

# Britannia Industries

## BUY

In line result; maintain BUY

### Summary

Britannia (BRIT) 3QFY21 result was in-line with our estimates. Revenue growth moderates to 6%YoY (vs 12% in 2QFY21) driven by normalization in consumer up-stocking trend. BRIT used to grow at this rate pre-covid during FY20. General trade continued to grow at a healthy rate led by strong demand in rural and recovery in urban markets. Modern trade and institutional business continued to lag led by lower footfalls in stores, offices schools, railways etc. Gross margin expanded for 3<sup>rd</sup> consecutive quarter driven by deflationary raw material cost and cost optimization. We continue to maintain our positive outlook on the stock. We have marginally trimmed our estimates based on management guidance. Our revised TP stands at Rs 4,564 (vs previous TP of Rs 4,747). We maintain BUY.

### Key Highlights and Investment Rationale

#### Volume growth moderates; Rural and traditional trade drives topline

Standalone revenue grew by 6%YoY while revenue from subsidiaries grew 14%YoY. Overall volume growth moderated to 4%YoY (v/s 22% in Q1 and 9% in Q2) led by normalization of consumer up-stocking. Revenue from traditional channel grew at healthy rate driven by (i) strong growth momentum in rural and (ii) recovery in urban. Modern trade and institutional business continued to face growth headwinds. In dairy business, cheese grew at double digit while drinks segment witnessed recovery led by pick up in out of home consumption.

#### Deflationary raw material drives operating profit margin

Gross margin expanded 224bp YoY to 43.1% (3rd consecutive quarter of expansion) led by deflationary raw material cost environment. Milk and flour prices declined; 15% and 7%YoY respectively while sugar and RPO price rose by 1% and 25% YoY respectively. Operating leverage and improvement in operational efficiency led to 249bp YoY improvement in EBITDA margin to 19.3%.

#### Maintain BUY

We have marginally trimmed our EPS estimates by c. 3-4% in FY21-23E. This is largely driven by moderate volume growth expectation as per management guidance. Our revised TP stands at Rs 4,564. We maintain BUY rating on the stock.

TP	Rs4,564
CMP	Rs3,473
Potential upside / downside	+31%
Previous Rating	BUY

#### V/s Consensus

EPS (Rs)	FY21E	FY22E	FY23E
IDBI Capital	79.4	82.0	91.3
Consensus	78.4	80.6	91.5
% difference	1.2	1.7	(0.3)

#### Shareholding Pattern (%)

Promoters	50.6
FII	17.7
DII	10.5
Public	21.2

#### Price Performance (%)

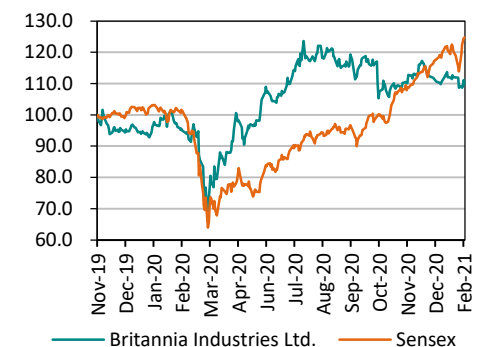
	-1m	-3m	-12m
Absolute	(2.3)	(1.2)	6.8
Rel to Sensex	(9.1)	(23.8)	(18.0)

## Q3FY21 Result Review

#### Key Stock Data

Bloomberg / Reuters	BRIT IN / BRIT.BO
Sector	FMCG
Shares o/s (mn)	241
Market cap. (Rs mn)	8,36,512
Market cap. (US\$ mn)	11,465
3-m daily average value (Rs mn)	967.0
52-week high / low	Rs4,015 / 2,101
Sensex / Nifty	51,349 / 15,116

