

# Britannia Industries

Estimate change	↔
TP change	↔
Rating change	↔

Motilal Oswal values your support in the Asiamoney Brokers Poll 2021 for India Research, Sales, Corporate Access and Trading team. We request your ballot.



Bloomberg	BRIT IN
Equity Shares (m)	240
M.Cap.(INRb)/(USDb)	843.9 / 11.4
52-Week Range (INR)	3990 / 3306
1, 6, 12 Rel. Per (%)	-2/-6/-49
12M Avg Val (INR M)	2393

## Financials & Valuations (INR b)

Y/E March	2021	2022E	2023E
Sales	131.4	139.4	158.5
Sales Gr. (%)	13.2	6.1	13.8
EBITDA	25.1	23.9	29.1
Margins (%)	19.1	17.1	18.3
Adj. PAT	18.5	17.2	21.3
Adj. EPS (INR)	76.8	71.4	88.3
EPS Gr. (%)	31.0	-7.1	23.7
BV/Sh.(INR)	147.3	198.3	216.0

## Ratios

RoE (%)	46.5	41.3	42.6
RoCE (%)	29.2	26.0	28.5
Payout (%)	80.0	80.0	80.0

## Valuations

P/E (x)	45.6	49.1	39.7
P/BV (x)	23.8	17.7	16.2
EV/EBITDA (x)	33.3	34.3	28.1
Div. Yield (%)	1.8	1.6	2.0

## Shareholding pattern (%)

As On	Jun-21	Mar-21	Jun-20
Promoter	50.6	50.6	50.6
DII	11.2	11.2	12.7
FII	18.4	18.0	14.7
Others	19.9	20.3	22.1

FII Includes depository receipts

**CMP: INR3,504 TP: INR4,370 (+25%) Buy**

## Sales momentum healthy; ICD reduction a significant positive

- Britannia Industries (BRIT) reported flat sales and volume growth YoY in 1QFY22, despite an extremely high base of ~27% sales growth (and 21% volume growth), well ahead of expectations. Importantly, it achieved this despite no major pantry loading during the second COVID wave lockdowns.
- While margins were below expectations – leading to in-line EBITDA and PAT, despite a significant sales beat – the outlook is better going forward, with calibrated price increases.
- The key positive in the post-results call was the announcement of a sharp reduction in group inter-corporate deposits (ICDs) to INR4.7b at end-Jun'21 from INR7.9b in Mar'21 – these levels were last seen in FY18. Given that higher group ICD levels were a significant overhang on the stock, such a sharp reduction, if sustained, would lead to a re-rating.
- The stock trades at inexpensive multiples of 39.7x FY23E EPS, a significant discount to the domestic Staples peer average – despite BRIT's superior earnings track record, a stronger potential for topline and earnings growth, and significantly higher RoE levels (over 40%). Maintain **BUY**.

## Flat sales healthy given extraordinary base; lower margins lead to in-line EBITDA and PAT

- **BRIT's consolidated sales were flat YoY at INR34b** (est. INR31.1b) in 1QFY22. Consolidated EBITDA declined 22.8% YoY to INR5.5b (in-line). Consolidated PBT fell 28% YoY to INR5.3b (in-line). Consolidated adjusted PAT declined 28.7% YoY to INR3.9b (in-line).
- Growth in the base business volume came in at 1% in 1QFY22 (est. -10%).
- The consolidated gross margin contracted 300bp YoY to 38.7%.
- Higher staff costs (+10bp YoY) and other expenses (+160bp YoY) resulted in a 470bp YoY contraction in the EBITDA margin to 16.3% (est. 17.5%).

## Highlights from management commentary

- It continued to gain market share in 1QFY22 as well.
- While wheat and sugar costs showed a flattish / marginally declining trend, sharp inflation in milk, palm oil, and packaging costs led to inflationary pressure of 6–7% on the overall material cost basket.
- While the management was cautious of price increases in a volatile demand environment, it is now starting to take calibrated increases.
- Margin improvement would continue consistently YoY. The sharp increase in FY21 was an exception.
- **50:50 Potazos** was launched in the Northeast region to a good response and would soon be rolled out pan-India within the next 3–4 months.

## Valuation and view

- Changes to the model have resulted in a ~6% reduction to our FY22 EPS estimates on account of near-term margin pressure. Our FY23E estimates remain unchanged.

**Krishnan Sambamoorthy – Research Analyst** (Krishnan.Sambamoorthy@MotilalOswal.com)

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

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

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

- As highlighted in our [upgrade note](#), the base would be far less challenging in subsequent quarters, and the longer term opportunity is extremely attractive.
- The stock trades at an inexpensive valuation of 39.7x FY23E given a) ~31% EPS growth in FY21, b) a strong track record of ~20%/27% EPS growth in the preceding 5/10 years ended FY20, c) one of the best-of-breed structural growth opportunities in the sector, and d) best-of-breed RoE of over 40%. This is at a substantial discount to its historical three-/five-year average of 46x/48x and average domestic Staples peer valuations. Maintain **BUY**, with TP of INR4,370/share, targeting 46x Sep'23E EPS (three year historical average).

