

Ends year on weak note, COVID-19 hits business hard

- VRL Logistics (VRLL) reported a 3% fall in 4Q and muted topline in FY20, as the difficult macroeconomic conditions put pressure on both goods and bus segments.
- Management highlighted the following: (1) No major capex for FY21. Added 229 GT vehicles in Q4 (2) Price hikes taken to offset volume fall. (3) IND-AS and COVID-19 impacted the operating profit and bottom-line. (4) Focus on client addition (5) Cost control measures taken like pay cuts (6) Improvement in availability of workers and drivers (7) Asked for rent waiver for April month
- We expect losses in FY21E due to loss of revenue and relatively higher fix cost. Expect recovery from H2FY21E with improvement in business segments. Accordingly, we lower our fair value target to Rs 175 at 16x FY21 PE and maintain Accumulate rating.

Topline declines 3% YoY, Sharp fall in operating profit

VRLL's Q4FY20 revenue growth declined 2.9% YoY, driven by Passenger segment degrowth of ~-21% YoY while Goods segment remained flat YoY. Air charter segment continues to do well with a growth of 75% YoY during the quarter. FY20, revenue remained flat YoY to Rs 21.2Bn driven 1% tonnage growth and flat realization. Goods segment/Bus segment grew by 2% YoY/-10% YoY. Bus segment witnessed 25% fall in passenger offset by 5% realization growth. Adj to IND-AS, EBITDA came lower 47% YoY to Rs 314mn. Margins at 6.3% vs 11.7% YoY/10.7% QoQ. GT segment EBITDA margins stood at 11.5% vs. 13.3% YoY/13.4% QoQ while EBITDA stood at Rs 479mn, down 13% YoY/-21% QoQ. Bus segment EBITDA margins at 9.2% vs 10% YoY/17.9% QoQ while EBITDA stood at Rs 65mn, down 27% YoY/-62% QoQ. Overall cost grew by 3% YoY/-6% QoQ. Operating expenses grew by 2% YoY/-8% QoQ while Employee cost grew by 6% YoY/-2% QoQ. Other expenses remained flat YoY/+4% QoQ. Adj PAT at Rs 34mn, down 83% YoY/-87% QoQ. Reported PAT dipped 90% YoY to Rs 21mn. Overall the company added 356 GT vehicle in FY20 to 4754 vehicles vs 4398 vehicles in FY19. Net debt increased from Rs. ~1.3Bn (FY19) to Rs 1.8 Bn in FY20. Capex for FY20 stood at Rs 1.2Bn vs Rs 2.1Bn in FY19 (Vehicle addition and Surat Facility).

Q4FY20 Result (Rs Mn)

Particulars	Q4FY20	Q4FY19	YoY (%)	Q3FY20	QoQ (%)
Revenue	4,978	5,129	(2.9)	5,573	(10.7)
Total Expense	4,664	4,529	3.0	4,977	(6.3)
EBITDA	314	600	(47.7)	595	(47.3)
Depreciation	257	255	0.8	258	(0.2)
EBIT	57	345	(83.6)	338	(83.2)
Other Income	24	19	31.1	24	2.1
Interest	36	37	(4.4)	27	31.4
EBT	46	326	(86.0)	335	(86.4)
Tax	11	121	(90.6)	68	(83.3)
RPAT	34	205	(83.3)	266	(87.2)
APAT	34	205	(83.3)	266	(87.2)
			(bps)		(bps)
Gross Margin (%)	26.9	30.7	(379)	29.3	(242)
EBITDA Margin (%)	6.3	11.7	(540)	10.7	(438)
NPM (%)	0.7	4.0	(331)	4.8	(409)
Tax Rate (%)	24.9	37.1	(1221)	20.4	455
EBIT Margin (%)	1.1	6.7	(559)	6.1	(492)

CMP	Rs 155
Target / Upside	Rs 175 / 13%
BSE Sensex	34,949
NSE Nifty	10,311

Scrip Details

Equity / FV	Rs 903mn / Rs 10
Market Cap	Rs 14bn
	USD 184mn
52-week High/Low	Rs 302/Rs 130
Avg. Volume (no)	70,852
NSE Symbol	VRLLG
Bloomberg Code	VRLL IN

Shareholding Pattern Mar'20(%)