#### Relative to Sensex (%)



#### Financial snapshot

Year	FY2019	FY2020	FY2021E	FY2022E	FY2023E
Revenue	1,10,548	1,15,995	1,30,791	1,44,088	1,58,673
EBITDA	17,335	18,431	25,438	26,373	29,195
EBITDA (%)	15.7	15.9	19.4	18.3	18.4
Adj. PAT	11,519	14,185	19,062	19,684	21,905
EPS (Rs)	48.0	59.1	79.4	82.0	91.3
EPS Growth (%)	14.7	23.2	34.4	4.6	11.3
PE (x)	72.4	58.8	43.7	42.3	38.1
Dividend Yield (%)	0.4	0.5	0.7	0.7	0.8
EV/EBITDA (x)	48.1	46.0	32.9	31.2	27.7
RoE (%)	30.1	32.8	37.7	30.8	28.0
RoCE (%)	38.8	31.6	35.4	30.5	28.9

Source: Company; IDBI Capital Research

## Conference Call Highlights

### On Business Performance

- General trade and rural reported robust growth while modern trade and institutional business growth remained muted.
- There is normalization of aggressive pantry stocking witnessed in the first two quarters.
- BRIT has gained market share for the last 36 quarters. In last 9 months, the second-largest player has gained more shares versus BRIT due to its VFM product range and strong brand equity.
- BRIT is under indexed in the Hindi belt which accounts for 35% of the entire biscuit market. Three years ago, BRIT had only 10% market share in Hindi belt versus overall market share of 30%.
- The company will focus on (i) accelerating pace of innovation and new launches, (ii) strengthening distribution reach (iii) brand building and visibility, and (iv) IT up-gradation.
- International operations: Middle-East and Africa registered healthy growth given these geographies were struggling pre-covid. Rest of international continued to grow at a healthy pace.

### Adjacent business

- Bakery Adjacency; Witnessed improved profitability in bread segment and stable growth and improved profitability in rusk.
- Closure of schools and slow recovery in urban has resulted in underperformance of cake segment. Management expects growth recovery in cake segment in the next six months.
- BRIT is the second-largest player in the wafer category and largest in terms of distribution. Wafer segment has grown at 30% for the company.
- Dairy business; Cheese registered double-digit growth whereas drinks portfolio saw recovery as out of home consumption picked up. Positively, benign milk prices have aided profitability.

### Margins

- Overall raw material inflation during the quarter stood at 1%. Company witnessed deflationary trend in flour (-7%) milk (-15%) and inflationary trend in Sugar (+1%) and RPO (+25%).

**Channel**

- Traditional channel (89% of revenue) grew at robust rate led by strong rural growth and recovery in urban markets.
- Modern trade (10% of revenue) continued to remain muted. Future group was a large part of modern trade business which is struggling. Currently, Ecommerce share in overall revenue stands at 1%.
- Alternate channels like transit clusters, hotels, railways etc. are still operating at levels below pre covid levels.

**Others**

- CAPEX for FY21 will be around Rs2Bn.
- BRIT would be entitled to a 110% incentive from Maharashtra government for Ranjangaon plant on investing Rs15Bn till 2024. Till date, the company has invested Rs7Bn for the project.
- Direct dispatch to distributors has increased from 8% pre-covid to 22% post covid.

