

Westlife Foodworld

Estimate change	↔
TP change	↔
Rating change	↔

Bloomberg	WLDL IN
Equity Shares (m)	156
M.Cap.(INRb)/(USDb)	114.7 / 1.4
52-Week Range (INR)	815 / 402
1, 6, 12 Rel. Per (%)	-4/23/45
12M Avg Val (INR M)	135

Financials & Valuations (INR b)

Y/E March	FY23E	FY24E	FY25E
Sales	23.0	27.3	32.9
Sales Gr. (%)	46.2	18.5	20.3
EBITDA	3.8	4.6	5.6
Margins (%)	16.5	16.7	16.9
Adj. PAT	1.2	1.6	2.2
Adj. EPS (INR)	7.4	10.0	14.1
EPS Gr. (%)	L/P	34.9	41.5
BV/Sh.(INR)	37.1	47.1	61.2
Ratios			
RoE (%)	22.1	23.7	26.1
RoCE (%)	11.4	12.6	14.2
Valuation			
P/E (x)	99.5	73.7	52.1
P/BV (x)	19.8	15.6	12.0
EV/EBITDA (x)	30.6	25.2	20.6
Pre-IND AS 116 EV/EBITDA (x)	40.4	31.9	26.0

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	56.2	56.3	57.1
DII	23.7	24.1	22.7
FII	10.4	10.1	10.7
Others	9.7	9.5	9.4

FII Includes depository receipts

CMP: INR736
TP: INR800 (+9%)
Neutral

In-line operating performance; fair valuations limit upside

- WLDL reported a healthy and broadly in-line operating performance in 3QFY23. While SSSG was better than our expectation, sales, gross profit and EBITDA were in line.
- Management has maintained its store expansion target of 35-40 for FY23 despite adding only 15 stores (net) in 9MFY23.
- WLDL's medium- to long-term earnings growth prospects are constrained by an increase in royalty and limited scope for gross margin improvement, with over 80% of its stores already having McCafé outlets. We maintain our **Neutral** rating.

Sales and EBITDA in line; SSSG above expectation

- WLDL reported sales growth of 28.2% YoY to INR6,115m (in line) in 3QFY23. **SSSG stood at 20% YoY** (est. 16%).
- WLDL opened net 4 McDonald's stores, bringing the total to 341 stores at the end of 3QFY23.
- Gross margins were up 50bp YoY (+140bp QoQ) at 66.9% (est. 65.7%).
- Restaurant operating margins (ROM) stood at 23.8%, v/s 22.6% in YoY and 22.7% in QoQ.
- EBITDA grew 28.8% YoY to INR1,022m (in line).
- EBITDA margin came in at 16.7% v/s 16.6% YoY and 16.8% QoQ (est. 17.1%).
- WLDL posted adj. PAT of INR364m (est. INR328m) v/s INR208m in 3QFY22.
- Average annualized sales per store came in at INR64.7m v/s INR47.7m YoY and INR67.5m QoQ.
- 9MFY23 sales/EBITDA grew by 53.5%/126.0% YoY to INR17,218m/INR2,854m. Adj. PAT came in at INR915m v/s a loss of INR170m YoY.

Key takeaways from the management commentary

- Customer sentiment remained stable during the quarter, backed by festivities. Menu innovations also helped WLDL post healthy SSSG.
- WLDL took a 2% blended price increase in Oct'22, which was absorbed well by customers and aided gross and EBITDA margins. Cumulatively, a ~7% price hike was taken in the past 12 months.
- The outlook on material cost inflation is getting better. Management does not expect incrementally high pressure of commodity prices.
- Management is focusing on rapid modernization of stores, with 60 stores added to the EOTF (Experience of the Future) in 3QFY23. Customer ratings for EOTF are much higher than that of base stores. Management has indicated that in the next 24 months, all the stores will be EOTF stores.

