

Downgrade to SELL; strategic reboot needed to revive growth ahead

Consumer Goods ▶ Result Update ▶ November 17, 2024

TARGET PRICE (Rs): 300

We downgrade Honasa to SELL from Buy, as we cut our Sep-25E TP to Rs300 from Rs600 earlier. Our thesis of accelerated growth with steady share gains in personal care got a beating from weak business commentary in Q2FY25. Mamaearth is likely to see decline in FY25E (where online growth slumped and general trade in 30% of Top-50 cities await distribution) and aims to recover base in FY26E. Limited offline presence and slower growth in core brand may pave the way for the competition, where recouping in the long term would be daunting. We cut topline estimates 9% for FY25 and 16% each over FY26-27. With margin revisions given a slower topline, our EPS reduced ~35% over FY25-27E. We cut EV/S valuation to 4x (50% discount to sector) from 6.5x. We await proof of execution as the management aims for a business turnaround.

Honasa Consumer: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	14,927	19,199	20,138	23,785	28,515
EBITDA	228	1,371	927	1,853	2,777
Adj. PAT	119	1,105	842	1,568	2,152
Adj. EPS (Rs)	0.4	3.5	2.6	4.8	6.6
EBITDA margin (%)	1.5	7.1	4.6	7.8	9.7
EBITDA growth (%)	98.6	502.2	(32.4)	99.9	49.8
Adj. EPS growth (%)	(28.0)	810.1	(26.4)	86.2	37.3
RoE (%)	1.8	13.0	7.4	12.5	14.9
RoIC (%)	(0.2)	29.8	15.6	37.7	54.7
P/E (x)	958.5	105.3	143.1	76.8	56.0
EV/EBITDA (x)	490.0	80.2	123.2	61.5	40.7
P/B (x)	18.8	10.6	10.2	9.0	7.8
FCFF yield (%)	(0.6)	2.0	0.7	1.1	1.7

Source: Company, Emkay Research

Q2 print weak; ride ahead bumpy

Honasa's Q2 delivery was weaker than our weak expectations. Topline declined 7% with: i) 6% like-to-like growth (with 7% volume growth), and ii) one-time inventory correction of Rs6.3bn. Weak seasonality and call to improve hygiene of offline business has taken a toll on like-to-like growth, which will see gradual recovery ahead. Inventory corrections drove operating losses in the business.

Building Mamaearth brand health key ahead

Management noted growth pressure for the Mamaearth brand. As the natural trend waned, Mamaearth as a brand has seen growth slowdown. This was further accentuated by execution lapses in offline, leading to brand decline in Q2, which should persist in FY25 given distribution gaps in top-50 cities. Also, the online channel sales is under stress, where traction for actives has heightened. Given the brand size, there is a need for targeted investments. Going ahead, the management would look to course correct by addressing distribution gaps and enhancing A&P deployment. Young brands are sustaining healthy growth momentum with >30% growth. We see its 'House of Brands' approach in personal care as the key to counter competitive stress.

Medium-term outlook stressed; downgrade to SELL

We have conservatively cut our earnings expectations ~35% over FY25-27E, where we have cut topline expectations by 9-16% and reduced margin expectations given reduced operating leverage benefits. Bunched-up corrective actions is a bold call from the management which risks medium-term growth but is a positive move to build the offline franchise. Amid recent correction in the FMCG sector and growth slowdown ahead, we now value Honasa at 4x EV/Sales, which is ~50% discount to sector average EV/Sales vs 6.5x earlier. We downgrade to SELL (from Buy) with new Sep-25E TP of Rs300 (from Rs600, earlier). We await proof of execution as the management aims for a business turnaround.

