

India

**REDUCE** (no change)

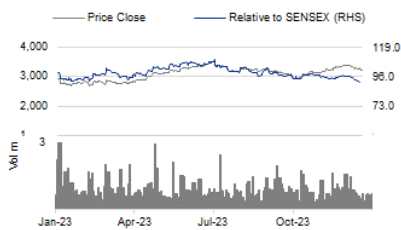
Consensus ratings\*: Buy 11 Hold 11 Sell 14

Current price:	Rs3,242
Target price:	Rs3,000
Previous target:	Rs3,000
Up/downside:	-7.5%
InCred Research / Consensus:	-8.1%
Reuters:	ASPN.NS
Bloomberg:	APNT IN
Market cap:	US\$37,409m
	Rs3,110,007m
Average daily turnover:	US\$34.6m
	Rs2880.1m
Current shares o/s:	959.2m
Free float:	47.4%

\*Source: Bloomberg

**Key changes in this note**

- Raise FY24F/25F EPS by 5.1%/0.5%.

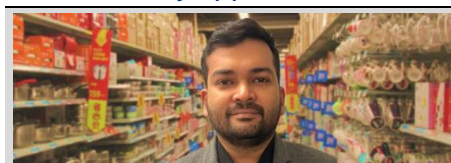


Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	(2.7)	4.7	10.1
Relative (%)	(2.9)	(3.5)	(6.0)

Major shareholders	% held
Promoter and Promoter Group	52.6
LIC	5.0
Vanguard Group	1.9

**Research Analyst(s)**



**Rohan KALLE**

T (91) 22 4161 1561  
E rohan.kalle@incredresearch.com

**Nishant BAGRECHA**

T (91) 22 4161 1564  
E nishant.bagrecha@incredresearch.com

# Asian Paints Limited

## Margins likely to remain rangebound

- Consolidated sales in 3QFY24 grew 5.4% yoy. The decorative/industrial segments grew 5.2%/11.5% yoy, respectively. Volume growth stood at 12%.
- Management is optimistic about continued double-digit volume growth in 4QFY24F. Margins are likely to taper off gradually post FY24F.
- As competition intensifies with Grasim's entry into the market, we see limited room for near-term margin expansion. Retain REDUCE with a TP of Rs3,000.

### Double-digit volume growth driven by both urban and rural markets

Asian Paints' (APNT) reported a 5.2% yoy sales growth in its decorative business, driven by a 12% volume growth, indicating a price cut of 6.8%, in 3QFY24. The industrial segment continued to post faster growth in 3Q, growing 11.5% yoy. Both urban and rural markets performed well for the decorative segment, driving a double-digit growth across the luxury and economy ranges, while the premium range grew at a slower pace. The international business division's (IBD) sales growth was flat yoy (+5% yoy in constant currency or CC terms), largely driven by the macroeconomic uncertainty and forex-related constraints in the key markets of South Asia and Egypt. The IBD posted a PBT margin of 9%, up 266bp yoy. With competitive intensity likely to step up from 4QFY24F post Grasim's entry, we expect the pricing to remain a key lever for continued growth as the consumer sentiment is likely to remain subdued, which may impact growth.

### Industrial biz maintains its pace; home décor biz remains subdued

Asian Paints' home improvement business continues to remain subdued, with the bath business declining by 5% yoy while the kitchen business was flat in 3QFY24, after four consecutive quarters of a double-digit decline. Management targets taking the home décor business to 8-10% of the decorative segment's sales by FY26F, from 4% currently. Within the industrial segment, PPG-AP (auto OEM) revenue grew 12% led by the refinish and automobile OEM segments, with its highest-ever PBT margin of 22.2% in 3QFY24. AP-PPG posted a 10% yoy growth led by protective and powder coatings. The PBT margin stood at 11.5%. The brownfield expansion at Khandala and Kasna plants has been completed and their capacity has been expanded by 1,00,000 KLPA at each facility.

### Margins likely to taper off gradually from here on; retain REDUCE

While the festive demand lifted sales growth in 3Q, and 4QFY24F is likely to continue recording a double-digit volume growth, we expect value growth to remain subdued as Asian Paints is likely to continue stepping up its rebating intensity, leading to further price cuts in the decorative paints segment. Management maintains its guidance of a 18-20% EBITDA margin in the medium term. We expect the competitive intensity to step up gradually from 4QFY24F with the launch of Birla Opus, and lower pricing power in the case of raw material inflation leading to a challenging environment in the near term. We maintain our REDUCE rating on the stock with a Mar 2025F target price of Rs3,000 (50x FY26F EPS). Upside risk: The company maintaining its market share despite intense competition.

