



Powered by the Sharekhan 3R Research Philosophy

3R MATRIX

	+	=	-
Right Sector (RS)	✓	■	■
Right Quality (RQ)	✓	■	■
Right Valuation (RV)	✓	■	■

+ Positive = Neutral - Negative

What has changed in 3R MATRIX

	Old		New
RS	■	↔	■
RQ	■	↔	■
RV	■	↔	■

Company details

Market cap:	Rs. 2,749 cr
52-week high/low:	Rs. 1,760 / 320
NSE volume: (No of shares)	2.1 lakh
BSE code:	533104
NSE code:	GLOBUSSPR
Free float: (No of shares)	1.4 cr

Shareholding (%)

Promoters	51.0
FII	7.3
DII	2.1
Others	39.5

Price chart



Price performance

(%)	1m	3m	6m	12m
Absolute	-27.8	-20.0	-22.1	194.2
Relative to Sensex	-22.8	-18.6	-14.3	188.0

Sharekhan Research, Bloomberg

Consumer goods

Sharekhan code: GLOBUSSPR

Reco/View: Positive



CMP: Rs. 954

Upside potential: 25%



Upgrade



Maintain



Downgrade

Summary

- Globus Spirits Limited (GSL) reported 34.4% y-o-y revenue growth in Q4FY2022 led by 53% y-o-y growth in the bulk alcohol business even as the consumer business registered muted growth of 6.5% y-o-y. Capacity utilization of bulk alcohol business came in at 90% in Q4.
- Higher input costs coupled with unfavourable mix impacted margins with gross margin/OPM declining by 896/705 bps y-o-y. PAT declined by 4% y-o-y during the quarter.
- GSL expects total capacity to increase from 665 KLPD currently to 925 KLPD by FY2023-end.
- We stay Positive with a potential upside of 25% over the next 12 months. The stock is currently attractively valued at 10.3x/7.8x its FY2023E/FY2024E EPS.

Globus Spirits Limited (GSL) Q4FY2022 performance was supported by plants operating at optimum levels (90% capacity utilization) and higher volumes (41% y-o-y volume growth) in the bulk alcohol business leading to net revenue growth of 34.4% y-o-y to Rs. 497.4 crore. Bulk alcohol business revenue grew by 53% y-o-y while the consumer business reported muted performance (6.5% y-o-y growth) in Q4FY2022 due to a change in policy in Haryana which led to lower volumes. Gross margins were lower by 896 bps y-o-y impacted by an unfavourable mix and higher input costs. In line with the reduction in gross margin, OPM contracted by 705 bps y-o-y to 17.6% with a 4% y-o-y decline each in operating profit and PAT. For the full year FY2022, net sales grew by 28.3% y-o-y led by 26% and 32% y-o-y growth in the manufacturing and consumer business, respectively. Gross margin and OPM stood flat at 46.9% and 20.8%, respectively. PAT registered 30% y-o-y growth in FY2022. GSL's FY2022 performance was impacted by Bihar and Haryana's plant shutdown for 122 days and 40 days, respectively. In the absence of a plant shutdown, the company could have reported better performance in FY2022. The board declared a dividend of Rs. 3 per share for FY2022.

Key positives

- Bulk alcohol business sales volume grew by 41% y-o-y to 40.1mn litres in Q4FY2022.; capacity utilization of bulk alcohol business came in at 90% in Q4FY2022.
- GSL's market share in the value plus segment in Rajasthan has improved to 45% from 32.5% in the recent past.
- In FY2022, the average realization of value & value plus segment increased by 11% y-o-y.
- GSL generated cash flow from operations of Rs. 218.7 crore in FY2022 driven by improved profitability and lower interest cost.

Key negatives

- Gross margin/OPM declined by 896/705 bps y-o-y, impacted by an unfavourable mix and higher input costs.
- Consumer business was impacted in Q4FY2022 due to a change in policy in Haryana which led to lower volumes.

