Sharekhan by BNP PARIBAS

Powered by the Sharekhan 3R Research Philosophy

Stock Update

Result Update

Radico Khaitan Ltd

Strong Q2; margins improve sequentially

Consumer Goods	Sharekhan code: RADICO
Reco/View: Buy ↔	CMP: Rs.1,366 / Price Target: Rs. 1,660 ↔

↑ Upgrade ↔ Maintain ↓ Downgrade

3R MATRIX	+	=	-
Right Sector (RS)	✓		
Right Quality (RQ)	✓		
Right Valuation (RV)		✓	

+ Positive = Neutral – Negative

What has changed in 3R MATRIX

	Old		New
RS		↔	
RQ		↔	
RV		↔	

ESG Disclosure Score NEW

ESG RISK RATING	33.41
Updated Aug 08, 2023	
High Risk	

NEGL	LOW	MED	HIGH	SEVERE
0-10	10-20	20-30	30-40	40+

Source: Morningstar

Company details

Market cap:	Rs. 18,264 cr
52-week high/low:	Rs. 1,478 / 910
NSE volume: (No of shares)	2.6 lakh
BSE code:	532497
NSE code:	RADICO
Free float: (No of shares)	8.0 cr

Shareholding (%)

Promoters*	40.3
FII	18.9
DII	23.8
Others	17.1

Price chart

Price performance

(%)	1m	3m	6m	12m
Absolute	12.4	0.1	21.5	33.3
Relative to Sensex	13.2	1.7	16.4	27.2

Sharekhan Research, Bloomberg

Summary

- Radico Khaitan Limited's (RKL's) Q2FY2024 performance beat expectations with revenues and PAT growing by 22% and 19% y-o-y respectively; EBIDTA margins expanded by 127 bps y-o-y to 13.1%.
- Revenue of Prestige & Above (P&A) segment grew by 36% y-o-y in Q2 (22% volume growth). Management eyes strong volume growth in H2 led by festive demand.
- EBIDTA margins improved by 60 bps q-o-q to 13.1% in Q2; likely to reach 14-15% by FY24-end; targets EBIDTA margins to reach high teens in the next three years.
- Stock is currently trading at 59x/40x/33x its FY24E/FY25E/FY26E earnings. We retain a Buy rating on the stock with an unchanged PT of Rs. 1,660.

RKL's Q2FY2024 performance was a marginal beat on ours as well as the street's expectation driven by higher-than-expected volume growth in the P&A segment, high single-digit rise in realization (led by a better mix and price hikes) and sequential improvement in EBIDTA margins. RKL's net revenues grew by 23% y-o-y to Rs. 925 crore driven by 36% y-o-y growth in the P&A segment and 49% y-o-y growth in the non-IMFL segment. Gross margins improved by 259 bps y-o-y (54 bps q-o-q) to 44.1%. OPM rose by 127 bps y-o-y (57 bps q-o-q) to 13.1%. Operating profit grew by 35% y-o-y to Rs. 121.2 crore. Higher interest costs and depreciation charges led to a 19% y-o-y growth in reported PAT to Rs. 64.8 crore. In H1FY224, net revenues grew by 23.7% y-o-y to Rs. 1,878.9 crore; EBIDTA margins rose by 80 bps y-o-y to 12.8%; PAT grew by ~14% y-o-y to Rs. 125.1 crore.

Key positives

- P&A segment's revenue grew by 36% (volume grew by 22%); value contribution to IMFL segment improved to 70%.
- Net realisations grew by 5% q-o-q to Rs. 1,004.5 per case due to better mix.
- Non-IMFL revenues grew by 49% y-o-y to Rs. 226 crore dur to incremental country liquor volumes from new commissioned Sitapur Facility.
- Magic Moment vodka clocked volumes of over 1.5 million cases.

Key negatives

- Regular and royalty brands sales volumes fell by 16.5% and 10% y-o-y, respectively.

Management Commentary

- Extension of brands in new states, strong traction to premium categories and new launches in white/whiskey space will help P&A volumes to continuously grow in double digits in the coming years.
- Regular brands' volumes will remain flat or will increase by low single digit in H2FY2024.
- Management expects business to attain certain stability once P&A to Regular ratio improves to 60:40 in the coming years.
- Commissioning of Sitapur facility, price hikes and premiumization will help margins to consistently improve in the coming quarters. It targets EBIDTA margins to reach 14-15% by FY2024-end and will reach high teens over the next three years.
- Current expanded capacity will take care of incremental volumes in 5-6 years. Hence, there are no major capex plans going ahead.
- Company has launched two new variants under the Rampur Whiskey brand – Jugalbandi 3 and Jugalbandi-4. It has launched Happiness gin to compete with domestic gin brands. It will be launching pink vodka under the magic moment vodka brand.

