

## MULTI COMMODITY EXCHANGE OF INDIA

### EXCHANGES

# BUY

Target Price: Rs 1,397

### Demonetization, GST uncertainty impact Q4

Revenue declined 12% QoQ at Rs 874 mn due to lower traded value (down 10% QoQ). Bullion (~35% of traded value) was hit by continued impact of demonetization and lower volume due to GST uncertainty. Higher regulatory and operating expenses led to muted EBITDA and PAT performance. PAT was at ~Rs 220 mn (down ~35% QoQ).

**Update on regulatory developments and new products:** Management expects to launch options within 3 months of SEBI's guidelines (will be issued in due course) and approval. It has proactively tied up with Thomson Reuters for likely launch of index products when permitted by the regulator. MCX is also keen to explore business opportunities in currency and interest rate derivatives.

CMP : Rs 1,153  
Potential Upside : 21%

#### MARKET DATA

No. of Shares : 51 mn  
Free Float : 100%  
Market Cap : Rs 59 bn  
52-week High / Low : Rs 1,420 / Rs 852  
Avg. Daily vol. (6mth) : 429,628 shares  
Bloomberg Code : MCX IB Equity  
Promoters Holding : 0%  
FII / DII : 23% / 36%

### Concall highlights

- ◆ Expects competition in commodity exchanges by the end of FY18
- ◆ Clearing Corporation is in process of formation and will be operational in FY17-18
- ◆ For Q4FY17, traded value in bullion/ energy products declined by 18%/13% QoQ whereas it increased for agri commodities by 19% QoQ

**Our forecast (existing products):** Over FY17-19, we forecast 12%/ 17%/ 16% CAGR in traded value/transaction fees/ EBITDA (including float income) to incorporate lower volumes, as GST uncertainty will impact bullion traded value even in Q1FY17, partly offsetting impact of increase in transaction fees (effective 1 October 2016). Regulatory announcements on options guidelines and further approvals hold the key for stock's performance. We have valued MCX at Rs 1,397 (Rs 1,526 earlier): Rs 782 (23x FY19E, at Asian average: ~23x) for existing products and Rs 615 (FY20 EPS discounted back at 12%, 23x) for new product/ participant introductions. Maintain **BUY** with an upside of 21%.

### Financial summary (Consolidated) before regulatory reforms

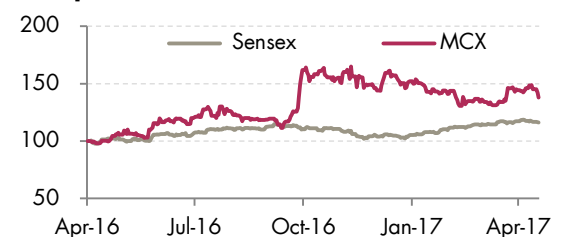
Y/E March	FY16	FY17	FY18E	FY19E
Sales (Rs mn)	2,135	2,386	3,243	3,656
Adj PAT (Rs mn)	1,203	1,266	1,559	1,734
Con. EPS* (Rs)	-	-	38.4	49.4
EPS (Rs)	23.6	24.8	30.6	34.0
Change YOY (%)	(4.4)	5.3	23.1	11.2
P/E (x)	48.9	46.5	37.7	33.9
RoE (%)	9.6	9.5	10.9	10.9
RoCE (%)	11.4	11.6	13.4	13.7
EV/E (x)	96.3	86.9	42.6	37.3
DPS (Rs)	6.5	15.0	18.3	20.4

Source: \*Consensus broker estimates, Company, Axis Capital

### Key drivers

(YoY)	2016	2017	2018E	2019E
Gold	-3%	-6%	-3%	15%
Silver	-16%	5%	1%	12%
Crude Oil	35%	-7%	13%	18%
<b>Total</b>	<b>4%</b>	<b>5%</b>	<b>11%</b>	<b>13%</b>

