

India

HOLD (previously ADD)

| | |
|--|-----------------------|
| Consensus ratings*: Buy 14 Hold 3 Sell 2 | |
| Current price: | Rs240 |
| Target price: | Rs250 |
| Previous target: | Rs250 |
| Up/downside: | 4.2% |
| InCred Research / Consensus: | -4.0% |
| Reuters: | ONTE.NS |
| Bloomberg: | ORIENTEL IN |
| Market cap: | US\$618m Rs51,208m |
| Average daily turnover: | US\$1.0m Rs82.1m |
| Current shares o/s: | 212.8m |
| Free float: | 61.7% |
| *Source: Bloomberg | |

Key changes in this note

- FY24F/25F revenue raised by 1.8%/1.5%.
- FY24F EBITDA/PAT cut by 6.4%/14.5%.
- FY25F EBITDA/PAT raised by 3.3%/0.3%.



Source: Bloomberg

| | | | |
|--------------------------|-------|-----|--------|
| Price performance | 1M | 3M | 12M |
| Absolute (%) | (2.1) | 9.1 | (7.7) |
| Relative (%) | (2.8) | 1.4 | (18.0) |

| | |
|----------------------------|--------|
| Major shareholders | % held |
| Promoters | 38.3 |
| NIPPON INDIA FUND | 6.6 |
| MIRAE ASSET TAX SAVER FUND | 4.9 |

Analyst(s)



Rahul AGARWAL
 T (91) 22 4161 1553
 E rahul.agarwal@incredcapital.com
Harshit SARAWAGI
 T (91) 22 4161 0000
 E harshit.sarawagi@incredcapital.com

Orient Electric

Higher opex offsets sales, gross margin beat

- OEL's 1Q revenue beat estimates by 10-15% as it regained market share in fans. Overall sales: +13.5% yoy. Fan sales volume/pricing: +10%/+16% yoy.
- Gross margin recovered to 30.7%, +285bp yoy. However, opex jumping +28% yoy (staff cost up 43% yoy) led to a flat EBITDA margin at 6.2% yoy.
- Management assured that business will remain as usual despite the new CEO quitting. Margin recovery pushed by a fiscal. Retain TP. Downgrade to HOLD.

Good recovery in fan biz & gross margin; opex growth hits EBITDA

Orient Electric (OEL) posted 1QFY24 revenue of Rs7.1bn, +14%/7% yoy/qq, beating our/Bloomberg consensus estimates by 10-15%. EBITDA/PAT stood at Rs440m/197m, +15%/4% yoy, respectively, missing estimates by 5-13%. Consolidated gross/EBITDA margins were at 30.7%/6.2%, +285bp/+10bp yoy/qq, respectively. Sales mix, cost savings and cheaper input prices aided gross margin. Opex rose by +28% yoy (staff cost: Rs671m, +43% yoy), leading to a flat EBITDA margin yoy. The ECD segment's sales grew by 16% yoy and 13% qq to Rs5.2bn, led by the recovery in market share for fans and above-average demand for water heaters while cooler sales were weak due to untimely rains. Fan sales volume/ revenue grew by 10%/16% yoy, respectively, led by the launch of new models, channel-filling and price hikes. The lighting & switchgear segment's sales grew by 8% yoy to Rs1.9bn. B2C lighting sales were soft due to weak demand and a fall in LED prices & B2B sales rose by 40% yoy. Small appliances' revenue grew by 32% yoy. Switchgear & wire segments did well owing to new realty project wins and a good head start in new markets (Punjab, Bihar), albeit on a very low base.

No quick change in strategy post new CEO exit; opex to remain high

The new CEO appointed on 31 Mar 2023 – Mr. Rajan Gupta – resigned on 14 Jul 2023 due to personal reasons. Mr. Desh Deepak Khetrpal, vice chairman of OEL, has been given additional responsibility of being the MD for a period of one year. Mr. Khetrpal assured investors of smooth operations and no major changes to the existing business strategy as the search for a new CEO/MD continues. No new states were added to the DTM structure. DTM sales grew by 100% yoy in 1Q. Management gave guidance of opex remaining elevated for the rest of the financial year (FY24F staff cost: Rs2.4bn, +20% yoy) due to investment in people and brand building and also expenses related to consultants appointed and others. This delays the EBITDA margin recovery by a year, in our view.

