

BUY Varun Beverages

Investing to garner tailwinds; Peer Outperformer

Retail ▶ Result Update ▶ November 6, 2023

TARGET PRICE (Rs): 1,150

VBL's Q3CY23 EBITDA was 3-4% above estimates, led by 8% better EBITDA in India and 14% lower Intl. EBITDA due to FX fluctuation. Revenue growth was robust at 22%, led by broad-based volume growth of 16% and realization gain of 5%. India has seen a strong recovery post a weak summer (unseasonal rains). Gross margin was better with improved mix, RM moderation and curtailed discounts. The beverage category is outperforming other FMCG categories on under-penetration and improved road/electricity infra. VBL has identified these tailwinds and has invested ~Rs30bn for capacity expansion (+45% vs. CY22). Further, VBL is benefiting from new products at affordable price-points (Energy/Sports/Dairy), which should together drive EBITDA/EPS CAGR of 25-30% over CY22-25E. We markup TP by 14%, led by 7% rise each in the EPS and multiple. The multiple increase is on reducing seasonality and outperformance vs. FMCG peers; retain BUY with Rs1,150 TP (45x CY25E EPS).

Varun Beverages: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	CY21	CY22	CY23E	CY24E	CY25E
Revenue	88,232	1,31,731	1,61,262	1,96,772	2,35,701
EBITDA	16,546	27,881	36,035	44,842	54,257
Adj. PAT	6,941	14,975	20,497	25,978	33,508
Adj. EPS (Rs)	5.3	11.5	15.8	20.0	25.8
EBITDA margin (%)	18.8	21.2	22.3	22.8	23.0
EBITDA growth (%)	37.7	68.5	29.2	24.4	21.0
Adj. EPS growth (%)	115.3	115.8	36.9	26.7	29.0
RoE (%)	18.3	32.6	34.3	32.6	31.9
RoIC (%)	11.7	20.9	22.9	25.3	29.4
P/E (x)	177.0	82.0	59.9	47.3	36.7
EV/EBITDA (x)	76.2	45.4	35.2	27.9	22.7
P/B (x)	30.1	24.1	17.9	13.5	10.3
FCFF yield (%)	0.3	0.1	0.3	1.9	2.2

Source: Company, Emkay Research

Robust trends continue with 22%/32% revenue/PAT growth for VBL

VBL posted revenue growth of 22% in Q3, led by 16%/5% growth in volume/realization. Among geographies, India grew 16%, while the intl. business saw higher growth at 45%. Encouragingly, India volume rebounded in Q3 vs. 1% in Q2, which was impacted by unseasonal rains; Intl. volume was up 16%. Realization was flat for India due to price corrections/weaker mix (less juice), but offset by the lower discounts. Intl. realization improved 25% on higher GTM and better mix. Among categories, carbonates led with 20% volume growth, while juice/water grew a slower 0%/9%. EBITDA margin improved by 80bps to ~23%, largely led by 160bps gain in gross margin (GM). GM gains was driven by controlled discounts and softening of PET chips' prices. Among geographies, India EBITDA margin (standalone) improved by 480bps, while subsidiary margin (consol-standalone) dipped by 1,010bps. VBL has capitalized Rs20bn capex in 9MCY23, with Rs11.5bn into greenfield capacities (Rajasthan/MP/Congo) and the balance in brownfield capacity expansions. Of the Rs20bn capex, cash outflow is Rs8bn, as Rs12bn was CWIP increase in CY22. Further, Rs16bn cash has been used in CY23 as CWIP, for plants to be commissioned ahead of the CY24 season which should expand VBL's capacity by 45%.