**Consol. Quarterly Performance**

(INR m)

Y/E March	FY21				FY22				FY21	FY22E	FY22	Variance
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
<b>Base business volume growth (%)</b>	<b>21.0</b>	<b>9.0</b>	<b>3.0</b>	<b>8.0</b>	<b>1.0</b>	<b>4.0</b>	<b>9.0</b>	<b>8.0</b>	<b>10.0</b>	<b>3.9</b>	<b>-10.0</b>	
<b>Net Sales</b>	<b>34,207</b>	<b>34,191</b>	<b>31,656</b>	<b>31,308</b>	<b>34,035</b>	<b>35,559</b>	<b>35,138</b>	<b>34,631</b>	<b>1,31,361</b>	<b>1,39,363</b>	<b>31,128</b>	9.3
YoY change (%)	26.7	12.1	6.1	9.2	-0.5	4.0	11.0	10.6	13.2	6.1	-9.0	
<b>Gross Profit</b>	<b>14,248</b>	<b>14,540</b>	<b>13,642</b>	<b>12,671</b>	<b>13,170</b>	<b>14,401</b>	<b>14,758</b>	<b>14,975</b>	<b>55,100</b>	<b>57,304</b>	<b>12,763</b>	
Margins (%)	41.7	42.5	43.1	40.5	38.7	40.5	42.0	43.2	41.9	41.1	41.0	
<b>EBITDA</b>	<b>7,169</b>	<b>6,754</b>	<b>6,115</b>	<b>5,054</b>	<b>5,538</b>	<b>5,926</b>	<b>6,158</b>	<b>6,242</b>	<b>25,093</b>	<b>23,864</b>	<b>5,463</b>	1.4
Margins (%)	21.0	19.8	19.3	16.1	16.3	16.7	17.5	18.0	19.1	17.1	17.5	
YoY growth (%)	81.7	37.2	21.8	11.3	-22.8	-12.3	0.7	23.5	36.1	-4.9	-23.8	
Depreciation	480	485	486	528	491	520	540	571	1,979	2,121	530	
Interest	256	298	318	237	342	400	450	728	1,109	1,920	350	
Other Income	937	735	826	632	605	800	850	899	3,129	3,153	700	
<b>PBT</b>	<b>7,370</b>	<b>6,706</b>	<b>6,137</b>	<b>4,921</b>	<b>5,310</b>	<b>5,806</b>	<b>6,018</b>	<b>5,842</b>	<b>25,134</b>	<b>22,976</b>	<b>5,283</b>	0.5
Tax	1,944	1,750	1,611	1,326	1,442	1,463	1,517	1,362	6,630	5,783	1,331	
Rate (%)	26.4	26.1	26.2	26.9	27.2	25.2	25.2	23.3	26.4	25.2	25.2	
<b>Adjusted PAT</b>	<b>5,427</b>	<b>4,956</b>	<b>4,526</b>	<b>3,595</b>	<b>3,868</b>	<b>4,343</b>	<b>4,502</b>	<b>4,480</b>	<b>18,504</b>	<b>17,193</b>	<b>3,951</b>	(2.1)
YoY change (%)	105.4	22.7	22.5	-3.5	-28.7	-12.4	-0.5	24.6	31.2	-7.1	-27.2	