Change in our estimates, valuation and risks

Our revenue estimates largely remain unchanged while we cut our EBITDA/PAT estimates by 6-15% due to higher opex, leading to a lower EBITDA margin in FY24F. FY25F estimates have been marginally altered. We retain our target price of Rs250 based on a P/E of 35x (5-year mean ex-FY23) FY25F EPS. With limited upside now, we have downgraded the stock's rating to HOLD (ADD earlier). Upside risks: Quick margin recovery. Downside risks: Higher employee attrition rate and capex delay.

| Financial Summary | Mar-21A | Mar-22A | Mar-23A | Mar-24F | Mar-25F |
|-----------------------------------|---------|---------|---------|----------|---------|
| Revenue (Rsm) | 20,326 | 24,484 | 25,292 | 28,891 | 33,137 |
| Operating EBITDA (Rsm) | 2,195 | 2,313 | 1,510 | 2,152 | 2,900 |
| Net Profit (Rsm) | 1,197 | 1,266 | 759 | 1,068 | 1,529 |
| Core EPS (Rs) | 5.6 | 6.0 | 3.6 | 5.0 | 7.2 |
| Core EPS Growth | 52.3% | 5.8% | (40.1%) | 40.7% | 42.9% |
| FD Core P/E (x) | 42.53 | 40.21 | 67.14 | 47.73 | 33.40 |
| DPS (Rs) | 2.0 | 2.0 | 1.5 | 1.5 | 2.0 |
| Dividend Yield | 0.83% | 0.83% | 0.63% | 0.63% | 0.83% |
| EV/EBITDA (x) | 21.92 | 21.28 | 32.51 | 23.04 | 16.68 |
| P/FCFE (x) | 28.95 | 74.07 | 85.68 | (130.61) | 35.18 |
| Net Gearing | (61.5%) | (31.6%) | (31.6%) | (21.5%) | (35.1%) |
| P/BV (x) | 11.18 | 9.40 | 8.71 | 7.73 | 6.63 |
| ROE | 29.4% | 25.4% | 13.5% | 17.2% | 21.4% |
| % Change In Core EPS Estimates | | | | (14.08%) | 0.69% |
| InCred Research/Consensus EPS (x) | | | | | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

1QFY24 earnings-call highlights

- **Profile of Mr. Desh Deepak Khetrpal:** The existing vice chairman of OEL has also been appointed as the MD with effect from 15 Jul 2023 for a period of one year. Mr. Khetrpal, aged 67 years, holds an Honours degree in Business and Economics from Shri Ram College of Commerce and an MBA degree from Faculty of Management Studies, Delhi University. He has rich experience in industrial, consumer, and retail businesses.
- **1QFY24 sub-segment performance:** Digital revenue (e-commerce and modern retail channels) grew by 58% yoy while export sales grew by 38% yoy, despite geopolitical headwinds in key markets like Sudan, Sri Lanka and Ghana. Premium fan sales contributed ~32% to the fan portfolio, offsetting the economy share's growth. Three new BLDC fan models were launched in 1Q. DTM state sales grew by 107% yoy, gaining regional market share. Water heater sales grew by 23% yoy while the demand for air coolers was impacted due to unseasonal rains across North and West India. Small appliances' sales grew by 32% yoy with green shoots of consumer demand revival witnessed in T-2/T-3 cities.
- **LED prices:** The fall in the cost of DoB (Driver-on-Board) technology for LEDs and subsequent pass-through of that in terms of lower selling prices for lamps impacted B2C sales across the industry in 1QFY24.
- **Cost savings:** Project Sanchay - the flagship cost-saving initiative - moved ahead with ~Rs150m savings in 1QFY24. Under this scheme, the company aspires to save Rs500m+ in FY24F.
- **Capex update:** The upcoming greenfield plant at Hyderabad is expected to be operational in Sep 2023F. Owing to imported automated machinery, OEL has been waiting for a few foreign nationals to get Indian visas in order to visit the plant and commence production. The total estimated capex for the project is Rs1.8bn, of which Rs1.3bn has been incurred till date.
- **Cash flow:** The net working capital cycle improved to 13 days of TTM sales at the end of Jun 2023 vs. 22 days yoy, largely led by a significant reduction in inventory. Higher channel finance availed by dealers aided the reduction in receivables. Net cash (including equivalents) stood at Rs1.6bn at the end of Jun 2023 vs. Rs1.9bn qoq.

