

# Q3FY22 Result Update Globus Spirits Ltd

One offs led to soft quarter, long term growth remains intact

- **Globus Spirits Ltd (GBSL) reported a weak set of numbers in 3QFY22, owing to few one-offs in the quarter. We remain confident that company is a key beneficiary of ethanol blending program and current momentum within consumer segment would continue to drive overall profitability.**
- **Consolidated revenue was up 10% YoY but down 9% QoQ to INR347cr. EBITDA was down 12% YoY and 32% QoQ to INR89cr as a result of a fall in EBITDA margin by -418bps YoY and -593bps QoQ to 17.4%. Consolidated PAT stood at INR30.5cr, down 20% YoY and 42% QoQ.**
- **While GBSL's operating performance was impacted sequentially due to unavailability of capacity in Bihar and Haryana, both are now running at full capacity. In addition, the quarter was impacted from high fuel cost, however the cool-off of coal prices from the peak seen in Q3FY22 should lead to stabilisation of power cost, in our view.**
- **We expect GBSL's to record a 27% earnings CAGR over FY21-24e on anticipated market-share gains in Haryana and West Bengal, commencement of Jharkhand capacity in Q1FY23, full ramp up of West Bengal facility, price hikes in Rajasthan and new product launches in certain key markets. We reaffirm our 'Tactical BUY' call with TP of INR1,500/share.**

### Few one-offs led to weak operating performance

GBSL reported lower EBITDA and PAT YoY due to few one-offs in the quarter. However, the structural growth story remains intact. In Q3FY22, the company witnessed (i) shutdowns of Bihar (72 days) and Haryana (40 days) plants, which led to lower absorption of fixed costs, which impacted operating margins and led to EBITDA loss of INR25cr; (ii) higher fuel cost (+18% QoQ) due to coal prices (which is normalising into 4Q); and (iii) on market purchase of ENA for the Haryana consumer segment due to the plant being non-operational, which resulted in margin contraction.

### Consumer segment's robust performance continues

GBSL's Consumer segment recorded INR173cr in revenue, up 23% YoY. The increase in revenue was driven by 12% YoY growth in volume to 3.73mn cases (flat QoQ) and 10% YoY increase in realisation. The share of Value Plus portfolio (medium liquor) in the overall volume mix came in at 32%, as the Value Plus segment volumes increased 58% YoY in Q3FY22. The company's market share in Rajasthan increased to 32.5%, while the Value Plus category's market share remained at 45%. GBSL maintained a market share of 9% in Haryana and ~2% in West Bengal. We expect the company's Value Plus segment volumes to grow in Haryana and West Bengal, driving overall volumes growth of high single digit in FY23.

### New capex announcements provide earnings growth visibility

GBSL's Manufacturing segment reported utilisation of 87% in Q3FY22 versus 90% in Q2FY22. Revenue increased ~2% YoY, but declined 14% QoQ due to: (i) plant shutdowns at Bihar and Haryana and; (ii) normalisation in by-product (DDGS) realisation (INR30-32/kg vs INR45/kg in Q2FY22). In addition, GBSL announced a new 140 KLPD capacity for Uttar Pradesh and another brownfield expansion of 140 KLPD, both by FY25. We highlight within the ongoing capex, the Jharkhand plant will be commissioned in Q1FY23, while acquisition of land for a plant in Odisha, scheduled to be operational in FY24, is in progress. The announced capex will increase GBSL capacity from 670 KLPD to 1,230 KLPD by FY25.

### Earnings revisions and valuation; reaffirming 'Tactical BUY'

We remain positive on GBSL based on (i) capacity additions and improved capacity utilisation from Q4FY22; (ii) increasing share of Value Plus portfolio in total volumes, underpinned by planned new product launches; (iii) steady margins in Manufacturing segment with gradual shift to FCI for raw material; and (iv) price hike in Rajasthan likely to be margin-accretive. We lower our FY22e EPS by 5% but raise FY23-24e EPS by 1-4%. We reaffirm our 'Tactical BUY' call and target price of INR1,500/share. At our revised TP, GBSL trades at 15x FY24 PE and 10x FY24e EV/EBITDA.