**Exhibit 1: Consolidated Quarterly Snapshot**

(INR m)	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	YTD FY21	YTD FY20	YoY (%)
<b>Revenues</b>	<b>31,656</b>	<b>29,827</b>	<b>6.1</b>	<b>34,191</b>	<b>-7.4</b>	<b>1,00,054</b>	<b>87,319</b>	<b>14.6</b>
COGS	18,014	17,642	2.1	19,651	-8.3	57,625	51,975	10.9
Gross profit	13,642	12,185	12.0	14,540	-6.2	42,429	35,344	20.0
<i>Gross Margin (%)</i>	<i>43.1</i>	<i>40.9</i>	<i>224 bps</i>	<i>42.5</i>	<i>57 bps</i>	<i>42.4</i>	<i>40.5</i>	<i>193 bps</i>
Employee expenses	1,318	1,216	8.4	1,345	-2.0	4,032	3,658	10.2
<i>% of net sales</i>	<i>4.2</i>	<i>4.1</i>	<i>9 bps</i>	<i>3.9</i>	<i>23 bps</i>	<i>4.0</i>	<i>4.2</i>	<i>-16 bps</i>
Other Expenses	6,209	5,949	4.4	6,441	-3.6	18,359	17,797	3.2
<i>% of net sales</i>	<i>19.6</i>	<i>19.9</i>	<i>-33 bps</i>	<i>18.8</i>	<i>78 bps</i>	<i>18.3</i>	<i>20.4</i>	<i>-203 bps</i>
<b>EBITDA</b>	<b>6,115</b>	<b>5,020</b>	<b>21.8</b>	<b>6,754</b>	<b>-9.5</b>	<b>20,038</b>	<b>13,889</b>	<b>44.3</b>
<b><i>EBITDA Margin (%)</i></b>	<b><i>19.3</i></b>	<b><i>16.8</i></b>	<b><i>249 bps</i></b>	<b><i>19.8</i></b>	<b><i>-44 bps</i></b>	<b><i>20.0</i></b>	<b><i>15.9</i></b>	<b><i>412 bps</i></b>
Depreciation	486	467	4.0	485	0.2	1,450	1,363	6.4
EBIT	5,629	4,553	23.6	6,269	-10.20	18,588	12,526	48.4
Other Income	826	652	26.7	735	12.3	2,497	2,008	24.4
Interest Expenses	318	237	34.3	298	6.6	872	499	74.7
<b>PBT</b>	<b>6,137</b>	<b>4,969</b>	<b>23.5</b>	<b>6,706</b>	<b>-8.5</b>	<b>20,213</b>	<b>14,034</b>	<b>44.0</b>
Taxes	1,611	1,273	26.6	1,750	-7.9	5,304	3,658	
<b>Adjusted PAT</b>	<b>4,526</b>	<b>3,696</b>	<b>22.5</b>	<b>4,956</b>	<b>-8.7</b>	<b>14,909</b>	<b>10,377</b>	<b>43.7</b>
Share in profit/loss of associate	0	3		1	-81.8	2	3	
Extra-ordinary items	0	0		5		6	-167	
Minority Interest	31	28	13.1	29	6	91	66	
Reported PAT	4,557	3,726	22.3	4,992	-8.7	15,008	10,279	46.0
<b>EPS</b>	<b>18.9</b>	<b>15.5</b>	<b>22.3</b>	<b>20.7</b>	<b>-8.5</b>	<b>62.3</b>	<b>42.8</b>	<b>45.8</b>

