

August 05, 2024

RESULT REPORT Q1 FY25 | Sector: Consumer Staples

Britannia Industries Ltd

Prioritizing volume growth over margins

Britannia Industries Ltd. (BRIT) 1QFY25 volumes were exactly in-line with our estimate but margin came in lower than anticipated. Volume growth came in at ~8% YoY with rural markets doing better. Towards the end of 1QFY25, BRIT witnessed double-digit volume growth which augurs well for 2QFY25 but negative realizations will stay for at least one more quarter. High operating income led to minor beat on topline, but sharper QoQ gross margin contraction (down 150bps QoQ) led to operating miss for the quarter. A&SP was also higher for the quarter YoY, which supported volume growth in a quarter where focused states/Hindi belt growth was below average. Going ahead, as expected, volume growth momentum will improve in rest of FY25. We also expect BRIT to maintain current margin while not holding back on spends. We maintain our ADD with a revised target price (TP) of Rs6,300 (Rs5,570 earlier), targeting ~50x on Sep'26E EPS.

1QFY25 Result Highlights

- **Headline performance:** Consolidated sales was up 4% YoY while revenues (including OOI which was up ~194% YoY) was up 6% YoY to Rs42.5bn (vs est. of Rs42.1bn). Consol. EBITDA was up 9.4% YoY to Rs7.5bn (vs est. Rs8bn). Adjusted PAT (APAT) was up by 15.9% YoY to Rs5.3bn (vs est. Rs5.4bn).
- **Standalone** grew by 5.8% YoY to Rs40.9bn (sales up 3.7% YoY). Volume growth for the quarter grew in high-single digits at ~8% YoY in-line with our estimate. EBITDA margin stood at 17.7% (up 60bps YoY).
- **Consolidated gross margin** was up 150bps YoY to 43.4% (but down 150bps QoQ). Higher overheads: Other overheads up 90bps YoY and Employee cost up 10bps YoY meant that consolidated EBITDA margin was restricted to 60bps YoY to 17.7% (vs est. 19%).

Key Conference Call Highlights

- (1) Current priority is to drive topline over margins.
- (2) Expected commodity inflation for rest of FY25 to be at 4-5%.
- (3) Negative pricing due to rollbacks might even-out after a quarter. BRIT might have to take some pricing in select brands and sku's to combat inflation in near-term.
- (4) Tangible gains from project with Bain & Co. will start coming from 4QFY25/1QFY26 onwards.

View & Valuation

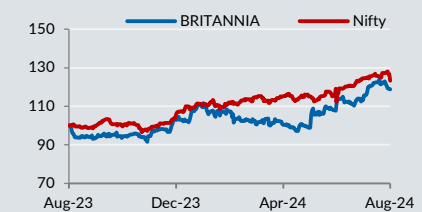
There is -2.1%/2.0% change in our FY25E/FY26E EPS. Over FY24-26E, we are now currently building revenue CAGR of ~10% driven by volume CAGR of ~8.5%. Drivers: (a) Volume growth expected to touch double digits in FY25 led by low base, rural recovery and distribution expansion. (b) Sharp growth expected in adjacent businesses compared to the base business led by company's initiatives will add delta. (c) While innovation led premiumization efforts continues, realization in the base business on a full year basis would be slightly negative due to earlier rollbacks. We build 12.3% EBITDA CAGR over FY24-FY26E (~70bps EBITDA margin expansion as we expect gross margin to expand by ~120bps over FY24-FY26E) as company is now looking to prioritize grow topline aggressively while maintaining the current peak level of margin profile band without cutting on A&SP spends. The stock is trading at ~56x/49x FY25E/FY26E EPS as we build in 14.9% earnings CAGR over FY24-26E. We had recently upgraded our rating a notch to ADD and we now maintain it with a revised TP of Rs6,300 (Rs Rs5,570 earlier) as we roll-forward to Sep'2026E EPS and assign a target multiple of ~50x (3yr/5yr avg fwd. multiple: ~47x) due to strong volume growth expectation in near term, continues market share gains, decent return ratios with improvement over next two years and healthy dividend payout.

Reco	: ADD
CMP	: Rs 5,698
Target Price	: Rs 6,300
Potential Return	: +10.6%

Stock data (as on August 05, 2024)

Nifty	24,056
52 Week h/l (Rs)	6005 / 4348
Market cap (Rs/USD mn)	1380212 / 16429
Outstanding Shares (mn)	241
6m Avg t/o (Rs mn):	1,709
Div yield (%):	1.3
Bloomberg code:	BRIT IN
NSE code:	BRITANNIA

Stock performance



	1M	3M	1Y
Absolute return	+2.7%	+20.1%	+18.7%

Shareholding pattern (As of Jun'24 end)

Promoter	50.6%
FII+DII	34.2%
Others	15.2%

Δ in stance

(1-Yr)	New	Old
Rating	ADD	ADD
Target Price	6,300	5,570

Δ in earnings estimates

	FY25e	FY26e
EPS (New)	102.3	117.3
EPS (Old)	104.5	115.1
% change	-2.1	+2.0

Financial Summary

(Rs mn)	FY24	FY25E	FY26E
Revenue	167,693	186,234	203,694
YoY Growth (%)	2.9	11.1	9.4
EBIDTA	31,698	35,506	39,949
Margins (%)	18.9	19.1	19.6
PAT	21,427	24,642	28,269
EPS	88.9	102.3	117.3
YoY Growth (%)	9.2	15.0	14.7
Pre-tax RoCE (%)	45.6	53.2	58.4
ROE (%)	57.3	58.6	60.3
P/E (x)	64.1	55.7	48.6
EV/EBITDA (x)	42.9	38.2	33.7

