

# Avenue Supermarts

## BUY

The 2<sup>nd</sup> wave to be temporarily more taxing on revenue

### Summary

Avenue Supermarts (DMART) 4QFY21 results was better than expectations. Business recovery during Jan-Feb'21 remained strong driven by 6% SSSG. However, the month of Mar'21 witnessed subdued demand due to local level restrictions on store operation. Positively, DMART added 13 stores (of size c. 50k square feet) during the quarter (22 stores in FY21). Operating profit margin expanded due to better revenue mix and cost control. However, management guides that currently more than 80% stores are operating for significantly lower number of hours due to lockdown/restriction imposed by state governments. For example, in Maharashtra (c.30% revenue contribution), grocery stores are allowed to operate for only 4 hours. Consequently, we have cut of EPS estimates by 18% in FY22E and 7% in FY23E. However, we continue to maintain our bullish stance on DMART given the expensive-competitive-moats. Any correction in price should be treated as signal for bargain price. We maintain our BUY rating on the stock with a revised TP of Rs 3,502 (vs previous TP of Rs 3,699) valued at 60x FY23E EV/EBITDA.

### Key Highlights and Investment Rationale

- Recovery in SSSG and healthy store addition rate drives revenue growth**  
 Standalone revenue grew 18%YoY to Rs 74bn driven by c.6% SSSG during Jan-Feb'21. During Mar'21; SSSG for first 15 days declined 9%YoY due to lockdown in current quarter, however during last 16 days (in Mar'21) SSSG remained positive due to lockdown impact in the base quarter. Revenue per square feet improved 4%YoY. DMART added 13 large size (c. 50K square feet) stores during 4QFY21. Revenue from ecommerce business grew 73%YoY (vs 92% in 3QFY21). Overall e-com business now contributes c. 1.5% to total revenue.
- Operating profit margin expands due to better sales mix and cost control**  
 Gross margin expands 117bp YoY to 14.4% driven by higher contribution from margin accretive general merchandise compared to base quarter. EBITDA margin rose 170bp YoY to 9.3% driven by better cost control and gains from gross margin. EBITDA per square feet improved 31% YoY. PAT margin reached normalized levels of c. 6%.
- Trimmed estimates; maintain BUY**  
 We have cut our revenue estimates by 6-16% in FY22-23E thereby incorporating impact of the second COVID wave. Consequently, we have revised EPS estimates downwards by 7-18% in FY22-23E. We maintain BUY rating with a revised TP of Rs3,502.

## Q4FY21 Result Review

### Key Stock Data

Bloomberg / Reuters	DMART IN/AVEU.BO
Sector	Retail
Shares o/s (mn)	648
Market cap. (Rs mn)	1,871,259
Market cap. (US\$ mn)	25,455
3-m daily average value (Rs mn)	1,033.6
52-week high / low	Rs3,328 / 1,900
Sensex / Nifty	49,206 / 14,823

TP	Rs3,502
CMP	Rs2,889
Potential upside / downside	+21%
Previous Rating	BUY

### V/s Consensus

EPS (Rs)	FY22E	FY23E
IDBI Capital	26.1	38.1
Consensus	29.8	40.2
% difference	(12.5)	(5.3)

### Shareholding Pattern (%)

Promoters	75.0
FII	10.2
DII	6.5
Public	8.4

### Price Performance (%)

	-1m	-3m	-12m
Absolute	(0.0)	(1.9)	31.4
Rel to Sensex	0.9	1.1	(25.1)

### Relative to Sensex (%)



### Financial snapshot

Year	FY19	FY20	FY21	FY22E	FY23E
Revenue	199,163	246,750	237,871	307,874	430,447
EBITDA	16,422	21,221	17,416	25,364	37,450
EBITDA (%)	8.2	8.6	7.3	8.2	8.7
Adj. PAT	9,364	13,499	11,652	16,884	24,676
EPS (Rs)	15.0	21.5	18.0	26.1	38.1
EPS Growth (%)	19.3	43.3	(16.3)	44.9	46.1
PE (x)	192.5	134.4	160.6	110.8	75.8
Dividend Yield (%)	-	-	-	-	-
EV/EBITDA (x)	109.9	85.4	106.6	73.0	49.4
RoE (%)	18.3	16.1	9.9	12.8	16.2
RoCE (%)	26.2	20.4	11.4	15.7	20.9

