

Tilaknagar Industries

22 May 2024

In-line performance with strong margins offset by flat topline given a high base; debt reduction key positive

RESULT UPDATE

Sector: Alco-Beverages Rating: **BUY**
CMP: Rs 227 **Target Price: Rs 317**

Stock Info

Sensex/Nifty	74,221/ 22,598
Bloomberg	TLNGR IN
Equity shares (mn)	185
52-wk High/Low	Rs 291/140
Face value	Rs 10
M-Cap	Rs 44bn/US\$ 0.53bn
3-m Avg volume	US\$ 2mn

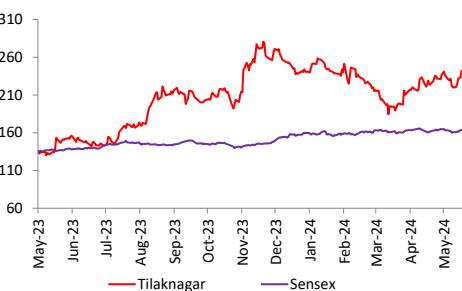
Financial Snapshot (Rs mn)

Y/E Mar	FY24	FY25E	FY26E
Sales	13,940	16,170	18,360
Adj. PAT	1,410	1,670	1,757
Adj. EPS (Rs)	7.3	8.7	9.1
PE (x)	31.0	26.2	24.9
EV/EBITDA (x)	24.0	19.3	15.8
P/BV (x)	6.7	5.4	4.5
EV/Sales	3.2	2.7	2.3
RoE (%)	24.8	22.8	19.7
RoCE (%)	21.6	25.4	28.7
NWC (days)	104	108	108
Net gearing (x)	0.1	0.0	-0.1

Shareholding Pattern (%)

	Mar24	Dec23	Sep23
Promoter	40.2	40.3	42.0
-Pledged	-	-	-
FII	11.4	11.6	11.3
DII	0.1	0.2	0.0
Others	48.3	48.0	46.7

Stock Performance(1-year)



Himanshu Nayyar
himanshunayyar@systematixgroup.in
+91 22 6704 8079

Chetan Mahadik
chetanmahadik@systematixgroup.in
+91 22 6704 8091

Tilaknagar Industries (TLNGR) reported revenue/ EBITDA/ PAT growth of 0.4%/ 10.9%/ 20.9% YoY respectively. Revenue growth was muted at 0.4% on a high base in 4QFY23 as the growth in the base quarter was boosted by aggressive primary sales helped by the equity funds raised in Dec 2022, further impacted by the company slowing down on pushing sales in Telangana. Volume growth stood at 0.4% to 2.9 mn cases while net sales realization grew 6.3% YoY to Rs 1,293 per case. Gross margin saw a sharp improvement to 48.5% (+380bps, YoY) despite ENA inflation led by premiumization, price hikes in key states and cost optimizations. EBITDA margin came at 13.4% (+128bps, YoY) despite employee cost and other expenses seeing an increase of 167 bps and 86 bps respectively. Reported EBITDA at Rs 482 mn grew 11% YoY. Adjusted PAT grew 21% to Rs 395 mn led by significant reduction (-38%) in finance costs and flattish depreciation. As a result of strong cash generation, CFO increased from Rs 712mn in FY23 to Rs 1.2bn in FY24, which helped the company reduce net debt significantly from Rs 1.82bn in FY23 to Rs 740mn in FY24, a reduction of Rs 450mn in 4QFY24. Company expects volumes to grow in mid double digits and revenue growth to be 300-400 bps higher compared to volume growth going forward.

With multiple launches in the recent past within the brandy category, company is fortifying its leadership by covering more price points in the category. It is also exploring newer categories in the alcobev space to open up new growth avenues. With a virtually debt-free balance sheet and limited capex plans, the company is stepping up marketing and promotion spends to build the category. Stable input costs, continued premiumization and improving state and brand mix should aid margin expansion. We estimate revenue/EBITDA/PBT CAGR of 14.8%/20.3%/29.1% over FY24-26E, respectively, led by 12.3% CAGR in volumes without building in any contribution from new non-brandy segments. We reiterate our **BUY** rating on the stock with a target price of Rs 317, based on 35x FY26E earnings, which we find reasonable for the current business metrics and scale of operations. Key monitorables: a) success of new brandy launches, b) response to non-brandy segments, c) ability to expand margins through premiumization, d) entry into TN and e) retention of key talent.

Muted topline growth at 0.4% - Revenue growth was subdued at 0.4% on a high base in 4QFY23, with increase in the base quarter driven by equity funds raised in December 2022. Volume increased by 0.4% to 2.9 mn cases, while net sales were up 6.3% yoy to Rs 1,293 per case. Furthermore, while the company's primary sales increased by 0.4%, secondary sales increased by 6% in Q4 (compared to 1-2% for the industry and 5-6% for the P&A industry). This disparity reflected the company's extended receivables position in Telangana in February, which it was unable to recover during the quarter. Moving forward, the company expects flattish growth in Q1FY25 due to the regulatory impact of elections. However, full-year guidance remains strong, with mid-double-digit volume growth and 300-400 bps higher revenue growth over volumes going forward. During FY24-26E, we anticipate revenue to grow at a CAGR of 14.8%, with a volume CAGR of 12.3%.

Investors are advised to refer disclosures made at the end of the research report.