VISHAL PUNMIYA

Lead Analyst

vishal.punmiya@ysil.in



MANAS RASTOGI, Associate

Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation	
		YES Sec	Consensus	YES Sec	Consensus
Revenue	42,503	42,072	41,779	1.0	1.7
EBITDA	7,537	7,994	7,741	(5.7)	(2.6)
EBITDA Margin (%)	17.7	19.0	18.5	(1.3)	(0.8)
Adjusted PAT	5,303	5,442	5,278	(2.6)	0.5

Source: Bloomberg, YES Sec

Exhibit 2: Quarterly snapshot (Consolidated)

Particulars (Rs. Mn)	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)
Revenues	40,107	40,694	42,503	6.0	4.4
COGS	23,287	22,425	24,054	3.3	7.3
Gross margin %	41.9	44.9	43.4	1.5	-1.5
Employee costs	1,883	1,620	2,020	7.2	24.6
% of sales	4.7	4.0	4.8	0.1	0.8
Other expenses	8,048	8,774	8,893	10.5	1.4
% of sales	20.1	21.6	20.9	0.9	-0.6
EBITDA	6,889	7,875	7,537	9.4	-4.3
EBITDA margin %	17.2	19.4	17.7	0.6	-1.6
Depreciation	708	799	739	4.5	-7.5
EBIT	6,181	7,075	6,797	10.0	-3.9
EBIT margin %	15.4	17.4	16.0	0.6	-1.4
Interest expense	531	264	290	-45.4	9.5
Other income	539	573	556	3.1	-3.0
Exceptional items	0	0	-246	-	-
PBT	6,190	7,384	6,817	10.1	-7.7
Tax	1,665	1,980	1,762	5.8	-11.0
Effective tax rate %	26.9	26.8	25.8	-1.1	-1.0
Adj. PAT	4,576	5,383	5,303	15.9	-1.5
Adj. PAT margin %	11.4	13.2	12.5	1.1	-0.8
EPS	19.0	22.3	22.0	15.9	-1.5

Source: Company, YES Sec

Exhibit 3: Quarterly snapshot (Standalone)

Particulars (Rs. Mn)	1QFY24	4QFY24	1QFY25	YoY (%)	QoQ (%)
Revenues	38,706	39,242	40,944	5.8	4.3
COGS	23,140	22,269	23,870	3.2	7.2
Gross margin %	40.2	43.3	41.7	1.5	-1.6
Employee costs	1,522	1,249	1,647	8.3	31.9
% of sales	3.9	3.2	4.0	0.1	0.8
Other expenses	7,379	8,021	8,144	10.4	1.5
% of sales	19.1	20.4	19.9	0.8	-0.5
EBITDA	6,666	7,704	7,283	9.2	-5.5
EBITDA margin %	17.2	19.6	17.8	0.6	-1.8
EBIT	6,033	6,977	6,616	9.7	-5.2
EBIT margin %	15.6	17.8	16.2	0.6	-1.6
PBT	6,071	7,270	7,249	19.4	-0.3
Adj. PAT	4,431	5,302	5,267	18.9	-0.6
Adj. PAT margin %	11.4	13.5	12.9	1.4	-0.6
EPS	18.4	22.0	21.9	18.9	-0.6

Source: Company, YES Sec

KEY TAKEAWAYS FROM BRITANNIA'S Q1FY25 CONFERENCE CALL

- **Outlook:** Current priority is to drive topline over margins.
- **Demand Environment:** While hot beverages were impacted during 1Q, company is not sure about the impact of the same on biscuits sales for the quarter. BRIT did not see any major negative impact from Out-of-home (OOH) consumption in 1Q even while growth was slightly lower than internal expectations. Election rallies do not impact BRIT's consumption. Rural performance was better in 1Q. BRIT has higher share in urban than rural.
- **Volume growth:** The company expects early double volume growth in 2HFY25. It saw double digit at the exit of June quarter. The company expects revenue growth to be at par with volume growth in a quarter or so.
- **Pricing:** There is no deflation in the quarter, but price rollbacks have led to negative realizations. Price roll backs have been on for some time and management believes now it is the time to consolidate. Pricing might even out after a quarter. The expected inflation is 4-5% and if required it will take some pricing action is select brands and sku's.
- **Inflation:** Commodity cost have marginally gone up on a sequential basis. Palm oil, Laminates, and boxes are offsetting the increase in flour, sugar, and cocoa prices. Milk powder prices are fine, but milk cost is up so SMP is likely to be up going forward.
- **Distribution:** Direct reach is now at 2.82mn outlets. Rural distributors stands at ~30,000 as of June'24. There is still a lot of opportunity in expansion specially in Hindi belt. The company will build depth (more SKU's) in urban market and increase width in rural markets. The weighted distribution in urban markets is 95% and overall at company level is 90%. Still lot of scope from distribution especially in Hindi Belt. "Depth in urban and width in rural markets" strategy will continue.
- **Project with Bain & Co:** The company is working with Bain & Co. to focus more on high performing outlets. Currently, Pilot is on in top metros. Sku's have gone up across stores as salesmen are now spending more time understanding the market; average time spent in the market up by +110 mins. Handheld device, geo tagging, and geo fencing implemented across distribution. Tangible gains from this project will start coming from 4QFY25 or from 1QFY26.
- **Adjacency business:** There has been resurgence in the adjacency business. BRIT is working towards growing this business at 1.5x the base business. Nepal business is Rs1.7-1.8bn from previous levels of Rs200mn. Cake and rusk net margins are in double digit. Rusk business margins are accretive to overall margins. Bread now almost touching double digit margin from negative earlier. Croissant is high gross margin category (25% higher than base category) but BRIT currently making investments. Even in dairy is in investment phase.
- **Cheese business** premium pricing slightly lower now compared to earlier. Looking at further possibility to become more competitive. In the next 3-4 months, trying to implement further on the premium pricing. There are many smaller regional players who are at low single digit market share. BRIT's market share is in double digit and is a No. 2 player. Amul is at ~6x the share of Britannia.
- **Dairy business:** Total dairy business run rate is around Rs7bn for FY25 out of which Drinks business run rate is Rs2.2bn and Cheese business will be about Rs2.5bn+. GM of this business are line in overall GM. However due to higher investments in this category EBITDA margins are subdued.
- **Focus markets:** The trend of market share gains to continue going forward. Focused markets where value contribution is higher has suffered. Performance in Hindi belt states was average. Hindi belts market contribution is ~15% for BRIT and for the industry is ~35%. The saliency of these focus market is going up every year. The company has gained about 1% share every year over the last 8-10 years. Current biscuit market share is 18%