Source: Company; IDBI Capital Research

**Exhibit 1: Standalone Quarterly Snapshot**

(INR m)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
<b>Revenues</b>	<b>73,030</b>	<b>61,935</b>	<b>17.9</b>	<b>74,327</b>	<b>-1.74</b>	<b>237,871</b>	<b>246,750</b>	<b>-3.6</b>
COGS	62,518	53,744	16.3	63,096	-0.9	203,563	210,159	-3.1
Gross profit	10,512	8,191	28.3	11,231	-6.4	34,307	36,591	-6.2
<i>Gross Margin (%)</i>	<i>14.4</i>	<i>13.2</i>	<i>117 bps</i>	<i>15.1</i>	<i>-72 bps</i>	<i>14.4</i>	<i>14.8</i>	<i>-41 bps</i>
Employee expenses	1,243	1,151	8.0	1,268	-1.9	4,951	4,247	16.6
<i>% of net sales</i>	<i>1.7</i>	<i>1.9</i>	<i>-16 bps</i>	<i>1.7</i>	<i>0 bps</i>	<i>2.1</i>	<i>1.7</i>	<i>36 bps</i>
Other Expenses	3,104	2,863	8.4	3,050	1.8	11,940	11,122	7.4
<i>% of net sales</i>	<i>4.3</i>	<i>4.6</i>	<i>-37 bps</i>	<i>4.1</i>	<i>15 bps</i>	<i>5.0</i>	<i>4.5</i>	<i>51 bps</i>
<b>EBITDA</b>	<b>6,165</b>	<b>4,177</b>	<b>47.6</b>	<b>6,914</b>	<b>-10.8</b>	<b>17,416</b>	<b>21,221</b>	<b>-17.9</b>
<b><i>EBITDA Margin (%)</i></b>	<b><i>8.4</i></b>	<b><i>6.7</i></b>	<b><i>170 bps</i></b>	<b><i>9.3</i></b>	<b><i>-86 bps</i></b>	<b><i>7.3</i></b>	<b><i>8.6</i></b>	<b><i>-128 bps</i></b>
Depreciation	946	948	-0.2	1,003	-5.6	3,714	3,398	9.3
EBIT	5,218	3,228	61.6	5,911	-11.72	13,702	17,823	-23.1
Other Income	526	356	47.7	492	6.8	2,089	633	229.9
Interest Expenses	103	124	-17.1	87	18.1	345	628	-45.1
<b>PBT</b>	<b>5,641</b>	<b>3,460</b>	<b>63.0</b>	<b>6,316</b>	<b>-10.7</b>	<b>15,447</b>	<b>17,829</b>	<b>-13.4</b>
Taxes	1,292	591	118.6	1,614	-19.9	3,794	4,330	-12.4
<b>Adjusted PAT</b>	<b>4,349</b>	<b>2,869</b>	<b>51.6</b>	<b>4,702</b>	<b>-7.5</b>	<b>11,652</b>	<b>13,499</b>	<b>-13.7</b>
Extra-ordinary items	0	0		0		0	0	
Reported PAT	4,349	2,869	51.6	4,702	-7.5	11,652	13,499	-13.7
<b>EPS</b>	<b>6.7</b>	<b>4.4</b>	<b>51.6</b>	<b>7.3</b>	<b>-7.5</b>	<b>18.0</b>	<b>21.43</b>	<b>-16.0</b>

