

Swasthfit drives the beat

Healthcare ▶ Result Update ▶ May 10, 2024

TARGET PRICE (Rs): 2,800

DLPL posted a robust quarter, with revenue growing 11% YoY on the back of sample volume increasing 9% YoY and Swasthfit contributing 24% to the topline. DLPL's focus and execution prowess on expanding its presence in Tier 3+ cities (bulk of expansion) is likely to support its high single-digit revenue growth in core markets (Delhi NCR). With pricing pressures abating, DLPL remains well positioned to capture the structural tailwinds enjoyed by the Indian healthcare industry, in line with our thesis ([link](#)). Suburban's improving margin trajectory (Q4: 17%) is likely to offset network & brand investments, keeping margin flat over FY24-26E. Strong balance sheet (net cash of Rs8.7bn), and improving return ratios provide comfort on valuations. We retain BUY with Mar-25E TP of Rs2,800/share (basis DCF), implying FY26E PER of 48x.

Dr Lal Pathlabs: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	20,874	20,169	22,266	24,803	27,979
EBITDA	5,608	4,899	6,093	6,770	7,683
Adj. PAT	3,448	2,389	3,577	4,023	4,928
Adj. EPS (Rs)	41.4	28.7	42.8	48.2	59.0
EBITDA margin (%)	26.9	24.3	27.4	27.3	27.5
EBITDA growth (%)	28.5	(12.6)	24.4	11.1	13.5
Adj. EPS growth (%)	18.2	(30.7)	49.4	12.5	22.5
RoE (%)	24.5	14.8	20.0	20.0	21.3
RoIC (%)	34.7	21.8	28.4	31.9	38.1
P/E (x)	56.7	81.9	54.8	48.7	39.8
EV/EBITDA (x)	34.4	39.0	31.0	27.2	23.4
P/B (x)	13.0	11.7	10.6	9.3	8.0
FCFF yield (%)	1.8	2.2	2.6	2.7	3.1

Source: Company, Emkay Research

Improved efficiencies drive the beat on profitability

For Q4FY24, Dr Lal Path Labs reported a revenue increase of 11% YoY at the consolidated level, on account of improved product mix and network expansion generating incremental growth. During the same period, patient and sample volumes grew 2.4% and 9% YoY, on account of the higher penetration in Tier 3+ cities. Higher share of bundled tests (*Swasthfit* – a high-margin product) in the business resulted in DLPL's realizations per patient and sample increasing up to 10% and 2%, respectively, YoY for the fiscal. Gross margin expanded by 160bps YoY, owing to superior cost control measures undertaken by the company. EBITDA margin increased by 300bps YoY to 26.5%, predominantly due to other expenses increasing a mere 5% due to increase in share of bundled testing, which requires less overhead expenses per patient. Depreciation decreased 3% YoY, with other income increasing 30% YoY and leading to a 500bps YoY rise in PAT margin. Company announced a final dividend of Rs6/share, leading to total annual dividend of Rs24/share. Net cash on books stood at Rs8.7bn, with FY24 capex reported at Rs512mn.

Outlook and risks

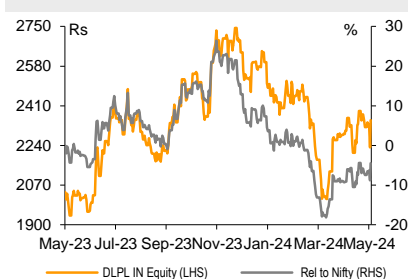
Management has set a 5-6% patient volume growth target for FY25, as it expects muted competitive intensity on an incremental basis. Success seen in the wellness and bundling portfolio is refreshing, and may drive volume growth as consumer behavior evolves post-pandemic. With Company focus on deepening its presence in Tier 3+ cities, Suburban showing signs of ramping up (double-digit growth), and the core market growing at a mid-single-digit, we expect DLPL to clock 12% revenue CAGR over FY24-26E. We anticipate the cost rationalization initiatives, higher bundling, and improving Suburban margins to offset the investments in expansion and branding, thereby leaving margins flat during FY24-26E. Strong balance sheet (net cash of Rs8.7bn), improving return ratios (ROE at 20%), and robust cash generation (OCF as a % of EBITDA at 88%) lend comfort on valuations. We retain our BUY rating on DLPL. **Key risks:** Increased competition in the organized market, shortage of manpower and skilled labor, adverse regulatory ruling around pricing cap for healthcare services.