Year to March	Q3FY22	Q3FY21	% change	Q2FY22	% change	FY21	FY22E	FY23E	FY24E
Revenues (INR Cr)	349	317	10.1	384	-9.0	1,237	1,518	1,880	2,134
% Growth (yoy)						6	23	24	14
EBITDA	61	68	-11.5	89	-32.2	261	342	411	446
% Growth (yoy)						103	31	20	9
Net profit	31	38	-20.3	53	-41.9	141	195	260	285
Diluted EPS	11	13	-20.0	18	-41.9	49	68	91	99
Diluted P/E (x)						6	20	15	14
EV/EBITDA (x)						4	12	10	9
ROCE (%)						32	36	36	32

**Anshul Verdia**  
Research Analyst  
Anshul.Verdia@edelweissfin.com

**CMP INR: 1,166**  
**Rating: BUY**  
**Target Price INR: 1,500**  
**Upside: 29%**

Bloomberg:	GBSL IN
52-week range (INR):	291 / 1,760
Share in issue (cr):	2.9
M cap (INR cr):	3,358
Promoter Holding (%)	50.91

Date: February 14, 2022

**Key management commentary highlights**
**Consumer segment**

- Performance in Consumer segment was in line with expectation, with 3.73mn cases sold during Q3FY22, registering flat growth owing to seasonal variation and 14% YoY growth mainly driven by Value Plus segment volumes.
- The price hike to be undertaken by the company in Rajasthan is more than sufficient to offset RM price hikes and will lead to profitability, as per management.
- Growth in the Value Plus segment in coming years will primarily be contributed by Haryana and West Bengal plants.
- **Rajasthan**
  - GBSL’s market share in Rajasthan increased to ~32.5% on the back of strong performance of its Value Plus segment, whose share increased to 45% in Q3FY22 from 30–35% in Q3FY21.
  - It launched Black Lace rum in Q3FY22, which was well-received. It plans to launch one whisky brand in 1QFY23.
- **Haryana**
  - GBSL maintained its market share in Haryana at ~9%. It launched two products in the Value Plus segment under brand Metro Liquor.
  - Both products are in the Whisky segment, which is the dominant segment in that particular market.
  - Costs in Consumer segment in Haryana increased in Q3FY22 as half of the ENA had to be purchased, which impacted the company’s margins significantly.
- **West Bengal**
  - There exists huge headroom for growth in West Bengal, where GBSL has market share of 2%; its upcoming facility will facilitate market-share gains.
  - Management expects to expand portfolio through the introduction of another Value Plus category, which will enable volume and margin improvement.
  - ENA prices in West Bengal are prevailing at ~INR53–54/ltr.

**Manufacturing**

- Bulk alcohol revenue came in at INR124cr in Q3FY22, as against INR135cr in Q3FY21.
- The manufacturing segment recorded low capacity utilisation in Q3FY22, as the Haryana plant was closed for ~40 days due to a major overhaul of a power plant, while the Bihar plant was impacted due to floods for 72 days. This led to opportunity loss of INR25cr in EBITDA, according to management.
- The West Bengal plant’s additional capacity become operational in Q3FY22.
- Fuel cost inflation was also an area of concern, company is trying to have coal purchase agreements.
- Going forward, GSL decided to increase the supply of ethanol made from surplus rice, which has secure margins as raw materials are purchased at fixed cost from the Food Corporation of India (FCI).
- From 1 December 2021 to 30 November 2022, of the 36% of total current capacity, which is supplied to OMCs as ethanol, nearly ~18% will be produced from surplus rice.
- Animal feed prices stood at INR30–32/kg in Q3FY22, as against the average of INR45/kg in Q2FY22.

**Capex**

- The recently commissioned plant in West Bengal raised total capacity for ENA and ethanol to 670 kLPD from 530 kLPD.
- Work at the Jharkhand plant with 140 kLPD capacity is underway, and the plant will be commissioned by Q1FY23. Land acquisition at Orissa is also in progress.
- The Board has approved setting up two new facilities with 140 kLPD:
  - One facility will be set up in Uttar Pradesh for ENA, ethanol and Consumer business, for which land acquisition is underway.
  - The other project will be a brownfield expansion dedicated for ethanol at one of the existing sites, which will be commissioned in Q1FY24.
- Projects at Uttar Pradesh and Orissa, where land acquisition processes are underway, will be operational by end-FY24 and early-FY25, respectively.
- Post commercialisation of all the announced projects, existing capacity of 670 kLPD will increase to 1,230 kLPD.
- These projects will be financed through internal accruals, and GBSL will raise some debt approved under the interest subvention scheme of Government of India.