Revision in estimates – We have broadly maintained our earnings estimates for FY2024, while we have increased FY2025 estimates by ~4% to factor in little higher volume growth in the P&A category and non-IMFL segment. We have introduced FY2026 estimates through this note.

Our Call

View – Retain Buy with an unchanged PT of Rs. 1,660: RKL posted the second consecutive quarter of strong double digit volume growth of above 20% in the P&A brands. Premiumisation will drive consistent strong double-digit earnings growth along with the support of backward integration in the coming years. We like the company's focus on launching new products in the brown and white spirits space targeting the premium/luxury segment to consistently gain share in key market and grow ahead of industry. Margins have bottomed-out and we should expect consistent improvement in profitability and cash flows in the coming years. This should further enhance valuation from the current levels. The stock is currently trading at 59x/40x/33x its FY2024E/25E/26E EPS. We maintain a Buy rating with an unchanged PT of Rs. 1,660.

Key Risks

Slow expansion in the EBIDTA margins due to change in liquor policies in key states/sustained increase in excise rate on liquor or volatile increase in the raw material prices would act as a key risk to our earnings growth in the near to medium term.

Valuation (Consolidated) Rs cr

Particulars	FY23	FY24E	FY25E	FY26E
Revenue	3,143	3,828	4,438	5,111
OPM (%)	11.4	14.0	16.6	16.9
Adjusted PAT	204	311	458	559
Adjusted EPS (Rs.)	16.5	23.3	34.3	41.8
P/E (x)	82.8	58.6	39.8	32.7
P/B (x)	8.3	7.4	6.3	5.4
EV/EBIDTA (x)	52.5	34.4	24.8	20.8
RoNW (%)	9.3	12.6	15.9	16.5
RoCE (%)	9.8	14.0	18.7	20.0

Source: Company; Sharekhan estimates

Strong Q2 – Revenue growth at 21.5% y-o-y; OPM higher by 127 bps y-o-y

RKL's net revenue grew by 21.5% y-o-y to Rs. 925 crore ahead of our and average street expectation of Rs. 884 crore and Rs. 905 crore, respectively, led by strong performance by Prestige & Above category (contribution of 70% to IMFL revenues) registering a growth of 35.6% y-o-y to Rs. 489.7 crore (driven by 21.8% volume growth). Non IMFL segment grew by 49.3% y-o-y to Rs. 226 crore driven incremental country liquor volumes from Sitapur facility and increase in country liquor prices from April-23. Gross margin and OPM rose 259 bps and 127 bps y-o-y to 44.1% and 13.1% (57 bps q-o-q), respectively aided by softening of raw material inflation. OPM came largely in-line with our and average street expectation of 12.9%. Operating profit grew by 34.6% y-o-y to Rs. 121.2 crore. However, adjusted PAT grew by 19.4% y-o-y to Rs. 61.9 crore due to higher interest and depreciation costs. PAT came in marginally ahead of ours and the average consensus expectation of Rs. 57-59 crore. In H1FY2024, revenue grew by 23.7% y-o-y to Rs. 1,878.9 crore, OPM expanded by 79 bps y-o-y to 12.8% and adjusted PAT increased by 13.6% y-o-y to 125.1 crore.

Volume-led growth in P&A brands continued

P&A brands reported net sales of Rs. 489.7 crore, up 35.6% y-o-y, led by volume growth of 21.8% y-o-y to 2.84 million cases. P&A brands' contribution to total IMFL revenues increased from 59.2% in Q2FY2023 to 70% in Q2FY2024 due to a higher volume contribution of 47.1% in Q2FY2024 versus 37.9% in Q2FY2023, in line with the company's strategy to grow its premium portfolio. To support premiumisation and expansion of the brand portfolio, RKL launched next two whiskies in the Jugalbandi series of eight Indian Single Malt whiskies, i.e. Jugalbandi #3 and Jugalbandi #4, at The Whisky Show in London.