Target Price – 12M	Mar-25
Change in TP (%)	-
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	19.2
CMP (10-May-24) (Rs)	2,347.9

Stock Data	Ticker
52-week High (Rs)	2,767
52-week Low (Rs)	1,888
Shares outstanding (mn)	83.5
Market-cap (Rs bn)	196
Market-cap (USD mn)	2,347
Net-debt, FY25E (Rs mn)	-12,848
ADTV-3M (mn shares)	-
ADTV-3M (Rs mn)	574.9
ADTV-3M (USD mn)	6.9
Free float (%)	-
Nifty-50	22,055
INR/USD	83.5
Shareholding, Mar-24	
Promoters (%)	54.6
FPIs/MFs (%)	26.2/9.7

Price Performance

(%)	1M	3M	12M
Absolute	1.9	(4.2)	20.4
Rel. to Nifty	5.1	(5.4)	-

1-Year share price trend (Rs)**Anshul Agrawal**

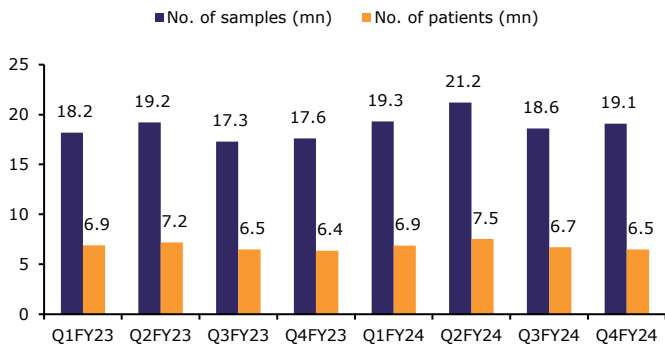
anshul.agrawal@emkayglobal.com
+91 22 6612 1228

Eshan Bhargava

eshan.bhargava@emkayglobal.com
+91 22 6624 2413

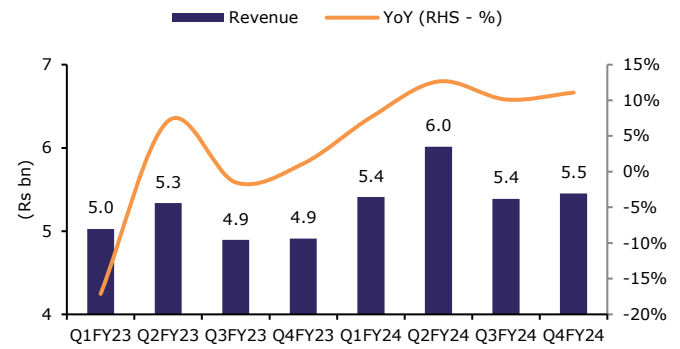
Story in Charts

Exhibit 1: Sample/patient volumes



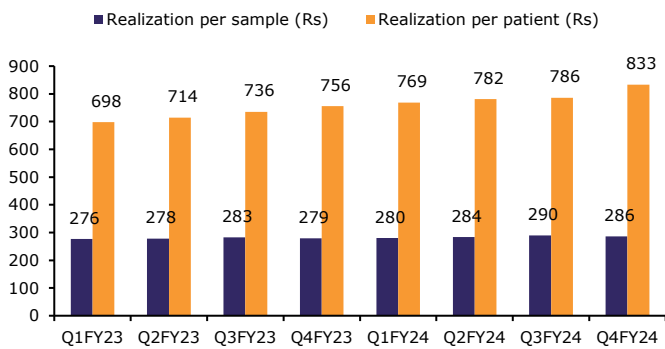
Source: Company, Emkay Research

Exhibit 2: Core business registered 11% YoY topline growth



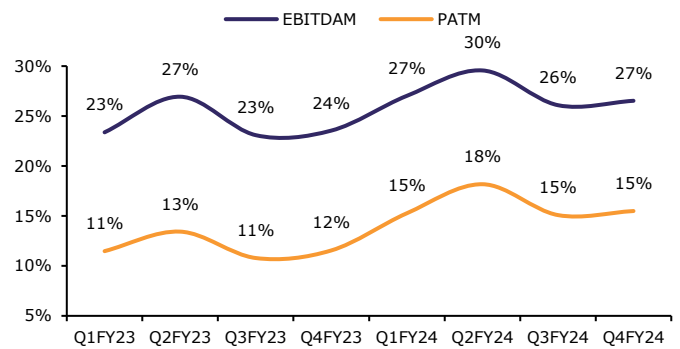
Source: Company, Emkay Research

Exhibit 3: Realizations improved on account of better product mix...



