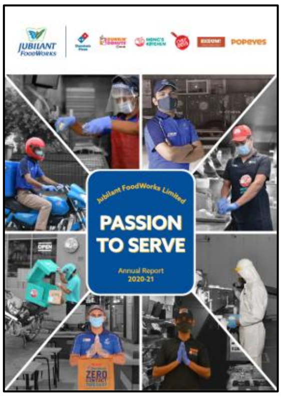
MOTILAL OSWAL

2 September 2021

Annual Report Update | Sector: Consumer

Jubilant Foodworks

BSE SENSEX	S&P CNX
57,853	17,234



Stock Info

Bloomberg	JUBI IN
Equity Shares (m)	132
M.Cap.(INRb)/(USDb)	542.8 / 7.4
52-Week Range (INR)	4166 / 2100
1, 6, 12 Rel. Per (%)	1/17/35
12M Avg Val (INR M)	2495
Free float (%)	58.1

Financials Snapshot (INR b)

Y/E March	2021	2022E	2023E
Sales	33.1	44.5	56.9
Sales Gr. (%)	-15.7	34.4	28.0
EBITDA	7.7	11.3	14.6
EBITDA Margin (%)	23.3	25.4	25.7
Adj. PAT	2.3	4.5	6.7
Adj. EPS (INR)	17.5	34.3	50.5
EPS Gr. (%)	-22.5	96.4	47.1
BV/Sh.(INR)	108.1	141.2	173.7
Ratios			
RoE (%)	16.2	24.3	29.1
RoCE (%)	12.1	18.0	22.0
Payout (%)	34.3	35.0	35.7
Valuation			
P/E (x)	235.5	119.9	81.5
P/BV (x)	38.0	29.1	23.7
EV/EBITDA (x)	69.0	46.7	35.8

Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	41.9	41.9	41.9
DII	10.8	11.7	16.1
FII	41.9	41.0	36.4
Others	5.4	5.3	5.6

FII Includes depository receipts

CMP: INR4,113 TP: INR4,830 (+17%) Buy

Building on strengths, growth prospects buoyant

JUBI's FY21 annual report highlights the management's efforts to stay ahead of its peers and reap the tremendous opportunities in the Indian QSR space.

- **Boosting its technological capabilities:** In addition to its delivery and value moat, JUBI is boosting its technological moat to enhance its lead over its QSR peers and aggregators. Improving its pre-order experience, usage of Hindi and regional languages, and setting up of its analytics and insights division are some of the efforts on this front.
- **Macro factors favoring delivery are extremely strong:** Robust growth in urban and rural internet penetration is likely to be boosted further by the launch of 5G technology. Online ordering is growing strongly, even in smaller centers. As a result, delivery and takeaway (a clear focus area going forward) will be the key drivers of SSSG in the next few years, even when dine-in recovers.
- **Sustainable sourcing and food safety** is increasingly becoming a vital focus area to boost its long-term growth potential.
- We maintain our Buy rating on the stock with a TP of INR4,830 per share.

Growing its technological moat

- **Huge app downloads:** The company recorded its highest ever app downloads at 57.2m in FY21.
- **A large part of total orders are from its own app:** Despite aggregators doing well, majority of Domino's online sales are generated on its own platform. This is important as it reduces commissions and builds loyalty.
- **Other benefits of its own app:** Besides driving sales, usage of its own app gives it access to granular consumer behavior, which helps in better decision making via menu curation, marketing enhancements, and store opening choices.
- **App in other languages:** In FY21, the company launched a Hindi version of its app. It is focused on adding support for other languages in its app to personalize the customer experience. The more JUBI expands its store network, greater would be the additional edge.
- **Improving the pre-order experience further**: JUBI introduced a machine learning based model of personalized ranking to substantially enhance the pre-order experience through personalized ranking.
- **Improving efficiency:** Several other improvements were made to JUBI's digital assets to further minimize the time taken to order, enhance the user experience, reduce friction, and target higher conversion.
- **Launch of analytics and insights division in FY21:** JUBI continued its efforts on further strengthening the capabilities of its digital team. In addition to growing its product and engineering teams, it launched another vertical under digital: analytics and insights. Together these three functions form the backbone of JUBI's digital prowess and lead the organization's digital first agenda.

Krishnan Sambamoorthy – Research Analyst (Krishnan.Sambamoorthy@MotilalOswal.com)
Research Analyst: Dhairya Dhruv (Dhairya.Dhruv@MotilalOswal.com) / **Kaiwan Jal Olia** (kaiwan.o@motilaloswal.com)

Digital technology leading to strong traction for QSRs

- **Factors boosting online sales:** The rise of digital technologies, with increased penetration of the internet and smartphone use, is driving major changes in the online delivery market in India.
- **Rapid growth in internet penetration in rural and urban India:** The penetration of internet in rural/urban areas clocked 22.4%/17.3% CAGR from FY16 to 3QFY21 (Source: CARE Ratings).
- **5G technology to provide a further boost:** The government's initiatives such as the launch of 5G technology and fiber access across the length and breadth of India is expected to result in robust growth in wireless internet usage.
- **Delivery proliferation increasing in smaller centers:** After penetrating Tier I cities, online food ordering and delivery is gradually gaining acceptance in Tier II, III, and IV cities across India. This is particularly led by an increase in the percentage of the working population in these cities. These cities have already started to see increased traction in the adoption of online food ordering apps.
- The Platform-to-Consumer/Aggregators segment has clocked 100% CAGR over FY16-20 (Source: Technopak).
- **Even when dine-in returns, delivery will be the biggest incremental SSSG driver:** Even when diners return to Restaurants, the convenience channel – deliveries and takeaways – is expected to be the biggest growth driver for same store sales growth going forward.

Channel growth

- **Takeaway to be a significant focus area ahead:** In its annual report, the management said it will aggressively focus on the takeaway channel going forward. In this channel, there are incremental occasions that can be built out. Hence, endeavors are being made to offer an effortless and a barrier-free experience.
- **Both online and takeaway witnessing strong growth:** JUBI's online sales remained strong, with the share of online ordering in Domino's rising to 98.4% of delivery sales in FY21 v/s 86% in FY20. The digital/takeaway channel grew 28.7%/76.9% in 4QFY21.

Financial highlights

- In FY21, average staff cost per employee fell 16.9% YoY to ~221k, despite the total number of employees increasing. This is due to variablization of employee expenses undertaken by the company during the pandemic in FY21.
- Rent, as a percentage of sales, corrected sharply (170bp YoY). The company was able to negotiate several rent concessions and was able to move to a variable rent model with landlords in FY21.
- While absolute spends increased by 11.4% YoY to INR2.8b, the decline in sales resulted in advertising spends at 8.4% of sales in FY21, a 200bp increase YoY.
- JUBI did well to keep miscellaneous/other expenses in check during FY21.
- NWC days improved by 10 days YoY on an average in FY21 to come in at -40 days. This was primarily led by a 14 day increase in creditor days to 54.

Multitude of sustainability/sustainable sourcing efforts

JUBI has highlighted a number of sustainability efforts in its annual report. While we have enumerated them later in the report, some of the key ones are as follows:

- **Usage of e-bikes and e-bicycles:** The company added 602 e-bikes and 100 e-bicycles across multiple cities to its fleet of motorbikes used for food delivery. This is a small step towards solving the problem of growing air pollution in large Indian cities, especially in the northern region. Going forward, the company will continue to increase its fleet of e-bikes, thereby reducing its carbon footprint arising from vehicular emissions.
- **Zero waste and discharge:** Greater Noida Supply Chain Centre (GNSC), its largest manufacturing commissary in India, is a zero waste discharge plant. Treated water is re-used for gardening. The plant has availed membership of the Treatment, Storage, and Disposal Facility (TSDF) in the state.
- **All phases of its antibiotic policy are now complete:** The company has been continuously working on an antibiotic policy to enhance environmental sustainability and social responsibility. All phases of the JUBI's current antibiotic policy have been completed. The guiding principles have been defined based on credible scientific evidence on the use of antibiotics as a public health hazard, as stated by globally recognized bodies.
- **Sustainable sourcing of raw materials:** JUBI is procuring backward integrated chilies and all its dried herbs (Oregano and Basil) from sustainable suppliers. Going forward, it intends to procure the majority of its raw materials from sustainable sources going forward.

Importance of food safety

Highlighted below are a few of the large number of food safety initiatives taken by JUBI (and detailed later in the note):

- Food safety is a key part of the induction program and station observation checklist (a training and promotional tool for team members).
- In FY21, 4,638 Restaurant/shift managers were trained across Restaurants on Food Safety and Standards Authority of India's (FSSAI) COVID-19 guidelines to create awareness on safe food handling and self/guest protection against the pandemic.
- Nominated a food safety champion across Restaurants, who were trained in food safety and quality deliverables.
- Started issuance of quarterly appreciation and a correction letter to the respective Restaurant team to create healthy competition between Restaurants.
- A third party/National Science Foundation (NSF) surprise audit was initiated to ensure food safety and quality compliance across key strategic vendors and supply chain centers (SCCs).

