

Westlife Development | BUY

Strong revenue momentum but margin performance sub-optimal

Westlife reported a sharp revenue acceleration in 3QFY18 but margin performance was a tad disappointing from an operating leverage perspective, in our view, considering how strong SSSG was during the quarter (20.7% on reported basis which we believe translates into an intrinsic growth of c.14%) – prior-period provisions had a c.100bps impact on margin. Key result positive was the sharp acceleration in SSSG vs 8-9% seen in 1H. Operating profit growth was impressive (+72%), though sub-optimal in the context of the strength in revenue momentum; margin gains were entirely GPM-led on the back of mix-improvement from McCafe and menu innovations. Management seemed quite confident of sustaining the momentum in the days ahead. In a separate development, McDonalds Corp has agreed to keep royalty rate unchanged at 4% for FY19E. We re-iterate BUY - our analysis of single-store economics (see our detailed report 'Core and more') lends confidence that the business has inherent strengths to deliver healthy profitability and return-ratios once new stores are given time to stabilise; we see stores clocking 25%+ ROIC by their 6th year of operation.

- **Revenue momentum accelerates further with intrinsic SSSG of c.14%, as per our workings:** Westlife's revenue and EBITDA grew 27.6% and 72.6% to INR3bn and INR242mn respectively and it reported a net profit of INR77mn vs loss of INR17mn LY. Revenue growth accelerated from 14-15% levels reported in 1H to 27.6% on the back of strong SSSG of 20.7% which includes 6-7ppt uplift from the mid-quarter lowering of GST rate (refer Exhibit xx for workings), benefit of which was partly negated in the cost lines due to total denial of input-tax credit under the new regime. At consumer spends level, we believe comparable growth was more in the range of c.14% - this is still much higher vs 8-9% reported in 1H. McDonalds' 20.7% reported SSSG is also higher than 17.8% reported by Domino's and with this, Westlife has outpaced Jubilant Foodworks for 9 consecutive quarters from an SSSG perspective. The healthy growth was aided by menu innovations, McCafe scale-up and strong growth in McDelivery. Pace of new restaurant openings, however, remained muted with the company adding 6 new stores during the quarter and only 13 stores in 9M – below the run-rate required to meet the annual 25-30 stores-opening target stated by the management. Management is, however, reaffirming its target of 25-30 new store-opening for FY19E.
- **Strong GPM expansion sustained; flowthrough impacted by total denial of input-tax credit from mid-Nov onwards and some provisions pertaining to prior-period:** Westlife's 3QFY18 gross margin expanded by a sharp 370bps on the back of improved product-mix driven by McCafe, margin-accretion from product-line extensions and menu innovations. This drove a strong EBITDA growth of 72.1% with EBITDA margin expanding 213bps – this is much lower, though, compared to GPM expansion as SG&A growth was rather sharp at 27.4%. Management attributed the sharp increase therein to non-availability of input-tax credit under the new GST regime, higher ad-spends to promote the new menu offerings and higher provision of incentives payable to employees – part of the latter are prior-period in nature, i.e. relates to 1H – ex of this prior-period item, EBITDA growth was higher at 94% and intrinsic margin expansion would be to the tune of c.310bps. Expectations of continued strong SSSG coupled with sustainably higher gross margin augur well for Westlife's operating margin trajectory going forward, in our view.



Vicky Punjabi

vicky.punjabi@jmfll.com | Tel: (91 22) 66303065

Richard Liu

richard.liu@jmfll.com | Tel: (91 22) 66303064

Recommendation and Price Target

| | |
|----------------------------|-------|
| Current Reco. | BUY |
| Previous Reco. | BUY |
| Current Price Target (12M) | 400 |
| Upside/(Downside) | 13.6% |
| Previous Price Target | 315 |
| Change | 27.0% |

Key Data – WLDL IN

| | |
|--------------------------|-----------------|
| Current Market Price | INR352 |
| Market cap (bn) | INR51.7/US\$0.8 |
| Free Float | 9% |
| Shares in issue (mn) | 155.5 |
| Diluted share (mn) | 155.6 |
| 3-mon avg daily val (mn) | INR48.2/US\$0.8 |
| 52-week range | 389/201 |
| Sensex/Nifty | 35,067/10,761 |
| INR/US\$ | 64.1 |

Price Performance

| % | 1M | 6M | 12M |
|-----------|------|------|------|
| Absolute | -2.2 | 35.8 | 49.3 |
| Relative* | -4.8 | 25.2 | 20.3 |

