

Strong run continues

Metals & Mining ▶ Result Update ▶ July 22, 2024

TARGET PRICE (Rs): 1,650

Gravita India (GRAV) clocked consol. volume growth of 29% YoY in Q1FY25, led by lead vol. growth of 43% YoY (on a cyclone-impacted base albeit in line with overall guidance). Also, PAT (after MI) grew 29% YoY. The mgmt indicated FY25 consol. volume growth of >25% YoY, besides reiterating 'Vision 2028'. The company highlighted progress on the regulatory framework (penalties for non-compliance of BWMR and EPR norms expected soon), with gradual stabilization of AL margins toward spurring volume growth. The mgmt has slightly upped its lead EBITDA/kg guidance to Rs18-19 from Rs17-18, on efficiencies and scale-related benefits. Efforts are under way in new verticals, with due diligence in paper and steel, and pilot in Li-ion. We retain BUY on GRAV, hoisting and rolling-over to Sep-25E TP of Rs1,650/sh (25x target P/E).

Gravita India: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	28,886	32,008	41,669	52,447	62,818
EBITDA	2,856	3,236	4,399	5,590	6,688
Adj. PAT	2,011	2,545	3,184	4,090	5,023
Adj. EPS (Rs)	29.1	36.9	46.1	59.2	72.7
EBITDA margin (%)	9.9	10.1	10.6	10.7	10.6
EBITDA growth (%)	35.4	13.3	35.9	27.1	19.6
Adj. EPS growth (%)	44.3	26.5	25.1	28.5	22.8
RoE (%)	41.2	35.7	32.7	31.9	30.1
RoIC (%)	30.4	24.8	25.6	26.8	27.3
P/E (x)	49.8	39.3	31.4	24.5	19.9
EV/EBITDA (x)	36.0	32.2	23.8	18.7	15.3
P/B (x)	17.0	11.9	9.0	6.9	5.3
FCFF yield (%)	0.9	(0.4)	(0.1)	1.0	2.8

Source: Company, Emkay Research

Result Highlights

GRAV reported Q1FY25 consol adj revenue/adj EBITDA/PAT (after MI) at Rs9.1bn/912mn/673mn, up 28%/19%/29% YoY and up 3%/down 2%/down 2% QoQ. Total volumes rose 29% YoY/were flat QoQ to 47.6kt, with lead growth strong at 43% YoY to 41.9kt. AL volumes saw a decline of 48% YoY to 2.5kt, whereas plastic volumes rose 18% YoY to 3.2kt, in Q1. Reported EBITDA/kg for lead/AL/plastic was Rs19.3/19.4/10.1, flat/up 27% (higher LME prices)/down 10% QoQ. Lead EBIT grew 79% YoY to Rs825mn, whereas AL grew 44% YoY to Rs47mn and plastics fell 16% YoY to Rs31mn. Turnkey project EBIT fell 34% QoQ to Rs24mn. D/A fell 48% QoQ to Rs65mn due to one-offs of Rs30-40mn in Q4FY24 relating to Ghana currency depreciation impact. Capex incurred in Q1 was Rs150-200mn in existing verticals. Gross/net debt was Rs5.5/4.7bn as of end Jun-24, while working capital days have lowered to 80 in Q1 from 85, QoQ. In Q1, lead/AL/plastic capacity utilization was 70%/45%/40%, respectively.

Management KTAs

The management expects AL hedging mechanism to be available from end-Q2FY25. The company plans capacity additions in Q2 at Ghana and Mundra. Steady-state AL EBITDA/kg can be expected at Rs14-16. BWMR and EPR norms are resulting in higher domestic scrap availability, with Q1 domestic sourcing at 42% for Indian plants (up 50% YoY, in volume terms). GRAV plans to commission a rubber recycling plant with capacity of 9ktpa and capex cost of Rs300mn at Mundra, in H1FY26. Paper and steel verticals are likely to be operational by FY27. Capex target for FY25 is Rs1.8bn – Rs1.4bn/400mn in existing/new verticals. Consol effective tax rate for 2-3 years is expected at 10-11%. GRAV's peak utilization is 75-80% and it targets 70-75% to meet >25% volume CAGR.