Valuation and view

- JUBI has historically had the best business model among QSRs in India, with an emphasis on and success in delivery (with 70% of sales prior to the COVID-19 outbreak from this channel). This has given it a huge advantage over its peers, which have higher Real Estate and overhead cost. It has had the best Balance Sheet, with a RoCE of over 20% for many years now (barring the blip in FY21 due to the COVID-19 outbreak). This has enhanced funding for its store network expansion.

- JUBI's sale per sq. ft. has remained healthy, despite competition from aggregators and other QSRs gradually getting their act together. It is likely to remain by far the best player in the Indian F&B Retail space. SSSG would further improve, driven by tailwinds towards a delivery-based model and organized players once the pandemic ends.
- The management sharply raised its 'potential' Domino's store target to 3,000, after maintaining it at 2,000 for many years. In a recent conference call, it increased its store opening target for FY22 as well, boosting its sales growth potential.
- The addition of technology and value moats, in conjunction with the historically strong delivery moat, offers a strong barrier to entry vis-à-vis peers. These three moats together make the business profitable and scalable in smaller centers as well.
- We believe QSRs are in a sweet spot for rapid growth in India over the next 5-10 years, offering scope for a 25-30% operating profit CAGR to several players. Domino's stands to gain a lion’s share as it is the most efficient among them.
- Given the structural opportunities in the QSR space and JUBI's dominant positioning, with a proven and profitable model, we expect JUBI to be the key beneficiary of favorable trends (shift towards branded players). We had **upgraded our rating to Buy** after its 1QFY22 result. We maintain our Buy rating with TP of INR4,830 per share (35x Dec'23E EV/EBITDA, implying 73x Dec’23E EPS).

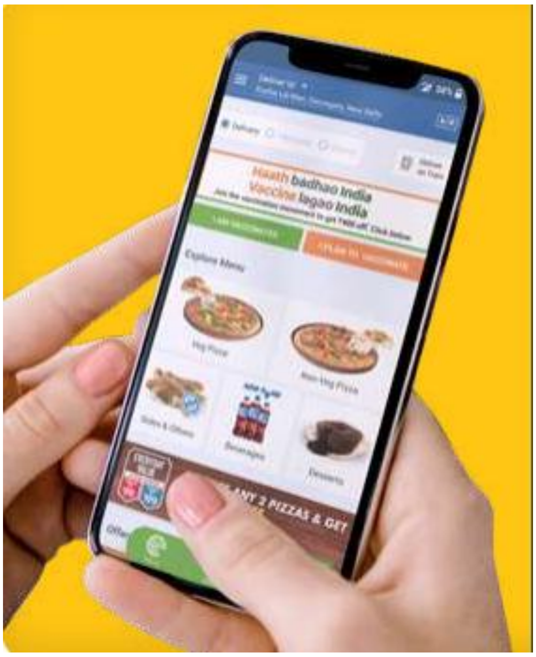
Annual report takeaways

FY21 was a year of strategic initiatives

Key initiatives and strategies implemented during FY21 include:

- **Investment in BNHL**: JUBI announced a strategic investment of INR920m in Barbeque Nation Hospitality (BNHL). It acquired an equity stake of 10.76%, which fell to 9.72% after the IPO of BNHL.
- **Investment in DP Eurasia N.V.**: JUBI made another strategic investment of GBP24.8m (~INR2.5b) by acquiring 32.81% stake in DP Eurasia N.V. – a public company with the exclusive master franchisee for the Domino's Pizza brand in Turkey, Russia, Azerbaijan, and Georgia.
- **Zero contact delivery**: JUBI was the first QSR brand to introduce zero contact delivery, which was subsequently extended to zero contact takeaway and zero contact dine-in. 'Drive-N-Pick' was also launched to enhance customer safety. Customers could now avail takeaway orders from the safety of their vehicles, without the need of stepping into a Domino's Restaurant.
- **No minimum order value**: It introduced the no minimum order value proposition to enable consumers to place a delivery order with Domino's without any minimum order value.
- **Expansion of the brand portfolio**: a) In Dec'20, JUBI entered the Indian cuisine space, with a foray into the biryani category. Its newest brand, **Ekdum!** offers a wide variety of biryanis from across India. b) In Aug'20, JUBI forayed into the FMCG segment, with the launch of a ready-to-cook product range under the brand name – **ChefBoss**. Currently, its offerings are centered on Indian and Chinese dishes. New products will be added over time. c) In Mar'21, it announced a multi-country master franchisee agreement with **Popeyes**. It is one of the largest chicken QSRs, with a presence in more than 25 countries.
- **International business**: Sri Lanka and Bangladesh are both delivering a strong performance, with a positive EBITDA in FY21. JUBI opened five new Restaurants in Sri Lanka and two in Bangladesh in FY21, taking its total store count to 26 and five Restaurants, respectively.

Exhibit 1: Technology and nimbleness remain at the core of JUBI's growth strategy



Source: Company, MOFSL

Technology remains at the core of JUBI's DNA

- JUBI embraced modern technologies across various operational levels to connect better with customers and to bolster employee productivity.
- The management continues to invest and focus on leveraging digital technologies to drive convenience and transparency in online ordering (OLO).
- JUBI's online sales remained strong, with the **share of OLO in Domino's rising to 98.4% of delivery sales in FY21** v/s 86% in FY20. **The digital/takeaway channel grew 28.7%/76.9% in 4QFY21**.
- JUBI made digital investments to personalize promotions, payment, and the ordering experience.
- In FY21, **the company launched a Hindi version of its app, which is going to be a significant enabler for ordering**. It is also focused on adding support for other languages in its app to personalize the experience.
- JUBI introduced a machine learning-based model of personalized ranking to substantially enhance the pre-order experience through personalized ranking.
- Several other improvements were made to JUBI's digital assets to further minimize the time taken to order, enhance user experience, reduce friction, and target higher conversion.
- The Domino's Pizza app continues to be among the highest rated food apps on Google Play Store as well as Apple Play Store in India. **It recorded the highest ever app downloads at 57.2m**.
- Despite the rising recognition of aggregators, a **majority of Domino's online sales are generated on its own platform**. This is important as it reduces commissions and builds loyalty. Besides helping drive sales, usage of its own app offers access to granular consumer behavior, which helps in better decision making via menu curation, marketing enhancements, and store opening choices.

- Domino's playbook: Created as a one-stop solution for the evolving situation daily, with queries from customers and team members regarding the 'new normal' operations.
- JUBI launched a specially designed app for its store managers (GDM App), offering them complete control over operations on a real-time basis.
- In FY21, it launched a mobile app and Progressive Web Application (PWA) for Hong's Kitchen.
- JUBI continued its efforts on further strengthening the capabilities of its digital team. In addition to growing its product and engineering teams, it launched another vertical under digital: analytics and insights. Together these three functions form the backbone of JUBI's digital prowess and lead the organization's digital first agenda.

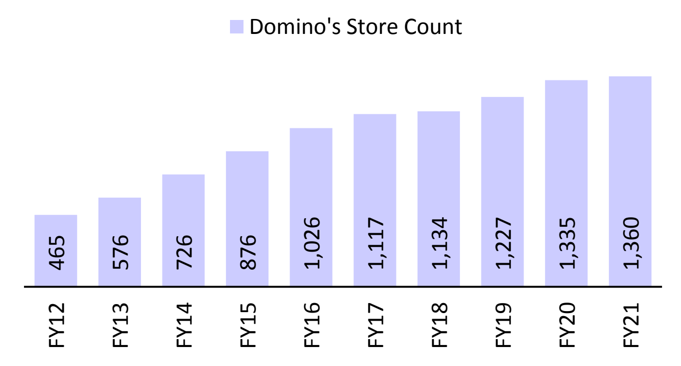
Channels: Strong momentum in delivery, takeaways in focus going forward

- Adoption of delivery has been strong, especially during the pandemic, with good growth recorded across small towns.
- Going forward, the management will aggressively focus on the takeaway channel. In this channel, there are incremental occasions that can be built out. Hence, endeavors are being made to offer an effortless and a barrier-free experience.
- In FY21, JUBI introduced the new **Drive-N-Pick** functionality, which allows customers to avail takeaway orders conveniently from within the safety of their vehicles. The early response to this initiative has been encouraging.