Promoters	68.1
MF/Banks/FIs	20.3
FIs	5.5
Public / Others	6.1

Valuation (x)

	FY20A	FY21E	FY22E
P/E	14.6	(111.0)	13.9
EV/EBITDA	7.3	15.7	5.8
ROE (%)	15.2	(2.1)	17.5
RoACE (%)	12.5	(0.3)	14.3

Estimates (Rs mn)

	FY20A	FY21E	FY22E
Revenue	21,185	16,150	20,850
EBITDA	2,143	986	2,537
PAT	958	(126)	1,009
EPS (Rs.)	10.6	(1.4)	11.2

VP Research: Vinod Chari

Tel: +91 22 40969776

E-mail: vinodc@dolatcapital.com

Associate: Nishant Shah

Tel: +9122 409697758

nishant.shah@dolatcapital.com

Exhibit 1: Actual V/s DART estimates

(Rs mn)	Actual	Estimated	% Variance	Consensus	% Variance	Remarks
Net sales	4,978	4,982	(0.1)	5,242	(5.0)	Contraction in Bus segment
EBITDA*	314	658	(52.3)	697	(55.0)	Lower Revenue and marginal growth in cost
EBITDA Margin (%)	6.3	13.2	-691bps	13.3	-699bps	
PAT*	34	163	(79.0)	188	(81.8)	Adj to IND-AS, lower operating profit
EPS	0.4	1.8	(79.0)	2.1	(81.8)	

Source: Company, DART

Note: *EBITDA & PAT adj to IND-AS

Maintain Accumulate

We expect losses in FY21E due to loss of revenue and relatively higher fix cost. Expect recovery from H2FY21E with improvement in business segments. Accordingly, we lower our fair value target to RS 175 at 16x FY21 PE and maintain Accumulate rating.

Exhibit 2: Change in estimates

Key Parameters	FY21E			FY22E		
	Old	New	% Chg	Old	New	% Chg
Revenue (Rs m)	22,373	16,150	(27.8)	23,876	20,858	(12.6)
EBITDA (Rs m)	3,257	986	(69.7)	3,618	2,540	(29.8)
EBITDA margin (%)	13.2	6.1	-707bps	15.2	12.2	-298bps
Net profit (Rs m)	1,109	(126)	Nm	1,339	1,011	(24.5)
EPS (Rs)	12.3	(1.4)	Nm	14.8	11.2	(24.5)

Source: Company, DART

Exhibit 3: Key Assumptions in our estimates

	FY18	FY19	FY20E	FY21E	FY22E
Goods transport	15,172	16,860	17,247	13,093	16,745
% growth	6.4	11.1	2.3	(24.1)	27.9
Bus operations	3,587	3,803	3,437	2,566	3,529
% growth	10.0	6.0	(9.6)	(25.3)	37.5
Sale of power	217	221	186	144	194
% growth	(7.4)	1.7	(15.6)	(23.0)	35.0
Air chartering service	131	107	198	248	273
% growth	(18.1)	(18.3)	84.9	25.0	10.0
Un-allocable revenue	115	104	117	100	110
% growth	2.8	(10.0)	12.3	(14.0)	10.0
Total	19,223	21,095	21,185	16,151	20,850
% growth	6.6	9.7	0.4	(23.8)	29.1

Source: DART, Company

Topline falls 3%, Profits declines sharply

VRLL's Q4 topline declined by 2.9% YoY to Rs 5Bn (Inline) driven by Passenger segment de-growth of ~-21% YoY while Goods segment remained flat YoY. Air charter segment continues to do well with a growth of 75% YoY during the quarter. FY20, revenue remained flat YoY to Rs 21.2Bn driven by 2% YoY in Goods segment offset with -10% decline in Bus segment. Adj to IND-AS, EBITDA came lower 47% YoY to Rs 314mn. Margins at 6.3% vs 11.7% YoY/10.7% QoQ. Reported EBITDA Margins came lower at 11.4% while reported EBITDA declined 6% YoY/-29% QoQ to Rs 566mn in Q4. Overall cost grew by 3% YoY/-6% QoQ. Operating expenses grew by 2% YoY/-8% QoQ while Employee cost grew by 6% YoY/-2% QoQ. Other expenses remained flat YoY/+4% QoQ. GT segment EBIT margins dropped sharply to 3.4% vs. 10% YoY/7.1% QoQ. Bus segment's EBIT margins at 1.1% vs 3.2% YoY/11.4% QoQ. Adj PAT at Rs 34mn, down 83% YoY/-87% QoQ. Reported PAT dipped 90% YoY to Rs 21mn.