* To the BSE Sensex

Financial Summary

| Y/E March | FY16A | FY17A | FY18E | FY19E | FY20E |
|----------------------|-------|-------|--------|--------|--------|
| Net Sales | 8,237 | 9,189 | 10,744 | 12,784 | 15,232 |
| Sales growth (%) | 8.4% | 11.5% | 16.9% | 19.0% | 19.1% |
| EBITDA | 426 | 470 | 745 | 1,093 | 1,257 |
| EBITDA (%) | 5.1% | 5.0% | 6.8% | 8.4% | 8.1% |
| Adjusted net profit | -155 | -121 | 121 | 396 | 400 |
| EPS (INR) | -1.0 | -0.8 | 0.8 | 2.5 | 2.6 |
| EPS growth (%) | NA | NA | NA | NA | NA |
| ROIC (%) | -2.7% | -3.1% | 1.3% | 6.0% | 5.7% |
| ROE (%) | -2.9% | -2.3% | 2.3% | 7.1% | 6.7% |
| PE (x) | NA | NA | NA | NA | NA |
| Price/Book Value (x) | 10.2 | 10.4 | 10.1 | 9.5 | 8.8 |
| EV/EBITDA (x) | 128.1 | 116.9 | 74.0 | 50.3 | 43.6 |
| Dividend Yield (%) | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |

Source: Company data, JM Financial. Note: Valuations as of 02/Feb/2018

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters
S&P Capital IQ and FactSet

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. 3Q & 9MFY18 results snapshot

| | | | | | | (INR mn) | | |
|------------------------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|----------------|
| INR mn | 3QFY18 | 3QFY17 | YoY chg % | 3QFY18E | QoQ chg % | 9MFY18 | 9MFY17 | YoY chg % |
| Net Sales | 3,037 | 2,380 | 27.6% | 2,780 | 9.2% | 8,270 | 6,956 | 18.9% |
| Other Operating Income | 15 | 37 | -60.3% | 22 | -32.0% | 51 | 111 | -53.7% |
| Total Revenue | 3,052 | 2,417 | 26.2% | 2,802 | 8.9% | 8,322 | 7,067 | 17.8% |
| Gross Profit | 1,910 | 1,423 | 34.2% | 1,745 | 9.4% | 5,098 | 4,144 | 23.0% |
| Gross Profit Margin % | 62.6% | 58.9% | 370 bps | 62.3% | 28 bps | 61.3% | 58.6% | 262 bps |
| Staff Cost | 473 | 375 | 26.3% | 448 | 5.7% | 1,271 | 1,069 | 18.9% |
| Other Expenses | 1,209 | 945 | 27.9% | 1,058 | 14.3% | 3,306 | 2,825 | 17.0% |
| EBITDA | 242 | 140 | 72.6% | 240 | 1.2% | 572 | 361 | 58.3% |
| EBITDA margin % | 7.9% | 5.8% | 213 bps | 8.6% | -61 bps | 6.9% | 5.1% | 176 bps |
| Depreciation | 169 | 160 | 5.3% | 181 | -6.7% | 497 | 475 | 4.6% |
| EBIT | 74 | -20 | -473.9% | 59 | 25.2% | 75 | -114 | -165.9% |
| Net Finance Income | 4 | 3 | 34.5% | 7 | -47.5% | 39 | 37 | 5.6% |
| PBT Before Exceptional Items | 77 | -17 | -554.9% | 66 | 17.5% | 114 | -77 | -248.2% |
| Reported Net Profit | 77 | -17 | -554.9% | 66 | 17.5% | 100 | -61 | -264.7% |

Source: Company, JM Financial

Exhibit 2. Intrinsic SSSG excluding the impact of tax rate reduction under GST stood at c.14% as per our workings