and market leader share is 3x the RMS. In the next 3-5 years, it expects market share gap to reduce. Rural performance in terms of market share gains in 1QFY25 is 1.25x of urban.

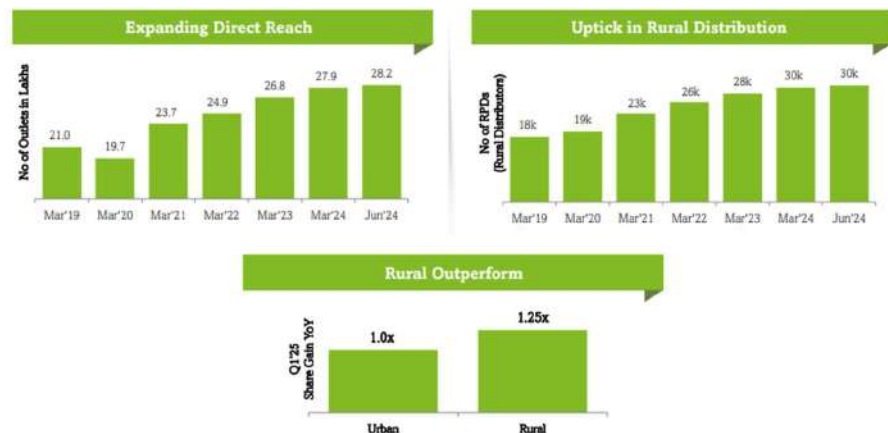
- **Snacks:** Outside opportunity is huge. Organized players have not been gaining. Small operators are gaining because of higher grammage offerings. BRIT's have a differentiated product which is hung outside of the store.
- **Channels:** ~4% contribution of total sales from channels of the future. The company is focusing on B2C on the new channels.
- **Ranjangaon dairy** is collecting 300,000ltr of milk and out of which 90,000 is directly through the farmers. Improved farmer retention at 95% along with increased farmer's yield by 13% over 2 years.
- **Higher OOI in 1Q:** Ranjangaon factory is qualified as an ultra-mega plant and due to that the company got incentives which were due last year. Incentive will be higher from these years. UP and Bihar facilities will also start getting benefits going forward.
- **Other expenses:** BRIT spent a lot more on ad spends than it was budgeted.
- **Manufacturing:** BRIT currently has 54 manufacturing locations (16 own and 38 third party), with 154 manufacturing lines (81 own and 73 third party). Own manufacturing now forms ~65% of annual capacity.