**Others**

- Inflationary input costs coupled with unavailability of part of the capacity led to lower absorption of fixed costs, which impacted the company's operating margins.
- With the price hike passed on to consumers in Q3FY22 and increase in ethanol prices from December 2021, management expects margin improvement from upcoming quarters and expects to maintain operating margin at the level reported in Q4FY21 on a sustainable basis.
- Higher other expenses was attributed to (i) higher fuel and power costs (ii) expenses incurred for franchise bottling business, which witnessed strong traction in Q3FY22; and (iii) ENA purchased from external sources.

## Globus Spirits Ltd

## Q3FY22 Result Highlights

Particulars (INR Cr)	Q3FY22	Q2FY21	% YoY	Q1FY22	% QoQ	FY21	FY22E	FY23E	FY24E
Gross Revenue	545	433	26	594	-8	1,672	2,309	2,742	2,952
Excise Duty	198	116	70	212	-7	441	797	868	823
<b>Net Revenue</b>	<b>347</b>	<b>316</b>	<b>10</b>	<b>382</b>	<b>-9</b>	<b>1,231</b>	<b>1,512</b>	<b>1,874</b>	<b>2,128</b>
Other Income	2	1	128	2	36	7	6	6	6
<b>Total Income</b>	<b>349</b>	<b>317</b>	<b>10</b>	<b>384</b>	<b>-9</b>	<b>1,237</b>	<b>1,518</b>	<b>1,880</b>	<b>2,134</b>
COGS	180	162	11	197	-9	653	771	1,002	1,173
<b>Gross Profit</b>	<b>169</b>	<b>155</b>	<b>9</b>	<b>187</b>	<b>-9</b>	<b>584</b>	<b>747</b>	<b>878</b>	<b>961</b>
Employee Expenses	11	9	12	11	-2	38	48	59	68
Other Expenses	98	78	27	87	14	284	357	408	447
Total Operating Expenses	289	249	16	294	-2	976	1,176	1,469	1,688
<b>EBITDA</b>	<b>61</b>	<b>68</b>	<b>-12</b>	<b>89</b>	<b>-32</b>	<b>261</b>	<b>342</b>	<b>411</b>	<b>446</b>
Depreciation and amortization	10	10	4	10	1	41	44	54	60
<b>EBIT</b>	<b>50</b>	<b>58</b>	<b>-14</b>	<b>79</b>	<b>-37</b>	<b>221</b>	<b>299</b>	<b>357</b>	<b>386</b>
Interest expenses	2	5	-50	2	-2	19	11	5	1
<b>Profit before tax</b>	<b>48</b>	<b>54</b>	<b>-11</b>	<b>77</b>	<b>-38</b>	<b>202</b>	<b>288</b>	<b>352</b>	<b>385</b>
Provision for tax	17	15	12	24	-28	61	92	91	100
<b>Profit after tax</b>	<b>31</b>	<b>38</b>	<b>-20</b>	<b>53</b>	<b>-42</b>	<b>141</b>	<b>195</b>	<b>260</b>	<b>285</b>
Diluted EPS (INR)	11	13	-20	18	-42	49	68	91	99

### Revised Estimates

(INR Cr)	FY22E			FY23E			FY24E		
	Previous	Revised	% change	Previous	Revised	% change	Previous	Revised	% change
Sales	1,537	1,518	-1%	1,807	1,880	4%	2,136	2,134	0%
EBITDA	355	342	-4%	402	411	2%	445	446	0%
EBITDA margin	23.1%	22.5%	-58 bps	22.2%	21.9%	-37 bps	20.8%	20.9%	7 bps
PAT	206	195	-5%	252	260	4%	282	285	1%
EPS	72	68	-5%	88	91	4%	98	99	1%

Globus Spirits Ltd

Q3FY22 Result Highlights

Exhibit 3: Net Sales (INR Cr)

