

# Stock Update

## Crompton Greaves Consumer Electricals Ltd.

September 07, 2023





# Crompton Greaves Consumer Electricals Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Consumer Durables	Rs. 309	Buy in Rs. 308-314 band and add more on dips in Rs. 270-276 band	Rs. 344	Rs. 367	3-4 quarters

HDFC Scrip Code	CROCONEQNR
BSE Code	539876
NSE Code	CROMPTON
Bloomberg	CROMPTON IN
CMP (Sept 06, 2023)	309
Equity Capital (RsCr)	127
Face Value (Rs)	2
Equity Share O/S (Cr)	64
Market Cap (RsCr)	19790
Book Value (Rs)	49
Avg. 52 Wk Volumes (in '000s)	2532
52 Week High	428
52 Week Low	251

Share holding Pattern % (June, 2023)	
Promoters	0.0
Institutions	83.70
Non Institutions	16.30
Total	100.0



\* Refer at the end for explanation on Risk Ratings

**Fundamental Research Analyst**  
Harsh Sheth  
[Harsh.Sheth@hdfcsec.com](mailto:Harsh.Sheth@hdfcsec.com)

## Our Take:

Crompton is arguably India's strongest 'mass premium' brand in consumer electricals. Fans and residential pumps contribute 60% to revenues, with fat market shares of 24% and 28% respectively. Lighting is a highly competitive and evolving space, where Crompton is the third largest player. Crompton has been the market leader in fans, domestic pumps and street lighting for over 20 years. Additionally, it manufactures household appliances such as geysers, mixer-grinders, toasters and irons and sells them under the brand name Crompton.

In addition, the acquisition of Butterfly Gandhimathi Appliances Limited will accelerate the long-term strategic goal of becoming a key PAN India player in small domestic appliances. It will provide greater exposure to the South Indian market, since Butterfly is the leading brand in key categories like LPG stoves and table-top wet grinders.

We remain optimistic about healthy growth in the consumer electrical sector over the next five to seven years because of favourable macro-economic drivers like higher GDP growth, rising rural electrification, increased urbanisation, growth in affordable housing, lower inflation, higher disposable income as well as rising trend of product upgradation by urban consumers. Crompton Greaves Consumer Electricals Ltd. (CGCEL) is well placed to reap the benefits of upturn in the industry driven by the revitalised Crompton brand, increasing product innovation and augmenting distribution network.

## Valuation & Recommendation:

Profitability for FY23 was hit by: i) weak margin performance in the ECD and Lighting segments; ii) continued investment in innovation, brand building, etc; and iii) higher interest payment due to the Butterfly-acquisition funding. While maintaining its fans market share in the mass segment, Crompton has gained market share in premium fans (#2 in BLDC). Lighting remained weak due to subdued B2B performance. The company is focusing on fixing white spaces by taking various corrective steps like (1) higher brand investments; (2) innovation and R&D; (3) expanding GTM reach; (4) new brand architecture in pumps; and (5) dedicated sales team in lighting, Costs incurred on branding, distribution and R&D expenses are upfront in nature, thereby impacting operating margin. We believe revenue acceleration will be visible gradually but in the interim cost increase may impact margin in the near term. In our opinion, if management executes this strategy well, then investors' confidence on valuation multiple will improve. Deficient rainfall may impact rural consumption to some extent, but the recovery should also be fast with a lag of a few quarters.

**We think the base case fair value of the stock is Rs 344 (30x FY25E EPS) and the bull case fair value of is Rs 367 (32x FY25E EPS). Investors can buy the in stock Rs 308-314 band (27x FY25E EPS) and add more on dips in Rs 270-276 band (24x FY25E EPS).**



## Financial Summary

Particulars (in Rs Cr)	Q1FY24	Q1FY23	YoY-%	Q4FY23	QoQ-%	FY22	FY23	FY24E	FY25E
Operating Income	1,877	1,863	1%	1,791	5%	5,394	6,870	7,682	8,538
EBITDA	186	220	-16%	211	-12%	769	770	952	1,110
APAT	122	131	-7%	132	-7%	583	476	600	726
Diluted EPS (Rs)	1.9	2.1	-7%	2.1	-7%	9.2	7.5	9.5	11.5
RoE-%						18.0	15.3	17.1	18.2
P/E (x)						34	41	33	27
EV/EBITDA						26	26	20	17