### Financial Summary

	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
Revenue (Rsm)	291,013	344,886	364,182	395,806	432,939
Operating EBITDA (Rsm)	48,036	62,598	78,063	79,225	81,862
Net Profit (Rsm)	30,308	41,065	55,888	55,849	57,837
Core EPS (Rs)	32.5	43.2	58.3	58.2	60.3
Core EPS Growth	(3.1%)	32.9%	34.9%	(0.1%)	3.6%
FD Core P/E (x)	102.62	75.73	55.65	55.69	53.77
DPS (Rs)	19.1	24.6	31.3	31.1	32.0
Dividend Yield	0.57%	0.62%	0.97%	0.96%	0.99%
EV/EBITDA (x)	64.52	49.50	39.30	38.59	37.18
P/FCFE (x)	269.00	137.44	61.50	74.17	68.96
Net Gearing	(10.0%)	(9.8%)	(24.2%)	(26.6%)	(29.3%)
P/BV (x)	21.90	19.45	16.66	14.67	13.04
ROE	23.1%	27.4%	32.2%	28.0%	25.7%
% Change In Core EPS Estimates			5.08%	0.50%	(0.49%)
InCred Research/Consensus EPS (x)					

SOURCE: INCRED RESEARCH, COMPANY REPORTS

---

## Margins to remain rangebound

### Key takeaways from the earnings call

#### Decorative business

- Volumes were up 12% yoy in 3QFY24 (up 9% yoy in 9MFY24) led by a healthy growth across the urban and rural markets, with early signs of a recovery visible in the rural market. T1-T3 cities posted similar growth, which led to growth in the economy range.
- Improvement in the sales mix was led by the luxury and economy range (typically c.80% of the demand for emulsions) growing in double digits. The premium range grew at a slower pace. The waterproofing range continued to post strong growth.
- The projects business continued to grow led by builder, industrial and government sectors. Over the last six-to-seven years, growth has been strong. Asian Paints is a part of the projects in Ayodhya and other notable projects. A large portion of airport expansion projects across India use Asian Paints' waterproofing and decorative paint products.
- New products or NPD contributed 12% to overall sales. 30% of its patents have been commercialized as of 3QFY24-end.
- The distribution network expansion continued, adding 2,000 touch points in 3QFY24.
- The Khandala and Kasna factories, which commenced operations in 3QFY24, will add 2,00,000 KLPA to the company's overall capacity.
- Safe painting services have now been extended to over 650 towns. The vertical integration of painting tools, including spraying machines, has been rolled out.

#### International business

- Africa revenue was up 10% yoy at Rs2,010m.
- Middle East revenue was up 5% yoy at Rs2,520m.
- Asia revenue was down 11% yoy at Rs2,890m led by the liquidity crunch in Nepal and the macroeconomic uncertainty in Bangladesh. Sri Lanka business witnessed a recovery.
- South Pacific revenue was up 13% yoy at Rs450m.

#### Industrial business

- **PPG-AP (auto OEM):** Revenue grew 12% yoy to Rs5,760m in 3QFY24 led by refinish and automobile OEM segments. The PBT margin stood at 22.2% in 3QFY24 vs. 17.8% in 3QFY23.
- **AP-PPG (general industrial)** Posted a 10% yoy revenue growth led by protective coatings and powder coatings segments. The PBT margin stood at 11.5% in 3QFY24 vs. 9.8% in 3QFY23.

#### Home decor business

- Home decor business currently accounts for 4% of the decorative paints business. Targeting 8-10% by FY26F.
- Beautiful Homes platform now at 54 stores across 11 cities.
- White teak: Revenue grew 18% yoy to Rs340m. Well accepted by architects and designers. Seeing good synergy from the Beautiful Homes platform.
- Weather Seal more than doubled its revenue to Rs140m in 3QFY24.
- Kitchen business was flat yoy in 3QFY24 after four quarters of continued decline. The focus remains on expanding the reach.

- Bath products business declined by 5% yoy in 3QFY24 led by weak demand at the industry level. The focus will be on propping up the category and synergizing it with the Beautiful Homes platform.

### Margins and input costs

- Raw material deflation stood at 0.2% while price cuts were taken to the tune of 1% in 3QFY24 (vs. raw material deflation of 7% in 3QFY23/inflation of 2% with a 1% price hike in 2QFY23).
- The benefits from backward integration will take some time to trickle in as they will become operational towards the end of next year.
- Management maintains its EBITDA margin guidance of 18-20% for FY24F.