Management Commentary

- Capacity expansion of 140 KLPD in Jharkhand is expected to be operational in Q1FY2023, 60 KLPD expansion in West Bengal & Jharkhand is expected to be operational in Q4FY2023, while expansion in Odisha and Uttar Pradesh are at initial stages of land acquisition. GSL expects total capacity to increase from 665 KLPD currently to 925 KLPD by FY2023-end.
- With an aim to mitigate the impact of the increase in raw material (broken rice) cost, GSL started procuring rice from the Food Corporation of India (FCI) in Q4FY2022, which fetches an incremental ethanol realisation of ~Rs. 3 per litre (Ethanol from surplus rice vs ethanol from damaged food grain). Going ahead, GSL expects stabilization in gross margin as FCI rice is sold at a fixed price and it gives higher ethanol realisation.
- Consumer business was impacted in Q4FY2022 due to a change in policy in Haryana after a gap of two years. This led to lower volumes in the consumer business in Q4FY2022 and impacted overall profitability (as the share of high margin consumer business decreased). However, the consumer business is stabilising and the management expects strong growth going ahead.
- GSL's market share in Rajasthan increased to 45% in Q4FY2022 from 32% in Q4FY2021. In Haryana, the company maintained its share at ~10% while in West Bengal there were slight market share gains with a current share of over 2%. The company aims to increase market share through an improved sales force and the introduction of new products in its key markets.

Revision in estimates – We have revised downwards our estimates for FY2023/24 to factor in lower than earlier expected OPM by 223/100 bps, respectively due to the impact of higher fuel cost and input costs on margins.

Our Call

View – Maintain a Positive stance with a potential upside of 25%: GSL's revenue and PAT grew by 28.3% and 30%, respectively in FY2022. The company will be one of the key beneficiaries of the changing ethanol policy, which will lead to consistent growth in revenue and margin expansion over the next 4-5 years. The company is taking the right steps such as capacity expansion to build scale, procurement of broken rice from FCI to stabilise input cost, increasing share of high margin consumer business and long term volume commitment in bulk alcohol business which would help GSL to generate revenue and earnings CAGR of 20% and 37%, respectively, over FY2022-FY2024. The stock has corrected by 46% from its recent high in line with correction in the broader indices. Recent correction provides good entry in the company with strong growth prospects in the medium term. GSL is currently trading at 10.3x/7.8x its FY2023E/FY2024E earnings. We maintain our Positive view on the stock with a potential upside of 25% over the next 12 months.

Valuation (Consolidated)

Particulars	FY21	FY22	FY23E	FY24E
Revenue	1,231	1,579	1,892	2,275
OPM (%)	20.7	20.8	22.1	23.7
Adjusted PAT	144	187	266	351
Adjusted EPS (Rs.)	50.0	65.0	92.5	122.0
P/E (x)	19.1	14.7	10.3	7.8
P/B (x)	4.7	3.6	2.7	2.0
EV/EBIDTA (x)	11.1	8.6	6.6	5.0
RoNW (%)	24.4	24.2	25.8	25.5
RoCE (%)	26.7	28.0	28.9	29.9

Source: Company; Sharekhan estimates

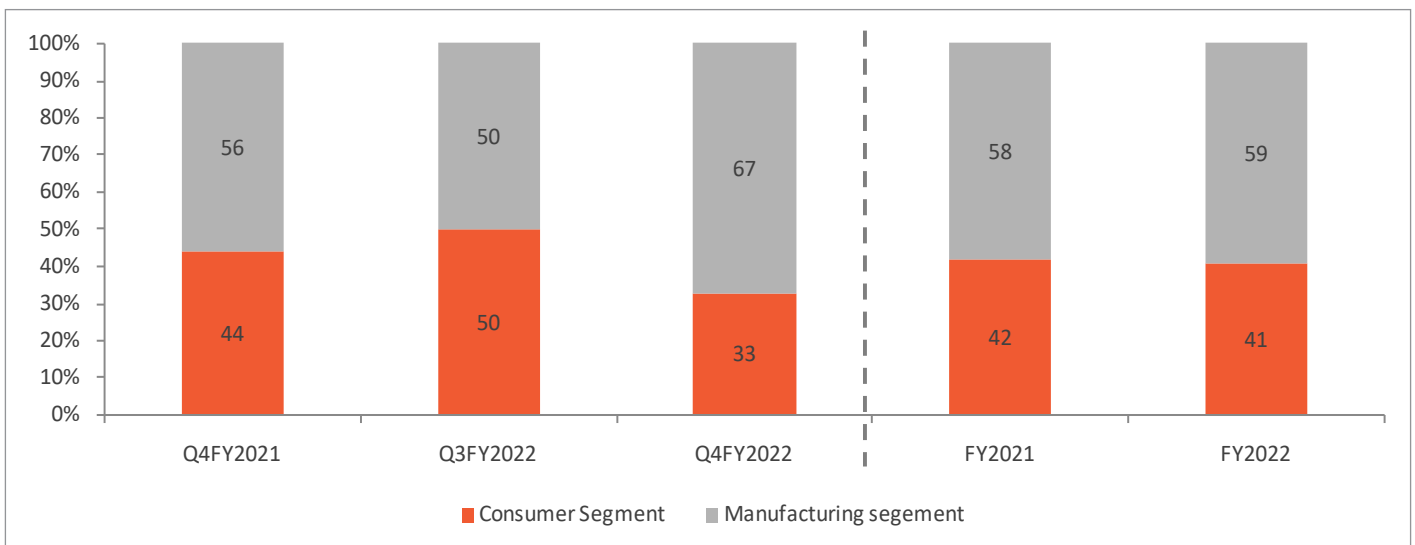
Revenue growth at 34.4% y-o-y; profitability impact due to multiple factors