Double-digit growth in non-IMFL segment

Non-IMFL segment registered a strong growth of 49.3% y-o-y to Rs. 226 crore aided by incremental country liquor volumes from the Sitapur bottling plant and country liquor price hikes in April 2023.

Net debt increases

Net debt rose by Rs. 160.4 crore since March 2023 after a capex of Rs. 156 crore on new projects. Net debt stood at Rs. 771.4 crore as on September 30, 2023, consisting of long-term debt of Rs. 357.9 crore and short-term debt (including current maturities) of Rs. 468.4 crore, taking the total debt to Rs. 826.3 crore. Cash & cash equivalents as of September 30, 2023, stood at Rs. 54.9 crore.

Capacity expansion on track

RKL commissioned the Sitapur greenfield distillery in Q2FY2024. The company has incurred a capex of Rs. 834 crore on Rampur Dual Feed and Sitapur greenfield projects since inception.

Key concall highlights

- **Sitapur facility commissioned:** The company commissioned its 350 KLPD greenfield grain distillery in Sitapur in Q2FY2024. The facility will be a huge support to its branded business as it will take care of supply of ENA for next six years. After sourcing to brand portfolio, some portfolio of ENA will be utilized for manufacturing products in the new segment of UP-based liquor products and rest will be sold outside. Fully commissioning of plant will provide further support to the gross margins and EBIDTA margins in the coming years. Full benefits of same would start flowing in from FY2025.
- **Regular brand volumes to gradually improve –** Regular brands were affected by weak consumer sentiments. The industry grew in low single digits in Q2 (a large effect was seen Karnataka due to a 20% increase in excise duty). The management expects volumes to remain flat or grow in mid-single digit in H2FY2024 with price hike in some states getting stabilized. Further Canteen store department has initiated price hike of 6% on popular brands.
- **Raw material prices to stabilise in quarters ahead:** Broken rice prices have gone by 15% y-o-y and 4% q-o-q. With the season beginning from November, the broken rice prices are expected to reduce on back of better production. Glass prices spiked in FY2023 but have stabilized in the recent past. With the backward integration the company will be 100% self-sufficient for the supply of ENA. Also, large bottling unit in Sitapur will be reduce purchases from third-party manufacturers (currently 45% is sourced from outside).
- **FTA with the UK:** According to the management, FTA with the UK will benefit the company from the cost perspective as it imports bulk alcohol for manufacturing of premium blends. Reduction in duty will reduce overall cost of imports. Availability of scotch malt at competitive pricing will improve the quality of Indian blends in the coming years. Further if UK reduces the import tariffs on liquor brands from India, the export of whiskey and rum from UK will substantially increase in the coming years.
- **Premium brands performing strongly:** Jaisalmer gin is the highest selling gin in the premium segment globally has market share of close to 60% in the Indian market. It is available in 20 states in the India and gaining strong traction in the domestic market. Royal Ranthambore whiskey is available in 18 states. It is gaining strong response in the domestic market despite the pricing premium over the other scotch brands available in the market. Rampur Whiskey is available in 10 states in India. The brand achieved volumes of FY2023 in H1FY24 itself. The company is gearing up for expanding capacities.
- **No major capex going ahead:** With commissioning of the Sitapur facility, significant capital expenditure is already done. The company will be doing capex of Rs. 125 crore in H2FY2024, which are post commissioning payments to be done for Sitapur facility. In FY2025, it will be doing a capex of Rs. 150 crore for setting up new facility for launch of Happiness Rum and tripling the Jailsamer Gin facility to cater to strong demand.

Results (Consolidated) Rs cr

Particular	Q2FY24	Q2FY23	y-o-y (%)	Q1FY24	q-o-q (%)
Gross Sales	3715.1	3018.6	23.1	4023.3	-7.7
Excise duty	2790.1	2257.2	23.6	3069.4	-9.1
Net Sales	**925.0**	**761.4**	**21.5**	**953.9**	**-3.0**
Total operating expenses	803.8	671.3	19.7	834.4	-3.7
Operating profit	121.2	90.1	34.6	119.5	1.4
Other income	0.7	0.9	-27.0	1.1	-38.5
Interest expense	12.5	4.0	-	12.3	1.6
Depreciation	26.1	17.2	52.0	24.3	7.3
Profit before tax	**83.3**	**69.8**	**19.4**	**84.0**	**-0.9**
Tax	21.4	18.0	19.3	20.8	3.1
Adjusted PAT (before MI)	**61.9**	**51.8**	**19.4**	**63.2**	**-2.2**
Minority interest (MI)	3.0	2.7	11.5	5.0	-41.0
Reported PAT	**64.8**	**54.5**	**19.0**	**68.3**	**-5.0**
EPS (Rs.)	4.6	3.9	19.4	4.7	-2.2
			bps		**bps**
GPM (%)	44.1	41.6	259	43.6	54
OPM (%)	13.1	11.8	127	12.5	57
NPM (%)	6.7	6.8	-12	6.6	6
Tax rate (%)	25.7	25.7	-1	24.7	99