### Outlook

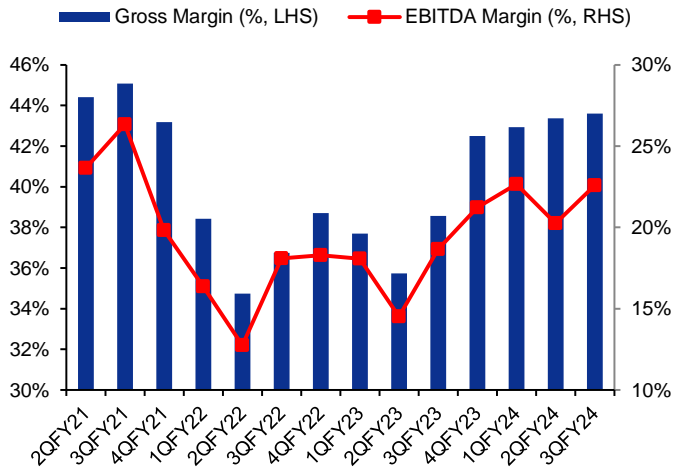
- Management expects the double-digit volume growth momentum to sustain in 4QFY24F. T3-T4 cities are showing an uptick and are expected to continue the trend in the near term.
- Management is optimistic about growth in the industrial business and scaling up the home decor foray.
- The raw material deflationary trend is likely to continue in 4QFY24F.
- Macroeconomic headwinds are likely to persist in the international market, especially South Asia and Egypt.

**Figure 1: Quarterly summary - Consolidated**

Y/E Mar (Rs m)	3QFY23	2QFY24	3QFY24	YoY (%)	QoQ (%)	9MFY23	9MFY24	(%)
<b>Revenue</b>	<b>86,367</b>	<b>84,786</b>	<b>91,031</b>	5.4	7.4	<b>2,57,013</b>	<b>2,67,640</b>	4.1
<b>Expenditure</b>	<b>70,253</b>	<b>67,623</b>	<b>70,470</b>	0.3	4.2	<b>2,13,062</b>	<b>2,09,111</b>	-1.9
Consumption of RM	53,058	48,015	51,336	-3.2	6.9	1,61,033	1,51,755	-5.8
as % of sales	61.4	56.6	56.4			62.7	56.7	
Employee Cost	5,038	5,961	5,702	13.2	-4.3	15,060	17,527	16.4
as % of sales	5.8	7.0	6.3			5.9	6.5	
Other expenditure	12,158	13,648	13,432	10.5	-1.6	36,969	39,829	7.7
as % of sales	14.1	16.1	14.8			14.4	14.9	
<b>EBITDA</b>	<b>16,114</b>	<b>17,162</b>	<b>20,561</b>	<b>27.6</b>	<b>19.8</b>	<b>43,951</b>	<b>58,529</b>	<b>33.2</b>
Depreciation	2,141	2,087	2,204	2.9	5.6	6,379	6,274	-1.6
<b>EBIT</b>	<b>13,974</b>	<b>15,075</b>	<b>18,357</b>	<b>31.4</b>	<b>21.8</b>	<b>37,572</b>	<b>52,255</b>	<b>39.1</b>
Other Income	866	1,652	1,386	60.1	-16.1	2,810	5,009	78.2
Interest	414	509	544	31.5	6.9	1,055	1,511	43.1
<b>PBT</b>	<b>14,426</b>	<b>16,218</b>	<b>19,199</b>	<b>33.1</b>	<b>18.4</b>	<b>39,327</b>	<b>55,753</b>	<b>41.8</b>
Total Tax	3,811	4,186	4,926	29.2	17.7	10,421	14,413	38.3
<b>PAT</b>	<b>10,614</b>	<b>12,033</b>	<b>14,273</b>	<b>34.5</b>	<b>18.6</b>	<b>28,906</b>	<b>41,340</b>	<b>43.0</b>
Minority Interest	-113	-22	-204	81.5	846.3	-59	-288	389.0
<b>Adjusted Net Profit</b>	<b>10,727</b>	<b>12,054</b>	<b>14,477</b>	<b>35.0</b>	<b>20.1</b>	<b>28,965</b>	<b>41,628</b>	<b>43.7</b>
Extraordinary Items	0	0	0	NA	NA	242	-407	-268.1
<b>Reported Net Profit</b>	<b>10,727</b>	<b>12,054</b>	<b>14,477</b>	<b>35.0</b>	<b>20.1</b>	<b>28,723</b>	<b>42,035</b>	<b>46.3</b>
<b>Adjusted EPS</b>	<b>11.2</b>	<b>12.6</b>	<b>15.1</b>	<b>35.0</b>	<b>20.1</b>	<b>30.2</b>	<b>43.4</b>	<b>43.7</b>
<b>Margins (%)</b>	<b>3QFY23</b>	<b>2QFY24</b>	<b>3QFY24</b>	<b>YoY (bp)</b>	<b>QoQ (bp)</b>	<b>9MFY23</b>	<b>9MFY24</b>	<b>(bp)</b>
Gross Margin	38.6	43.4	43.6	500	20	37.3	43.3	600
EBITDA	18.7	20.2	22.6	390	230	17.1	21.9	480
EBIT	16.2	17.8	20.2	400	240	14.6	19.5	490
EBT	16.7	19.1	21.1	440	200	15.3	20.8	550
PAT	12.3	14.2	15.7	340	150	11.2	15.4	420
Effective Tax Rate	26.4	25.8	25.7	-80	-10	26.5	25.9	-60