Resilient operating performance drove profitability - Despite ENA inflation, premiumization, price increases in key states, and cost optimizations drove gross margin sharply to 48.5% (+380bps, YoY). EBITDA margin was 13.4% (+128 bps YoY), despite increases in employee costs and other expenses of 167 and 86 bps, respectively. Adjusted PAT increased 21% to Rs 395 mn, driven by a 38% reduction in finance expenses and flat depreciation. On the cost front, ENA prices increased from Rs 67 in Q1 to Rs 72 in Q4. The company expects ENA prices to fall in the second half of FY25. Glass prices increased in the first half of FY24, but fell in the second half. The company anticipates further price corrections in glass. This softening was also observed in other packing material costs. Despite this volatility, the company was able to protect and grow its margins through a combination of premiumization efforts, price hikes in key states, cost efficiencies, and operating leverage. The company now has higher operating expenses than its peers; however, the majority of these expenses are fixed, and the company intends to benefit from operating leverage as it grows in scale. We anticipate an EBITDA margin increase of 131 bps from 13.3% in FY24 to 14.6% in FY26.

Significant debt reduction in FY24 - As a result of robust cash generation, CFO grew from Rs 712mn in FY23 to Rs 1.2bn in FY24, allowing the company to considerably reduce net debt from Rs 1.82bn in FY23 to Rs 740mn in FY24, a Rs 450mn reduction in 4QFY24. This sharp debt reduction has resulted in a significant drop in finance cost, from Rs 400 mn in FY23 to Rs 270 mn in FY24. The company intends to become net debt free by the end of FY25. In addition, the company's interest rate on the Kotak loan has been reduced from 13% to 9.95%, effective mid-Q1FY25.

Robust volume/ brand wise/ state wise performance in FY24 - Volume increase was 16% in FY24, led by premium brands Mansion House brandy and Courrier Napoleon Brandy, which continue to outperform the general IMFL and brandy business. While MHB remains India's best-selling brandy, the CNB family of brands has expanded by 50% over the previous year. Mansion House Reserve, a luxury brandy distributed only in Tamil Nadu, increased volumes by more than twofold in FY24, acquiring more than 300 bps of market share in the state's relevant price point segment. TLNGR has risen to become the fourth largest IMFL participant and the third largest P&A player in the critical state of Telangana, thanks in part to state-wide marketing efforts that resulted in a 30% increase in visibility across consumer touch points in a single year. Furthermore, the company is the dominant player in Puducherry, accounting for more than 25% of the market and growing by more than 500 bps in a single year. Business also saw a 100 bps increase in market share in the top five states of Telangana, Andhra Pradesh, Karnataka, Puducherry, and Kerala. These states account for more than 80% of company volumes and 40% of total Indian IMFL volumes. The company has planned marketing communications and a few targeted launches for FY25 to increase brandy's visibility. TLNGR believes the brandy category has enormous potential to expand in the P&A sector, as the P&A category in brandy accounts for only 33%, but whiskey and vodka account for 55% and 60%, respectively. The company now controls a 12% share of the brandy market and expects to increase this proportion by acquiring shares from other IMFL players.

Exhibit 1: Quarterly performance

YE March (Rs mn)	Q4FY24	Q4FY23	Q3FY24	YoY (%)	QoQ (%)
Net Revenues	3,588	3,575	3,767	0.4	(4.8)
Cost of materials	1,848	1,977	1,914	(6.5)	(3.5)
(% of sales)	51.5	55.3	50.8		
Gross Profit	1,740	1,598	1,853	8.9	(6.1)
Gross margin (%)	48.5%	44.7%	49.2%		
Employee cost	154	94	110	63.9	39.9
(% of sales)	4.3	2.6	2.9		
Others	1,104	1,069	1,229	3.3	(10.2)
(% of sales)	30.8	29.9	32.6		
EBITDA	482	435	514	10.9	(6.2)
EBITDA margin (%)	13.4	12.2	13.6		
Other income	41	51	84	(20.1)	(51.8)
PBIT	523	486	598	7.7	(12.6)
Depreciation	78	79	80	(1.0)	(2.0)
Finance cost	49	80	81	(38.0)	(38.8)
PBT	395	327	438	20.9	(9.7)
Tax	-	(0)	-		
ETR (%)	0.0	(0.0)	0.0		
Adjusted PAT	395	327	438	20.9	(9.7)
PATAMI margin	11.0	9.1	11.6		
Exceptional item	(81)	264	0		
Reported PAT	315	591	438	(46.8)	(28.1)
No. of shares (mn)	192.7	185.3	192.4		
Adj EPS (Rs)	2.1	1.8	2.3		

Source: Company, Systematix Institutional Research

Exhibit 2: Change in estimates

	Old estimates		Revised estimates		Variation (%)	
	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E
Net sales	15,821	17,964	16,170	18,360	2.2%	2.2%
EBITDA	2,211	2,625	2,260	2,683	2.2%	2.2%
EBITDA margin	14%	15%	14%	15%		
Adj. PAT	1,375	1,747	1,670	1,757	21.4%	0.6%

Source: Company, Systematix Institutional Research

Conference call takeaways

Volume/ Brands/ State wise performance - Volume growth stood at 16% during FY24 which was led by flagship brands Mansion House brandy and Courrier Napoleon Brandy which continue to grow faster than overall IMFL and brandy industry. While MHB continues to be the largest selling brandy in India, the CNB family of brands has grown by 50% over last year. Mansion House Reserve, premium brandy brand sold only in Tamil Nadu registered a more than 2x growth in volumes in FY24 gaining market share in the relevant price point segment in the state by more than 300 bps. TLNGR has become the 4th largest IMFL player and 3rd largest P&A player in the strategic state of Telangana partly aided by marketing efforts in the state which saw visibility of 30% across customer touch points in the state in one year. In addition, company is the largest player in Puducherry enjoying more than a 25% share of market with market share growth of more than 500 bps in one year. Business also saw around 100 bps expansion in market share in top five states of Telangana, Andhra Pradesh, Karnataka, Puducherry and Kerala. These states contribute more than 80% of companies volumes and 40% of total India IMFL volumes.