Source: Company; IDBI Capital Research

**Exhibit 2: Standalone Quarterly Snapshot**

(INR m)	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ (%)	YTD FY21	YTD FY20	YoY (%)
<b>Revenues</b>	<b>29,787</b>	<b>28,192</b>	<b>5.7</b>	<b>32,276</b>	<b>-7.7</b>	<b>94,262</b>	<b>82,947</b>	<b>13.6</b>
COGS	17,410	16,951	2.7	19,187	-9.3	55,867	49,987	11.8
Gross profit	12,377	11,241	10.1	13,088	-5.4	38,395	32,960	16.5
<i>Gross Margin (%)</i>	<i>41.6</i>	<i>39.9</i>	<i>168 bps</i>	<i>40.6</i>	<i>100 bps</i>	<i>38.4</i>	<i>37.7</i>	<i>63 bps</i>
Employee expenses	1,011	923	9.6	1,044	-3.1	3,099	2,792	11.0
<i>% of net sales</i>	<i>3.4</i>	<i>3.3</i>	<i>12 bps</i>	<i>3.2</i>	<i>16 bps</i>	<i>3.1</i>	<i>3.2</i>	<i>-10 bps</i>
Other Expenses	5,659	5,501	2.9	5,834	-3.0	16,661	16,765	-0.6
<i>% of net sales</i>	<i>19.0</i>	<i>19.5</i>	<i>-51 bps</i>	<i>18.1</i>	<i>92 bps</i>	<i>16.7</i>	<i>19.2</i>	<i>-255 bps</i>
<b>EBITDA</b>	<b>5,707</b>	<b>4,818</b>	<b>18.5</b>	<b>6,210</b>	<b>-8.1</b>	<b>18,635</b>	<b>13,403</b>	<b>39.0</b>
<b><i>EBITDA Margin (%)</i></b>	<b><i>19.2</i></b>	<b><i>17.1</i></b>	<b><i>207 bps</i></b>	<b><i>19.2</i></b>	<b><i>-8 bps</i></b>	<b><i>18.6</i></b>	<b><i>15.3</i></b>	<b><i>328 bps</i></b>
Depreciation	409	384	6.4	406	0.7	1,216	1,124	8.2
EBIT	5,298	4,433	19.5	5,804	-8.71	17,419	12,279	41.9
Other Income	778	646	20.4	712	9.2	2,363	2,603	-9.2
Interest Expenses	287	221	29.6	267	7.3	773	445	73.7
<b>PBT</b>	<b>5,789</b>	<b>4,858</b>	<b>19.2</b>	<b>6,249</b>	<b>-7.4</b>	<b>19,009</b>	<b>14,438</b>	<b>31.7</b>
Taxes	1,505	1,254		1,624		4,942	3,596	
<b>Adjusted PAT</b>	<b>4,284</b>	<b>3,604</b>	<b>18.9</b>	<b>4,624</b>	<b>-7.4</b>	<b>14,067</b>	<b>10,841</b>	<b>29.8</b>
Extra-ordinary items	0	0		0		0	190	
Reported PAT	4,284	3,604	18.9	4,624	-7.4	14,067	11,031	27.5
<b>EPS</b>	<b>17.8</b>	<b>15.0</b>	<b>18.9</b>	<b>19.2</b>	<b>-7.4</b>	<b>58.5</b>	<b>45.9</b>	<b>27.5</b>

Source: Company; IDBI Capital Research

**Exhibit 3: Actual vs. Estimates**

(Rs mn)

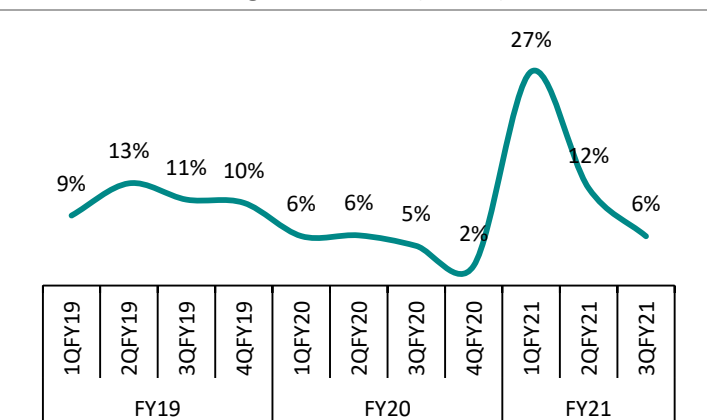
Particulars	Actual	IDBI Estimate	% variation IDBI
Revenue	31,656	32,263	(1.9)
EBITDA	6,115	5,969	2.5
Margin (%)	19.3	18.5	
PAT	4,526	4381	3.3

