Stock Update

LG Balakrishnan & Bros. Ltd.

September 2, 2024

LG Balakrishnan & Bros. Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Auto Ancillaries	**Rs 1378**	**Buy in Rs 1365-1395 band and add on dips in Rs 1230-1250 band**	**Rs 1519**	**Rs 1620**	**2-3 quarters**

HDFC Scrip Code	LGBALAEQNR
BSE Code	500250
NSE Code	LGBBROSLTD
Bloomberg	LGBB IN
CMP Aug 30, 2024	1378.1
Equity Capital (Rs Cr)	31.4
Face Value (Rs)	10
Equity Share O/S (Cr)	3.1
Market Cap (Rs Cr)	4326.2
Book Value (Rs)	517.7
Avg. 52 Wk Volumes	58,000
52 Week High	1526.6
52 Week Low	963.9

Share holding Pattern % (Jun 2024)	
Promoters	33.8
Institutions	21.8
Non Institutions	44.5
Total	100.0

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst
Atul Karwa
atul.karwa@hdfcsec.com

Our Take:

LG Balakrishnan & Bros (LGBB) mainly caters to 2W industry and operates in 2 segments 1) Transmission products which includes chains, sprockets, tensioners, belts and brake shoe which contributes ~80% of overall revenue – mainly catering to 2W 2) Metal forming products consisting of fine blanking for precision sheet metal parts, machined components and wire drawing products contributing ~20% of overall revenue. It is a dominant player with strong leadership position in automotive chains in the Indian 2-wheeler industry.

In FY24, domestic 2W sales grew by 13% YoY while export volume experienced a decline of 5%. Further, the 2W industry has seen a significant recovery in demand in Q1FY25 both from the domestic and the export markets. Domestic OEM sales of the top five players surged by 31.4% YoY while export volumes rose by 22.9% YoY in Q1FY25. Revival in economy (including rural) and increasing preference for personal mobility gives us confidence that 2W sales could remain strong in the next few quarters. Entry into industrial chains segment would reduce LGBB's dependence on automobile sector de-risking its revenue.

In terms of the approved Resolution Plan M/s. RSAL Steel Private Limited became 100% wholly Owned Subsidiary of LGBB as on February 13, 2024. RSAL primarily engaged in the manufacturing of cold rolled close annealed (CRCA) strips which constitute a large portion of the raw materials for manufacturing these chains which is helpful for LGBB's captive requirements.

On Sep 18, 2023, we had released a Stock Update report (Link) with a recommendation to 'Buy in Rs 1040-1060 band & add more on dips in Rs 920-940 band' for base case fair value of Rs 1150 and bull case fair value of Rs 1225 in 2-3 quarters. Both the targets were achieved within the time frame.

Valuation & Recommendation:

We continue to remain bullish on the prospects of the company in the medium term looking at better demand prospects in domestic and exports market, entry into industrial chains, completion of RSAL takeover and growing aftermarket sales. We expect LGBB's revenue/PAT to grow at 9/9% CAGR over FY24-FY26, led by increasing share of business with existing customer and higher aftermarket sales. We believe investors can buy the stock on dips in the band of Rs 1365-1395 and add more on dips to Rs 1230-1250 band (12.25x FY26E EPS) for a base case fair value of Rs 1519 (15x FY26E EPS) and bull case fair value of Rs 1620 (16x FY26E EPS) over the next 2-3 quarters.

Financial Summary:

Particulars (Rs cr)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)	FY23	FY24	FY25E	FY26E
Operating Income	571	539	6.1	607	-5.9	2,203	2,346	2,513	2,802
EBITDA	89	88	1.7	101	-11.7	384	395	410	468
APAT	60	58	3.9	65	-7.7	237	267	270	318
Diluted EPS (Rs)	19.1	18.3	3.9	20.6	-7.7	75.5	84.9	86.1	101.3
RoE-%						19.0	17.7	15.5	16.1
P/E (x)						18.3	16.2	16.0	13.6
EV/EBITDA						10.6	10.3	9.7	7.9

Q1FY25 Result Update

LGBB reported robust topline growth in Q1FY25 mainly on account of weak base quarter. Revenue grew 6% YoY to Rs 571cr. On a sequential basis revenue was down 6%. EBITDA increased by 2% YoY to Rs 89cr. However, EBITDA margin contracted 70bps to 15.6% on account of higher growth in employee and other expenses. Adj. PAT grew by 4% YoY to Rs 60cr and PAT margin contracted 20bps to 10.5% as subsidy received was higher compared to Q1FY24.

