,140	18,895	27,058	30,049	43,500
Net intangible assets	495	522	522	522	522
Net ROU assets	0	0	0	0	0
Capital WIP	1,222	3,008	5,000	8,000	8,000
Goodwill	0	0	0	0	0
Investments [JV/Associates]	22	25	25	25	25
Cash & equivalents	4,786	4,168	3,862	5,148	5,712
Current assets (ex-cash)	18,640	24,669	21,408	22,469	25,640
Current Liab. & Prov.	5,973	7,720	7,413	7,783	8,888
NWC (ex-cash)	12,667	16,948	13,996	14,687	16,752
Total assets	38,332	43,566	50,462	58,430	74,509
Net debt	(1,067)	(3,067)	(2,251)	(3,504)	1,031
Capital employed	38,332	43,566	50,462	58,430	74,509
Invested capital	32,302	36,364	41,575	45,257	60,773
BVPS (Rs)	244.8	299.9	346.7	404.8	485.3
Net Debt/Equity (x)	0.0	(0.1)	0.0	(0.1)	0.0
Net Debt/EBITDA (x)	(0.1)	(0.2)	(0.2)	(0.3)	0.1
Interest coverage (x)	0.0	0.0	0.0	0.0	0.0
RoCE (%)	42.8	28.6	21.6	22.4	24.5

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY22	FY23	FY24E	FY25E	FY26E
P/E (x)	29.2	36.5	41.5	34.4	25.7
P/CE(x)	25.0	30.6	33.3	28.1	21.2
P/B (x)	9.3	7.6	6.6	5.6	4.7
EV/Sales (x)	4.6	3.9	4.0	3.8	3.4
EV/EBITDA (x)	19.4	23.9	26.9	22.5	17.1
EV/EBIT(x)	21.8	27.5	32.0	26.4	19.9
EV/IC (x)	9.6	8.5	7.4	6.8	5.1
FCFF yield (%)	2.0	1.1	0.0	0.6	(1.2)
FCFE yield (%)	2.1	1.1	0.1	0.8	(1.1)
Dividend yield (%)	0.2	0.3	0.4	0.4	0.4
DuPont-RoE split					
Net profit margin (%)	15.7	10.7	9.8	11.3	13.1
Total asset turnover (x)	2.0	1.9	1.6	1.5	1.4
Assets/Equity (x)	1.2	1.1	1.1	1.1	1.1
RoE (%)	37.5	22.9	17.0	17.7	19.9
DuPont-RoIC					
NOPLAT margin (%)	15.6	10.5	9.5	10.9	12.9
IC turnover (x)	2.3	2.3	2.0	1.9	1.7
RoIC (%)	36.4	24.3	18.6	20.2	22.5
Operating metrics					
Core NWC days	68.0	77.6	66.9	66.7	66.1
Total NWC days	68.0	77.6	66.9	66.7	66.1
Fixed asset turnover	3.0	3.0	2.4	2.0	1.8
Opex-to-revenue (%)	15.9	16.7	19.0	18.8	18.7

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 05/25/2024 12:07 PM

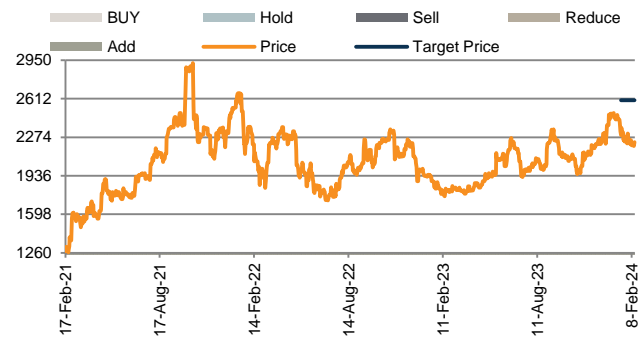
Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors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

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
18-Jan-24	2,293	2,600	Add	Meet Vora

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 February 15, 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 February 15, 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 February 15, 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.