E: MOFSL Estimates

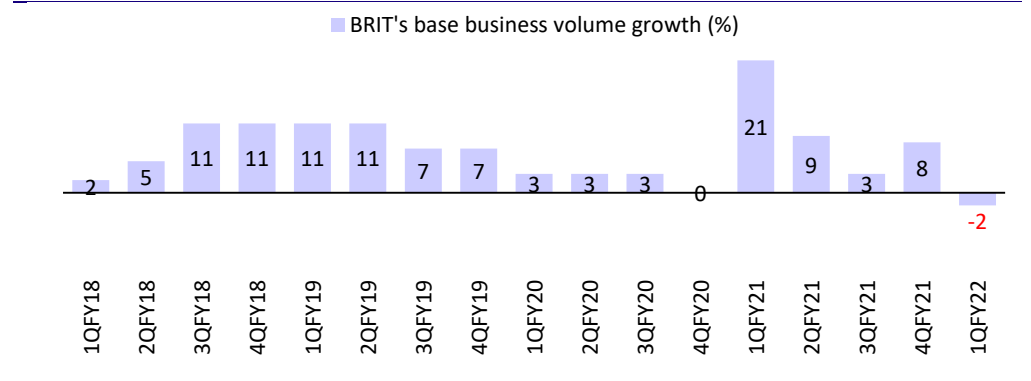
**Key Performance Indicators**

Y/E March	FY21				FY22				FY21	FY22E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>2Y average growth %</b>										
Volumes	12.0	6.0	3.0	4.0	9.5	6.5	6.0	8.0	6.1	7.0
Sales	16.4	9.2	5.5	5.8	13.1	8.1	8.6	9.9	9.1	9.7
EBITDA	41.5	22.8	16.5	7.7	29.5	12.5	11.3	17.4	21.2	15.6
PAT	53.9	28.0	22.7	11.5	38.3	5.2	11.0	10.6	26.6	12.1
<b>% sales</b>										
COGS	58.3	57.5	56.9	59.5	59.7	59.1	60.3	58.3	58.1	58.9
Staff cost	4.0	3.9	4.2	4.0	4.2	4.1	4.2	4.0	4.0	4.1
Others	16.7	18.8	19.6	20.4	20.6	19.9	19.6	16.7	18.8	19.9
Depreciation	1.4	1.4	1.5	1.7	1.4	1.5	1.5	1.6	1.5	1.5
<b>YoY change %</b>										
COGS	24.0	7.7	2.1	7.7	4.5	7.7	13.1	5.5	10.1	7.6
Staff cost	13.6	8.8	8.4	2.7	1.7	-3.3	6.3	32.3	8.4	8.8
Others	-0.9	5.8	4.4	13.3	9.3	11.4	16.0	11.2	5.6	12.0
Other income	38.9	7.9	26.7	-19.6	-35.5	8.8	3.0	42.2	12.0	0.8
EBIT	91.2	40.1	23.6	11.5	-24.6	-13.8	-0.2	25.3	39.4	-5.9

E: MOFSL Estimates

## Key exhibits

**Exhibit 1: Volumes from BRIT's base business down 2% in 1QFY22**



Source: Company, MOFSL

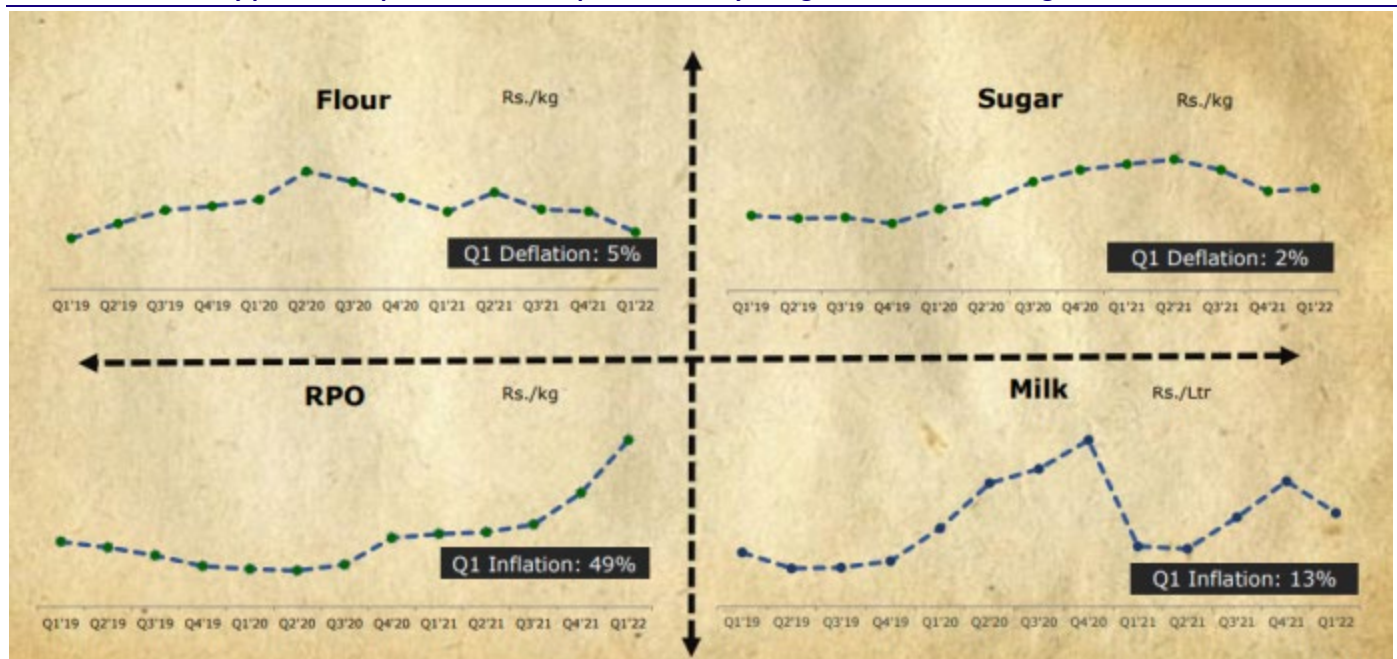
### Standalone performance

- Standalone sales were flat YoY in 1QFY22, while EBITDA / adjusted PAT declined 22%/9.7% YoY. The EBITDA margin contracted 470bp YoY to 16.2%.