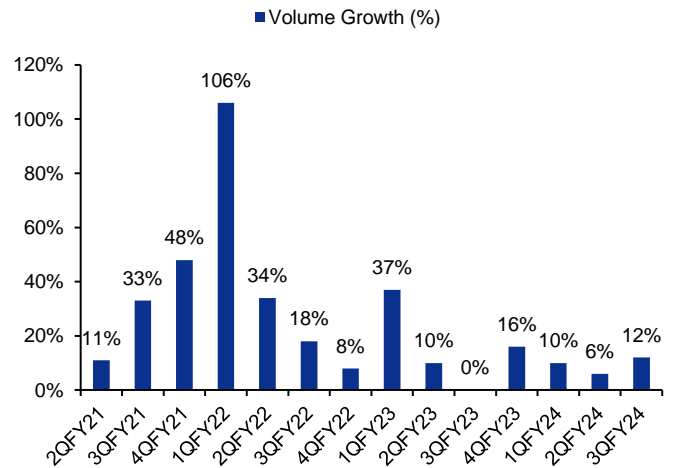
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Gross margin expands by 504 bp yoy to 43.6%



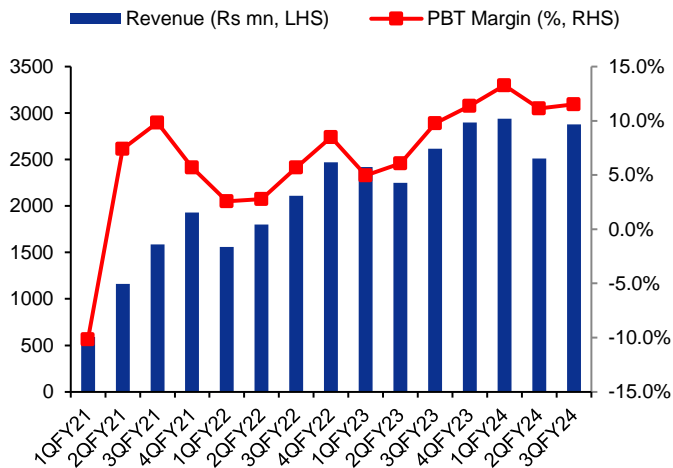
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Volume grew 12% yoy in 3QFY24



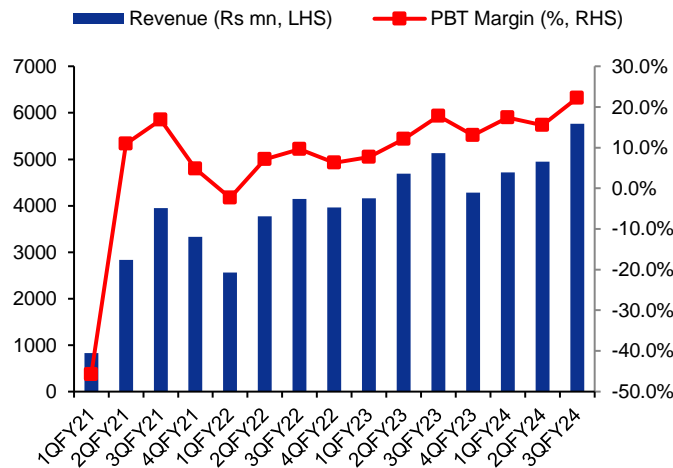
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 4: AP-PPG sales grew 10.1% yoy in 3QFY24