GT volumes 1% YoY; Focus on client and new routes addition

In Q4FY20, GT segment revenue remained flat YoY, driven by +1% YoY volume growth (FY20 growth at 6% YoY). However, realisation remained flattish YoY (FY20: -3% YoY). Increase in tonnage YoY was driven by addition of new customers. Added non-contractual business clients in Karnataka, Gujarat and few other places. Gained 6-8% market shares due to client addition. The new Surat facility has restarted with some volume improvement in June. The company has taken price hikes in order to mitigate overhead cost and offset the very low volumes. It focused more on FTL segment in May. LTL: FTL mix stood at 89%:11% in FY20. During the quarter, company had used more of owned vehicles as a result, there was a reduction in lorry hire charges while there was Increase in Vehicle repairs and maintenance expense.

Passenger segment: The segment declined by -21% YoY, driven by a decline in number of buses resulted into -25% drop in passenger growth, while realization increased by 5% YoY. Total buses stood at 337 vs 381 YoY/354 QoQ. EBITDA margins at 9.2% vs 10% YoY/17.9% QoQ. EBITDA stood at Rs 65mn, down 27% YoY/-62% QoQ. It reported 328bps EBITDA margin improvement to 14.2% in FY20 vs 10.9% in FY19. The company drives revenues in Q1 due to marriage season and vacation in schools. However, this time none of passenger buses were operational resulting complete loss of revenues. Buses moving with lot of restrictions on the heavy traffic routes like Mumbai-Pune, Ahmedabad-Surat, and cities like Delhi, Chennai, Hyderabad. Social distancing and very low travelling population will affect the business. Don't foresee buses operating on a full seat capacity basis. The company will allocate buses on high margin routes.

Other highlights

(1) Gross addition in GT vehicles was 520 (SV - 64 vehicles, LCV-22 Vehicles, HGV - 432 vehicles, Tankers 2 vehicles). 164 vehicles sold/scrapped. Overall 356 GT vehicle was added in FY20 to 4754 vehicles vs 4398 vehicles in FY19. Bus numbers reduced to 337 vs 354 QoQ/381 YoY, which impacted passenger numbers. Overall vehicles stood at 5091 vs 4779 YoY/4879 QoQ (2) Procurement of Bio-fuel @18.37% of Total fuel quantity in Q4FY20 vs 29.1% QoQ (FY20: 28.03%). Bio-fuel quantity increased by 8.58% in FY20 vs 19.45% of total quantity in FY19. (3) Net debt rose by 490mn to Rs 1.77Bn from Rs ~1.3Bn (FY19). (4) FY20 capex at RS 1.2Bn. No capex for FY21 (5) It faced the problem of scarcity in Drivers and labor for material handling. Many drivers deserted their post in order to reach to their native villages during April/May (6) Cost cutting measures: (a) More focus on bio-diesel usage. (b) Pay cut by the middle and senior level employees, Salary cuts (below 50k:-10%, 50k-1L: -15% and 1L+: -20%) will result saving of Rs 10mn/ month. (c) change in maintenance schedule of GT vehicles will result some cost benefit. (7) Cloth remains the major commodity forming 12% now vs 15-16% in pre-COVID era. Agri and Pharma products have increased by 3-4%. Paints, FMCG (house hold items) have seen growth while printed goods/education related items, manufacturing goods have witnessed a decline.