### Imputed subsidiary performance

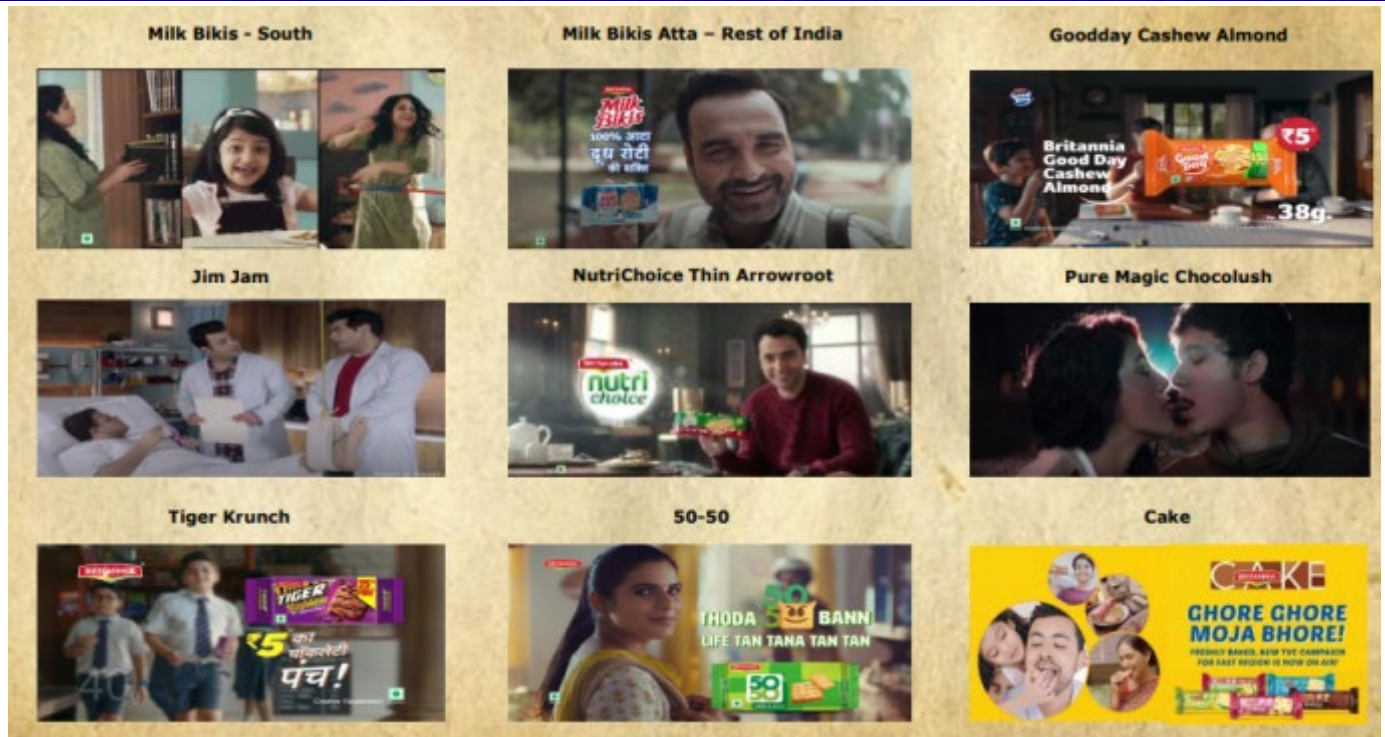
- Imputed subsidiary sales and EBITDA declined 16.7% and 33.4%, respectively, in 1QFY22. Imputed subsidiaries registered loss of INR763m in 1QFY22, against profit of INR298m in 1QFY21.