Revenue from transmission segment increased 5% YoY to Rs 436cr (-9% QoQ) while metal forming division witnessed growth of 8% (QoQ 7%) to Rs 135cr. Revenue mix between transmission and metal forming segments stood at 76:24.

LGBB is facing increased insurance costs and shipping issues in exports to Europe due to Russia-Ukraine and competitive pressure in the US subsidiary has led to higher operating expenses.

Management comments

- Revenue to reach Rs 2500cr in FY25. Likely to achieve 8-9% CAGR growth over FY24-FY26.
- Industrial chains facility at Nagpur has been commissioned and did a turnover of Rs 60cr in FY24. For FY25 Rs 100-120cr turnover expected.
- Blended EBITDA margin to be in excess of 17% as compared to 16.5% for FY24
- Exports accounted for16% in Q4FY24 and the company plans to increase it by 100-200bps in FY25.
- LGBB intends to raise funds via preferential allotment in Q2FY25 as promoter plans to raise their stake to 39-40%. They may also consider a buyback in FY26.

Key Triggers

Positive momentum in automobile sales

The automobile industry's outlook for FY25 is promising. Several companies are gearing up to launch new models, consumer sentiment is likely to remain positive, the monsoons are forecasted to be healthy, fuel prices are expected to remain steady, and interest rates are projected to fall. In the medium term, consumer sentiment is expected to remain positive after the Lok Sabha election due to political stability, policy continuity, and healthy economic growth. A revival in the rural market, as forecasts of a normal monsoon and stable raw material prices promise healthy margins. Several senior industry executives said better agricultural output, higher minimum support prices for farm commodities and availability of water for irrigation because of healthy reservoir levels would help increase the disposable income, and further improve the consumer sentiment, in rural India, a major market for LGBB.

Scale up industrial chains facility utilization and new organic/inorganic initiatives

LGBB is setting up a new plant in Nagpur to manufacture industrial chains, conveyor chains, automotive components and assemblies. The plant has started commercial production and industrial chain business achieved a turnover of Rs 60cr in FY24. LGBB has incurred capex of ~Rs 126cr in FY24, predominantly for product diversification, capacity enhancement partly through debottlenecking and maintenance capex. During the year under review, the Company has commenced construction of Factory on the allotment of Land at Additional Bultibori MIDC Industrial Area Nagpur for establishment of New Manufacturing Plant for manufacturing of Power Transmission Chains and related Products for Auto and Industrial Application under MEGA Project Scheme.

Exports mix for this product category is likely to be higher as the global market is ~20x bigger than the domestic market. LGBB expects its export revenue share to increase from 16% in Q4FY24 to 17-18% in FY25. Global Industrial Roller Chain Drives market size was valued at US$ 2.91 Bn in 2021 and the total revenue is expected to grow at 3.8% through 2022 to 2029, reaching US$ 3.92 Bn. The market is fragmented and the vendors are deploying various organic and inorganic growth strategies to compete in the market. The growing end-user investments in APAC is likely to drive the industrial chain drives market growth.

In terms of the approved Resolution Plan M/s. RSAL Steel Private Limited became 100% wholly Owned Subsidiary of L.G.Balakrishnan & Bros Limited as on February 13, 2024. RSAL primarily engaged in the Manufacturing of cold rolled close annealed (CRCA) strips which constitute a large portion of the raw materials for manufacturing these chains which is helpful for LGB's captive requirements.