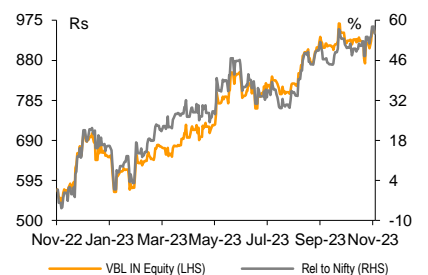
Earnings-call KTAs: 1) All plants are expected to commission by Q1, to garner benefit of the next season. 2) With the new facility, VBL will address 50-60% of the Congo market (100mn population vs 60/70mn in Zimbabwe). 3) The new subsidiary in Mozambique will utilize surplus capacity in Zambia/Zimbabwe and expand distribution in bordering areas. Its plan of re-entering the market is backed by the significant gain in consumption appetite, no additional taxes and ease of doing business. 4) Intl. margins were impacted by currency devaluation in Zambia. 5) VBL is witnessing faster growth (double-digit) compared with FMCG peers, led by rural penetration, aggressive GTM strategy, sharp price-points and massive headroom to reach 12.5mn retail outlets (vs. ~3.5mn outlets currently). 6) High double-digit growth witnessed in new categories such as *Sting* (Blue), *Nimbooz* (+100%), *Gatorade* (+70%) and other non-sugar beverages. It also plans to launch a new energy drink in CY24, as the category is seeing healthy demand trends. 7) Seasonality has significantly reduced, with the Jun Qtr contributing ~50% PAT vs. 90-100% earlier. 8) Campa (Reliance) is a formidable competitor, but investments should drive strong expansion for the category and benefit all players.

Target Price – 12M	Dec-24
Change in TP (%)	13.9
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	21.6
CMP (06-Nov-23) (Rs)	945.7

Stock Data	Ticker
52-week High (Rs)	979
52-week Low (Rs)	538
Shares outstanding (mn)	1,299.2
Market-cap (Rs bn)	1,229
Market-cap (USD mn)	14,764
Net-debt, CY23E (Rs mn)	40,168
ADTV-3M (mn shares)	2
ADTV-3M (Rs mn)	1,893.4
ADTV-3M (USD mn)	22.8
Free float (%)	36.0
Nifty-50	19,412
INR/USD	83.2
Shareholding, Sep-23	
Promoters (%)	63.1
FPIs/MFs (%)	27.6/3.4

Price Performance

(%)	1M	3M	12M
Absolute	2.0	14.6	66.1
Rel. to Nifty	3.3	15.2	55.0

1-Year share price trend (Rs)**Devanshu Bansal**

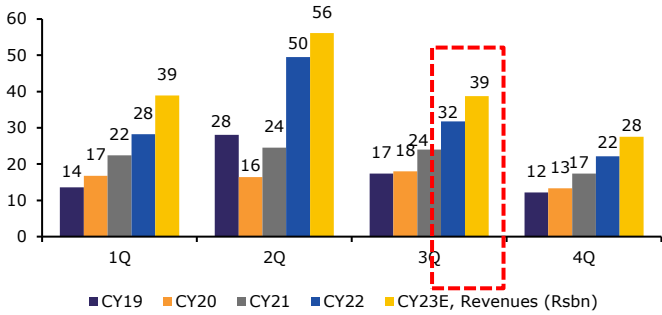
devanshu.bansal@emkayglobal.com
+91 22 6612 1385

Vishal Panjwani

vishal.panjawani@emkayglobal.com
+91 22 6624 2431

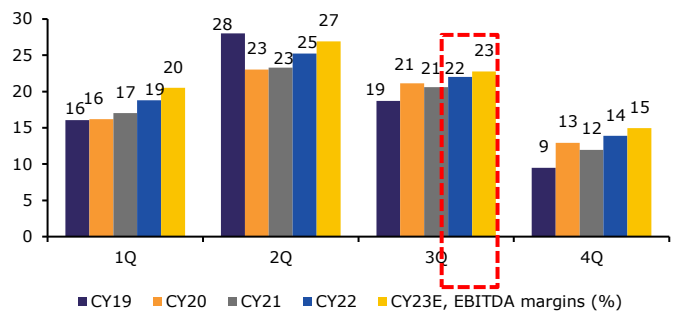
Story in Charts

Exhibit 1: Revenue grew 22%, led by 45% growth in Intl business and 16% revenue growth in India business



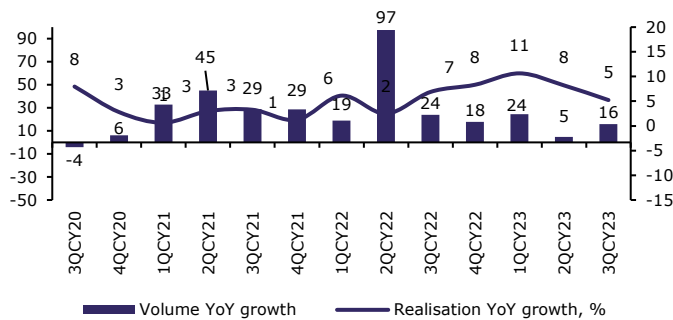
Source: Company, Emkay Research

Exhibit 2: EBITDA margin up 80bps, led by 160bps gross-margin gain on softened PET chips and controlled discounts