Source: Company; IDBI Capital Research

**Exhibit 2: Consolidated Quarterly Snapshot**

(INR m)	Q4FY21	Q4FY20	YoY (%)	Q3FY21	QoQ (%)	FY21	FY20	YoY (%)
<b>Revenues</b>	<b>74,110</b>	<b>62,559</b>	<b>18.5</b>	<b>75,420</b>	<b>-1.74</b>	<b>241,424</b>	<b>248,702</b>	<b>-2.9</b>
COGS	63,155	54,058	16.8	63,726	-0.9	205,547	211,029	-2.6
Gross profit	10,955	8,501	28.9	11,694	-6.3	35,877	37,673	-4.8
<i>Gross Margin (%)</i>	<i>14.8</i>	<i>13.6</i>	<i>119 bps</i>	<i>15.5</i>	<i>-72 bps</i>	<i>15.1</i>	<i>15.3</i>	<i>-18 bps</i>
Employee expenses	1,367	1,261	8.4	1,393	-1.9	5,366	4,561	17.6
<i>% of net sales</i>	<i>1.8</i>	<i>2.0</i>	<i>-17 bps</i>	<i>1.8</i>	<i>0 bps</i>	<i>2.3</i>	<i>1.8</i>	<i>41 bps</i>
Other Expenses	3,469	3,066	13.1	3,410	1.7	13,088	11,829	10.6
<i>% of net sales</i>	<i>4.7</i>	<i>4.9</i>	<i>-22 bps</i>	<i>4.5</i>	<i>16 bps</i>	<i>5.5</i>	<i>4.8</i>	<i>71 bps</i>
<b>EBITDA</b>	<b>6,120</b>	<b>4,173</b>	<b>46.6</b>	<b>6,891</b>	<b>-11.2</b>	<b>17,424</b>	<b>21,283</b>	<b>-18.1</b>
<b><i>EBITDA Margin (%)</i></b>	<b><i>8.3</i></b>	<b><i>6.7</i></b>	<b><i>159 bps</i></b>	<b><i>9.1</i></b>	<b><i>-88 bps</i></b>	<b><i>7.3</i></b>	<b><i>8.6</i></b>	<b><i>-130 bps</i></b>
Depreciation	1,050	1,046	0.4	1,137	-7.7	4,142	3,744	10.6
EBIT	5,070	3,128	62.1	5,754	-11.89	13,282	17,539	-24.3
Other Income	481	349	38.1	453	6.2	1,962	600	227.1
Interest Expenses	123	144	-14.6	113	8.5	417	691	-39.7
<b>PBT</b>	<b>5,429</b>	<b>3,333</b>	<b>62.9</b>	<b>6,094</b>	<b>-10.9</b>	<b>14,828</b>	<b>17,448</b>	<b>-15.0</b>
Taxes	1,297	620	109.3	1,625	-20.2	3,840	4,438	-13.5
<b>Adjusted PAT</b>	<b>4,132</b>	<b>2,713</b>	<b>52.3</b>	<b>4,470</b>	<b>-7.6</b>	<b>10,988</b>	<b>13,010</b>	<b>-15.5</b>
Extra-ordinary items	0	0		0		0	0	
Reported PAT	4,132	2,713	52.3	4,470	-7.6	10,988	13,010	-15.5
<b>EPS</b>	<b>6.4</b>	<b>4.2</b>	<b>52.3</b>	<b>6.9</b>	<b>-7.6</b>	<b>16.96</b>	<b>20.65</b>	<b>-17.9</b>

Source: Company; IDBI Capital Research

**Exhibit 3: Actual vs. Estimates**

(Rs mn)

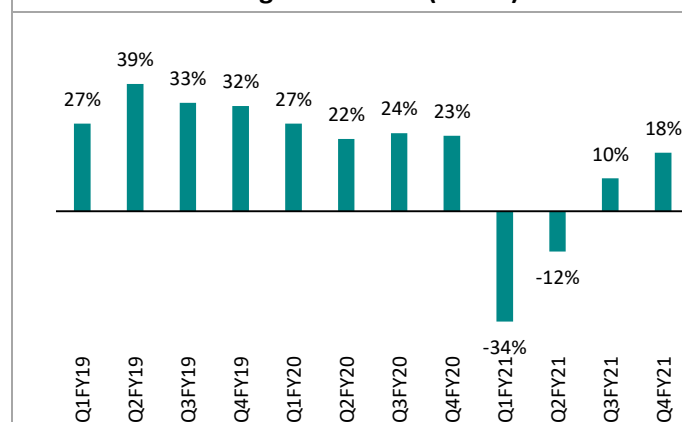
DMART	Actual	IDBI Estimate	% variation IDBI
Revenue	73,030	73,030	0.0
EBITDA	6,165	5,305	16.2
Margin	8.4	7.3	
APAT	4,349	3,500	24.3

