

Westlife Foodworld

Estimate change	↔
TP change	↔
Rating change	↔

Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	WESTLIFE IN
Equity Shares (m)	156
M.Cap.(INRb)/(USD\$)	140.2 / 1.7
52-Week Range (INR)	942 / 512
1, 6, 12 Rel. Per (%)	1/14/57
12M Avg Val (INR M)	164

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	22.8	26.5	31.2
Sales growth (%)	44.5	16.5	17.6
EBITDA	3.7	4.5	5.5
Margins (%)	16.4	17.1	17.5
Adj. PAT	1.1	1.4	2.0
Adj. EPS (INR)	7.2	9.2	12.9
EPS Growth (%)	L/P	28.4	39.9
BV/Sh.(INR)	36.3	45.5	58.3

Ratios

RoE (%)	21.7	22.5	24.8
RoCE (%)	11.0	11.6	13.2

Valuations

P/E (x)	125.8	97.9	70.0
P/BV (x)	24.8	19.8	15.4
EV/EBITDA (x)	40.7	33.5	27.7
Pre Ind-AS EV/EBITDA	50.2	39.0	31.7
EV/Sales (x)	6.7	5.7	4.9

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	56.2	56.2	57.0
DII	24.1	24.2	23.3
FII	10.0	9.9	9.7
Others	9.6	9.7	10.0

FII Includes depository receipts

CMP: INR900 TP: INR820 (-9%) Neutral

Strong performance in weak environment

- Westlife Foodworld (WLDL) reported an in-line operating performance in 1QFY24, supported by strong 7% SSSG and 9% store adds. EBITDA/PAT growth of 19%/22% YoY was driven by stable input costs and operating efficiency.
- The management anticipates high single-digit SSSG and the addition of 40-45 new restaurants in FY24. Easing commodity pressures and the company's focus on growing average unit volume are the key positive factors, which could be partly offset by an increase in royalty. We reiterate our **Neutral** rating on the stock.

Sales and EBITDA in line; strong store add continues

- WLDL reported sales growth of 14% YoY to INR6.1b (in line), led by 7% SSSG (est. 7.5%) and 9% YoY store addition.
 - WLDL opened net 4 stores, taking the count to 361 stores in 58 cities.
- GM improved by ~230bp YoY, led by stable input cost basket, cost optimization and a price hike taken earlier.
 - Reported GM stood at 70.6% (down 130bp QoQ) due to a one-time volume delivery incentive in 4QFY23.
- EBITDA grew 19% YoY to INR1b (in line) and margins improved by 70bp YoY to 16.9%.
 - Restaurant operating margins (ROM) improved by 140bp YoY to 23%.
- PBT increased by 28% YoY to INR406m (in line); however, high taxes led to 22% YoY growth in PAT (9% miss).
 - WLDL posted PAT of INR288m vs. INR236m in 1QFY23.
- Average sales per store rose to INR71m (annualized) in 1QFY24 vs. INR67.7m in 1QFY23 and INR66.7m in FY23.
- The board approved an interim dividend of INR3.45 per share.

Key takeaways from the management commentary

- The company maintains its guidance of achieving revenue of INR40-45b by FY27, driven by high single-digit SSSG and 580-630 total store count. On a steady state basis, the margin is expected to be in the range of 18-20%.
- It aims to create a strong portfolio in chicken, burgers and coffee products and continues to innovate the menu by launching new products.
- WLDL has not seen any major impact of inflation in milk, cheese and vegetable prices since it was already anticipated.
- It is on track to open 40-45 new stores in FY24. OCF rose in 1Q, driven by the release of working capital and healthy operating performance.

Valuation and view

- 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 largely maintain our estimates, building in 17%/21% revenue/EBITDA CAGRs over FY23-25E, led by 45-50 store adds annually and 6.5% SSSG.
- **Our valuation at 28x pre-Ind AS FY25E EV/EBITDA leads to a TP of INR820.** Easing commodity pressure and the company's focus on growing its average unit volume are the key positive factors. These factors could be partly offset by an increase in royalty. We reiterate our **Neutral** rating on the stock.