(Source: Company, HDFC sec)

## Segmental Mix

Segment	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24
<b>Revenue (in Rs cr)</b>					
Lighting Products	262	270	248	279	229
Electric Consumer Durables (ECD)	1347	1062	1020	1326	1429
Butterfly	254	368	248	187	219
<b>EBIT (in Rs cr)</b>					
Lighting Products	23	22	25	30	27
<i>EBIT margin</i>	8.8%	8.0%	10.3%	10.9%	11.9%
Electric Consumer Durables (ECD)	229	181	162	218	182
<i>EBIT margin</i>	17.0%	17.1%	15.8%	16.4%	12.7%
Butterfly	22	40	18	4	16
<i>EBIT margin</i>	8.6%	11.0%	7.3%	2.0%	7.3%

(Source: Company, HDFC sec)

## Q1FY24 Highlights:

Revenue grew 1% YoY to Rs 1877 cr. Organic revenue (ex-Butterfly) grew 3% YoY. ECD growth was led by water heaters and air coolers (+11%) while mixer grinders grew by 50%+. Fans grew by 5%, led by 22% growth in premium fans. Lighting/Butterfly revenue fell 13/14% YoY. Gross margin fell by 60bps YoY to 31%, largely on account of higher BEE cost in fans and price correction in pumps. EBITDA margin fell by 190bps YoY to 9.9%. While employee expenses were flat, other expenses grew 13% due to higher A&P spending (4.5% vs 3% YoY), distribution and capability building. EBITDA fell 16% YoY. ECD margin fell by 425bps YoY to 12.7% (down 370bps QoQ) due to accelerated brand investments, delayed price hikes and new launches. Lighting margin expanded by 310bps YoY to 11.9% (up 100bps QoQ), aided by cost optimization initiatives. Butterfly margins contracted by 130bps YoY to 7.3%.



**Focus on premiumisation in fans:** CGCEL's revenue from fans grew 5% YoY in Q1, and the company achieved a higher share in the premium BLDC category (>80% growth YoY) led by ceiling fans (+22% YoY) and table/wall/pedestal (TPW) fans. TPW sales grew largely in the eastern region and through e-commerce.

CGCEL launched more than 70 SKUs of BLDC fans in Q1. Its peer Bajaj Electric, which is also a respected brand in domestic fans introduced a premium range under "Nex". In consumer products, Bajaj Electricals launched 38 SKUs in Q1. Orient Electric launched more than 15 SKUs in Q1 in fans.

Currently, ~25% of the sales in this category come from the premium segment as compared to 18-19% earlier. The company expects to further increase the contribution from premium fans.

**Agri pumps to drive the growth in pumps business:** Overall Pumps growth was flattish. Growth in Agricultural Pumps and Specialty Pumps was offset by flat growth in Residential Pumps. Agricultural Pumps category grew by 7% YoY. Residential Pumps was impacted by unseasonal rains. Crompton has strengthened its Residential Pumps portfolio through its redefined brand architecture. The eastern market is back on track while competition hit north Indian markets, for which Crompton revamped its entire product range via new brand architecture (for mini pumps) and strategic pricing action to strengthen pricing competitiveness. Residential Pumps segment contribution stood at 70-80% pumps sales. While Crompton is a market leader in residential pumps, it sees a significant opportunity in agricultural pumps as well.

**Strong performance in appliances business:** Appliances segment grew by 19% YoY. Within appliances, Small domestic appliances (SDA) performed ahead of large domestic appliances (LDA). In SDA, Mixer grinder grew by 50% YoY, water heater and air coolers grew by 11% YoY each.

Built-in-Kitchen appliances is performing well on back of demand from chimneys and hobs and revenue stood at Rs11 cr, Investment in this category is expected to remain high. The management expects losses to continue in the near term. However, the management expects this category to create value over the medium to long term.

**Update on Butterfly business:** In Q1FY24, Butterfly business de-grew by 14% mainly because of channel restructuring. However, gross margin expanded by 650 bps YoY.

Management continues to emphasize its efforts on improving retail and modern trade channels coupled with rationalization of e-commerce channel. The e-com channel now accounts for 25% of Butterfly's total business and has a much wider e-com presence than before.



