

Bata India

Estimate change

TP change

Rating change



Bloomberg	BATA IN
Equity Shares (m)	129
M.Cap.(INRb)/(USDb)	202.1 / 2.4
52-Week Range (INR)	1829 / 1381
1, 6, 12 Rel. Per (%)	-2/-1/-20
12M Avg Val (INR M)	518

Financials & Valuations (INR b)

Y/E March	FY23	FY24E	FY25E
Sales	34.5	35.4	38.6
EBITDA	7.9	8.7	9.8
Adj. PAT	3.2	3.3	4.5
EBITDA Margin (%)	23.0	24.5	25.4
Adj. EPS (INR)	25.1	27.7	35.3
EPS Gr. (%)	213.3	10.3	27.4
BV/Sh. (INR)	111.9	137.2	172.5

Ratios

Net D:E	0.4	0.1	-0.1
RoE (%)	19.9	22.2	22.8
RoCE (%)	14.4	15.5	16.5
RoIC (%)	20.0	20.3	24.6

Valuations

P/E (x)	62.5	56.7	44.5
EV/EBITDA (x)	26.3	23.7	20.5
EV/Sales (X)	6.1	5.8	5.2
Div. Yield (%)	0.8	0.0	0.0
FCF Yield (%)	2.7	3.3	3.5

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	50.2	50.2	50.2
DII	30.0	30.3	29.0
FII	7.5	6.6	7.9
Others	12.4	12.9	13.0

FII Includes depository receipts

CMP: INR1,572

TP: INR1,430 (-9%)

Neutral

Sluggish revenue growth, cushioned by margin improvements

- Bata's revenue growth continued to remain sluggish, reporting a YoY decline of 1% to INR8.2b (7% miss). However, gross margins improved 310bp YoY to 58.1%, mainly led by improved RM pricing and product mix. As a result, EBITDA/Adj. PAT reported a growth of 13%/17% (in line) as weaker revenues were offset by improved margins.
- Sluggish revenue growth, particularly within the value segment (<INR1,000 ASP category) continues to remain a drag. However, steady network rollout and product revamp in the youth segment could support growth going ahead. We are factoring in revenue/PAT CAGR of 6%/19% over FY23-25. We reiterate our Neutral stance on the stock with a TP of INR1,430.

Revenues down 1% YoY (7% miss); GM improvement supports profitability

- Consolidated revenue for the quarter declined 1% YoY to INR8.2b (7% miss), which could be attributed to weaker discretionary demand.
- However, gross profits witnessed a growth of 4% YoY to INR4.8b with margins expanding ~300bp YoY to 58.1%. This could possibly be due to softening of RM pricing and improved product mix.
- Employee and other cost remained fairly flattish on a YoY basis at INR1.1b/INR1.9b, which led to EBITDA growth of 13% YoY to INR1.8b (in line). EBITDA margins improved 280bp YoY and stood at 22.2% (vs. 20.5% est).
- During the quarter, the company initiated Voluntary Retirement Scheme in one of the Manufacturing units, which led to a one-time cost of INR409.
- Depreciation/Finance cost grew 11%/5% on a YoY basis.
- As a result, PAT reported a decline of 38% YoY to INR340. Adjusted for the exceptional item, PAT stood at INR641m, up 17% YoY (in line).

Key takeaways from the management interaction

- Recovery within the mass category remains a mixed bag and was dragged by the decision to cut down on discounts. Adjusting for the festive shift, the SSSG was positive.
- The management expects double-digit revenue growth in the medium term, on the back of high single-digit SSSG. It expects premiumization to further boost this revenue.
- Early response to the apparel category has been encouraging; working on improving the merchandising and product placement within stores.
- The announcement confirms the conclusion of agreement with Nine West, granting exclusive rights for manufacturing and retailing products in the Indian market. The company plans to initiate the roll out of products in key stores initially and will make expansion decisions based on market response.