**Exhibit 2: Inflationary pressure in palm oil and milk prices offset by benign wheat flour and sugar costs**



Source: Company presentation



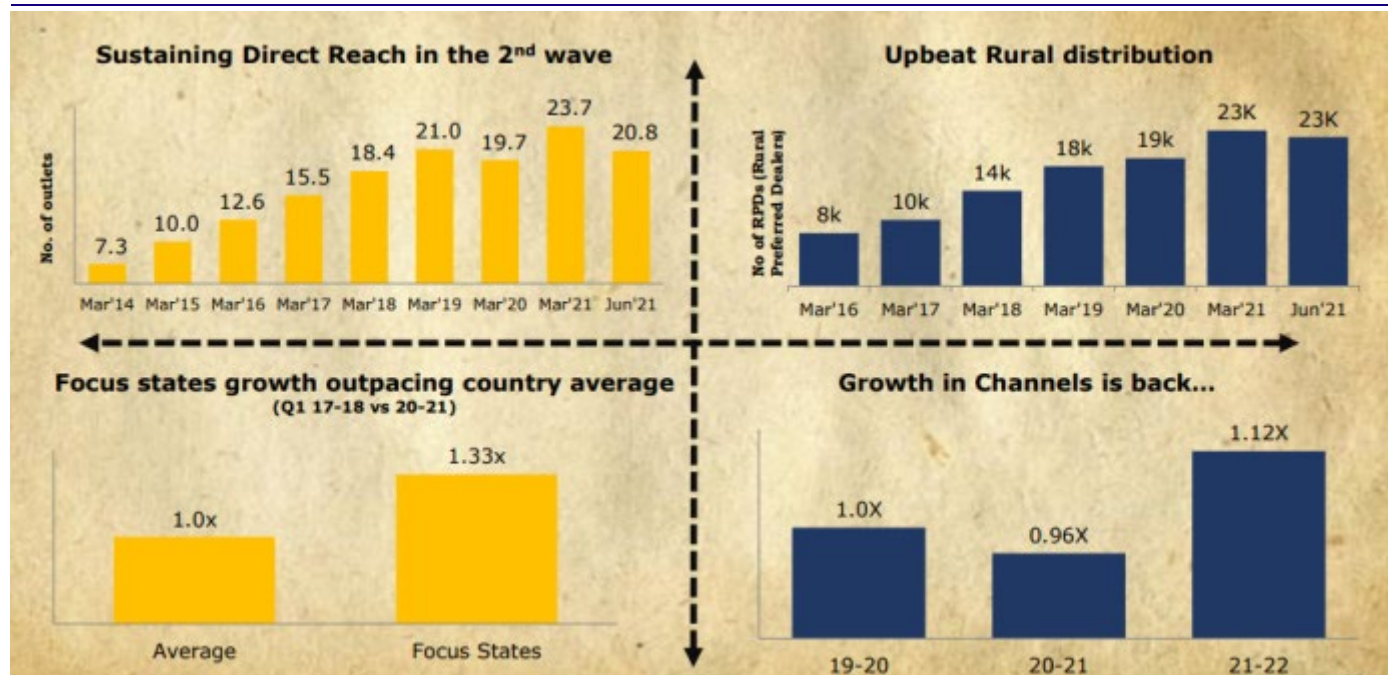
**Exhibit 3: 1QFY22 sees normalized advertising spends, with series of campaigns/activations in Biscuits category**

Source: Company presentation

**Exhibit 4: GoodDay Chocochip re-launch faring well; 50:50 Potazos launched in Northeast to good response**

Source: Company presentation

Exhibit 5: Pandemic weighs on direct reach – down by about 15%, but now back at normal levels



Source: Company presentation

## Key takeaways from management interaction

### Performance and outlook

- Volume growth stood at 1% for the quarter. Realization was down YoY due to unusually sharp mix improvement in 1QFY21, when existing capacity was being utilized for premium products.
- In-home consumption did well, but the performance of on-the-go products was affected in 1QFY22.
- It did not report higher consumption of large packs, unlike in 1QFY21.
- It continued to gain market share in 1QFY22 as well.
- The hinterland is faring well and outpacing overall growth (1.33x of overall growth since 1QFY18).
- Exports were impacted by container availability issues during the quarter.
- Migration towards trusted brands continued.
- The pandemic has weighed on direct reach, which reduced by about 15%, but has now returned to normal.
- The backend was not affected, but the frontend was impacted in terms of distributors / employees reaching outlets. However, this is now 90% back to normal.
- Performance was stable in Jul'21.

### Costs and margins

- While wheat and sugar costs showed a flattish / marginally declining trend, sharp inflation in milk, palm oil, and packaging costs led to inflationary pressure of 6–7% on the overall material cost basket.
- While the management was cautious of price increases in a volatile demand environment, it is now starting to take calibrated increases.
- For the moment, it does not want to grow the value segment very sharply given the lack of profitability on the back of some inflation.

- Margin improvement would continue YoY. The sharp increase seen in FY21 was an exception.

**New launches/relaunches**

- The *GoodDay Chocochip* re-launch is faring well.
- *50:50 Potazos* was launched in the Northeast region to a good response and would soon be rolled out pan-India within the next 3–4 months.
- *Milk Bikis* – The rest of India is now faring well in terms of performance, in line with the Hindi belt. It has maintained a high advertising intensity in this category and is gaining share from Glucose category peers.
- The rolls plant would commence operations in a couple of months.
- Wafer sticks and *Milk Bikis Classic* would also be launched shortly.
- Many of the new launches are in the premium to medium range.
- The size of the adjacency business, including Dairy, is now INR25b.
- Croissants – It has worked to improve the product as disruption has impacted the scale-up. It may take six months for the launch with an improved product.

