Pick of the Week

Central Depository Services (India) Ltd.

April 15, 2024

Central Depository Services (India) Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Exchanges	Rs 2008	Buy in Rs 1990-2030 band and add on dips in Rs 1780-1820 band	Rs 2215	Rs 2360	2-3 quarters

HDFC Scrip Code	CDSLTDEQNR
BSE Code	NA
NSE Code	CDSL
Bloomberg	CDSL IN
CMP Apr 12, 2024	2008.1
Equity Capital (Rs Cr)	104.5
Face Value (Rs)	10
Equity Share O/S (Cr)	10.5
Market Cap (Rs Cr)	20985
Book Value (Rs)	117.0
Avg. 52 Wk Volumes	12,62,850
52 Week High	2067.0
52 Week Low	973.5

Share holding Pattern % (Dec, 2023)	
Promoters	15.0
Institutions	39.5
Non Institutions	45.5
Total	100.0

* Refer at the end for explanation on Risk Ratings

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

Our Take:

CDSL is the market leader in the duopolistic depository services industry. Due to the surge in demat account openings, it has overtaken NSDL in terms of accounts and revenue. It had a market share of over 80% in FY23 in incremental accounts driven by strong partnerships with key large discount brokers. India's strong economic growth has led to bullish stock markets driving many new investors to open demat accounts, bolstering KYC revenue and demat revenues. Increasing number of companies getting listed on stock exchanges is likely to boost annual issuer charges. Mandatory dematerialisation of unlisted companies to provide additional growth avenue. Insurance repository, CAS, eVoting and eAGM offers huge growth potential.

We expect strong growth, supported by strong BO account addition, higher transaction revenue, and stable annuity revenue. The insurance opportunity remains an option value and will aid growth subject to regulatory push. The compulsory Demat of non-small private limited companies will aid issuer growth. Higher investment in technology, increasing employee cost and regulatory compliance are leading to higher costs (+30% in 9MFY24), and EBITDA margins will be in the range of 60-63%.

Valuation & Recommendation:

CDSL has benefitted from the strong momentum in equity markets and rising retail participation. We expect CDSL's Revenue/PAT to grow at 28%/31% CAGR over FY23-FY26E, led by +26/18% CAGR in annual issuer charges/transaction charges. With limited capex requirement over the next few years, we expect RoEs to inflate from ~24% in FY23 to ~36% in FY26E. CDSL has a RoE of 32%, RoIC of 82%, 5-year average cash conversion is >80%, and net cash is ~6% of the market cap. We believe investors can buy the stock in Rs 1990-2030 band and add on dips in Rs 1780-1820 band (30.5 FY26E EPS) for a base case fair value of Rs 2215 (37.5 FY26E EPS) and bull case fair value of Rs 2360 (40x FY26E EPS) over the next 2-3 quarters.

Financial Summary

Particulars (Rs cr)	Q3FY24	Q3FY23	*YoY (%)*	Q2FY24	*QoQ (%)*	FY23	FY24E	FY25E	FY26E
Operating Income	214	141	*51.9*	207	*3.5*	555	798	998	1171
EBITDA	131	85	*54.3*	129	*1.6*	323	484	625	750
APAT	107	75	*43.9*	109	*-1.3*	276	409	519	617
Diluted EPS (Rs)	10.3	7.1	*43.9*	10.4	*-1.3*	26	39	50	59
RoE (%)						23.9	31.5	35.1	36.1
P/E (x)						76.0	51.3	40.4	34.0
EV/EBITDA (x)						61.6	40.8	31.3	25.8

(Source: Company, HDFC sec)

Q3FY24 Result Update

CDSL posted another quarter of strong growth (+52% YoY), led by growth in market-linked revenue and a stable annuity stream. The growth was driven by a jump in transaction revenue, IPO/corporate action, and KYC fetch/creation, offset by seasonally weak e-voting revenue. Total revenue grew 3.5/51.9% QoQ/YoY to Rs 215cr, led by growth in transaction/IPO corporate action/KYC charges +18/19.2/7.7% QoQ. The annual issuer charges, which is the annuity component, were up 1.6/39.1% QoQ/YoY. E-cas/e-voting was up 51/4% YoY in 9MFY24. CDSL has 65mn KYC records (~60% unique BO accounts).

Employee costs grew by 5.5% QoQ, while technology expenses were up 4.5/60.2% QoQ/YoY resulting in EBITDA margin contraction of 111bps QoQ to 61.3%. Higher tax rate (25.7%) and lower other income (+9.1% YoY/-5.8%/QoQ) dragged APAT growth to 1.3% QoQ to Rs 107cr (+44% YoY).