Valuation and view

- BATA leverages its robust balance sheet, marked by a net cash position, healthy FCF generation, and impressive returns profile, alongside a substantial growth potential within the industry, to drive its growth initiatives.
- Over the last couple of years, following the change in management, a renewed focus on growth has been evident, characterized by a brand refresh, introduction of new product lines (such as the newly launched sneaker segment), and enhancements to the backend supply chain infrastructure.
- Despite the steady network rollout and product revamp in the youth segment, Bata continues to face challenges in terms of volume growth, attributed to reduced product receptiveness and challenging market conditions, particularly in the lower-end segment.
- BATA's footprint addition guidance continues to remain robust. We model a revenue/PAT CAGR of 6%/19% over FY23-25 and ascribe a P/E of 40x on FY25E to arrive at our TP of INR1,430. We reiterate our Neutral stance on the stock.

Consolidated - Quarterly Earning

Y/E March	(INR m)											
	FY23				FY24E				FY23	FY24E	FY24E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			2QE	Var (%)
Revenue	9,430	8,298	9,002	7,786	9,581	8,191	9,496	8,105	34,516	35,373	8,826	-7.2
YoY Change (%)	253.1	35.1	7.0	17.0	1.6	-1.3	5.5	4.1	44.6	2.5	6.4	
Gross Profit	5,339	4,562	4,931	4,547	5,246	4,755	5,531	4,630	19,379	20,163	4,854	-2.0
Gross margin%	56.6	55.0	54.8	58.4	54.7	58.1	58.2	57.1	56.1	57.0	55.0	
Total Expenditure	6,983	6,688	6,941	5,966	7,186	6,375	6,951	6,195	26,579	26,707	7,017	-9.2
EBITDA	2,447	1,609	2,061	1,820	2,395	1,817	2,545	1,910	7,936	8,666	1,809	0.4
EBITDA margin	25.9	19.4	22.9	23.4	25.0	22.2	26.8	23.6	23.0	24.5	20.5	
Change YoY (%)	-876.5	35.0	22.2	12.2	-2.1	12.9	23.5	5.0	89.6	9.2	12.4	
Depreciation	693	736	754	765	811	817	824	827	2,948	3,278	821	-0.5
Interest	249	272	286	272	281	284	286	291	1,078	1,143	261	8.9
Other Income	93	119	75	99	133	155	119	94	386	501	125	23.7
PBT before EO expense	1,597	720	1,096	882	1,436	870	1,555	886	4,296	4,747	853	2.0
Extra-Ord expense	0	0	0	0	0	409	0	0	0	409	0	
PBT	1,597	720	1,096	882	1,436	461	1,555	886	4,296	4,338	853	-45.9
Tax	404	172	265	226	367	121	389	208	1,067	1,084	213	-43.2
Rate (%)	25.3	23.9	24.2	25.6	25.5	26.3	25.0	23.5	24.8	25.0	25.0	
MI & Profit/Loss of Asso. Cos.	0	0	0	0	0	0	0	0			0	
Reported PAT	1,194	548	831	656	1,069	340	1,166	678	3,229	3,253	640	-46.9
Adj PAT	1,194	548	831	656	1,069	641	1,166	678	3,229	3,555	640	0.3
YoY Change (%)	-272	47	15	4	-10	17	40	3	213	10	17	

Exhibit 1: Valuation based on FY25E

Mar'25	(INR/share)
EPS (INR)	35
Target P/E (x)	40
Target Price (INR/share)	1430
CMP	1,572
Upside (%)	-9%

Source: MOFSL, Company



Key takeaways from the management interaction

Key highlights

- Recovery within the mass category remains a mixed bag and was dragged by the decision to cut down on discounts. Adjusting for the festive shift, the SSSG was positive.
- The management expects double-digit revenue growth in the medium term, on the back of high single-digit SSSG. It expects premiumization to further boost this revenue.
- Early response to apparel category has been encouraging; working on improving the merchandising and product placement within stores.
- The announcement confirms the conclusion of agreement with Nine West, granting exclusive rights for manufacturing and retailing products in the Indian market. The company plans to initiate the roll out of products in key stores initially and will make expansion decisions based on market response.