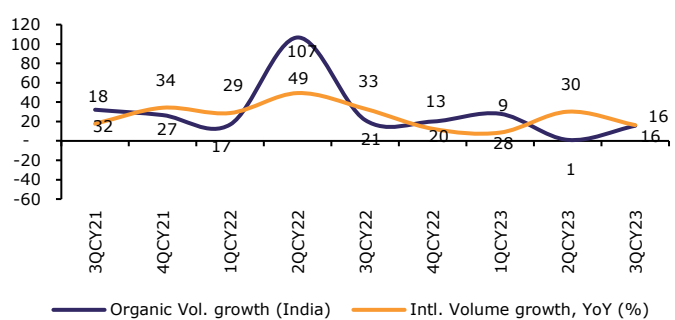
Source: Company, Emkay Research

Exhibit 3: The 22% growth in consol. revenue was led by 5%/16% realization/volume growth in Q3



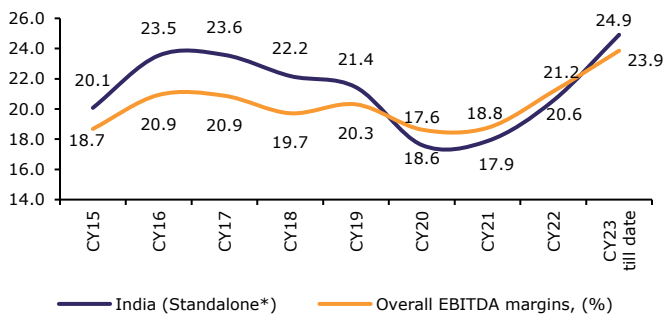
Source: Company, Emkay Research

Exhibit 4: Demand rebound sequentially, after Q2 faced unseasonal rains, India/Intl. volume grew 16%



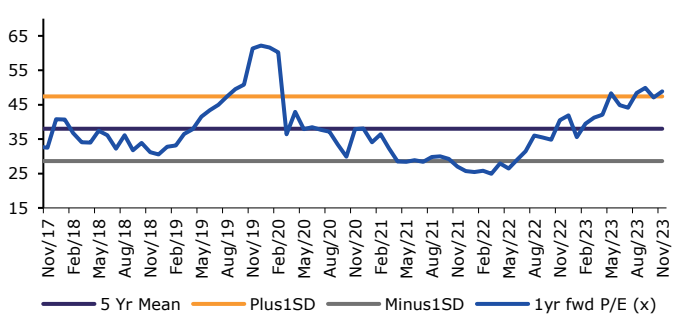
Source: Company, Emkay Research

Exhibit 5: Consol. margin improved by 270bps in 9MCY23TD, led by 440bps improvement in India operations



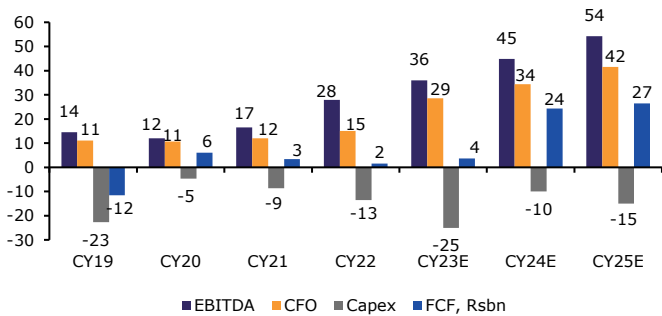
Source: Company, Emkay Research

Exhibit 6: VBL's 1-year forward P/E



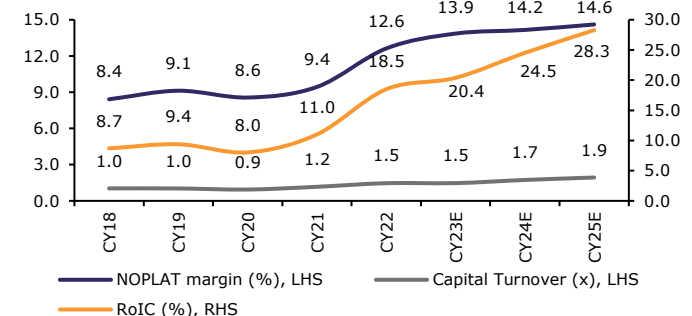
Source: Company, Emkay Research

Exhibit 7: FCF should continue to improve despite strong expansion plans



Source: Company, Emkay Research

Exhibit 8: Asset turnover improvement should lead to sustained improvement in RoIC