The approach is to leverage Crompton's distribution network and de-regionalize Butterfly's business from south. A&P spends stands at 5.4% of sales reflecting management focus on brand building. EBITDA was Rs.197mn (14% 4-year CAGR; 152% QoQ). Margin contracted by 120bps (+480bps QoQ) to 9%. PAT increased by 11% YoY to Rs.147mn (+61% 4-year CAGR; +844% QoQ)

**Lighting segment casts a dark shadow:** Lighting segment revenue declined by 13% YoY. The management highlighted that B2C Lighting continued to face industry-wide muted demand. Price erosion in bulbs and battens led to a weaker response from the channel. Company has introduced a premium range of products in rope lighting, table and night lamps. The management is working to add more innovative products and achieve its premiumisation goal. CGCEL is under indexed on luminaires (1/3rd of CGCEL's lighting sales vs 45-50% for the industry leaders) and is working on improving the same in medium term. EBIT margins expanded 310 bps YoY led by direct and indirect cost optimisation initiatives.

**Other highlights:**

**Stepped up brand investments:** CGCEL is promoting its brand through multiple campaigns and investments in advertising and promotion (A&P), which stood at 3% of revenue in FY23 vs. 1.7% in FY22. The company expects to increase its A&P expenses and reach 4-4.2% revenue by FY24 onwards, which will help to drive its B2C revenue. R&D cost and capex of Rs 80 cr each per year are likely to continue for the next three years as the company focuses on category innovation in fans and pumps, product expansion in lighting, and design thinking in kitchen products and appliances

**Realignment of Executive Leadership:** On 24 Apr 2023, CGCEL announced 3 key managerial changes - 1) Matthew Job – current CEO has resigned to pursue other career interests, 2) Promeet Ghosh – Ex-deputy Head Temasek India, has been appointed as MD and CEO from 1 May 2023) Shantanu Khosla – has been elevated to Exec Vice Chairman, but will be relinquishing his position as the current MD to Promeet. Matthew would continue to extend support during this transition, while on his notice period. As cited by the management, this realignment is a part of a succession plan going on for last few months.

Additionally, second level leadership team has been created to lead each business units. The company has hired/appointed senior level managements for various functions and 30% total leadership positions on-board internally.

The management highlighted that it will focus on topline growth and absolute bottom-line growth vs the earlier focus of maintaining margins. Overall, CGCEL aims to outpace industry growth, driven by premiumisation, continuous innovation and deeper distribution reach. Investments have been stepped up in advertising, rural programs, new business development, R&D and sourcing capability. The merger with Butterfly Gandhimathi sets up a platform for full-fledged kitchen appliances play for CGCEL with cost as well as growth synergies expected to be realized over the medium term. Under the merger deal, the public shareholders of Butterfly as of the record date will



receive 22 equity shares of Crompton for every 5 equity shares held by them in Butterfly. Post the completion of the merger, the public shareholders of Butterfly will hold a 3% stake in the combined entity.

### Key Concerns

- Significant slowdown in consumer spending could impact industry demand and affect CGCEL's revenue growth.
- Any unforeseen rise in competitive intensity, especially by premium brands, could impact the margins.
- Any adverse change in terms of trade by CGCEL could lead to elongation in the working capital cycle.
- Wild fluctuations in commodity prices, if cannot be passed on to consumers, could impact profitability. Dec 2022 quarter saw CGCEL facing pressure on topline and margins due to commodity price inflation and subdued demand.
- Any disruption in manufacturing plants of CGCEL could impact availability of products. Similarly, for outsourced products, any disruption in manufacturing plants of suppliers or a break-down in CGCEL's relationship with suppliers could impact product availability temporarily.
- Butterfly acquisition was costly as per many analysts. CGCEL needs to derive benefits of acquisition soon.
- CGCEL does not have any identifiable promoter as the erstwhile promoter Advent international completely exited in June 2021. While professional management may be good for the company, it has to retain, motivate and challenge the management from time to time to succeed in competitive scenario.

### About the company

CGCEL is one of India's leading consumer electrical companies, having a rich legacy of more than nine decades in the ECD and Lighting segments. The Company manufactures and distributes a diverse range of consumer items, including fans, pumps, and appliances (Water Heaters, Air Coolers, Mixer Grinders, Iron, and Other Small Kitchen Appliances) in the ECD category, as well as lights. In addition, the acquisition of Butterfly Gandhimathi Appliances Limited will accelerate the long-term strategic goal of becoming a key PAN India player in small domestic appliances.