Exhibit 4: Market share rebound in 1QFY25 post challenges in FY24



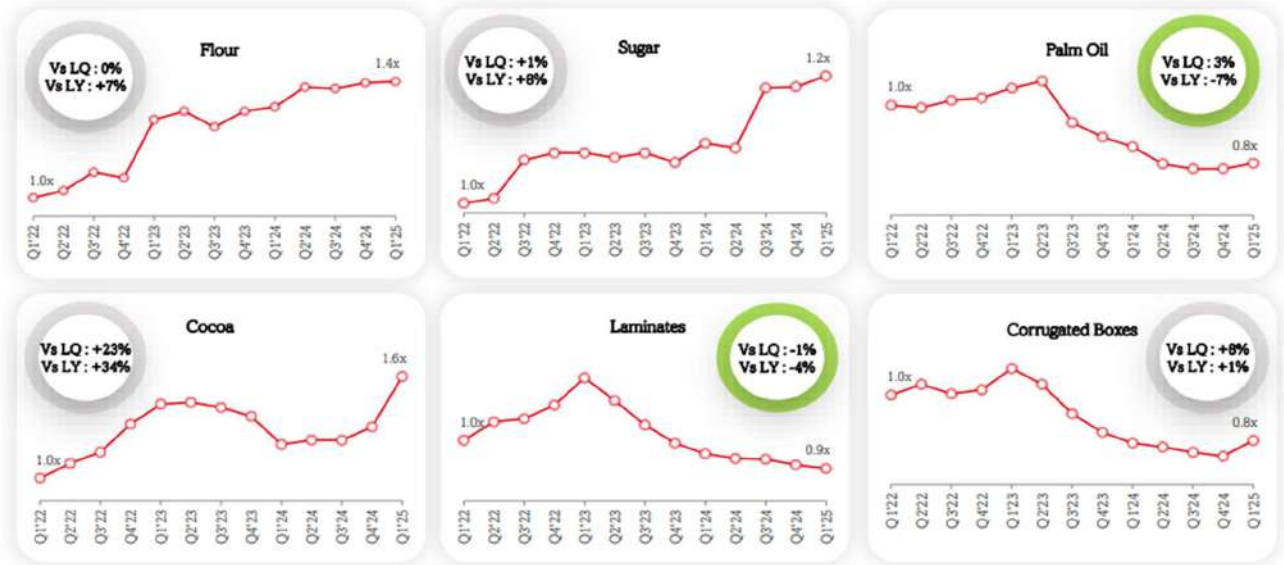
Source: Nielsen, Company, YES Sec

Exhibit 5: The market share gain in rural markets were 1.25x of urban markets



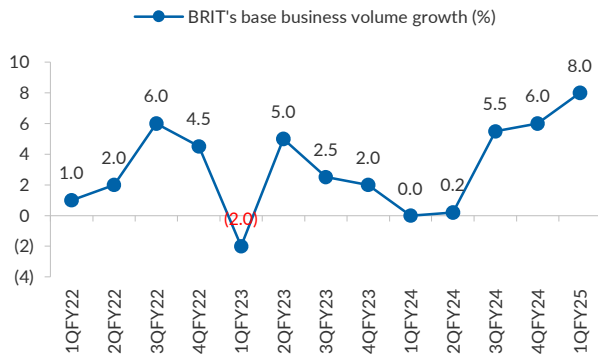
Source: Company, YES Sec

Exhibit 6: Commodity costs were marginally higher on a sequential basis in 1QFY25



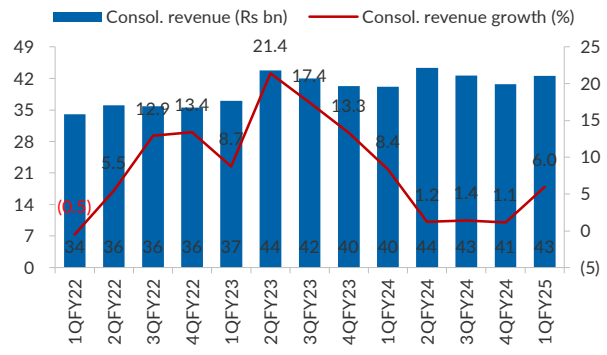
Source: Company, YES Sec; Note: Above values are average actual consumption rates for the quarter

Exhibit 7: Volume growth was in-line at ~8% YoY in 1QFY25



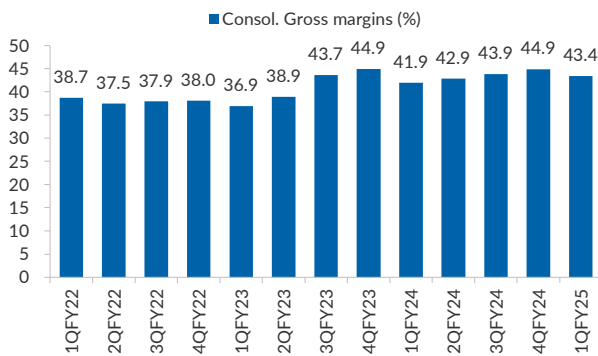
Source: Company, YES Sec

Exhibit 8: Consol. revenue grew 6% YoY (consol. sales up 4% YoY)



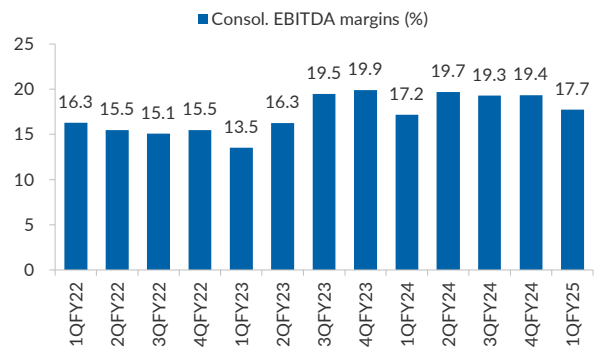
Source: Company, YES Sec

Exhibit 9: Sequential uptick in commodity cost led to ~150bps QoQ decline in gross margins (up 150bps YoY)



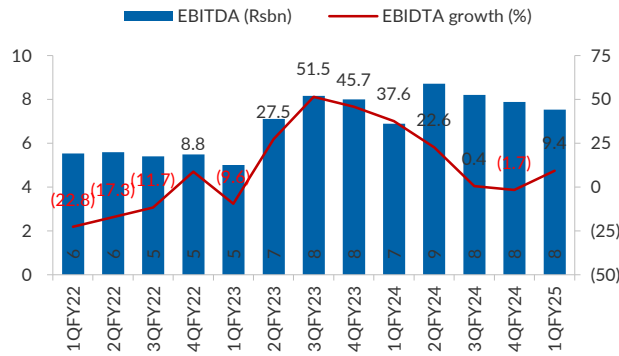
Source: Company, YES Sec

Exhibit 10: EBITDA margin stood at 17.7% (up 60bps YoY)