Consolidated quarterly performance

(INR m)

Y/E March	FY23				FY24E				FY23	FY24E	FY24	Var
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			1QE	(%)
SSSG %	97.0	40.0	20.0	14.0	7.0	6.5	7.0	6.3	36.0	6.7	7.5	
No. of McDonald's restaurants	331	337	341	357	361	370	383	402	357	402	364	
Net Sales	5,379	5,724	6,115	5,564	6,145	6,544	7,147	6,711	22,782	26,548	6,215	-1.1
YoY Change (%)	107.6	48.5	28.2	22.3	14.2	14.3	16.9	20.6	44.5	16.5	15.5	
Gross profit	3,459	3,748	4,090	4,002	4,337	4,614	5,046	4,733	15,298	18,729	4,375	-0.9
Margin (%)	64.3	65.5	66.9	71.9	70.6	70.5	70.6	70.5	67.2	70.6	70.4	
EBITDA	873	959	1,022	887	1,042	1,112	1,265	1,107	3,740	4,526	1,050	-0.8
YoY Change (%)	3,380.8	115.9	28.8	40.9	19.4	16.0	23.8	24.9	97.7	21.0	20.4	
Margins (%)	16.2	16.8	16.7	15.9	16.9	17.0	17.7	16.5	16.4	17.1	16.9	
Depreciation	358	366	386	412	428	428	428	498	1,522	1,784	450	
Interest	215	225	234	253	260	260	260	246	927	1,026	245	
Other Income	18	52	78	56	53	53	53	57	203	215	66	
PBT	318	419	480	277	406	477	629	420	1,495	1,932	422	-3.8
Tax	82	104	116	76	118	119	157	105	379	499	106	
Rate (%)	25.8	24.8	24.2	27.5	29.0	25.0	25.0	25.0	25.3	25.8	25.2	
Adj PAT	236	315	364	201	288	358	472	315	1,116	1,433	316	-8.6
YoY Change (%)	L/P	L/P	74.7	31.2	22.3	13.4	29.7	56.9	L/P	28.4	33.8	
Margins (%)	4.4	5.5	5.9	3.6	4.7	5.5	6.6	4.7	4.9	5.4	5.1	

Highlights from Press Release

- The company has not taken any price hike in 1QFY24.
- On-premise business grew by 18% YoY and off-premise business grew by 9% YoY
 - Digital sales improved to ~64%, led by ~3x growth in sales through self-order kiosks.
 - +25m cumulative App downloads; 25% YoY rise in monthly active users
- It now has a total of 361 restaurants, including 69 Drive-Thrus, 315 McCafés, and 224 Experience of the Future (EOTF) restaurants.

Exhibit 1: Restaurant operating margin

Y/E March (INR million)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Sales	5,362	5,702	6,092	5,438	6,122
Other Operating income	18	22	23	126	23
Total revenue	5,379	5,724	6,115	5,564	6,145
YoY Change (%)	107.6	48.5	28.2	22.3	14.2
Food & Paper	1,921	1,976	2,025	1,562	1,809
Payroll & employee benefits	426	507	547	554	551
Royalty	246	262	280	250	318
Occupancy and other operating expenses	1,623	1,680	1,806	1,833	2,056
Total restaurant expenses	4,215	4,425	4,658	4,199	4,734
Restaurant operating profit	1,164	1,299	1,457	1,365	1,412
YoY Change (%)	356.5	93.7	35.4	34.3	21.3
Restaurant operating margin (ROM) %	21.6	22.7	23.8	24.5	23.0
As a percentage of sales					
Food & Paper	35.7	34.5	33.1	28.1	29.4
Payroll & employee benefits	7.9	8.9	8.9	10.0	9.0
Royalty	4.6	4.6	4.6	4.5	5.2
Occupancy and other operating expenses	30.2	29.3	29.5	32.9	33.5
ROM	21.6	22.7	23.8	24.5	23.0
As a percentage of sales change YoY (%)					
Food & Paper	1.1	(0.7)	(0.5)	(6.9)	(6.3)
Payroll & employee benefits	(2.3)	(0.5)	0.6	0.9	1.1
Royalty	0.1	0.1	0.0	0.0	0.6
Occupancy and other operating expenses	(10.7)	(4.1)	(1.4)	3.8	3.3
ROM	11.8	5.3	1.3	2.2	1.3

Source: Company, MOFSL



Key takeaways from the management commentary

Guidance-

- Targeting revenue of INR40-45b with 580-630 store addition and better profitability by 2027 on the back of its meals strategy, Omni channel business model and right network expansion.
- On a steady state basis, WLDL is confident of delivering high single-digit SSSG and 12-13% store growth, along with 18-20% EBITDA margin.
- For FY24, it is on track to open 40-45 new stores.
- All the stores (except the food court) will be converted to EOTF stores over the next three to four years. Royalty increased by 50bp as advised earlier.
- Targeting 30 to 50 stores every year to be converted into EOTF stores

New product launch

- Menu innovation is the key for growth:
- WLDL launched Piri Piri McSpicy range limited-time offer in April.