Exhibit 4: Result Snapshot

(Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ(%)	FY20	FY19	YoY (%)
Net sales	5,129	5,396	5,238	5,573	4,978	(2.9)	(10.7)	21,185	21,095	0.4
Expenditure	4,529	4,693	4,708	4,977	4,664	3.0	(6.3)	19,042	18,655	2.1
Operating Expense	3,557	3,676	3,686	3,940	3,641	2.4	(7.6)	14,943	14,743	1.4
Employees Cost	906	925	950	973	957	5.7	(1.6)	3,805	3,667	3.8
Other Expenses	67	92	72	64	67	(0.1)	3.7	294	245	19.9
Operating profit	600	704	530	595	314	(47.7)	(47.3)	2,143	2,440	(12.2)
Other income	19	24	31	24	24	31.1	2.1	103	79	30.2
Interest	37	27	25	27	36	(4.4)	31.4	115	109	6.1
Depreciation	255	259	258	258	257	0.8	(0.2)	1,031	1,006	2.5
PBT	326	442	278	335	46	(86.0)	(86.4)	1,100	1,405	(21.7)
Tax	121	150	-87	68	11	(90.6)	(83.3)	142	486	(70.8)
PAT	205	292	366	266	34	(83.3)	(87.2)	944	919	2.7
EPS (Rs)	2.3	3.2	4.0	2.9	0.4	(83.3)	(87.2)	11	10	4.5

Source: Company, DART

Exhibit 5: As a % of Sales

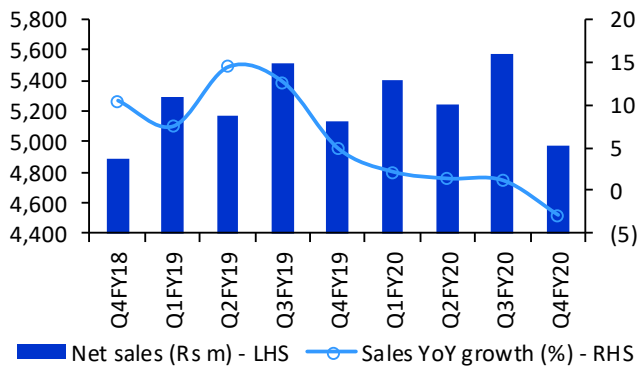
% of Sales	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	YoY (%)	QoQ(%)	FY20	FY19	YoY (%)
Operating Expense	69.3	68.1	70.4	70.4	70.7	136bps	34bps	70.5	69.9	64bps
Employees Cost	17.7	17.1	18.1	18.1	17.5	-20bps	-68bps	18.0	17.4	58bps
Other Expenses	1.3	1.7	1.4	1.4	1.2	-15bps	-22bps	1.4	1.2	23bps
EBITDA Margins(%)	11.7	13.0	10.1	10.7	6.3	-540bps	-438bps	10.1	11.6	-145bps
PAT Margins (%)	4.0	5.4	7.0	4.8	0.7	-331bps	-409bps	4.5	4.4	10bps

Source: Company, DART

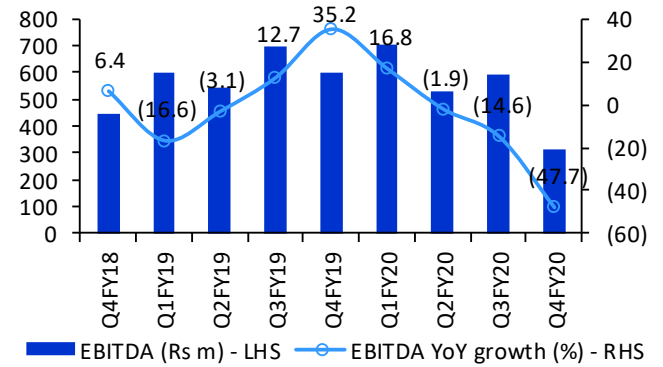
Exhibit 6: Segment wise

(Rs mn)	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	% Chg YoY	% Chg QoQ	FY20	FY19	YoY (%)
Revenue										
Goods transport	4166	4234	4320	4526	4166	0.0	(8.0)	17,239	16,853	2.3
Bus operations	888	1040	745	947	706	(20.5)	(25.4)	3,437	3,803	(9.6)
EBITDA										
Goods transport	553	629	585	608	479	(13.4)	(21.2)	2,301	2,052	12.1
Bus operations	88	205	46	170	65	(26.9)	(61.9)	486	414	17.6
Margin %										
Goods transport	13	15	14	13	11	-179bps	-193bps	13.3	12.2	117bps
Bus operations	10	20	6	18	9	-80bps	-875bps	14.2	10.9	328bps
EBIT										
Goods transport	416	356	294	320	142	(65.9)	(55.8)	1,112	1,521	(26.9)
Bus operations	28	137	(19)	108	8	(71.8)	(92.6)	233	166	40.7
Margin %										
Goods transport	10.0	8.4	6.8	7.1	3.4	-657bps	-367bps	6.4	9.0	-258bps
Bus operations	3.2	13.1	(2.6)	11.4	1.1	-205bps	-1024bps	6.8	4.4	243bps