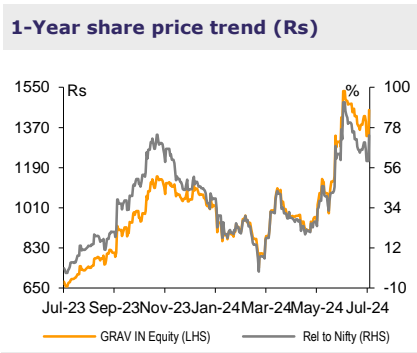
Valuation

We value GRAV at Sep-26E (roll-over from Mar-26E) P/E-based TP of Rs1,650/sh (raising target multiple to 25x, from 23x earlier, led by implementation of BWMR and EPR norms and a strong outlook, including diversification into new verticals). Key risks: highly adverse commodity prices, shutdowns/project delays, competition, country-based risks.

Target Price – 12M	Sep-25
Change in TP (%)	22.6
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	13.8
CMP (22-Jul-24) (Rs)	1,449.0

Stock Data	Ticker
52-week High (Rs)	1,635
52-week Low (Rs)	610
Shares outstanding (mn)	69.0
Market-cap (Rs bn)	100
Market-cap (USD mn)	1,196
Net-debt, FY25E (Rs mn)	4,789
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	578.1
ADTV-3M (USD mn)	6.9
Free float (%)	32.0
Nifty-50	24,509
INR/USD	83.7
Shareholding, Jun-24	
Promoters (%)	63.4
FPIs/MFs (%)	13.4/2.6

Price Performance				
(%)	1M	3M	12M	
Absolute	(5.5)	48.7	121.3	
Rel. to Nifty	(9.4)	35.5	78.3	



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

Amit Lahoti
 amit.lahoti@emkayglobal.com
 +91 22 6612 1284

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

Arya Patel
 aarya.patel@emkayglobal.com
 +91 22 6612 1285

Exhibit 1: Quarterly Summary (Consolidated)

Particulars (Rs mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	YoY (%)	QoQ (%)	FY23	FY24	YoY(%)
Adj. Revenue	7,135	8,434	7,598	8,841	9,114	28%	3%	28,757	32,008	11%
COGS	5,629	6,804	6,102	7,078	7,286	29%	3%	22,854	25,612	12%
Adj. Gross Profit	1,506	1,630	1,496	1,764	1,828	21%	4%	5,903	6,396	8%
Opex	741	832	673	835	916	24%	10%	3,086	3,080	0%
Adj. EBITDA	765	798	824	929	912	19%	-2%	2,817	3,316	18%
Depreciation	79	86	90	125	65	-18%	-48%	240	380	59%
EBIT	686	713	733	804	847	23%	5%	2,577	2,936	14%
Finance Cost	127	112	130	124	130	2%	5%	391	492	26%
Other Income	16	69	134	42	34	109%	-19%	90	261	190%
PBT Before Exceptional	575	670	738	722	751	30%	4%	2,276	2,705	19%
Exceptional Item	36	-	-	-	-	-	-	-	36	
PBT	539	670	738	722	751	39%	4%	2,276	2,669	17%
Tax	86	82	123	28	71	-18%	152%	235	319	36%
PAT	453	588	615	694	680	50%	-2%	2,041	2,350	15%
PAT After MI	521	579	603	690	673	29%	-2%	2,011	2,392	19%
EPS (Rs)	7.5	8.4	8.7	10.0	9.8	29%	-2%	29.1	34.6	19%