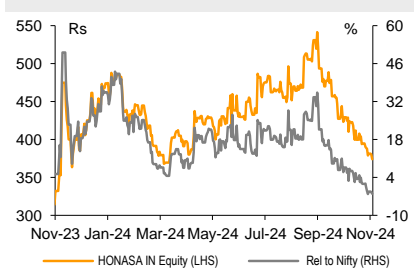
Target Price – 12M	Sep-25
Change in TP (%)	(50.0)
Current Reco.	SELL
Previous Reco.	BUY
Upside/(Downside) (%)	(19.3)
CMP (14-Nov-24) (Rs)	371.6

Stock Data	HONASA
52-week High (Rs)	547
52-week Low (Rs)	309
Shares outstanding (mn)	324.8
Market-cap (Rs bn)	121
Market-cap (USD mn)	1,430
Net-debt, FY25E (Rs mn)	-6,268
ADTV-3M (mn shares)	3
ADTV-3M (Rs mn)	1,240.1
ADTV-3M (USD mn)	14.7
Free float (%)	49.5
Nifty-50	23,533
INR/USD	84.4
Shareholding, Mar-24	
Promoters (%)	35.1
FPIs/MFs (%)	12.2/15.9

Price Performance

(%)	1M	3M	12M
Absolute	(12.6)	(21.0)	16.9
Rel. to Nifty	(6.6)	(18.9)	(3.4)

1-Year share price trend (Rs)



Nitin Gupta

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

Pinky Mahato

pinky.mahato@emkayglobal.com
+91 22 6612 1306

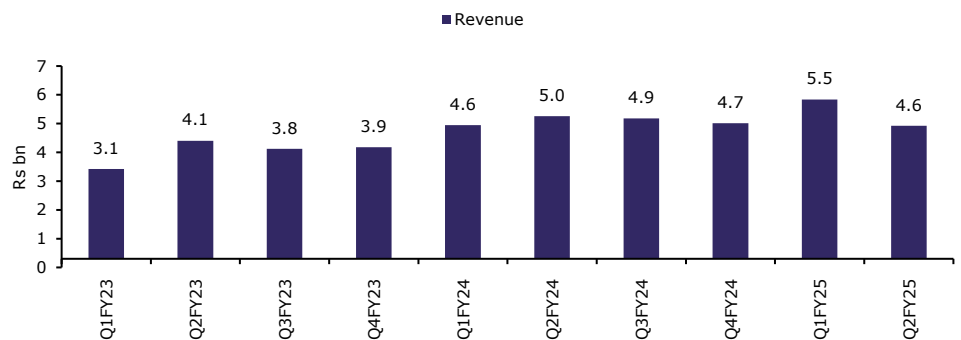
Quarterly performance

Exhibit 1: Q2FY25 performance

(Rs mn)	2QFY25	2QFY24	YoY (%)	1QFY25	QoQ (%)	Emkay Est	Var (%)
Total income	4,618	4,961	(6.9)	5,541	(16.6)	5,006	(7.7)
Cost of goods	1,442	1,515	(4.8)	1,570	(8.2)	1,602	(10.0)
Employee expenses	515	371	38.6	494	4.1	500	2.9
A&P	1,830	1,740	5.2	2,000	(8.5)	1,852	(1.2)
Other expenses	1,139	933	22.0	1,015	12.2	1,101	3.4
EBITDA	-307	402	(176.4)	461	(166.6)	-49	521.7
EBITDA margin (%)	-6.6	8.1	-1,480bps	8.3	-1,500bps	-1.0	-570bps
Depreciation	106	63	67.9	94	12.2	95	11.2
EBIT	-413	339	(221.7)	367	(212.4)	-144	185.8
EBIT margin (%)	-8.9	6.8	-1,580bps	6.6	-1,560bps	-2.9	-610bps
Interest cost	31	18	75.5	30	3.6	35	(10.5)
Other income	200	71	182.9	187	7.0	180	11.2
PBT	-244	392	(162.2)	524	(146.5)	1	
Tax	-58	98	(159.4)	121	(147.8)	0	
Tax rate (%)	23.8	24.9	(4.5)	23.2	2.7	25.5	
Adj Profit	-186	294	(163.1)	403	(146.1)	0	
Net margin (%)	-4.0	5.9		7.3		0.0	
EPS (Rs)	-0.6	0.2	(364.8)	1.2	(146.1)	0.0	