Store expansion at an impressive pace in a year of disruption

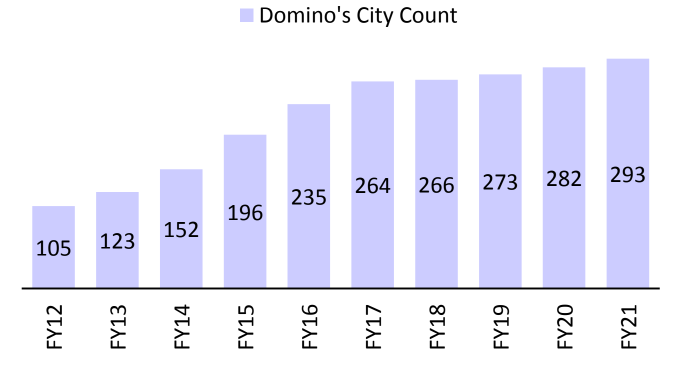
- Domino's SSSG stood at -17.7% in FY21, its lowest ever owing to COVID-related restrictions on mobility for a better part of FY21 (3.2% in FY20). It was, however, quick to recover as the situation normalized with 4QFY21 SSSG at 11.8%.
- Domino's Pizza added/closed 134/109 Restaurants in India, taking the total count to 1,335 (v/s 1,227 in FY20). It added nine new cities to its network in FY21.
- Dunkin' Donuts opened/closed four/14 new restaurants in FY21. The total number of Restaurants stood at 24 at the end of FY19 as against 34 in FY20.
- JUBI launched its affordable biryani offering under the brand name Ekdum! It opened four Ekdum! Restaurants in Gurugram in FY21. JUBI's network of new brands – Hong's Kitchen and Ekdum! – saw eight new store openings in FY21 taking its count to 12 (v/s four in FY20).

Exhibit 2: JUBI opened 25 new stores (net) in FY21



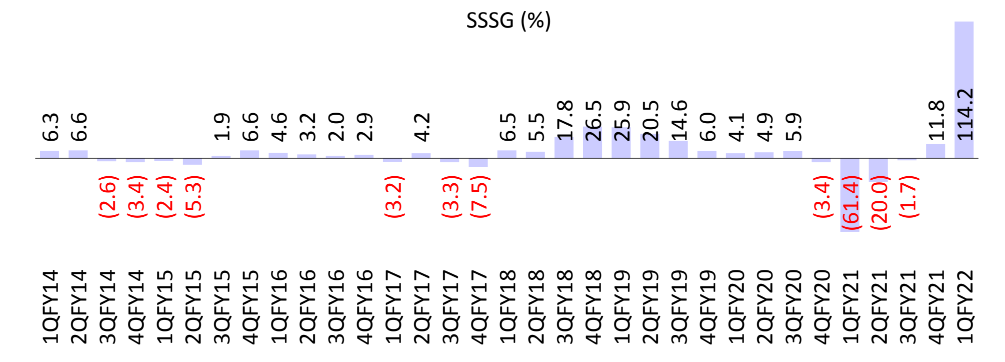
Source: Company, MOFSL

Exhibit 3: Added 20 new cities in the last one year



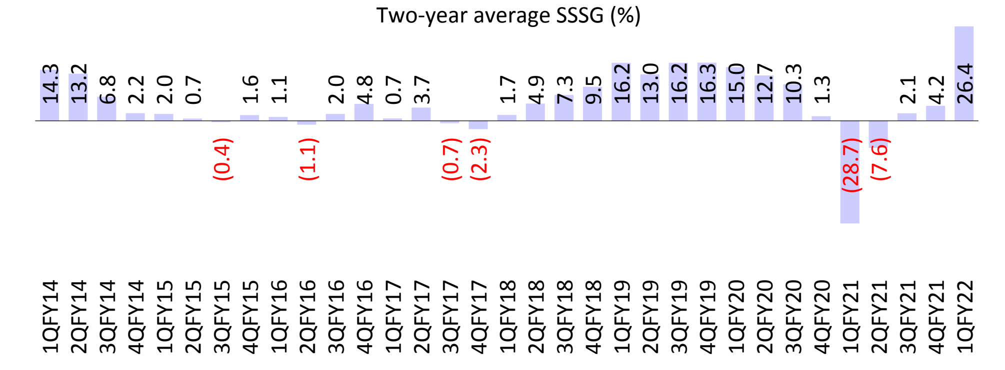
Source: Company, MOFSL

Exhibit 4: SSSG was quick to recover as restrictions eased



Source: Company, MOFSL

Exhibit 5: SSSG has been healthy even on a two-year average basis in 1QFY22



Source: Company, MOFSL

Exhibit 6: JUBI's store count over the years

No. of stores	FY17	FY18	FY19	FY20	FY21
Domino's stores					
India					
Opening stores	1,026	1,117	1,134	1,227	1,335
Additions	105	24	102	123	134
Closures	14	7	9	15	109
Closing stores	**1,117**	**1,134**	**1,227**	**1,335**	**1,360**
Sri Lanka					
Opening stores	20	23	24	22	21
Additions	3	1	0	0	5
Closures	0	0	2	1	0
Closing stores	**23**	**24**	**22**	**21**	**26**
Bangladesh					
Opening stores	0	0	0	1	3
Additions	0	0	1	2	2
Closures	0	0	0	0	0
Closing stores	**0**	**0**	**1**	**3**	**5**
Total Domino's stores	**1,140**	**1,158**	**1,250**	**1,359**	**1,391**
India					
Dunkin' Donuts					
Opening stores	71	63	37	31	34
Additions	12	5	1	4	4
Closures	20	31	7	1	14
Closing stores	**63**	**37**	**31**	**34**	**24**
India					
Hong's Kitchen					
Opening stores	0	0	0	1	4
Additions	0	0	1	3	4
Closures	0	0	0	0	0
Closing stores	**0**	**0**	**1**	**4**	**8**
India					
Ekdum!					
Opening stores	0	0	0	0	0
Additions	0	0	0	0	4
Closures	0	0	0	0	0
Closing stores	**0**	**0**	**0**	**0**	**4**

Source: Company, MOFSL

New bouquet of offerings

Ekdum! Biryani

- Ekdum! has a widespread offering of different biryanis, kebabs, curries and breads.
- It offers a strong value for money positioning, with prices starting at INR99, coupled with affordable combos.
- Its special dum seal packaging is eco-friendly, tamperproof, and microwave friendly. It locks in the flavor and aromas keeping the food fresh and safe.

Hong's Kitchen

- JUBI revamped its menu with the extension of momo's, launch of soups, and new products by the name of Chef's Special Orange and Dynamite.
- Hong's Kitchen saw wide acceptance with its value range: 'Incredibles@99'.

Popeyes

- JUBI entered into a Master Franchise and Development Agreement with PLK APAC Pte., a subsidiary of Restaurant Brands International, to gain exclusive rights to operate and sub-license the Popeyes brand (a global QSR chain of US origin, popular for its chicken recipes) in India, Bangladesh, Nepal, and Bhutan.
- Founded in New Orleans in 1972, Popeyes has over 49 years of history and culinary tradition. Popeyes distinguishes itself with its unique New Orleans style menu featuring the iconic chicken sandwich, spicy chicken, chicken tenders, fried shrimp, and other regional items. Popeyes uses proprietary seasonings and techniques developed by an in-house culinary team that makes its fried chicken a point of reference for Michelin star chefs and celebrities.

Innovation continues to be at the forefront, despite a disruptive year

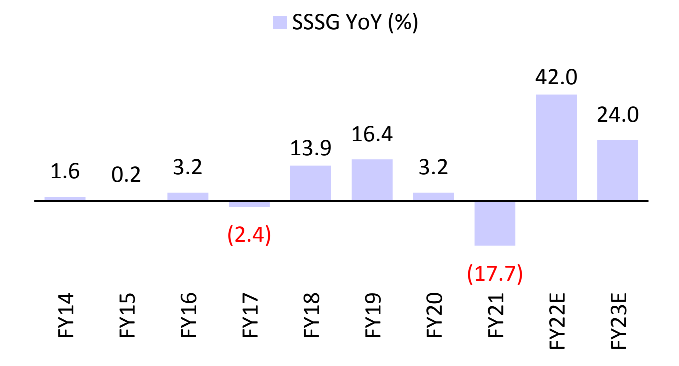
- In FY21, JUBI became the first-ever QSR chain in India to include plant-based protein in its food menu by launching 'The Unthinkable Pizza', which tastes similar to that of chicken.
- It also launched a Pasta Pizza range for the first time in India. This range comes in two flavors – Creamy Tomato and Moroccan Spice – in both vegetarian as well as non-vegetarian variants.
- For Hong's Kitchen, it revamped the menu with the expansion of the momo's section, launch of soups, and new products by the name of Chef's Special Orange and Dynamite.
- Under Dunkin' Donuts, it introduced beverages specially developed for delivery, christened 'Dunkin Cold Coffee at Home'. It launched 'Make your own donut' – an idea where donuts and ingredients like chocolate sauce, toppings, etc. are sent separately.