Cost - ENA prices grew from Rs 67 in Q1 to Rs 72 in Q4. Company expects ENA prices to taper down in 2HFY25. Glass prices increased in 1HFY24 while it softened in 2HFY24. Company expects to see further price correction in glass. This softening was also seen in other packing material costs. Despite this volatility, company was able to protect and expand its margins through a combination of premiumization drive, price increases received in key states, cost optimizations and operating leverage. Company currently has higher operating expenses compared to its peers however majority of these expenses are fixed and with growing scale company expects to see benefit of operating leverage.

Debt reduction - Ahead of industry growth and increase in profitability has enabled the company to repay more than Rs 1.3 bn of Gross debt in FY24, bringing its Net debt down to Rs 740 mn. This sharp reduction in debt has further reduced finance costs significantly from Rs 400 mn in FY23 to Rs 270 mn in FY24. Company targets to become net debt free over the course of FY25. Post that company plans to invest in new geographies and new categories. In addition, company has received a reduction in interest rate on Kotak loan from 13% to 9.95% effective mid-Q1FY25.

Election impact- Company is witnessing the impact of elections in Q1FY25 due to high level of regulations. However, the company expects to cover up the impacted sales in coming quarters. Company expects Q1FY25 sales growth to be flattish due to higher number of dry days.

Region wise - In FY24, states of Kerala and Karnataka saw significant price increases which led to subdued industry growth. Company expects the growth to bounce back in Kerala and Karnataka. Company remains strong in the states of Andhra Pradesh and Telangana. Flandy is gaining saliency compared to its mother brand in the states of Telangana, Andhra Pradesh and Puducherry. In Andhra Pradesh Flandy saliency stands at c. 10% while in Telangana and Puducherry it stands at 5%.

Growing the brandy space - Company has planned marketing communications, few strategic launches for FY25 to give brandy its share of voice. TLNGR believes the brandy category to have immense scope to grow in the P&A space as the PA& category in brandy accounts for only 33% while for whiskey and vodka at 55% and 60%. Company holds 12% share in the brandy space and has been taking shares from other brands.

Capacity utilizations - Karnataka and Prag facilities are working at full capacity. While Srirampur and Punjab are under-utilized. Company expects bottling to continue to be done contractually across IMFL industry.

Ad spends - Marketing spends accounted for 1.3% of revenue in FY24, 1.7% in Q4FY24. Company expects to increase this number moving ahead. Peers spend around 5-10% on ad spends, that is mainly because the operate in different categories (whiskey, vodka). TLNLR won't be spending at the level of its other peers as the brandy space does not require that high ad investments.

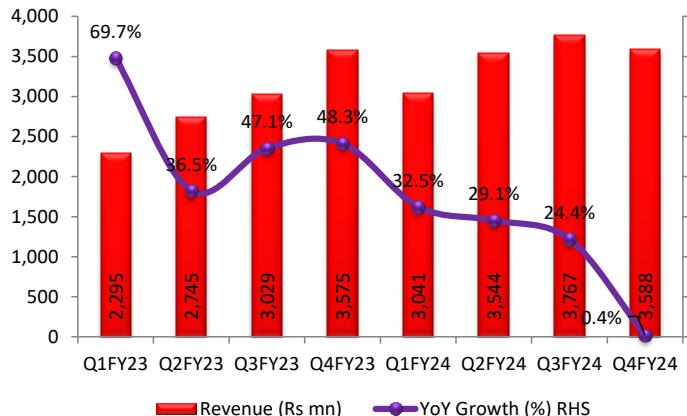
Capex - Capex for distillery is c. Rs 500 mn, however the company has no current plans on this. The regular maintenance capex for next 2 years is envisaged to be c. Rs 250 mn per year.

Tax rate - Company expects to see no taxes atleast in the coming 2 quarters in FY25 due to unabsorbed losses. Company expects a tax rate of 13% in FY25.

Primary vs secondary sales - Primary sales for the company grew 0.4% while secondary sales growth stood at 6% in Q4 (vs 1-2% for the industry and P&A industry at 5-6%). This difference was account of the extended receivables position in Telangana.

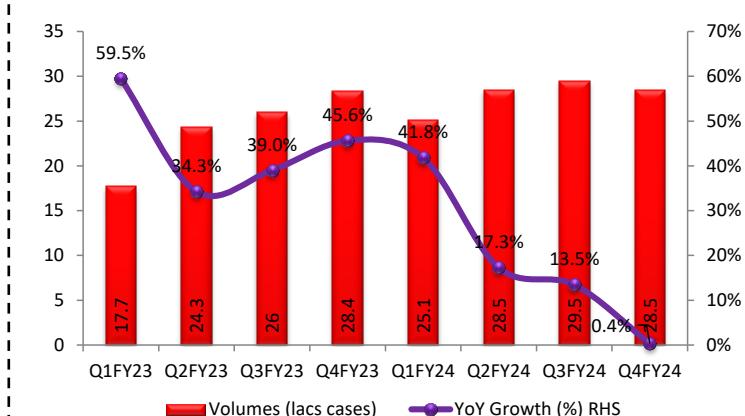
Outlook - Company expects mid double digit volume growth in FY25., 11-13% volume growth in FY26. Revenue growth expected to 300-400 bps higher compared to volume growth. EBITDA growth to be higher compared to net revenue growth. EBITDA margin for FY25 to be c. 14% and in coming 2-3 years company expects it to grow to +15%.