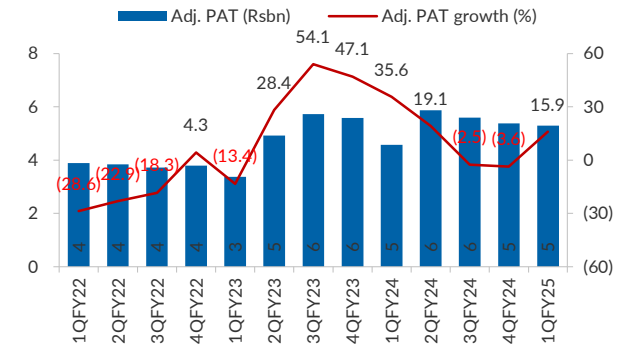
Source: Company, YES Sec

Exhibit 11: EBITDA was thus up 9.4% YoY in 1QFY25



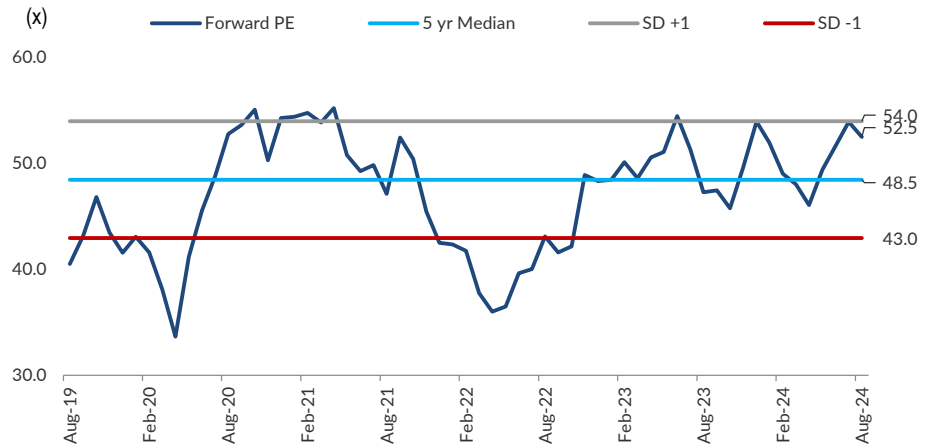
Source: Company, YES Sec

Exhibit 12: While APAT was up by 15.9% YoY



Source: Company, YES Sec

Exhibit 13: Currently trading at ~52.5x 1-yr fwd earnings



Source: Company, YES Sec

FINANCIALS

Exhibit 14: Balance Sheet

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Share capital	241	241	241	241	241
Reserves	25,340	35,102	39,174	44,403	48,943
Minority Interest	275	302	245	245	245
Net worth	25,581	35,343	39,415	44,644	49,184
Total debt	24,812	29,974	20,650	16,650	14,650
Deferred tax liability	(509)	(554)	(418)	(418)	(418)
Total liabilities	50,159	65,065	59,892	61,120	63,660
Gross block	28,087	39,481	43,628	45,628	47,628
Depreciation	11,951	14,210	17,215	20,338	23,602
Net block	16,136	25,271	26,413	25,289	24,025
Intangible assets	1,396	1,282	1,298	1,298	1,298
Capital work-in-progress	5,357	1,050	1,875	1,875	1,875
Investments	17,624	33,242	27,667	29,942	35,258
Inventories	13,675	11,933	11,812	12,335	13,917
Debtors	3,319	3,289	3,933	4,086	4,431
Cash	1,849	1,980	4,464	4,716	5,169
Loans & advances	14,019	13,101	11,497	13,184	12,167
Other current assets	1,263	1,807	1,337	1,337	1,337
Total current assets	34,126	32,110	33,043	35,657	37,023
Creditors	12,852	14,488	16,275	17,492	18,917
Other current liabilities & provisions	11,627	13,402	14,130	15,451	16,903
Total current liabilities	24,479	27,890	30,405	32,942	35,820
Net current assets	9,647	4,220	2,638	2,715	1,203
Total assets	50,159	65,065	59,892	61,120	63,660

Source: Company, YES Sec

Exhibit 15: Income statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Net Sales	141,363	163,006	167,693	186,234	203,694
% Growth	7.6	15.3	2.9	11.1	9.4
COGS	87,603	95,913	94,920	104,819	112,944
Staff costs	5,423	6,584	7,087	7,891	8,947
Other expenses	26,322	32,200	33,987	38,018	41,854
Total expenses	119,348	134,696	135,994	150,728	163,745
EBITDA	22,015	28,309	31,698	35,506	39,949
% growth	-12.3	28.6	12.0	12.0	12.5
EBITDA margin (%)	15.6	17.4	18.9	19.1	19.6
Other income	2,228	2,159	2,142	2,237	2,478
Interest costs	1,443	1,691	1,640	1,544	1,386
Depreciation	2,005	2,259	3,005	3,124	3,264
Profit before tax (before exceptional items)	20,795	26,518	29,196	33,076	37,777

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
Exceptional items	-10	3,590	0	0	0
Tax	5,624	6,998	7,793	8,434	9,508
Rate of Tax (%)	27.0	26.4	26.7	25.5	25.2
PAT	15,248	23,218	21,398	24,642	28,269
Adj PAT	15,258	19,628	21,427	24,642	28,269
Adj PAT margin (%)	10.6	11.9	12.6	13.1	13.7
% Growth	-18.2	28.6	9.2	15.0	14.7