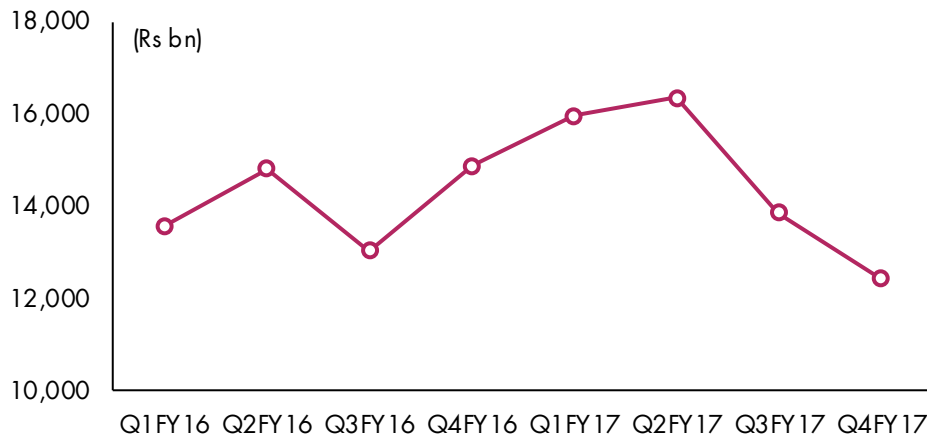
### Price performance



**Exhibit 1: Results update (before regulatory reforms)**

(Rs. mn)	Quarter ended					12 months ended		
	Mar-17	Mar-16	% chg	Dec-16	% chg	FY18E	FY17	% chg
<b>Net sales</b>	<b>874</b>	<b>834</b>	<b>4.8</b>	<b>998</b>	<b>(12.4)</b>	<b>3,243</b>	<b>2,386</b>	<b>35.9</b>
EBITDA	378	414	(8.9)	504	(25.1)	1,143	588	94.4
Other income	0	0	-	0	-	1,251	1,377	(9.2)
<b>PBIDT</b>	<b>378</b>	<b>414</b>	<b>(8.9)</b>	<b>504</b>	<b>(25.1)</b>	<b>2,394</b>	<b>1,965</b>	<b>21.8</b>
Depreciation	49	54	(9.9)	45	9.1	197	186	5.8
Interest	0	0	-	0	1.7	2	2	5.0
<b>PBT</b>	<b>328</b>	<b>360</b>	<b>(8.9)</b>	<b>459</b>	<b>(28.5)</b>	<b>2,195</b>	<b>1,778</b>	<b>23.5</b>
Tax	106	72	46.3	119	(11.2)	637	512	24.4
<b>Adjusted PAT</b>	<b>222</b>	<b>287</b>	<b>(22.8)</b>	<b>339</b>	<b>(34.6)</b>	<b>1,559</b>	<b>1,266</b>	<b>23.1</b>
No. of shares (mn)	51	51	-	51	-	51	51	-
EBITDA margin (%)	43.2	49.7	-	50.5	-	35.2	24.6	-
PBIDT margin (%)	43.2	49.7	-	50.5	-	73.8	82.4	-
<b>EPS - annualized (Rs.)</b>	<b>17.4</b>	<b>22.5</b>	<b>(22.8)</b>	<b>26.6</b>	<b>(34.6)</b>	<b>30.6</b>	<b>24.8</b>	<b>23.1</b>

Source: Company, Axis Capital

**Exhibit 2: All segments – Traded Value down 10% QoQ/ 17% YoY**


Source: MCX

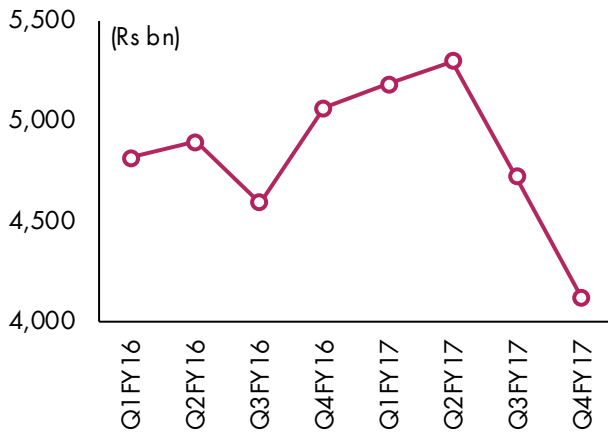
**Exhibit 3: Bullion took a hit both in Q3 and Q4**