Krishnan Sambamoorthy – Research analyst (Krishnan.Sambamoorthy@MotilalOswal.com)

Research analyst: Aditya Kasat (Aditya.Kasat@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- While the operating performance was in line, lower-than-anticipated depreciation and interest costs led to a ~5% increase in our FY23 EPS estimate. There is no material change to our FY24/FY25 EPS forecasts.
- As indicated in [our detailed note](#) in Dec'22 after the unveiling of WLDL's Vision 2027, building blocks are in place to capture the long-term opportunity in the QSR space.
- We maintain our Neutral rating, given its: 1) fair valuations, 2) a scheduled increase in royalty rates to 2x from current levels, and 3) limited incremental gross margin levers. **Our valuation at 28x pre-Ind AS FY25E EV/EBITDA leads to a TP of INR800.**

Consolidated quarterly performance

Y/E March	FY22				FY23				FY22	FY23E	FY23	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	Var (%)	
SSSG %	183.0	83.7	44.0	23.0	97.0	40.0	20.0	18.0	83.4	41.0	16.0		
No. of McDonald's restaurants	305	310	316	326	331	337	341	361	326	361	349		
Net Sales	2,592	3,854	4,768	4,551	5,379	5,724	6,115	5,828	15,765	23,046	6,103	0.2	
YoY Change (%)	176.0	84.0	46.7	27.3	107.6	48.5	28.2	28.1	59.9	46.2	28.0		
Gross profit	1,695	2,495	3,165	2,959	3,459	3,748	4,090	3,817	10,314	15,114	4,010	2.0	
Margin (%)	65.4	64.7	66.4	65.0	64.3	65.5	66.9	65.5	65.4	65.6	65.7		
EBITDA	25	444	793	629	873	959	1,022	949	1,892	3,803	1,044	-2.1	
YoY Change (%)	L/P	L/P	81.4	34.6	3,380.8	115.9	28.8	50.9	303.1	101.0	31.5		
Margins (%)	1.0	11.5	16.6	13.8	16.2	16.8	16.7	16.3	12.0	16.5	17.1		
Depreciation	332	338	348	346	358	366	386	422	1,364	1,531	400		
Interest	203	204	210	209	215	225	234	256	826	930	260		
Other Income	64	40	43	131	18	52	78	48	277	196	55		
PBT	-446	-59	279	205	318	419	480	320	-21	1,538	439	9.5	
Tax	-112	-15	70	52	82	104	116	85	-4	387	111		
Rate (%)	N/M	N/M	25.3	25.4	25.8	24.8	24.2	26.6	19.4	25.2	25.2		
Adj PAT	-334	-44	208	153	236	315	364	235	-17	1,150	328	10.8	
YoY Change (%)	-	-	L/P	L/P	L/P	L/P	74.7	53.6	-	L/P	57.6		
Margins (%)	-12.9	-1.1	4.4	3.4	4.4	5.5	5.9	4.0	-0.1	5.0	5.4		

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY22				FY23		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
2Y average growth (%)							
SSSG	64.5	21.5	10.0	16.8	140.0	61.9	32.0
Sales	50.3	18.4	10.9	16.8	141.8	66.2	37.5
EBITDA	N/M	(102.2)	21.6	31.7	N/M	N/M	55.1
PAT	N/M	N/M	N/M	N/M	N/M	N/M	N/M
% of Sales							
COGS	34.6	35.3	33.6	35.0	35.7	34.5	33.1
Operating Expenses	64.4	53.2	49.7	51.2	48.1	48.7	50.2
Depreciation	12.8	8.8	7.3	7.6	6.7	6.4	6.3
YoY change (%)							
COGS	120.9	77.9	43.8	32.9	114.3	45.4	26.3
Operating Expenses	74.7	52.6	39.6	22.0	54.8	36.0	29.4
Other Income	-64.8	-73.0	-47.9	299.1	-71.8	31.5	81.5
EBIT	N/M	N/M	410.8	126.0	N/M	458.4	42.7

Exhibit 1: Restaurant operating margin

INR m	3QFY22	2QFY23	3QFY23
Total Revenue	4,768	5,724	6,115
YoY Change (%)	46.7	48.5	28.2
Food and Paper	1,603	1,976	2,025
Payroll and employee benefits	399	507	547
Royalty	216	262	280
Occupancy and other operating expenses	1,474	1,680	1,806
Total Restaurant Expenses	3,692	4,425	4,658
Restaurant operating profit	1,076	1,299	1,457
YoY change (%)	60.3	93.7	35.4
Restaurant Operating Margin (ROM) (%)	22.6	22.7	23.8
As a percentage of sales			
Food and Paper	33.6	34.5	33.1
Payroll and employee benefits	8.4	8.9	8.9
Royalty	4.5	4.6	4.6
Occupancy and other operating expenses	30.9	29.3	29.5
ROM	22.6	22.7	23.8
As a percentage of sales change YoY (%)			
Food and Paper	(0.7)	(0.7)	(0.5)
Payroll and employee benefits	(1.9)	(0.5)	0.6
Royalty	(0.0)	0.1	0.0
Occupancy and other operating expenses	0.7	(4.1)	(1.4)
ROM	1.9	5.3	1.3