CDSL added ~8.5mn accounts in the quarter (+88% YoY) and the Jan-24 run rate is 28% higher than the peak of Oct-21. CDSL maintains its leadership position with a 75.6% market share and 90% incremental share. CDSL has 108.8mn Demat accounts and added ~4.1mn incremental Demat accounts in Jan-24, which is a rate of ~153K accounts per day. The share delivery volume is at a multi-year high (up 49% YoY in FY24), leading to higher transaction revenue.

Investment Rationales

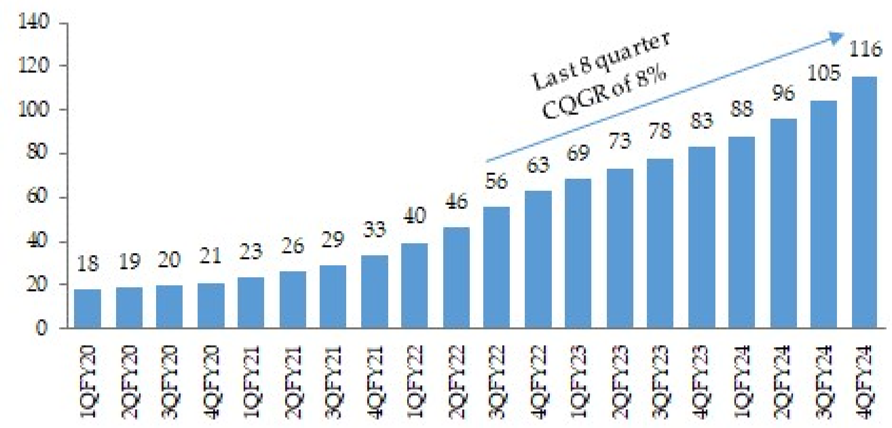
Leadership in demat account openings

The strong bull run in equity markets has driven many new retail investors towards equity investment resulting in record number of new demat account openings. The number of demat accounts crossed the 150-million mark in Mar'24, showing growing household confidence in stock markets and their increased risk appetite. CDSL being the market leader has been consolidating its position with over 80% market share in incremental account openings in the last three years. It is empaneled with almost all new age discount brokers which are adding a large number of active clients.

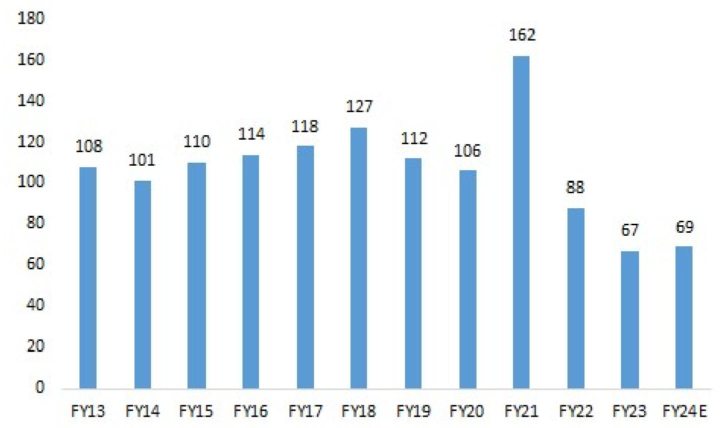
Demat accounts are needed for trading and holding shares electronically. CDSL BO accounts jumped ~7x in the last five years (from 17.4mn in FY19 to 115.6mn in FY24) registering a 46% CAGR. CDSL's market share increased from 48.4% in FY19 to 76.4% in FY24, driven by the rise of discount brokers. The monthly addition in Jan-24 was at 4.1mn accounts vs the COVID peak of 3.1mn accounts, and the March-24 exit is at 2.8mn which is still strong.

Revenue per Demat has come down from Rs 106 in FY20 to Rs 69 in FY24 due to higher growth in Demat accounts. We believe the revenue per Demat will grow when the new investors onboarded in the last 2-3 years mature and start transacting/participating in the market.