Figure 1: New product launches - fans

- 15+ New SKUs launched in the quarter
- 8 SKUs in Lighting including panels, downlighters, wall lights and flexible lights in wide colour range
- 6 key SKUs in Water Heater broadening product portfolio
- 3 new BLDC fans launched - Ecotech, I-Falcon and Jazz Antidust
- Introduced new BLDC models and kitchen appliances on ecommerce platforms powering digital strategy
- New colour variations in highest selling models of fans based on consumer insights








SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: New product launches - lighting and water heaters



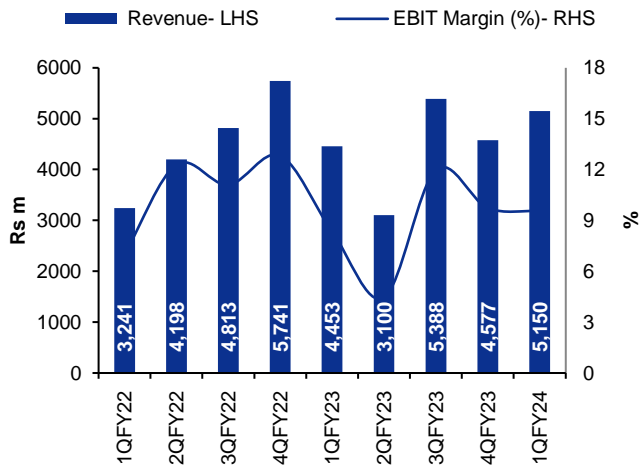
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Strategic growth drivers

| | | | |
|---|---|--|--|
|  <p>Go-to-market</p> | <p>Fans</p> <ul style="list-style-type: none"> Expanding BLDC product portfolio Continued focus on growing in South India Initiatives in-place to drive overall distribution expansion and strengthening sales infrastructure with continued focus on growing DTM Ramping up investments in building focus product segments |  <p>Digital</p> | <ul style="list-style-type: none"> Significantly scaling up E-Commerce business across categories Continued adoption of digital tools to optimize offline channel efficiency |
|  <p>Lighting and Switchgear</p> | <p>Lighting</p> <ul style="list-style-type: none"> Network expansion in key states Marketing investment to build market share <p>B2B: Building enquiry bank</p> <ul style="list-style-type: none"> Growing P-Lum with focus on business development, and solution capability (product & design) buildout. Strengthening design capabilities in Façade Lighting. <p>B2C: Distribution scale up and increasing share of value-added products in the portfolio to maintain high value growth</p> |  <p>Cost Reduction</p> | <ul style="list-style-type: none"> 'Spark Sanchay' cost savings of Rs 15cr in Q1FY24 and Rs 60cr in FY23 Institutionalizing cost optimizing initiatives through Cost and Manufacturing Centers of Excellence |
| | |  <p>Overseas</p> | <ul style="list-style-type: none"> Exploring new markets, onboarding new channel partners and category expansion |

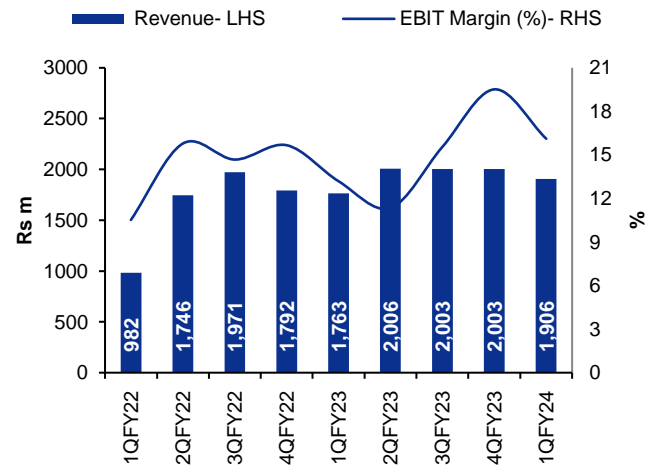
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: ECD segment's revenue and margin trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Lighting and switchgear segment's revenue and margin trend