Source: Company; IDBI Capital Research

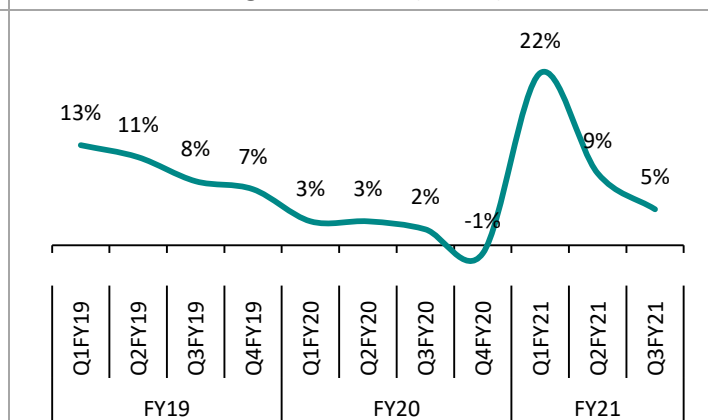
**Exhibit 4: Change in estimates**

	FY21E			FY22E			FY23E		
	New	Old	(%) Chg	New	Old	(%) Chg	New	Old	(%) Chg
Revenue (Rs mn)	1,30,791	1,36,829	(4.4)	1,44,088	1,48,128	(2.7)	1,58,673	1,63,105	(2.7)
EBITDA (Rs mn)	25,438	25,968	(2.0)	26,373	27,243	(3.2)	29,195	30,155	(3.2)
EBITDA margin (%)	19.4	19.0		18.3	18.4		18.4	18.5	
Net profit (Rs mn)	19,062	19,662	(3.1)	19,684	20,484	(3.9)	21,905	22,785	(3.9)
EPS (Rs)	79.4	81.9	(3.1)	82.0	85.3	(3.9)	91.3	94.9	(3.9)