Globus Spirits (GSL's) net revenue grew by 34.4% y-o-y to Rs. 479.4 on the back of strong 53% y-o-y growth in the bulk alcohol business while consumer business grew by 6.5% in Q4FY2022. Capacity utilisation in the bulk alcohol business stood at 90%. Bulk alcohol business sales volume grew by 41% y-o-y to 40.1mn litres in Q4FY2022. High input cost led to sharp 896 bps y-o-y decline in the gross margin to 42.1%. This along with employee and other expenses led to a 705 bps y-o-y decline in the OPM to 17.6%. The operating profit decreased by 4.1% y-o-y to Rs. 84.4 crore and the PAT decreased by 4% y-o-y to Rs. 48.6 crore. For the full year FY2022, net sales registered a y-o-y growth of 28.3% to Rs. 1,579.2 crore led by 26% y-o-y growth in the manufacturing business and 32% y-o-y growth in the consumer business. In FY2022, the fuel cost was up by 37% y-o-y and packing material cost was up by 40% y-o-y. Shutdown of Bihar plant for 50 days in Q2FY2022 and 72 days in Q3FY2022 due to floods for 40 days in Q3FY2022 due to a major planned overhaul in the power plant of Samalkha (Haryana) impacted operating profit by Rs. 45 crore in FY2022. Despite input cost inflation and the impact of plant shutdown, gross margin and OPM stood flat at 46.9% and 20.8%, respectively, led by the higher realisation and better revenue mix. Operating profit grew by 28.8% y-o-y to Rs. 328.6 crore. Interest costs reduced by 39% y-o-y due to debt repayment and a lower effective interest rate of 3.9% in FY2022 from 8.8% in FY2021 as GSL replaced all term loans which were at higher interest rates with lower interest rate loans. PAT came it at Rs. 187.3 crore, registering y-o-y growth of 30%. The board declared a dividend of Rs. 3 per share on equity share of the face value of Rs. 10 per share for FY2022.