Source: Company, MOFSL

**Key takeaways from the management commentary****Performance and outlook**

- Customer sentiment remained stable during the quarter, backed by festivities. Menu innovations also helped WLDL post healthy SSSG.
- SSSG was driven more by guest count and less by increased average ticket size.
- WLDL reported the highest ever sales in the Oct-Dec'22 period.
- Management has maintained that WLDL will add 35-40 stores in FY23. They have opened net 15 stores till 3QFY23 and opened 6 stores in Jan'23.
- Non-metro towns continue to grow 1.5x metro markets compared to pre-Covid levels.
- Management maintained medium- to long-term SSSG guidance of 6 to 9%.

Expansion

- Fried chicken continues to do well in South India.
- Chicken Big Mac was launched in Jan'23 (limited period product).
- WLDL is witnessing higher sales growth in own channel on delivery v/s third-party aggregators. However, third-party aggregators dominate the overall delivery proportion.
- Management is focusing on rapid modernization of stores, with 60 stores added to the EOTF (Experience of the Future) during 3QFY23. Customer ratings for EOTF stores are much higher than that of base stores. Management has indicated that in the next 24 months, all the stores will be EOTF stores.
- Two restaurants were closed during the quarter, mainly on account of route/highway change.
- Around 30-35% of all the stores offer breakfast. WLDL is able to do good business on highways.

Costs and margins

- WLDL took a 2% blended price increase in Oct'22, which was absorbed well by customers and aided gross and EBITDA margins. Cumulatively, a ~7% price hike was taken in the past 12 months.
- The outlook on material cost inflation is getting better. They do not expect incrementally high pressure of commodity prices.
- Employee costs were up more than usual in 3QFY23 because of variable payouts and ESOP provisions. On a 9M basis, employee costs to sales are actually down.