Source: Company; IDBI Capital Research

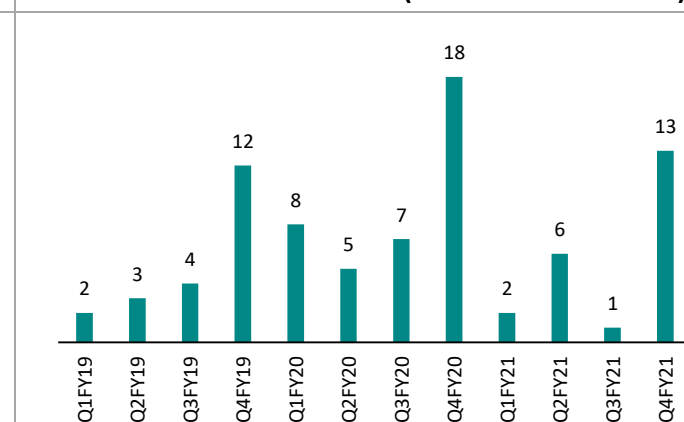
**Exhibit 4: Change in estimates**

	FY22E			FY23E		
	New	Old	(%) Chg	New	Old	(%) Chg
Revenue (Rs mn)	307,874	365,560	-15.8%	430,447	459,620	-6.3%
EBITDA (Rs mn)	25,364	30,950	-18.0%	37,450	39,781	-5.9%
EBITDA margin (%)	8.2%	8.5%		8.7%	8.7%	
Net profit (Rs mn)	16,884	20,656	-18.3%	24,676	26,557	-7.1%
EPS (Rs)	26.1	31.9	-18.3%	38.1	41.0	-7.1%