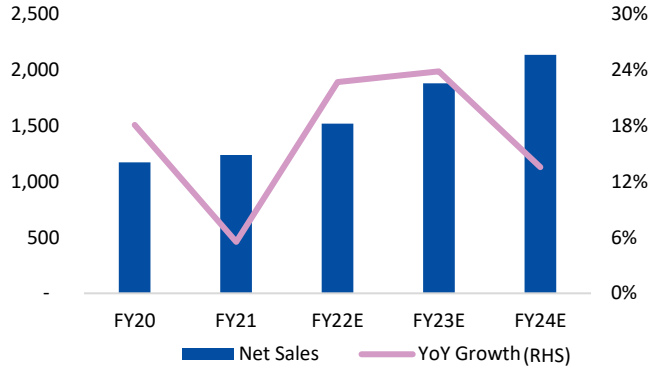


Exhibit 3: EBITDA (INR Cr)

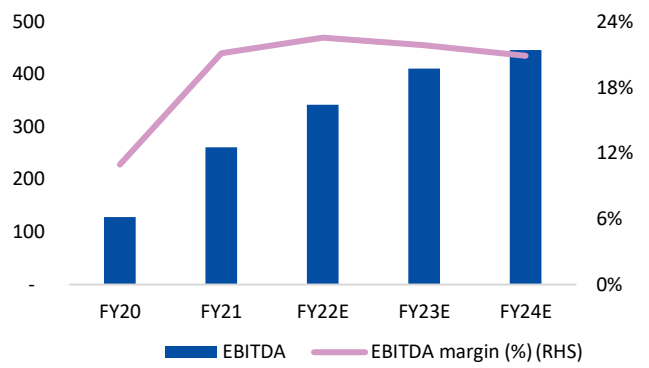


Exhibit 3: PAT (INR Cr)

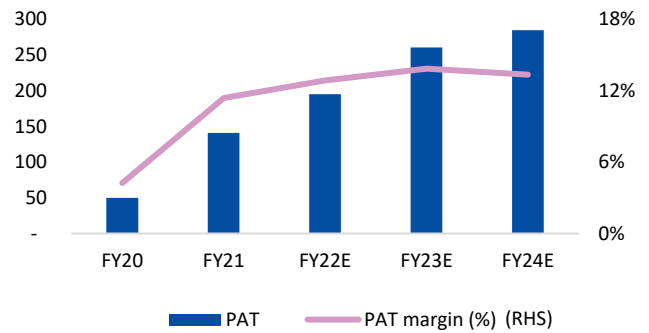


Exhibit 3: PAT (INR Cr)