**Other points**

- ICDs are much lower than in the past at INR4.7b (INR 7.9b in Mar'21).
- The Ranjangaon factory is now generating revenues of INR12b. These could go up to INR16b on the existing investment.
- It is undertaking expansion at the Khurda plant. It has established new plants in Tamil Nadu and Uttar Pradesh.
- Planned capex stands at INR1.3 for the year. This could be higher in FY23.
- E-commerce now accounts for 2% of sales. This could potentially reach as high as 5%.
- It has applied for incentives under the PLI scheme in the 'Ready to Eat' category. Incentives may be 10% of total sales depending on the government outlay for the same.



## Valuation and view

### What happened in the last decade?

- The past decade that ended in FY20 was a phenomenal one for BRIT on account of (a) huge market share gains, (b) a strengthening distribution reach (particularly direct reach), and (c) better product development v/s peers.
- The distribution advantage is particularly important for Foods players such as BRIT as the velocity of food consumption is much higher v/s personal care products. With the stated goal of being a total Foods player, the company's utilization of this reach would play a crucial role in its expansion to other Foods sub-categories.
- Its financial performance over the last decade has been splendid, with BRIT reporting a ~12% sales CAGR, and EBITDA and PAT CAGRs of ~27% each. This is easily among the best of breed for the decade v/s other Consumer peers. Its financial performance over the past five years has also been healthy – it has reported a sales/EBITDA/PAT CAGR of ~8%/~16%/~20%.

### Our view on the stock

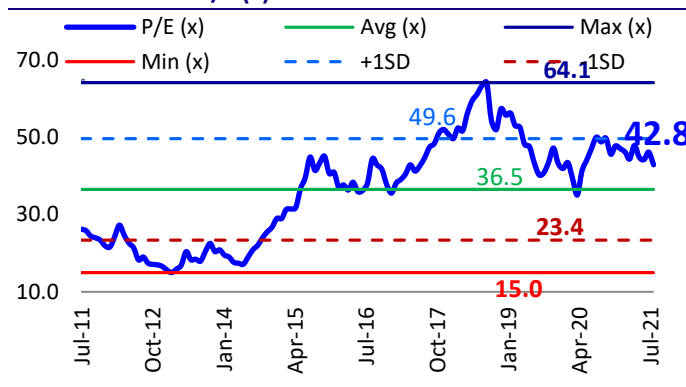
- Changes to the model have resulted in a ~6% reduction to our FY22 EPS estimates on account of near-term margin pressure. Our FY23E estimates remain unchanged.
- As highlighted in our [upgrade note](#), the base would be far less challenging in subsequent quarters, and the longer term opportunity is extremely attractive.
- The stock trades at an inexpensive valuation of 39.7x FY23E given a) ~31% EPS growth in FY21, b) a strong track record of ~20%/27% EPS growth in the preceding 5/10 years ended FY20, c) one of the best-of-breed structural growth opportunities in the sector, and d) best-of-breed RoE of over 40%. This is at a substantial discount to its historical three-/five-year average of 46x/48x and average domestic Staples peer valuations. Maintain **BUY**, with TP of INR4,370/share, targeting 46x Sep'23E EPS (three year historical average).

#### Exhibit 6: We reduce our FY22E/FY23E EPS forecasts by 5.9%/1.1%

Change in estimates (INR b)	New		Old		Change (%)	
	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
Net Sales	139.4	158.5	139.4	158.5	0.0	0.0
EBITDA	23.9	29.1	25.4	29.1	-5.9	0.0
Adjusted PAT	17.2	21.3	18.3	21.5	-5.9	-1.1

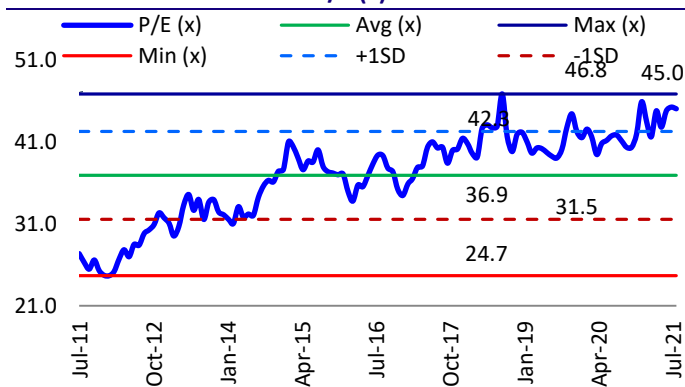
Source: Company, MOFSL

Exhibit 7: BRIT's P/E (x)



Source: Company, MOFSL

Exhibit 8: Consumer sector P/E (x)