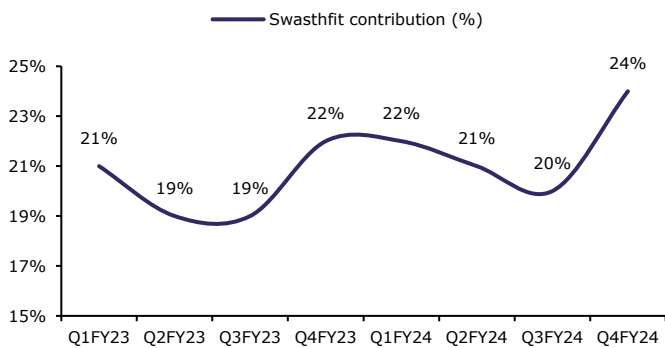
Source: Company, Emkay Research

Exhibit 4: ...leading to a better QoQ and a sustained YoY profitability



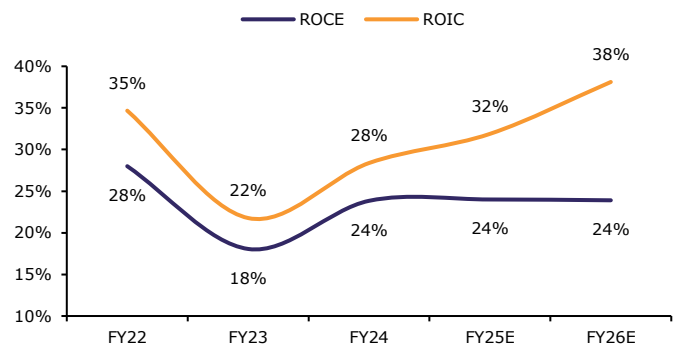
Source: Company, Emkay Research

Exhibit 5: Swasthfit contribution to the topline at an all-time high



Source: Company, Emkay Research

Exhibit 6: Return ratios are expected to be improve, with major capex now behind



Source: Company, Emkay Research

Exhibit 7: Summary of quarterly financials

Particulars (Rs mn)	Q3FY23	Q3FY24	Q4FY24	YoY	QoQ
Net sales	4,894	5,389	5,454	11%	1%
Operating Expenses	(3,764)	(3,983)	(4,007)	7%	1%
Medical consumable costs	1,109	1,070	1,089	3%	2%
Employee Costs	963	1,090	1,054	14%	-3%
SG&A expenses	1,692	1,823	1,864	5%	2%
EBITDA	1,130	1,406	1,447	25%	3%
Margins	23.1%	26.1%	26.5%	13%	2%
Depreciation	(379)	(360)	(366)	-3%	2%
EBIT	751	1,046	1,081	39%	3%
Other Income	105	183	184	30%	1%
Interest	(91)	(70)	(66)	-27%	-6%
Extra ordinary items					
PBT	765	1,159	1,199	44%	3%
Tax	(232)	(339)	(341)	12%	1%
PAT	533	820	858	63%	5%
Adj. PAT	528	813	845	60%	4%
EPS	6.34	9.74	10.12	60%	4%
(%)	Q3FY23	Q3FY24	Q4FY24	YoY (bps)	QoQ (bps)
Gross Margin	77.3%	80.1%	80.0%	160	-11
EBITDA	23.1%	26.1%	26.5%	299	44
EBIT	15.3%	19.4%	19.8%	393	41
PBT	15.6%	21.5%	22.0%	504	48
PAT	10.9%	15.2%	15.7%	498	52
Effective Tax rate	30.3%	29.2%	28.4%	-810	-81

Source: Company, Emkay Research

Exhibit 8: Actuals vs estimates (Q4FY24)

(Rs mn)	Actual	Estimate (Emkay)	Consensus estimate (Bloomberg)	Variation	
				Emkay	Consensus
Revenue	5,454	5,325	5,454	2%	0%
EBITDA	1,447	1,385	1,396	5%	4%
EBITDA margin	27%	26%	26%	53 bps	94 bps
PAT	858	679	808	26%	6%