COVID-19 improves the structural outlook, right-to-win strengthening

- The management has increased its store expansion guidance (to 150-175 stores from 135 earlier) and announced investments to boost the supply chain. In an interesting new thrust, it has shown its intent to gradually emerge as a food tech company. On the technology front, JUBI is significantly expanding its customer experience, analytics, and product innovation teams. The personalization of purchases and identifying triggers for buying in various customer segments would be important growth areas.
- These welcome initiatives are strengthening JUBI's right-to-win in a rapidly expanding QSR market, wherein the post-pandemic medium-to-long term opportunity is looking significantly superior to pre-pandemic levels. In addition to its robust delivery moat, the company has also added value and technology moats (which are being strengthened further). This gives it a sharper edge over QSR peers and aggregators. It is already the most efficient on a sales per sq. ft. basis, leading to best-of-breed profitability as well as the best Balance Sheet metrics among peers.

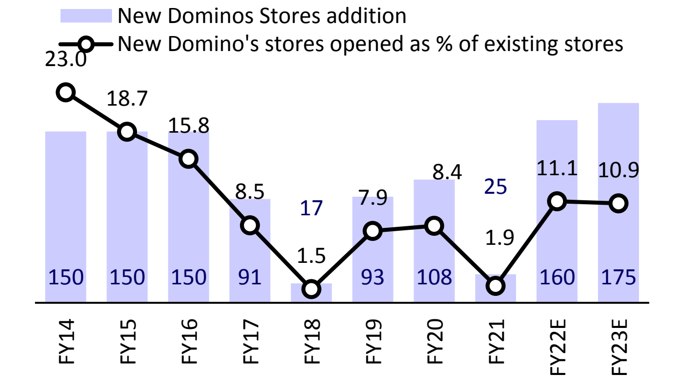
Operational highlights

Exhibit 7: Expect SSSG to rebound sharply



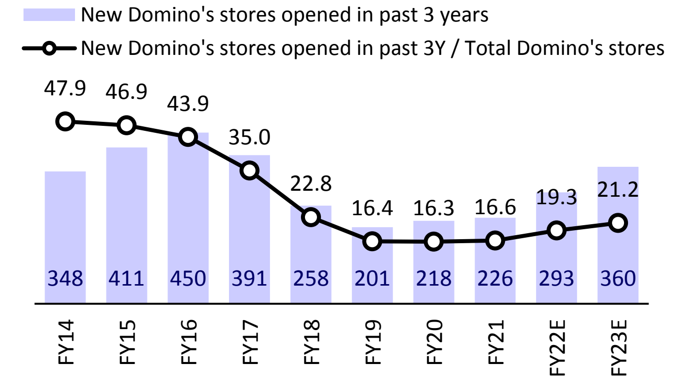
Source: Company, MOFSL

Exhibit 8: Pace of new store openings as a percentage of existing stores (avg. basis)



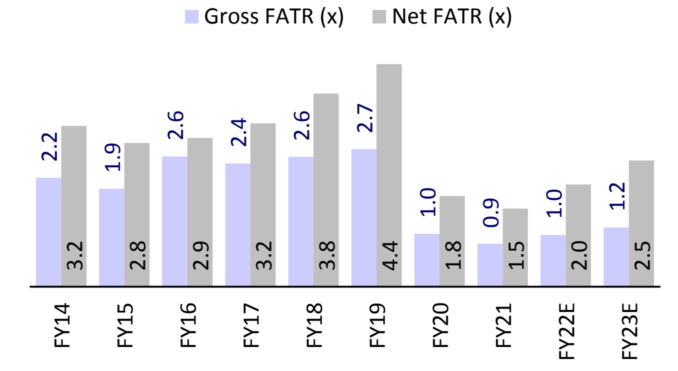
Source: Company, MOFSL

Exhibit 9: Pace of new store opening to existing stores in the past three-years



Source: Company, MOFSL

Exhibit 10: Expect asset turns to remain stable

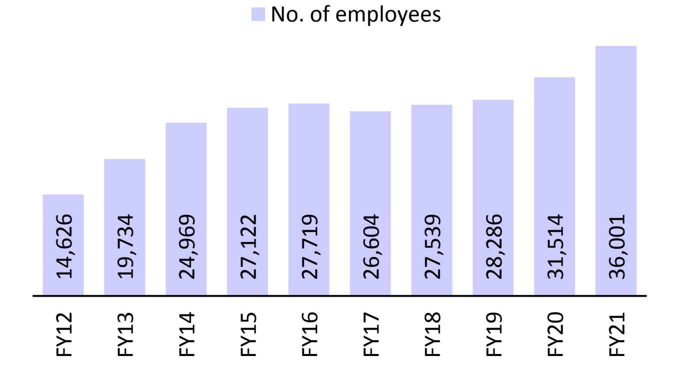


Source: Company, MOFSL

Number of employees increased, but cost per employee decreased in FY21

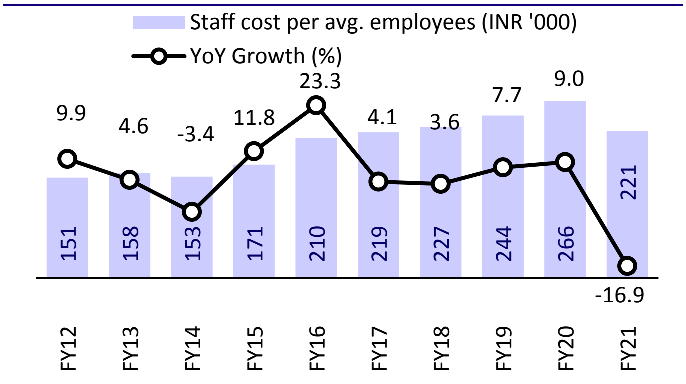
- The total number of employees increased to ~36k in FY21 from ~31.5k in FY20.
- Average staff cost per employee fell 16.9% YoY to ~221k. This is due to variablization of employee expenses undertaken by the management amid the pandemic in FY21.
- Revenue/EBITDA/PAT per average employee was largely on a rising trajectory till FY20. However, these were significantly affected in FY21 due to the impact of the COVID-19 pandemic.

Exhibit 11: JUBI added 4,487 employees in FY21



Source: Company, MOFSL

Exhibit 12: Cost per average employee fell sharply in FY21



Source: Company, MOFSL

Exhibit 13: Employee mix in FY21

Source: Company, MOFSL

The changing landscape of India's Food Service industry

- The Indian Food Service industry is expected to see the following trends:

a) Higher degree of online food ordering;
b) Changing customer perceptions about product consumption and services;
c) Increased prominence on hygiene and safety among businesses and customers alike; and
d) An exponential increase in the use of digital solutions as the world deals with the concept of 'contact-less' interaction among people.

- Established and trusted brands, which have had safety and hygiene as a core value from the outset, have top-of-the-mind awareness for customers who are making food purchasing decisions.

Online food ordering and food delivery

- The Platform-to-Consumer/Aggregators segment has clocked 100% CAGR between FY16 and FY20 (Source: Technopak).
- Factors driving this growth include: a) developments in the online ecosystem, b) attractive campaigns and discounts, c) range of new offerings, and d) cashbacks.
- Stronger tailwinds, falling data costs, and increased smartphone penetration have played a crucial role in industry growth.

Digital inclusion and rise of e-commerce

- The rise of digital technologies, with greater internet penetration and smartphone usage, is driving major changes in the Indian online delivery market.
- The penetration of internet in rural/urban areas grew by 22.4%/17.3% CAGR from FY16 to 3QFY21 (Source: CARE Ratings).

Growing acceptance of online delivery in Tier II, III, and IV cities

- After penetrating Tier I cities, online food ordering and delivery is gradually gaining acceptance in Tier II, III, and IV cities across India.
- This has been led by an increase in the percentage of the working population in these cities.
- These cities have already started to see increased traction in the adoption of online food ordering apps.

Trends in the Food Service industry

- **An accelerated shift from the unorganized to the organized segment**: According to Technopak, the organized Food Services market in India (chain and standalone outlets, excluding Restaurants in Hotels) was estimated at INR1.6t in FY20. It is projected to clock 15.4% CAGR to touch INR3.3t by FY25E. Its share in the total market is estimated to jump to 50% by FY25E from 38% in FY20.
- **Internet penetration and technology advancements**: Led by an increase in the number of smartphone users and adoption of wireless internet, accessibility of mobile data across the country has increased. Government initiatives such as launch of 5G technology and fiber access across the length and breadth of India are expected to lead to robust growth in wireless internet usage across India.

This, along with the rising smartphone user base, would drive demand for app-based online food ordering in India.

- **Shift in delivery as a preferred channel**: COVID-19 and social distancing have changed the consumer behavior, bringing structural changes to the QSR industry. Even as diners return to Restaurants, convenience channels such as deliveries and takeaways are expected to be the biggest growth drivers for same store sales growth going forward.
- **Higher focus on health and hygiene**: Due to the ongoing pandemic, consumers have become more health and hygiene-conscious. The objective of Restaurants and QSRs now is to offer consumers a safe, clean, and healthy experience.