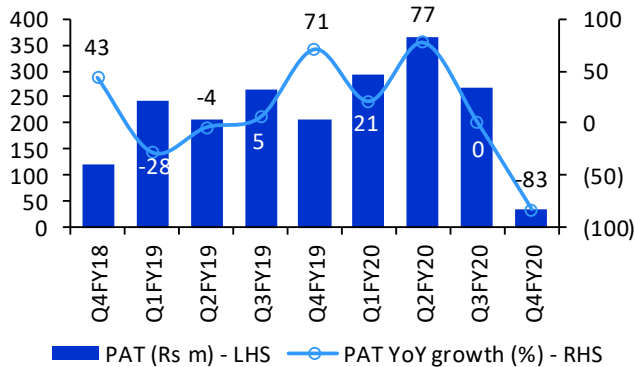
Source: Company, DART

Exhibit 7: Revenue and Revenue growth trend


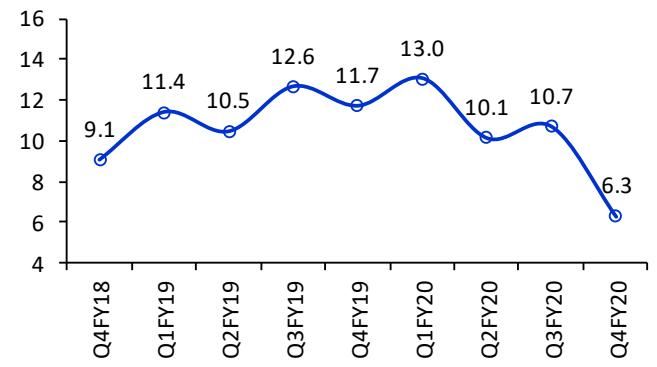
Source: Company, DART

Exhibit 8: EBITDA and EBITDA growth trend


Source: Company, DART

Exhibit 9: PAT and PAT growth trend


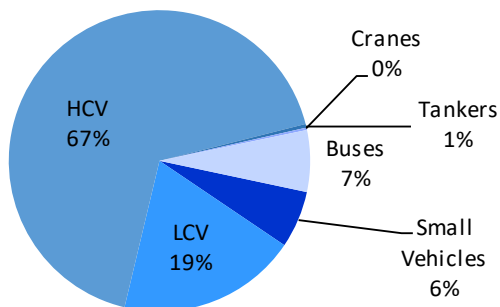
Source: Company, DART

Exhibit 10: EBITDA margin trend


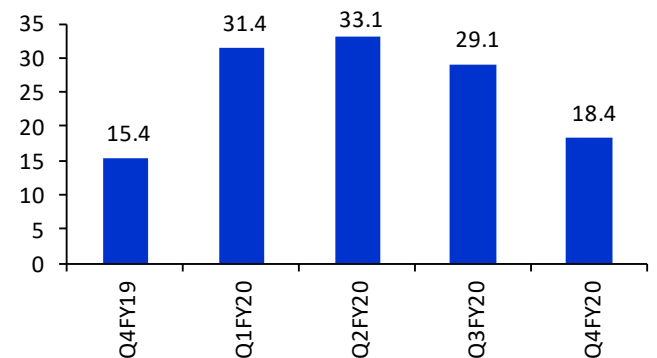
Source: Company, DART

Exhibit 11: Split of fleet

Total Vehicles: 5,091

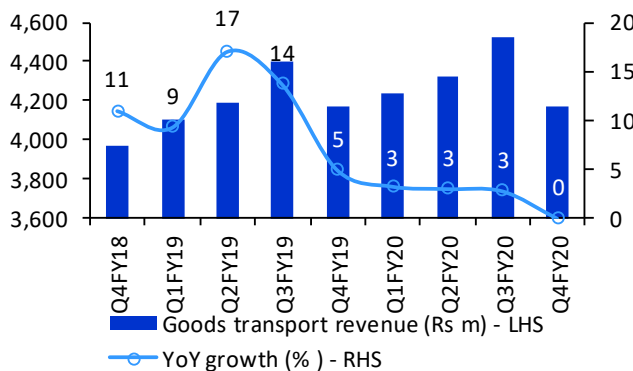


Source: Company, DART

Exhibit 12: Proportion of bio-diesel (%)