Management interaction in details

Financial performance:

- SSSG for 2QFY24 stood in negative low single digit; excluding the impact of the shift in festivals, SSSG was expected to have been positive.
- EBITDA growth for the quarter was led by improved gross margins (led by mix benefit) and cost efficiencies across organization.
- The company, going ahead, expects SSSG to be in high single digits, with 50% of the growth expected to stem from premiumization efforts.
- The company expects to register double-digit growth in the medium term with focus on profitability.
- The company stated that it is seeing positive early signs of festive demand.
- The quarter further witnessed an impact of ~INR410 related to VRS implementation in one of its facilities, which is a one-time occurrence.
- ASPs are in the range of INR1,000, while ASPs for Tier 3 and below cities are in the range of INR800, maintaining a similar margin profile (20bps lower)

Store additions:

- The company, as on sep'23 has 2,150 point of sales with a good mix of COCO and Franchise stores.
- It further opened 10 pop stores with average store sizes of 100-250 sq ft, of which, 1 is under Hush Puppies.
- Going ahead, it expects that the mix of new stores opened will be 80:20 for COCO : Franchise
- The company's 40% of new franchise stores opened have been from existing partners, which is expected to go to 60%.
- Floatz's pop-up stores currently stood at 12 stores, which is expected to grow to 50 stores in the coming period.
- In addition to renovating old stores under Hush Puppies, the company plans to expand its store presence from the current 120 stores. This expansion is expected to enhance the brand's market share.
- 90% of franchise stores added in the last two year period has primarily been in Tier 3 and below markets, where the ASPs are 20% lower. Despite the lower ASPs, these stores achieve the same level of profitability on a store level.

Partnership with Nine West:

- The company announced the conclusion of alliance with “Nine West” to enhance product offerings.
- This agreement includes manufacturing and exclusive retailing license for the Indian market.
- The company is currently introducing its products in top stores, and based on the response, it will determine the appropriate level of market penetration. This strategy may involve opening independent EBOs for the brand.

Power apparel:

- The company has received a positive response from 62 stores (constituting 2-3% of total store revenue) where the apparel segment was introduced.
- Currently, the company is focused on refining merchandising and product positioning within stores, based on an initial study.
- It expects SSSG from the apparel segment to be around 4-5% at the store level. The ASPs for this segment are ~2x of Power footwear category.

Brand-wise performance:

- Across categories, while North start and Floatz continue to grow in double digits, Hush Puppies saw some moderation in growth on account of higher base.
- The company expects in-house manufacturing of Floatz to help improve margins.
- Red label now contributes 4% of turnover.

Other highlights

- **Sneaker studios:**

- The company has improved its presence to 612 stores. This pace of addition of sneaker studio is now expected to moderate, while revenue contribution will improve.
- The sneaker segment has seen 500bp improvement in its market share over the last two years.
- However, the YoY improvement in market share has been moderate, given the weaker performance of Power brand
- The company's ERP program is expected to go live by 4QFY24, which is in line with the company plans.
- The company has further announced commissioning of IM EVA setup.
- The company will look to invest in technology in key retail outlet programs, which will enable better MBO brand image.
- Apart from own stores, ~300 franchise stores have been enabled for home delivery, thereby improving the share of omni-channel segment.
- The company is well on track in terms of BIS implementation and several of its sites have been certified.
- The company has recently introduced a temporary program to variable incentives at the store level, aiming to make it 30% of the store-level revenues.
- Expects exports of 1,00,000 units by the end of FY24; working on improving these levels.
- Recovery within the mass segment continues to remain a mixed bag and was partially dragged by tightened discounts on the company level.

Exhibit 2: Quarterly performance

Consol P&L (INR m)	2QY23	1QFY24	2QFY24	YoY%	QoQ%	2QFY24E	v/s Est (%)
Total Revenue	8,298	9,581	8,191	-1	-15	8,826	-7
Raw Material cost	3,735	4,336	3,436	-8	-21	3,972	-13
Gross Profit	4,562	5,246	4,755	4	-9	4,854	-2
Gross margin (%)	55.0	54.7	58.1	306.9	330.2	55.0	305.3
Employee Costs	1,070	1,048	1,058	-1	1	1,059	0
SGA Expenses	1,883	1,803	1,880	0	4	1,986	-5
EBITDA	1,609	2,395	1,816	13	-24	1,809	0
EBITDA margin (%)	19.4	25.0	22.2	278.3	-282.2	20.5	167.7
Depreciation and amortization	736	811	817	11	1	821	0
EBIT	873	1,584	999	14	-37	988	1
EBIT margin (%)	10.5	16.5	12.2	167.4	-433.4	11.2	100.4
Finance Costs	272	281	284	5	1	261	9
Other income	119	133	155	31	17	125	24
Exceptional item	0	0	409			0	NM
Profit before Tax	720	1,436	461	-36	-68	852	-46
Tax	172	367	121	-30	-67	213	-43
Tax rate (%)	23.9	25.5	26.3	9.8	73.2	25.0	NM
Profit after Tax	548	1,069	340	-38	-68	639	-47
Adj Profit after Tax	548	1,069	641	17	-40	639	0