Consumer business grew by 6.5% y-o-y

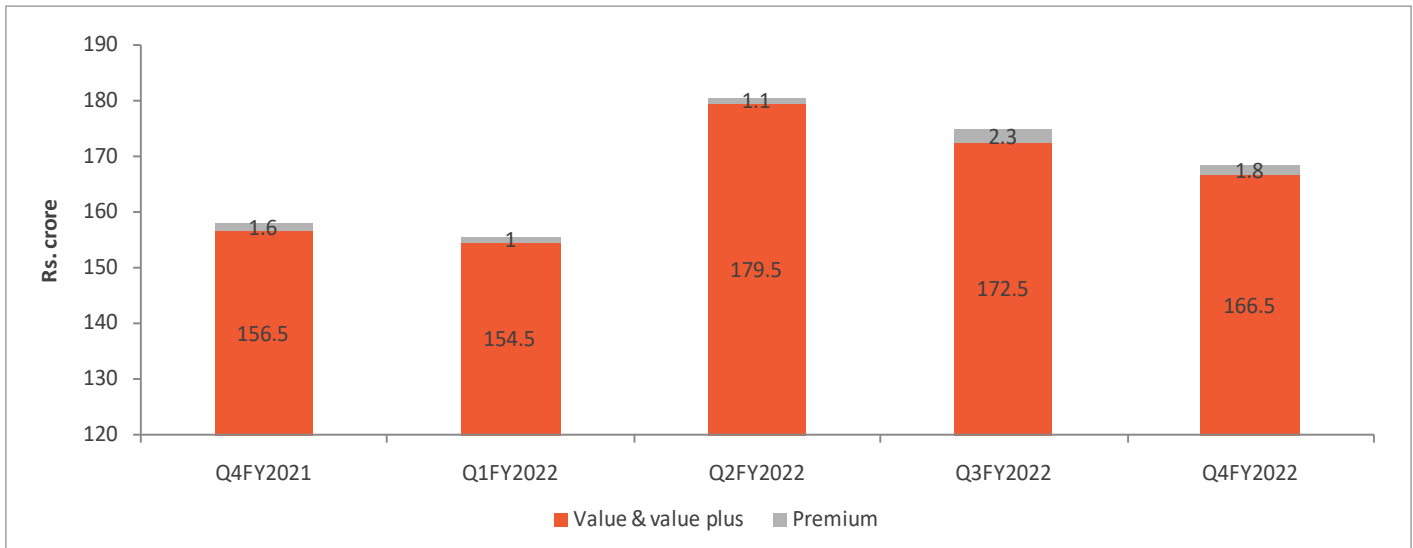
GSL's consumer business (largely IMIL sales) grew by 6.5% y-o-y to Rs. 168.3 crore in Q4FY2022. The business was impacted in Q4FY2022 due to a change in policy in Haryana after a gap of two years. This led to lower volumes in the consumer business during the quarter. However, the business is now stabilising and the management expects strong growth going ahead. Consumer business revenue grew by 32% y-o-y in FY2022 to Rs. 679.1 crore led by higher volume and realisation. Sales volume in FY2022 came in at 14.64 Mn cases (higher by 19% y-o-y), of which, Value Plus volume stood at 4.87 Mn cases (up by 77% y-o-y). Average Realization of Value & Value Plus segment increased by 11% y-o-y to ~Rs. 461 per case in FY22. Realization is expected to improve further as Rajasthan has announced a price hike of Rs. 39 per case for Value Plus segment liquor and Rs. 19 per case for Value segment liquor effective from 01 April 2022.

Revenue mix trend



Source: Company, Sharekhan Research

Consumer business revenue trend



Source: Company, Sharekhan Research

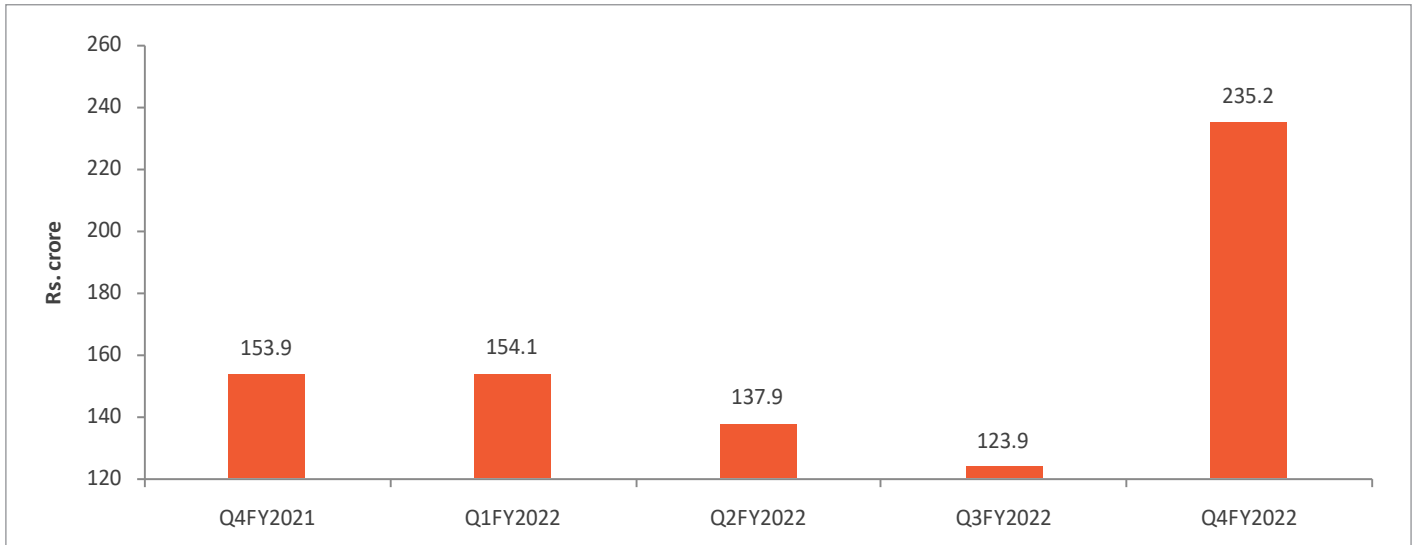
Consumer business continues to perform well in key markets