LGBB remains net debt negative. The capex plans of the company could lead to gradual derisking of its business and organic volume and value growth over the next 2-5 years. In early August, the Board of Directors has approved to make strategic investment in Greenerg Mobility Solutions Private Limited (Investee Company) by subscribing to equity shares having face value of Rs 10/- each equivalent to 14.92% of the post investment Paid up Share Capital of the Investee Company for an aggregate consideration of an amount not exceeding

Rs 6,00,00,000 /- (Rupees Six Crores only) (including share premium amount) and subscribing to Secured Optionally Convertible Debentures for an aggregate nominal value not exceeding Rs 6,00,00,000 /- (Rupees Six Crores only), in one or more tranches. Greenerg Mobility Solutions Private Limited is primarily engaged m the business of electric mobility solutions m India and engaged in the development of Electric Vehicle (EV) components like telematics, BMS, VCU, BLDC motor and motor controller and other Electrical and Electronic Parts thereof.

Long standing presence in the domestic automotive chains industry

LGBB has long-standing presence and established relationships with reputed OEMs like Bajaj Auto, TVS Motor, Yamaha, Royal Enfield and HMSI with whom the company enjoys high market share. LGBB's long presence, diversified client base encompassing all major original equipment manufacturers (OEMs) in the domestic two-wheeler (2W) market ensures revenue visibility. It is a Tier-I supplier and has healthy share of business across 2W OEMs with no OEM constituting more than 15% of LGBB's topline. The company remains an established player in the domestic two-wheeler chain segment with market share of over 60% in OEM and ~50% in the replacement market. Over the years it has improved its share of business with the OEMs. Its established presence in the replacement market (~30% of revenues in FY23), which helps partially mitigate the cyclicality in OEM volumes to an extent.

Over the years, LGBB improved its margins aided by several cost optimisation measures including higher proportion of power usage from low-cost renewable energy sources, automation of a larger part of operations and reduction in freight expenses, among others.

Encouraging financial parameters

The increasing share of margin accretive replacement market has led to expansion in EBITDA margins from ~13% in FY17 to ~17.4% in FY23. However, geo-political issues impacted topline growth and led to increased costs resulting in margin contraction in FY24. We expect margins to remain ~17-18% range in FY24-FY26 driven by lower material costs and improved operating leverage. As of FY24, LGBB was net debt free. The promoters are looking to increase their stake in the company to 39-40% from the current 33.8% through a preferential allotment and buyback over the next 12-18 months.

Large captive power generation resulting in cost savings

LGBB has installed 22 number of windmills with a total rated capacity of 7.16 MW. The total number of units of energy generated from these windmills was around 96.58 lakhs units which were used for captive consumption. Also the Company has installed 3 number of ON GRID ground mounted solar power plants for a rated capacity of 100 KW each. Further LGBB has installed Roof Top Solar system at one of Coimbatore plant with capacity of 1.45 MW, Gudalur plant with capacity of 0.8 MW & Jalna plant with capacity of 0.83 MW. It is looking to further expand its solar power capacity in FY25. The total renewable power consumption aggregates to 131 lakh units during FY23.

Risks & Concerns

High dependence on the 2W (motorcycle) industry and client concentration risks.

LGBB is highly dependent on the two-wheeler industry with ~80% of revenues coming from this segment. Its long standing relationship with OEMs and strong presence in replacement market mitigates the risk to an extent.

Dependent on economic growth in the country

The automotive sector is directly dependent on the general economic conditions in both Indian and in other key global markets. Prolonged slowdown could impact revenue and profit growth of the company.

Introduction of electric vehicles

The move towards electrification of automobiles might impact the company's revenues over the medium to long term due to minimal usage of chains in electric 2W in comparison to internal combustion driven 2W. However, the company has plans to diversify its products by re-entering into industrial chains with the ending of a non-compete clause with an erstwhile JV partner. Also the anticipated EV penetration of only 13-15% of new vehicle sales by FY25 mitigate the risk to an extent, although in 2W this percent is higher.

High commodity prices

Sustained high level of commodity prices can have an adverse impact of the operating performance of the company. Moderate pricing power with OEMs due to the stiff competition and volatility in commodity prices exposes the profit margins to volatility. However, the price pass through with negotiation mitigates the risk to an extent.

Fall in promoters' stake

The promoters' stake in LGBB has been falling gradually over the last few years from 48.25% in June 2019 quarter to 33.76% in June 2024 quarter. This does not inspire confidence among the minority shareholders about the future prospects of the company.