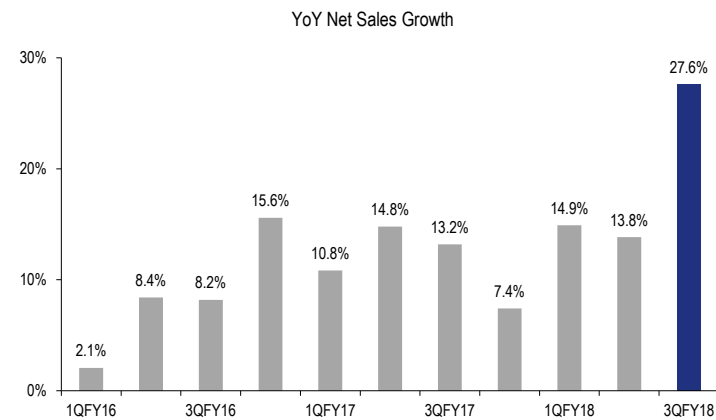
| | | 3Q LY - VAT (12-13%) + Service Tax (6%) | Current at 5% GST | Remarks |
|-------------------------------------|--|---|----------------------|---|
| Intrinsic | | | | |
| Net sales realisation (assumed) | | 100.0 | 120.7 | Growing by 20.7% - SSSG reported by Westlife |
| % yoy growth | | | 20.7% | |
| VAT + Service tax @ 18.5% | | 18.5 | 6.0 | GST @ 5% now |
| MRP / Consumer Spends | | 118.5 | 126.7 | |
| % Growth in consumer spends | | | 6.9% | |
| | | Reported SSG | Intrinsic SSG | Remarks |
| 1 Oct to 14 Nov | | 20.7% | 20.7% | Reported & intrinsic similar as tax rates almost same |
| 15 Nov to 31 Dec | | 20.7% | 6.9% | As calculated above |
| Estimated Blended for 3QFY18 | | | 13.8% | |

Source: Company, JM Financial

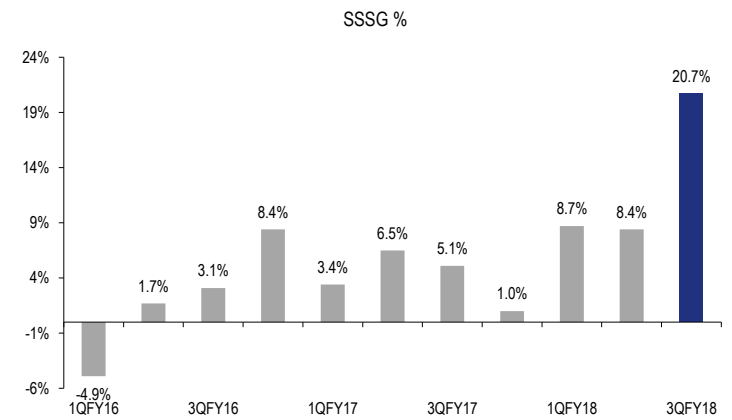
Exhibit 3. 3QFY18 costs breakdown

| | | | | | | (%) |
|--------------------|--------|--------|---------|--------|--------|-----|
| % of revenue | 3QFY18 | 3QFY17 | 3QFY18E | 9MFY18 | 9MFY17 | |
| Cost of Goods Sold | 36.9% | 39.6% | 37.7% | 38.1% | 39.8% | |
| Staff Cost | 15.5% | 15.5% | 16.0% | 15.3% | 15.1% | |
| Other Expenses | 39.6% | 39.1% | 37.8% | 39.7% | 40.0% | |
| Depreciation | 5.5% | 6.6% | 6.4% | 6.0% | 6.7% | |

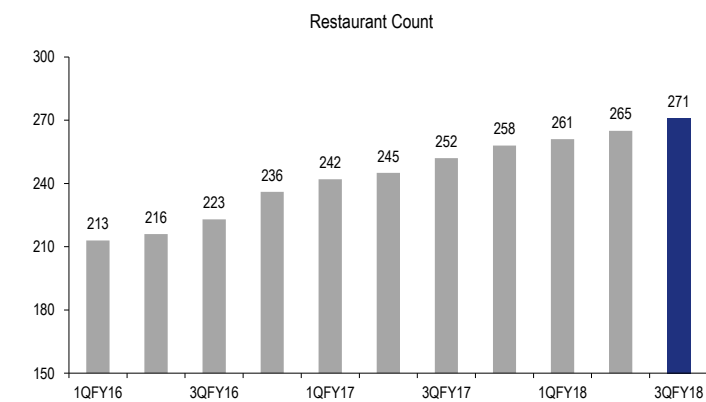
Source: Company, JM Financial

Exhibit 4. Net sales growth trend (%)