GSL's market share in Rajasthan increased to 45% in Q4FY2022 from 32% in Q4FY2021 led by an improved sales force and the introduction of new products. GSL launched an additional whisky brand 'Globus Green' in March-end. The brand will play an anchor brand role to strengthen whisky's share in the company. The market share in Haryana came in at ~10%. The company plans to have a higher focus on Metro liquor which is expected to grow in FY2023. In West Bengal, the company's share is currently low at over ~2%. GSL introduced a super distributor in the state in Q4FY2022 and launched 'County Club' in value plus segment towards April-end. In the Premium segment, of the 5 key focus markets, GSL brands have been introduced in Uttar Pradesh and Delhi. The company re-energised and expanded its portfolio in West Bengal through introduction of a larger range of products with the local manufacturing facility. The company extended Terai – India Dry Gin to Uttar Pradesh, West Bengal, Rajasthan and Mumbai. In Q1FY2023, Governor Reserve, Oakton and Terai are expected to be introduced in Haryana followed subsequently by the introduction in Telangana towards the end of Q1FY2023 or early Q2FY2023.

Manufacturing business (bulk alcohol) capacity utilization at 90% in Q4

Manufacturing business registered a y-o-y growth of 60.8% in Q4FY2022 and 32% in FY2022 to Rs. 321.2 crore and Rs. 900.2 crore, respectively backed by the higher realisation and increased volumes. Bulk alcohol sales volume in Q4FY2022 was reported at 40.1 mn litre, higher by 41% y-o-y on account of new capacity operational at West Bengal in Q4 and resumption of Haryana and Bihar facilities. For FY2022, bulk alcohol sales volume stood at 116.4 mn litre, higher by 13% y-o-y. The average realization grew by 8% y-o-y to Rs 58.6 per litre in Q4FY2022 and by 5% y-o-y to Rs 55.9 per litre in FY2022. Capacity utilisation including the expanded capacity came in at ~90% in Q4FY2022. In Q4FY2022, all plants operated at optimum levels, including the 140 KLPD new capacity at West Bengal. In Q4FY2022, share of the manufacturing business increased significantly to 67% due to new capacity in West Bengal. However, for full-year FY2022, the segmental mix remained largely stable with the manufacturing business contributing 59% to total revenue (58% in FY2021).

Manufacturing business revenue trend



Source: Company, Sharekhan Research

Robust capacity expansion underway

GSL plans to achieve strong growth on the back of improvement in its manufacturing capabilities. Accordingly, various capacity expansion projects are currently under progress/competition. New capacity of 140 KLPD with bottling plants at Jharkhand is likely to become operational by the end of Q1FY2023. The company has started work on enhancing the capacity by 60 KLPD each at West Bengal and Jharkhand with a total combined capital outlay of approximately Rs. 60 crore. Both the plants are likely to be commissioned by Q4FY2023. In Odisha, land acquisition of 25 acres is completed for setting up a new capacity of 200 KLPD for Ethanol and ENA with bottling plants. While in Uttar Pradesh, land acquisition is underway for setting up a new capacity of 200 KLPD for Ethanol and ENA with bottling plants. Total capacity is expected to increase from 665 KLPD currently to 925 KLPD by FY2023-end. The company has received 10 years of long-term volume commitment of ethanol for the states of Haryana, Jharkhand, West Bengal, and Odisha for ~86 a million litres per annum. The board is expected to announce the capital allocation for each of these projects once approval is received for the projects.