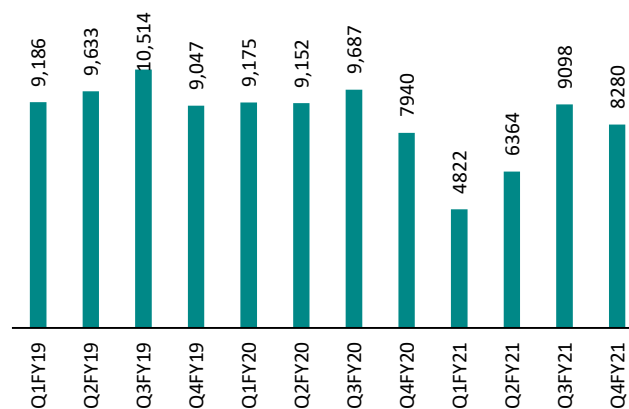
Source: Company; IDBI Capital Research

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


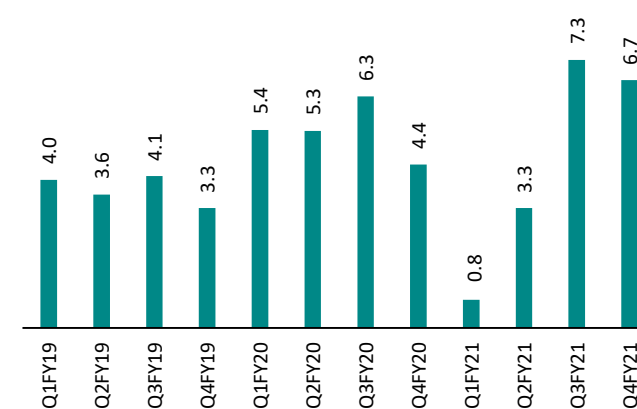
Source: Company; IDBI Capital Research

**Exhibit 6: Store addition trend (count of stores added)**


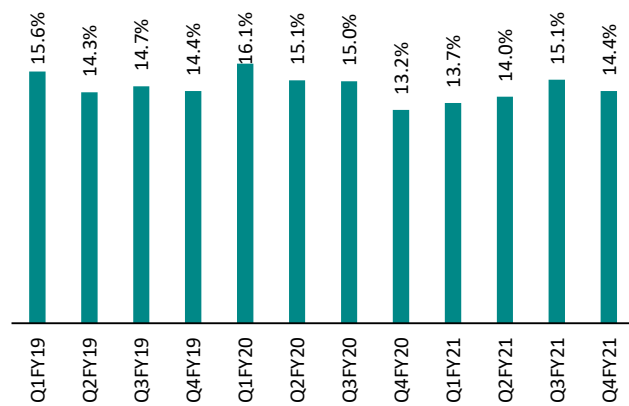
Source: Company; IDBI Capital Research

**Exhibit 7: Revenue per square feet trend**


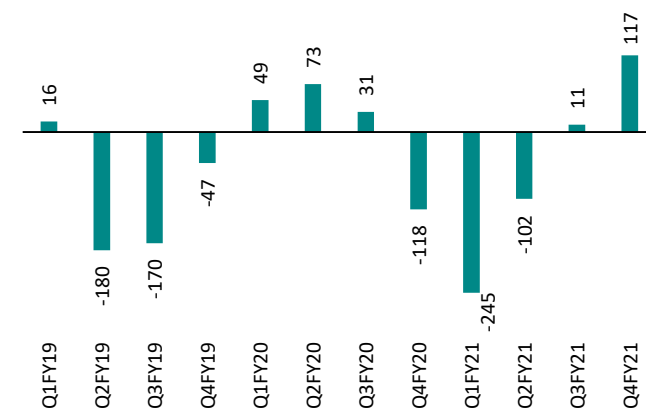
Source: Company; IDBI Capital Research

**Exhibit 8: EPS trend**


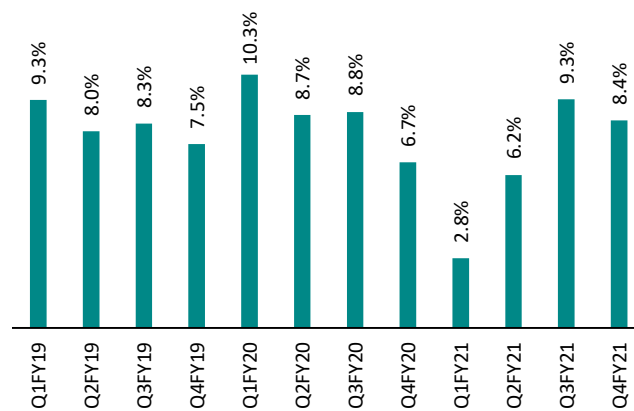
Source: Company; IDBI Capital Research

**Exhibit 9: Gross margin trend (%)**


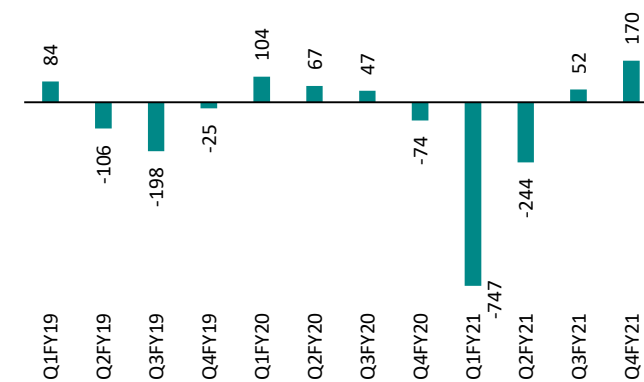
Source: Company; IDBI Capital Research

**Exhibit 10: Change in gross margin (YoY in bp)**


Source: Company; IDBI Capital Research

**Exhibit 11: EBITDA margin trend (%)**


Source: Company; IDBI Capital Research

**Exhibit 12: Change in EBITDA margin (YoY in bp)**


Source: Company; IDBI Capital Research

## Financial Summary

### Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
<b>Net sales</b>	<b>246,750</b>	<b>237,871</b>	<b>307,874</b>	<b>430,447</b>
<i>growth (%)</i>	23.9	(3.6)	29.4	39.8
Operating expenses	(225,529)	(220,455)	(282,511)	(392,997)
<b>EBITDA</b>	<b>21,221</b>	<b>17,416</b>	<b>25,364</b>	<b>37,450</b>
<i>growth (%)</i>	29.2	-17.9	45.6	47.7
Depreciation	(3,398)	(3,714)	(4,231)	(5,067)
<b>EBIT</b>	<b>17,823</b>	<b>13,702</b>	<b>21,132</b>	<b>32,383</b>
Interest paid	(628)	(345)	(382)	(443)
Other income	633	2,089	1,763	961
<b>Pre-tax profit</b>	<b>17,829</b>	<b>15,447</b>	<b>22,512</b>	<b>32,901</b>
Tax	(4,330)	(3,794)	(5,628)	(8,225)
<i>Effective tax rate (%)</i>	24.3	24.6	25.0	25.0
Minority Interest	-	-	-	-
<b>Net profit</b>	<b>13,499</b>	<b>11,652</b>	<b>16,884</b>	<b>24,676</b>
Exceptional items	-	-	-	-
<b>Adjusted net profit</b>	<b>13,499</b>	<b>11,652</b>	<b>16,884</b>	<b>24,676</b>
<i>growth (%)</i>	44.2	(13.7)	44.9	46.1
<i>Shares o/s (mn nos)</i>	628	648	648	648