Source: Company, YES Sec

Exhibit 16: Cash flow statement

Y/E March (Rsmn)	FY22	FY23	FY24	FY25E	FY26E
PAT	15,172	19,519	21,403	24,642	28,269
Depreciation	2,005	2,259	3,005	3,124	3,264
Other income	2,228	2,159	2,142	2,237	2,478
(Inc.)/dec. in working capital	(3,273)	4,057	1,611	(825)	965
Cash flow from operations	12,995	25,262	25,730	26,247	31,406
Capital expenditure (-)	(5,763)	(7,087)	(4,973)	(2,000)	(2,000)
Net cash after capex	7,232	18,175	20,757	24,247	29,406
Dividends paid (-)	(24,849)	(13,592)	(17,325)	(19,713)	(24,028)
Inc./(dec.) in investments	10,480	(10,249)	5,802	(1,275)	(4,316)
Cash from financial activities	(22,458)	(10,284)	(28,305)	(25,257)	(27,414)
Opening cash balance	2,113	1,849	1,980	4,463	4,716
Closing cash balance	1,849	1,980	4,463	4,716	5,019
Change in cash balance	(264)	131	2,484	252	303

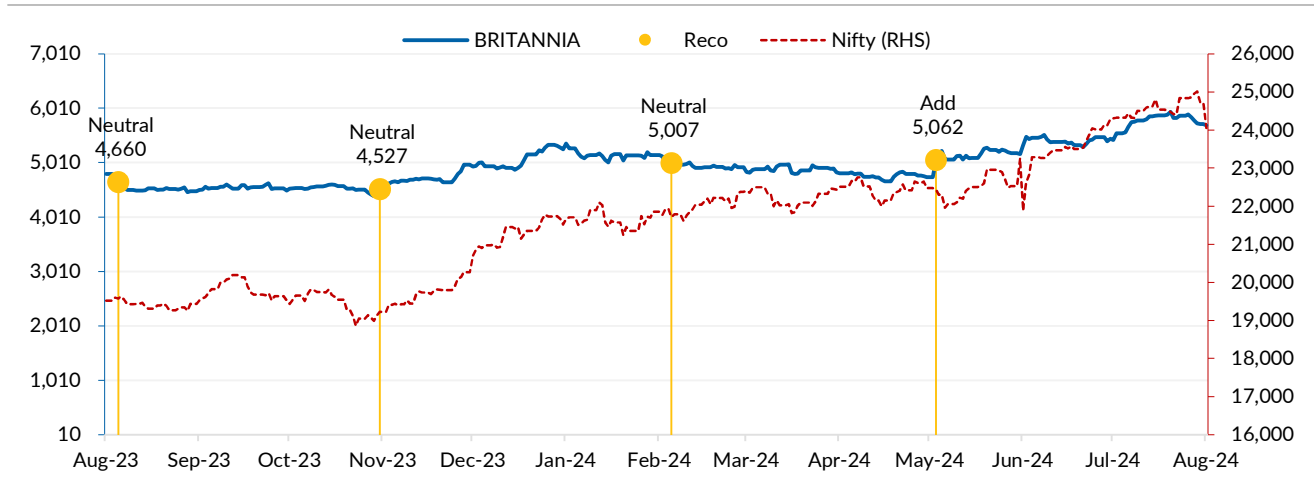
Exhibit 17: Growth and Ratio matrix

Y/E March	FY22	FY23	FY24	FY25E	FY26E
Per share (Rs)					
EPS	63.3	81.5	88.9	102.3	117.3
Book value	106.2	146.7	163.6	185.3	204.2
DPS	69.0	58.3	66.6	81.8	99.7
Valuation (x)					
EV/sales	9.7	8.4	8.1	7.3	6.6
EV/EBITDA	62.6	48.3	42.9	38.2	33.7
P/E	90.0	69.9	64.1	55.7	48.6
P/BV	53.7	38.8	34.8	30.7	27.9
Return ratios (%)					
RoCE*	37.2	44.8	45.6	53.2	58.4
RoE	49.7	64.1	57.3	58.6	60.3
RoIC*	77.5	94.4	103.1	126.2	156.8
Profitability ratios (%)					
Gross margin	38.0	41.2	43.4	43.7	44.6
EBITDA margin	15.6	17.4	18.9	19.1	19.6

Y/E March	FY22	FY23	FY24	FY25E	FY26E
EBIT margin	14.2	16.0	17.1	17.4	18.0
PAT margin	10.6	11.9	12.6	13.1	13.7
Liquidity ratios (%)					
Current ratio	1.4	1.2	1.1	1.1	1.0
Quick ratio	0.8	0.7	0.7	0.7	0.6
Solvency ratio (%)					
Debt to Equity ratio	1.0	0.8	0.5	0.4	0.3
Turnover ratios					
Total asset turnover ratio (x)	2.8	2.5	2.8	3.0	3.2
Fixed asset turnover ratio (x)	6.6	6.2	5.9	6.9	7.9
Inventory days	51	49	46	42	42
Debtors days	8	7	8	8	8
Creditor days	54	52	59	59	59

Source: Company, YES Sec; * pre-tax

Recommendation Tracker



STANDARD DISCLAIMER:

YES Securities (India) Limited, Registered Address: 2nd Floor, North Side, YES BANK House, Off Western Express Highway, Santacruz East, Mumbai - 400055. Maharashtra, India | Correspondence Add: 7th Floor, Urmi Estate Tower A, Ganpatrao Kadam Marg, Opp. Peninsula Business Park, Lower Parel (West), Mumbai - 400 013, Maharashtra, India. | Website: www.yesinvest.in | Email: customer.service@ysil.in