Source: Company; Sharekhan Research

Segment-wise performance

Particular	Q2FY24	Q2FY23	y-o-y (%)	Q1FY24	q-o-q (%)
IMFL Volumes (Million cases)					
Prestige & Above	2.84	2.33	21.9	2.39	18.8
Regular & Others	3.19	3.82	-16.5	4.15	-23.1
Total Own Volume	**6.03**	**6.15**	**-2.0**	**6.54**	**-7.8**
Prestige & Above as % of Total IMFL Volume	47.1	37.9		36.5	
Royalty brands	0.93	1.03	-	0.83	-
Total IMFL volume	**6.96**	**7.18**	**-3.1**	**7.37**	**-5.6**
Revenue Break up (Rs. crore)					
IMFL (A)	699.1	610	14.6	705.5	-0.9
-Prestige & Above	489.7	361.1	35.6	419.5	16.7
-Regular & Others	201.4	241.1	-16.5	278.3	-27.6
-Others	8.0	7.8	2.6	7.7	3.9
Non IMFL (B)	226.0	151.4	49.3	248.4	-9.0
Revenue from Operations (Net) (A+B)	**925.1**	**761.4**	**21.5**	**953.9**	**-3.0**
Prestige & Above as % of Total IMFL Revenue	70.0	59.2		59.5	
IMFL as % of Total Revenue	75.6	80.1		74.0	

Source: Company; Sharekhan Research

Outlook and Valuation

■ Sector Outlook – Structural change in the alcohol industry

Indian Made Indian Liquor (IMIL) is evolving from a restricted quota-based, commoditised market to a consumer-driven brand-based industry. Its main attractiveness lies in its sizeable base, comprising SEC-D, below which could translate into ~40% of total population (excluding the Below Poverty Line). Growth in this segment is expected to be driven by a growing consumer base, rising rural income, consumption, conversion from illicit/toddy to IMIL with increasing awareness about health and quality, conducive regulatory policies, and growth in population. In the short run, the IMIL industry could benefit from lower discretionary incomes, which would push up demand for lower-priced liquor. The government is targeting to achieve 20% blending of ethanol by 2025, which would result in higher demand for grain-based molasses in the coming years.

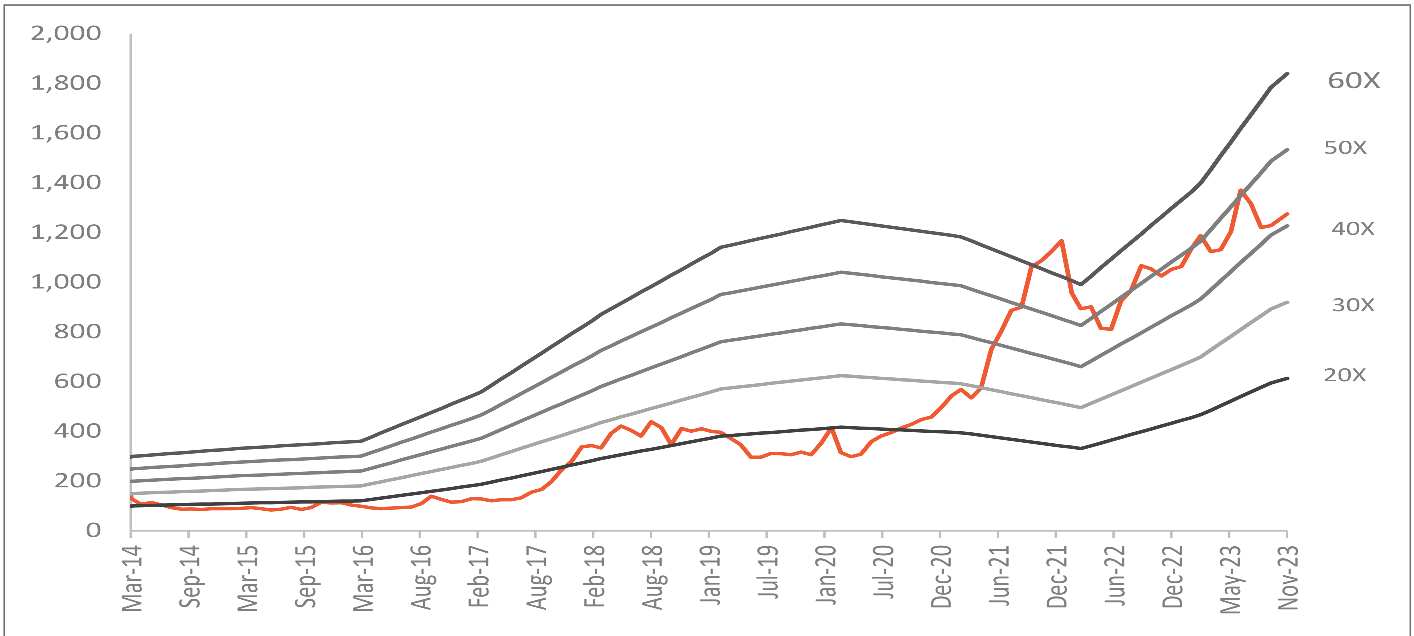
■ Company Outlook – Premiumisation remains the key growth driver