Source: MCX

**Exhibit 4: Driven by decline in Gold**

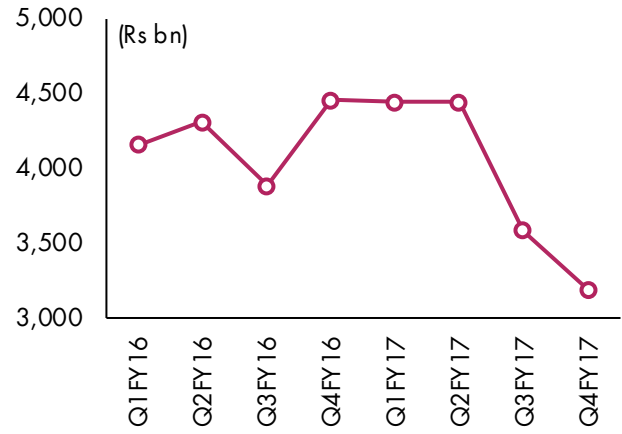

Source: MCX

**Exhibit 5: Energy**



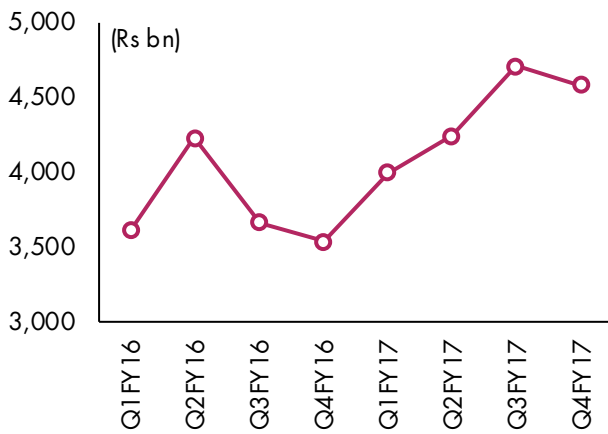
Source: MCX

**Exhibit 6: Crude Oil**



Source: MCX

**Exhibit 7: Base metals remained the bright spot**



Source: MCX

**Exhibit 8: Agri trading improves in Q4**



Source: MCX

**Exhibit 9: Table of International Valuations**

(USD mn)	North America				Europe			Asia/Australia				Others			Mean	Median
	NASDAQ	CME	ICE	TMX	DB	LSE	BOLSAS	BURSA	OSAKA	SGX	HKEX	JSE	BOLSA	BOVESPA		
Price (USD)	68	117	61	57	100	44	36	2	14	5	25	11	2	6		
Mcap (USDm)	11,358	39,844	35,891	3,131	19,256	15,209	3,005	1,256	7,645	5,701	30,146	938	1,068	12,735		
<b>CMP (USD)</b>	<b>68</b>	<b>117</b>	<b>61</b>	<b>57</b>	<b>100</b>	<b>44</b>	<b>36</b>	<b>2</b>	<b>14</b>	<b>5</b>	<b>25</b>	<b>11</b>	<b>2</b>	<b>6</b>		
Mcap (USDm)	11,358	39,844	35,891	3,131	19,256	15,209	3,005	1,256	7,645	5,701	30,146	938	1,068	12,735		
EV (USDm)	14,373	40,701	41,898	3,619	20,071	15,821	2,643	832	6,844	5,172	16,617	792	958	9,857		
<b>EV/Sales (x)</b>																
CY15/FY16	4.2	12.2	12.6	6.4	8.2	7.3	7.1	6.6	7.2	8.8	10.5	4.7	5.8	14.6	8.3	7.2
CY16/FY17e	3.9	11.3	9.3	6.5	7.7	7.1	7.5	7.3	6.9	8.8	12.4	5.0	6.3	14.7	8.2	7.4