Forex fluctuations

LGBB exports ~15% of its sales and has some imports. However, it is a net forex earner. Any sharp fluctuations in USD/Euro rates vis-à-vis INR could impact its revenue and margins.

Company Background:

LGBB, one of the leading companies in South India was established way back in 1937. Started with a fleet of 250 buses, LGBB grew into India's leading Roller chain manufacturer. Since then it has come a long way, keeping in pace with the technological advancements and meeting its customer needs with newer & innovative solutions. Today, LGBB stands proud as the premier manufacturer of automotive chains under the popular brand name 'ROLON' and also caters to export, after market and spares segments.

The company has 36 manufacturing facilities spread across Tamil Nadu, Maharashtra, Uttarakhand, Karnataka, Haryana, Rajasthan and Pondicherry in India and one facility in the USA, at the consolidated level, all ISO 9001 certified by Underwriters Laboratories Inc., USA. Three of the manufacturing facilities along with the central functions have been registered to ISO/TS 16949 by UL, USA.

LGBB has the advantage of vertical integration in all its product lines. Right from procurement of the raw material to the finished product, LGBB has installed comprehensive QC cycles. To maintain control over quality standards LGBB has all critical manufacturing in-house. This includes a steel rolling division to produce cold rolled steel strips, wires and strips with profiles.

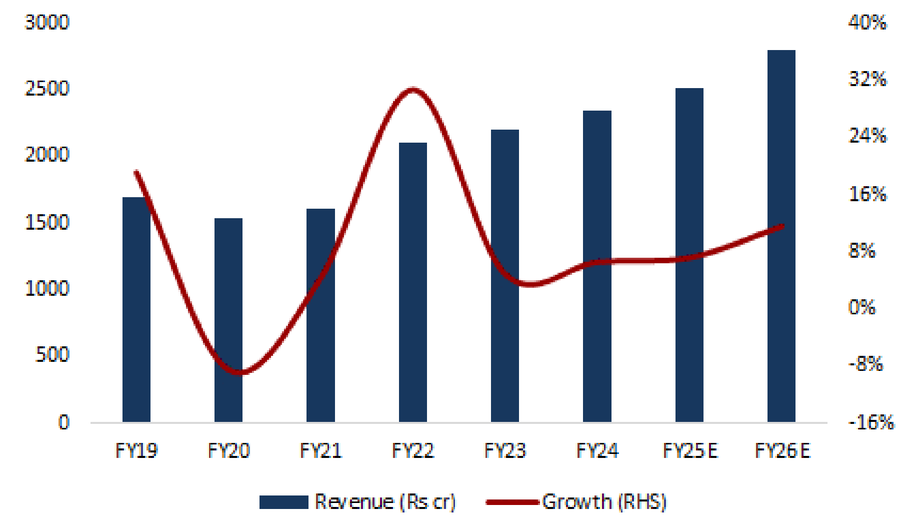
LGBB's tooling division is one of the most modern in the country. This division is equipped with sophisticated CNC wire cutting, spark erosion and Mikron CNC Boring machines for precision and complicated machining. The company has also set up an Application Engineering Cell for designing, manufacturing and supplying chains for special applications and specific needs.

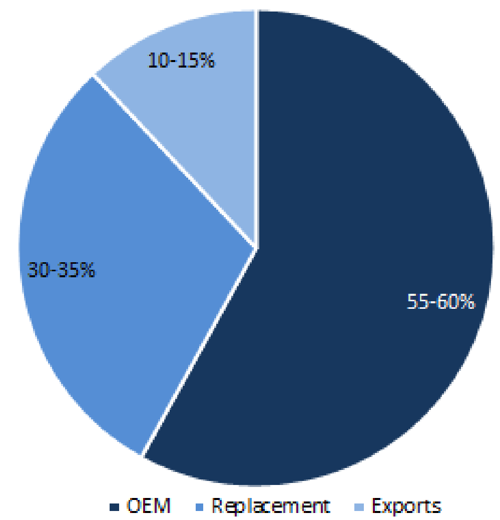
The products of the company can be classified under two segments i.e. Transmission and Metal Forming.
Transmission: The transmission segment manufactures motorcycle and moped chains, heavy duty chains and timing chains. It also manufactures sprockets, tensioners, belts and brake shoes.