RKL posted good numbers in H1FY2024, with revenue growing by 23.7% y-o-y, OPM higher by 79 bps y-o-y and adjusted PAT increasing by 13.6% y-o-y. With consumers shifting to premium IMFL brands, RKL's focus on improving presence of each brand in key markets and emergence of favourable liquor policies in key states would help in faster growth of branded liquor products in the near to medium term. The company expects double-digit volume growth in the P&A segment to sustain in the medium term due to strong traction to its premium brands. Inflationary pressure will continue to put stress on margins in the near term. However, the management has maintained its medium-term guidance of achieving high-teen OPM over the next 2-3 years due to improved mix of the P&A segment and backward integration to secure raw-material supply in the long run.

■ Valuation – Maintain Buy with an unchanged PT of Rs. 1,660

RKL posted the second consecutive quarter of strong double digit volume growth of above 20% in the P&A brands. Premiumisation will drive consistent strong double-digit earnings growth along with the support of backward integration in the coming years. We like the company's focus on launching new products in the brown and white spirits space targeting the premium/luxury segment to consistently gain share in key market and grow ahead of industry. Margins have bottomed-out and we should expect consistent improvement in profitability and cash flows in the coming years. This should further enhance valuation from the current levels. The stock is currently trading at 59x/40x/33x its FY2024E/25E/26E EPS. We maintain a Buy rating with an unchanged PT of Rs. 1,660.

One-year forward P/E (x) band



Source: Sharekhan Research

Peer Comparison

Particulars	P/E (x)			EV/EBITDA (x)			RoCE (%)		
	FY23	FY24E	FY25E	FY23	FY24E	FY25E	FY23	FY24E	FY25E
United Spirits	89.4	72.6	55.2	54.9	45.9	37.0	16.0	16.0	17.0
Radico Khaitan	82.8	58.6	39.8	52.5	34.4	24.8	9.8	14.0	18.7

Source: Company, Sharekhan estimates

About the company

RKL, formerly known as Rampur Distillery, commenced its operations in 1943. Over the years, the company has evolved from being just a distiller of spirits for others to a leading IMFL company. Currently, the company has five millionaire brands, which are 8PM Whisky, 8PM Premium Black Whisky, Contessa Rum, Old Admiral Brandy, and Magic Moments Vodka. RKL has three distilleries in Rampur (Uttar Pradesh) and two in joint venture with RNV in Aurangabad (Maharashtra) in which RKL owns 36% equity. The company operates five own and 28 contract bottling units spread across the country with a combined capacity of 157 million litres. RKL is one of the largest providers of branded IMFL to Canteen Stores Department (CSD) and exports its products to more than 85 countries.

Investment theme

RKL has transformed itself into a leading IMFL brand player from just a distillery player with premiumisation at the core of its growth strategy. The company's P&A segment reported a 13% CAGR over FY2018-FY2023, contributing 33% to IMFL's sales volume (48% to IMFL's sales value). Going ahead as well, the company expects the strong growth trajectory in premium brands to continue. Efficient working capital management and improved profitability would help the company generate high free cash flows (FCF) in the coming years. The company is investing Rs. 740 crore (mix of debt and internal accruals) in backward integration to secure extra neutral alcohol (ENA) supply (largely grain-based). It will help to retain its guidance of high-teen margins over the next two years.