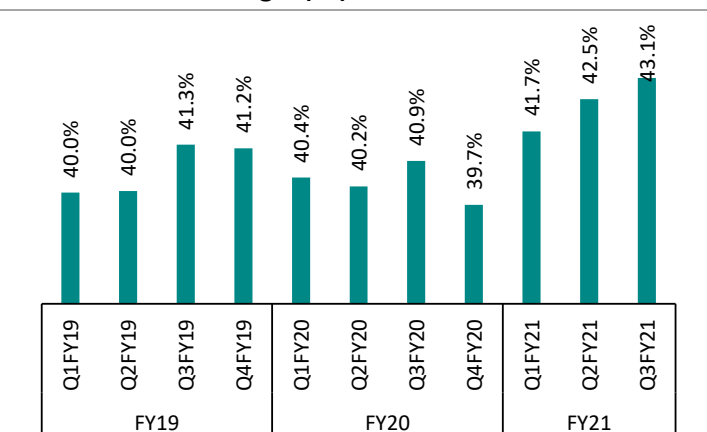
Source: Company; IDBI Capital Research

**Exhibit 5: Revenue growth trend (% YoY)**


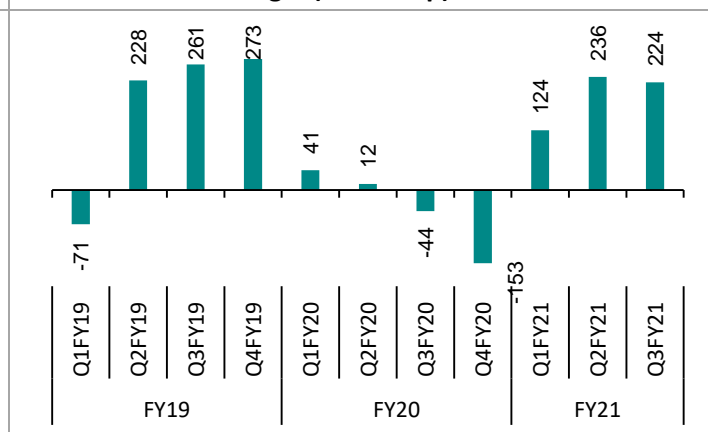
Source: Company, IDBI Capital research

**Exhibit 6: Volume growth trend (% YoY)**


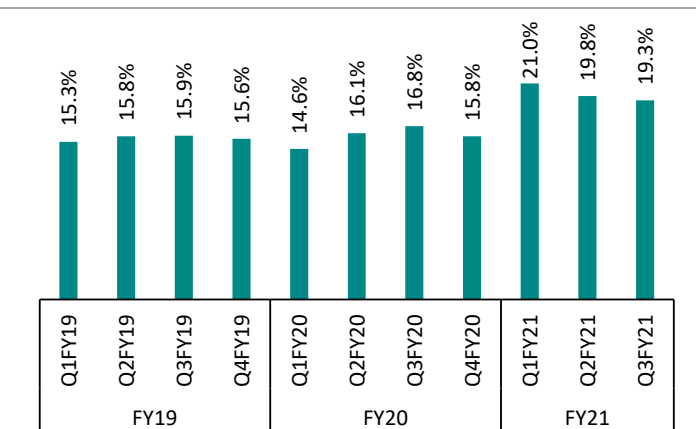
Source: Company, IDBI Capital research

**Exhibit 7: Gross Margin (%)**


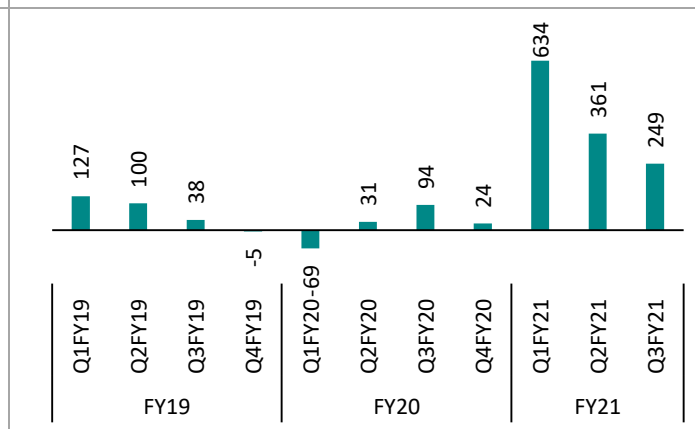
Source: Company, IDBI Capital research

**Exhibit 8: Gross Margin (YoY in bp)**


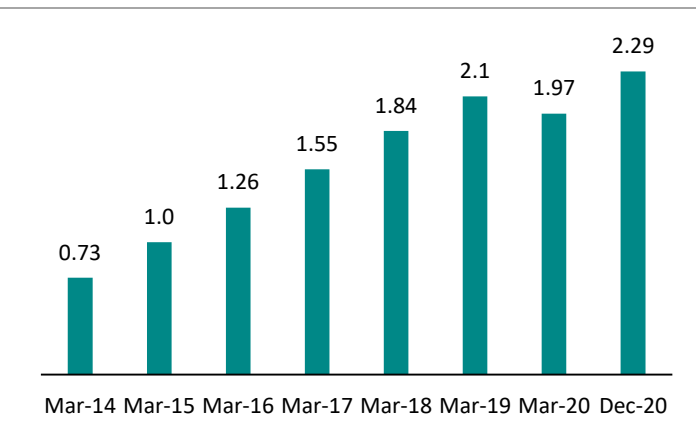
Source: Company, IDBI Capital research

**Exhibit 9: EBITDA Margin (%)**


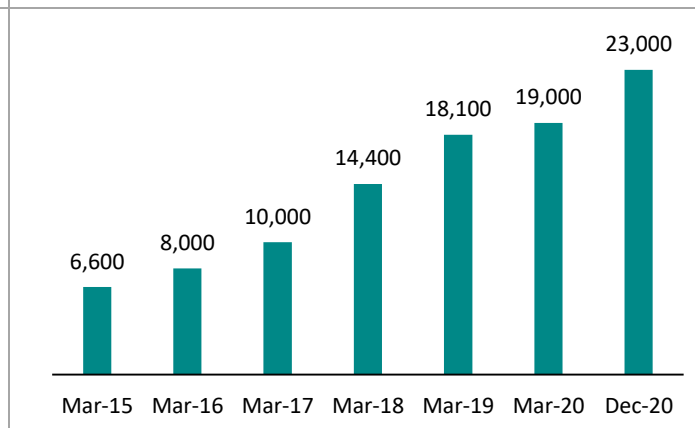
Source: Company, IDBI Capital research

**Exhibit 10: EBITDA Margin (YoY in bp)**


Source: Company, IDBI Capital research

**Exhibit 11: Direct reach outlets (in Mn)**


Source: Company, IDBI Capital research

**Exhibit 12: Rural preferred dealers**


Source: Company, IDBI Capital research



## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21E	FY22E	FY23E
<b>Net sales</b>	<b>115,995</b>	<b>1,30,791</b>	<b>1,44,088</b>	<b>1,58,673</b>
<i>Growth (%)</i>	4.9	12.8	10.2	10.1
Operating expenses	(97,564)	(1,05,353)	(1,17,715)	(1,29,478)
<b>EBITDA</b>	<b>18,431</b>	<b>25,438</b>	<b>26,373</b>	<b>29,195</b>
<i>Growth (%)</i>	6.3	38.0	3.7	10.7
Depreciation	(1,848)	(1,938)	(2,366)	(2,593)
<b>EBIT</b>	<b>16,583</b>	<b>23,500</b>	<b>24,008</b>	<b>26,602</b>
Interest paid	(769)	(1,202)	(854)	(789)
Other income	2,794	3,353	3,688	4,057