Registration Nos.: CIN: U74992MH2013PLC240971 | SEBI Registration No.: NSE, BSE, MCX & NCDEX : INZ000185632 | Member Code: BSE - 6538, NSE - 14914, MCX - 56355 & NCDEX - 1289 | CDSL & NSDL: IN-DP-653-2021 | RESEARCH ANALYST: INH000002376 | INVESTMENT ADVISER: INA000007331 | Sponsor and Investment Manager to YSL Alternates Alpha Plus Fund (Cat III AIF) and YES Wealth Maximiser AIF (Cat III AIF) SEBI Registration No.: IN/AIF3/20- 21/0818 | AMFI ARN Code - 94338

Details of Compliance Officer: Aditya Goenka | Email: compliance@ysil.in / Contact No.: 022-65078127 | Grievances Redressal Cell: customer.service@ysil.in / igc@ysil.in

Standard Disclaimer: Investment in securities market are subject to market risks; read all the related documents carefully before investing. Above representation provides an overview related to our past performance neither does it provide any guarantee of future performance, nor we are ensuring any guaranteed returns. Actual Client returns may vary depending upon time premium, volatility Index, intrinsic value of the script, open interest, other geopolitical conditions and choice of the customer to execute the recommendation in full or part. All recommendations are published under Research Analyst License of YES Securities (India) Limited (YSIL); execution of the recommendation is at complete discretion of customer without any intervention by the research publisher.

Contents which are exclusively for Non-Broking Products/Services e.g. Mutual Fund, Mutual Fund-SIP, Research reports, Insurance, etc. where the YSIL is just a distributor. These are not Exchange traded product and the YSIL is just acting as distributor. Kindly note that all disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

YSIL is a wholly owned subsidiary of YES Bank Limited. Savings, Current, PIS and Demat Account are offered by YES Bank Limited. Please note Brokerage would not exceed the SEBI prescribed limit. YSIL also acts in the capacity of distributor for Products such as IPOs, Mutual Funds, Mutual Fund-SIPs, NCD/Bonds, etc., All disputes with respect to the distribution activity, would not have access to Exchange investor redressal forum or Arbitration mechanism.

Margin Trading Funding (MTF) is an exchange approved product offered to YSIL trading account holders, as per the regulation and guideline of SEBI Circular: CIR/MRD/DP/54/2017 dated June 13, 2017. For product specification, T&C, rights and obligations statement issued by the YSIL visit https://yesinvest.in/standard_documents_policies

DISCLAIMER

Investments in securities market are subject to market risks, read all the related documents carefully before investing.

The information and opinions in this report have been prepared by YSIL and are subject to change without any notice. The report and information contained herein are strictly confidential and meant solely for the intended recipient and may not be altered in any way, transmitted to, copied or redistributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of YSIL.

The information and opinions contained in the research report have been compiled or arrived at from sources believed to be reliable and have not been independently verified and no guarantee, representation of warranty, express or implied, is made as to their accuracy, completeness, authenticity or validity. No information or opinions expressed constitute an offer, or an invitation to make an offer, to buy or sell any securities or any derivative instruments related to such securities. Investments in securities are subject to market risk. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. Investors should note that Price of each of the securities or value may rise or fall and, accordingly, investors may even receive amounts which are less than originally invested. The investor is advised to take into consideration all risk factors including their own financial condition, suitability to risk return profile and the like, and take independent professional and/or tax advice before investing. Opinions expressed are our current opinions as of the date appearing on this report. Investor should understand that statements regarding future prospects may not materialize and are of general nature which may not be specifically suitable to any particular investor. Past performance may not necessarily be an indicator of future performance. Actual results may differ materially from those set forth in projections. Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. YES Securities (India) Limited conforms with the rules and regulations enumerated in the Securities and Exchange Board of India (Research Analysts) Regulations, 2014 as amended from time to time.

Technical analysis reports focus on studying the price movement and trading turnover charts of securities or its derivatives, as opposed to focussing on a company's fundamentals and opinions, as such, may not match with reports published on a company's fundamentals.

YSIL, its research analysts, directors, officers, employees and associates accept no liabilities for any loss or damage of any kind arising out of the use of this report. 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 YSIL 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 document may come are required to inform themselves of and to observe such restriction.

YES Securities (India) Limited distributes research and engages in other approved or allowable activities with respect to U.S. Institutional Investors through Rule 15a-6 under the Securities Exchange Act of 1934 (the "Exchange Act")^[1] and regulations under an exclusive chaperone arrangement with Brasil Plural Securities LLC. The views and sentiments expressed in this research report and any findings thereof accurately reflect YES Securities (India) Limited analyst's truthful views about the subject securities and or issuers discussed herein. YES Securities (India) Limited is not registered as a broker-dealer under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and is not a member of the Securities Investor Protection Corporation ("SIPC"). Brasil Plural Securities LLC is registered as a broker-dealer under the Exchange Act and is a member of SIPC. For questions or additional information, please contact Gil Aikins (gil.aikins@brasilplural.com) or call +1 212 388 5600.

This research report is the product of YES Securities (India) Limited. YES Securities (India) Limited is the employer of the research analyst(s), the authors of this research report. YES Securities (India) Limited is the concerned representatives (employees) of YES Securities (India) Limited, are responsible for the content of this research report including but not limited to any material conflict of interest of YES Securities (India) Limited in relation the issuer(s) or securities as listed in this research report. This YES Securities (India) Limited research report is distributed in the United States through Brasil Plural Securities LLC (BPS). The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and is/ are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. As per SEC Rule 15a-6, the U.S. broker-dealer must accompany any third party research report it distributes with, or provide a web address that directs a recipient to, disclosure of any material conflict of interest that can reasonably be expected to have influenced the choice of a third-party research report provider or the subject company of a third-party research.