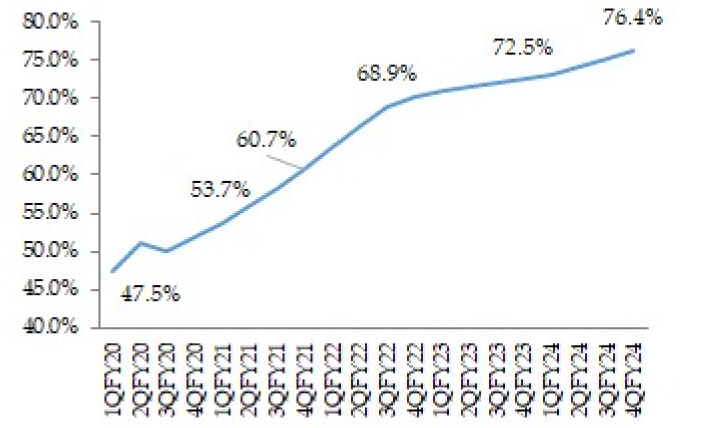
Strong growth in BO account additions



Revenue/demat account



Consistent improvement in BO market share



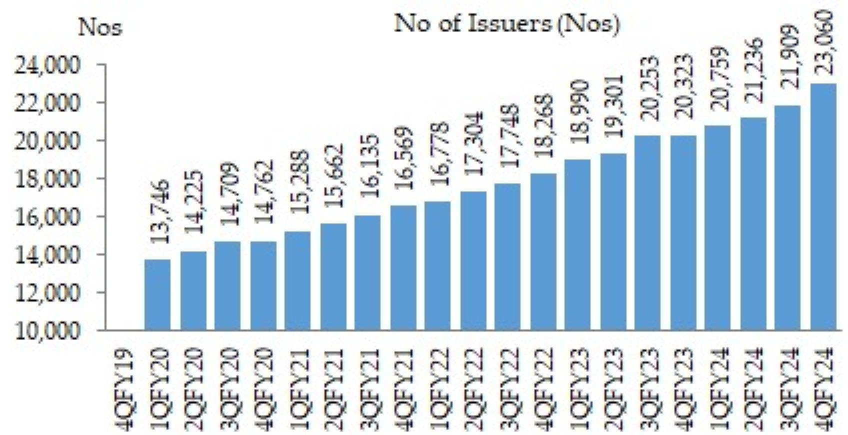
(Source: Company, HDFCsec Research)

Increased listing to drive annual corporate revenue

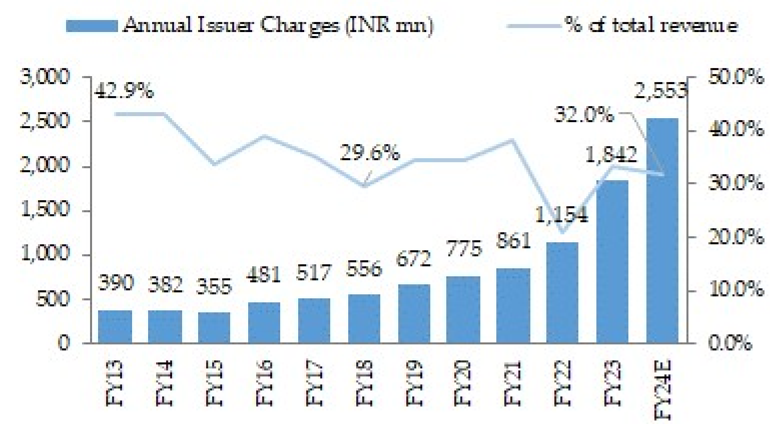
Taking advantage of the bullish markets, many companies are raising capital through the IPO route. Indian corporates raised Rs 59,302cr and Rs 49,434cr through mainboard IPOs in FY22 and FY23 respectively. The amount of activity in the small and midsize enterprise (SME) segment increased significantly in 2023, with 182 SME IPOs raising a total of Rs 4,681cr as compared to Rs 1,875cr from 109 IPOs in 2022. In FY24, 76 Indian corporates raised Rs 61,915 crore through main board and 205 companies collectively raised approximately Rs.6,300 crore through the SME IPO route.

The IPO pipeline remains robust in 2024, with 27 companies having received SEBI approval to raise a combined amount of Rs 28,500cr, and another 36 companies awaiting approval to raise a total of Rs 40,500cr. CDSL earns annual issuer fees / custody charges from corporates whose securities have been admitted into CDSL's system. CDSL derives ~32% of its revenue from issuer charges, which is a pure annuity income. Apart from this, e-voting and e-CAS revenue is also recurring in nature; thus, the total non-market linked revenue for CDSL is ~40% of revenue. With increasing number of companies getting listed, these revenues are bound to grow.