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: 1QFY24 results snapshot

| Y/E Mar (Rs m) | 1QFY24 | 1QFY23 | yoy (%) | 4QFY23 | qoq (%) |
|-------------------|--------|--------|---------|--------|---------|
| Revenue | 7,056 | 6,216 | 13.5 | 6,579 | 7.3 |
| EBITDA | 440 | 382 | 15.3 | 464 | (5.2) |
| EBITDA margin (%) | 6.2 | 6.1 | 10 bp | 7.0 | -82 bp |
| Adj. PAT | 197 | 190 | 3.9 | 246 | (20.1) |
| Diluted EPS (Rs) | 0.9 | 0.9 | | 1.2 | |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: 1QFY24 segmental results snapshot

| | 1QFY24 | 1QFY23 | yoy (%) | 4QFY23 | qoq (%) |
|------------------------------|--------------|--------------|---------------|--------------|----------------|
| Revenue (Rs m) | | | | | |
| Electrical consumer durables | 5,150 | 4,453 | 15.6 | 4,577 | 12.5 |
| Lighting & switchgear | 1,906 | 1,763 | 8.1 | 2,003 | (4.8) |
| Total | 7,056 | 6,216 | 13.5 | 6,579 | 7.3 |
| EBIT (Rs m) | | | | | |
| Electrical consumer durables | 492 | 372 | 32.2 | 445 | 10.4 |
| Lighting & switchgear | 307 | 232 | 32.1 | 391 | (21.4) |
| Total | 799 | 604 | 32.2 | 836 | (4.5) |
| EBIT margin (%) | | | | | |
| Electrical consumer durables | 9.5 | 8.3 | 120 bp | 9.7 | -18 bp |
| Lighting & switchgear | 16.1 | 13.2 | 293 bp | 19.5 | -340 bp |
| Total | 11.3 | 10 | 160 bp | 12.7 | -139 bp |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Actuals vs. our estimates

| Rs m | 1QFY24 | 1QFY24F | Var (%) |
|-------------------|--------|---------|---------|
| Revenue | 7,056 | 6,147 | 14.8 |
| EBITDA | 440 | 433 | 1.5 |
| EBITDA margin (%) | 6.2 | 7.1 | -82 bp |
| Adj. PAT | 197 | 217 | (9.1) |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 9: Actuals vs. Bloomberg consensus

| Rs m | 1QFY24 | 1QFY24C | Var (%) |
|-------------------|--------|---------|---------|
| Revenue | 7,056 | 6,420 | 9.9 |
| EBITDA | 440 | 461 | (4.6) |
| EBITDA margin (%) | 6.2 | 7.2 | -95 bp |
| Adj. PAT | 197 | 226 | (12.9) |

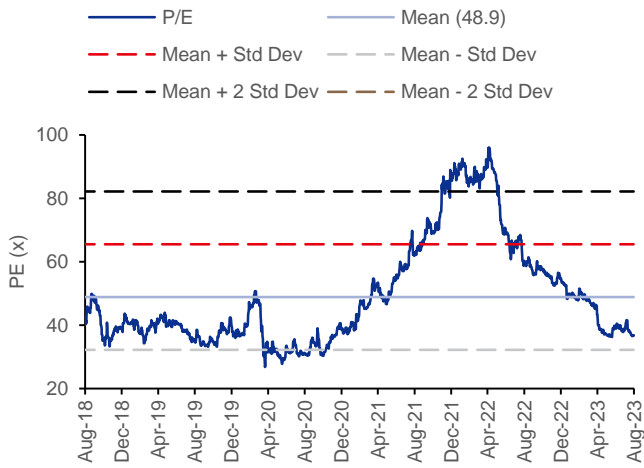
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 10: Our revised earnings estimates