Exhibit 3: Revenue grew 0.4% YoY

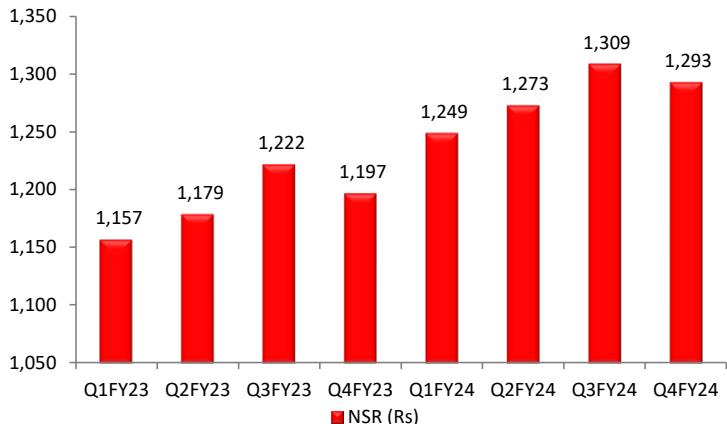


Source: Company, Systematix Institutional Research

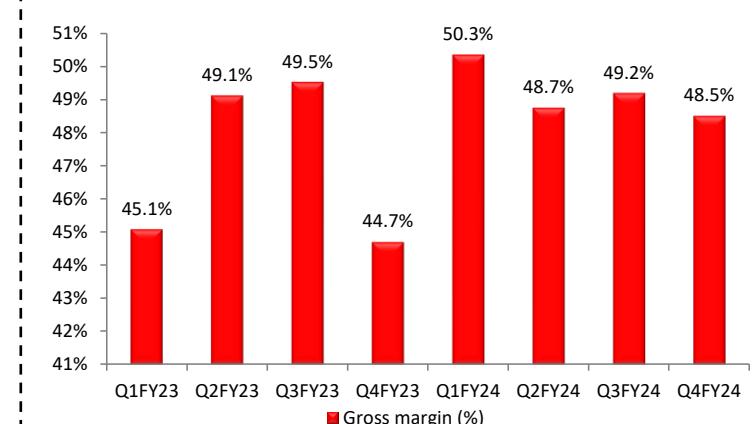
Exhibit 4: Volumes grew 0.4% YoY



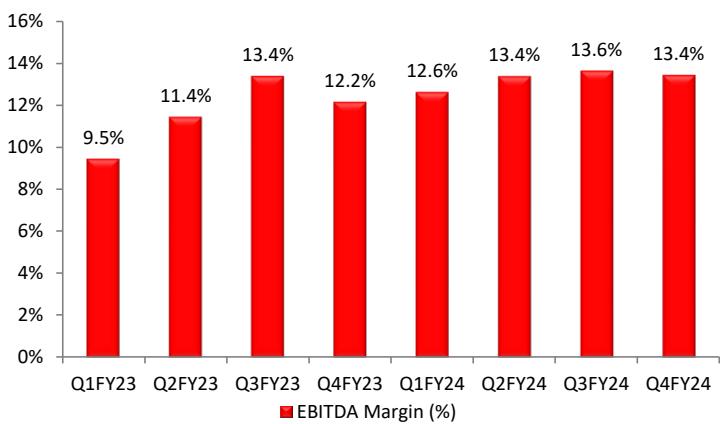
Source: Company, Systematix Institutional Research

Exhibit 5: Net sales realization grew 6.3% YoY

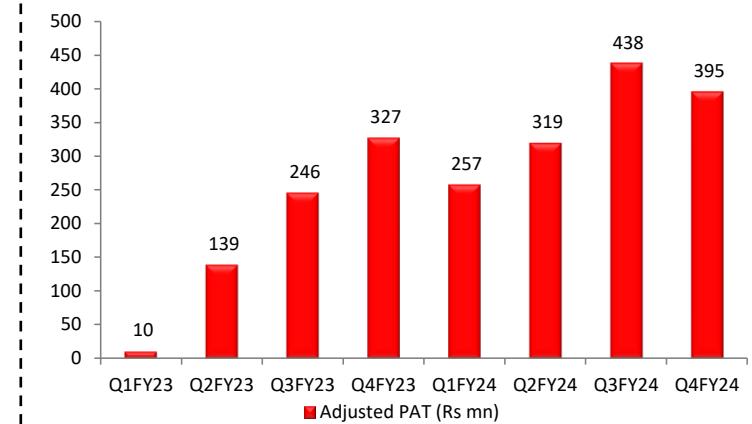
Source: Company, Systematix Institutional Research

Exhibit 6: Gross margin expanded 380 bps YoY

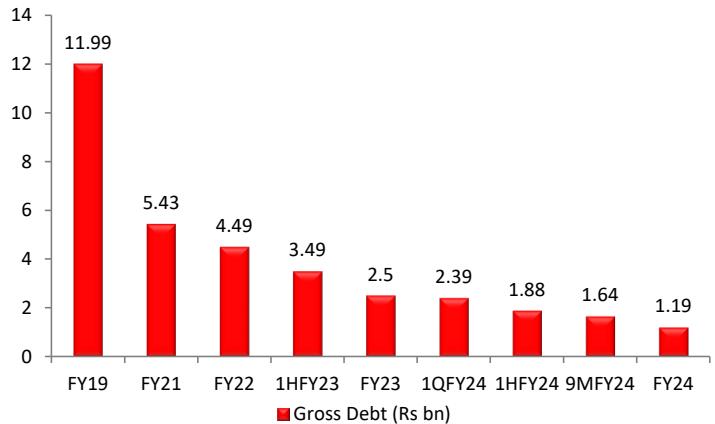
Source: Company, Systematix Institutional Research