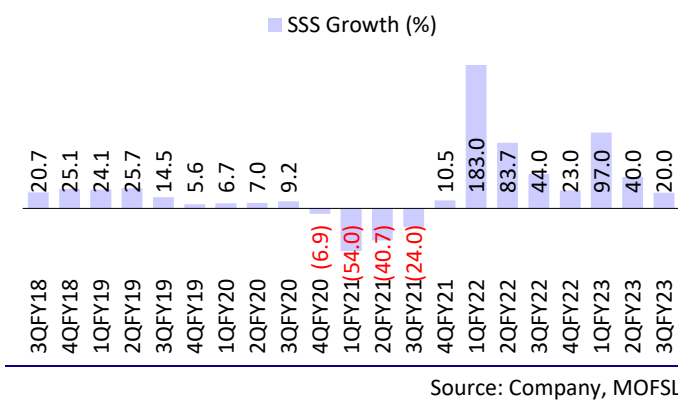
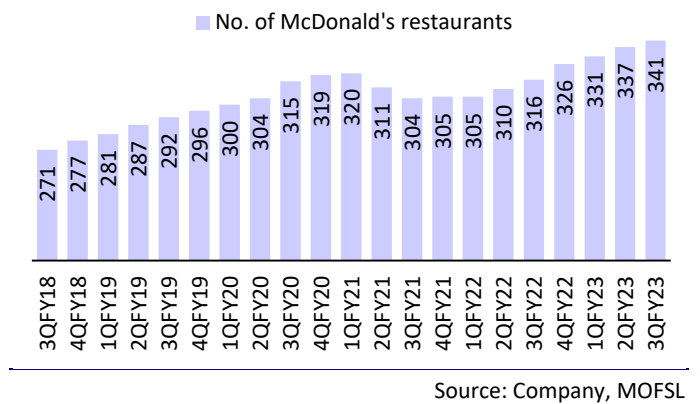
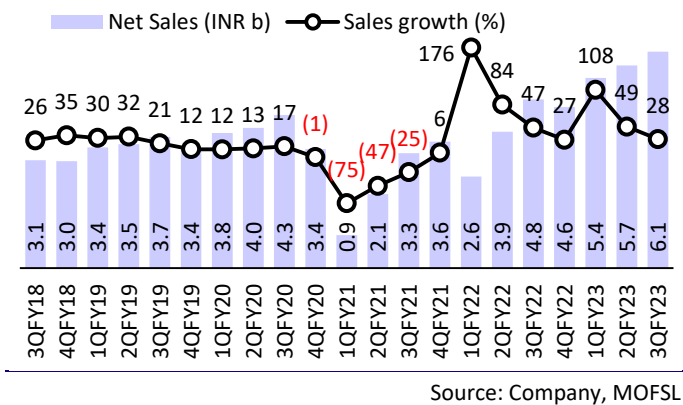
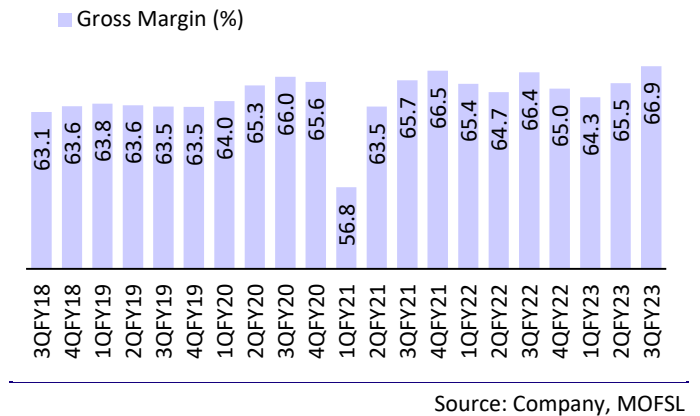
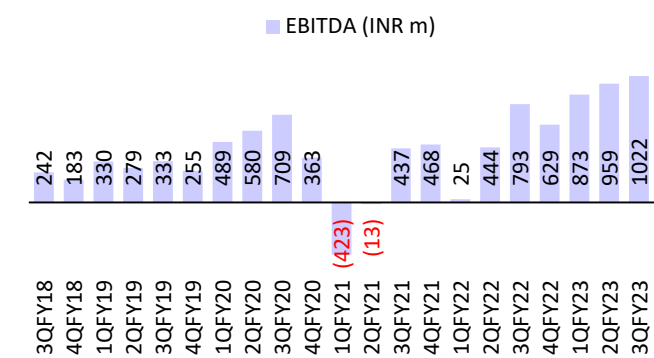
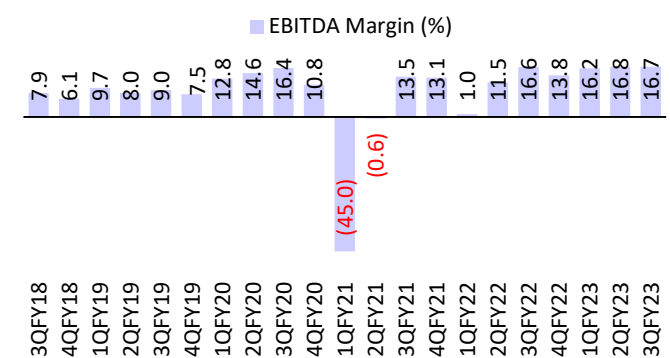
Key exhibits**Exhibit 2: SSSG stood at 20% in 3QFY23****Exhibit 3: Added four (net) McDonald's restaurants in 3QFY23****Exhibit 4: Net sales grew 28% YoY to INR6.1b in 3QFY23****Exhibit 5: Gross margin expands 50bp YoY to 66.9%**

Exhibit 6: EBITDA grew 29% YoY to INR1,022m in 3QFY23



Source: Company, MOFSL

Exhibit 7: EBITDA margin came in at 16.7% in 3QFY23



Source: Company, MOFSL

Valuation and view

- While the operating performance was in line, lower-than-anticipated depreciation and interest costs led to a ~5% increase in our FY23 EPS estimate. There is no material change to our FY24/FY25 EPS forecasts.
- As indicated in [our detailed note](#) in Dec'22 after the unveiling of the company's Vision 2027, building blocks are in place to capture the long-term opportunity in the QSR space.
- We maintain our Neutral rating, given: 1) fair valuations, 2) a scheduled increase in royalty rates to 2x from current levels, and 3) limited incremental gross margin levers. **Our valuation at 28x pre-Ind AS FY25 E EV/EBITDA leads to a TP of INR800.**