| | New Estimates | | Old Estimates | | Change (%) | |
|----------------------|---------------|--------|---------------|--------|------------|-------|
| | FY24F | FY25F | FY24F | FY25F | FY24F | FY25F |
| Revenue | 28,891 | 33,137 | 28,385 | 32,642 | 1.8 | 1.5 |
| EBITDA | 2,152 | 2,900 | 2,299 | 2,807 | -6.4 | 3.3 |
| Adjusted consol. PAT | 1,068 | 1,529 | 1,250 | 1,525 | -14.5 | 0.3 |
| EPS | 5.0 | 7.2 | 5.9 | 7.2 | -14.5 | 0.3 |
| EBITDA margin (%) | 7.5 | 8.7 | 8.1 | 8.6 | -65 bp | 15 bp |

SOURCE: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 11: P/E standard deviation (since demerger)



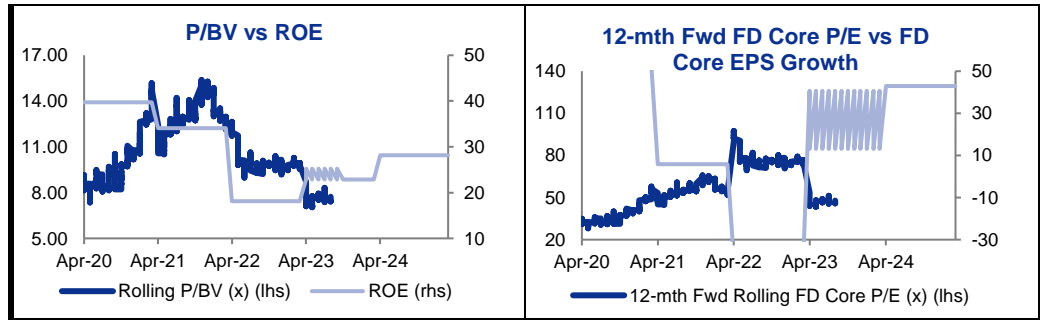
SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 12: P/E band – one-year forward EPS



SOURCE: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS



Profit & Loss

| (Rs mn) | Mar-21A | Mar-22A | Mar-23A | Mar-24F | Mar-25F |
|---|---------------|---------------|---------------|---------------|---------------|
| Total Net Revenues | 20,326 | 24,484 | 25,292 | 28,891 | 33,137 |
| Gross Profit | 6,117 | 6,818 | 7,050 | 8,884 | 10,438 |
| Operating EBITDA | 2,195 | 2,313 | 1,510 | 2,152 | 2,900 |
| Depreciation And Amortisation | (432) | (471) | (535) | (674) | (840) |
| Operating EBIT | 1,764 | 1,842 | 975 | 1,478 | 2,059 |
| Financial Income/(Expense) | (179) | (191) | (171) | (118) | (110) |
| Pretax Income/(Loss) from Assoc. | | | | | |
| Non-Operating Income/(Expense) | 35 | 46 | 215 | 60 | 63 |
| Profit Before Tax (pre-EI) | 1,619 | 1,698 | 1,019 | 1,420 | 2,012 |
| Exceptional Items | | | | | |
| Pre-tax Profit | 1,619 | 1,698 | 1,019 | 1,420 | 2,012 |
| Taxation | (422) | (431) | (261) | (351) | (483) |
| Exceptional Income - post-tax | | | | | |
| Profit After Tax | 1,197 | 1,266 | 759 | 1,068 | 1,529 |
| Minority Interests | | | | | |
| Preferred Dividends | | | | | |
| FX Gain/(Loss) - post tax | | | | | |
| Other Adjustments - post-tax | | | | | |
| Net Profit | 1,197 | 1,266 | 759 | 1,068 | 1,529 |
| Recurring Net Profit | 1,197 | 1,266 | 759 | 1,068 | 1,529 |
| Fully Diluted Recurring Net Profit | 1,197 | 1,266 | 759 | 1,068 | 1,529 |