Source: MOFSL, Company

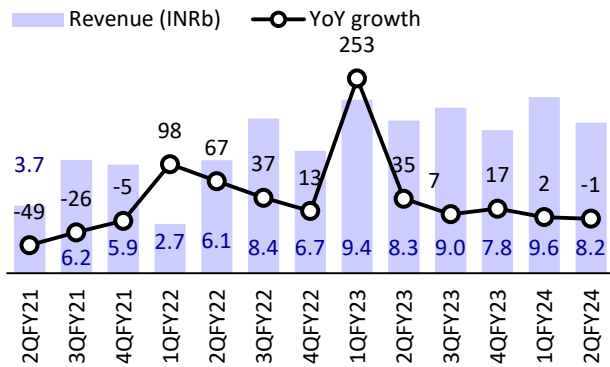
Exhibit 3: Revisions to our estimates

	FY24E	FY25E
Revenue (INR m)		
Old	36,262	40,740
Actual/New	35,373	38,628
Change (%)	-2.5	-5.2
EBITDA (INR m)		
Old	8,739	10,063
Actual/New	8,666	9,811
Change (%)	-0.8	-2.5
EBITDA margin (%)		
Old	24.1	24.7
Actual/New	24.5	25.4
Change (bp)	40	70
Net Profit (INR m)		
Old	3,634	4,735
Actual/New	3,560	4,537
Change (%)	-2.0	-4.2
EPS (INR)		
Old	28	37
Actual/New	28	35
Change (%)	-2.0	-4.2