FINRA Rules 2241 and 2242, which govern the conduct of research analysts and the content of equity and debt research reports, respectively, apply to all research distributed by a FINRA member firm, including research prepared by a foreign broker-dealer under Rule 15a-6.

- Research reports prepared by a foreign broker-dealer and distributed by a U.S. broker-dealer are deemed to be third party research reports, as reports produced by a person other than a FINRA member.
- Prior to distributing any third party research, a U.S. broker-dealer must assure that such report contains the required disclosures under FINRA Rule 2241(h) or 2242(g)(3), as applicable.

This report is intended for distribution by YES Securities (India) Limited only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). As per Rule 15a-6(b)(4) of the Exchange Act, 1934, "Major U.S. institutional investor" means a U.S. institutional investor with assets, or assets under management, in excess of US\$100 million, or a registered investment adviser with assets under management in excess of US\$100 million. If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person or entity. Transactions in securities discussed in this research report should be effected through Brasil Plural Securities LLC (BPS) or another U.S. registered broker dealer/Entity as informed by YES Securities (India) Limited from time to time.

^[1] Rule 15a-6 under the Securities Exchange Act of 1934 provides conditional exemptions from broker-dealer registration for foreign broker-dealers that engage in certain specified activities involving U.S. investors. These activities include:

- (a) Effecting unsolicited securities transactions;
- (b) Providing research reports to major U.S. institutional investors, and effecting transactions in the subject securities with or for those investors;
- (c) Soliciting and effecting transactions with or for U.S. institutional investors or major U.S. institutional investors through a "chaperoning broker-dealer"; and
- (d) Soliciting and effecting transactions with or for registered broker-dealers, banks acting in a broker or dealer capacity, certain international organizations, foreign persons temporarily present in the U.S., U.S. citizens resident abroad, and foreign branches and agencies of U.S. persons.

In adopting Rule 15a-6, the SEC sought "to facilitate access to foreign markets by U.S. institutional investors through foreign broker-dealers and the research that they provide, consistent with maintaining the safeguards afforded by broker-dealer registration." [Rule 15a-6 Adopting Release at 54 FR 30013; see also Registration Requirements for Foreign Broker-Dealers, Exchange Act Release No. 25801 (June 14, 1988), 53 FR 23645 (June 23, 1988)].

DISCLOSURE OF INTEREST

Name of the Research Analyst: Vishal Punmiya, Manas Rastogi

The analyst hereby certifies that opinion expressed in this research report accurately reflect his or her personal opinion about the subject securities and no part of his or her compensation was, is or will be directly or indirectly related to the specific recommendation and opinion expressed in this research report.

Sr. No.	Particulars	Yes/No
1	Research Analyst or his/her relative's or YSIL's financial interest in the subject company(ies)	No
2	Research Analyst or his/her relative or YSIL's actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of the research report	No
3	Research Analyst or his/her relative or YSIL has any other material conflict of interest at the time of publication of the research report	No
4	Research Analyst has served as an officer, director or employee of the subject company(ies)	No
5	YSIL has received any compensation from the subject company in the past twelve months	No
6	YSIL has received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
7	YSIL has received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months	No
8	YSIL has received any compensation or other benefits from the subject company or third party in connection with the research report	No
9	YSIL has managed or co-managed public offering of securities for the subject company in the past twelve months	No
10	Research Analyst or YSIL has been engaged in market making activity for the subject company(ies)	No

Since YSIL and its associates are engaged in various businesses in the financial services industry, they may have financial interest or may have received compensation for investment banking or merchant banking or brokerage services or for any other product or services of whatsoever nature from the subject company(ies) in the past twelve months or associates of YSIL may have managed or co-managed public offering of securities in the past twelve months of the subject company(ies) whose securities are discussed herein.

Associates of YSIL may have actual/beneficial ownership of 1% or more and/or other material conflict of interest in the securities discussed herein.

RECOMMENDATION PARAMETERS FOR FUNDAMENTAL REPORTS

Analysts assign ratings to the stocks according to the expected upside/downside relative to the current market price and the estimated target price. Depending on the expected returns, the recommendations are categorized as mentioned below. The performance horizon is 12 to 18 months unless specified and the target price is defined as the analysts' valuation for a stock. No benchmark is applicable to the ratings mentioned in this report.

BUY: Upside greater than 20% over 12 months

ADD: Upside between 10% to 20% over 12 months

NEUTRAL: Upside between 0% to 10% over 12 months

REDUCE: Downside between 0% to -10% over 12 months

SELL: Downside greater than -10% over 12 months

NOT RATED / UNDER REVIEW

Analyst signature

Analyst signature

ABOUT YES SECURITIES (INDIA) LIMITED

YES Securities (India) Limited ("YSIL") is a wholly owned subsidiary of YES BANK LIMITED. YSIL is a Securities and Exchange Board of India (SEBI) registered Stock broker holding membership of National Stock Exchange (NSE), Bombay Stock Exchange (BSE), Multi Commodity Exchange (MCX) & National Commodity & Derivatives Exchange (NCDEX). YSIL is also a SEBI-registered Category I Merchant Banker, Investment Adviser and Research Analyst. YSIL is also a Sponsor and Investment Manager of Alternate Investment Fund - Category III (YSIL Alternates) and AMFI registered Mutual Fund Distributor. The Company is also a registered Depository Participant with CDSL and NSDL. YSIL offers, inter alia, trading/investment in equity and other financial products along with various value added services. We hereby declare that there are no disciplinary actions taken against YSIL by SEBI/Stock Exchanges