Cash Flow

| (Rs mn) | Mar-21A | Mar-22A | Mar-23A | Mar-24F | Mar-25F |
|----------------------------------|----------------|--------------|----------------|----------------|--------------|
| EBITDA | 2,195 | 2,313 | 1,510 | 2,152 | 2,900 |
| Cash Flow from Invt. & Assoc. | | | | | |
| Change In Working Capital | 2,211 | (1,906) | 567 | (60) | 130 |
| (Incr)/Decr in Total Provisions | | | | | |
| Other Non-Cash (Income)/Expense | | | | | |
| Other Operating Cashflow | 101 | 23 | 196 | (304) | (329) |
| Net Interest (Paid)/Received | 179 | 191 | (27) | 118 | 110 |
| Tax Paid | (414) | (508) | (349) | (351) | (483) |
| Cashflow From Operations | 4,273 | 114 | 1,897 | 1,556 | 2,329 |
| Capex | (359) | (427) | (1,139) | (1,550) | (508) |
| Disposals Of FAs/subsidiaries | 1 | 4 | | | |
| Acq. Of Subsidiaries/Investments | (1,170) | 1,172 | (56) | (500) | (500) |
| Other Investing Cashflow | 22 | 33 | 95 | 104 | 130 |
| Cash Flow From Investing | (1,506) | 782 | (1,100) | (1,946) | (878) |
| Debt Raised/(repaid) | (1,008) | (208) | (203) | | |
| Proceeds From Issue Of Shares | | | 1 | | |
| Shares Repurchased | | | | | |
| Dividends Paid | (265) | (424) | (425) | (319) | (426) |
| Preferred Dividends | | | | | |
| Other Financing Cashflow | (164) | (164) | (34) | (222) | (240) |
| Cash Flow From Financing | (1,437) | (797) | (661) | (542) | (666) |
| Total Cash Generated | 1,330 | 99 | 137 | (932) | 785 |
| Free Cashflow To Equity | 1,759 | 688 | 594 | (390) | 1,451 |
| Free Cashflow To Firm | 2,559 | 693 | 710 | (613) | 1,211 |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

| Balance Sheet | | | | | |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|
| (Rs mn) | Mar-21A | Mar-22A | Mar-23A | Mar-24F | Mar-25F |
| Total Cash And Equivalents | 2,956 | 1,858 | 1,948 | 1,517 | 2,802 |
| Total Debtors | 3,552 | 3,904 | 3,560 | 3,958 | 4,358 |
| Inventories | 2,492 | 3,261 | 2,846 | 2,929 | 3,178 |
| Total Other Current Assets | 345 | 390 | 647 | 554 | 636 |
| Total Current Assets | 9,345 | 9,412 | 9,002 | 8,957 | 10,972 |
| Fixed Assets | 1,442 | 1,642 | 1,455 | 3,386 | 3,335 |
| Total Investments | | | | | |
| Intangible Assets | | | | | |
| Total Other Non-Current Assets | 837 | 820 | 2,189 | 1,380 | 1,380 |
| Total Non-current Assets | 2,279 | 2,462 | 3,644 | 4,766 | 4,714 |
| Short-term Debt | 135 | 147 | 101 | 101 | 101 |
| Current Portion of Long-Term Debt | | | | | |
| Total Creditors | 5,191 | 4,495 | 4,530 | 4,749 | 5,447 |
| Other Current Liabilities | 1,036 | 930 | 1,000 | 1,108 | 1,271 |
| Total Current Liabilities | 6,362 | 5,572 | 5,631 | 5,958 | 6,819 |
| Total Long-term Debt | 17 | | | | |
| Hybrid Debt - Debt Component | | | | | |
| Total Other Non-Current Liabilities | 688 | 886 | 1,169 | 1,169 | 1,169 |
| Total Non-current Liabilities | 705 | 886 | 1,169 | 1,169 | 1,169 |
| Total Provisions | | | | | |
| Total Liabilities | 7,067 | 6,457 | 6,800 | 7,127 | 7,988 |
| Shareholders Equity | 4,557 | 5,417 | 5,846 | 6,596 | 7,699 |
| Minority Interests | | | | | |
| Total Equity | 4,557 | 5,417 | 5,846 | 6,596 | 7,699 |