Key conference call highlights

- ◆ **Right step taken by procuring broken rice from FCI:** With an aim to mitigate the impact of the increase in raw material (broken rice) cost, GSL started procuring rice from the Food Corporation of India (FCI) in Q4FY2022, which fetches an incremental ethanol realisation of ~Rs. 3 per litre (Ethanol from surplus rice vs ethanol from damaged food grain), wherever applicable. The price of broken rice increased by 14% in Q4FY2022, however, GSL had no impact of raw material price change as FCI rice is available at a fixed price. In Q4FY2022, FCI price was available at Rs. 20,000/tonne while the surplus rice was available at Rs. 24,000/tonne. Going ahead, GSL expects stabilization in gross margin as FCI rice is sold at a fixed price and it gives higher ethanol realisation.
- ◆ **Price hikes to aid in improving profitability:** Rajasthan has announced a price hike of Rs. 39 per case for Value Plus segment liquor and Rs. 19 per case for Value segment liquor effective from 1st April 2022. Also, the price of ethanol was increased by Rs. 1.37 per litre effective from December 2021. Both these factors will lead to higher revenue and margins going ahead.
- ◆ **Higher contribution from by-products:** By-products as a percentage of total income increased substantially from 11% in FY2021 to 20% in FY2022. This was mainly due to higher animal feed prices in H1FY2022 and higher manufacturing business in Q4FY2022.
- ◆ **Balanced product mix in long term:** The company plans to maintain a balanced portfolio of 50:50 between consumer and manufacturing business in the long term. However, the management stated that in the near term, manufacturing share can be higher as bulk capacities can be entirely used for operation while the consumer business takes time to stabilise.

- ◆ **Product launch in premium categories:** The company currently has four brands in the premium category. There are two premium brands lined up for launch in the premium category. However, the launch of these products will depend on market conditions and once the existing products' network is established in the key states.
- ◆ **Most like to shift to a new tax regime in FY2023:** GSL's current tax rate is 35%. However, the company has the benefit of MAT credit of 16%, which takes its effective take rate to 19%. The management has indicated that the company will most likely shift to the new tax regime with a tax rate of 25% in FY2023 and expects to decide about the same by September 2022.

Results (Consolidated)

Results (Consolidated)						Rs cr
Particulars	Q4FY22	Q4FY21	y-o-y (%)	Q3FY22	q-o-q (%)	
Gross sales	654.2	490.9	33.3	545.0	20.0	
Excise duty	174.9	134.2	30.3	198.0	-11.7	
Net sales	479.4	356.7	34.4	347.1	38.1	
Material cost	277.4	174.5	59.0	179.8	54.3	
Employee cost	14.4	9.1	58.6	10.5	36.6	
Other expenses	103.2	85.2	21.1	98.4	4.8	
Total operating expenses	395.0	268.8	47.0	288.7	36.8	
Operating profit	84.4	87.9	-4.1	58.3	44.6	
Other income	1.8	1.3	37.8	2.2	-16.8	
Interest expense	2.8	4.1	-32.6	2.4	16.6	
Depreciation	11.3	11.1	1.9	10.5	7.9	
Profit before tax	72.1	74.1	-2.6	47.7	51.2	
Tax	23.5	23.4	0.4	17.2	37.0	
Adjusted PAT (before MI)	48.6	50.6	-4.0	30.5	59.3	
Minority interest (MI)	-0.1	0.0	-	-0.1	28.6	
Reported PAT	48.6	50.6	-4.0	30.5	59.3	
EPS (Rs.)	16.9	17.6	-4.0	10.6	59.3	
			bps		bps	
GPM (%)	42.1	51.1	-896	48.2	-608	
OPM (%)	17.6	24.7	-705	16.8	79	
NPM (%)	10.1	14.2	-406	8.8	135	
Tax rate (%)	32.6	31.7	97	36.0	-340	

Source: Company, Sharekhan Research

Segmental performance

Segmental performance						Rs cr
Particulars	Q4FY22	Q4FY21	y-o-y (%)	Q3FY22	q-o-q (%)	
Value Segment (Consumer business)	166.5	156.5	6.4	172.5	-3.5	
Premium Segment (Consumer business)	1.8	1.6	12.5	2.3	-21.7	
Bulk Alcohol Segment (Manufacturing business)	235.2	153.9	52.8	123.9	89.8	
Others (including bottling & by-products)	75.9	44.7	69.8	48.4	56.9	
Net revenue from operations	479.4	356.7	34.4	347.1	38.1	

Source: Company, Sharekhan Research

Outlook and Valuation

■ Sector view - Structural change in the alcohol industry

Indian Made Indian Liquor (IMIL) is evolving from a restricted quota-based, commoditised market to a consumer-driven brand-based industry. The main attractiveness of this market lies in its sizeable base, comprising SEC-D below which could translate into ~40% of the total population (excluding the Below Poverty Line). Growth in this segment is expected to be driven by a growing consumer base, rising rural incomes, and consumption, conversion from illicit/toddy to IMIL with increasing awareness about health and quality, conducive regulatory policies, and growth in population. In the short run, the IMIL industry could benefit from lower discretionary incomes, which would push up demand for lower-priced liquor. The government is targeting to achieve a 20% blending of ethanol by 2025, which would result in higher demand for grain-based molasses in the coming years.