<b>Pre-tax profit</b>	<b>18,608</b>	<b>25,650</b>	<b>26,842</b>	<b>29,870</b>
Tax	(4,507)	(6,720)	(7,032)	(7,826)
<i>Effective tax rate (%)</i>	24.2	26.2	26.2	26.2
Minority Interest	(85.9)	131.7	(125.1)	(139.2)
<b>Net profit</b>	<b>14,015</b>	<b>19,062</b>	<b>19,684</b>	<b>21,905</b>
Exceptional items	(170)	-	-	-
<b>Adjusted net profit</b>	<b>14,185</b>	<b>19,062</b>	<b>19,684</b>	<b>21,905</b>
<i>Growth (%)</i>	23.1	34.4	4.6	11.3
<i>Shares o/s (mn nos)</i>	240	240	240	240

### Cash Flow Statement

(Rs mn)

Year-end: March	FY20	FY21E	FY22E	FY23E
Pre-tax profit	18,438	25,650	26,842	29,870
Depreciation	1,848	1,938	2,366	2,593
Tax paid	(5,033)	(6,720)	(7,032)	(7,826)
Chg in working capital	1,511	70	63	69
Other operating activities	(1,919)	1,202	854	789
<b>Cash flow from operations (a)</b>	<b>14,845</b>	<b>22,140</b>	<b>23,092</b>	<b>25,496</b>
Capital expenditure	(2,442)	(3,816)	(2,637)	(2,920)
Chg in investments	(14,151)	(120)	(125)	(139)
Other investing activities	1,276	-	-	-
<b>Cash flow from investing (b)</b>	<b>(15,316)</b>	<b>(3,935)</b>	<b>(2,762)</b>	<b>(3,059)</b>
Equity raised/(repaid)	240	-	-	-
Debt raised/(repaid)	6,407	(1,000)	(1,000)	(1,000)
Dividend (incl. tax)	(4,325)	(5,909)	(6,102)	(6,790)
Chg in minorities	-	-	-	-
Other financing activities	(1,742)	(951)	(854)	(789)
<b>Cash flow from financing (c)</b>	<b>579</b>	<b>(7,860)</b>	<b>(7,956)</b>	<b>(8,580)</b>
<b>Net chg in cash (a+b+c)</b>	<b>108</b>	<b>10,345</b>	<b>12,373</b>	<b>13,857</b>

**Balance Sheet**

(Rs mn)