### Cash Flow Statement

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Pre-tax profit	17,829	15,447	22,512	32,901
Depreciation	3,398	3,714	4,231	5,067
Tax paid	(4,815)	(2,561)	(5,628)	(8,225)
Chg in working capital	(3,185)	(1,619)	(4,907)	(8,618)
Other operating activities	(353)	(1,127)	382	443
<b>Cash flow from operations (a)</b>	<b>12,874</b>	<b>13,853</b>	<b>16,591</b>	<b>21,568</b>
Capital expenditure	(16,831)	(19,699)	(10,625)	(17,000)
Chg in investments	(30,288)	8,144	-	-
Other investing activities	122	-	-	-
<b>Cash flow from investing (b)</b>	<b>(46,996)</b>	<b>(11,555)</b>	<b>(10,625)</b>	<b>(17,000)</b>
Equity raised/(repaid)	41,869	-	-	-
Debt raised/(repaid)	-	-	-	-
Dividend (incl. tax)	-	-	-	-
Chg in minorities	13,900	(2,037)	-	-
Other financing activities	(22,863)	635	(1,370)	(1,587)
<b>Cash flow from financing (c)</b>	<b>32,905</b>	<b>(1,403)</b>	<b>(1,370)</b>	<b>(1,587)</b>
<b>Net chg in cash (a+b+c)</b>	<b>(1,217)</b>	<b>896</b>	<b>4,596</b>	<b>2,981</b>

**Balance Sheet**

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Net fixed assets	54,338	67,883	75,265	88,342
Investments	3,038	4,938	4,938	4,938
Other non-curr assets	40,542	24,034	24,034	24,034
<b>Current assets</b>	<b>22,923</b>	<b>39,609</b>	<b>50,770</b>	<b>65,280</b>
Inventories	19,094	21,673	28,026	39,184
Sundry Debtors	485	721	933	1,305
Cash and Bank	915	14,320	18,915	21,897
<b>Total assets</b>	<b>120,841</b>	<b>1,36,464</b>	<b>1,55,006</b>	<b>1,82,594</b>
<b>Shareholders' funds</b>	<b>111,355</b>	<b>123,053</b>	<b>139,937</b>	<b>164,613</b>
Share capital	6,478	6,478	6,478	6,478
Reserves & surplus	104,878	116,575	133,459	158,136
<b>Total Debt</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>-</b>
Secured loans	37	-	-	-
Other liabilities	2,268	2,693	2,693	2,693
<b>Curr Liab &amp; prov</b>	<b>7,181</b>	<b>10,719</b>	<b>12,376</b>	<b>15,288</b>
Current liabilities	7,038	10,497	12,154	15,066
Provisions	143	222	222	222
<b>Total liabilities</b>	<b>9,486</b>	<b>13,411</b>	<b>15,069</b>	<b>17,980</b>
<b>Total equity &amp; liabilities</b>	<b>120,841</b>	<b>136,464</b>	<b>155,006</b>	<b>182,594</b>
<b>Book Value (Rs)</b>	<b>177</b>	<b>190</b>	<b>216</b>	<b>254</b>

Source: Company; IDBI Capital Research

**Financial Ratios**

Year-end: March	FY20	FY21	FY22E	FY23E
Adj. EPS (Rs)	21.5	18.0	26.1	38.1
Adj. EPS growth (%)	43.3	-16.3	44.9	46.1
EBITDA margin (%)	8.6	7.3	8.2	8.7
Pre-tax margin (%)	7.2	6.5	7.3	7.6
ROE (%)	16.1	9.9	12.8	16.2
ROCE (%)	20.4	11.4	15.7	20.9
<b>Turnover &amp; Leverage ratios (x)</b>				
Asset turnover (x)	2.6	1.8	2.1	2.6
Leverage factor (x)	1.1	1.1	1.1	1.1
Net margin (%)	5.5	4.9	5.5	5.7
Net Debt/Equity (x)	0.0	-0.1	-0.1	-0.1
<b>Working Capital &amp; Liquidity ratio</b>				
Inventory days	28	33	33	33
Receivable days	1	1	1	1
Payable days	7	9	9	9

**Valuation**

Year-end: March	FY20	FY21	FY22E	FY23E
P/E (x)	134.4	160.6	110.8	75.8
Price / Book value (x)	16.3	15.2	13.4	11.4
PCE (x)	107.4	121.8	88.6	62.9
EV / Net sales (x)	7.3	7.8	6.0	4.3
EV / EBITDA (x)	85.4	106.6	73.0	49.4
Dividend Yield (%)	0.0	0.0	0.0	0.0





# 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 ±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.economicstimes.indiatimes.com/markets/stocks/stock-quotes](http://www.economicstimes.indiatimes.com/markets/stocks/stock-quotes).