CY17/FY18e	6.0	10.9	9.0	6.4	7.3	7.1	7.6	6.6	6.8	8.2	10.0	4.3	5.9	10.3	7.6	7.2
CY18/FY19e	5.7	10.3	8.5	6.2	6.9	6.6	7.6	6.3	6.6	7.8	9.1	3.8	5.5	8.9	7.1	6.8
<b>Adj PAT</b>																
CY15/FY16	581	1305	1359	134	850	653	193	51	374	251	1026	70	51	554		
CY16/FY17e	621	1536	1665	169	897	613	177	47	390	251	743	62	52	692		
CY17/FY18e	696	1655	1783	201	975	680	169	52	381	273	897	64	56	672		
CY18/FY19e	749	1807	1986	209	1092	757	168	53	386	291	997	77	60	678		
<b>P/E (X)</b>																
CY15/FY16	20.2	30.4	24.9	19.9	21.7	22.0	15.6	24.5	20.4	22.7	28.5	13.4	21.1	20.0	21.8	21.4
CY16/FY17e	18.6	25.9	21.8	16.7	20.8	24.8	17.0	26.8	19.5	22.8	40.2	15.0	20.6	16.0	21.9	20.7
CY17/FY18e	16.6	24.0	20.1	15.8	19.1	22.8	18.0	24.4	19.9	20.9	33.7	14.0	18.8	17.2	20.4	19.5
CY18/FY19e	15.2	21.9	17.7	15.0	17.0	20.3	17.9	23.7	20.1	19.6	30.4	12.1	17.7	17.0	19.0	17.8
<b>P/FCF (x)</b>																
CY15/FY16	na	28.4	34.7	20.7	(538.8)	24.1	14.9	22.3	15.4	22.0	30.9	14.0	15.1	42.7	(19.5)	22.0
CY16/FY17e	16.9	24.5	20.1	15.3	11.1	59.7	21.5	23.8	17.8	33.8	83.9	14.5	17.9	(6.3)	25.3	19.0
CY17/FY18e	na	22.8	19.5	14.8	20.5	22.7	16.7	32.3	24.0	21.7	30.5	16.3	17.6	52.7	24.0	21.7
CY18/FY19e	na	21.5	17.6	14.4	18.1	18.7	17.4	20.0	na	18.1	28.2	13.7	16.4	33.6	19.8	18.1