Source: MOFSL, Company

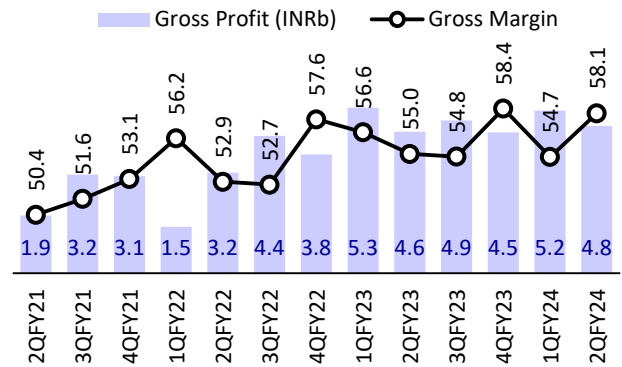
Story in charts

Exhibit 4: Revenue down 1% YoY



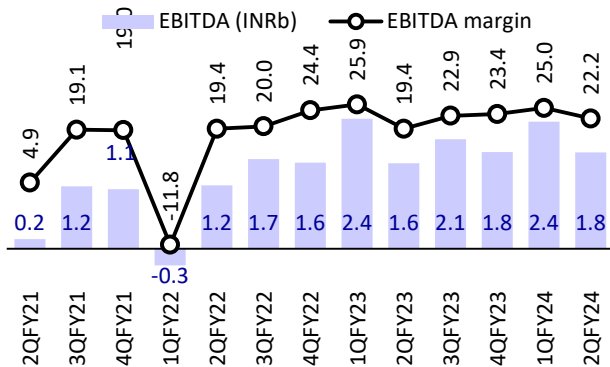
Source: MOFSL, Company

Exhibit 5: GM improved due to mix benefit



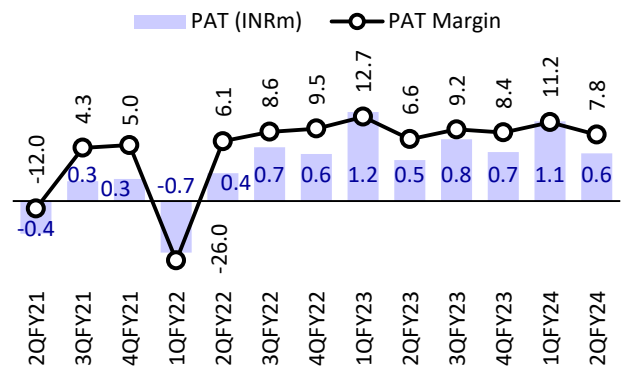
Source: MOFSL, Company

Exhibit 6: EBITDA up 13% YoY, led by GP improvement



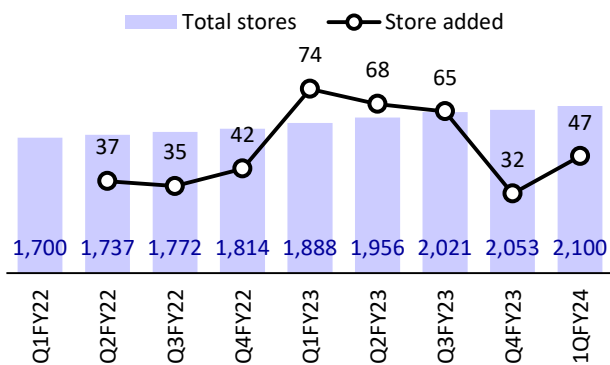
Source: MOFSL, Company

Exhibit 7: Adj. PAT was up 17% YoY



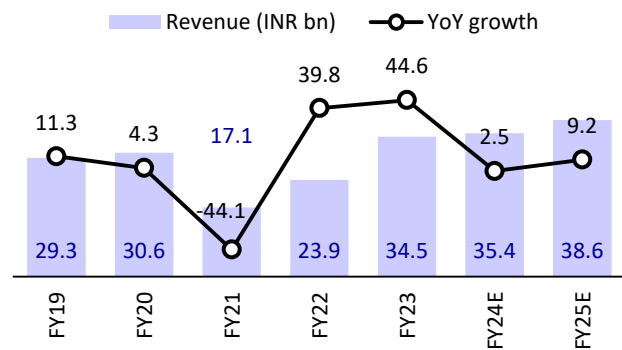
Source: MOFSL, Company

Exhibit 8: Added 50 new stores in 2QFY24



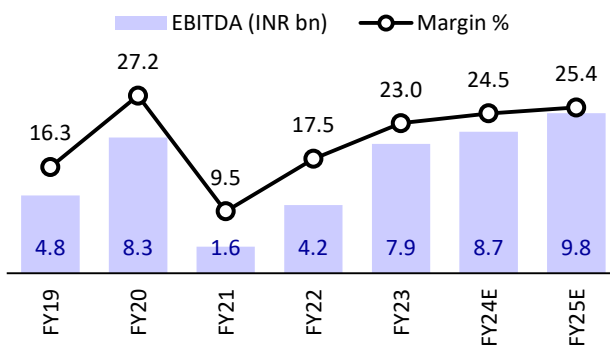
Source: MOFSL, Company

Exhibit 9: Expect 6% revenue CAGR over FY23-25



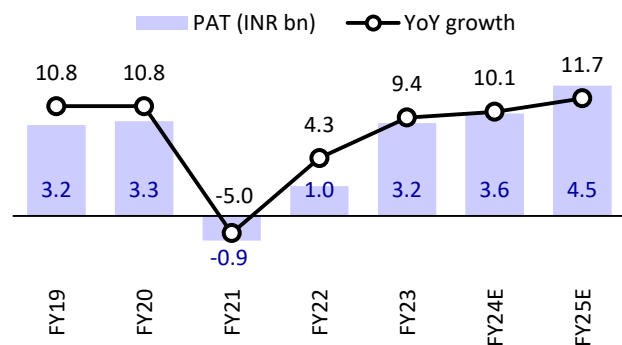
Source: MOFSL, Company

Exhibit 10: Expect 11% EBITDA CAGR over FY23-25E



Source: MOFSL, Company

Exhibit 11: Expect 19% PAT CAGR over FY23-25E



Source: MOFSL, Company

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	26,342	29,311	30,561	17,085	23,877	34,516	35,373	38,628
Change (%)	6.5	11.3	4.3	-44.1	39.8	44.6	2.5	9.2
Raw Materials	12,024	12,871	12,966	8,375	10,868	15,137	15,211	16,571
Gross Profit	14,318	16,440	17,595	8,710	13,009	19,379	20,163	22,056
Margin (%)	54.4	56.1	57.6	51.0	54.5	56.1	57.0	57.1
Employees Cost	2,956	3,311	3,764	3,398	3,787	4,187	4,139	4,519
Other Expenses	7,848	8,357	5,510	3,690	5,037	7,256	7,358	7,726
Total Expenditure	22,828	24,539	22,240	15,463	19,692	26,579	26,707	28,816
% of Sales	86.7	83.7	72.8	90.5	82.5	77.0	75.5	74.6
EBITDA	3,514	4,772	8,321	1,622	4,185	7,936	8,666	9,811
Margin (%)	13.3	16.3	27.2	9.5	17.5	23.0	24.5	25.4
Depreciation	605	640	2,958	2,648	2,420	2,948	3,278	3,336
EBIT	2,909	4,132	5,363	-1,026	1,765	4,989	5,388	6,476
Int. and Finance Charges	42	35	1,177	1,035	928	1,078	1,143	1,078
Other Income	503	685	687	941	560	386	501	652
PBT bef. EO Exp.	3,370	4,782	4,872	-1,120	1,397	4,296	4,747	6,049
EO Items	0	-199	0	46	0	0	409	0
PBT after EO Exp.	3,370	4,981	4,872	-1,166	1,397	4,296	4,338	6,049