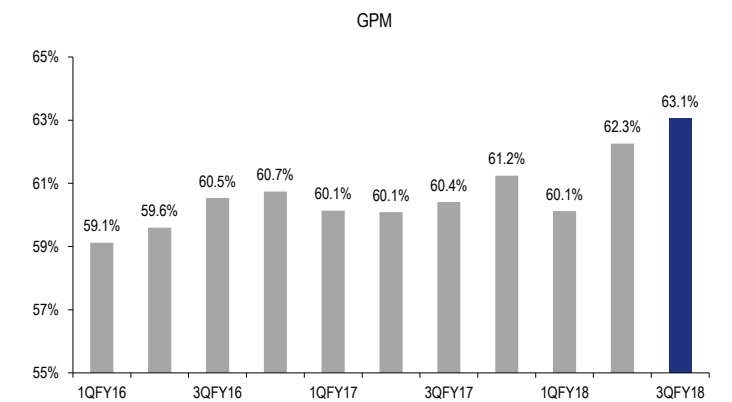
Source: Company, JM Financial

Exhibit 5. Same store sales growth (SSSG) trend (%)

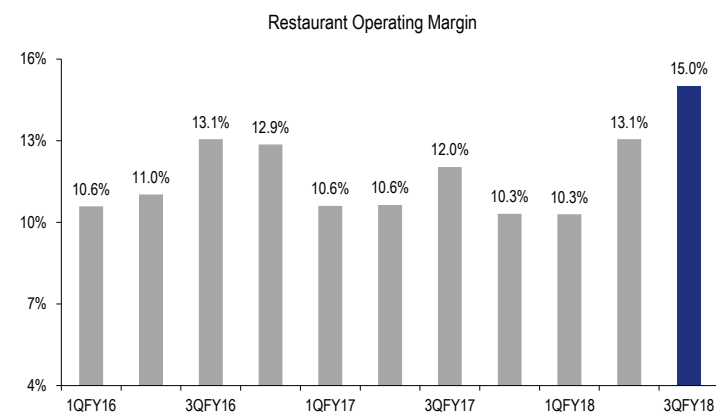
Source: Company, JM Financial

Exhibit 6. Restaurant count (nos)

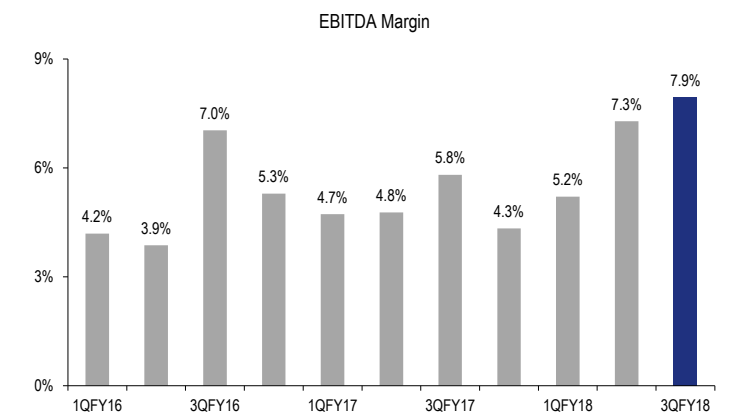
Source: Company, JM Financial

Exhibit 7. Gross Profit Margin (%)

Source: Company, JM Financial

Exhibit 8. Restaurant operating margin trend (%)

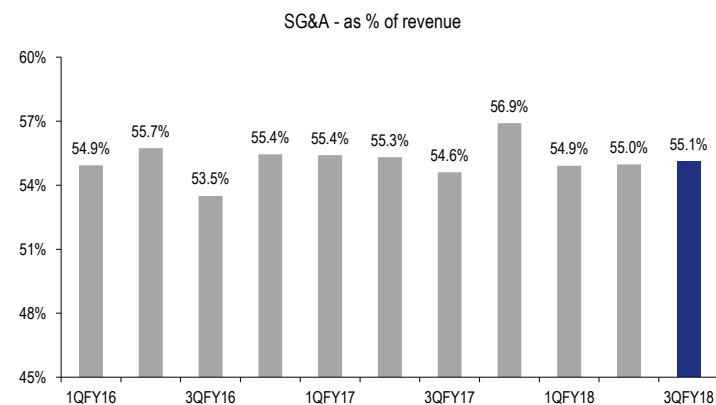
Source: Company, JM Financial

Exhibit 9. EBITDA margin trend (%)