## Financials

### Income Statement

Particulars (in Rs Cr)	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>4,512</b>	<b>4,804</b>	<b>5,394</b>	<b>6,870</b>	<b>7,682</b>	<b>8,538</b>
<b>Growth (%)</b>	<b>0.7</b>	<b>6.5</b>	<b>12.3</b>	<b>27.4</b>	<b>11.8</b>	<b>11.1</b>
Operating Expenses	3,915	4,083	4,625	6,099	6,730	7,428
<b>EBITDA</b>	<b>597</b>	<b>720</b>	<b>769</b>	<b>770</b>	<b>952</b>	<b>1,110</b>
<b>Growth (%)</b>	<b>1.9</b>	<b>20.7</b>	<b>6.8</b>	<b>0.1</b>	<b>23.5</b>	<b>16.6</b>
<b>EBITDA Margin (%)</b>	<b>13.2</b>	<b>15</b>	<b>14.3</b>	<b>11.2</b>	<b>12.4</b>	<b>13</b>
Depreciation	27	30	42	116	125	133
Other Income	59	76	86	67	70	81
<b>EBIT</b>	<b>570</b>	<b>691</b>	<b>727</b>	<b>655</b>	<b>827</b>	<b>976</b>
Interest expenses	41	43	35	109	81	56
<b>PBT</b>	<b>588</b>	<b>724</b>	<b>752</b>	<b>612</b>	<b>816</b>	<b>1,001</b>
Tax	94	107	173	136	196	252
<b>PAT</b>	<b>495</b>	<b>617</b>	<b>578</b>	<b>476</b>	<b>620</b>	<b>749</b>
Share of Asso./Minority Int.	-55	-82	5	-13	-20	-24
<b>Adj. PAT</b>	<b>440</b>	<b>535</b>	<b>583</b>	<b>476</b>	<b>600</b>	<b>726</b>
<b>Growth (%)</b>	<b>18.1</b>	<b>21.4</b>	<b>9.1</b>	<b>-18.3</b>	<b>26</b>	<b>20.9</b>
EPS	7	8.5	9.2	7.5	9.5	11.5

### Balance Sheet

Particulars (in Rs Cr) - As at March	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>SOURCE OF FUNDS</b>						
Share Capital	125	126	127	127	127	127
Reserves	1,342	1,806	2,326	2,533	2,943	3,416
<b>Shareholders' Funds</b>	<b>1,468</b>	<b>1,931</b>	<b>3,235</b>	<b>3,108</b>	<b>3,518</b>	<b>3,990</b>
Total Debt	350	479	1,608	922	722	522
Net Deferred Taxes	-51	-59	39	12	12	12
Other non-current liabilities	19	122	110	131	144	156
<b>Total Sources of Funds</b>	<b>1,786</b>	<b>2,474</b>	<b>4,992</b>	<b>4,173</b>	<b>4,396</b>	<b>4,680</b>
<b>APPLICATION OF FUNDS</b>						
Net Block & Goodwill	909	915	3,273	3,250	3,234	3,209
CWIP	20	11	13	27	27	27
Other Non-Curr. Assets	45	34	62	76	81	86
<b>Total Non-Current Assets</b>	<b>973</b>	<b>959</b>	<b>3,348</b>	<b>3,352</b>	<b>3,341</b>	<b>3,321</b>
Inventories	464	518	721	744	730	811
Debtors	459	461	615	671	750	833
Cash & Equivalents	587	1,385	1,539	658	983	1,289
Other Current Assets	132	226	225	230	253	279
<b>Total Current Assets</b>	<b>1,641</b>	<b>2,590</b>	<b>3,100</b>	<b>2,302</b>	<b>2,715</b>	<b>3,212</b>
Creditors	637	820	1,018	1,035	1,158	1,287
Other Current Liab & Provisions	191	254	439	446	503	566
<b>Total Current Liabilities</b>	<b>829</b>	<b>1,075</b>	<b>1,457</b>	<b>1,481</b>	<b>1,660</b>	<b>1,853</b>
Net Current Assets	812	1,515	1,644	821	1,055	1,359
<b>Total Application of Funds</b>	<b>1,786</b>	<b>2,474</b>	<b>4,992</b>	<b>4,173</b>	<b>4,396</b>	<b>4,680</b>