Source: Company, Emkay Research

Exhibit 9: Change in estimates

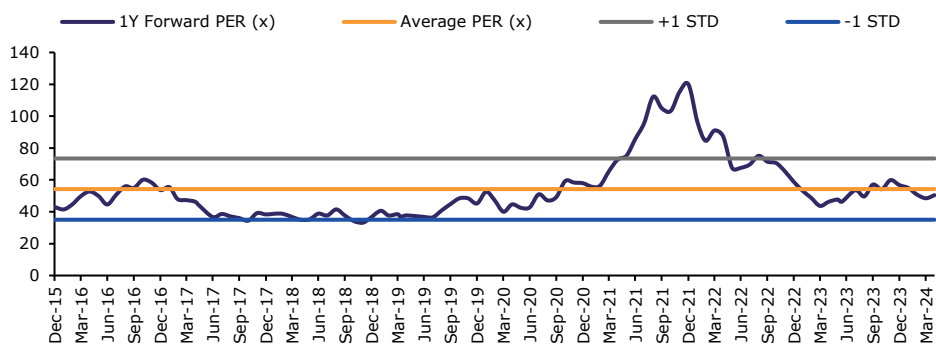
Particulars (Rs mn)	FY25E			FY26E		
	Old	New	Change	Old	New	Change
Revenue	24,506	24,803	1.2%	27,720	27,979	0.9%
EBITDA	6,691	6,770	1.2%	7,627	7,683	0.7%
EBITDA margin	27.3%	27.3%	-1 bps	27.5%	27.5%	-6 bps
PAT	3,907	4,023	3.0%	4,887	4,928	0.8%

Source: Company, Emkay Research

Exhibit 10: We value Dr Lal Path Labs at Rs2,800/share

	FY23	FY24E	FY25E	FY26E	FY30E	FY35E
Revenue	20,169	22,266	24,803	27,979	45,452	79,813
- Growth	-3%	10%	11%	13%	13%	12%
NOPAT	2,382	3,338	3,663	4,465	8,280	14,539
Non-cash items	1,502	1,436	1,611	1,730	2,101	3,690
Change in WC	(420)	(204)	82	103	196	314
Capex	(941)	(365)	(512)	(560)	(630)	(1,194)
FCFF	2,522	4,204	4,844	5,737	9,947	17,348
WACC	10.7%					
Terminal growth	6%					
PV of CFs (FY24-45E)	120,891					
PV of terminal value	129,040					
Total EV	249,932					
(Less) net debt - FY25	(12,848)					
Total equity value	262,780					
Total no. of shares (mn)	84					
Target price/share - May-25E (Rs)	2,800					

Source: Company, Emkay Research

Exhibit 11: Dr Lal Path Labs is trading at around its long-term 1YF PER

Source: Bloomberg, Emkay Research

Call Highlights

- **Swasthfit:** Company registered an all-time high contribution of 24% to the topline from the product, with Management expecting the trajectory to sustain owing to i) changing consumer behavior, and ii) adoption of the package even in non-metros. Management is confident that the share of this product could reach 30-40% in coming years, owing to the aforementioned patterns, in addition to the increased awareness post-pandemic.
- **Suburban:** The subsidiary registered a revenue of Rs1.64bn, growing in early double digits, and clocked 13% EBITDAM (Q4 margins at 17%) for the year while maintaining its position as the third-largest brand in Mumbai. Increased volumes in specialized and routine tests, along with scale efficiencies, drove up the margins in Suburban. With 80% of revenue still coming from Mumbai, Company is bolstering its sales team to extract value from B2B clients.
- **Growth strategy:** Company intends to open 20 new hubs annually, with the locations being primarily in the North and in western India, where DLPL has a strong foothold. Management intends to offer services to the premium, mass and discount segments of customers, commensurate with the pricing, and is working on developing a strategy around them. Management plans on leveraging the Suburban brand name in the western market. Company is not looking to undertake any price hikes, citing affordability of tests and sustained competitive intensity as key reasons, and intends to grow on the back of patient and sample volume growth.
- **Margin guidance:** Management does not see further scope of improvement in gross margins, whereas pre-Covid levels of EBITDAM can be maintained at around 26%.
- **Capex guidance:** Annual capex is expected to be around Rs500-600mn, focused on lab infrastructure, IT investments, and equipment maintenance.
- **Revenue mix:** On a regional basis, Delhi-NCR (31%), Rest of North (31%), East (15%), West (15%), South (6%), and international markets (3%) contributed to the topline. At a segment level, B2C contributed 69% to the topline.
- Realization per patient improvement solely from the price hike of ~ 3.4% for FY24 and of 1.2% for Q4.
- Company rationalized the test portfolio on account of certain tests being duplicated and others being less frequently opted for. Currently, specialized tests contribute 20% to revenue.
- Management remains open to bolt-on acquisitions, so as not to grow the topline but gain market entry instead.
- Company has seen good traction in UP and Bihar, and maintained margins despite expansion in Tier-3+ cities owing to logistics efficiencies achieved by aligning close to the nearest lab.