Segmental

Lead Revenue	5,834	7,577	6,798	7,671	8,321	43%	8%	23,335	27,880	19%
Lead EBIT	462	628	814	789	825	79%	5%	2,143	2,693	26%
Lead EBIT margin	8%	8%	12%	10%	10%			9%	10%	
Lead Volumes (ton)	29,287	38,769	34,488	40,634	41,913	43%	3%	122,267	143,178	17%
Lead EBIT/ton (Rs)	15,761	16,209	23,614	19,412	19,688	25%	1%	17,525	18,810	7%
Aluminium Revenue	858	589	523	579	482	-44%	-17%	3,388	2,549	-25%
Aluminium EBIT	32	27	32	31	47	44%	49%	259	122	-53%
Aluminium EBIT Margin	4%	5%	6%	5%	10%			8%	5%	
Aluminium Volumes (ton)	4,772	3,404	3,264	3,247	2,459	-48%	-24%	19,094	14,687	-23%
Aluminium EBIT/ton (Rs)	6,790	7,902	9,651	9,640	18,991	180%	97%	13,575	8,313	-39%
Plastic Revenue	182	195	177	227	206	13%	-9%	1,045	780	-25%
Plastic EBIT	37	32	21	30	31	-16%	4%	154	119	-23%
Plastic EBIT Margin	20%	16%	12%	13%	15%			15%	15%	
Plastic Volumes (ton)	2,750	3,018	2,458	3,540	3,189	16%	-10%	14,511	11,766	-19%
Plastic EBIT/ton (Rs)	13,418	10,537	8,381	8,418	9,752	-27%	16%	10,626	10,122	-5%
Turnkey Revenue	146	72	62	129	68	-53%	-47%	190	409	115%
Turnkey EBIT	100	36	36	36	24	-76%	-34%	117	208	77%
Turnkey EBIT Margin	68%	49%	59%	28%	35%			62%	51%	

Source: Company, Emkay Research; Note: Hedging gains reported in 'Other Income' by the company adjusted in revenue, MI is Minority Interest; EBITDA may not fully match that in the annual tables due to a different adjustment method in the Emkay detailed annual model