- Introduced Jain-friendly option to democratize the menu, which did quite well in West market.
- It wants to build the portfolio in burgers, chicken and coffee.
- Established partnership with Jr. NTR as the brand ambassador for chicken products and introduced chicken sharers in the South.
- McCafe's growth is being boosted by cold drinks like frappe, shakes, and coolers.

Performance

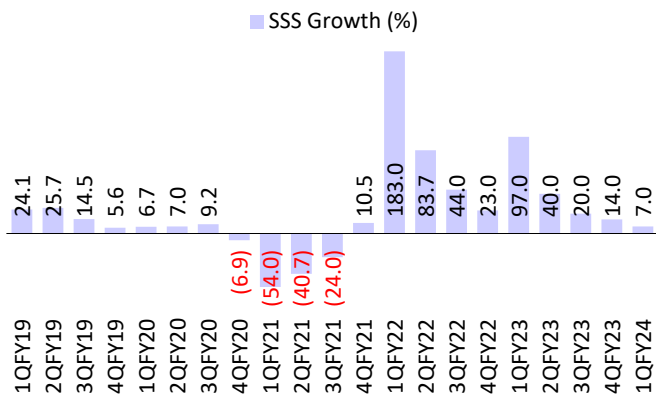
- SSSG stood at 7% YoY, led by product innovation and McSaver Value platform launched in Jun'23. It has not taken any price hike or price cuts in the portfolio.
- Operating profit and the release of working capital led to increased cash position in Jun'23.
- Sales growth in metro was higher than in non-metro towns on YoY basis; however, on the pre-Covid level, non-metro towns grew much faster.
- Overall growth is reported across metros, tier 1 and smaller towns.

Current environment-

- The demand situation is still weak but the company's focus on the meal strategy and tie-ups with aggregators helped it outperform the peers.
- Collaborative partnerships with aggregators helped it improve delivery sales.
- The impact of inflation has been mitigated by robust supply chains.
- WLDL has not seen any surprise from milk and milk-related products as it has already factored in the impact.
- Vegetable inflation, which is a seasonal effect and was anticipated, did not have a significant impact either.
- Digital channel grew by 64% YoY. The majority of growth came from walk-thru, with sales up 3x by Kiosk.
- Its brand strength, product portfolio, consistent strategic approach, and real estate portfolio quality continue to give WLDL an edge over others.
- Real estate is challenging, looking at the store size (especially in Mumbai), but it will stick with the existing store size.