Dr Lal Pathlabs: Consolidated Financials and Valuations

Profit & Loss

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	20,874	20,169	22,266	24,803	27,979
Revenue growth (%)	32.0	(3.4)	10.4	11.4	12.8
EBITDA	5,608	4,899	6,093	6,770	7,683
EBITDA growth (%)	28.5	(12.6)	24.4	11.1	13.5
Depreciation & Amortization	1,081	1,502	1,436	1,611	1,730
EBIT	4,527	3,397	4,657	5,159	5,953
EBIT growth (%)	26.1	(25.0)	37.1	10.8	15.4
Other operating income	0	0	0	0	0
Other income	525	417	692	736	846
Financial expense	303	375	294	200	200
PBT	4,749	3,439	5,055	5,694	6,600
Extraordinary items	0	0	0	0	0
Taxes	1,246	1,028	1,432	1,651	1,650
Minority interest	(55)	(22)	(46)	(20)	(22)
Income from JV/Associates	0	0	0	0	0
Reported PAT	3,448	2,389	3,577	4,023	4,928
PAT growth (%)	18.2	(30.7)	49.7	12.5	22.5
Adjusted PAT	3,448	2,389	3,577	4,023	4,928
Diluted EPS (Rs)	41.4	28.7	42.8	48.2	59.0
Diluted EPS growth (%)	18.2	(30.7)	49.4	12.5	22.5
DPS (Rs)	15.0	12.0	24.0	18.0	18.0
Dividend payout (%)	(36.2)	(41.8)	(56.0)	(37.4)	(30.5)
EBITDA margin (%)	26.9	24.3	27.4	27.3	27.5
EBIT margin (%)	21.7	16.8	20.9	20.8	21.3
Effective tax rate (%)	26.2	29.9	28.3	29.0	25.0
NOPLAT (pre-IndAS)	3,339	2,382	3,338	3,663	4,465
Shares outstanding (mn)	83.3	83.3	83.5	83.5	83.5

Source: Company, Emkay Research

Cash flows

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBT	4,749	3,439	5,055	5,694	6,600
Others (non-cash items)	0	0	0	0	0
Taxes paid	(1,246)	(1,028)	(1,432)	(1,651)	(1,650)
Change in NWC	181	50	195	712	381
Operating cash flow	4,467	4,560	5,354	5,538	6,136
Capital expenditure	(941)	(365)	(512)	(560)	(610)
Acquisition of business	(62)	(845)	361	0	0
Interest & dividend income	496	306	473	336	446
Investing cash flow	(4,492)	(2,873)	(243)	(224)	(164)
Equity raised/(repaid)	0	0	1	0	0
Debt raised/(repaid)	3,455	(1,090)	(1,534)	(833)	0
Payment of lease liabilities	(621)	(342)	(335)	630	278
Interest paid	(303)	(375)	(294)	(200)	(200)
Dividend paid (incl tax)	(1,250)	(1,000)	(2,004)	(1,503)	(1,503)
Others	(4,962)	1,255	201	236	284
Financing cash flow	(3,059)	(1,209)	(3,630)	(2,300)	(1,419)
Net chg in Cash	(3,084)	478	1,481	3,013	4,553
OCF	4,467	4,560	5,354	5,538	6,136
Adj. OCF (w/o NWC chg.)	4,648	4,610	5,549	6,249	6,516
FCFF	3,526	4,195	4,842	4,978	5,526
FCFE	3,719	4,126	5,021	5,113	5,772
OCF/EBITDA (%)	79.7	93.1	87.9	81.8	79.9
FCFE/PAT (%)	107.9	172.7	140.4	127.1	117.1
FCFF/NOPLAT (%)	105.6	176.2	145.1	135.9	123.8