Source: Company, Emkay Research

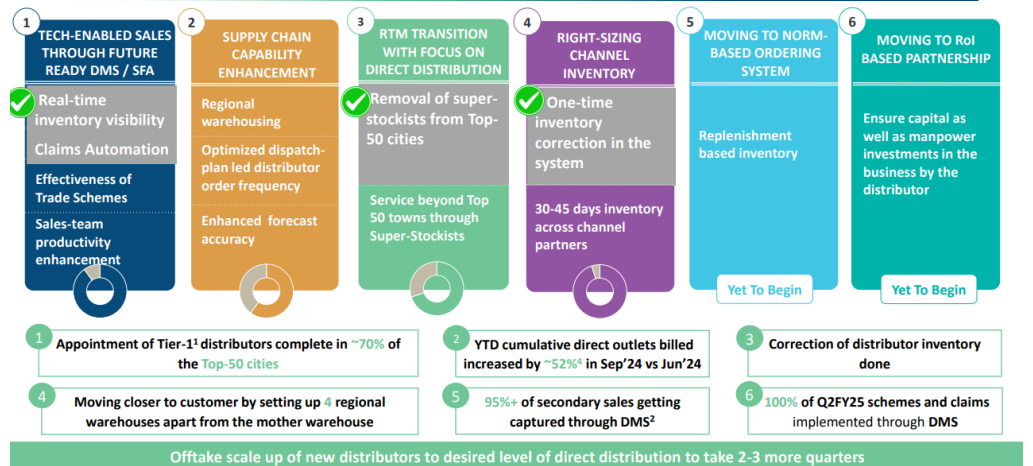
Exhibit 2: Quarterly revenue trend



Source: Company, Emkay Research

Exhibit 3: General trade transformation under project Neev

Project Neev has progressed, with one-time inventory correction done and super-stockist layer removed in top 50 cities




1. Tier-1 Distributors: Working with mature FMCG/BPC Players 2. For Q2FY25 3. Indicates phase completion status 4. Number of unique outlets billed through DMS in H2FY25 vs Q1FY25

Source: Company, Emkay Research

Exhibit 4: Mamaearth brand to see structural changes to revive growth


Mamaearth is growing slower than our expectations and we are making identified structural changes to bring it back to its growth trajectory in a few quarters

Factors impacting growth for Mamaearth



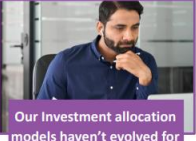
Distribution and Supply chain transition as part of Project Neev

1




'Wave' of consumer preference towards Active ingredient-based products in online channel

2



Our Investment allocation models haven't evolved for offline based brand

3



Need to refresh brand mix across product, price and communication

4

Bringing Mamaearth back to growth path is our highest priority and we are running pilots across identified structural levers. Post feedback from the pilots, the initiatives will be scaled up

1

Building category leadership through category focused innovation & marketing investments

2

Playing in identified consumer partitions with the right products

3

Addressing gaps in portfolio and pack-price architecture

4

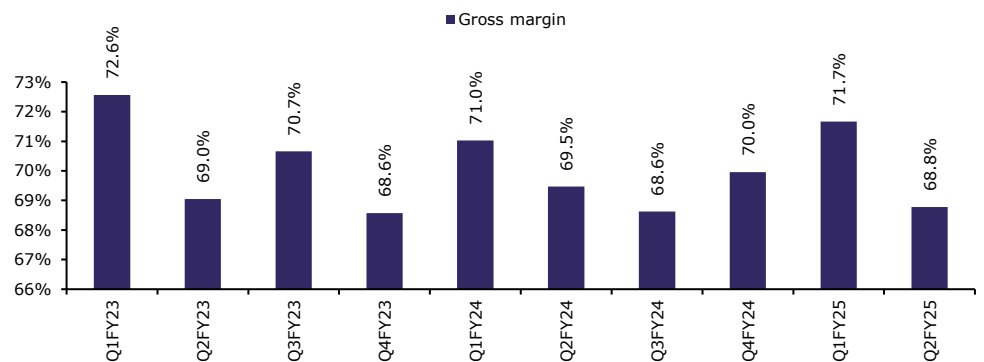
Strengthening offline distribution capability