Source: Company, Emkay Research

Exhibit 9: Actual vs. Estimates (Q3CY23)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Net Sales	38,705	37,226	37,396	4%	4%	Better Intl. realization led to better revenue
EBITDA	8,821	8,548	8,443	3%	4%	EBITDA margin was largely in-line
EBITDA Margin	22.8%	23.0%	22.6%	-17 bps	21 bps	
PAT	5,011	4,473	4,682	12%	7%	Lower interest expense and higher EBITDA led to a PAT beat

Source: Company, Emkay Research

Exhibit 10: Summary of quarterly results

Y/E, Mar (Rs mn)	Q3CY22	Q4CY22	Q1CY23	Q2CY23	Q3CY23	YoY %	QoQ %	CY23 YTD	CY22 YTD	YoY %
Sales	31,766	22,142	38,930	56,114	38,705	21.8	-31.0	95,044	77,823	22.1
Cost of Revenue	14,713	9,678	18,517	26,666	17,297	17.6	-35.1	45,183	38,220	18.2
as % of sales	46.3	43.7	47.6	47.5	44.7			47.5	49.1	
Employee Cost	3,112	3,199	3,391	3,646	3,716	19.4	1.9	7,037	5,855	20.2
as % of sales	9.8	14.4	8.7	6.5	9.6			7.4	7.5	
Other Expenses	6,951	6,190	9,041	10,692	8,871	27.6	-17.0	19,733	15,932	23.9
as % of sales	21.9	28.0	23.2	19.1	22.9			20.8	20.5	
Total Expenditure	24,776	19,067	30,949	41,004	29,884	20.6	-27.1	71,953	60,007	19.9
EBITDA	6,990	3,075	7,980	15,110	8,821	26.2	-41.6	23,091	17,816	29.6
Depreciation	1,531	1,797	1,722	1,719	1,708	11.5	-0.7	3,441	2,844	21.0
EBIT	5,458	1,278	6,258	13,391	7,113	30.3	-46.9	19,649	14,972	31.2
Other Income	106	92	101	416	185	74.3	-55.5	517	190	172.5
Interest cost	453	475	626	694	625	38.0	-9.9	1,319	934	41.3
PBT	5,112	896	5,734	13,113	6,673	30.5	-49.1	18,847	14,229	32.5
Tax	1,157	81	1,348	3,057	1,529	32.1	-50.0	4,405	3,497	25.9
PAT before Minority	3,955	815	4,386	10,057	5,145	30.1	-48.8	14,443	10,731	34.6
Minority Interest	-144	-68	-95	-119	-134	-7.2	13.2	-213	-315	-32.2
Exceptional Items	0	0	0	0	0			0	0	
Reported PAT	3,810	748	4,291	9,938	5,011	31.5	-49.6	14,229	10,416	36.6
Reported EPS (Rs)	5.9	1.2	6.6	15.3	7.7	31.5	-49.6	22	16	36.6

(%)	Q3CY22	Q4CY22	Q1CY23	Q2CY23	Q3CY23	YoY bps	QoQ bps	CY23 YTD	CY22 YTD	YoY%
EBITDA margin	22.0	13.9	20.5	26.9	22.8	80.0	-410.0	24.3	22.9	133.8
EBIT margin	17.2	5.8	16.1	23.9	18.4	120.0	-550.0	20.7	19.2	141.2
EBT margin	16.1	4.0	14.7	23.4	17.2	110.0	-610.0	19.8	18.3	146.7
PAT margin	12.4	3.7	11.3	17.9	13.3	80.0	-460.0	15.2	13.8	156.3
Effective Tax rate	22.6	9.0	23.5	23.3	22.9	30.0	-40.0	23.4	24.6	79.9