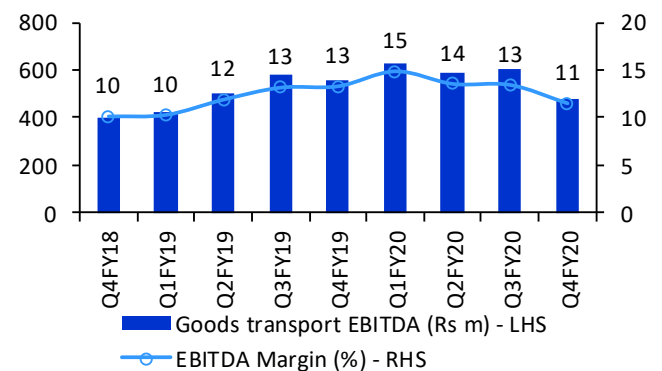
Source: Company, DART

Exhibit 13: Goods transport revenue and growth trend



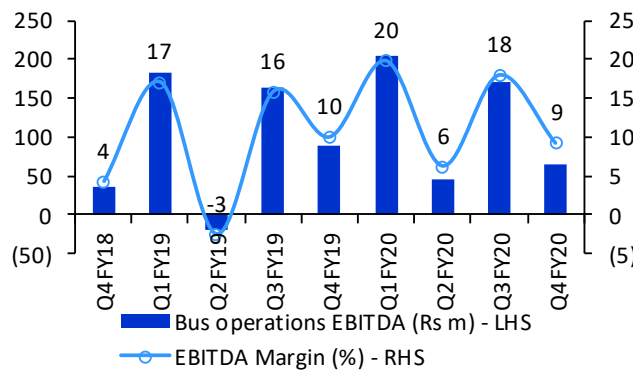
Source: Company, DART

Exhibit 14: Goods transport EBITDA and margin trend



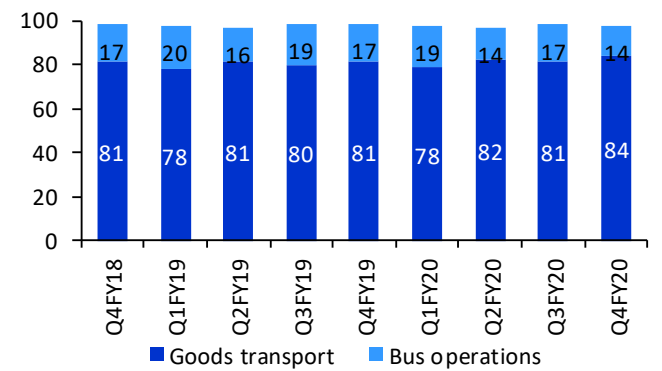
Source: Company, DART

Exhibit 15: Bus operation revenue and growth trend



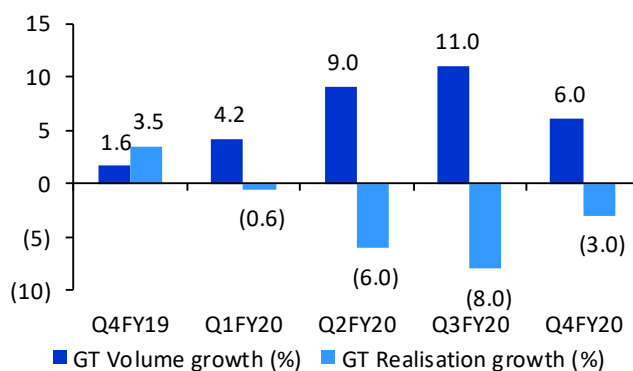
Source: Company, DART

Exhibit 16: Bus operation EBITDA and margin trend



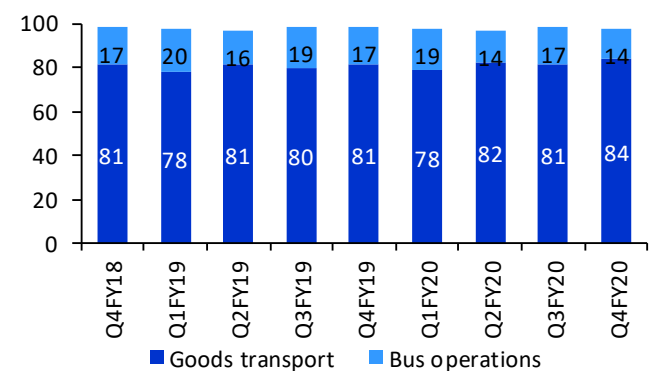
Source: Company, DART

Exhibit 17: GT volume and realisation growth trend



Source: Company, DART

Exhibit 18: Segmental revenue split (%)