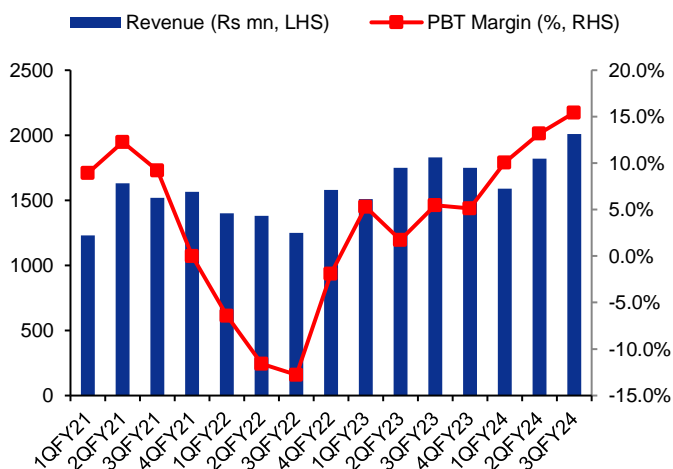
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 5: PPG-AP sales grew 12.2% yoy in 3QFY24



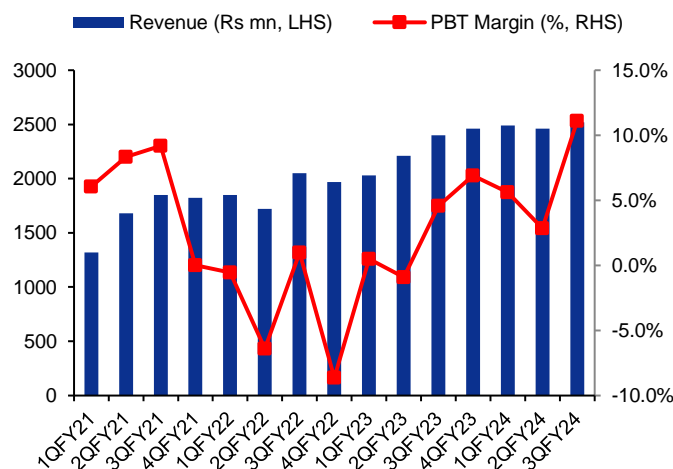
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Africa revenue grew 9.8% yoy in 3QFY24



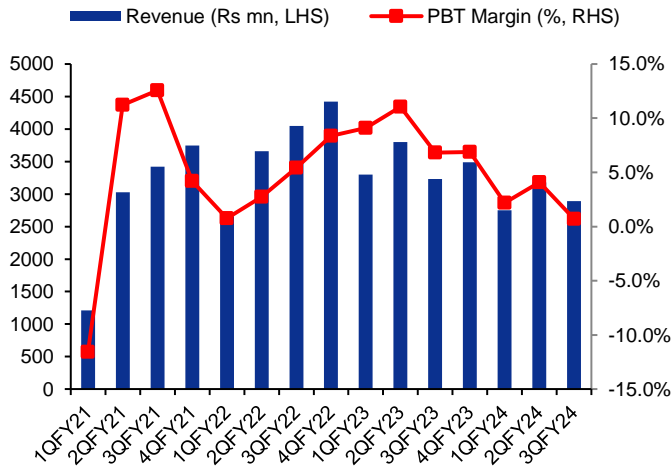
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Middle East sales grew 5% yoy in 3QFY24



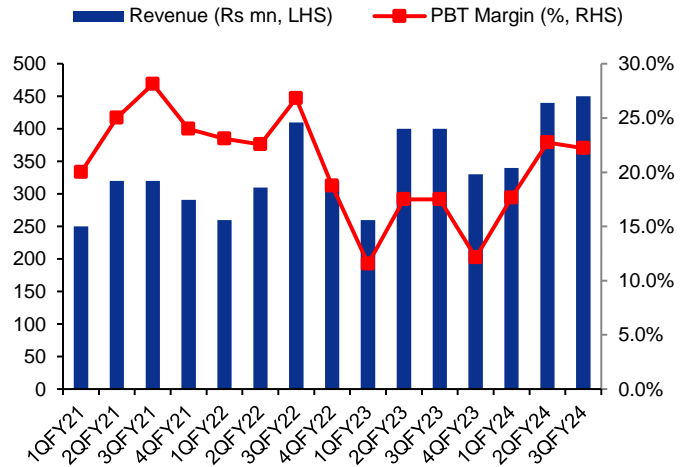
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 8: Asia PBT margins declined by 612bp yoy to 0.7% in 3QFY24**