| Key Ratios | | | | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| | Mar-21A | Mar-22A | Mar-23A | Mar-24F | Mar-25F |
| Revenue Growth | (1.4%) | 20.5% | 3.3% | 14.2% | 14.7% |
| Operating EBITDA Growth | 24.4% | 5.4% | (34.7%) | 42.6% | 34.7% |
| Operating EBITDA Margin | 10.8% | 9.4% | 6.0% | 7.5% | 8.7% |
| Net Cash Per Share (Rs) | 13.21 | 8.06 | 8.71 | 6.66 | 12.69 |
| BVPS (Rs) | 21.47 | 25.53 | 27.55 | 31.04 | 36.18 |
| Gross Interest Cover | 8.51 | 9.08 | 4.40 | 6.65 | 8.58 |
| Effective Tax Rate | 26.0% | 25.4% | 25.6% | 24.8% | 24.0% |
| Net Dividend Payout Ratio | 26.2% | 25.0% | 31.3% | 22.5% | 21.2% |
| Accounts Receivables Days | 64.55 | 55.57 | 53.85 | 47.49 | 45.80 |
| Inventory Days | 68.80 | 59.42 | 61.10 | 52.68 | 49.09 |
| Accounts Payables Days | 109.12 | 100.06 | 90.28 | 84.64 | 81.98 |
| ROIC (%) | 32.7% | 75.5% | 21.2% | 28.6% | 32.4% |
| ROCE (%) | 38.4% | 36.1% | 17.8% | 25.0% | 30.2% |
| Return On Average Assets | 16.9% | 16.1% | 9.7% | 11.7% | 14.4% |

SOURCE: INCRED RESEARCH, COMPANY REPORTS

DISCLAIMER

This report (including the views and opinions expressed therein, and the information comprised therein) has been prepared by Incred Research Services Private Ltd. (formerly known as Earnest Innovation Partners Private Limited) (hereinafter referred to as "IRSPL"). IRSPL is registered with SEBI as a Research Analyst vide Registration No. INH000007793. Pursuant to a trademark agreement, IRSPL has adopted "Incred Equities" as its trademark for use in this report.

The term "IRSPL" shall, unless the context otherwise requires, mean IRSPL and its affiliates, subsidiaries and related companies. This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IRSPL and its affiliates/group companies to registration or licensing requirements within such jurisdictions.

This report is being supplied to you strictly on the basis that it will remain confidential. No part of this report may be (i) copied, photocopied, duplicated, stored or reproduced in any form by any means; or (ii) redistributed or passed on, directly or indirectly, to any other person in whole or in part, for any purpose without the prior written consent of IRSPL.

The information contained in this report is prepared from data believed to be correct and reliable at the time of issue of this report.

IRSPL is not required to issue regular reports on the subject matter of this report at any frequency and it may cease to do so or change the periodicity of reports at any time. IRSPL is not under any obligation to update this report in the event of a material change to the information contained in this report. IRSPL has not any and will not accept any, obligation to (i) check or ensure that the contents of this report remain current, reliable or relevant; (ii) ensure that the content of this report constitutes all the information a prospective investor may require; (iii) ensure the adequacy, accuracy, completeness, reliability or fairness of any views, opinions and information, and accordingly, IRSPL and its affiliates/group companies (and their respective directors, associates, connected persons and/or employees) shall not be liable in any manner whatsoever for any consequences (including but not limited to any direct, indirect or consequential losses, loss of profits and damages) of any reliance thereon or usage thereof.

Unless otherwise specified, this report is based upon reasonable sources. Such sources will, unless otherwise specified, for market data, be market data and prices available from the main stock exchange or market where the relevant security is listed, or, where appropriate, any other market. Information on the accounts and business of company(ies) will generally be based on published statements of the company(ies), information disseminated by regulatory information services, other publicly available information and information resulting from our research. Whilst every effort is made to ensure that statements of facts made in this report are accurate, all estimates, projections, forecasts, expressions of opinion and other subjective judgments contained in this report are based on assumptions considered to be reasonable as of the date of the document in which they are contained and must not be construed as a representation that the matters referred to therein will occur. Past performance is not a reliable indicator of future performance. The value of investments may go down as well as up and those investing may, depending on the investments in question, lose more than the initial investment. No report shall constitute an offer or an invitation by or on behalf of IRSPL and its affiliates/group companies to any person to buy or sell any investments.