Annexure – Other key charts and tables

Exhibit 14: Foreign exchange earnings and outgo

(INR m)	FY21
Foreign exchange earned in terms of actual inflows (FOB basis)	34.7
Foreign exchange outgo in terms of actual outflows (FOB basis)	812.2
Net inflow/(outflow)	**(777.5)**

Source: Company, MOFSL

Exhibit 15: CSR spends

(INR m)	FY21
Budget per project or program-wise	81.8
Amount spent on projects or program-wise	82.0

Source: Company, MOFSL

- Mr. Pota, has been reappointed as CEO and WTD for a period of three years with effect from 1st Apr'22, subject to shareholders' approval and the condition that the annual managerial remuneration will not exceed 10% of the net profit (calculated in accordance with Section 198 of the Act) of the company.

Exhibit 16: Ratio of remuneration of the directors to the median remuneration of employees

Name	Designation	Remuneration during FY21 (INR m)	Change (YoY %)	Ratio of remuneration to median remuneration
Mr. Shyam S. Bhartia#1	Chairman and Director	-	-	-
Mr. Hari S. Bhartia	Co-Chairman and Director	1.78	1.34	1.01
Ms. Aashti Bhartia	Non-Executive Director	1.57	0.94	0.88
Mr. Abhay Prabhakar Havaldar	Independent director	1.70	0.63	0.96
Mr. Ashwani Windlass	Independent director	1.83	1.30	1.03
Mr. Berjis Minoo Desai	Independent director	1.63	0.72	0.92
Ms. Deepa Misra Harris#2	Independent Director	1.71	N.A.	0.96
Mr. Pratik R. Pota#3	CEO and Whole-time Director	122.94	17.05	69.45
Mr. Shamit Bhartia	Non-Executive Director	1.67	1.14	0.94
Mr. Vikram Singh Mehta	Independent director	1.86	1.21	1.05
Mr. Prakash C. Bisht#4	EVP and CFO	16.35	N.A.	N.A.
Mr. Ashish Goenka#5	EVP and CFO	6.13	N.A.	N.A.
Ms. Mona Aggarwal#6	Company Secretary	11.56	6.35	N.A.

Source: Company, MOFSL

#1 Mr. Shyam S. Bhartia has opted not to avail of sitting fees and commission
#2 Appointed as an independent director with effect from 21st Jun'19, hence the percentage increase in remuneration in FY21 is not comparable
#3 Remuneration of Mr. Pratik R. Pota includes ESOP perquisites of INR70.2m for FY21 (nil in FY20). Hence, the percentage increase in remuneration in FY21 is not comparable
#4 Resigned as EVP and CFO with effect from 16th Feb'21. Hence, the percentage increase in remuneration in FY21 is not comparable
#5 Appointed as EVP and CFO with effect from 17th Feb'21. Hence, the percentage increase in remuneration in FY21 is not applicable
#6 Remuneration of Ms. Mona Aggarwal includes ESOP perquisites of INR5.6m for FY21 (FY20: INR0.98m). Hence, the percentage increase in remuneration in FY21 is not comparable

Sustainability initiatives adopted by JUBI

- It introduced e-bikes across multiple cities to reduce Scope I/II emissions.
- Replaced printed invoice with a digital invoice (SMS).
- Innovative use of foldable stools has replaced the use of paper carry bags while delivering orders.
- It started using solar energy at its supply chain centers (SCCs).

- **Waste management and recycling:** Taking a more structured approach to extended producer responsibility (EPR) in plastics and waste management.
- Sustainable use of consumables includes responsible sourcing of raw materials, working towards minimal usage, and eventual elimination of antibiotics for disease treatment of individual Poultry birds.
- JUBI has an environment policy that strives for environmental efficiency and utilization of natural and man-made resources in an optimal and responsible manner. It has also initiated measures to reduce waste generation.
- GNSC, its largest manufacturing commissary in India, is a zero waste discharge plant. Treated water is re-used for gardening. The GNSC plant has availed membership of TSDF in the state.
- Waste oil at GNSC is reutilized by JUBI's vendor partner for production of biodiesel and other products for non-consumption.
- Non-hazardous waste such as food waste and packing material are disposed of through an authorized license vendor.
- It added 602 e-bikes and 100 e-bicycles across multiple cities to its fleet of motorbikes used for food delivery. This is a small step towards solving the problem of growing air pollution in large Indian cities, especially in the northern region. Going forward, the company will continue to increase its fleet of e-bikes, thereby reducing its carbon footprint arising from vehicular emissions.
- The company has been continuously working on an antibiotic policy to enhance environmental sustainability and social responsibility. All phases of the JUBI's current antibiotic policy have been completed. The guiding principles have been defined based on credible scientific evidence on the use of antibiotics as a public health hazard, as stated by globally recognized bodies – World Health Organization, Food and Agricultural Organization (FAO), and World Animal Health Organization (OIE) – and in India's CY17 Delhi Declaration and National Action Plan on AMR (NAP-AMR).
- Prophylactic usage of any antimicrobial at JUBI's associated farms are prohibited. If any farm is treated with antimicrobials, the same will not be processed at its plants.
- Alternatives like phytobiotics, toxin binders, essential oils, probiotics, prebiotics, acidifiers, and supplements will be adopted. All ingredients used will be documented and shared with JUBI.
- Usage of Ionophores, or other analogues, are prohibited. Chemical/synthetic-based coccidiostats, with a proper shuttle program, will be followed to control coccidiosis. Documents, test reports, and evidences will be available at plants and farms for verification.

Sustainable sourcing

- JUBI is committed to building a socially responsible supply chain ecosystem across all brands. It is procuring backward integrated chilies and all its dried herbs (Oregano and Basil) from Newlyweds Foods (a supplier). The company has also formulated a policy to address the issue of antibiotic use in Poultry. This policy aims to set guiding principles for the use of antibiotics, thereby preserving the antibiotic effectiveness in the years to come through ethical practices today. The policy defines the sourcing criteria and farm practices that restrict the use of antibiotics for therapeutic use only, while eliminating the non-therapeutic use of antibiotics for growth promotion and for group-level disease prophylaxis.

- The company continuously strives to procure majority of JUBI's raw materials from sustainable sources going forward.
- JUBI has been procuring RSPO oil for Dunkin' Donuts and is planning to become a member of I-SPOC (Sustainable Palm Oil Coalition of India), as a committed/responsible stakeholder in the palm oil supply chain in India.

Food safety measures taken in FY21

- Food safety is a key part of the induction program and station observation checklist (a training and promotional tool for team members). It is made available to all Restaurant staff.
- Around 4,638 Restaurant/shift managers were trained across Restaurants on FSSAI's COVID-19 guidelines to create awareness on safe food handling and self/guest protection against the pandemic.
- GNSC became the first laboratory in Domino's/QSR world to obtain accreditation from the National Accreditation Board for Testing and Calibration Laboratories (NABL) for meeting global testing benchmarks.
- Food safety training: 1,433 Restaurant/shift managers were trained in advanced catering as per FSSAI's Food Safety Training and Certification (FOSTAC).
- It trained 1,373 food business operators and higher studies students from various universities on FSSAI's COVID-19 module as an empanelled training partner with the latter.
- Trained 5,250 street food vendors across India on food safety, quality, hygiene, and other COVID-19 protocols to create awareness and build capacity.
- Adopted five clean street food hubs to accomplish FSSAI's Eat Right India vision. FSSAI aspires to raise the quality of street food vendors to the level of food courts. It developed five clean street food hubs (two in Chandigarh, two in Ahmedabad, and one in Vadodara).
- Nominated a food safety champion across Restaurants, who were trained in food safety and quality deliverables.
- Started issuance of quarterly appreciation and a correction letter to the respective Restaurant team to create healthy competition between Restaurants.
- A third party/NSF surprise audit was initiated to ensure food safety and quality compliance across key strategic vendors and SCCs.
- Developed various training modules (17 audio-visual modules) on quality, food safety, and COVID-19. The same were uploaded to the intranet/Learning Management System (LMS) for easy access and anytime learning for the team.
- It executed automation of safety management systems across verticals.
- It maintains an elaborate system of frequent and regular quality and food safety audits across Restaurants, commissaries, and suppliers.
- It implemented strict pest control measures across sites (Restaurants and commissaries).
- Monthly fumigation of SCCs were started to ensure a micro/germ free work environment.
- Tracking and monitoring supplier's food safety certificates (Food Safety Management System and Certificate of Analysis) and FSSAI's licenses regularly.