Year-end: March	FY20	FY21E	FY22E	FY23E
Net fixed assets	19,033	20,910	21,182	21,508
Investments	18,989	18,989	18,989	18,989
Other non-curr assets	3,651	3,651	3,651	3,651
<b>Current assets</b>	<b>36,750</b>	<b>48,449</b>	<b>62,039</b>	<b>77,230</b>
Inventories	7,410	8,355	9,204	10,136
Sundry Debtors	3,204	3,612	3,979	4,382
Cash and Bank	1,229	11,574	23,947	37,804
Marketable Securities	-	-	-	-
Loans and advances	-	-	-	-
<b>Total assets</b>	<b>78,422</b>	<b>91,999</b>	<b>1,05,861</b>	<b>1,21,379</b>
<b>Shareholders' funds</b>	<b>44,028</b>	<b>57,181</b>	<b>70,763</b>	<b>85,877</b>
Share capital	241	241	241	241
Reserves & surplus	43,788	56,940	70,522	85,637
<b>Total Debt</b>	<b>15,141</b>	<b>14,141</b>	<b>13,141</b>	<b>12,141</b>
Secured loans	15,141	14,141	13,141	12,141
Unsecured loans	-	-	-	-
Other liabilities	724	724	724	724
<b>Curr Liab &amp; prov</b>	<b>18,173</b>	<b>19,597</b>	<b>20,877</b>	<b>22,280</b>
Current liabilities	16,261	17,684	18,964	20,368
Provisions	1,913	1,913	1,913	1,913
<b>Total liabilities</b>	<b>34,038</b>	<b>34,461</b>	<b>34,741</b>	<b>35,145</b>
<b>Total equity &amp; liabilities</b>	<b>78,422</b>	<b>91,999</b>	<b>1,05,861</b>	<b>1,21,379</b>
<b>Book Value (Rs)</b>	<b>183</b>	<b>239</b>	<b>298</b>	<b>364</b>

Source: Company; IDBI Capital Research

**Financial Ratios**

Year-end: March	FY20	FY21E	FY22E	FY23E
Adj. EPS (Rs)	59.1	79.4	82.0	91.3
Adj. EPS growth (%)	23.2	34.4	4.6	11.3
EBITDA margin (%)	15.9	19.4	18.3	18.4
Pre-tax margin (%)	16.0	19.6	18.6	18.8
ROE (%)	32.8	37.2	30.8	28.0
ROCE (%)	31.6	35.4	30.5	28.9
<b>Turnover &amp; Leverage ratios (x)</b>				
Asset turnover (x)	1.6	1.5	1.5	1.4
Leverage factor (x)	1.6	1.7	1.5	1.5
Net margin (%)	12.2	14.4	13.7	13.8
Net Debt/Equity (x)	0.3	0.0	(0.2)	(0.3)
<b>Working Capital &amp; Liquidity ratio</b>				
Inventory days	23	23	23	23
Receivable days	10	10	10	10
Payable days	42	44	43	43

**Valuation**

Year-end: March	FY20	FY21E	FY22E	FY23E
P/E (x)	58.8	43.7	42.3	38.1
Price / Book value (x)	18.9	14.6	11.8	9.7
PCE (x)	52.0	39.7	37.8	34.0
EV / Net sales (x)	7.3	6.4	5.7	5.1
EV / EBITDA (x)	46.0	32.9	31.2	27.7
Dividend Yield (%)	0.5	0.7	0.7	0.8



# Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
---------	-------------------	-------------------------

**Key to Ratings Stocks:**

**BUY:** Absolute return of 15% and above; **ACCUMULATE:** 5% to 15%; **HOLD:** Upto  $\pm 5\%$ ; **REDUCE:** -5% to -15%; **SELL:** -15% and below.

**IDBI Capital Markets & Securities Ltd.**
**Equity Research Desk**

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

**SEBI Registration:** BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

**Compliance Officer:** Christina D'souza; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1907

**Disclaimer**

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as "IDBI Capital") for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted to copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

### Analyst Disclosures

We, Varun Singh, Upasana Madan, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, We will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

### Other Disclosure

IDBI Capital Markets & Securities Ltd.(hereinafter referred to as "IDBI Capital") was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India's leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on [www.idbicapital.com](http://www.idbicapital.com) IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% or more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or 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 their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative's may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at [www.bseindia.com](http://www.bseindia.com); [www.nseindia.com](http://www.nseindia.com) and [www.economictimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economictimes.indiatimes.com/markets/stocks/stock-quotes).