Source: Company, DART

Profit and Loss Account

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Revenue	21,095	21,185	16,150	20,850
Total Expense	18,655	19,042	15,164	18,313
COGS	14,743	14,943	11,161	14,022
Employees Cost	3,667	3,805	3,729	3,990
Other expenses	245	294	274	301
EBIDTA	2,440	2,143	986	2,537
Depreciation	1,006	1,031	1,103	1,183
EBIT	1,434	1,112	(117)	1,354
Interest	109	115	105	121
Other Income	79	103	96	115
Exc. / E.O. items	0	0	0	0
EBT	1,405	1,100	(126)	1,348
Tax	486	142	0	339
RPAT	919	958	(126)	1,009
Minority Interest	0	0	0	0
Profit/Loss share of associates	0	0	0	0
APAT	919	958	(126)	1,009

Balance Sheet

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
Sources of Funds				
Equity Capital	903	903	903	903
Minority Interest	0	0	0	0
Reserves & Surplus	5,556	5,265	4,688	5,064
Net Worth	6,459	6,169	5,591	5,968
Total Debt	1,411	1,905	1,605	1,705
Net Deferred Tax Liability	738	440	440	440
Total Capital Employed	8,608	8,514	7,636	8,113

Applications of Funds

Net Block	7,051	9,903	9,044	8,261
CWIP	416	44	0	0
Investments	1	1	1	1
Current Assets, Loans & Advances	2,311	2,221	2,425	3,532
Inventories	298	293	374	351
Receivables	795	823	929	914
Cash and Bank Balances	131	134	72	1,050
Loans and Advances	0	0	0	0
Other Current Assets	1,086	971	1,051	1,217
Less: Current Liabilities & Provisions	1,170	3,655	3,834	3,681
Payables	61	35	53	69
Other Current Liabilities	1,109	3,620	3,781	3,612
sub total				
Net Current Assets	1,141	(1,434)	(1,409)	(149)
Total Assets	8,608	8,514	7,636	8,113

E – Estimates

Important Ratios

Particulars	FY19A	FY20A	FY21E	FY22E
(A) Margins (%)				
Gross Profit Margin	30.1	29.5	30.9	32.8
EBIDTA Margin	11.6	10.1	6.1	12.2
EBIT Margin	6.8	5.2	(0.7)	6.5
Tax rate	34.6	12.9	0.0	25.2
Net Profit Margin	4.4	4.5	(0.8)	4.8
(B) As Percentage of Net Sales (%)				
COGS	69.9	70.5	69.1	67.3
Employee	17.4	18.0	23.1	19.1
Other	1.2	1.4	1.7	1.4
(C) Measure of Financial Status				
Gross Debt / Equity	0.2	0.3	0.3	0.3
Interest Coverage	13.2	9.7	(1.1)	11.2
Inventory days	5	5	8	6
Debtors days	14	14	21	16
Average Cost of Debt	9.8	6.9	6.0	7.3
Payable days	1	1	1	1
Working Capital days	20	(25)	(32)	(3)
FA T/O	3.0	2.1	1.8	2.5
(D) Measures of Investment				
AEPS (Rs)	10.2	10.6	(1.4)	11.2
CEPS (Rs)	21.3	22.0	10.8	24.3
DPS (Rs)	5.5	7.0	5.0	7.0
Dividend Payout (%)	54.1	66.0	(358.6)	62.7
BVPS (Rs)	71.5	68.3	61.9	66.1
RoANW (%)	14.8	15.2	(2.1)	17.5
RoACE (%)	12.7	12.5	(0.3)	14.3
RoAIC (%)	18.1	13.2	(1.5)	18.5
(E) Valuation Ratios				
CMP (Rs)	155	155	155	155
P/E	15.2	14.6	(111.0)	13.9
Mcap (Rs Mn)	13,977	13,977	13,977	13,977
MCap/ Sales	0.7	0.7	0.9	0.7
EV	15,257	15,747	15,510	14,631
EV/Sales	0.7	0.7	1.0	0.7
EV/EBITDA	6.3	7.3	15.7	5.8
P/BV	2.2	2.3	2.5	2.3
Dividend Yield (%)	3.6	4.5	3.2	4.5
(F) Growth Rate (%)				
Revenue	9.7	0.4	(23.8)	29.1
EBITDA	4.2	(12.2)	(54.0)	157.3
EBIT	5.0	(22.5)	(110.5)	(1261.1)
PBT	0.8	(21.7)	(111.5)	(1170.5)
APAT	(0.7)	4.2	(113.1)	(901.1)
EPS	(0.7)	4.2	(113.1)	(901.1)