Consistent rise in issuer companies



Annual issuer charges have increased at a 5Y CAGR of 31%



(Source: Company, HDFCsec Research)

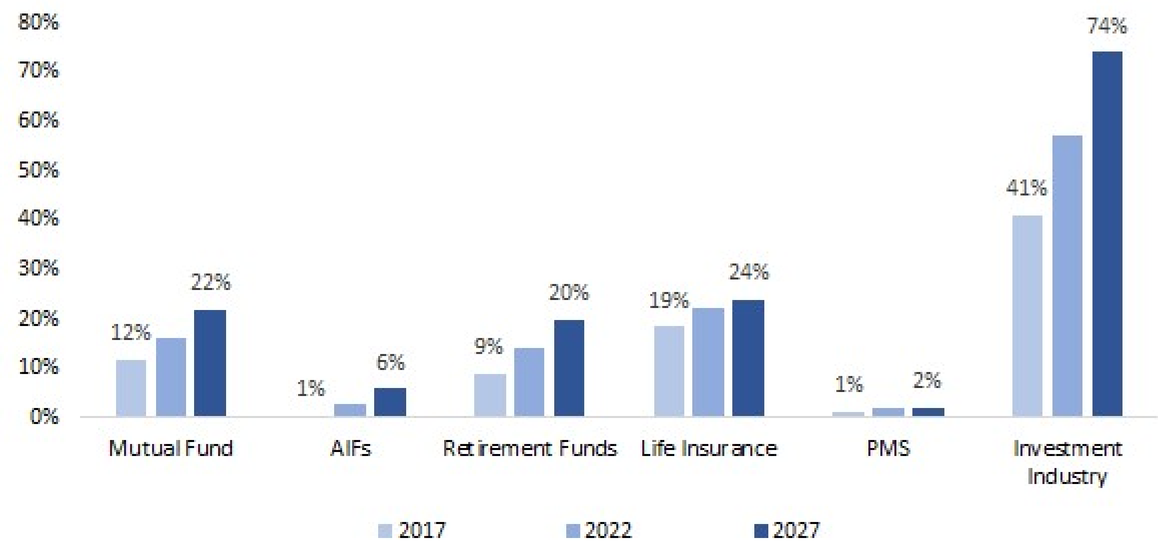
Financialisation of household savings

India among the youngest country in the world with the largest population and one of the highest number of middle-income households, is experiencing a shift in its savings. The financialisation of household savings — or the move away from the traditional preference for physical assets and fixed deposits in banks towards investment in financial assets — is accelerating in India. Riding on the tailwinds of the past five fiscals, the managed funds industry in the country will likely grow assets under management (AUM) to the tune of ~₹315 lakh crore by fiscal 2027, an analysis by Crisil MI&A Research indicates.

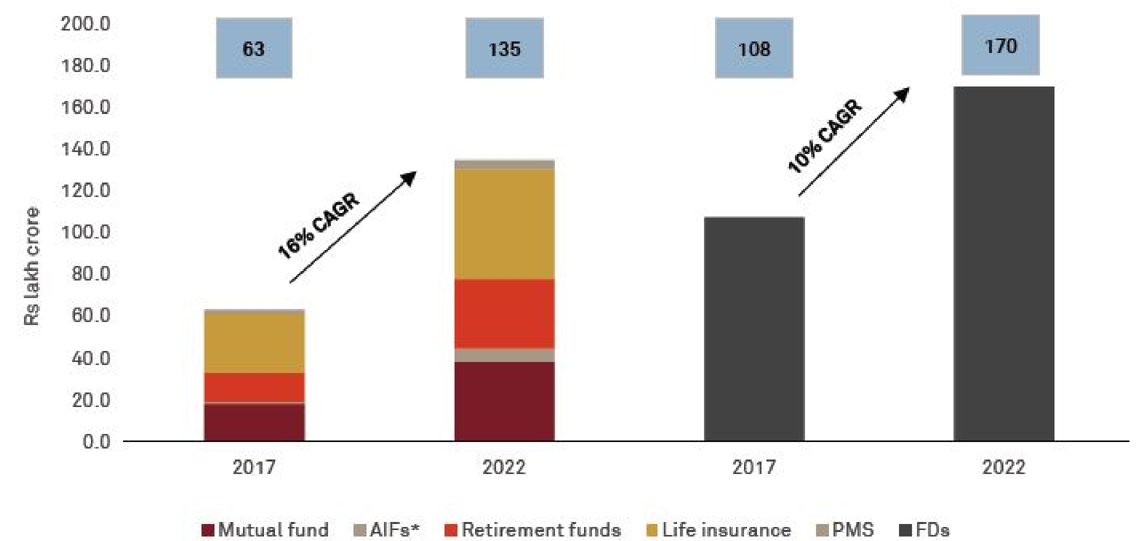
According to CRISIL Research, India would continue being a high savings economy at least over the next decade. The ratio of any segment of the investment industry to the country's GDP is an important indicator of its growth. For instance, assets of the world largest mutual fund industry – the US – as a percentage of the country's GDP grew from 23% in 1991 to 68% in 2001 and ~150% in 2021. In comparison, India's MF industry at Rs 38.4 lakh crore in 2022, has just about crossed 16% of its GDP.