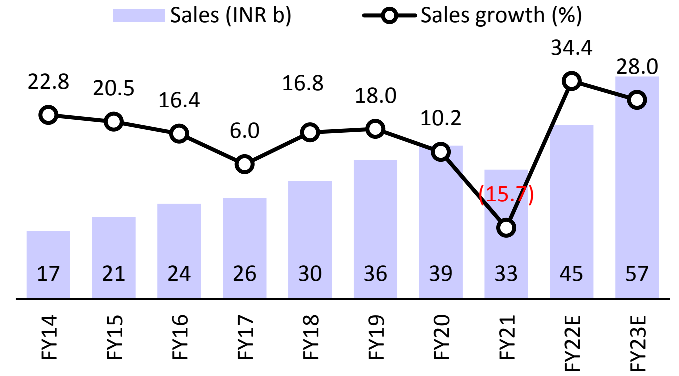
- Bringing sustainable food safety initiatives through a collaborative approach with suppliers.
- UV/ozone tunnels implemented across all box suppliers to ensure micro-contamination-free supply of food from Restaurants.
- Ozone tunnel implementation across SCCs for human sanitization.
- Verification of JUBI's antibiotic policy and completion of prime certifications. Maintaining systematic rigor in analyzing the root causes of complaints, and implementing preventive and corrective action plans to avoid recurrences.
- All SCCs are FSSC 22000 (GFSI standard) certified, except Hyderabad, Mumbai, and Guwahati, which are FSMS/ ISO 22000 certified.
- Hygiene rating audits conducted for 500 Restaurants by an FSSAI approved agency in CY21.
- New distributor checklist prepared based on global food safety guidelines and been implemented across locations.

Conservation of energy

- Installation of 786 five star rated Air Conditioners at Restaurants to reduce energy consumption.
- Installation of motion sensors at 1,028 Restaurants to reduce energy consumption.
- Installation of automatic mains failure (AMF) panels at a few Restaurants to reduce energy consumption.
- Energy Monitoring Systems (EMS) upgraded across 504 restaurants to reduce energy consumption. EMS installed at SCCs located at Greater Noida, Mumbai, Bengaluru, Mohali, Nagpur, Kolkata, and Hyderabad for real time remote monitoring of electricity consumption at the load level, and providing actionable information for optimizing energy usage. This initiative led to electricity savings of ~1.2%.
- Solar water heating plant installed at Mumbai, Kolkata, and Greater Noida SCCs. With this, the company has a water heating plant at five SCCs, and plans to explore the same at other manufacturing units. Due to these plants, there has been a reduction in carbon dioxide emissions by ~9.9t.
- The solar water power plant installed at Greater Noida, Nagpur, Mumbai, and Kolkata SCCs caters to 21.7% of total electricity consumption, and has resulted in a reduction of carbon dioxide emissions by ~1,483t.

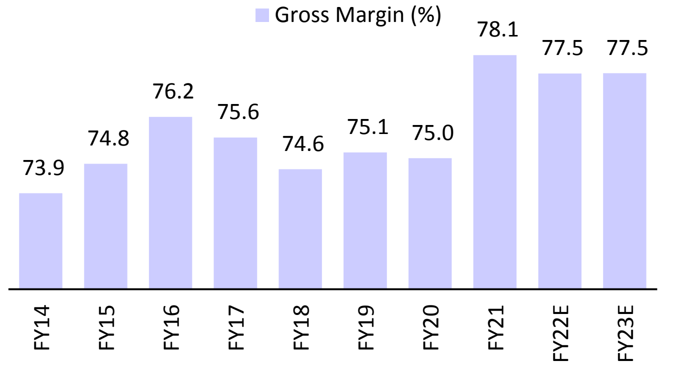
Financial performance

Exhibit 17: Expect 31.1% revenue CAGR over FY21-23E



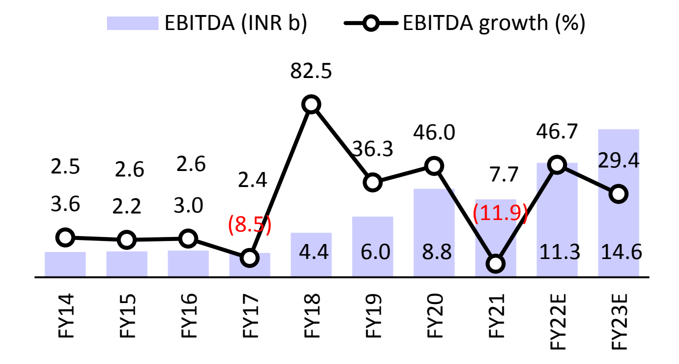
Source: Company, MOFSL

Exhibit 18: Gross margin to remain robust



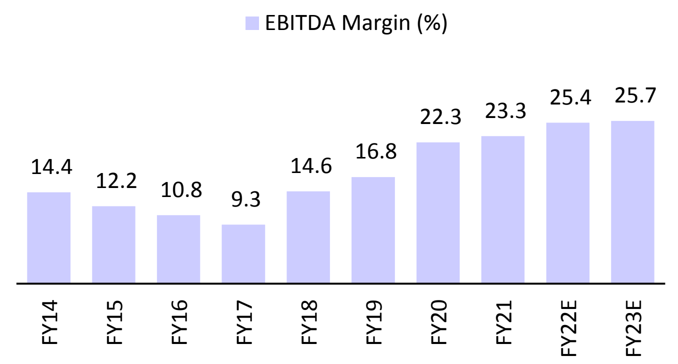
Source: Company, MOFSL

Exhibit 19: Expect 37.8% EBITDA CAGR over FY21-23E



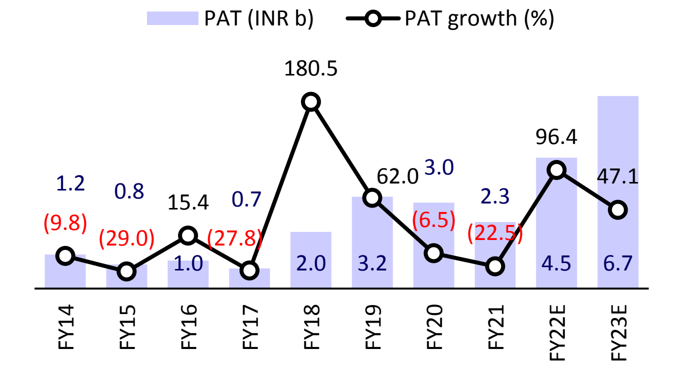
Source: Company, MOFSL

Exhibit 20: Expect 240bp expansion in EBITDA margin over FY21-23E



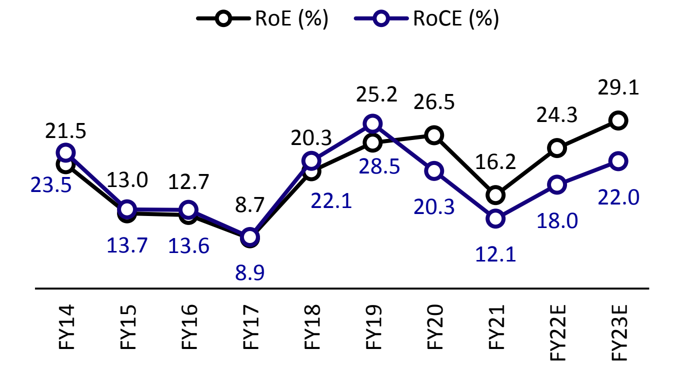
Source: Company, MOFSL

Exhibit 21: Expect 70% PAT CAGR over FY21-23E



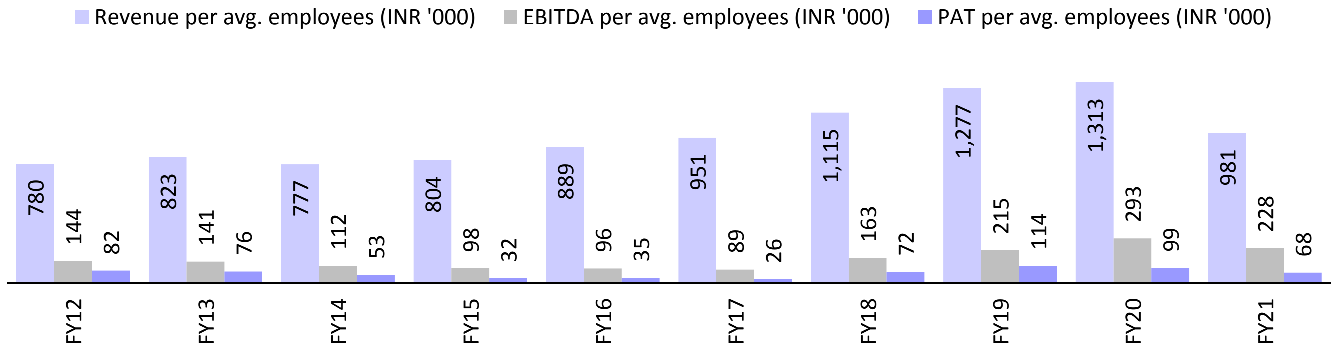
Source: Company, MOFSL

Exhibit 22: Expect RoCE to improve further



Source: Company, MOFSL

Exhibit 23: Revenue, EBITDA and PAT per employee (on an average basis) decline in FY21 due to COVID-related restrictions



Source: Company, MOFSL

Analysis of key components of other expenses

- As a percentage of sales, **rent** saw a sharp correction (170bp YoY). During FY21, the company was able to negotiate several rent concessions in view of the pandemic-led lockdowns. It was also able to move to a variable rent model with many landlords.
- **Advertising spends** stood at 8.4% of sales in FY21, up 200bp YoY. While absolute spends rose 11.4% YoY to INR2.8b, the fall in sales in FY21 amplified this effect.
- JUBI did well to keep **miscellaneous/other expenses** in check during FY21.
- **Franchisee fees** were lower by 100bp YoY.