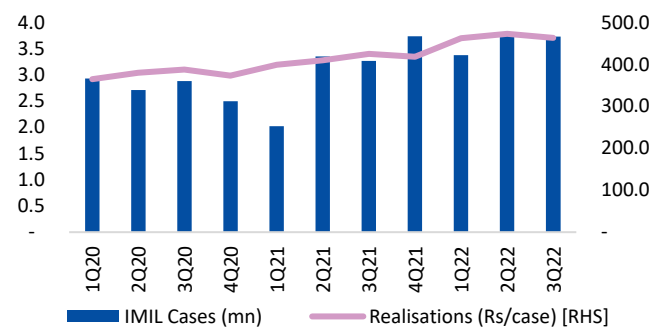


Exhibit: Group margin stables recently driven by consumer segment

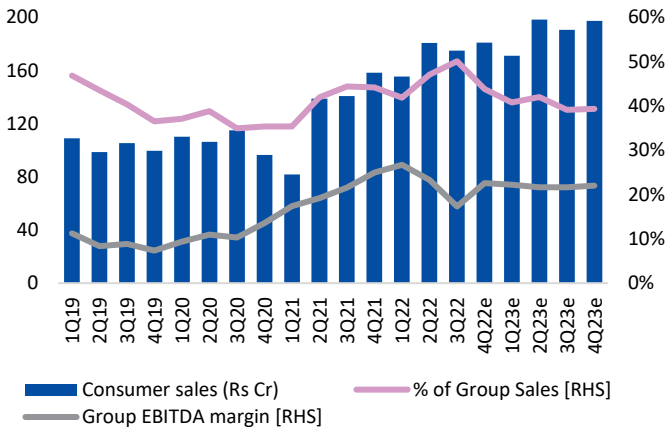
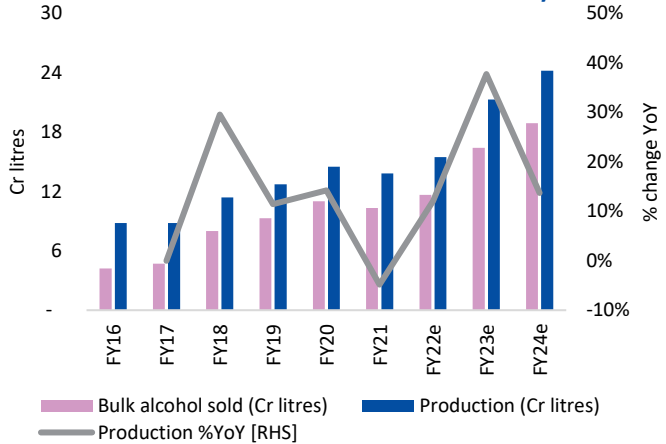


Exhibit: Production to reach >25cr litres by FY24E



Source: Edelweiss Wealth Research

**Previous Outlook**

**Q2FY22:** The result was a strong beat on our expectations, despite the lower plant utilisation in the quarter. We remain positive on GBSL based on (i) expectations of a stronger H2FY22, on the back of better plant utilisation and commissioning of the new plant in West Bengal; (ii) increasing share of value plus portfolio in total volume in the Consumer segment, underpinned by planned new product launches; and (iii) steady margins in Manufacturing, with expectation of increase in grain-based ethanol prices which would be margin accretive. We increase our earnings estimates by 13%/10% for FY22/FY23, considering the anticipated improvement in margins and lower tax rate guidance by the company. We revise our target price to INR1,500/share. At our revised TP, GBSL trades at 15x FY24 PE and 10x FY24e EV/EBITDA.

**Tactical Buy:** We initiate coverage on GBSL with a ‘Tactical BUY’ rating and a TP of INR1,475/share. Our valuation assigns 14.5x EV/EBITDA to the Consumer segment (50% discount to its peers within the liquor industry) and 7.2x FY23E EV/EBITDA to the Manufacturing segment (20% premium to average sugar sector FY23E multiple). At our TP, GBSL is trading at FY23E P/E of 18.5x and EV/EBITDA of 11.5x. We forecast FY21-24E EPS CAGR of 27%, translating into FY23E PEG ratio of 0.68x.

**Tactical Buy**



**Income statement (Consolidated)**

<b>Year to March (INR Cr)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Income from operations	1,173	1,237	1,518	1,880	2,134
Total operating expenses	1,044	976	1,176	1,469	1,688
EBITDA	128	261	342	411	446
Depreciation and amortisation	38	41	44	54	60
EBIT	90	221	299	357	386
Interest expenses	24	19	11	5	1
Profit before tax	67	202	288	352	385
Provision for tax	17	61	92	91	100
Extraordinary items	0	0	0	0	0
Adjusted net profit	50	141	195	260	285
Diluted shares (Cr)	3	3	3	3	3
EPS (INR) fully diluted	17	49	68	91	99
Dividend per share	1	2	3	4	5
Dividend payout (%)	6	4	4	4	5

**Common size metrics- as % of net revenues**

<b>Year to March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Operating expenses	89	79	77	78	79
Depreciation	3	3	3	3	3
Interest expenditure	2	2	1	0	0
EBITDA margins	11	21	23	22	21
Net profit margins	4	11	13	14	13

**Growth metrics (%)**

<b>Year to March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Revenues	18	6	23	24	14
EBITDA	35	103	31	20	9
PBT	103	202	43	22	9
Net profit	105	182	39	33	9
EPS	110	182	39	33	9