*continued...*

(USD mn)	North America				Europe			Asia/Australia				Others			Mean	Median
	NASDAQ	CME	ICE	TMX	DB	LSE	BOLSAS	BURSA	OSAKA	SGX	HKEX	JSE	BOLSA	BOVESPA		
<b>P/B (x)</b>																
CY15/FY16	2.0	1.9	2.4	1.5	4.8	3.8	6.4	6.7	3.3	7.8	7.7	4.9	3.4	2.4	4.2	3.6
CY16/FY17e	2.1	1.9	2.3	1.4	3.9	4.0	6.7	6.5	3.2	7.7	7.2	3.9	3.9	1.9	4.1	3.9
CY17/FY18e	2.1	1.9	2.1	1.4	3.4	3.5	6.8	6.4	3.0	7.2	7.0	3.8	3.3	1.8	3.8	3.4
CY18/FY19e	1.9	1.9	2.0	1.3	3.1	3.2	6.7	6.2	2.9	6.7	6.8	3.3	3.2	1.7	3.6	3.1
<b>EV/EBITDA (x)</b>																
CY15/FY16	16.8	18.4	19.7	14.7	16.7	16.6	9.7	11.6	10.8	15.3	12.8	9.1	12.7	14.2	14.2	14.5
CY16/FY17e	14.2	16.8	15.1	13.3	15.1	17.5	11.1	12.6	10.6	15.5	16.8	8.7	11.7	28.6	14.8	14.7
CY17/FY18e	11.0	15.1	14.0	11.9	12.6	13.4	11.5	11.1	10.9	14.4	14.1	11.1	10.9	14.6	12.6	12.2
CY18/FY19e	10.4	14.9	13.0	11.5	11.5	12.2	11.5	10.8	11.0	13.6	12.8	9.0	10.2	12.1	11.7	11.5
<b>RoE (%)</b>																
CY15/FY16	7.5	6.0	9.4	(1.8)	19.1	12.5	40.7	25.6	18.2	35.5	31.1	33.1	12.6	11.8	18.7	15.4
CY16/FY17e	2.0	7.5	9.3	6.9	31.7	5.2	37.4	23.2	16.4	34.6	18.6	29.5	17.4	7.7	17.7	16.9
CY17/FY18e	12.8	8.0	11.0	9.0	19.7	15.2	37.0	25.9	15.6	35.5	21.5	27.0	18.5	10.5	18.4	15.6
CY18/FY19e	13.9	8.5	12.0	8.9	19.5	15.4	38.8	26.3	14.4	35.4	23.1	28.7	19.0	9.6	19.0	15.4
<b>CAGR FY17-19E (%)</b>																
Sales	(17.7)	4.9	4.6	2.3	5.6	4.0	(0.7)	7.1	1.8	6.4	16.7	14.7	6.4	28.3	6.0	5.3
EBITDA	17.2	5.9	7.8	7.8	14.3	20.2	(2.0)	8.2	(1.5)	6.7	14.5	(1.9)	6.8	54.1	11.3	7.8
PAT	9.8	8.5	9.2	11.1	10.3	11.1	(2.7)	6.2	(0.4)	7.5	15.8	11.3	7.9	(1.0)	7.5	8.8
EPS	10.4	8.7	10.9	5.3	10.5	10.5	(2.6)	6.4	(1.4)	7.8	15.0	11.3	7.9	(3.1)	7.0	8.3

Source: Bloomberg; Note: NYMEX Acquired by CME

## Financial summary (Consolidated) before regulatory reforms

### Profit & loss (Rs mn)

Y/E March	FY16	FY17	FY18E	FY19E
Net sales	2,135	2,386	3,243	3,656
Other operating income	-	-	-	-
<b>Total operating income</b>	<b>2,135</b>	<b>2,386</b>	<b>3,243</b>	<b>3,656</b>
Cost of goods sold	(793)	(1,071)	(1,149)	(1,305)
Gross profit	1,342	1,316	2,094	2,351
<i>Gross margin (%)</i>	<i>62.9</i>	<i>55.1</i>	<i>64.6</i>	<i>64.3</i>
Total operating expenses	(804)	(728)	(951)	(1,066)
<b>EBITDA</b>	<b>539</b>	<b>588</b>	<b>1,143</b>	<b>1,285</b>
<i>EBITDA margin (%)</i>	<i>25.2</i>	<i>24.6</i>	<i>35.2</i>	<i>35.1</i>
Depreciation	(246)	(186)	(197)	(221)
<b>EBIT</b>	<b>293</b>	<b>402</b>	<b>946</b>	<b>1,064</b>
Net interest	(3)	(2)	(2)	(2)
Other income	1,383	1,377	1,251	1,380
<b>Profit before tax</b>	<b>1,673</b>	<b>1,778</b>	<b>2,195</b>	<b>2,442</b>
Total taxation	(470)	(512)	(637)	(708)
<i>Tax rate (%)</i>	<i>28.1</i>	<i>28.8</i>	<i>29.0</i>	<i>29.0</i>
Profit after tax	1,203	1,266	1,559	1,734
Minorities	-	-	-	-
Profit/ Loss associate co(s)	-	-	-	-
Adjusted net profit	1,203	1,266	1,559	1,734
<i>Adj. PAT margin (%)</i>	<i>56.3</i>	<i>53.1</i>	<i>48.1</i>	<i>47.4</i>
Net non-recurring items	(56)	-	-	-
Reported net profit	1,146	1,266	1,559	1,734