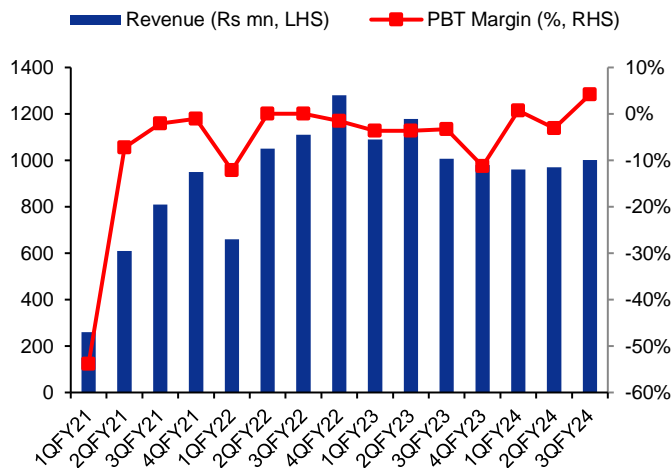
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 9: South Pacific PBT margin expanded by 472bp yoy to 22.2% in 3QFY24**



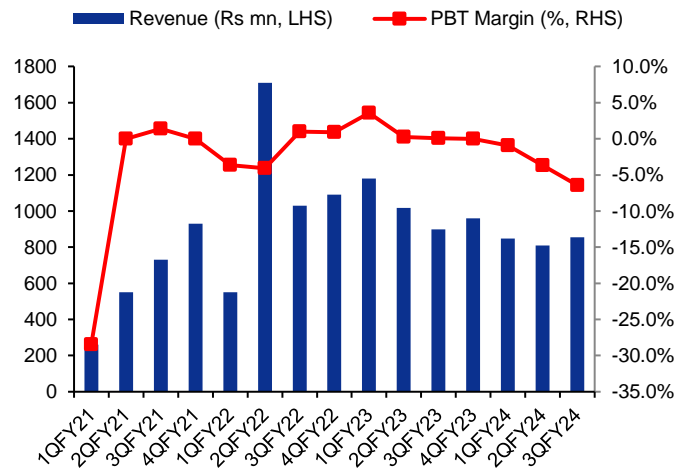
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 10: Kitchen products business was flat yoy in 3QFY24**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 11: Bath products business declined by 5% yoy in 3QFY24**



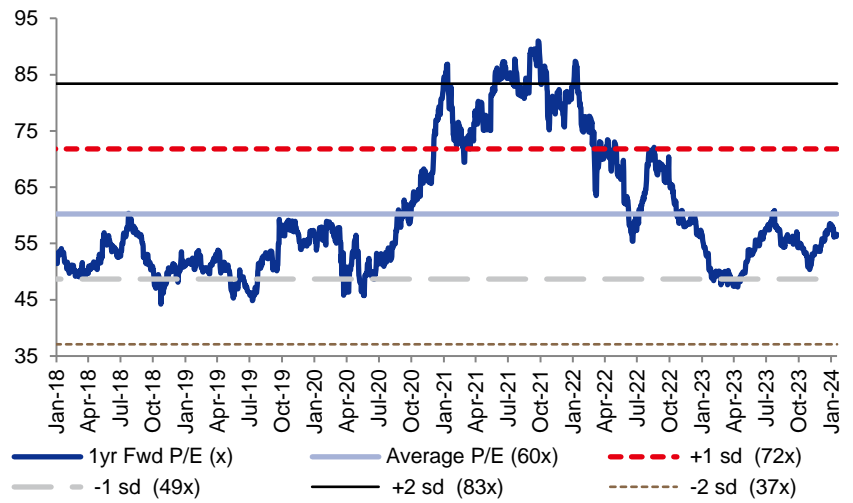
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 12: Our revised earnings estimates**

Y/E Mar (Rs m)	FY24F			FY25F			FY26F		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Introduced	% Change
Revenue	3,72,085	3,64,182	(2.1)	4,03,731	3,95,806	(2.0)	4,41,608	4,32,939	(2.0)
EBITDA	76,509	78,062	2.0	79,735	79,225	(0.6)	83,460	81,862	(1.9)
EBITDA Margin (%)	20.6	21.4	80bp	19.7	20.0	32bp	18.9	18.9	1bp
Net Profit	53,188	55,888	5.1	55,569	55,849	0.5	58,119	57,837	(0.5)
EPS	55.5	58.3	5.1	57.9	58.2	0.5	60.6	60.3	(0.5)