Exhibit 8: There are no material changes in our estimates

(INR m)	New estimate			Old estimate			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Sales	23,046	27,310	32,858	23,360	27,682	33,305	-1.3	-1.3	-1.3
EBITDA	3,803	4,564	5,565	3,847	4,669	5,694	-1.1	-2.2	-2.3
PAT	1,150	1,552	2,196	1,097	1,551	2,272	4.8	0.1	-3.3

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	11,349	14,020	15,478	9,860	15,765	23,046	27,310	32,858
Change (%)	21.9	23.5	10.4	-36.3	59.9	46.2	18.5	20.3
Materials Consumed	4,250	5,116	5,382	3,483	5,451	7,933	9,285	11,007
Gross profit	7,099	8,905	10,095	6,377	10,314	15,114	18,025	21,851
Margin (%)	62.6	63.5	65.2	64.7	65.4	65.6	66.0	66.5
Employees Cost	1,716	1,975	2,192	1,782	2,095	2,493	3,156	3,898
Other Expenses	4,610	5,740	5,763	4,126	6,326	8,818	10,304	12,388
Operating Expenses	6,325	7,715	7,955	5,908	8,422	11,311	13,460	16,286
Total Expenditure	10,575	12,830	13,337	9,391	13,873	19,243	22,746	27,293
% of Sales	93.2	91.5	86.2	95.2	88.0	83.5	83.3	83.1
EBITDA	774	1,190	2,140	469	1,892	3,803	4,564	5,565
Change (%)	64.8	53.8	79.9	-78.1	303.1	101.0	20.0	21.9
Margin (%)	6.8	8.5	13.8	4.8	12.0	16.5	16.7	16.9
Depreciation	673	797	1,384	1,396	1,364	1,531	1,704	1,874
EBIT	101	393	757	-927	528	2,272	2,860	3,691
Int. and Finance Charges	150	177	808	845	826	930	1,058	1,199
Other Income	178	136	130	443	277	196	273	444
PBT bef. EO Exp.	129	352	79	-1,329	-21	1,538	2,075	2,935
EO Items	0	0	-166	42	0	0	0	0
PBT after EO Exp.	129	352	-88	-1,287	-21	1,538	2,075	2,935
Total Tax	0	139	-14	-293	-4	387	523	740
Tax Rate (%)	0.0	39.5	-18.1	N/M	N/M	25.2	25.2	25.2
Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	129	213	-73	-994	-17	1,150	1,552	2,196
Adjusted PAT	129	213	93	-1,036	-17	1,150	1,552	2,196
Change (%)	L/P	65.7	-56.4	P/L	-	L/P	34.9	41.5
Margin (%)	1.1	1.5	0.6	-10.5	-0.1	5.0	5.7	6.7

Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	311	311	311	312	312	312	312	312
Total Reserves	5,111	5,525	5,459	4,501	4,309	5,459	7,012	9,207
Net Worth	5,422	5,837	5,770	4,812	4,621	5,771	7,323	9,519
Total Loans	1,835	2,339	1,837	2,152	2,010	1,710	1,210	810
Lease Liabilities	0	0	7,822	7,528	8,536	9,745	11,418	13,271
Deferred Tax Liabilities	0	-63	-214	-510	-520	-520	-520	-520
Capital Employed	7,258	8,113	15,216	13,982	14,647	16,707	19,432	23,080
Gross Block	8,795	7,242	8,439	8,522	9,956	11,956	14,156	16,456
Less: Accum. Deprn.	3,722	1,761	2,538	3,153	4,517	6,049	7,753	9,628
Net Fixed Assets	5,073	5,480	5,900	5,368	5,439	5,907	6,403	6,829
Goodwill on Consolidation	466	466	466	466	466	466	466	466
Capital WIP	197	284	226	256	355	355	355	355
Total Investments	1,843	2,046	1,576	1,984	1,504	1,579	1,816	2,325
Curr. Assets, Loans&Adv.	1,712	1,901	9,249	8,651	9,691	11,688	14,289	17,795
Inventory	337	410	411	465	559	884	1,048	1,260
Account Receivables	64	98	47	88	133	195	231	277
Cash and Bank Balance	109	92	30	110	232	61	726	606
Loans and Advances	1,201	1,301	8,760	7,988	8,766	10,548	12,285	15,651
Curr. Liability & Prov.	2,034	2,065	2,201	2,744	2,809	3,289	3,898	4,690
Account Payables	1,397	1,487	1,594	2,024	1,722	2,518	2,984	3,590
Other Current Liabilities	565	498	507	616	953	576	683	821
Provisions	72	80	100	104	134	195	231	278
Net Current Assets	-322	-164	7,048	5,907	6,882	8,399	10,391	13,105
Appl. of Funds	7,258	8,112	15,216	13,982	14,647	16,707	19,432	23,080