### Balance sheet (Rs mn)

Y/E March	FY16	FY17	FY18E	FY19E
Paid-up capital	510	510	510	510
Reserves & surplus	12,424	13,114	14,463	16,197
Net worth	12,934	13,624	14,973	16,707
Borrowing	-	-	-	-
Other non-current liabilities	2,098	2,126	2,021	2,023
<b>Total liabilities</b>	<b>15,033</b>	<b>15,751</b>	<b>16,995</b>	<b>18,730</b>
Gross fixed assets	3,773	4,204	4,654	5,067
Less: Depreciation	(2,376)	(2,685)	(2,881)	(3,102)
Net fixed assets	1,397	1,519	1,773	1,965
Total fixed assets	1,401	1,522	1,778	1,970
Total Investment	2,529	4,380	4,380	4,380
Debtors	42	28	50	65
Cash & bank	5,003	3,890	6,301	7,113
Loans & advances	3	3	3	3
Current liabilities	3,586	2,945	2,889	3,101
Net current assets	2,130	1,851	4,410	5,148
Other non-current assets	8,972	7,998	6,427	7,233
<b>Total assets</b>	<b>15,033</b>	<b>15,751</b>	<b>16,995</b>	<b>18,730</b>

Source: Company, Axis Capital

### Cash flow (Rs mn)

Y/E March	FY16	FY17	FY18E	FY19E
Profit before tax	1,673	1,778	2,195	2,442
Depreciation & Amortisation	246	186	197	221
<i>Chg in working capital</i>	<i>(306)</i>	<i>(834)</i>	<i>(148)</i>	<i>75</i>
<b>Cash flow from operations</b>	<b>1,139</b>	<b>616</b>	<b>1,605</b>	<b>2,027</b>
<i>Capital expenditure</i>	<i>(181)</i>	<i>(430)</i>	<i>(453)</i>	<i>(413)</i>
<b>Cash flow from investing</b>	<b>1,538</b>	<b>(1,276)</b>	<b>1,015</b>	<b>(1,215)</b>
<i>Equity raised/ (repaid)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Dividend paid</i>	<i>(399)</i>	<i>(918)</i>	<i>(1,122)</i>	<i>(1,248)</i>
<b>Cash flow from financing</b>	<b>(396)</b>	<b>(916)</b>	<b>(1,120)</b>	<b>(1,246)</b>
<b>Net chg in cash</b>	<b>2,281</b>	<b>(1,576)</b>	<b>1,500</b>	<b>(434)</b>

### Key ratios

Y/E March	FY16	FY17	FY18E	FY19E
<b>OPERATIONAL</b>				
FDEPS (Rs)	23.6	24.8	30.6	34.0
CEPS (Rs)	27.3	28.5	34.4	38.3
DPS (Rs)	6.5	15.0	18.3	20.4
Dividend payout ratio (%)	35	73	72	72
<b>GROWTH</b>				
Net sales (%)	(4.0)	11.7	35.9	12.7
EBITDA (%)	(38.5)	9.1	94.4	12.4
Adj net profit (%)	(4.4)	5.3	23.1	11.2
FDEPS (%)	(4.4)	5.3	23.1	11.2
<b>PERFORMANCE</b>				
RoE (%)	9.6	9.5	10.9	10.9
RoCE (%)	11.4	11.6	13.4	13.7
<b>EFFICIENCY</b>				
Asset turnover (x)	0.3	0.4	0.6	0.7
Sales/ total assets (x)	0.1	0.1	0.2	0.2
Working capital/ sales (x)	(1.4)	(1.0)	(0.6)	(0.5)
Receivable days	7	4	6	6
Payable days	43	61	40	40
<b>VALUATION</b>				
<b>PE (x)</b>	<b>48.9</b>	<b>46.5</b>	<b>37.7</b>	<b>33.9</b>
EV/ EBITDA (x)	96.3	86.9	42.6	37.3
EV/ Net sales (x)	24.3	21.4	15.0	13.1
PB (x)	4.5	4.3	3.9	3.5
Dividend yield (%)	0.6	1.3	1.6	1.8
<b>Free cash flow yield (%)</b>	<b>1.6</b>	<b>0.3</b>	<b>2.0</b>	<b>2.7</b>