Detailed Con-call Takeaways

- The management indicated that BWMR and EPR norms are resulting in higher domestic scrap availability, with Q1 domestic sourcing at 42% for Indian plants (up 50% YoY, in volume terms). The company expects that the current 55-60% share of the informal recycling sector would further reduce. Of the India procurement, 80% is through OEMs and, hence, GRAV does not face a price risk. CPCB is under discussions with stakeholders, for levy of penalty on OEMs for non-compliance of BWMR norms. The management expects penalties to be finalized and published in Q2FY25, with penalty for lead acid battery already determined, and for Li-ion being in discussions.
- The management upped its lead EBITDA/kg guidance, from Rs17-18/kg to Rs18-19/kg, on operating efficiencies and scale-related benefits. The company expects higher domestic availability led by BWMR implementation, while growth is currently being mainly driven by anchor clients; 8-10% growth is organic. GRAV expects FY25 volume growth to be higher than the 25% CAGR guidance. Consolidated effective tax rate for 2-3 years is expected to be 10-11%.
- GRAV has reiterated its 'Vision 2028', emphasizing on diversification into new verticals such as Lithium-ion, steel, and paper. The company targets revenue CAGR of >25% and PAT CAGR of >35%, along with maintaining ROCE of 25% and elevating the non-led business to over 30%. Further, GRAV aims to increase the proportion of VAP to 50%. Its earnings could reach Rs7.5-8bn by 2028.
- The management expects AL hedging mechanism to be available from Q2FY25-end, while EPR implementation in the plastic segment would take longer, viz possibly by FY25-end. Aluminum alloy (ADC12) has been notified under the Securities Contracts Regulation Act, and GRAV expects the launch of this aluminum alloy commodity derivative on MCX by Q2FY25. Steady-state AL EBITDA/kg can be expected at Rs14-16, while the Q1 uptick was partly on account of LME price improvement.
- Recently, GRAV signed favorable price (based on M-1 and M-2) contracts with customers in India, wherein recycled AL from overseas plant is being imported and sold in India. Some AL margin stability could be seen from Q2, combined with volume uptick (2.5kt is already in the shipping phase now). The new AL unit in Ghana would also add to volumes in FY25, and commissioning announcement would be made soon. India is a net importer of AL, importing ~1.7mmtpa.
- The company is undertaking a Li-ion pilot project at Mundra, and has bought black mass technology; metal extraction (hydro metallurgy) technology is being developed in-house. It plans to invest Rs0.7-1bn in the Li-ion vertical, over the next 3 years. The initial scrap procurement plan is to obtain imported scrap, while availability in India could increase in 2-3 years. Currently, Indian players are converting battery scrap into black mass, which they are exporting for further refining. Price of battery is Rs90-250/kg, depending on the type of battery, with LHC battery at ~Rs100/kg and nickel-cobalt-based battery at Rs250/kg. In India, mobile and laptop batteries form the bulk of scrap; however, collections remain a challenge. India imports Li-ion cells, with China, Korea, and the EU being key manufacturers – with Li-ion scrap volumes likely at 3-4kt per month now.
- GRAV plans to commission a rubber recycling plant (crumbed rubber+pyrolysis oil) with capacity of 9ktpa and capex cost of Rs300mn, at Mundra in H1FY26. The company targets import of tyres as well for feedstock needs. It also has plans of an independent food grade PET recycling facility in India; the paper and steel verticals are likely to be operational by FY27 (in due diligence phase now). New verticals like plastic and paper are likely to be more profitable than lead and AL.
- The company's capex target is Rs6bn, with funding mainly through internal accruals and some debt for working capital purposes. GRAV's capex target for FY25 is Rs1.8bn – Rs1.4bn/400mn in existing/new verticals. It has spent Rs150-200mn in existing verticals, in Q1FY25.
- Gross/net debt is Rs5.5/4.7bn as at Jun'24-end, while working capital days have lower to 80 days in Q1, from 85 days QoQ. Company plans to reduce inventory days to 65-70 days in 3 years as more domestic scrap availability improves thereby supporting growth in tolling business.

- The company plans capacity additions in Q2, at Ghana and Mundra. GRAV's peak utilization is 75-80% and it targets 70-75% to meet the >25% volume CAGR. India utilization is likely to increase with higher domestic scrap availability. In Q1, lead/AL/plastic utilization was 70%/45%/40%.
- The company closed overseas subsidiaries in Costa Rica and Jamaica, which were non-operational entities after closure of the Nicaragua operations. Employee costs in Q1 included additional provision related to performance incentives as well as annual increments of 9-10%; the Q2 onward run-rate would be similar. Depreciation in Q4FY24 included Rs30-40mn of one-offs due to currency depreciation in Ghana impacting asset value, and Q1FY25 seeing the new run-rate, while currency-related evaluation is typically undertaken in Q4.

Exhibit 2: P/E-based valuation

(Rs)	FY23	FY24	FY25E	FY26E	FY27E
Consol EPS	29.1	36.9	46.1	59.2	72.7
Target P/E (x)					25.0
Sep-25E TP/share					1,650