Exhibit 7: EBITDA margin expanded 128 bps YoY

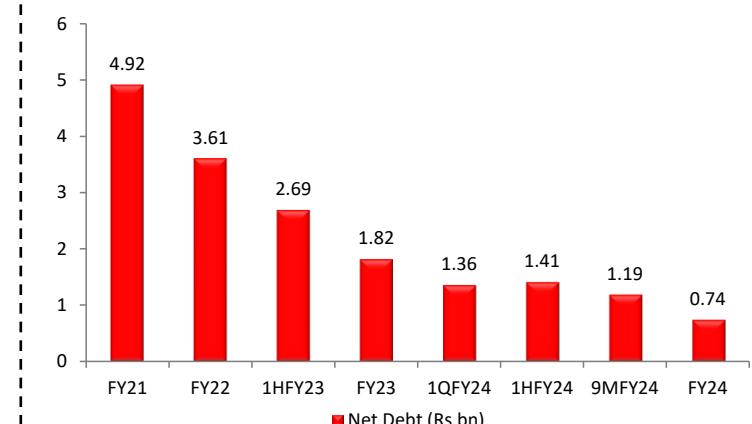
Source: Company, Systematix Institutional Research

Exhibit 8: Adjusted PAT at Rs 395 mn

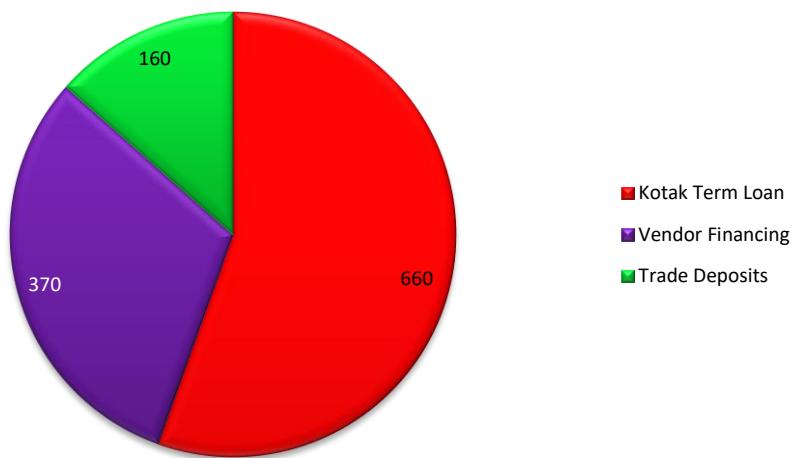
Source: Company, Systematix Institutional Research

Exhibit 9: Gross debt at Rs 1.19 bn

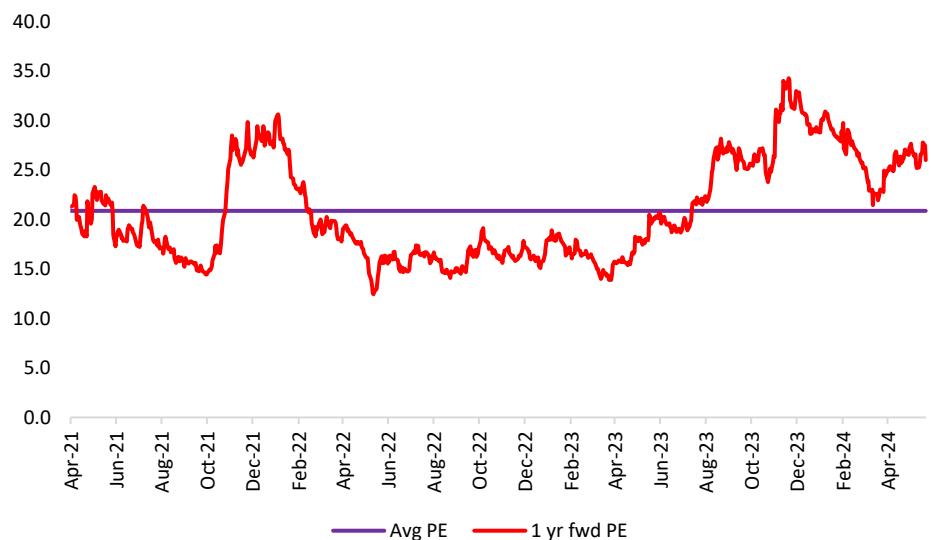
Source: Company, Systematix Institutional Research

Exhibit 10: Net debt at Rs 0.74 bn

Source: Company, Systematix Institutional Research

Exhibit 11: Debt as on 31st March 2024 (Rs mn)

Source: Company, Systematix Institutional Research

Exhibit 12: : Currently trading at 26x one year forward earnings

Source: Company, Systematix Institutional Research

FINANCIALS (CONSOLIDATED)

Profit & Loss Statement

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	7,834	11,644	13,940	16,170	18,360
Gross profit	4,010	5,481	6,851	7,923	9,180
GP margin (%)	51.2%	47.1%	49.2%	49.0%	50.0%
Operating profit	1,121	1,372	1,854	2,260	2,683
OP margin (%)	14.3%	11.8%	13.3%	14.0%	14.6%
Depreciation	327	323	319	325	337
EBIT	794	1,048	1,536	1,935	2,346
Interest expense	619	402	267	113	107
Other income	105	75	141	97	110
Profit before tax	280	722	1,410	1,919	2,349
Taxes	(40)	(0)	-	250	592
Tax rate (%)	-14.3%	0.0%	0%	13%	25%
Minority/Associates					
Adj. PAT	320	722	1,410	1,670	1,757
Exceptional loss &					
Discontinued operations	132	777	(29)	-	-
Net profit	452	1,499	1,380	1,670	1,757
Adj EPS	1.7	3.7	7.3	8.7	9.1