Source: Company, Axis Capital

**Disclosures:**

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

1. Axis Securities Ltd. (ASL) is a SEBI Registered Research Analyst having registration no. INH000000297. ASL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. ASL is a subsidiary company of Axis Bank Ltd. Axis Bank Ltd. is a listed public company and one of India's largest private sector bank and has its various subsidiaries engaged in businesses of Asset management, NBFC, Merchant Banking, Trusteeship, Venture Capital, Stock Broking, the details in respect of which are available on [www.axisbank.com](http://www.axisbank.com).
2. ASL is registered with the Securities & Exchange Board of India (SEBI) for its stock broking & Depository participant business activities and with the Association of Mutual Funds of India (AMFI) for distribution of financial products and also registered with IRDA as a corporate agent for insurance business activity.
3. ASL has no material adverse disciplinary history as on the date of publication of this report.
4. I/We, authors (Research team) and the name/s subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my/our views about the subject issuer(s) or securities. I/We also certify that no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. I/we or my/our relative or ASL does not have any financial interest in the subject company. Also I/we or my/our relative or ASL or its Associates may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Since associates of ASL are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report. I/we or my/our relative or ASL or its associates do not have any material conflict of interest. I/we have not served as director, officer or employee in the subject company.

**Research Team**

Sr. No	Name	Designation	E-mail
1	Akhand Singh	Research Analyst	<a href="mailto:akhand.singh@axissecurities.in">akhand.singh@axissecurities.in</a>
2	Poonam Darade	Research Associate	<a href="mailto:poonam.darade@axissecurities.in">poonam.darade@axissecurities.in</a>

5. ASL or its associates has not received any compensation from the subject company in the past twelve months. ASL or its Research Analysts has not been engaged in market making activity for the subject company.

6. In the last 12-month period ending on the last day of the month immediately preceding the date of publication of this research report, ASL or any of its associates may have:

- i. Received compensation for investment banking, merchant banking or stock broking services or for any other services from the subject company of this research report and / or;
- ii. Managed or co-managed public offering of the securities from the subject company of this research report and / or;
- iii. Received compensation for products or services other than investment banking, merchant banking or stock broking services from the subject company of this research report;

ASL or any of its associates have not received compensation or other benefits from the subject company of this research report or any other third-party in connection with this report

**Term& Conditions:**

This report has been prepared by ASL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ASL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ASL will not treat recipients as customers by virtue of their receiving this report.

DEFINITION OF RATINGS	
Ratings	Expected absolute returns over 12-18 months
BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%

**Disclaimer:**

Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to the recipient's specific circumstances. The securities and strategies discussed and opinions expressed, if any, in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient.

This report may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this report 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 report (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. Certain transactions, including those involving futures, options and other derivatives as well as non-investment grade securities involve substantial risk and are not suitable for all investors. ASL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc. Past performance is not necessarily a guide to future performance. Investors are advised necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ASL and its affiliated companies, their directors and employees may; (a) from time to time, have long or short position(s) in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities or earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or investment banker, lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting this document.

ASL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that ASL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. ASL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither this report nor any copy of it may be taken or transmitted into the United State (to U.S. Persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. If this report is inadvertently sent or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. 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 ASL 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.

The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The Company reserves the right to make modifications and alternations to this document as may be required from time to time without any prior notice. The views expressed are those of the analyst(s) and the Company may or may not subscribe to all the views expressed therein.

Copyright in this document vests with Axis Securities Limited.

Axis Securities Limited, Corporate office: Unit No. 2, Phoenix Market City, 15, LBS Road, Near Kamani Junction, Kurla (west), Mumbai-400070, Tel No. – 18002100808/022-61480808, Regd. off.- Axis House, 8th Floor, Wadia International Centre, PandurangBudhkarMarg, Worli, Mumbai – 400 025. Compliance Officer: AnandShaha, Email: compliance.officer@axisdirect.in, Tel No: 022-42671582.