5

R&D to improve product superiority and performance

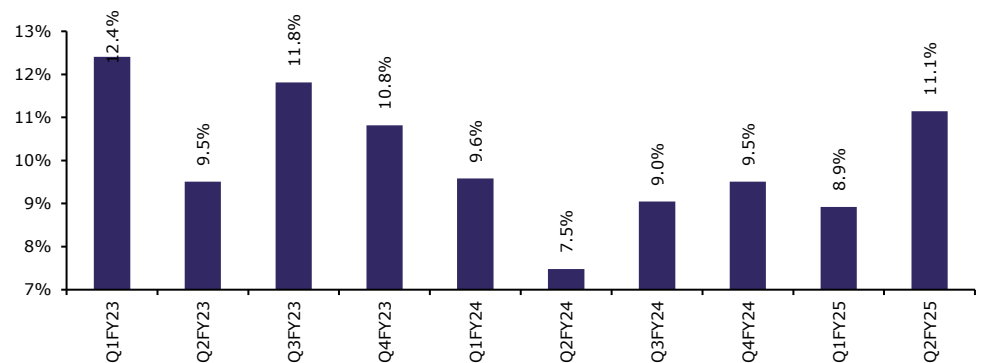
Source: Company, Emkay Research

Exhibit 5: Gross margin trend



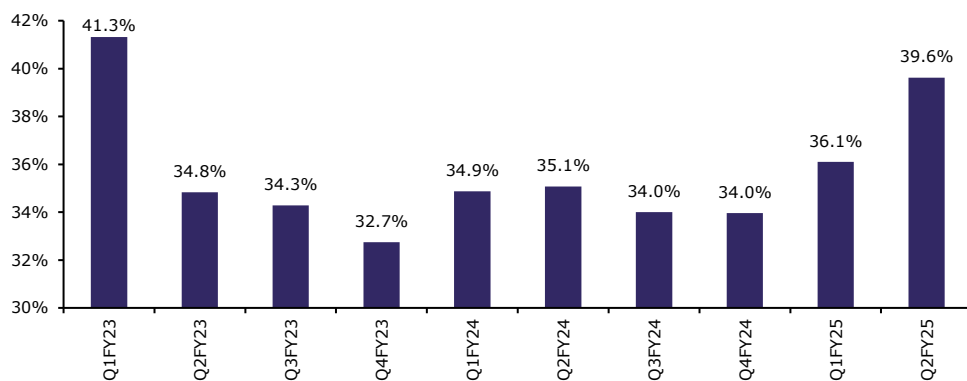
Source: Company, Emkay Research

Exhibit 6: Staff costs trend



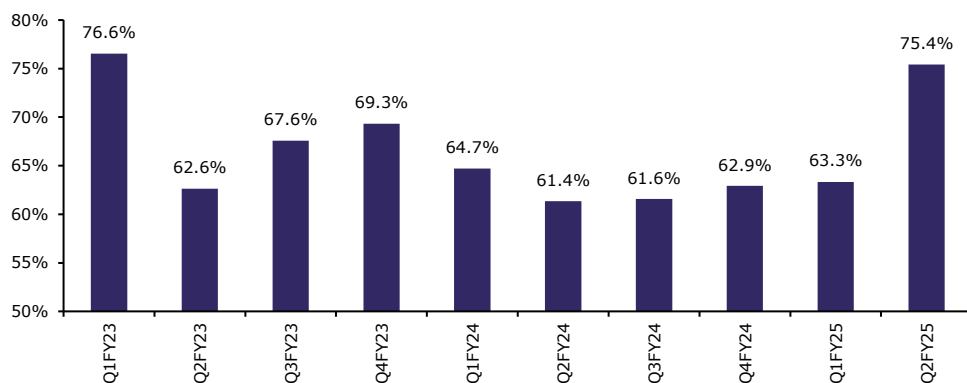
Source: Company, Emkay Research

Exhibit 7: A&P spending trend



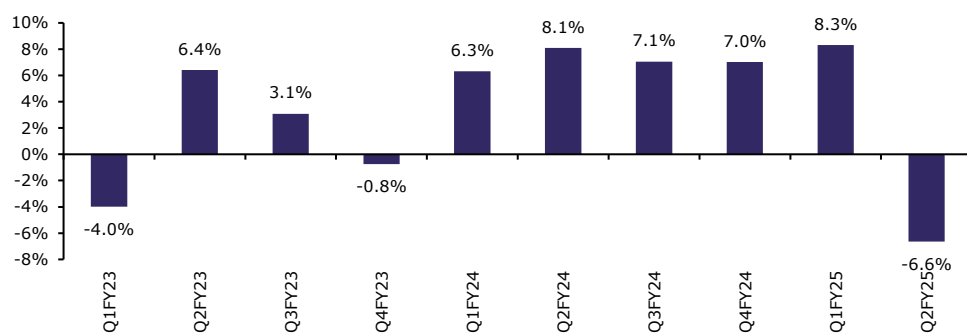
Source: Company, Emkay Research

Exhibit 8: Other operating expenses



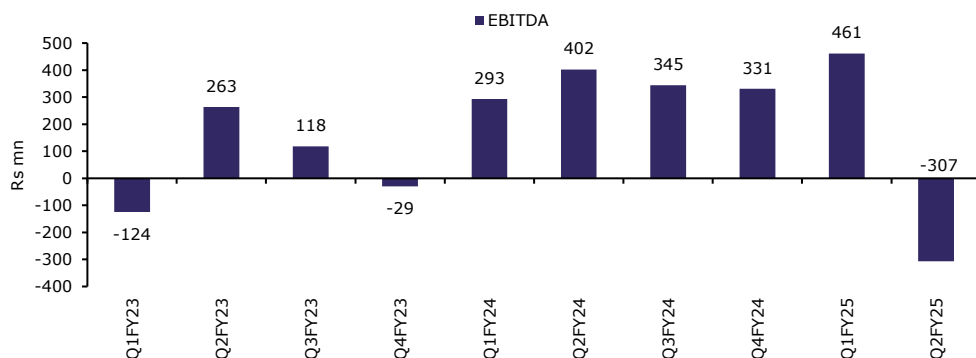
Source: Company, Emkay Research

Exhibit 9: EBITDA margin trend



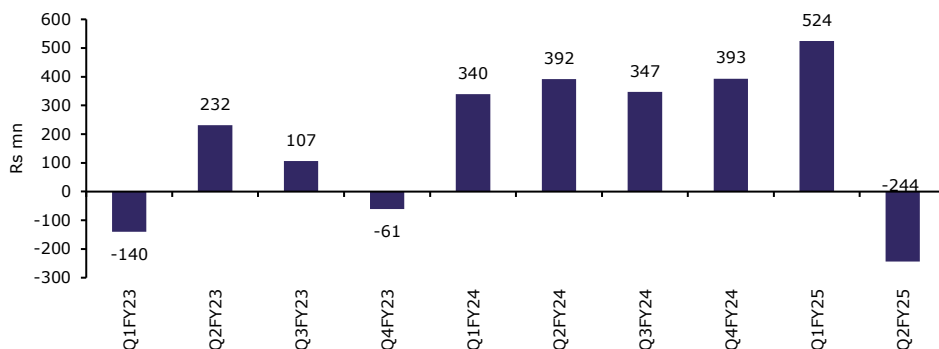
Source: Company, Emkay Research

Exhibit 10: Quarterly EBITDA trend



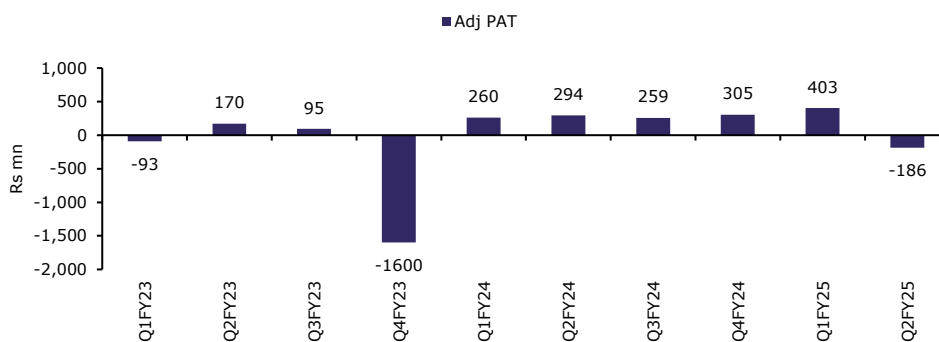
Source: Company, Emkay Research

Exhibit 11: Profit before tax



Source: Company, Emkay Research

Exhibit 12: Adjusted PAT



Source: Company, Emkay Research

Exhibit 13: Changes to Emkay estimates

(Rs mn)	New estimates			Old estimates			New vs old estimates		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Net sales	20,138	23,785	28,515	22,015	28,481	33,894	-9%	-16%	-16%
growth	4.9%	18.1%	19.9%	14.7%	29.4%	19.0%			