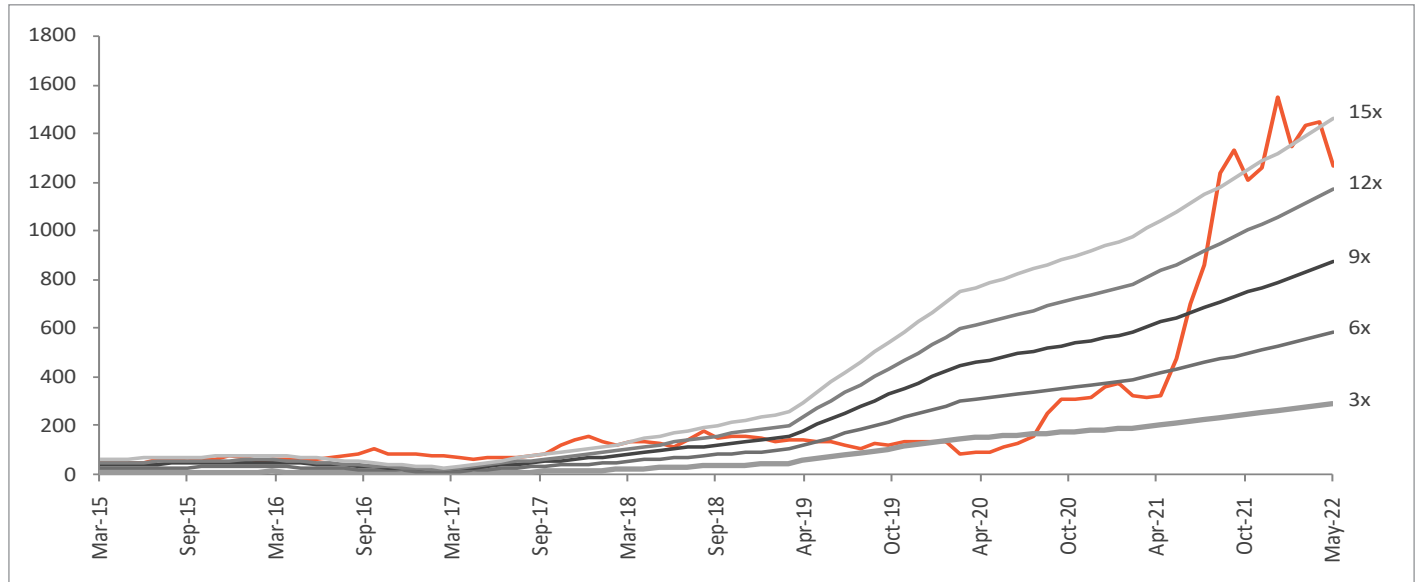
■ Company outlook - Both consumer & manufacturing business to aid in strong growth

GSL's revenue and operating profit posted a CAGR of 17% and 55%, respectively, over FY2019-FY2022 aided by its strong business model. It will be one of the key beneficiaries of the change in the government's ethanol policy with 50% of ethanol blending expected to happen through grain based. Around 40% of the expanded capacity (of 1,090 KLPD) will be utilised for manufacturing ethanol. Thus, we expect GSL's bulk alcohol sales volume and revenue to report a CAGR of 21% and 26%, respectively, over FY2022-FY2024. The company plans to double its capacity over the next 3-4 years from the current 665 KLPD to 1,325 KLPD. The contribution of the consumer business is expected to improve (from the current 41%) on account of improving demand for IMIL in key states, sustained new product additions, and expansion in newer states.