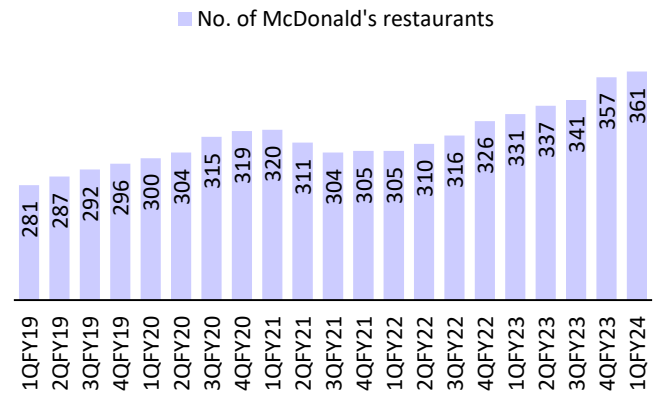
Key exhibits

Exhibit 2: SSSG remains strong at a high single digit



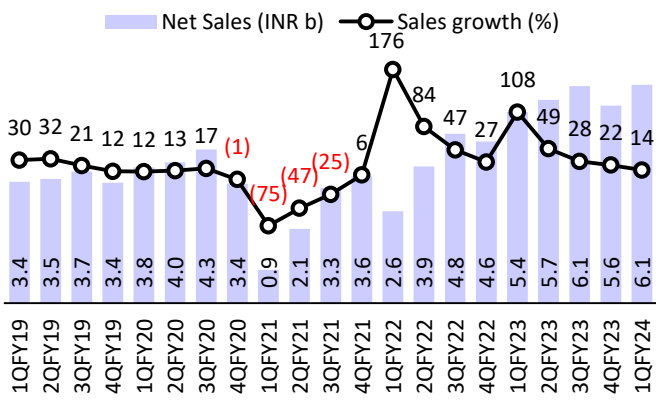
Source: Company, MOFSL

Exhibit 3: Added 4 stores (9% YoY) in 1QFY24



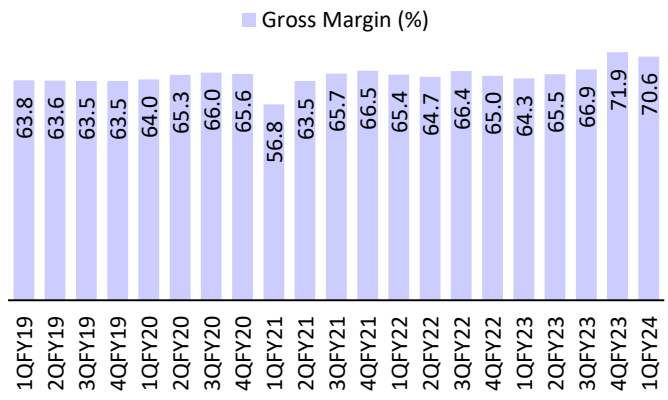
Source: Company, MOFSL

Exhibit 4: Net sales grew 14% YoY led by SSSG and Store add



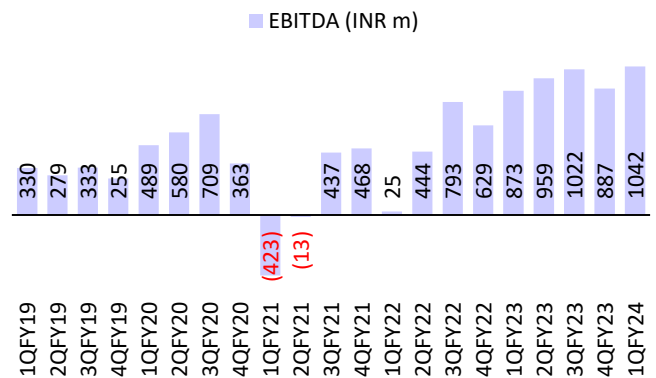
Source: Company, MOFSL

Exhibit 5: Gross margin declined 130bp QoQ due to one-off



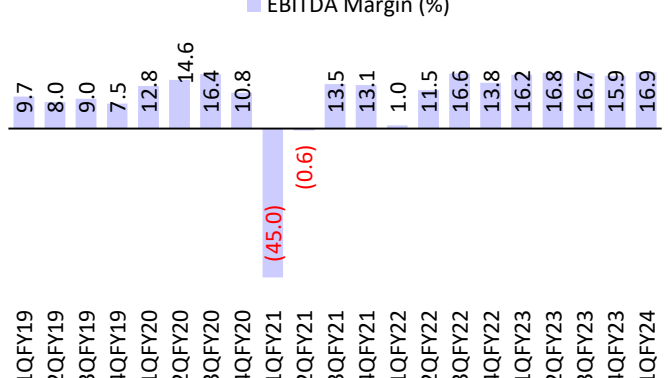
Source: Company, MOFSL

Exhibit 6: EBITDA grew 17% YoY



Source: Company, MOFSL

Exhibit 7: EBITDA margin improved due to control expenses



Source: Company, MOFSL

Exhibit 8: There are no material changes in Revenue/ EBITDA estimates

	FY24E	FY25E
Revenue (INR m)		
Old	26,548	31,209
Actual/New	26,548	31,209
Change (%)	0.0	0.0
Gross Profit (INR m)		
Old	18,729	22,034
Actual/New	18,729	22,034
Change (%)	0.0	0.0
Gross margin (%)		
Old	70.6%	70.6%
Actual/New	70.6%	70.6%
Change (bp)	0	0
EBITDA (INR m)		
Old	4,526	5,462
Actual/New	4,526	5,462
Change (%)	0.0	0.0
EBITDA margin (%)		
Old	17.1%	17.5%
Actual/New	17.1%	17.5%
Change (bp)	0	0
Net Profit (INR m)		
Old	1,505	2,089
Actual/New	1,433	2,004
Change (%)	-4.8	-4.0
EPS (INR)		
Old	9.7	13.4
Actual/New	9.2	12.9
Change (%)	-4.8	-4.0

Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

	(INR m)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	11,349	14,020	15,478	9,860	15,765	22,782	26,548	31,209
Change (%)	21.9	23.5	10.4	-36.3	59.9	44.5	16.5	17.6
Materials Consumed	4,250	5,116	5,382	3,483	5,451	7,483	7,818	9,176
Gross profit	7,099	8,905	10,095	6,377	10,314	15,298	18,729	22,034
Margin (%)	62.6	63.5	65.2	64.7	65.4	67.2	70.6	70.6
Employees Cost	1,716	1,975	2,192	1,782	2,095	3,106	3,584	4,213
Other Expenses	4,610	5,740	5,763	4,126	6,326	8,452	10,619	12,359
Operating Expenses	6,325	7,715	7,955	5,908	8,422	11,558	14,203	16,572
Total Expenditure	10,575	12,830	13,337	9,391	13,873	19,041	22,021	25,748
% of Sales	93.2	91.5	86.2	95.2	88.0	83.6	83.0	82.5
EBITDA	774	1,190	2,140	469	1,892	3,740	4,526	5,462
Change (%)	64.8	53.8	79.9	-78.1	303.1	97.7	21.0	20.7
Margin (%)	6.8	8.5	13.8	4.8	12.0	16.4	17.1	17.5
Depreciation	673	797	1,384	1,396	1,364	1,522	1,784	1,910
EBIT	101	393	757	-927	528	2,219	2,743	3,551
Int. and Finance Charges	150	177	808	845	826	927	1,026	1,134
Other Income	178	136	130	443	277	203	215	262
PBT bef. EO Exp.	129	352	79	-1,329	-21	1,495	1,932	2,680
EO Items	0	0	-166	42	0	0	0	0
PBT after EO Exp.	129	352	-88	-1,287	-21	1,495	1,932	2,680
Total Tax	0	139	-14	-293	-4	379	499	675
Tax Rate (%)	0.0	39.5	-18.1	N/M	N/M	25.3	25.8	25.2
Reported PAT	129	213	-73	-994	-17	1,116	1,433	2,004
Adjusted PAT	129	213	93	-1,036	-17	1,116	1,433	2,004
Change (%)	L/P	65.7	-56.4	P/L	-	L/P	28.4	39.9
Margin (%)	1.1	1.5	0.6	-10.5	-0.1	4.9	5.4	6.4

Consolidated - Balance Sheet

	(INR m)							
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	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	5,347	6,780	8,785
Net Worth	5,422	5,837	5,770	4,812	4,621	5,659	7,092	9,097
Total Loans	1,835	2,339	1,837	2,152	2,010	2,070	1,570	1,170
Lease Liabilities	0	0	7,822	7,528	8,536	9,960	11,399	12,993
Deferred Tax Liabilities	0	-63	-214	-510	-520	-745	-745	-745
Capital Employed	7,258	8,113	15,216	13,982	14,647	16,944	19,316	22,514
Gross Block	8,795	7,242	8,439	8,522	9,956	13,045	15,245	17,545
Less: Accum. Deprn.	3,722	1,761	2,538	3,153	4,517	6,039	7,229	8,474
Net Fixed Assets	5,073	5,480	5,900	5,368	5,439	7,006	8,016	9,071
Goodwill on Consolidation	466	466	466	466	466	466	466	466
Capital WIP	197	284	226	256	355	567	567	567
Right to use Asset	0	0	7,714	7,008	7,718	8,758	9,738	10,823
Total Investments	1,843	2,046	1,576	1,984	1,504	1,299	1,299	1,299
Curr. Assets, Loans&Adv.	1,712	1,901	9,249	8,651	9,691	2,149	3,789	5,648
Inventory	337	410	411	465	559	714	832	978
Account Receivables	64	98	47	88	133	107	125	147
Cash and Bank Balance	109	92	30	110	232	284	1,616	3,093
Loans and Advances	1,201	1,301	8,760	7,988	8,766	1,044	1,216	1,430
Curr. Liability & Prov.	2,034	2,065	2,201	2,744	2,809	3,300	4,559	5,359
Account Payables	1,397	1,487	1,594	2,024	1,722	1,877	2,900	3,410
Other Current Liabilities	565	498	507	616	953	1,293	1,506	1,771
Provisions	72	80	100	104	134	130	152	179
Net Current Assets	-322	-164	7,048	5,907	6,882	-1,151	-770	289
Appl. of Funds	7,258	8,112	15,216	13,982	14,647	16,944	19,316	22,515