## Cash Flow Statement

Particulars (in Rs Cr)	FY20	FY21	FY22	FY23	FY24E	FY25E
Reported PBT	588	724	752	612	816	1,001
Interest Expenses	41	43	35	109	81	56
Depreciation	27	30	42	116	125	133
Working Capital Change	(60)	144	101	(104)	91	2
Tax Paid	(145)	(58)	(180)	(140)	(196)	(252)
<b>OPERATING CASH FLOW ( a )</b>	<b>421</b>	<b>830</b>	<b>723</b>	<b>553</b>	<b>917</b>	<b>941</b>
Capex	(49)	(20)	(171)	(79)	(109)	(109)
Free Cash Flow	372	810	552	473	809	833
Investments	24	(185)	183	803	(50)	(50)
Non-operating income	24	(290)	(355)	51	(5)	(5)
<b>INVESTING CASH FLOW ( b )</b>	<b>(2)</b>	<b>(496)</b>	<b>(1,723)</b>	<b>263</b>	<b>(164)</b>	<b>(164)</b>
Debt Issuance / (Repaid)	(309)	118	1,054	(684)	(200)	(200)
Interest Expenses	(59)	(34)	(51)	(110)	(81)	(56)
FCFE	52	419	4	21	472	522
Share Capital Issuance	5	7	60	42	(1)	-
Dividend	(151)	(187)	(156)	(158)	(190)	(253)
<b>FINANCING CASH FLOW ( c )</b>	<b>(513)</b>	<b>(96)</b>	<b>907</b>	<b>(911)</b>	<b>(459)</b>	<b>(498)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>(93)</b>	<b>238</b>	<b>(92)</b>	<b>(95)</b>	<b>295</b>	<b>280</b>

## Key Ratios

Particulars	FY20	FY21	FY22	FY23	FY24E	FY25E
<b>Profitability Ratios (%)</b>						
EBITDA Margin	13.2	15.0	14.3	11.2	12.4	13.0
EBIT Margin	12.6	14.4	13.5	9.5	10.8	11.4
APAT Margin	9.8	11.1	10.8	6.9	7.8	8.5
RoE	30.0	27.7	18.0	15.3	17.1	18.2
RoCE	38.9	57.4	16.9	15.1	19.3	22.7
<b>Solvency Ratio (x)</b>						
Net Debt/EBITDA	(0.4)	(1.3)	0.1	0.3	(0.3)	(0.7)
Net D/E	(0.2)	(0.5)	0.0	0.1	(0.1)	(0.2)
<b>PER SHARE DATA (Rs)</b>						
EPS	7.0	8.5	9.2	7.5	9.5	11.5
CEPS	7.4	9.0	9.9	9.4	11.4	13.6
Dividend	2.0	5.5	2.5	3.0	4.0	5.0
Book Value	23.4	30.8	51.1	49.1	55.5	63.0
<b>Turnover Ratios (days)</b>						
Debtor days	37.1	35.0	41.6	35.6	35.6	35.6
Inventory days	37.5	39.3	48.8	39.5	34.7	34.7
Creditors days	51.5	62.3	68.9	55.0	55.0	55.0
<b>Valuation (X)</b>						
P/E	44	36	34	41	33	27
P/BV	13	10	6	6	6	5
EV/EBITDA	32	26	26	26	20	17
EV / Revenues	4	4	4	3	3	2
Dividend Yield (%)	0.6	1.8	0.8	1.0	1.3	1.6

## One-year share price chart





## HDFC Sec Retail Research Rating description

### Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

### Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

### Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicity of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

### Disclosure:

I, **Harsh Sheth (MCom)**, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate does have/does not have any material conflict of interest.

Any holding in stock – **No**

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

### Disclaimer:

This report has been prepared by HDFC Securities Ltd and is solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk. It should not be considered to be taken as an offer to sell or a solicitation to buy any security.

This document is not, and should not, be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report should not be construed as an invitation or solicitation to do business with HSL. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report. As regards the associates of HSL please refer the website.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066

Compliance Officer: Murlu V Karkera Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: [customer-care@hdfcsec.com](mailto:customer-care@hdfcsec.com) Phone: (022) 3901 9400

HDFC Securities Limited, SEBI Reg. No.: NSE, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.

Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.