■ Valuation - Maintain a Positive stance with a potential upside of 25%

GSL's revenue and PAT grew by 28.3% and 30%, respectively in FY2022. The company will be one of the key beneficiaries of the changing ethanol policy, which will lead to consistent growth in revenue and margin expansion over the next 4-5 years. The company is taking the right steps such as capacity expansion to build scale, procurement of broken rice from FCI to stabilise input cost, increasing share of high margin consumer business and long term volume commitment in bulk alcohol business which would help GSL to generate revenue and earnings CAGR of 20% and 37%, respectively, over FY2022-FY2024. The stock has corrected by 46% from its recent high in line with correction in the broader indices. Recent correction provides good entry in the company with strong growth prospects in the medium term. GSL is currently trading at 10.3x/7.8x its FY2023E/FY2024E earnings. We maintain our Positive view on the stock with a potential upside of 25% over the next 12 months.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Companies	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
United Spirits	58.8	43.4	37.3	23.6	18.6	16.0	23.1	25.8	24.5
Radico Khaitan	38.3	29.2	23.8	24.4	19.8	15.7	16.7	17.1	19.7
Globus Spirits	14.7	10.3	7.8	8.6	6.6	5.0	28.0	28.9	29.9

Source: Company, Sharekhan estimates

About company

Established in 1992, GSL is one of the leading players in the Indian alcoholic beverages industry. The company manufactures, markets, and sells Indian Made Indian Liquor (IMIL), Indian Made Foreign Liquor (IMFL), bulk alcohol, and contract bottling for established IMFL brands. GSL's manufacturing business segment contributes ~59% to revenue and comprises bulk spirits, franchisee bottling, and by-products, whereas the consumer business segment contributes ~41% to revenue and comprises the value segment and premium segment. GSL is one of the largest and most efficient grain-based distilleries in India with a capacity of 195 million litres.

Investment theme

GSL will be one of the key beneficiaries of the change in the government's ethanol policy with 50% of ethanol blending expected to happen through grain based. Around 75% of expanded capacity (of 420 KLPD) will be utilised for manufacturing ethanol. Consumer business's (IMIL) contribution has increased to 41% versus 35% in recent years, which has 2x higher margins than the bulk alcohol business. With increased sustainable demand for ethanol and scale-up in the consumer business, GSL's earnings are expected to report a CAGR of 37% over FY2022-FY2024. The company generated cash flow from operations of Rs. 495 crore in the last three years driven by improved profitability and lower interest costs. GSL continues to focus on reducing debt and improving return ratios.

Key Risks

- ◆ Changes in regulation/policy by state or central government on alcohol distribution/selling policy would act as a key risk to GSL's consumer business.
- ◆ Any delay in the operation of new capacities would act as a key risk to GSL's earnings in the near term.

Additional Data

Key management personnel

Vivek Gupta	Chairman
Ajay Kumar Swarup	Managing Director
Bhaskar Roy	COO
Nilanjan Sarkar	CFO
Santosh Kumar Pattanayak	Company Secretary

Source: Company

Top 8 shareholders

Sr. No.	Holder Name	Holding (%)
1	Massachusetts Institute of Technology	3.9
2	Old Bridge Capital Mgmt Pvt Ltd	2.43
3	INTL Asset Recons	1.87
4	Samar Voyager LLP	1.8
5	Motilal Oswal AMC	0.35
6	Chadha Sunil	0.05
7	American Century Cos Inc	0.03
8	State Street Corp	0.03

Source: Bloomberg

Sharekhan Limited, its analyst or dependant(s) of the analyst might be holding or having a position in the companies mentioned in the article.

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/weak realisation environment resulting in margin pressure and deteriorating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

Sharekhan

by BNP PARIBAS

Know more about our products and services

For Private Circulation only

Disclaimer: This document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This Document is subject to changes without prior notice. This document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other reports that are inconsistent with and reach different conclusions from the information presented in 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 SHAREKHAN and affiliates 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.

The analyst certifies that the analyst has not dealt or traded directly or indirectly in securities of the company and that all of the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that neither he or his relatives or Sharekhan associates has any direct or indirect financial interest nor have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report nor have any material conflict of interest nor has served as officer, director or employee or engaged in market making activity of the company. Further, the analyst has also not been a part of the team which has managed or co-managed the public offerings of the company and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Limited or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either, SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Compliance Officer: Mr. Joby John Meledan; Tel: 022-61150000; email id: compliance@sharekhan.com;

For any queries or grievances kindly email igc@sharekhan.com or contact: myaccount@sharekhan.com

Registered Office: Sharekhan Limited, 10th Floor, Beta Building, Lodha iThink Techno Campus, Off. JVLR, Opp. Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai – 400042, Maharashtra. Tel: 022 - 61150000. Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669; Research Analyst: INH000006183;

Disclaimer: Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com; Investment in securities market are subject to market risks, read all the related documents carefully before investing.