Cash Flow

(Rs Mn)	FY19A	FY20A	FY21E	FY22E
CFO	1,922	2,573	899	1,916
CFI	(2,094)	(1,186)	(104)	(285)
CFF	110	(1,384)	(857)	(653)
FCFF	(190)	1,346	699	1,516
Opening Cash	194	131	134	72
Closing Cash	131	134	72	1,050

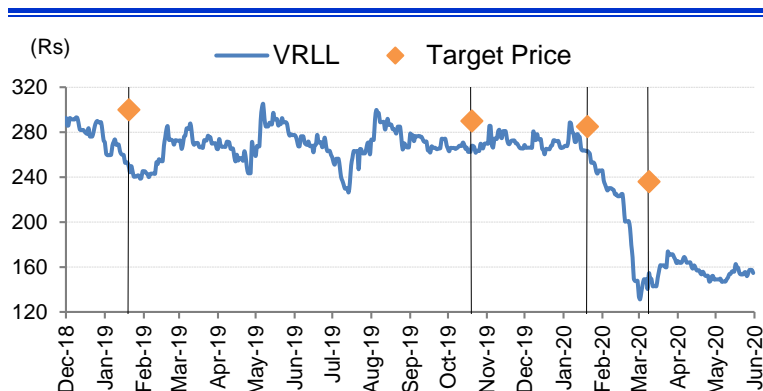
E – Estimates

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
Feb-19	Accumulate	300	249
Nov-19	Accumulate	290	268
Feb-20	Accumulate	285	263
Mar-20	Accumulate	236	154

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
-------------	-------------------	-------------------------	-----------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
-------------------	------------------	-----------------------	-----------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Yomika Agarwal	VP - Equity Sales	yomika@dolatcapital.com	+9122 4096 9772
Jubbin Shah	VP - Derivatives Sales	jubbins@dolatcapital.com	+9122 4096 9779
Ashwani Kandoi	AVP - Equity Sales	ashwanik@dolatcapital.com	+9122 4096 9725
Lekha Nahar	AVP - Equity Sales	lekhan@dolatcapital.com	+9122 4096 9740
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Dinesh Mehta	Co- Head Asia Derivatives	dinesh.mehta@dolatcapital.com	+9122 4096 9765
Bhavin Mehta	VP - Derivatives Strategist	bhavinm@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Sunshine Tower, 28th Floor, Senapati Bapat Marg, Dadar (West), Mumbai 400013

Analyst(s) Certification

The research analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)

II. Disclaimer:

This research report has been prepared by Dolat Capital Market Private Limited. to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies) solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. may 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. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision. The investment discussed or views expressed herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the 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 company(ies) discussed herein or act as an advisor or 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. This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction. 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 Dolat Capital Market Private Limited. and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

For U.S. Entity/ persons only: This research report is a product of Dolat Capital Market Private Limited., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and 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.

This report is intended for distribution by Dolat Capital Market Private 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). 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.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited. has entered into an agreement with a U.S. registered broker-dealer Ltd Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer/Entity as informed by Dolat Capital Market Private Limited. from time to time.

Dolat Capital Market Private Limited.

Corporate Identity Number: U65990DD1993PTC009797

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INB010710052 & INF010710052, NSE - INB230710031& INF230710031, Research: INH000000685

Registered office: Office No. 141, Centre Point, Somnath, Daman – 396 210, Daman & Diu

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com