Source: Company, Emkay Research

Balance Sheet

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	833	834	835	835	835
Reserves & Surplus	14,183	15,829	17,658	20,198	23,645
Net worth	15,016	16,663	18,493	21,033	24,480
Minority interests	355	332	361	361	361
Deferred tax liability (net)	(330)	(375)	(425)	(425)	(425)
Total debt	3,457	2,367	833	0	0
Total liabilities & equity	18,497	18,987	19,262	20,969	24,416
Net tangible fixed assets	2,048	2,004	1,994	2,004	1,999
Net intangible assets	4,100	3,562	3,026	2,561	2,052
Net ROU assets	2,106	2,006	1,436	1,239	1,034
Capital WIP	144	30	40	40	40
Goodwill	5,434	5,478	5,482	5,482	5,482
Investments [JV/Associates]	655	1,499	1,138	1,138	1,138
Cash & equivalents	6,176	6,654	8,303	11,710	16,257
Current assets (ex-cash)	2,429	2,198	2,338	2,469	2,632
Current Liab. & Prov.	4,600	4,464	4,849	5,691	6,235
NWC (ex-cash)	(2,171)	(2,266)	(2,511)	(3,223)	(3,603)
Total assets	18,497	18,987	18,925	20,969	24,416
Net debt	(2,719)	(4,287)	(7,470)	(11,710)	(16,257)
Capital employed	18,497	18,987	19,262	20,969	24,416
Invested capital	11,522	10,804	9,444	8,081	6,981
BVPS (Rs)	180.3	200.0	221.5	251.9	293.2
Net Debt/Equity (x)	(0.2)	(0.3)	(0.4)	(0.6)	(0.7)
Net Debt/EBITDA (x)	(0.5)	(0.9)	(1.2)	(1.7)	(2.1)
Interest coverage (x)	0.1	0.1	0.1	0.0	0.0
RoCE (%)	28.0	18.1	23.8	24.0	23.9

Source: Company, Emkay Research

Valuations and key Ratios

Y/E Mar	FY22	FY23	FY24	FY25E	FY26E
P/E (x)	56.7	81.9	54.8	48.7	39.8
P/CE(x)	43.2	50.3	39.1	34.8	29.4
P/B (x)	13.0	11.7	10.6	9.3	8.0
EV/Sales (x)	9.2	9.5	8.5	7.4	6.4
EV/EBITDA (x)	34.4	39.0	31.0	27.2	23.4
EV/EBIT(x)	42.6	56.3	40.5	35.7	30.2
EV/IC (x)	16.7	17.7	20.0	22.8	25.8
FCFF yield (%)	1.8	2.2	2.6	2.7	3.1
FCFE yield (%)	1.9	2.1	2.6	2.6	2.9
Dividend yield (%)	0.6	0.5	1.0	0.8	0.8
DuPont-RoE split					
Net profit margin (%)	16.5	11.8	16.1	16.2	17.6
Total asset turnover (x)	3.0	2.6	2.8	2.9	3.0
Assets/Equity (x)	1.1	1.2	1.1	1.0	1.0
RoE (%)	24.5	14.8	20.0	20.0	21.3
DuPont-RoIC					
NOPLAT margin (%)	16.0	11.8	15.0	14.8	16.0
IC turnover (x)	1.6	1.3	1.4	1.5	1.8
RoIC (%)	34.7	21.8	28.4	31.9	38.1
Operating metrics					
Core NWC days	(1.7)	(9.3)	(11.8)	(11.8)	(11.8)
Total NWC days	(1.7)	(9.3)	(11.8)	(11.8)	(11.8)
Fixed asset turnover	1.8	1.2	1.3	1.5	1.7
Opex-to-revenue (%)	49.1	53.5	52.4	51.7	51.1

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 07/02/2024 11:17 AM

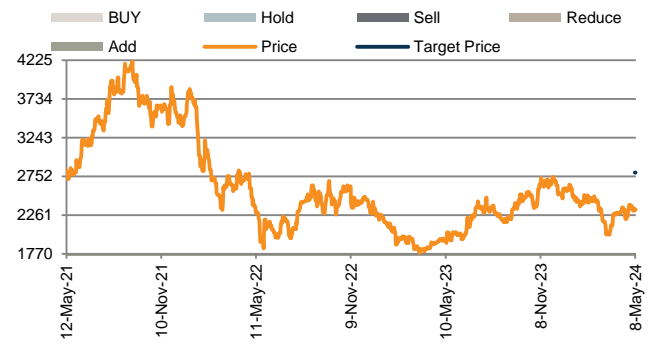
Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors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

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
07-May-24	2,323	2,800	Buy	Anshul Agrawal

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 May 10, 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 May 10, 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 May 10, 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.