Key Risks

- **Decline in demand for the company's products:** Slowdown in global economic growth and other declines or disruptions in the Indian economy, in general, may result in reduction in disposable income of consumers and slowdown in the IMFL industry. This could adversely affect the company's business and financial performance.
- **Risk due to stringent regulation norms:** The Indian spirit industry is highly regulated and complex as each state has its own regulations governing the manufacture and sale of spirits. Any change in rules and regulations by the respective state governments and non-compliance with laws and regulations could adversely impact the business.
- **Increased raw-material prices:** ENA and packaging materials are two key raw-material components. Any price volatility in the prices of these components may have a bearing on the company's profitability.

Additional Data

Key management personnel

Lalit Kumar Khaitan	Chairman-Managing Director
Abhishek Khaitan	Executive Director-Managing Director
Dilip K. Banthiya	Chief Financial Officer
Dinesh Kumar Gupta	Vice President - Legal, Company Secretary & Compliance Officer

Source: Company

Top 10 shareholders

Sr. No.	Holder Name	Holding (%)
1	TIMF Holdings	4.2
2	Tata Asset Management Pvt Ltd	3.9
3	Aditya Birla Sun Life AMC Ltd	3.4
4	Nippon Life India Asset Management Company	3.1
5	TATA AIA LIFE INSURANCE CO	2.9
6	Vanguard Group Inc	2.3
7	DSP invesment Managers Pvt Ltd	1.5
8	HDFC AMC	1.3
9	BNP Paribas SA	1.3
10	Baroda BNP Paribas Asset Management India Pvt Ltd	1.2

Source: Bloomberg

Understanding the Sharekhan 3R Matrix

Right Sector	
Positive	Strong industry fundamentals (favorable demand-supply scenario, consistent industry growth), increasing investments, higher entry barrier, and favorable government policies
Neutral	Stagnancy in the industry growth due to macro factors and lower incremental investments by Government/private companies
Negative	Unable to recover from low in the stable economic environment, adverse government policies affecting the business fundamentals and global challenges (currency headwinds and unfavorable policies implemented by global industrial institutions) and any significant increase in commodity prices affecting profitability.
Right Quality	
Positive	Sector leader, Strong management bandwidth, Strong financial track-record, Healthy Balance sheet/cash flows, differentiated product/service portfolio and Good corporate governance.
Neutral	Macro slowdown affecting near term growth profile, Untoward events such as natural calamities resulting in near term uncertainty, Company specific events such as factory shutdown, lack of positive triggers/events in near term, raw material price movement turning unfavourable
Negative	Weakening growth trend led by led by external/internal factors, reshuffling of key management personal, questionable corporate governance, high commodity prices/ weak realisation environment resulting in margin pressure and detoriating balance sheet
Right Valuation	
Positive	Strong earnings growth expectation and improving return ratios but valuations are trading at discount to industry leaders/historical average multiples, Expansion in valuation multiple due to expected outperformance amongst its peers and Industry up-cycle with conducive business environment.
Neutral	Trading at par to historical valuations and having limited scope of expansion in valuation multiples.
Negative	Trading at premium valuations but earnings outlook are weak; Emergence of roadblocks such as corporate governance issue, adverse government policies and bleak global macro environment etc warranting for lower than historical valuation multiple.

Source: Sharekhan Research

Sharekhan
by BNP PARIBAS

DISCLAIMER

This information/document has been prepared by Sharekhan Ltd. (SHAREKHAN) and is intended for use only by the person or entity to which it is addressed to. This Document may contain confidential and/or privileged material and is not for any type of circulation and any review, retransmission, or any other use is strictly prohibited. This information/ document is subject to changes without prior notice.

Recommendation in reports based on technical and derivatives analysis is based on studying charts of a stock's price movement, trading volume, outstanding positions, as opposed to focusing on a company's fundamentals and as such, may not match with a report on a company's fundamentals. However, this would only apply for information/document focused on technical and derivatives research and shall not apply to reports/documents/ information focused on fundamental research.

This information/document does not constitute an offer to sell or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Though disseminated to all customers who are due to receive the same, not all customers may receive this report at the same time. SHAREKHAN will not treat recipients as customers by virtue of their receiving this information/report.