Although bank fixed deposit remains the most preferred financial instrument, the gap with managed products has been gradually decreasing as investors are moving towards capital market instruments.

Size of investment industry as % of GDP



Managed investment solution catching up with fixed deposits



(Source: Crisil MI&A Research)

Diversification to provide stability to core business

Over the years, CDSL has diversified into new businesses which include KYC Registration Agency (KRA) and repositories for insurance policies and commodity assets. The subsidiaries together accounted for ~18% of revenue and PAT in FY23. The financialisation of household savings has led to increased KYC creation and queries as it is required by all financial intermediaries. Repository business is still in investment phase and could contribute meaningfully if the regulators mandate holding policies/assets in electronic form as in the case of equity shares.

Insurance opportunity—now a reality

IRDA in March 2024 issued a notification directing compulsory dematerialisation of all new insurance policies. The compulsory dematerialisation of insurance policies will open new opportunities. IRDAI has currently granted insurance repository licence to four entities. As per IRDAI, an individual can have only one e-insurance account across repositories, irrespective of the number of policies owned by a policyholder. As on FY23, CIRL (CDSL Insurance Regulatory Ltd.) – a 51% subsidiary of CDSL - has tied up with 42 insurance companies (22 life insurance firms, five standalone health insurers [SAHI] and 15 general insurance), for holding policies in the electronic form.

As of FY23, NDML/CAMS is the leader with ~80% market share and CIRL has a market share of ~9%. The new opportunity for CIRL comes to Rs 31cr considering a 10% market share, which is ~4% of CDSL FY24E revenue. CIRL was not aggressive in the insurance space but with the regulatory push, the market size has expanded, and the annuity nature makes it attractive. With an increase in focus, CIRL can gain market share as the company has tie-ups with most of the insurance companies that are also shareholders in CIRL.

As of FY23, ~13mn policies are in electronic form, and the penetration is very low at ~2%. CIRL has ~0.8mn policies in 0.9mn EIA accounts and has generated a revenue of INR 5.9mn. The current realisation from life/general policies is ~INR 24/10. We have assumed a realisation of INR 15/10 per policy for life/general policies, respectively.

Insurance Opportunity	FY23
Total Life Insurance policies in India (mn)	328
LIC policies (mn)	277
Non LIC Policies (mn)	51
New Additions (mn)	
LIC	20
Non LIC	8
Life Opportunity (Rs mn)	
Total Life (non-LIC) Recurring @ INR 15/policy	121
CDSL Life (non-LIC) opportunity (@ 10% market share)	12
General Insurance Policies issued in India/year (mn)	**302**
Recurring opportunity from Demat @ Rs 10/policy	3,018
CDSL revenue @ 10% market share	302
CDSL revenue (life + general)	314
% of CDSL FY24 revenue	**3.9%**
PAT	165
% of FY24E PAT	4%

(Source: HSIE Research)

Mandatory dematerialisation of unlisted securities

The Ministry of Corporate Affairs (MCA) in Oct’23 notified a new rule that requires every private company which is not a small company as on March 31, 2023, to ensure that all its shares are in dematerialised form by September 30, 2024. For all such other private companies which would qualify as a ‘small company‘ as per the provisions of the Companies Act, 2013, the requirement to dematerialise all their shares would become applicable within 18 months from the end of such financial year in which such company would no longer qualify as a small company.

Further, any new issuance of securities by the private companies has to solely be undertaken in a dematerialised form. The idea behind the move seems to not only improve the ease of doing business in India but also to curb benami transactions, reduce litigations related to fake share transfers or improper share pledges. Compulsory dematerialisation could provide a tailwind to topline growth.

Unlocking revenue growth from new initiatives

CDSL has introduced many new services like
eCAS - Offers a consolidated view of investments in demat accounts and in MF
eVoting - Facilitates electronic voting on resolutions of companies in a fair and transparent manner for all classes of shareholders
eAGM - enables shareholders to attend live streaming of Annual General Meetings (AGMs)
eDIS – electronic debit request in a secured manner using an API provided to DPs

Although the contribution to total revenue by these services is small, it has huge potential to grow. Most services are getting digitalised and many of them are being made mandatory. CDSL has already developed the platform and incremental usage could add to its profitability. It could give the company an early mover advantage.