Source: Company, Systematix Institutional Research

Balance Sheet

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Equity capital	1,586	1,853	1,927	1,927	1,927
Reserves	(251)	2,976	4,612	6,185	7,846
Debt	5,260	2,531	1,193	593	561
Deferred tax liab (net)	-	-	-	-	-
Other non current liabilities	595	705	608	639	671
Total liabilities	7,190	8,065	8,340	9,344	11,006
Fixed Asset	4,391	4,178	3,946	3,820	3,683
Investments	0	226	118	118	118
Other Non-current Assets	1,606	472	400	420	440
Inventories	723	1,162	1,008	1,639	1,861
Sundry debtors	2,368	3,388	4,185	4,740	5,382
Cash & equivalents	706	442	418	756	1,915
Loans and Advances	338	247	260	272	285
Sundry creditors	1,713	1,292	1,207	1,595	1,811
Other current liabilities	1,229	758	788	828	869
Total Assets	7,190	8,065	8,340	9,344	11,006

Source: Company, Systematix Institutional Research

Cash Flow

YE: Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
PBIT	280	722	1,410	1,919	2,349
Depreciation	327	323	319	325	337
Tax paid	47	(12)	(11)	(250)	(592)
Working capital Δ	(676)	(728)	(745)	(760)	(608)
Other operating items	674	407	234	113	107
Operating cashflow	651	713	1,207	1,347	1,593
Capital expenditure	(33)	(109)	(82)	(200)	(200)
Free cash flow	618	604	1,125	1,147	1,393
Equity raised	922	1,982	324	-	-
Investments					
Debt financing/disposal	(745)	(2,262)	(1,310)	(600)	(31)
Interest Paid	(584)	(373)	(247)	(113)	(107)
Dividends paid	(1)	(16)	(48)	(96)	(96)
Other items	(231)	(14)	(89)	-	-
Net Δ in cash	(21)	(79)	(245)	338	1,159

Source: Company, Systematix Institutional Research

Ratios

YE: Mar	FY22	FY23	FY24	FY25E	FY26E
Revenue growth (%)	42.8	48.6	19.7	16.0	13.5
Op profit growth (%)	107.3	22.4	35.2	21.9	18.7
Adj Net profit growth (%)	-183.3	125.7	95.3	18.5	5.2
OPM (%)	14.3	11.8	13.3	14.0	14.6
Net profit margin (%)	4.1	6.2	10.1	10.3	9.6
RoCE (%)	14.2	16.4	21.6	25.4	28.7
RoNW (%)	nm	23.4	24.8	22.8	19.7
EPS Adj (Rs)	1.7	3.7	7.3	8.7	9.1
DPS (Rs)	0.1	0.3	0.5	0.5	1.0
BVPS (Rs)	6.9	25.1	33.9	42.1	50.7
Debtor days	110	106	110	107	107
Inventory days	34	36	26	37	37
Creditor days	80	40	32	36	36
P/E (x)	136.8	60.6	31.0	26.2	24.9
P/B (x)	32.8	9.1	6.7	5.4	4.5
EV/EBITDA (x)	43.1	33.4	24.0	19.3	15.8