The information contained herein is obtained from publicly available data or other sources believed to be reliable and SHAREKHAN has not independently verified the accuracy and completeness of the said data and hence it should not be relied upon as such. While we would endeavour to update the information herein on reasonable basis, SHAREKHAN, its subsidiaries and associated companies, their directors and employees ("SHAREKHAN and affiliates") are under no obligation to update or keep the information current. Also, there may be regulatory, compliance, or other reasons that may prevent SHAREKHAN and affiliates from doing so. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipients of this report should also be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The user assumes the entire risk of any use made of this information. 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. We do not undertake to advise you as to any change of our views. Affiliates of Sharekhan may have issued other recommendations/ reports that are inconsistent with and reach different conclusions from the information presented in this recommendations/report.

This information/recommendation/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 SHAREKHAN and affiliates 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.

The analyst certifies that the analyst might have dealt or traded directly or indirectly in securities of the company and that all the views expressed in this document accurately reflect his or her personal views about the subject company or companies and its or their securities and do not necessarily reflect those of SHAREKHAN. The analyst and SHAREKHAN further certifies that either he or his relatives or Sharekhan associates might have direct or indirect financial interest or might have actual or beneficial ownership of 1% or more in the securities of the company at the end of the month immediately preceding the date of publication of the research report. The analyst and SHAREKHAN encourages independence in research report/ material preparation and strives to minimize conflict in preparation of research report. The analyst and SHAREKHAN does not have any material conflict of interest or has not served as officer, director or employee or engaged in market making activity of the company. The analyst and SHAREKHAN has not been a part of the team which has managed or co-managed the public offerings of the company, and no part of the analyst's compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this document. Sharekhan Ltd or its associates or analysts have not received any compensation for investment banking, merchant banking, brokerage services or any compensation or other benefits from the subject company or from third party in the past twelve months in connection with the research report.

Either SHAREKHAN or its affiliates or its directors or employees / representatives / clients or their relatives may have position(s), make market, act as principal or engage in transactions of purchase or sell of securities, from time to time or may be materially interested in any of the securities or related securities referred to in this report and they may have used the information set forth herein before publication. SHAREKHAN may from time to time solicit from, or perform investment banking, or other services for, any company mentioned herein. Without limiting any of the foregoing, in no event shall SHAREKHAN, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind.

Forward-looking statements (if any) are provided to allow potential investors the opportunity to understand management's beliefs and opinions in respect of the future so that they may use such beliefs and opinions as one factor in evaluating an investment. These statements are not a guarantee of future performance and undue reliance should not be placed on them. Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause actual performance and financial results in future periods to differ materially from any projections of future performance or result expressed or implied by such forward-looking statements. Sharekhan/its affiliates undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change except as required by applicable securities laws. The reader/investors are cautioned not to place undue reliance on forward-looking statements and use their independent judgement before taking any investment decision.

Investment in securities market are subject to market risks, read all the related documents carefully before investing. The securities quoted are for illustration only and are not recommendatory. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Client should read the Risk Disclosure Document issued by SEBI & relevant exchanges and the T&C on www.sharekhan.com

---

Registration and Contact Details: Name of Research Analyst - Sharekhan Limited, Research Analyst Regn No.: INH000006183. CIN): - U99999MH1995PLC087498. Registered Office: The Ruby, 18th Floor, 29 Senapati Bapat Marg, Dadar (West), Mumbai – 400 028, Maharashtra, INDIA. Tel: 022-6115000.

Correspondence/Administrative Office: Gigaplex IT Park, Unit No 1001, 10th Floor, Building No.9, TTC Industrial Area, Digha, Airoli-West, Navi Mumbai – 400 708. Tel: 022 61169000 / 61150000, Fax No. 61169699.

Other registrations of Sharekhan Ltd.: SEBI Regn. Nos.: BSE / NSE / MSEI (CASH / F&O / CD) / MCX - Commodity: INZ000171337; DP: NSDL/CDSL-IN-DP-365-2018; PMS: INP000005786; Mutual Fund: ARN 20669.

Compliance Officer: Ms. Binkle Oza; Tel: 022-62263303; email id: complianceofficer@sharekhan.com

For any complaints/grievance, email us at igc@sharekhan.com or you may even call Customer Service desk on - 022 - 41523200/022 - 69920600