Total Tax	1,165	1,691	1,583	-273	367	1,067	1,084	1,512
Tax Rate (%)	34.6	33.9	32.5	23.4	26.3	24.8	25.0	25.0
Minority Interest	0	0	0	0	0	0	0	0
Reported PAT	2,205	3,290	3,290	-893	1,030	3,229	3,253	4,537
Adjusted PAT	2,205	3,159	3,290	-858	1,030	3,229	3,560	4,537
Change (%)	27.0	43.2	4.1	-126.1	-220.1	213.5	10.3	27.4
Margin (%)	8.4	10.8	10.8	-5.0	4.3	9.4	10.1	11.7

Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	643	643	643	643	643	643	643	643
Total Reserves	14,145	16,823	18,323	16,938	17,504	13,739	16,992	21,529
Net Worth	14,787	17,465	18,966	17,581	18,147	14,382	17,635	22,172
Total Loans	0	0	12,491	10,323	10,942	12,464	12,569	12,588
Lease Liabilities			12,491	10,323	10,942	12,464	12,569	12,588
Deferred Tax Liabilities	0	0	0	0	0	0	0	0
Other Liabilities	1,059	1,025	25	21	20	5	5	5
Capital Employed	15,846	18,491	31,482	27,924	29,109	26,851	30,209	34,765
Gross Block	8,890	9,731	19,125	17,670	18,661	23,268	21,721	22,222
Less: Accum. Deprn.	5,926	6,566	5,431	6,475	6,402	9,350	8,127	9,114
Net Fixed Assets	2,945	3,146	13,675	11,195	12,259	13,918	13,593	13,107
Capital WIP	121	173	199	336	52	38	38	38
Total Investments	1,853	1,996	2,370	1,832	1,899	1,492	1,492	1,492
Curr. Assets, Loans&Adv.	15,476	18,375	19,996	18,578	20,000	16,135	19,960	25,543
Inventory	7,621	8,391	8,737	6,083	8,709	9,046	9,168	9,988
Account Receivables	886	653	612	794	717	826	775	847
Cash and Bank Balance	5,885	8,390	9,624	10,968	9,688	5,311	8,955	13,550
Loans and Advances	1,083	941	1,023	733	886	952	1,061	1,159
Curr. Liability & Prov.	5,602	6,296	5,867	5,400	6,143	5,865	6,007	6,549
Account Payables	4,792	5,156	5,032	4,397	4,562	4,093	4,167	4,540
Other Current Liabilities	707	983	752	917	1,491	1,696	1,769	1,931
Provisions	103	157	83	86	90	76	71	77
Net Current Assets	9,874	12,079	14,129	13,178	13,858	10,270	13,953	18,994
Deferred Tax assets	1,054	1,098	1,110	1,384	1,042	1,133	1,133	1,133
Appl. of Funds	15,846	18,491	31,482	27,924	29,109	26,851	30,210	34,765