Metal Forming: Metal Forming division deals with the Fine Blanking, Machined Components and Wire Drawing. LGBB acquired Fine Blanking technology in Mid ‘80s for manufacturing Chain plates. It further extended its fine blanking division as a separate manufacturing during the late ‘90s, to cater to high OEM demands for Fine Blanked components. Today, LGBB is a leading Fine Blanking Manufacturer having about 25 Fine Blanking Presses in operation.

The company derived 58% of its revenues from the OEM segment, 30% from the replacement segment and 12% of its revenues from exports in FY23. The company has a subsidiary, LGB USA Inc., which manufactures fine blanking products.

Revenue growth and breakup





(Source: Company, HDFC sec)

Segmental information

(Rs cr)	Q1FY25	Q1FY24	YoY (%)	Q4FY24	QoQ (%)
Segment Revenue					
Transmission	436	414	*5.4*	480	*-9.1*
Metal Forming	135	125	*8.4*	127	*6.5*
EBIT					
Transmission	74	67	*11.6*	77	*-85.0*
Metal Forming	12	13	*-6.1*	18	*-134.2*
EBIT Margin (%)					
Transmission	17.1	16.1	*96 bps*	16.1	*95 bps*
Metal Forming	8.7	10.1	*-135 bps*	14.1	*-537 bps*

Financials

Income Statement

(Rs cr)	FY22	FY23	FY24	FY25E	FY26E
Net Revenues	**2102**	**2203**	**2346**	**2513**	**2802**
Growth (%)	***30.6***	***4.8***	***6.5***	***7.1***	***11.5***
Operating Expenses	1714	1819	1952	2103	2334
EBITDA	**388**	**384**	**395**	**410**	**468**
Growth (%)	***53.6***	***-1.3***	***2.9***	***3.8***	***14.2***
EBITDA Margin (%)	***18.5***	***17.4***	***16.8***	***16.3***	***16.7***
Depreciation	83	79	78	87	89
Other Income	12	23	49	48	53
EBIT	**317**	**327**	**366**	**370**	**432**
Interest expenses	8	7	8	9	7
PBT	**332**	**340**	**365**	**362**	**425**
Tax	86	88	93	92	108
PAT	**246**	**252**	**271**	**270**	**318**
Adj. PAT	**229**	**237**	**267**	**270**	**318**
Growth (%)	***85.3***	***3.6***	***12.5***	***1.4***	***17.7***
EPS	72.8	75.5	84.9	86.1	101.3

Balance Sheet

As at December (Rs cr)	FY22	FY23	FY24	FY25E	FY26E
SOURCE OF FUNDS					
Share Capital	31	31	31	31	31
Reserves & Surplus	1101	1334	1610	1817	2060
Shareholders' Funds	**1132**	**1365**	**1641**	**1849**	**2091**
Minority Interest	2	2	3	2	2
Total Debt	90	93	99	79	59
Net Deferred Taxes	13	17	19	19	19
Other Non-curr. Liab.	10	11	11	13	14
Total Sources of Funds	**1248**	**1489**	**1774**	**1962**	**2186**
APPLICATION OF FUNDS					
Net Block & Goodwill	509	487	572	634	632
CWIP	15	32	47	24	12
Investments	132	292	506	628	757
Other Non-Curr. Assets	28	158	329	302	280
Total Non Current Assets	**655**	**810**	**1125**	**1286**	**1400**
Inventories	436	400	389	468	499
Debtors	294	272	300	344	368
Cash & Equivalents	287	348	360	302	375
Other Current Assets	37	43	62	48	54
Total Current Assets	**1053**	**1063**	**1112**	**1162**	**1296**
Creditors	275	210	258	275	292
Other Current Liab & Provisions	185	175	205	210	219
Total Current Liabilities	**461**	**384**	**463**	**485**	**510**
Net Current Assets	593	679	649	677	786
Total Application of Funds	**1248**	**1489**	**1774**	**1962**	**2186**