Strong distribution network

The Company also has a wide network of DPs, who act as points of service. As on March 31, 2023, CDSL had more than 580 registered DPs with more than 20,000 locations across India. The DPs are spread across 28 states and 8 union territories. The demat account holders maintained with CDSL too, are spread across the country and it covers atleast 99% of the pin-codes.

Risks & Concerns

Regulated nature of business

CDSL Tariff charges for DPs as well as Issuers and RTAs are approved and regulated by SEBI which could constrain its profit growth.

Market volatility

CDSL earns ~60% of its revenues from transaction charges and annual issuer charges. Slowdown in equity markets could reduce the number of transactions and new listings of stocks.

Subsidiaries may take time to scale up

The repository services are still in investment phase and could take time to scale up their business, thereby impacting return ratios.

Loss of market share

CDSL has been able to garner majority share of incremental demat accounts in this duopoly market. Aggressive move by its competitor NSDL could result in market share loss.

Increase in competition

CDSL and NSDL are the two depositories in India currently. Any approval granted for a new depository could increase competition for the company impacting its growth.

Technological changes

Changes in technology may call for beefing up capabilities and data security, thereby altering the calculus of investments needed in technology upgradation.

Peer comparison

	CMP (Rs)	Mcap (Rs cr)	EPS (Rs)			RoE (%)			P/E (x)		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
MCX	3818	19512	21.7	95.6	124.7	7.5	31.4	37	176.0	39.9	30.6
CDSL	2008	20930	39.1	49.7	59	31.5	35.1	36.1	51.4	40.4	34.0
BSE	2829	38393	41.2	64.9	82.8	19.1	27.3	31.7	68.7	43.6	34.2

(Source: HDFC sec, Bloomberg)

Company Background

CDSL was set up in 1999 with the objective of providing convenient, dependable and secure depository services at affordable cost to all market participants. is the largest depository in India in terms of number of demat accounts opened. Initially promoted by BSE Ltd. its top shareholders currently are BSE Ltd. (15%), Standard Chartered Bank (7.2%), PPFAS Mutual Fund (4.7%) and LIC (4.4%).

CDSL offers dematerialization services to individuals and corporates for a wide range of securities including equity shares, preference shares, mutual fund units, debt instruments, government securities. As a securities depository, it facilitates holding of securities in electronic form and enable securities transactions (including off-market transfer and pledge) to be processed by book entry. The Depository Participants (DPs) act as the agent and offer depository services to the Beneficial Owner (BO) of the securities. The Registrar and Transfer Agents (RTAs) and Clearing Members (CMs) are the other intermediaries involved in the process of issue and transfer of securities on our electronic platform.

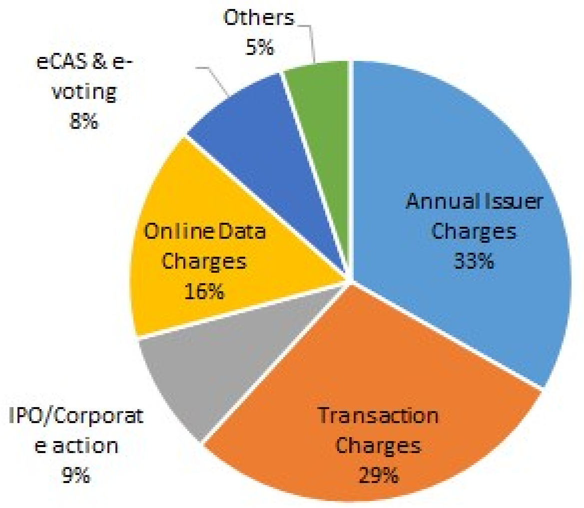
In addition to dematerialization services, the company offers specialised services through its subsidiaries:
CDSL Ventures Ltd (CVL):
CVL conceptualised, designed, and implemented the KYC Registration Agency (KRA) system within the mutual fund industry in 2006 and soon became the first and largest KRA in the country. In November 2018, we started our Registrar and Transfer Agents (RTA) operations. Additionally, CVL handles refund processing for PACL investor claims and conducts dedupe activity for Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) insurance claims.