Source: Company, Emkay Research

Exhibit 11: Changes in estimates

(Rs mn)	CY23E			CY24E			CY25E		
	Old	New	% change	Old	New	% change	Old	New	Change (%)
Revenue	1,58,542	1,61,262	1.7	1,89,392	1,96,772	3.9	2,23,387	2,35,701	5.5
EBITDA	35,569	36,035	1.3	43,130	44,842	4.0	51,334	54,257	5.7
EBITDA margin (%)	22.4	22.3	-10 bps	22.8	22.8	0 bps	23.0	23.0	0 bps
Net profit	19,746	20,497	3.8	24,769	25,978	4.9	31,258	33,508	7.2
EPS (Rs)	15.2	15.8	3.8	19.1	20.0	4.9	24.1	25.8	7.2

Source: Company, Emkay Research

Exhibit 12: Key assumptions

	CY17	CY18	CY19	CY20	CY21	CY22	CY23E	CY24E	CY25E
CSD* (mn cases)	220	257	347	309	400	563	681	807	942
JNSD** (mn cases)	14	22	33	26	36	58	51	70	88
Water (mn cases)	44	61	111	90	132	181	185	206	226
Total Volume (mn cases)	278	340	491	425	568	802	918	1,083	1,257
Revenue/Case (Rs)	143	150	145	152	155	164	176	182	188
EBITDA/Case (Rs)	30	30	29	28	29	35	39	41	43

Source: Company, Emkay Research; *CSD is Carbonated soft drinks, **JNSD is juices, nectars and still drinks

Exhibit 13: Peer Comparison

Companies	Closing price (Rs/sh)	Mcap (Rs bn)	Reco	Target Price (Rs/sh)	EPS (Rs)			P/E (x)			EV / EBITDA (x)*		
					FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Titan Company	3,267	2,900	Hold	3,670	40.4	50.8	63.4	80.9	64.3	51.6	52.8	42.2	34.5
Page Industries	37,400	417	Sell	38,000	519.8	678.9	818.3	72.0	55.1	45.7	45.7	36.0	30.3
Jubilant FoodWorks	508	335	Sell	380	4.8	7.0	9.0	105.0	72.8	56.7	28.3	22.7	19.1
Devyani International	190	229	Sell	190	1.5	2.8	3.9	123.7	67.5	48.4	29.9	22.4	17.4
ABFRL	217	206	Hold	220	-5.1	-3.6	-2.2	-42.8	-59.9	-99.8	15.0	9.9	7.8
Westlife Development	830	129	Buy	1,040	6.6	10.1	15.1	126.3	82.1	54.9	31.0	24.4	19.2
Sapphire Foods	1,313	84	Buy	1,550	15.3	25.3	35.2	85.6	52.0	37.3	16.4	12.5	9.8
Varun Beverages	946	1,229	Buy	1,150	15.8	20.0	25.8	59.9	47.3	36.7	35.0	28.2	23.3
Go Fashion	1,240	67	Buy	1,440	17.2	24.5	32.5	72.1	50.7	38.1	26.3	19.7	15.2
Ethos	1,718	40	Buy	2,000	30.0	42.8	53.5	57.3	40.1	32.1	25.7	18.2	14.6
Senco Gold	724	56	Buy	800	21.6	27.6	35.0	33.5	26.2	20.7	17.2	13.7	11.1

Source: Company, Emkay Research; *Post-IndAS116 EBITDA

Varun Beverages: Consolidated Financials and Valuations

Profit & Loss					
Y/E Dec (Rs mn)	CY21	CY22	CY23E	CY24E	CY25E
Revenue	88,232	1,31,731	1,61,262	1,96,772	2,35,701
Revenue growth (%)	36.8	49.3	22.4	22.0	19.8
EBITDA	16,546	27,881	36,035	44,842	54,257
EBITDA growth (%)	37.7	68.5	29.2	24.4	21.0
Depreciation & Amortization	5,313	6,172	6,884	8,184	8,947
EBIT	11,234	21,710	29,152	36,658	45,310
EBIT growth (%)	66.9	93.3	34.3	25.7	23.6
Other operating income	0	0	0	0	0
Other income	679	388	802	450	500
Financial expense	1,847	1,861	2,594	2,209	896
PBT	10,066	20,237	27,360	34,899	44,914
Extraordinary items	0	0	0	0	0
Taxes	2,606	4,735	6,389	8,376	10,779
Minority interest	(520)	(527)	(474)	(545)	(627)
Income from JV/Associates	0	0	0	0	0
Reported PAT	6,941	14,975	20,497	25,978	33,508
PAT growth (%)	115.3	115.8	36.9	26.7	29.0
Adjusted PAT	6,941	14,975	20,497	25,978	33,508
Diluted EPS (Rs)	5.3	11.5	15.8	20.0	25.8
Diluted EPS growth (%)	115.3	115.8	36.9	26.7	29.0
DPS (Rs)	0.8	1.2	2.3	3.0	3.9
Dividend payout (%)	15.6	10.8	14.3	15.0	15.0
EBITDA margin (%)	18.8	21.2	22.3	22.8	23.0
EBIT margin (%)	12.7	16.5	18.1	18.6	19.2
Effective tax rate (%)	25.9	23.4	23.4	24.0	24.0
NOPLAT (pre-IndAS)	8,326	16,630	22,345	27,860	34,436
Shares outstanding (mn)	1,299.1	1,299.1	1,299.1	1,299.1	1,299.1