EBITDA	927	1,853	2,777	1,477	3,178	4,355	-37%	-42%	-36%
growth	-32.4%	99.9%	49.8%	7.7%	115.2%	37.0%			
EBITDA margin	4.6%	7.8%	9.7%	6.7%	11.2%	12.8%			
Adj PAT	842	1,568	2,152	1,273	2,416	3,272	-34%	-35%	-34%
growth	-23.8%	86.2%	37.3%	15.2%	89.7%	35.4%			
EPS (Rs)	2.60	4.84	6.64	3.93	7.45	10.09			

Source: Emkay Research

Exhibit 14: Key assumptions

	FY22	FY23	FY24	FY25E	FY26E	FY27E
Income statement						
Total income growth	105.1%	58.2%	28.6%	4.9%	18.1%	19.9%
Offline growth	214.3%	91.9%	20.1%	-28.0%	8.0%	20.2%
Online growth	67.8%	9.0%	-2.8%	-2.3%	-3.4%	0.0%
Mamaearth growth	96.2%	34.7%	7.4%	-15.0%	1.4%	9.0%
Other brands growth	258.0%	397.3%	320.7%	45.6%	38.1%	29.6%
Gross margin	70.0%	70.1%	69.8%	70.8%	71.0%	71.3%
Advertisement	41.5%	35.5%	34.4%	35.8%	34.2%	34.0%
EBITDA margin	3.2%	3.4%	7.8%	4.0%	7.4%	9.6%
Adj PAT growth	-101.1%	-74.2%	2,863.2%	-31.6%	98.2%	41.9%
EPS (Rs)	0.5	-4.7	3.5	2.3	4.6	6.6
Balance Sheet						
ROE	-3.0%	1.8%	13.0%	7.4%	12.5%	14.9%
ROCE	5.2%	2.8%	16.2%	9.8%	15.8%	19.0%
Inventory days (no. of)	26	29	24	25	25	25
Receivable days (no. of)	29	33	31	30	28	28
Payable days (no. of)	67	50	57	65	65	65

Source: Company, Emkay Research