**Balance sheet (INR Cr)**

<b>As on 31st March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Equity share capital	29	29	29	29	29
Reserves & surplus	419	557	746	998	1,271
Shareholders' funds	447	585	775	1,026	1,300
Total Debt	181	187	112	67	22
Other liabilities	5	5	5	5	5
Deferred Tax Liabilities	28	52	73	77	61
<b>Sources of funds</b>	<b>660</b>	<b>829</b>	<b>852</b>	<b>1,107</b>	<b>1,365</b>
Gross block	705	755	898	1,040	1,120
Depreciation	136	177	220	274	334
Net block	569	579	677	766	786
Capital work in progress	30	48	48	48	48
Total fixed assets	598	627	726	814	835
Inventories	106	103	125	165	187
Sundry debtors	34	88	123	162	184
Cash and equivalents	20	58	55	132	303
Loans and advances	16	56	56	56	56
Total current assets	176	305	359	514	730
Sundry creditors and others	133	153	172	205	229
Provisions	6	11	10	10	10
Total CL & provisions	139	164	182	215	238
Net current assets	37	141	177	298	491
Misc expenditure	24	61	61	61	61
<b>Uses of funds</b>	<b>660</b>	<b>829</b>	<b>852</b>	<b>1,107</b>	<b>1,365</b>
Book value per share (INR)	155	203	270	357	452

**Cash flow statement**

<b>Year to March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EBIT	90	221	299	357	386
Depreciation	38	41	44	54	60
Tax	17	61	92	91	100
Changes in W. C.	(1)	103	36	122	193
Others	24	51	18	80	156
<b>Cash Flow from Operations</b>	<b>135</b>	<b>148</b>	<b>231</b>	<b>278</b>	<b>310</b>



**Ratios**

<b>Year to March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
ROAE (%)	12	27	29	29	25
ROACE (%)	15	32	36	36	32
Debtors (days)	11	26	30	31	31
Current ratio	1.0	1.3	1.4	1.8	2.3
Debt/Equity	0.4	0.3	0.1	0.1	0.0
Inventory (days)	37	40	41	43	42
Payable (days)	38	47	45	44	44
Cash conversion cycle (days)	10	19	25	30	30
Debt/EBITDA	1.4	0.7	0.3	0.2	0.0
Adjusted debt/Equity	0.4	0.3	0.1	0.1	0.0

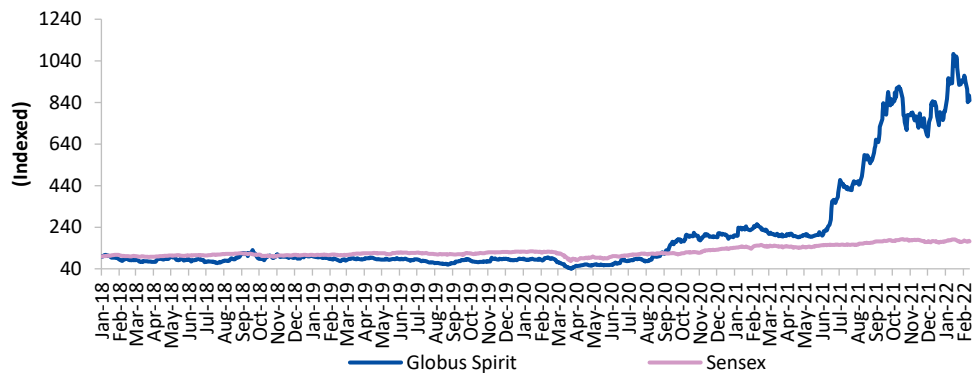
**Valuation parameters**

<b>Year to March</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Diluted EPS (INR)	17.3	48.9	67.9	90.6	99.1
<i>Y-o-Y growth (%)</i>	<i>110</i>	<i>182</i>	<i>39</i>	<i>33</i>	<i>9</i>
Diluted P/E (x)	4.9	6.5	20.0	15.0	13.7
Price/BV(x)	0.5	1.6	5.1	3.8	3.0
EV/Sales (x)	0.3	0.8	2.7	2.2	1.9
EV/EBITDA (x)	3.1	4.0	11.8	9.8	9.1
Diluted shares O/S	2.9	2.9	2.9	2.9	2.9
Basic EPS	17.3	48.9	67.9	90.6	99.1
Basic PE (x)	4.9	6.5	20.0	15.0	13.7

Edelweiss Broking Limited, 1st Floor, Tower 3, Wing B, Kohinoor City Mall, Kohinoor City, Kirol Road, Kurla(W)  
Board: (91-22) 4272 2200

**Vinay Khattar**  
Head Research  
vinay.khattar@edelweissfin.com

Rating	Expected to
Buy	appreciate more than 15% over a 12-month period
Hold	appreciate between 5-15% over a 12-month period
Reduce	Return below 5% over a 12-month period



## Disclaimer

Edelweiss Broking Limited ("EBL" or "Research Entity") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. The business of EBL and its associates are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance. There were no instances of non-compliance by EBL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. This research report has been prepared and distributed by Edelweiss Broking Limited ("Edelweiss") in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000000172.