Exhibit 24: Key components of other expenses

Other expenses as a percentage of sales (INR m)	FY17	FY18	FY19	FY20	FY21
Manufacturing expenses	9.6	9.0	8.7	8.2	9.7
Rent	11.7	10.6	9.7	2.1	0.4
Freight and delivery	3.0	2.8	3.0	3.0	3.3
Ad-spends	5.7	4.9	4.9	6.4	8.4
Franchisee fee	3.3	3.3	3.5	3.5	2.5
Repairs, rates, and taxes	3.1	2.8	2.7	2.7	3.1
Personnel expenses	23.0	20.3	19.1	20.3	22.6
Misc. expenses	3.7	3.5	3.5	3.3	2.3
Other expenses	3.1	2.9	3.2	6.2	5.2
Total expenses	**66.2**	**60.0**	**58.3**	**55.8**	**57.4**

Source: Company, MOFSL

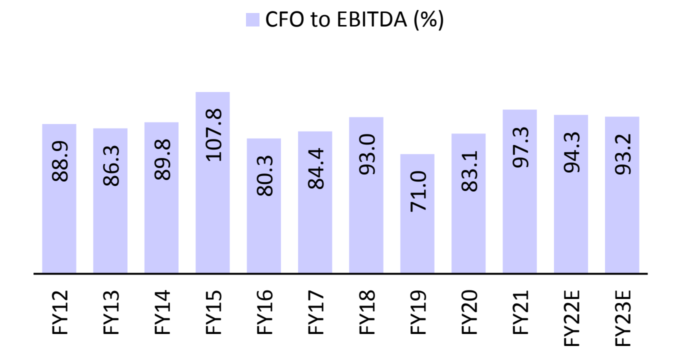
- **Strong working capital management and FCF to continue:** Given its business model, JUBI's cash conversion cycle (CCC) has remained negative over the years. Apart from this, its CFO (before taxes) has consistently remained healthy v/s EBITDA. Despite the capex, it has reported a strong free cash flow (FCF) over the years (except FY14-17). All of this implies that JUBI has been able to manage its working capital efficiently. We expect a similar trend to continue going forward.

Exhibit 25: JUBI's NWC days remain efficient, improving by 10 days YoY on an average in FY21

Cash conversion cycle	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Average days										
Inventory days	6	6	6	7	7	8	8	7	8	13
Debtor days	2	2	2	2	2	2	2	2	2	2
Creditor days	35	32	34	38	41	43	43	41	40	54
Cash conversion cycle	**-27**	**-25**	**-26**	**-30**	**-32**	**-33**	**-33**	**-32**	**-30**	**-40**
Year-end days										
Inventory days	7	6	7	8	8	9	8	8	9	15
Debtor days	2	2	2	2	2	2	2	3	2	2
Creditor days	41	36	38	45	44	44	47	43	42	59
Cash conversion cycle	**-32**	**-28**	**-30**	**-35**	**-34**	**-34**	**-37**	**-32**	**-31**	**-42**

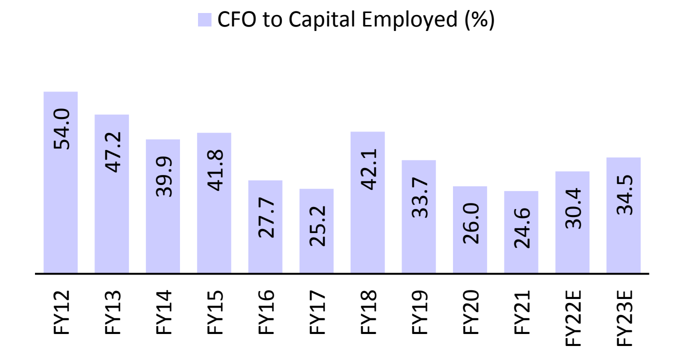
Source: Company, MOFSL

Exhibit 26: Strong CFO to EBITDA ratio due to better working capital management



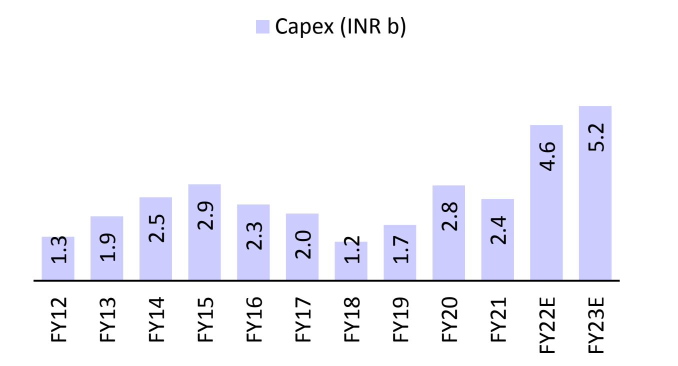
Source: Company, MOFSL

Exhibit 27: JUBI utilizes resources efficiently to generate consistent returns over the years



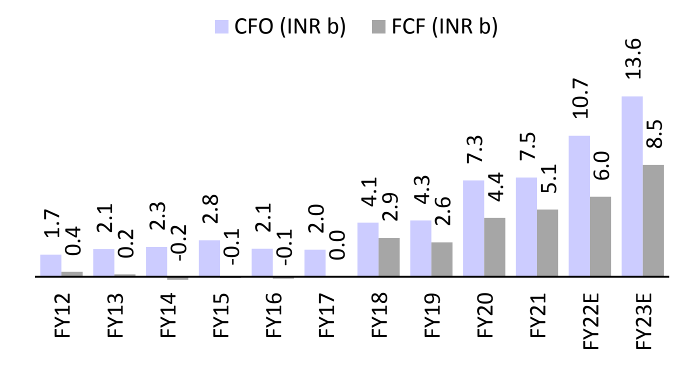
Source: Company, MOFSL

Exhibit 28: Despite continuous capex…



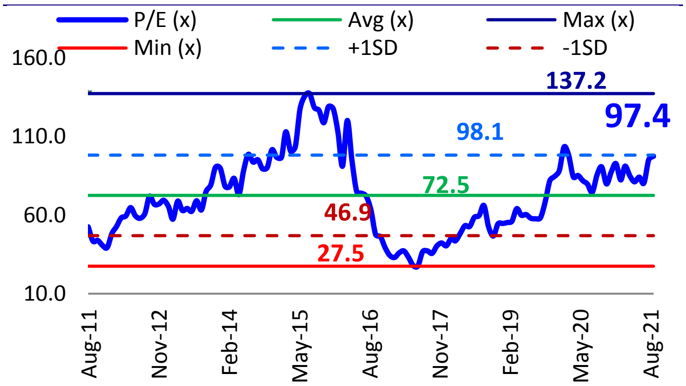
Source: Company, MOFSL

Exhibit 29: …JUBI is expected to generate steady FCF



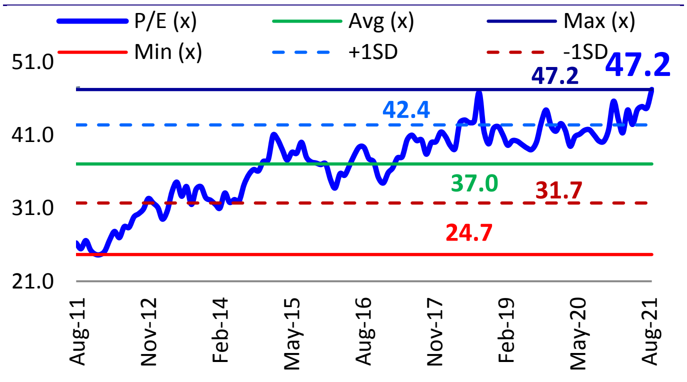
Source: Company, MOFSL

Exhibit 30: JUBI's P/E (x)