Source: Company, Emkay Research

Gravita India : Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	28,886	32,008	41,669	52,447	62,818
Revenue growth (%)	30.4	10.8	30.2	25.9	19.8
EBITDA	2,856	3,236	4,399	5,590	6,688
EBITDA growth (%)	35.4	13.3	35.9	27.1	19.6
Depreciation & Amortization	240	380	439	568	690
EBIT	2,617	2,856	3,960	5,022	5,998
EBIT growth (%)	37.5	9.2	38.7	26.8	19.4
Other operating income	0	0	0	0	0
Other income	51	530	315	398	479
Financial expense	391	492	600	687	678
PBT	2,276	2,894	3,675	4,733	5,799
Extraordinary items	0	0	0	0	0
Taxes	235	319	441	568	696
Minority interest	30	31	50	75	80
Income from JV/Associates	0	0	0	0	0
Reported PAT	2,011	2,545	3,184	4,090	5,023
PAT growth (%)	44.3	26.5	25.1	28.5	22.8
Adjusted PAT	2,011	2,545	3,184	4,090	5,023
Diluted EPS (Rs)	29.1	36.9	46.1	59.2	72.7
Diluted EPS growth (%)	44.3	26.5	25.1	28.5	22.8
DPS (Rs)	4.4	5.2	6.9	8.9	10.9
Dividend payout (%)	14.9	14.1	15.0	15.0	15.0
EBITDA margin (%)	9.9	10.1	10.6	10.7	10.6
EBIT margin (%)	9.1	8.9	9.5	9.6	9.5
Effective tax rate (%)	10.3	11.0	12.0	12.0	12.0
NOPLAT (pre-IndAS)	2,346	2,542	3,485	4,419	5,278
Shares outstanding (mn)	69.1	69.1	69.1	69.1	69.1

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	2,276	2,894	3,675	4,733	5,799
Others (non-cash items)	777	628	724	857	889
Taxes paid	(235)	(496)	(441)	(568)	(696)
Change in NWC	(822)	(2,449)	(2,315)	(1,471)	(1,479)
Operating cash flow	1,997	577	1,643	3,550	4,513
Capital expenditure	(1,064)	(980)	(1,800)	(2,500)	(1,600)
Acquisition of business	0	0	0	0	0
Interest & dividend income	7	108	315	398	479
Investing cash flow	(1,054)	(1,578)	(1,320)	(2,102)	(1,121)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(433)	1,997	1,000	1,300	(1,500)
Payment of lease liabilities	(8)	(11)	8	7	7
Interest paid	(389)	(482)	(600)	(687)	(678)
Dividend paid (incl tax)	(43)	(295)	(478)	(614)	(753)
Others	(22)	541	8	7	7
Financing cash flow	(887)	1,761	(70)	7	(2,924)
Net chg in Cash	56	759	252	1,455	467
OCF	1,997	577	1,643	3,550	4,513
Adj. OCF (w/o NWC chg.)	2,818	3,026	3,958	5,022	5,992
FCFF	933	(404)	(157)	1,050	2,913
FCFE	549	(788)	(443)	762	2,713
OCF/EBITDA (%)	69.9	17.8	37.3	63.5	67.5
FCFE/PAT (%)	27.3	(30.9)	(13.9)	18.6	54.0
FCFF/NOPLAT (%)	39.8	(15.9)	(4.5)	23.8	55.2

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	138	138	138	138	138
Reserves & Surplus	5,751	8,236	10,942	14,419	18,688
Net worth	5,889	8,374	11,080	14,557	18,826
Minority interests	128	132	182	257	337
Deferred tax liability (net)	3	2	2	2	2
Total debt	3,477	5,476	6,483	7,791	6,298
Total liabilities & equity	9,497	13,984	17,748	22,606	25,463
Net tangible fixed assets	2,657	3,409	4,298	5,630	7,240
Net intangible assets	3	3	3	3	3
Net ROU assets	73	73	73	73	73
Capital WIP	455	428	900	1,500	800
Goodwill	0	0	0	0	0
Investments [JV/Associates]	11	165	0	0	0
Cash & equivalents	610	1,337	1,694	3,267	3,847
Current assets (ex-cash)	8,243	10,609	13,575	15,649	17,883
Current Liab. & Prov.	2,555	2,040	2,795	3,515	4,383
NWC (ex-cash)	5,688	8,570	10,780	12,134	13,500
Total assets	9,497	13,984	17,748	22,606	25,463
Net debt	2,867	4,139	4,789	4,524	2,451
Capital employed	9,497	13,984	17,748	22,606	25,463
Invested capital	8,421	12,055	15,154	17,839	20,816
BVPS (Rs)	85.3	121.3	160.5	210.8	272.6
Net Debt/Equity (x)	0.5	0.5	0.4	0.3	0.1
Net Debt/EBITDA (x)	1.0	1.3	1.1	0.8	0.4
Interest coverage (x)	0.1	0.1	0.1	0.1	0.1
RoCE (%)	30.6	28.8	26.9	26.9	26.9