Source: Company, MOFSL

## Financials and valuations

### Income Statement

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
<b>Net Revenues</b>	<b>90.5</b>	<b>99.1</b>	<b>110.5</b>	<b>116.0</b>	<b>131.4</b>	<b>139.4</b>	<b>158.5</b>
Change (%)	7.8	9.5	11.5	4.9	13.2	6.1	13.8
<b>Gross Profit</b>	<b>34.7</b>	<b>38.1</b>	<b>44.9</b>	<b>46.7</b>	<b>55.1</b>	<b>57.3</b>	<b>66.4</b>
Margin (%)	38.3	38.4	40.6	40.3	41.9	41.1	41.9
Other Expenditure	18.0	18.9	22.6	23.5	30.0	27.6	30.5
<b>EBITDA</b>	<b>12.8</b>	<b>15.0</b>	<b>17.3</b>	<b>18.4</b>	<b>25.1</b>	<b>23.9</b>	<b>29.1</b>
Change (%)	5.2	17.5	15.4	6.3	36.1	-4.9	21.8
Margin (%)	14.1	15.1	15.7	15.9	19.1	17.1	18.3
Depreciation	1.2	1.4	1.6	1.8	2.0	2.1	2.4
Int. and Fin. Charges	0.1	0.1	0.1	0.8	1.1	1.9	1.9
Financial Other Income	1.5	1.7	2.1	2.8	3.1	3.2	3.6
<b>PBT</b>	<b>13.0</b>	<b>15.2</b>	<b>17.7</b>	<b>18.6</b>	<b>25.1</b>	<b>23.0</b>	<b>28.4</b>
Tax	4.0	5.1	6.0	4.5	6.6	5.8	7.2
Deferred Tax	0.2	0.0	0.1	0.0	0.1	0.0	0.0
Tax Rate (%)	32.2	33.9	34.6	24.2	26.4	25.2	25.2
<b>PAT</b>	<b>8.8</b>	<b>10.0</b>	<b>11.6</b>	<b>14.1</b>	<b>18.5</b>	<b>17.2</b>	<b>21.3</b>
Change (%)	7.3	13.6	15.2	21.9	31.2	-7.1	23.7
Margin (%)	9.8	10.1	10.5	12.2	14.1	12.3	13.4
Non-rec. (Exp.)/Income	0.0	0.0	0.0	-0.2	0.0	0.0	0.0
<b>Reported PAT</b>	<b>8.8</b>	<b>10.0</b>	<b>11.6</b>	<b>13.9</b>	<b>18.5</b>	<b>17.2</b>	<b>21.3</b>

### Balance Sheet

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
Share Capital	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Reserves	26.7	33.8	42.3	43.8	35.2	47.5	51.8
<b>Networth</b>	<b>27.0</b>	<b>34.1</b>	<b>42.5</b>	<b>44.0</b>	<b>35.5</b>	<b>47.8</b>	<b>52.0</b>
Minority Interest	0.0	0.1	0.3	0.4	0.4	0.0	0.0
Loans	1.2	2.0	1.6	15.4	20.9	20.9	19.5
<b>Capital Employed</b>	<b>28.2</b>	<b>36.2</b>	<b>44.4</b>	<b>59.8</b>	<b>56.7</b>	<b>68.6</b>	<b>71.6</b>
Gross Block	12.3	15.6	20.6	24.8	25.8	27.3	32.3
Less: Accum. Depn.	-2.0	-3.4	-5.0	-7.4	-9.3	-11.5	-13.8
<b>Net Fixed Assets</b>	<b>10.3</b>	<b>12.2</b>	<b>15.6</b>	<b>17.4</b>	<b>16.4</b>	<b>15.8</b>	<b>18.4</b>
Goodwill on consolidation	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Capital WIP	0.3	2.0	1.0	0.4	1.2	1.2	1.2
Investments	4.9	10.8	14.8	28.9	27.9	37.9	42.6
Current	3.6	8.9	9.2	14.1	13.9	21.1	24.2
Non-current	1.3	1.9	5.6	14.8	14.0	16.8	18.4
Deferred Liability	-0.2	-0.2	-0.1	-0.1	0.0	0.0	0.0
<b>Currents Assets</b>	<b>24.1</b>	<b>25.4</b>	<b>29.6</b>	<b>30.1</b>	<b>33.1</b>	<b>37.7</b>	<b>36.0</b>
Inventory	6.6	6.5	7.8	7.4	10.9	9.6	10.9
Account Receivables	1.8	3.0	3.9	3.2	2.6	4.3	4.8