Honasa Consumer: Consolidated Financials and Valuations

Profit & Loss					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	14,927	19,199	20,138	23,785	28,515
Revenue growth (%)	58.2	28.6	4.9	18.1	19.9
EBITDA	228	1,371	927	1,853	2,777
EBITDA growth (%)	98.6	502.2	(32.4)	99.9	49.8
Depreciation & Amortization	250	306	400	493	621
EBIT	(22)	1,065	527	1,360	2,156
EBIT growth (%)	(148.2)	0.0	(50.5)	158.1	58.5
Other operating income	0	0	0	0	0
Other income	225	497	731	894	932
Financial expense	67	90	135	150	200
PBT	137	1,471	1,123	2,104	2,888
Extraordinary items	(1,547)	0	0	0	0
Taxes	99	366	281	537	737
Minority interest	82	0	0	0	0
Income from JV/Associates	0	0	0	0	0
Reported PAT	(1,428)	1,105	842	1,568	2,152
PAT growth (%)	(1,008.7)	0.0	(23.8)	86.2	37.3
Adjusted PAT	119	1,105	842	1,568	2,152
Diluted EPS (Rs)	0.4	3.5	2.6	4.8	6.6
Diluted EPS growth (%)	(28.0)	810.1	(26.4)	86.2	37.3
DPS (Rs)	0.0	0.0	0.0	0.0	0.0
Dividend payout (%)	0.0	0.0	0.0	0.0	0.0
EBITDA margin (%)	1.5	7.1	4.6	7.8	9.7
EBIT margin (%)	(0.1)	5.5	2.6	5.7	7.6
Effective tax rate (%)	72.7	24.9	25.0	25.5	25.5
NOPLAT (pre-IndAS)	(6)	800	395	1,013	1,606
Shares outstanding (mn)	306.6	313.3	324.2	324.2	324.2