CDSL Insurance Repository Limited (CIRL)
CIRL has obtained a registration certificate from the Insurance Regulatory and Development Authority of India (IRDAI) to act as an insurance repository. The Company has equity ownership from 10 insurance companies and CDSL. Moreover, it has established partnerships with 40 life and general insurers. With this setup, CIRL provides a comprehensive view all policies, including life, health, and motor vehicle insurance, all at no cost to our customers.

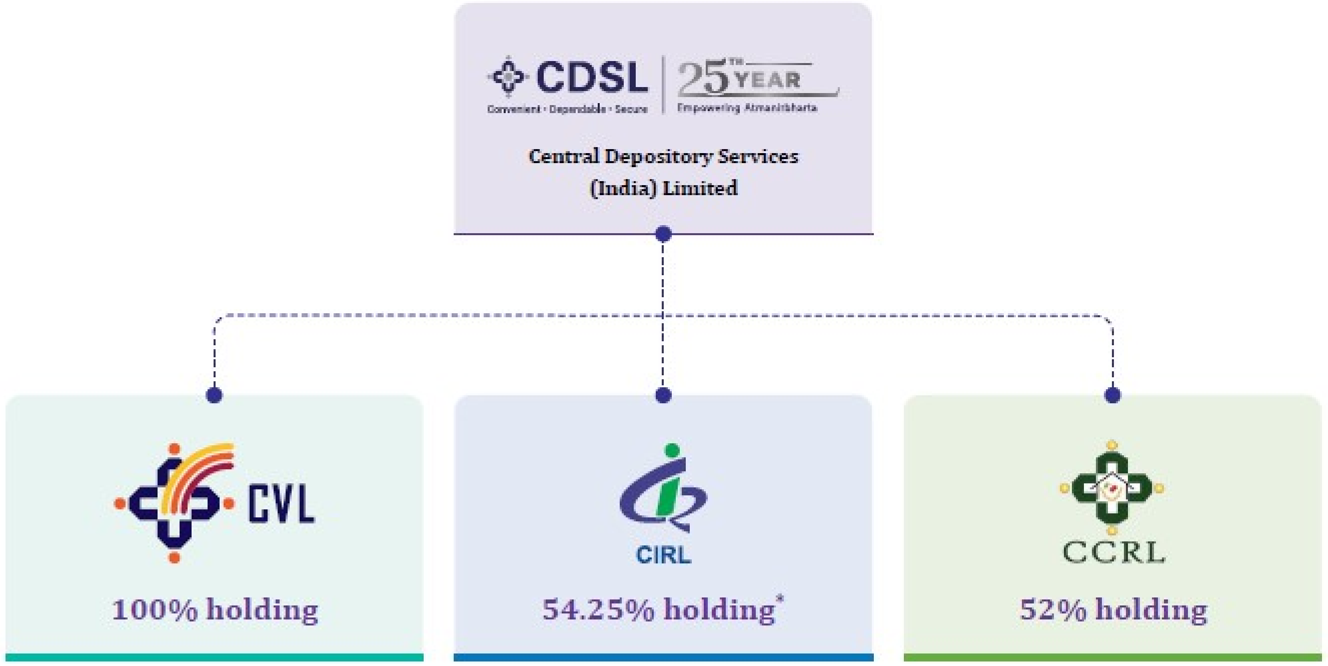
CDSL Commodity Repository Limited (CCRL)
Enabling the ownership and transfer of commodity assets is CCRL's core function. This service caters not only to commodities exchanges but also to a broader market. Established in 2017, it operates under the regulatory authority of the Warehousing Development and Regulatory Authority (WDRA).

Central Depository Services (India) Ltd.

Revenue breakup (FY23)



Corporate structure



(Source: Company, HDFCsec Research)

RETAILRESEARCH

HDFC securities Click. Invest. Grow. 20 YEARS

Financials

Income Statement

(Rs cr)	FY22	FY23	FY24E	FY25E	FY26E
Net Revenues	**551**	**555**	**798**	**998**	**1171**
Growth (%)	**60.4**	**0.7**	**43.7**	**25.1**	**17.2**
Operating Expenses	184	232	314	373	420
EBITDA	**367**	**323**	**484**	**625**	**750**
Growth (%)	**73.2**	**-11.9**	**49.7**	**29.2**	**20.0**
EBITDA Margin (%)	**66.6**	**58.2**	**60.7**	**62.6**	**64.1**
Depreciation	12	20	26	28	31
Other Income	55	66	90	94	100
EBIT	**410**	**370**	**548**	**691**	**819**
Interest expenses	0	0.1	0.1	0.1	0.1
PBT	410	369.6	547.6	690.5	818.8
Tax	97	89	135	167	198
PAT	313	280	413	524	621
Adj. PAT	**311**	**276**	**409**	**519**	**617**
Growth (%)	**55.4**	**-11.3**	**48.1**	**27.1**	**18.7**
EPS	29.8	26.4	39.1	49.7	59.0