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	49.8	39.3	31.4	24.5	19.9
P/CE(x)	44.5	34.2	27.6	21.5	17.5
P/B (x)	17.0	11.9	9.0	6.9	5.3
EV/Sales (x)	3.6	3.3	2.5	2.0	1.6
EV/EBITDA (x)	36.0	32.2	23.8	18.7	15.3
EV/EBIT(x)	39.3	36.5	26.5	20.8	17.1
EV/IC (x)	12.2	8.6	6.9	5.9	4.9
FCFF yield (%)	0.9	(0.4)	(0.1)	1.0	2.8
FCFE yield (%)	0.5	(0.8)	(0.4)	0.8	2.7
Dividend yield (%)	0.3	0.4	0.5	0.6	0.8
DuPont-RoE split					
Net profit margin (%)	7.0	7.9	7.6	7.8	8.0
Total asset turnover (x)	3.3	2.7	2.6	2.6	2.6
Assets/Equity (x)	1.8	1.6	1.6	1.6	1.4
RoE (%)	41.2	35.7	32.7	31.9	30.1
DuPont-RoIC					
NOPLAT margin (%)	8.1	7.9	8.4	8.4	8.4
IC turnover (x)	0.0	0.0	0.0	0.0	0.0
RoIC (%)	30.4	24.8	25.6	26.8	27.3
Operating metrics					
Core NWC days	80.2	98.5	94.9	84.9	78.8
Total NWC days	80.2	98.5	94.9	84.9	78.8
Fixed asset turnover	9.1	7.5	7.6	7.4	6.8
Opex-to-revenue (%)	11.1	9.9	9.6	9.1	8.7

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 07/25/2024 04:01 PM

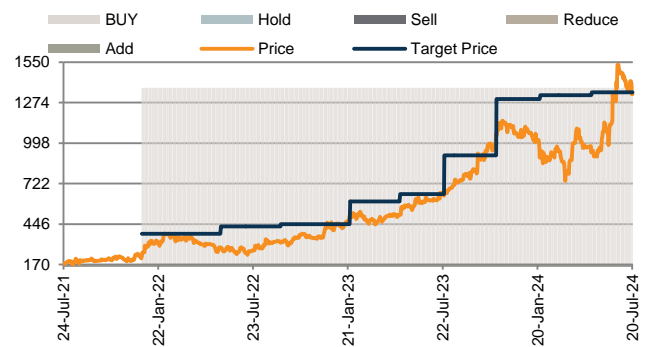
Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors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

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
03-May-24	948	1,345	Buy	Sabri Hazarika
25-Jan-24	943	1,325	Buy	Sabri Hazarika
30-Nov-23	1,119	1,300	Buy	Sabri Hazarika
02-Nov-23	1,049	1,300	Buy	Sabri Hazarika
25-Jul-23	670	915	Buy	Sabri Hazarika
04-May-23	564	650	Buy	Sabri Hazarika
01-May-23	508	650	Buy	Sabri Hazarika
25-Jan-23	510	600	Buy	Sabri Hazarika
04-Nov-22	366	445	Buy	Sabri Hazarika
14-Sep-22	319	445	Buy	Sabri Hazarika
04-Aug-22	280	430	Buy	Sabri Hazarika
10-Jun-22	285	430	Buy	Sabri Hazarika
22-May-22	286	430	Buy	Sabri Hazarika
21-Dec-21	227	380	Buy	Sabri Hazarika

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to 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 22, 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 22, 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 22, 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.