Cash and Bank Balance	1.2	1.9	1.1	1.2	2.1	7.5	3.6
Others	14.5	13.9	16.8	18.3	17.5	16.4	16.7
<b>Curr. Liab. &amp; Prov.</b>	<b>12.9</b>	<b>15.7</b>	<b>18.0</b>	<b>18.5</b>	<b>23.3</b>	<b>25.3</b>	<b>28.0</b>
Account Payables	7.6	9.9	11.4	11.2	13.1	14.1	15.8
Other Liabilities	5.3	5.7	6.6	7.4	10.1	11.2	12.2
<b>Net Current Assets</b>	<b>11.2</b>	<b>9.7</b>	<b>11.7</b>	<b>11.6</b>	<b>9.8</b>	<b>12.4</b>	<b>8.0</b>
<b>Net Assets</b>	<b>28.2</b>	<b>36.2</b>	<b>44.4</b>	<b>59.8</b>	<b>56.7</b>	<b>68.6</b>	<b>71.6</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>36.8</b>	<b>41.8</b>	<b>48.1</b>	<b>58.6</b>	<b>76.8</b>	<b>71.4</b>	<b>88.3</b>
BV/Share	112.4	141.9	177.0	183.1	147.3	198.3	216.0
DPS	11.0	12.5	15.0	35.0	61.4	57.1	70.6
Payout (%)	29.9	29.9	31.2	59.7	80.0	80.0	80.0
<b>Valuation (x)</b>							
P/E	95.1	83.8	72.8	59.8	45.6	49.1	39.7
EV/Sales	9.2	8.4	7.5	7.1	6.4	5.9	5.2
EV/EBITDA	65.4	55.3	47.7	44.9	33.3	34.3	28.1
P/BV	31.2	24.7	19.8	19.1	23.8	17.7	16.2
Dividend Yield	0.3	0.4	0.4	1.0	1.8	1.6	2.0
<b>Return Ratios (%)</b>							
RoE	36.9	32.9	30.2	32.6	46.5	41.3	42.6
RoCE	31.1	27.9	25.5	24.1	29.2	26.0	28.5
RoIC	45.6	41.5	41.9	44.3	62.2	68.3	86.2
<b>Working Capital Ratios</b>							
Debtor (Days)	7	11	13	10	7	11	11
Asset Turnover (x)	3.2	2.7	2.5	1.9	2.3	2.0	2.2
<b>Leverage Ratio</b>							
Debt/Equity (x)	0.0	0.1	0.0	0.3	0.6	0.4	0.4

### Cash Flow Statement

Y/E March	2017	2018	2019	2020	2021	2022E	2023E
OP Profit	13.0	15.2	17.7	18.4	25.1	23.0	28.4
Dep	1.2	1.4	1.6	1.8	2.0	2.1	2.4
Financial Other Income	-0.5	-0.5	-0.5	-0.7	-0.5	-3.2	-3.6
Net Interest Paid	0.8	1.0	1.3	1.0	1.2	1.9	1.9
Direct Taxes Paid	4.0	5.0	6.0	5.0	6.3	5.8	7.2
Inc in WC	4.5	-2.3	0.0	-1.3	0.6	-2.7	-0.6
<b>CF from Operations</b>	<b>4.4</b>	<b>12.5</b>	<b>11.6</b>	<b>14.8</b>	<b>18.5</b>	<b>17.0</b>	<b>18.8</b>
(Inc)/Dec in FA	-3.5	-4.2	-4.0	-2.4	-2.4	-1.5	-5.0
<b>Free Cash Flow</b>	<b>0.9</b>	<b>8.3</b>	<b>7.6</b>	<b>12.4</b>	<b>16.1</b>	<b>15.5</b>	<b>13.8</b>
(Pur.)/Sale of Investments	3.6	-5.4	-3.3	-13.3	1.8	-9.9	-4.8
Other Non Rec Exp	-1.2	0.1	-1.5	0.4	5.4	15.5	7.3
<b>CF from Investments</b>	<b>-1.1</b>	<b>-9.5</b>	<b>-8.8</b>	<b>-15.3</b>	<b>4.8</b>	<b>4.1</b>	<b>-2.4</b>
Issue of Shares	0.1	0.2	0.3	7.4	1.0	0.0	0.0
Inc in Debt	0.0	0.0	-0.4	-2.3	5.7	0.0	-1.3
Dividend Paid	2.9	3.2	3.5	4.3	28.2	13.8	17.0
Other Item	0.1	-0.7	-0.1	0.2	0.9	1.9	1.9
<b>CF from Fin. Activity</b>	<b>-3.0</b>	<b>-2.3</b>	<b>-3.5</b>	<b>0.6</b>	<b>-22.4</b>	<b>-15.7</b>	<b>-20.2</b>
<b>Inc/Dec of Cash</b>	<b>0.3</b>	<b>0.7</b>	<b>-0.8</b>	<b>0.1</b>	<b>0.9</b>	<b>5.4</b>	<b>-3.9</b>
Add: Beginning Balance	0.9	1.2	1.9	1.1	1.2	2.1	7.5
<b>Closing Balance</b>	<b>1.2</b>	<b>1.9</b>	<b>1.1</b>	<b>1.2</b>	<b>2.1</b>	<b>7.5</b>	<b>3.6</b>

E: MOFSL Estimates

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

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

#### Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://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](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

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

#### For Hong Kong:

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

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

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

#### For Singapore

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

#### Specific Disclosures

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

The associates of MOFSL may have:

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

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

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

#### Analyst Certification

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

#### Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

#### Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and 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, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)\*: INZ000158836(BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH0000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.: 022-71881085.

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