Source: Company, Emkay Research

Cash flows					
Y/E Dec (Rs mn)	CY21	CY22	CY23E	CY24E	CY25E
PBT	10,066	20,237	27,360	34,899	44,914
Others (non-cash items)	5,313	6,172	6,884	8,184	8,947
Taxes paid	(1,754)	(4,478)	(5,883)	(7,795)	(10,111)
Change in NWC	(3,442)	(8,782)	(2,335)	(3,128)	(3,143)
Operating cash flow	12,031	15,010	28,619	34,370	41,503
Capital expenditure	(8,632)	(13,487)	(25,000)	(10,000)	(15,000)
Acquisition of business	0	0	0	0	0
Interest & dividend income	0	0	0	0	0
Investing cash flow	(8,632)	(13,487)	(25,000)	(10,000)	(15,000)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	1,250	3,529	0	(15,000)	(20,000)
Payment of lease liabilities	0	0	0	0	0
Interest paid	(1,847)	(1,861)	(2,594)	(2,209)	(896)
Dividend paid (incl tax)	(1,083)	(1,624)	(2,923)	(3,897)	(5,026)
Others	(253)	(2,081)	243	428	440
Financing cash flow	(1,933)	(2,037)	(5,274)	(20,678)	(25,483)
Net chg in Cash	1,466	(514)	(1,655)	3,692	1,021
OCF	12,031	15,010	28,619	34,370	41,503
Adj. OCF (w/o NWC chg.)	15,472	23,792	30,954	37,498	44,646
FCFF	3,399	1,523	3,619	24,370	26,503
FCFE	1,552	(338)	1,026	22,161	25,607
OCF/EBITDA (%)	72.7	53.8	79.4	76.6	76.5
FCFE/PAT (%)	22.4	(2.3)	5.0	85.3	76.4
FCFF/NOPLAT (%)	40.8	9.2	16.2	87.5	77.0

Source: Company, Emkay Research

Balance Sheet					
Y/E Dec (Rs mn)	CY21	CY22	CY23E	CY24E	CY25E
Share capital	4,330	6,495	6,495	6,495	6,495
Reserves & Surplus	36,469	44,528	62,103	84,184	1,12,666
Net worth	40,799	51,024	68,598	90,679	1,19,161
Minority interests	1,168	1,131	1,131	1,131	1,131
Deferred tax liability (net)	3,111	3,368	3,874	4,455	5,123
Total debt	35,511	40,649	41,366	27,339	8,406
Total liabilities & equity	80,590	96,173	1,14,969	1,23,605	1,33,821
Net tangible fixed assets	57,280	63,571	81,603	83,379	89,424
Net intangible assets	5,586	5,509	5,593	5,632	5,641
Net ROU assets	0	0	0	0	0
Capital WIP	4,966	6,066	6,066	6,066	6,066
Goodwill	242	242	242	242	242
Investments [JV/Associates]	0	0	0	0	0
Cash & equivalents	3,366	2,853	1,198	4,890	5,911
Current assets (ex-cash)	24,379	37,941	45,756	54,433	63,658
Current Liab. & Prov.	15,229	20,010	25,490	31,039	37,122
NWC (ex-cash)	9,150	17,932	20,266	23,394	26,537
Total assets	80,590	96,173	1,14,969	1,23,605	1,33,821
Net debt	32,145	37,797	40,168	22,449	2,495
Capital employed	80,590	96,173	1,14,969	1,23,605	1,33,821
Invested capital	72,257	87,254	1,07,705	1,12,648	1,21,844
BVPS (Rs)	31.4	39.3	52.8	69.8	91.7
Net Debt/Equity (x)	0.8	0.7	0.6	0.2	0.0
Net Debt/EBITDA (x)	1.9	1.4	1.1	0.5	0.0
Interest coverage (x)	0.2	0.1	0.1	0.1	0.0
RoCE (%)	15.6	25.0	28.4	31.1	35.6