The opinions expressed are based on information which are believed to be accurate and complete and obtained through reliable public or other non-confidential sources at the time made. (Information barriers and other arrangements may be established where necessary to prevent conflicts of interests arising. However, the analyst(s) may receive compensation that is based on his/their coverage of company(ies) in the performance of his/their duties or the performance of his/their recommendations. In reviewing this report, an investor should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Additional information is, subject to the duties of confidentiality, available on request. The report is not a "prospectus" as defined under Indian Law, including the Companies Act, 2013, and is not, and shall not be, approved by, or filed or registered with, any Indian regulator, including any Registrar of Companies in India, SEBI, any Indian stock exchange, or the Reserve Bank of India. No offer, or invitation to offer, or solicitation of subscription with respect to any such securities listed or proposed to be listed in India is being made, or intended to be made, to the public, or to any member or section of the public in India, through or pursuant to this report.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

The research analysts, strategists or economists principally responsible for the preparation of this research report are segregated from the other activities of IRSPL. Information barriers and other arrangements have been established, as required, to prevent any conflicts of interests.

IRSPL may have issued other reports (based on technical analysis, event specific, short term views etc.) that are inconsistent with and reach different conclusion from the information presented in this report.

Holding of Analysts/Relatives of Analysts, IRSPL and Associates of IRSPL in the covered securities, as on the date of publishing of this report

| | Analyst/ Relative | Entity/ Associates |
|---|----------------------|-----------------------|
| any financial interests in the company covered in this report (subject company) and nature of such financial interest | NO | NO |
| actual/beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the research report or date of the public appearance; | NO | NO |
| any other material conflict of interest at the time of publication of the research report or at the time of public appearance | NO | NO |
| received any compensation from the subject company in the past twelve months for investment banking or merchant banking or brokerage services or investment advisory or depository or distribution from the subject company in the last twelve months for products/services other than investment banking or merchant banking or broker- age services or investment advisory or depository or distribution from the subject company in the last twelve months | NO | NO |
| managed or co-managed public offering of securities for the subject company in the last twelve months | NO | NO |
| received any compensation or other benefits from the subject company or third party in connection with the research report | NO | NO |
| served as an officer, director or employee of the subject company | NO | NO |
| been engaged in market making activity for the subject company | NO | NO |

Analyst declaration

- The analyst responsible for the production of this report hereby certifies that the views expressed herein accurately and exclusively reflect his or her personal views and opinions about any and all of the issuers or securities analysed in this report and were prepared independently and autonomously in an unbiased manner.
- No part of the compensation of the analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations(s) or view(s) in this report or based any specific investment banking transaction.
- The analyst(s) has(have) not had any serious disciplinary action taken against him/her(them).
- The analyst, strategist, or economist does not have any material conflict of interest at the time of publication of this report.
- The analyst(s) has(have) received compensation based upon various factors, including quality, accuracy and value of research, overall firm performance, client feedback and competitive factors.

IRSPL and/or its affiliates and/or its Directors/employees may own or have positions in securities of the company(ies) covered in this report or any securities related thereto and may from time to time add to or dispose of, or may be materially interested in, any such securities.

IRSPL and/or its affiliates and/or its Directors/employees may do and seek to do business with the company(ies) covered in this research report and may from time to time (a) buy/sell the securities covered in this report, from time to time and/or (b) act as market maker or have assumed an underwriting commitment in securities of such company(ies), and/or (c) may sell them to or buy them from customers on a principal basis and/or (d) may also perform or seek to perform significant investment banking, advisory, underwriting or placement services for or relating to such company(ies) and/or (e) solicit such investment, advisory or other services from any entity mentioned in this report and/or (f) act as a lender/borrower to such company and may earn brokerage or other compensation. However, Analysts are forbidden to acquire, on their own account or hold securities (physical or uncertificated, including derivatives) of companies in respect of which they are compiling and producing financial recommendations or in the result of which they play a key part.