Source: Company, Emkay Research

Cash flows					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
PBT	137	1,471	1,123	2,104	2,888
Others (non-cash items)	0	0	0	0	0
Taxes paid	(125)	(324)	(281)	(537)	(737)
Change in NWC	(969)	1,035	461	269	201
Operating cash flow	(516)	2,353	1,108	1,586	2,241
Capital expenditure	(117)	(118)	(260)	(300)	(325)
Acquisition of business	790	(4,482)	(2,500)	(2,500)	(2,500)
Interest & dividend income	0	0	0	0	0
Investing cash flow	429	(4,698)	(2,691)	(2,612)	(2,643)
Equity raised/(repaid)	0	0	0	0	0
Debt raised/(repaid)	(130)	3,376	0	0	0
Payment of lease liabilities	0	0	0	0	0
Interest paid	(11)	(8)	(135)	(150)	(200)
Dividend paid (incl tax)	0	0	0	0	0
Others	0	0	288	122	151
Financing cash flow	(141)	3,369	153	(28)	(49)
Net chg in Cash	(227)	1,024	(1,431)	(1,053)	(451)
OCF	(516)	2,353	1,108	1,586	2,241
Adj. OCF (w/o NWC chg.)	453	1,319	647	1,317	2,040
FCFF	(633)	2,236	848	1,286	1,916
FCFE	(699)	2,145	713	1,136	1,716
OCF/EBITDA (%)	(226.5)	171.7	119.5	85.6	80.7
FCFE/PAT (%)	(588.3)	194.1	84.6	72.5	79.7
FCFF/NOPLAT (%)	10,524.8	279.5	214.5	126.9	119.3

Source: Company, Emkay Research

Balance Sheet					
Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Share capital	1,363	3,242	3,242	3,242	3,242
Reserves & Surplus	4,696	7,710	8,552	10,120	12,272
Net worth	6,059	10,953	11,795	13,363	15,514
Minority interests	0	0	0	0	0
Deferred tax liability (net)	14	31	57	22	0
Total debt	922	1,310	1,572	1,729	1,902
Total liabilities & equity	6,995	12,293	13,423	15,113	17,416
Net tangible fixed assets	692	1,154	1,699	2,210	2,662
Net intangible assets	1,833	1,833	1,833	1,833	1,833
Net ROU assets	0	0	0	0	0
Capital WIP	0	5	5	5	5
Goodwill	528	528	528	528	528
Investments [JV/Associates]	790	2,008	3,008	4,008	5,008
Cash & equivalents	3,326	7,793	7,839	8,288	9,339
Current assets (ex-cash)	3,023	3,527	3,757	4,252	5,021
Current Liab. & Prov.	2,669	4,027	4,719	5,483	6,452
NWC (ex-cash)	354	(500)	(961)	(1,231)	(1,432)
Total assets	6,995	12,293	13,423	15,113	17,416
Net debt	(2,404)	(6,483)	(6,268)	(6,559)	(7,438)
Capital employed	6,995	12,293	13,423	15,113	17,416
Invested capital	2,879	2,487	2,571	2,812	3,064
BVPS (Rs)	19.8	35.0	36.4	41.2	47.8
Net Debt/Equity (x)	(0.4)	(0.6)	(0.5)	(0.5)	(0.5)
Net Debt/EBITDA (x)	(10.6)	(4.7)	(6.8)	(3.5)	(2.7)
Interest coverage (x)	0.3	0.1	0.1	0.1	0.1
RoCE (%)	2.8	16.2	9.8	15.8	19.0