E: MOSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
Adj. EPS	0.8	1.4	0.6	-6.7	-0.1	7.2	9.2	12.9
Cash EPS	5.2	6.5	9.5	2.3	8.7	16.9	20.6	25.1
BV/Share	34.9	37.5	37.1	30.9	29.7	36.3	45.5	58.3
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	1,088.9	657.1	1,508.4	N/M	N/M	125.8	97.9	70.0
Cash P/E	174.7	138.6	94.8	388.5	103.9	53.2	43.6	35.9
P/BV	25.8	24.0	24.3	29.1	30.3	24.8	19.8	15.4
EV/Sales	12.5	10.2	9.7	15.2	9.6	6.7	5.7	4.9
EV/EBITDA	183.3	119.6	70.0	319.1	79.6	40.7	33.5	27.7
Return Ratios (%)								
RoE	2.4	3.8	1.6	-19.6	-0.4	21.7	22.5	24.8
RoCE	3.9	4.2	8.9	NA	NA	11.0	11.6	13.2
RoIC	2.0	4.4	9.4	NA	NA	12.1	13.3	15.9
Working Capital Ratios								
Fixed Asset Turnover (x)	1.3	1.9	1.8	1.2	1.6	1.7	1.7	1.8
Asset Turnover (x)	1.6	1.7	1.0	0.7	1.1	1.3	1.4	1.4
Inventory (Days)	11	11	10	17	13	11	11	11
Debtor (Days)	2	3	1	3	3	2	2	2
Creditor (Days)	45	39	38	75	40	30	40	40
Leverage Ratio (x)								
Current Ratio	0.8	0.9	4.2	3.2	3.5	0.7	0.8	1.1
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	1.4	1.6	1.9	1.8	1.4	1.1

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	129	393	-88	-1,287	-21	1,495	1,932	2,680
Depreciation	673	797	1,384	1,396	1,364	1,522	1,784	1,910
Interest & Finance Charges	145	175	780	791	772	927	1,026	1,134
Direct Taxes Paid	-23	-26	-163	32	-66	-439	-499	-675
(Inc)/Dec in WC	508	-110	164	691	-145	70	951	419
CF from Operations	1,432	1,229	2,076	1,623	1,904	3,575	5,193	5,467
Others	-60	-80	-80	-331	-198	-90	-215	-262
CF from Operating incl EO	1,371	1,148	1,996	1,292	1,706	3,485	4,978	5,205
(Inc)/Dec in FA	-1,059	-1,426	-1,259	-491	-999	-2,691	-2,200	-2,300
Free Cash Flow	312	-278	737	801	706	795	2,778	2,905
(Pur)/Sale of Investments	-59	-73	569	-252	565	33	0	0
Others	4	4	18	-16	-131	4	215	262
CF from Investments	-1,115	-1,495	-672	-759	-565	-2,653	-1,985	-2,038
Issue of Shares	2	2	10	28	24	-21	0	0
Inc/(Dec) in Debt	-69	504	-508	332	-142	60	-500	-400
Interest Paid	-151	-177	-152	-170	-133	-143	-1,026	-1,134
Dividend Paid	0	0	0	0	0	0	0	0
Others	0	0	-737	-643	-768	-877	-137	-156
CF from Fin. Activity	-217	330	-1,387	-453	-1,019	-981	-1,663	-1,690
Inc/Dec of Cash	39	-17	-62	80	122	-149	1,330	1,477
Opening Balance	71	109	92	30	110	232	587	1,634
Closing Balance	109	92	30	110	232	285	1,616	3,093

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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 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.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

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.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; 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.