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS (diluted from FY17)	17.2	24.6	25.6	-6.7	8.0	25.1	27.7	35.3
Cash EPS (diluted from FY17)	21.9	29.6	48.6	13.9	26.8	48.1	53.2	61.3
BV/Share (diluted from FY17)	115.0	135.9	147.6	136.8	141.2	111.9	137.2	172.5
DPS	4.0	6.3	4.0	4.0	54.5	12.5	0.0	0.0
Payout (%)	23.3	24.4	15.6	-57.6	680.1	49.8	0.0	0.0
Valuation (x)								
P/E	91.5	63.9	61.3	-235.2	195.9	62.5	56.7	44.5
Cash P/E	71.8	53.1	32.3	112.8	58.5	32.7	29.5	25.6
P/BV	13.6	11.6	10.6	11.5	11.1	14.0	11.4	9.1
EV/Sales	7.4	6.6	6.7	11.8	8.5	6.1	5.8	5.2
EV/EBITDA	55.8	40.5	24.6	124.0	48.5	26.3	23.7	20.5
Dividend Yield (%)	0.3	0.4	0.3	0.3	3.5	0.8	0.0	0.0
FCF per share	6.2	20.4	38.4	33.1	12.7	41.9	52.0	54.4
Return Ratios (%)								
RoE	15.7	19.6	18.1	-4.7	5.8	19.9	22.2	22.8
RoCE	15.9	19.7	16.7	-0.2	6.0	14.4	15.5	16.5
RoIC	25.1	34.3	26.6	-4.6	8.1	20.0	20.3	24.6
Working Capital Ratios								
Fixed Asset Turnover (x)	3.0	3.0	1.6	1.0	1.3	1.5	1.6	1.7
Asset Turnover (x)	1.7	1.6	1.0	0.6	0.8	1.3	1.2	1.1
Inventory (Days)	231	238	246	265	292	218	220	220
Debtor (Days)	12	8	7	17	11	9	8	8
Creditor (Days)	145	146	142	192	153	99	100	100
Leverage Ratio (x)								
Current Ratio	2.8	2.9	3.4	3.4	3.3	2.8	3.3	3.9
Interest Cover Ratio	69.3	118.1	4.6	-1.0	1.9	4.6	4.7	6.0
Net Debt/Equity	-0.5	-0.6	0.0	-0.1	0.0	0.4	0.1	-0.1
	98	100	112					

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	3,400	4,783	4,851	-1,167	1,397	4,298	4,747	6,049
Depreciation	604	640	2,958	2,627	2,420	2,948	3,278	3,336
Interest & Finance Charges	42	35	1,177	1,035	928	1,079	1,143	1,078
Direct Taxes Paid	-1,152	-1,409	-1,869	468	-68	-974	-1,084	-1,512
(Inc)/Dec in WC	-991	122	-719	2,066	-1,982	-776	-39	-447
CF from Operations	1,903	4,171	6,398	5,030	2,694	6,575	8,044	8,504
Others	-347	-727	-600	-420	-579	-287	-501	-652
CF from Operating incl EO	1,557	3,444	5,798	4,611	2,115	6,288	7,543	7,852
(Inc)/Dec in FA	-754	-822	-857	-357	-477	-897	-850	-850
Free Cash Flow	803	2,622	4,941	4,254	1,638	5,391	6,693	7,002
(Pur)/Sale of Investments	-748	-2,461	-1,669	-920	940	4,963	0	0
Others	428	512	653	750	466	319	501	652
CF from Investments	-1,074	-2,770	-1,873	-527	928	4,385	-349	-198
Issue of Shares	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	0	-515	-514	-6,989	0	0
Interest Paid	-15	-14	-13	-11	-9	0	-1,143	-1,078
Dividend Paid	-541	-618	-969	0	0	0	0	0
Others	0	0	-3,379	-3,165	-2,886	-3,117	-2,408	-1,981
CF from Fin. Activity	-556	-631	-4,361	-3,691	-3,410	-10,106	-3,550	-3,060
Inc/Dec of Cash	-73	42	-435	393	-367	567	3,644	4,594
Opening Balance	631	559	586	150	543	176	743	4,387
Closing Balance	559	600	150	543	176	743	4,387	8,982
Other Bank Balance	5,326	7,790	9,473	10,425	9,512	4,568	4,568	4,568
Net Closing Balance	5,885	8,390	9,624	10,968	9,688	5,311	8,955	13,550

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 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.

This report is meant for the clients of Motilal Oswal only.

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

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.