Source: Company, Emkay Research

Valuations and key Ratios					
Y/E Mar	FY23	FY24	FY25E	FY26E	FY27E
P/E (x)	958.5	105.3	143.1	76.8	56.0
P/CE(x)	309.2	82.5	97.0	58.5	43.5
P/B (x)	18.8	10.6	10.2	9.0	7.8
EV/Sales (x)	7.5	5.7	5.7	4.8	4.0
EV/EBITDA (x)	490.0	80.2	123.2	61.5	40.7
EV/EBIT(x)	(5,067.2)	103.2	216.7	83.7	52.4
EV/IC (x)	38.7	44.2	44.4	40.5	36.9
FCFF yield (%)	(0.6)	2.0	0.7	1.1	1.7
FCFE yield (%)	(0.6)	1.8	0.6	0.9	1.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
DuPont-RoE split					
Net profit margin (%)	0.8	5.8	4.2	6.6	7.5
Total asset turnover (x)	2.0	2.0	1.6	1.7	1.8
Assets/Equity (x)	1.1	1.1	1.1	1.1	1.1
RoE (%)	1.8	13.0	7.4	12.5	14.9
DuPont-RoIC					
NOPLAT margin (%)	0.0	4.2	2.0	4.3	5.6
IC turnover (x)	5.5	7.2	8.0	8.8	9.7
RoIC (%)	(0.2)	29.8	15.6	37.7	54.7
Operating metrics					
Core NWC days	(21.6)	(21.8)	(32.3)	(34.5)	(34.8)
Total NWC days	8.7	(9.5)	(17.4)	(18.9)	(18.3)
Fixed asset turnover	4.5	5.7	4.8	4.6	4.6
Opex-to-revenue (%)	68.5	62.6	66.2	63.2	61.5

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 12/04/2024 10:06 AM

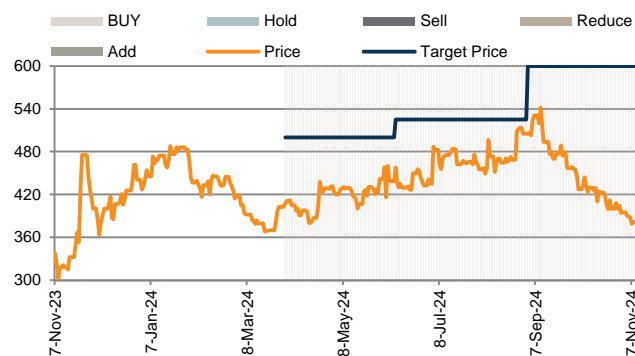
Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY<GO>. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors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

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
02-Oct-24	455	600	Buy	Nitin Gupta
24-Sep-24	474	600	Buy	Nitin Gupta
02-Sep-24	505	600	Buy	Nitin Gupta
11-Aug-24	474	525	Buy	Nitin Gupta
07-Jul-24	482	525	Buy	Nitin Gupta
04-Jul-24	487	525	Buy	Nitin Gupta
26-Jun-24	444	525	Buy	Nitin Gupta
10-Jun-24	458	525	Buy	Nitin Gupta
04-Jun-24	416	500	Buy	Nitin Gupta
24-May-24	431	500	Buy	Nitin Gupta
13-May-24	426	500	Buy	Nitin Gupta
08-May-24	430	500	Buy	Nitin Gupta
01-May-24	431	500	Buy	Nitin Gupta
22-Apr-24	405	500	Buy	Nitin Gupta
15-Apr-24	395	500	Buy	Nitin Gupta
07-Apr-24	405	500	Buy	Nitin Gupta
01-Apr-24	407	500	Buy	Nitin Gupta

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

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

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons¹ may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

- EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of November 17, 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 November 17, 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 November 17, 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.