Broking services offered by Edelweiss Broking Limited under SEBI Registration No.: INZ000005231 (Member of NSE, BSE, MCX and NCDEX). EBL CIN: U65100GJ2008PLC077462. Research services offered by Edelweiss Broking Ltd. under SEBI Registration No. INH000000172. Depository participant with NSDL having SEBI registration no: IN-DP-NSDL-314-2009 and DP ID: IN302201 and IN303719. Depository participant with CDSL having DP ID- 12032300. Investor grievance resolution team: 040-41151621; Email ID: Helpdesk@edelweiss.in. Name of the Compliance Officer for Trading & DP - Mr. Pranav Tanna, Email IDs: complianceofficer.ebl@edelweissfin.com / ebl.dpcompliance@edelweissfin.com. Corporate Office: Edelweiss House, Off CST Road, Kalina, Mumbai - 400098; Tel. 18001023335/022-42722200/022-40094279. Registered Office: 2nd Floor, Office No. 201 to 203, Zodiac Plaza, Xavier College Road, Off C G Road, Ahmedabad, Gujarat - 380009. Contact: (079) 40019900 / 66629900.

This Report has been prepared by Edelweiss Broking Limited in the capacity of a Research Analyst having SEBI Registration No. INH000000172 and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation 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 his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 EBL and associates / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. EBL reserves the right to make modifications and alterations to this statement as may be required from time to time. EBL or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. EBL is committed to providing independent and transparent recommendation to its clients. Neither EBL nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of EBL. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of EBL and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

EBL shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the EBL to present the data. In no event shall EBL be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the EBL through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

EBL and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the securities thereof, of company(ies), mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. EBL may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with EBL.

EBL or its associates may have received compensation from the subject company in the past 12 months. EBL or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. EBL or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EBL or its 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. EBL or its associates have not 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 or EBL's associates may have financial interest in the subject company. EBL, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No  
EBL has financial interest in the subject companies: No

EBL's 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.

Research analyst or his/her relative has 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: No

## Disclaimer

EBL has 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: No Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by EBL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at [www.nseindia.com](http://www.nseindia.com)

### Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

### Additional Disclaimer for U.S. Persons

Edelweiss is not a registered broker – dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition Edelweiss is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by Edelweiss, including the products and services described herein are not available to or intended for U.S. persons.

This report does not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services and/or shall not be considered as an advertisement tool. "U.S. Persons" are generally defined as a natural person, residing in the United States or any entity organized or incorporated under the laws of the United States. US Citizens living abroad may also be deemed "US Persons" under certain rules.

Transactions in securities discussed in this research report should be effected through Edelweiss Financial Services Inc.

### Additional Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA"). In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

### Additional Disclaimer for Canadian Persons

Edelweiss is not a registered adviser or dealer under applicable Canadian securities laws nor has it obtained an exemption from the adviser and/or dealer registration requirements under such law. Accordingly, any brokerage and investment services provided by Edelweiss, including the products and services described herein, are not available to or intended for Canadian persons.

This research report and its respective contents do not constitute an offer or invitation to purchase or subscribe for any securities or solicitation of any investments or investment services.

### Disclosures under the provisions of SEBI (Research Analysts) Regulations 2014 (Regulations)

Edelweiss Broking Limited ("EBL" or "Research Entity") is regulated by the Securities and Exchange Board of India ("SEBI") and is licensed to carry on the business of broking, depository services and related activities. The business of EBL and its associates are organized around five broad business groups – Credit including Housing and SME Finance, Commodities, Financial Markets, Asset Management and Life Insurance. There were no instances of non-compliance by EBL on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. This research report has been prepared and distributed by Edelweiss Broking Limited ("Edelweiss") in the capacity of a Research Analyst as per Regulation 22(1) of SEBI (Research Analysts) Regulations 2014 having SEBI Registration No. INH000000172