Source: Company, Systematix Institutional Research

Institutional Equities Team

Nikhil Khandelwal	Managing Director	+91-22-6704 8001	nikhil@systematixgroup.in
Equity Research			
Analysts	Industry Sectors	Desk-Phone	E-mail
Dhananjay Sinha	Co Head of Equities & Head of Research - Strategy & Economics	+91-22-6704 8095	dhananjaysinha@systematixgroup.in
Abhishek Mathur	FMCG	+91-22-6704 8059	abhishekmathur@systematixgroup.in
Ashish Poddar	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8039	ashishpoddar@systematixgroup.in
Himanshu Nayyar	Consumer Staples & Discretionary	+91-22-6704 8079	himanshunayyar@systematixgroup.in
Manjith Nair	Banking, Insurance	+91-22-6704 8065	manjithnair@systematixgroup.in
Pradeep Agrawal	NBFCs & Diversified Financials	+91-22-6704 8024	pradeepagrawal@systematixgroup.in
Pratik Tholiya	Specialty & Agro Chem, Fertilisers, Sugar, Textiles and Select Midcaps	+91-22-6704 8028	pratiktholiya@systematixgroup.in
Sameer Pardikar	IT & ITES	+91-22-6704 8041	sameerpardikar@systematixgroup.in
Santosh Yellapu	Capital Goods	+91-22-6704 8094	santoshyellapu@systematixgroup.in
Shweta Dikshit	Metals & Mining	+91-22-6704 8042	shwetadikshit@systematixgroup.in
Sudeep Anand	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8085	sudeepanand@systematixgroup.in
Vishal Manchanda	Pharmaceuticals and Healthcare	+91-22-6704 8064	vishalmanchanda@systematixgroup.in
Chetan Mahadik	Consumer Staples & Discretionary	+91-22-6704 8091	chetanmahadik@systematixgroup.in
Deeksha Bhardwaj	Strategy & Economics	+91-22-6704 8017	deekshabhardwaj@systematixgroup.in
Devanshi Kamdar	IT & ITES	+91-22-6704 8098	devanshikamdar@systematixgroup.in
Hinal Kothari	Metals & Mining	+91-22-6704 8076	hinalkothari@systematixgroup.in
Jennisa Popat	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8066	jennisapopat@systematixgroup.in
Kalash Jain	Midcaps	+91-22-6704 8038	kalashjain@systematixgroup.in
Krishna Zaveri	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8023	krishazaveri@systematixgroup.in
Mahek Shah	Consumer Durables, EMS, Building Materials, Small-Mid Caps	+91-22-6704 8040	mahekshah@systematixgroup.in
Nirali Chheda	Banking, Insurance	+91-22-6704 8019	niraliccheda@systematixgroup.in
Pashmi Chheda	Banking, Insurance	+91-22-6704 8063	pashmichheda@systematixgroup.in
Pravin Mule	NBFCs & Diversified Financials	+91-22-6704 8034	pravinmule@systematixgroup.in
Prathmesh Kamath	Oil & Gas, Logistics, Cement, Wagons	+91-22-6704 8022	prathmeshkamath@systematixgroup.in
Purvi Mundhra	Macro-Strategy	+91-22-6704 8078	purvimundhra@systematixgroup.in
Rajesh Mudaliar	Consumer Staples & Discretionary	+91-22-6704 8084	rajeshmudaliar@systematixgroup.in
Ronak Dhruv	NBFCs & Diversified Financials	+91-22-6704 8045	ronakdhruv@systematixgroup.in
Rushank Mody	Pharmaceuticals and Healthcare	+91-22-6704 8046	rushankmody@systematixgroup.in
Swati Saboo	Midcaps	+91-22-6704 8043	swatisaboo@systematixgroup.in
Vivek Mane	Pharmaceuticals and Healthcare	+91-22-6704 8046	vivekmane@systematixgroup.in
Yogeeta Rathod	Midcaps	+91-22-6704 8081	yogeetarathod@systematixgroup.in
Equity Sales & Trading			
Name		Desk-Phone	E-mail
Vipul Sanghvi	Co Head of Equities & Head of Sales	+91-22-6704 8062	vipulsanghvi@systematixgroup.in
Jignesh Desai	Sales	+91-22-6704 8068	jigneshdesai@systematixgroup.in
Sidharth Agrawal	Sales	+91-22-6704 8090	sidharthagrawal@systematixgroup.in
Shreya Chaudhary	Sales	+91-22-6704 8033	shreyachaudhary@systematixgroup.in
Rahul Khandelwal	Sales	+91-22-6704 8003	rahul@systematixgroup.in
Chintan Shah	Sales	+91-22-6704 8061	chintanshah@systematixgroup.in
Pawan Sharma	Director and Head - Sales Trading	+91-22-6704 8067	pawansharma@systematixgroup.in
Mukesh Chaturvedi	Vice President and Co Head - Sales Trading	+91-22-6704 8074	mukeshchaturvedi@systematixgroup.in
Vinod Bhuwad	Sales Trading	+91-22-6704 8051	vinodbhuwad@systematixgroup.in
Rashmi Solanki	Sales Trading	+91-22-6704 8097	rashmisolanki@systematixgroup.in
Karan Damani	Sales Trading	+91-22-6704 8053	karandamani@systematixgroup.in
Vipul Chheda	Dealer	+91-22-6704 8087	vipulchheda@systematixgroup.in
Paras Shah	Dealer	+91-22-6704 8047	parasshah@systematixgroup.in
Rahul Singh	Dealer	+91-22-6704 8054	rahulsingh@systematixgroup.in
Niraj Singh	Dealer	+91-22-6704 8096	nirajsingh@systematixgroup.in
Corporate Access			
Mrunal Pawar	Vice President & Head Corporate Access	+91-22-6704 8088	mrunalpawar@systematixgroup.in
Darsha Hiwrale	Associate Corporate Access	+91-22-6704 8083	darshahiwrale@systematixgroup.in
Production			
Madhu Narayanan	Editor	+91-22-6704 8071	madhunarayanan@systematixgroup.in
Mrunali Pagdhare	Production	+91-22-6704 8057	mrunalip@systematixgroup.in
Vijayendra Achrekar	Production	+91-22-6704 8089	vijayendraachrekar@systematixgroup.in
Operations			
Sachin Malusare	Vice President	+91-22-6704 8055	sachinmalusare@systematixgroup.in
Jignesh Mistry	Manager	+91-22-6704 8049	jigneshmistry@systematixgroup.in
Hiren Patel	Assistant Manager	+91-22-6704 8056	hirenpatel@systematixgroup.in

DISCLOSURES/APPENDIX

I. ANALYST CERTIFICATION

I, **Himanshu Nayyar, Chetan Mahadik**; hereby certify that (1) views expressed in this research report accurately reflect my/our personal views about any or all of the subject securities or issuers referred to in this research report, (2) no part of my/our compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report by **Systematix Shares and Stocks (India) Limited (SSSIL)** or its group/associate companies, (3) reasonable care is taken to achieve and maintain independence and objectivity in making any recommendations.

Disclosure of Interest Statement	Update
Analyst holding in the stock	No
Served as an officer, director or employee	No

I. ISSUER SPECIFIC REGULATORY DISCLOSURES, unless specifically mentioned in point no. 9 below:

1. The research analyst(s), SSSIL, associates or relatives do not have any financial interest in the company(ies) covered in this report.
2. The research analyst(s), SSSIL, associates or relatives collectively do not hold more than 1% of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
3. The research analyst(s), SSSIL, associates or relatives did not have any other material conflict of interest at the time of publication of this research report.
4. The research analyst, SSSIL and its associates have not received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in this report in the past twelve months.
5. The research analyst, SSSIL or its associates have not managed or co-managed a private or public offering of securities for the company(ies) covered in this report in the previous twelve months.
6. SSSIL or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party in connection with this research report.
7. The research analyst has not served as an officer, director or employee of the company(ies) covered in this research report.
8. The research analyst and SSSIL have not been engaged in market making activity for the company(ies) covered in this research report.
9. Details of SSSIL, research analyst and its associates pertaining to the companies covered in this research report:

Sr. No.	Particulars	Yes / No.
1	Whether compensation was received from the company(ies) covered in the research report in the past 12 months for investment banking transaction by SSSIL.	No
2	Whether research analyst, SSSIL or its associates and relatives collectively hold more than 1% of the company(ies) covered in the research report.	No
3	Whether compensation has been received by SSSIL or its associates from the company(ies) covered in the research report.	No
4	Whether SSSIL or its affiliates have managed or co-managed a private or public offering of securities for the company(ies) covered in the research report in the previous twelve months.	No
5	Whether research analyst, SSSIL or associates have received compensation for investment banking or merchant banking or brokerage services or any other products or services from the company(ies) covered in the research report in the last twelve months.	No

10. There is no material disciplinary action taken by any regulatory authority that impacts the equity research analysis activities.