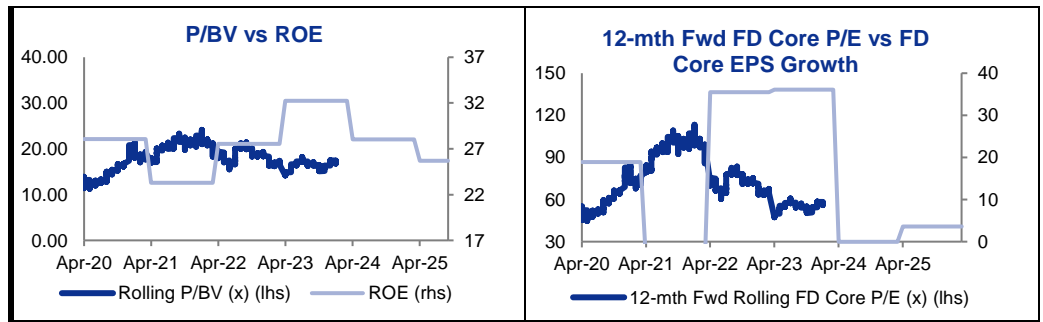
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: Asian Paints' one-year forward P/E trades close to its five-year average



SOURCE: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS



Profit & Loss

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>Total Net Revenues</b>	<b>291,013</b>	<b>344,886</b>	<b>364,182</b>	<b>395,806</b>	<b>432,939</b>
<b>Gross Profit</b>	<b>108,005</b>	<b>133,321</b>	<b>154,552</b>	<b>163,490</b>	<b>176,042</b>
<b>Operating EBITDA</b>	<b>48,036</b>	<b>62,598</b>	<b>78,063</b>	<b>79,225</b>	<b>81,862</b>
Depreciation And Amortisation	(8,164)	(8,580)	(8,005)	(8,552)	(8,892)
<b>Operating EBIT</b>	<b>39,873</b>	<b>54,018</b>	<b>70,058</b>	<b>70,673</b>	<b>72,970</b>
Financial Income/(Expense)	2,846	2,420	3,755	3,941	4,253
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
<b>Profit Before Tax (pre-EI)</b>	<b>42,719</b>	<b>56,439</b>	<b>73,813</b>	<b>74,614</b>	<b>77,223</b>
Exceptional Items	(1,157)	(489)			
<b>Pre-tax Profit</b>	<b>41,562</b>	<b>55,950</b>	<b>73,813</b>	<b>74,614</b>	<b>77,223</b>
Taxation	(11,029)	(14,935)	(18,325)	(18,464)	(19,087)
Exceptional Income - post-tax					
<b>Profit After Tax</b>	<b>30,532</b>	<b>41,015</b>	<b>55,488</b>	<b>56,149</b>	<b>58,137</b>
Minority Interests	(225)	50	400	(300)	(300)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
<b>Net Profit</b>	<b>30,308</b>	<b>41,065</b>	<b>55,888</b>	<b>55,849</b>	<b>57,837</b>
Recurring Net Profit	31,157	41,423	55,888	55,849	57,837
<b>Fully Diluted Recurring Net Profit</b>	<b>31,157</b>	<b>41,423</b>	<b>55,888</b>	<b>55,849</b>	<b>57,837</b>