Balance Sheet

As at March (Rs cr)	FY22	FY23	FY24E	FY25E	FY26E
SOURCE OF FUNDS					
Share Capital	105	105	105	105	105
Reserves & Surplus	988	1109	1273	1480	1727
Shareholders' Funds	**1093**	**1214**	**1377**	**1585**	**1832**
Minority Interest	43	43	43	44	44
Total Debt	0	0	0	0	0
Net Deferred Taxes	6	5	5	5	5
Other Non-Curr. Liab.	9	12	12	12	12
Total Sources of Funds	**1151**	**1274**	**1438**	**1645**	**1892**
APPLICATION OF FUNDS					
Net Block & Goodwill	106	125	130	142	158
CWIP	4	174	174	174	174
Investments	0	0	0	0	0
Other Non-Curr. Assets	22	34	49	61	72
Total Non Current Assets	132	333	354	378	404
Debtors	46	38	43	54	63
Cash & Equivalents	1131	1060	1219	1420	1659
Other Current Assets	16	26	37	47	55
Total Current Assets	**1193**	**1124**	**1299**	**1520**	**1776**
Creditors	11	20	21	26	30
Other Current Liab & Provisions	164	163	195	227	258
Total Current Liabilities	**175**	**183**	**216**	**253**	**289**
Net Current Assets	1019	941	1084	1268	1488
Total Application of Funds	**1151**	**1274**	**1438**	**1645**	**1892**

Cash Flow Statement

(Rs cr)	FY22	FY23	FY24E	FY25E	FY26E
Reported PBT	409	365	544	686	815
Non-operating & EO items	-40	-47	-90	-94	-100
Interest Expenses	0	0	0	0	0
Depreciation	12	20	26	28	31
Working Capital Change	3	4	1	5	8
Tax Paid	-100	-93	-135	-167	-198
OPERATING CASH FLOW (a)	**283**	**249**	**346**	**458**	**556**
Capex	-25	-208	-32	-40	-47
Free Cash Flow	258	41	314	418	509
Investments	0	0	0	0	0
Non-operating income	19	13	90	94	100
INVESTING CASH FLOW (b)	**-6**	**-195**	**58**	**54**	**53**
Debt Issuance / (Repaid)	0	2	0	0	0
Interest Expenses	0	0	0	0	0
FCFE	258	43	314	419	509
Share Capital Issuance	0	0	0	0	0
Dividend	-94	-157	-245	-312	-370
FINANCING CASH FLOW (c)	**-94**	**-155**	**-245**	**-312**	**-370**
NET CASH FLOW (a+b+c)	**184**	**-101**	**159**	**201**	**239**

Price chart

Key Ratios

	FY22	FY23	FY24E	FY25E	FY26E
Profitability Ratios (%)					
EBITDA Margin	66.5	58.3	60.7	62.6	64.1
EBIT Margin	74.4	66.6	68.7	69.2	70.0
APAT Margin	56.4	49.7	51.2	52.0	52.7
RoE	31.6	23.9	31.5	35.1	36.1
RoCE	30.0	22.8	30.2	33.7	34.9
Solvency Ratio (x)					
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0
Net D/E	-1.0	-0.9	-0.9	-0.9	-0.9
PER SHARE DATA (Rs)					
EPS	29.8	26.4	39.1	49.7	59.0
CEPS	30.9	28.3	41.6	52.4	62.0
BV	104.6	116.1	131.8	151.7	175.3
Dividend	9.0	15.0	23.5	29.8	35.4
Turnover Ratios (days)					
Debtor days	30	25	20	20	20
Creditors days	7	13	9	9	9
VALUATION					
P/E	67.4	76.0	51.3	40.4	34.0
P/BV	19.2	17.3	15.2	13.2	11.5
EV/EBITDA	54.1	61.6	40.8	31.3	25.8
EV / Revenues	36.0	35.9	24.8	19.6	16.5
Dividend Yield (%)	0.4	0.7	1.2	1.5	1.8
Dividend Payout (%)	30.2	56.8	60.0	60.0	60.0

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,** Reesearch Analyst, **MMS,** 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 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 t 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: 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: 2024.04.15 08:08:11 +05'30'