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Dec	CY21	CY22	CY23E	CY24E	CY25E
P/E (x)	177.0	82.0	59.9	47.3	36.7
P/CE(x)	100.3	58.1	44.9	36.0	28.9
P/B (x)	30.1	24.1	17.9	13.5	10.3
EV/Sales (x)	14.3	9.6	7.9	6.4	5.2
EV/EBITDA (x)	76.2	45.4	35.2	27.9	22.7
EV/EBIT(x)	112.2	58.3	43.5	34.1	27.2
EV/IC (x)	17.4	14.5	11.8	11.1	10.1
FCFF yield (%)	0.3	0.1	0.3	1.9	2.2
FCFE yield (%)	0.1	0.0	0.1	1.8	2.1
Dividend yield (%)	0.1	0.1	0.2	0.3	0.4
DuPont-RoE split					
Net profit margin (%)	7.9	11.4	12.7	13.2	14.2
Total asset turnover (x)	1.2	1.5	1.5	1.6	1.8
Assets/Equity (x)	2.0	1.9	1.8	1.5	1.2
RoE (%)	18.3	32.6	34.3	32.6	31.9
DuPont-RoIC					
NOPLAT margin (%)	9.4	12.6	13.9	14.2	14.6
IC turnover (x)	1.2	1.7	1.7	1.8	2.0
RoIC (%)	11.7	20.9	22.9	25.3	29.4
Operating metrics					
Core NWC days	4.1	6.2	7.1	6.3	6.4
Total NWC days	37.9	49.7	45.9	43.4	41.1
Fixed asset turnover	1.0	1.3	1.4	1.5	1.6
Opex-to-revenue (%)	35.5	31.3	31.5	31.4	31.2

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 11/22/2023 01:21 PM

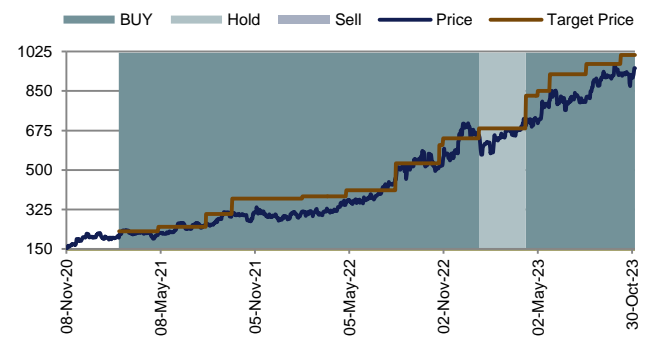
Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors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

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
08-Oct-23	927	1,010	Buy	Devanshu Bansal
03-Aug-23	823	970	Buy	Devanshu Bansal
10-Jul-23	812	925	Buy	Devanshu Bansal
25-May-23	809	925	Buy	Devanshu Bansal
02-May-23	708	850	Buy	Devanshu Bansal
09-Apr-23	697	830	Buy	Devanshu Bansal
06-Feb-23	611	685	Hold	Devanshu Bansal
09-Jan-23	654	685	Hold	Devanshu Bansal
01-Nov-22	554	640	Buy	Devanshu Bansal
25-Oct-22	516	610	Buy	Devanshu Bansal
02-Aug-22	458	530	Buy	Devanshu Bansal
29-Apr-22	361	410	Buy	Devanshu Bansal
08-Apr-22	321	383	Buy	Devanshu Bansal
20-Mar-22	316	383	Buy	Devanshu Bansal
04-Feb-22	317	383	Buy	Devanshu Bansal
29-Oct-21	283	373	Buy	Devanshu Bansal
22-Sep-21	305	373	Buy	Devanshu Bansal
03-Aug-21	263	305	Buy	Devanshu Bansal
03-May-21	223	249	Buy	Devanshu Bansal
17-Feb-21	210	229	Buy	Devanshu Bansal

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.