Source: Company, JM Financial

Exhibit 10. SG&A trend

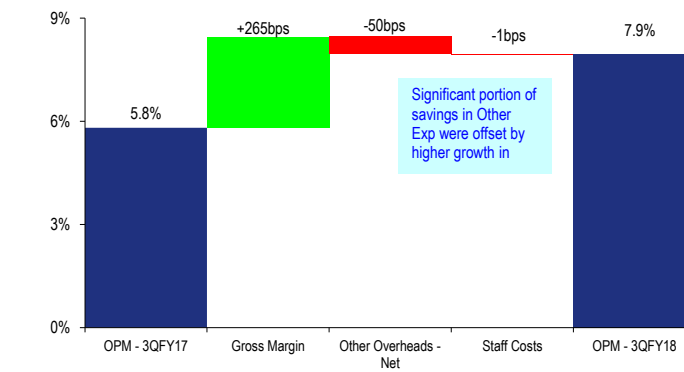
(%)



Source: Company, JM Financial

Exhibit 11. Operating margin movement – 3QFY18

(%)



Source: Company, JM Financial

Exhibit 12. Our 12-month DCF based price target works out to INR400

(INR mn)

| (INR mn) | FY17 | FY18 | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 | FY27 | FY28 | FY29 | FY30 |
|--------------------------------|-------------|-------------|------------|------------|------------|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EBIT | -168 | 75 | 349 | 434 | 638 | 925 | 1,528 | 2,145 | 2,929 | 3,731 | 4,507 | 5,417 | 6,230 | 7,150 |
| Tax Rate | 0.0% | 0.0% | 0.0% | 20.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% | 30.0% |
| NOPAT | -168 | 75 | 349 | 347 | 446 | 648 | 1,069 | 1,502 | 2,050 | 2,612 | 3,155 | 3,792 | 4,361 | 5,005 |
| Depreciation | 637 | 670 | 743 | 823 | 906 | 991 | 1,083 | 1,186 | 1,302 | 1,430 | 1,566 | 1,706 | 1,850 | 1,997 |
| Capex | -796 | -960 | -1,005 | -1,108 | -1,116 | -1,147 | -1,300 | -1,458 | -1,623 | -1,794 | -1,841 | -1,891 | -1,942 | -1,994 |
| Net working capital investment | 107 | -24 | -25 | 55 | 52 | 6 | 12 | 41 | -29 | 63 | 0 | -8 | 10 | 6 |
| Free Cash Flow | -220 | -240 | 63 | 117 | 289 | 498 | 865 | 1,271 | 1,700 | 2,311 | 2,880 | 3,599 | 4,279 | 5,014 |
| YoY Growth - % | | | | | 146.5% | 72.4% | 73.7% | 47.0% | 33.8% | 35.9% | 24.6% | 25.0% | 18.9% | 17.2% |
| Discounting Factor | | | 1.00 | 0.90 | 0.81 | 0.73 | 0.66 | 0.59 | 0.53 | 0.48 | 0.43 | 0.39 | 0.35 | 0.32 |
| Present Value of FCF | | | 63 | 106 | 234 | 364 | 570 | 754 | 909 | 1,113 | 1,250 | 1,407 | 1,507 | 1,591 |

| Fade period forecast | FY31E | FY32E | FY33E | FY34E | FY35E | FY36E | FY37E | FY38E | FY39E | FY40E | FY30-40 Cagr |
|----------------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|---------------|---------------|--------------|
| FCF | 5,825 | 6,707 | 7,654 | 8,658 | 9,705 | 10,779 | 11,863 | 12,935 | 13,972 | 14,950 | 9.9% |
| Discounting Factor | 0.29 | 0.26 | 0.23 | 0.21 | 0.19 | 0.17 | 0.15 | 0.14 | 0.12 | 0.11 | |
| Present Value of FCF | 1,665 | 1,727 | 1,776 | 1,810 | 1,827 | 1,828 | 1,813 | 1,781 | 1,733 | 1,671 | |

12M Forward Equity Valuation

| | |
|-----------------------------------|---------------|
| PV of Cash Flow - Explicit Period | 9,867 |
| PV of Cash Flow - Fade Period | 17,630 |
| PV of Terminal Value | 35,415 |
| Enterprise Value | 62,913 |
| Debt - Mar'18 | 1,999 |
| Cash - Mar'18 | 1,673 |
| Net Debt | 327 |

| | |
|--|---------------|
| Equity value | 62,586 |
| Mn no of shares | 156 |
| 12M Target (DCF value) - Rs per share | 402 |

| | |
|--|-------------|
| EBITDA - 12M Forward | 1,257 |
| Fair 12M forward EV-EBITDA multiple | 50.1 |

| | |
|--|------------|
| Sales - 12M Forward | 15,232 |
| Fair 12M forward Sales multiple | 4.1 |