Cash Flow

(Rs mn)	Mar-22A	Mar-23A	Mar-24F	Mar-25F	Mar-26F
<b>EBITDA</b>	<b>48,036</b>	<b>62,598</b>	<b>78,063</b>	<b>79,225</b>	<b>81,862</b>
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(40,321)	(3,602)	24,048	2,927	3,772
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow					
Net Interest (Paid)/Received	(954)	(1,445)	(965)	(1,051)	(1,025)
Tax Paid	(11,029)	(14,935)	(18,325)	(18,464)	(19,087)
<b>Cashflow From Operations</b>	<b>(4,268)</b>	<b>42,617</b>	<b>82,820</b>	<b>62,636</b>	<b>65,522</b>
Capex	(7,801)	(17,170)	(30,426)	(25,700)	(25,700)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	18,693	(6,277)	3,856	4,992	5,278
<b>Cash Flow From Investing</b>	<b>10,892</b>	<b>(23,447)</b>	<b>(26,570)</b>	<b>(20,708)</b>	<b>(20,422)</b>
Debt Raised/(repaid)	4,938	3,457	(5,676)		
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(17,628)	(19,361)	(30,033)	(29,864)	(30,679)
Preferred Dividends					
Other Financing Cashflow	(115)	(3,128)	1,079	(682)	(682)
<b>Cash Flow From Financing</b>	<b>(12,805)</b>	<b>(19,031)</b>	<b>(34,630)</b>	<b>(30,546)</b>	<b>(31,361)</b>
Total Cash Generated	(6,181)	140	21,620	11,382	13,739
<b>Free Cashflow To Equity</b>	<b>11,561</b>	<b>22,628</b>	<b>50,573</b>	<b>41,928</b>	<b>45,100</b>
<b>Free Cashflow To Firm</b>	<b>7,578</b>	<b>20,615</b>	<b>57,215</b>	<b>42,980</b>	<b>46,125</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>					
<b>(Rs mn)</b>	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Total Cash And Equivalents	30,450	35,408	59,934	71,316	85,055
Total Debtors	38,738	46,391	35,918	37,234	38,653
Inventories	61,530	62,106	55,248	57,246	59,517
Total Other Current Assets	28,743	30,340	27,292	27,292	27,292
<b>Total Current Assets</b>	<b>159,461</b>	<b>174,246</b>	<b>178,392</b>	<b>193,088</b>	<b>210,518</b>
Fixed Assets	57,026	65,616	88,037	105,184	121,993
Total Investments	10,668	15,647	17,345	17,345	17,345
Intangible Assets	2,429	2,285	2,429	2,429	2,429
Total Other Non-Current Assets			514	557	610
<b>Total Non-current Assets</b>	<b>70,123</b>	<b>83,548</b>	<b>108,324</b>	<b>125,515</b>	<b>142,376</b>
Short-term Debt	9,440	11,275	5,440	5,440	5,440
Current Portion of Long-Term Debt					
Total Creditors	61,741	67,797	71,517	77,573	84,812
Other Current Liabilities	697	742			
<b>Total Current Liabilities</b>	<b>71,878</b>	<b>79,815</b>	<b>76,956</b>	<b>83,013</b>	<b>90,252</b>
Total Long-term Debt	6,429	8,051	8,210	8,210	8,210
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
<b>Total Non-current Liabilities</b>	<b>6,429</b>	<b>8,051</b>	<b>8,210</b>	<b>8,210</b>	<b>8,210</b>
Total Provisions	6,109	6,211	6,465	6,694	6,969
<b>Total Liabilities</b>	<b>84,415</b>	<b>94,077</b>	<b>91,632</b>	<b>97,917</b>	<b>105,431</b>
Shareholders Equity	141,991	159,922	186,726	212,028	238,504
Minority Interests	3,875	4,537	4,475	4,775	5,075
<b>Total Equity</b>	<b>145,866</b>	<b>164,459</b>	<b>191,201</b>	<b>216,804</b>	<b>243,579</b>

<b>Key Ratios</b>					
	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Revenue Growth	34.0%	18.5%	5.6%	8.7%	9.4%
Operating EBITDA Growth	(1.1%)	30.3%	24.7%	1.5%	3.3%
Operating EBITDA Margin	16.5%	18.2%	21.4%	20.0%	18.9%
Net Cash Per Share (Rs)	15.20	16.77	48.25	60.12	74.44
BVPS (Rs)	148.03	166.72	194.67	221.05	248.65
Gross Interest Cover	41.79	37.40	72.56	67.22	71.19
Effective Tax Rate	26.5%	26.7%	24.8%	24.7%	24.7%
Net Dividend Payout Ratio	56.0%	46.6%	53.7%	53.5%	53.0%
Accounts Receivables Days	40.63	45.05	41.25	33.73	31.99
Inventory Days	99.24	106.65	102.17	88.37	82.95
Accounts Payables Days	114.83	111.74	121.28	117.12	115.36
ROIC (%)	31.6%	39.1%	50.8%	46.4%	44.0%
ROCE (%)	26.1%	31.4%	36.1%	32.6%	30.1%
Return On Average Assets	13.3%	16.0%	19.0%	17.2%	16.0%

<b>Key Drivers</b>					
	<b>Mar-22A</b>	<b>Mar-23A</b>	<b>Mar-24F</b>	<b>Mar-25F</b>	<b>Mar-26F</b>
Domestic decorative revenue growth	36.0%	19.4%	5.5%	8.5%	9.4%
EBIDTA margins	16.5%	18.2%	21.4%	20.0%	18.9%

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. INH000011024. 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.