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)								
Adj. EPS	0.8	1.4	0.6	-6.7	-0.1	7.4	10.0	14.1
Cash EPS	5.2	6.5	9.5	2.3	8.7	17.2	20.9	26.2
BV/Share	34.9	37.5	37.1	30.9	29.7	37.1	47.1	61.2
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	890.0	537.0	1,232.8	N/M	N/M	99.5	73.7	52.1
Cash P/E	142.8	113.3	77.5	317.5	84.9	42.7	35.1	28.1
P/BV	21.1	19.6	19.8	23.8	24.8	19.8	15.6	12.0
EV/Sales	10.2	8.3	7.5	11.8	7.4	5.0	4.2	3.5
EV/EBITDA	150.3	98.1	54.3	248.5	61.6	30.6	25.2	20.6
Return Ratios (%)								
RoE	2.4	3.8	1.6	-19.6	-0.4	22.1	23.7	26.1
RoCE	3.9	4.2	8.9	NA	NA	11.4	12.6	14.2
RoIC	2.0	4.4	9.4	NA	NA	12.5	13.7	15.2
Working Capital Ratios								
Fixed Asset Turnover (x)	1.3	1.9	1.8	1.2	1.6	1.9	1.9	2.0
Asset Turnover (x)	1.6	1.7	1.0	0.7	1.1	1.4	1.4	1.4
Inventory (Days)	11	11	10	17	13	14	14	14
Debtor (Days)	2	3	1	3	3	3	3	3
Creditor (Days)	45	39	38	75	40	40	40	40
Leverage Ratio (x)								
Current Ratio	0.8	0.9	4.2	3.2	3.5	3.6	3.7	3.8
Interest Cover Ratio	0.7	2.2	0.9	-1.1	0.6	2.4	2.7	3.1
Net Debt/Equity	0.0	0.0	0.0	0.0	0.1	0.0	-0.2	-0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	129	393	-88	-1,287	-21	1,538	2,075	2,935
Depreciation	673	797	1,384	1,396	1,364	1,531	1,704	1,874
Interest & Finance Charges	145	175	780	791	772	734	785	755
Direct Taxes Paid	-23	-26	-163	32	-66	-387	-523	-740
(Inc)/Dec in WC	508	-110	164	691	-145	-1,687	-1,328	-2,834
CF from Operations	1,432	1,229	2,076	1,623	1,904	1,728	2,714	1,991
Others	-60	-80	-80	-331	-198	0	0	0
CF from Operating incl EO	1,371	1,148	1,996	1,292	1,706	1,728	2,714	1,991
(Inc)/Dec in FA	-1,059	-1,426	-1,259	-491	-999	-2,000	-2,200	-2,300
Free Cash Flow	312	-278	737	801	706	-272	514	-309
(Pur)/Sale of Investments	-59	-73	569	-252	565	-75	-237	-509
Others	4	4	18	-16	-131	196	273	444
CF from Investments	-1,115	-1,495	-672	-759	-565	-1,879	-2,164	-2,365
Issue of Shares	2	2	10	28	24	0	0	0
Inc/(Dec) in Debt	-69	504	-508	332	-142	-300	-500	-400
Interest Paid	-151	-177	-152	-170	-133	-930	-1,058	-1,199
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	0	-737	-643	-768	1,210	1,673	1,852
CF from Fin. Activity	-217	330	-1,387	-453	-1,019	-20	115	254
Inc/Dec of Cash	39	-17	-62	80	122	-171	665	-120
Opening Balance	71	109	92	30	110	232	61	726
Closing Balance	109	92	30	110	232	61	726	606

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 be 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, Depository participant services & distribution of various financial products. 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://online.reports.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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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.
- 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.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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 alterations 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, nor 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.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-71881085.

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN.: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products. Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.