STOCK RATINGS

BUY (B): The stock's total return is expected to exceed 15% over the next 12 months.

HOLD (H): The stock's total return is expected to be within -15% to +15% over the next 12 months.

SELL (S): The stock's total return is expected to give negative returns of more than 15% over the next 12 months.

NOT RATED (NR): The analyst has no recommendation on the stock under review.

INDUSTRY VIEWS

ATTRACTIVE (AT): Fundamentals/valuations of the sector are expected to be attractive over the next 12-18 months.

NEUTRAL (NL): Fundamentals/valuations of the sector are expected to neither improve nor deteriorate over the next 12-18 months.

CAUTIOUS (CS): Fundamentals/valuations of the sector are expected to deteriorate over the next 12-18 months.

II. DISCLAIMER

The information and opinions contained herein have been compiled or arrived at based on the information obtained in good faith from 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.

This document is for information purposes only. This report is based on information that we consider reliable; we do not represent that it is accurate or complete and one should exercise due caution while acting on it. Description of any company(ies) or its/their securities mentioned herein are not complete and this document is not and should not be construed as an offer or solicitation of an offer to buy or sell any securities or other financial instruments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. All opinions, projections and estimates constitute the judgment of the author as on the date of the report and these, plus any other information contained in the report, are subject to change without notice. Prices and availability of financial instruments are also subject to change without notice. This report is intended for distribution to institutional investors.

This report is not directed to or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject to SSSIL or its affiliates to any registration or licensing requirement within such jurisdiction. If this report is inadvertently sent or has reached any individual in such country, especially USA, the same may be ignored and brought to the attention of the sender. Neither this document nor any copy of it may be taken or transmitted into the United States (to U.S. persons), Canada, or Japan or distributed, directly or indirectly, in the United States or Canada or distributed or redistributed in Japan or to any resident thereof. Any unauthorized use, duplication,

redistribution or disclosure of this report including, but not limited to, redistribution by electronic mail, posting of the report on a website or page, and/or providing to a third party a link, is prohibited by law and will result in prosecution. The information contained in the report is intended solely for the recipient and may not be further distributed by the recipient to any third party.

SSSIL generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, SSSIL generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that they cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein. Our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. The views expressed in this research report 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. The compensation of the analyst who prepared this document is determined exclusively by SSSIL; however, compensation may relate to the revenues of the Systematix Group as a whole, of which investment banking, sales and trading are a part. Research analysts and sales persons of SSSIL may provide important inputs to its affiliated company(ies).

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations which could have an adverse effect on their value or price or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies, effectively assume currency risk. SSSIL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on the basis of this report including but not restricted to fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

SSSIL and its affiliates, officers, directors, and employees subject to the information given in the disclosures may: (a) from time to time, have long or short positions in, and buy or sell, the securities thereof, of company (ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation (financial interest) or act as a market maker in the financial instruments of the company (ies) discussed herein or act as advisor or lender / borrower to such company (ies) or have other potential material conflict of interest with respect to any recommendation and related information and opinions. The views expressed are those of the analyst and the company may or may not subscribe to the views expressed therein.

SSSIL, its affiliates and any third party involved in, or related to, computing or compiling the information hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of this information. Without limiting any of the foregoing, in no event shall SSSIL, any of its affiliates or any third party involved in, or related to, computing or compiling the information have any liability for any damages of any kind. The company accepts no liability whatsoever for the actions of third parties. The report may provide the addresses of, or contain hyperlinks to, websites. Except to the extent to which the report refers to website material of the company, the company has not reviewed the linked site. Accessing such website or following such link through the report or the website of the company shall be at your own risk and the company shall have no liability arising out of, or in connection with, any such referenced website.

SSSIL will not be liable for any delay or any other interruption which may occur in presenting the data due to any technical glitch to present the data. In no event shall SSSIL be liable for any damages, including without limitation, direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by SSSIL through this presentation.

SSSIL or any of its other group companies or associates will not be responsible for any decisions taken on the basis of this report. Investors are advised to consult their investment and tax consultants before taking any investment decisions based on this report.

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



Systematix Shares and Stocks (India) Limited:

Registered and Corporate address: The Capital, A-wing, No. 603 – 606, 6th Floor, Plot No. C-70, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051

Tel no. 022-66198000/40358000 Fax no. 022-66198029/40358029 Email id contactus@systematixgroup.in. Visit us at: www.systematixgroup.in

Details of Compliance officer: Ms Nipa Savla, Compliance officer Tel no. 022-66198092/4035808092 Email id compliance@systematixgroup.in

Details of Email id grievance redressal cell : grievance@systematixgroup.in

Details of Registration : CIN - U65993MH1995PLC268414 | BSE SEBI Reg. No.: INZ000171134 (Member Code: 182) | NSE SEBI Reg. No.: INZ000171134 (Member Code: 11327) | MCX SEBI Reg. No.: INZ000171134 (Member Code: 56625) | NCDEX SEBI Reg. No.: INZ000171134 (Member Code: 1281) | Depository Participant SEBI Reg. No.: IN-DP-480-2020 (DP Id: 12034600) | PMS SEBI Reg. No.: INP000002692 | Research Analyst SEBI Reg. No.: INH200000840 | AMFI : ARN - 64917