Source: Company, MOFSL

Exhibit 31: Consumer P/E



Source: Company, MOFSL

Financials and valuations

Income Statement								(INR m)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Net Sales	**25,834**	**30,184**	**35,631**	**39,273**	**33,119**	**44,503**	**56,950**	**71,797**
Change (%)	6.0	16.8	18.0	10.2	-15.7	34.4	28.0	26.1
Material Consumed	6,308	7,660	8,861	9,835	7,262	10,006	12,801	15,971
Gross Profit	**19,526**	**22,524**	**26,770**	**29,438**	**25,856**	**34,498**	**44,149**	**55,826**
Gross Margin %	75.6	74.6	75.1	75.0	78.1	77.5	77.5	77.8
Operating expenses	17,115	18,123	20,773	20,682	18,144	23,187	29,513	37,160
EBITDA	**2,411**	**4,401**	**5,998**	**8,756**	**7,712**	**11,310**	**14,636**	**18,666**
Change (%)	-8.5	82.5	36.3	46.0	-11.9	46.7	29.4	27.5
Margin (%)	9.3	14.6	16.8	22.3	23.3	25.4	25.7	26.0
Depreciation	1,554	1,601	1,575	3,523	3,754	4,013	4,328	4,770
Int. and Fin. Ch.	0	0	0	1,652	1,627	1,805	2,054	2,298
Other Non-recurring Inc.	147	231	474	696	731	559	651	862
PBT	**1,004**	**3,031**	**4,897**	**4,277**	**3,062**	**6,052**	**8,905**	**12,460**
Change (%)	-31.7	201.7	61.6	-12.7	-28.4	97.7	47.1	39.9
Margin (%)	3.9	10.0	13.7	10.9	9.2	13.6	15.6	17.4
Tax	305	1,068	1,717	1,303	757	1,525	2,244	3,140
Tax Rate (%)	30.4	35.3	35.1	30.5	24.7	25.2	25.2	25.2
Adjusted PAT	**699**	**1,962**	**3,180**	**2,974**	**2,305**	**4,527**	**6,661**	**9,320**
Change (%)	-27.8	180.5	62.0	-6.5	-22.5	96.4	47.1	39.9
Margin (%)	2.7	6.5	8.9	7.6	7.0	10.2	11.7	13.0
Non-rec. (Exp)/Inc.	-122	0	0	-186	0	0	0	0
Reported PAT	**578**	**1,962**	**3,180**	**2,788**	**2,305**	**4,527**	**6,661**	**9,320**

Balance Sheet								(INR m)
Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Share Capital	1,319	1,320	1,320	1,320	1,320	1,320	1,320	1,320
Reserves	6,734	8,358	11,277	9,901	12,949	17,312	21,597	27,354
Net Worth	**8,053**	**9,677**	**12,596**	**11,220**	**14,268**	**18,632**	**22,917**	**28,674**
Loans	18	30	9	16,711	16,205	16,367	16,530	16,696
Capital Employed	**8,071**	**9,708**	**12,631**	**28,038**	**30,567**	**35,093**	**39,541**	**45,463**
Gross Block	10,604	11,748	13,107	37,507	38,954	43,528	48,659	54,407
Less: Accum. Depn.	2,603	3,838	5,007	15,619	17,499	21,512	25,840	30,610
Net Fixed Assets	**8,001**	**7,910**	**8,100**	**21,887**	**21,455**	**22,017**	**22,819**	**23,797**
Lease Deposits	**1,822**	**1,776**	**2,056**	**1,719**	**2,086**	**2,448**	**2,866**	**3,347**
Capital WIP	608	124	152	412	286	328	378	434
Investments	936	2,631	1,808	512	5,167	6,209	7,431	8,508
Deferred tax assets	-693	-550	-500	751	831	831	831	831
Curr. Assets, L&A	**1,539**	**2,525**	**6,441**	**8,417**	**7,843**	**11,277**	**15,165**	**20,864**
Inventory	607	642	771	947	1,331	959	1,227	1,531
Account Receivables	161	157	274	166	168	303	387	488
Cash and Bank Balance	354	1,290	4,943	6,559	5,392	8,787	11,991	16,845
Others	417	437	454	745	952	1,228	1,559	2,000
Curr. Liab. and Prov.	**4,143**	**4,710**	**5,426**	**5,661**	**7,101**	**8,016**	**9,948**	**12,318**
Other Current Liabilities	798	656	915	868	1,299	1,495	1,645	1,974
Creditors	3,142	3,890	4,209	4,470	5,330	5,952	7,620	9,525
Provisions	202	164	303	322	471	569	683	820
Net Curr. Assets	**-2,604**	**-2,184**	**1,015**	**2,757**	**743**	**3,260**	**5,217**	**8,547**
Appl. of Funds	**8,071**	**9,708**	**12,631**	**28,038**	**30,567**	**35,093**	**39,541**	**45,463**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
Basic (INR)								
EPS	**5.3**	**14.9**	**24.1**	**22.5**	**17.5**	**34.3**	**50.5**	**70.6**
BV/Share	61.1	73.3	95.4	85.0	108.1	141.2	173.7	217.3
DPS	1.2	2.5	5.0	6.0	6.0	12.0	18.0	27.0
Payout %	23.4	16.8	20.8	26.6	34.3	35.0	35.7	38.2
Valuation (x)								
P/E	775.6	276.6	170.7	182.5	235.5	119.9	81.5	58.2
EV/Sales	21.0	17.9	15.0	13.6	16.1	11.9	9.2	7.2
EV/EBITDA	224.5	122.5	89.4	61.2	69.0	46.7	35.8	27.7
P/BV	67.4	56.1	43.1	48.4	38.0	29.1	23.7	18.9
Return Ratios (%)								
RoE	8.7	20.3	25.2	26.5	16.2	24.3	29.1	32.5
RoCE	8.9	22.1	28.5	20.3	12.1	18.0	22.0	26.0
RoIC	9.7	30.6	50.4	27.7	14.8	27.6	39.0	52.7
Working Capital Ratios								
Debtor (Days)	2	2	3	2	2	2	2	2
Inventory (Days)	9	8	8	9	15	8	8	8
Creditor (Days)	44	47	43	42	59	49	49	48
Asset Turnover (x)	3.2	3.1	2.8	1.4	1.1	1.3	1.4	1.6
Leverage Ratio								
Debt/Equity (x)	0.0	0.0	0.0	1.5	1.1	0.9	0.7	0.6

Cash Flow Statement (INR m)

Y/E March	2017	2018	2019	2020	2021	2022E	2023E	2024E
OP/(loss) before Tax	883	3,031	4,897	4,028	3,062	6,052	8,905	12,460
Int./Div. Received	-34	-120	-165	1,665	1,465	-559	-651	-862
Depreciation & Amort.	1,554	1,601	1,575	3,523	3,754	4,013	4,328	4,770
Interest Paid	58	71	256	454	414	-1,805	-2,054	-2,298
Direct Taxes Paid	366	1,262	1,779	1,402	869	1,525	2,244	3,140
Incr in WC	-57	-912	14	82	-509	-877	-1,248	-1,524
CF from Operations	**2,036**	**4,091**	**4,256**	**7,278**	**7,506**	**10,662**	**13,640**	**17,050**
Incr in FA	-1,996	-1,160	-1,657	-2,830	-2,427	-4,617	-5,180	-5,805
Free Cash Flow	**40**	**2,931**	**2,600**	**4,448**	**5,080**	**6,045**	**8,460**	**11,245**
Others	102	48	262	281	-2,850	1,692	306	456
Pur of Investments	28	-1,695	958	1,502	-510	-1,041	-1,222	-1,077
CF from Invest.	**-1,866**	**-2,808**	**-437**	**-1,047**	**-5,786**	**-3,966**	**-6,096**	**-6,426**
Issue of Shares	50	210	230	108	31	0	0	0
Incr in Debt	0	0	0	-1,323	-2,843	162	164	165
Dividend Paid	165	164	329	1,448	0	1,584	2,375	3,563
Others	-34	-393	-68	-1,951	-75	-1,879	-2,128	-2,372
CF from Fin. Activity	**-148**	**-347**	**-167**	**-4,614**	**-2,887**	**-3,301**	**-4,340**	**-5,770**
Incr/Decr of Cash	**22**	**936**	**3,652**	**1,616**	**-1,167**	**3,395**	**3,204**	**4,853**
Add: Opening Balance	332	354	1,290	4,943	6,559	5,392	8,787	11,991
Closing Balance	**354**	**1,290**	**4,943**	**6,559**	**5,392**	**8,787**	**11,991**	**16,844**

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOFSL 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 MOFSL 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. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) 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 MOFSL 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 MOFSL , including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co.Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore.As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- received compensation/other benefits from the subject company in the past 12 months
- other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL 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 MOFSL. 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. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient 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. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed 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 may not be taken in substitution for the exercise of independent judgment by any recipient. 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. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. 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. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, 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 MOFSL 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. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.