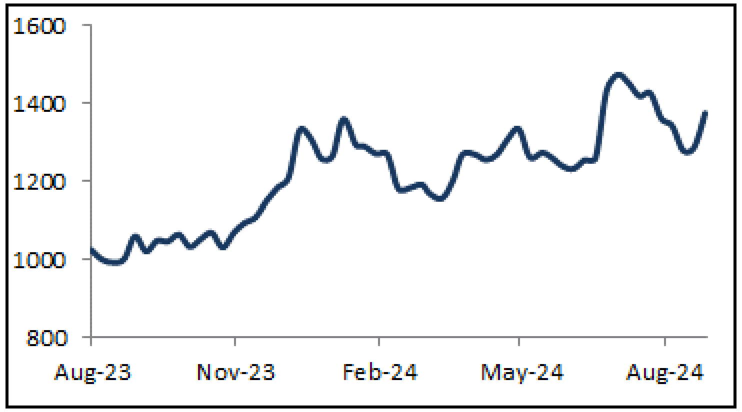
Cash Flow Statement

(Rs cr)	FY22	FY23	FY24	FY25E	FY26E
Reported PBT	332	340	363	362	425
Non-operating & EO items	-4	-21	-42	29	23
Interest Expenses	8	7	7	9	7
Depreciation	83	79	73	87	89
Working Capital Change	-135	-152	41	-86	-36
Tax Paid	-82	-86	-96	-92	-108
OPERATING CASH FLOW (a)	**202**	**167**	**346**	**308**	**401**
Capex	-48	-76	-125	-125	-75
Free Cash Flow	155	91	220	183	326
Investments	0	2	0	-150	-150
Non-operating income	-134	-84	-180	0	0
INVESTING CASH FLOW (b)	**-182**	**-157**	**-305**	**-275**	**-225**
Debt Issuance / (Repaid)	19	-1	2	-20	-20
Interest Expenses	-7	-5	-6	-9	-7
FCFE	33	3	37	5	149
Share Capital Issuance	0	0	16	0	0
Dividend	-31	-47	-50	-63	-75
Others	-3	-5	-5	0	0
FINANCING CASH FLOW (c)	**-23**	**-58**	**-43**	**-91**	**-102**
NET CASH FLOW (a+b+c)	**-2**	**-48**	**-2**	**-58**	**74**

Key Ratios

	FY22	FY23	FY24	FY25E	FY26E
Profitability Ratios (%)					
EBITDA Margin	18.5	17.4	16.8	16.3	16.7
EBIT Margin	15.1	14.8	15.6	14.7	15.4
APAT Margin	10.9	10.8	11.4	10.8	11.3
RoE	22.7	19.0	17.7	15.5	16.1
RoCE	29.4	24.4	22.9	20.2	21.2
Solvency Ratio (x)					
Net Debt/EBITDA	-0.5	-0.7	-0.7	-0.5	-0.7
Net D/E	-0.2	-0.2	-0.2	-0.1	-0.2
PER SHARE DATA (Rs)					
EPS	72.8	75.5	84.9	86.1	101.3
CEPS	99.3	100.8	109.8	113.7	129.6
BV	360.7	434.9	522.8	588.9	666.1
Dividend	15.0	16.0	18.0	20.0	24.0
Turnover Ratios (days)					
Inventory days	47	47	45	47	46
Debtor days	64	69	61	62	63
Creditors days	54	40	36	39	37
VALUATION (x)					
P/E	18.9	18.3	16.2	16.0	13.6
P/BV	3.8	3.2	2.6	2.3	2.1
EV/EBITDA	10.6	10.6	10.3	9.7	7.9
EV/Revenues	2.0	1.8	1.7	1.6	1.3
Dividend Yield (%)	1.1	1.2	1.3	1.5	1.7
Dividend Payout (%)	20.6	21.2	21.2	23.2	23.7

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 cyclicality 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, **Atul Karwa, Research Analyst, MMS,** author and the name 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 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.

Please note that HDFC Securities has a proprietary trading desk. This desk maintains an arm's length distance with the Research team and all its activities are segregated from Research activities. The proprietary desk operates independently, potentially leading to investment decisions that may deviate from research views.

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: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@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.

Atul Jagdish Karwa

Digitally signed by Atul Jagdish Karwa
Date: 2024.09.02 07:54:21 +05'30'