Source: Company, JM Financial

WACC computation

| | |
|-----------------------------|--------------|
| Pre-tax Cost of Debt | 8.0% |
| Risk Free Rate | 7.0% |
| Risk Premium | 5.5% |
| Company Beta | 0.8 |
| Cost of Equity | 11.4% |
| WACC used | 11.0% |
| Terminal Growth Rate | 6.0% |

Financial Tables (Consolidated)

| Profit & Loss Statement | | | | | (INR mn) |
|-----------------------------|--------------|--------------|---------------|---------------|---------------|
| Y/E March | FY16A | FY17A | FY18E | FY19E | FY20E |
| Net Sales | 8,237 | 9,189 | 10,744 | 12,784 | 15,232 |
| Sales Growth | 8.4% * | 11.5% | 16.9% | 19.0% | 19.1% |
| Other Operating Income | 97 | 119 | 139 | 166 | 198 |
| Total Revenue | 8,334 | 9,308 | 10,883 | 12,950 | 15,430 |
| Cost of Goods Sold/Op. Exp. | 3,333 | 3,663 | 4,112 | 4,854 | 5,738 |
| Personnel cost | 1,240 | 1,407 | 1,693 | 2,006 | 2,361 |
| Other expenses | 3,335 | 3,768 | 4,334 | 4,997 | 6,073 |
| EBITDA | 426 | 470 | 745 | 1,093 | 1,257 |
| EBITDA (%) | 5.1% | 5.0% | 6.8% | 8.4% | 8.1% |
| EBITDA Growth (%) | 181.2% | 10.1% | 58.6% | 46.8% | 15.0% |
| Depn & Amort | 577 | 637 | 670 | 743 | 823 |
| EBIT | -150 | -168 | 75 | 349 | 434 |
| Other Income | 97 | 200 | 203 | 213 | 245 |
| Finance Cost | 150 | 154 | 156 | 166 | 180 |
| PBT before Excep & Forex | -203 | -121 | 121 | 396 | 500 |
| Excep & forex Inc/Loss(-) | 234 | 0 | 0 | 0 | 0 |
| PBT | 31 | -121 | 121 | 396 | 500 |
| Taxes | 3 | 0 | 0 | 0 | 100 |
| Extraordinary Inc/Loss(-) | 0 | 0 | 0 | 0 | 0 |
| Assoc. Profit/Min. Int.(-) | 0 | 0 | 0 | 0 | 0 |
| Reported Net profit | 28 | -121 | 121 | 396 | 400 |
| Adjusted Net Profit | -155 | -121 | 121 | 396 | 400 |
| Net Margin (%) | -1.9% | -1.3% | 1.1% | 3.1% | 2.6% |
| Diluted share capital (mn) | 155.6 | 155.6 | 155.6 | 155.6 | 155.6 |
| Diluted EPS (Rs) | (1.0) | (0.8) | 0.8 | 2.5 | 2.6 |
| Diluted EPS Growth | NA | NA | NA | NA | NA |
| Total Dividend + Tax | 0 | 0 | 0 | 0 | 0 |
| Dividend Per Share (Rs) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company, JM Financial

| Cash Flow statement | | | | | (INR mn) |
|------------------------------|-------------|-------------|-------------|--------------|--------------|
| Y/E March | FY16A | FY17A | FY18E | FY19E | FY20E |
| Profit before Tax | 31 | -121 | 121 | 396 | 500 |
| Depn. & Amort. | 577 | 637 | 670 | 743 | 823 |
| Net Interest Exp. / Inc. (-) | 53 | -47 | -46 | -46 | -66 |
| Inc (-) / Dec in WCap. | 68 | 120 | -24 | -25 | 55 |
| Others | 74 | 64 | 0 | 0 | 0 |
| Taxes Paid | -4 | 3 | 0 | 0 | -100 |
| Operating Cash Flow | 799 | 657 | 720 | 1,068 | 1,212 |
| Capex | -769 | -907 | -960 | -1,005 | -1,108 |
| Free Cash Flow | 30 | -251 | -240 | 63 | 104 |
| -Inc/dec in investments | -40 | -12 | 340 | 272 | 109 |
| Other current assets | 7 | 5 | 203 | 213 | 245 |
| Investing Cash Flow | -801 | -915 | -418 | -521 | -754 |
| Inc/(dec) in capital | 3 | 1 | 0 | 0 | 0 |
| Dividend+Tax Thereon | 0 | 0 | 0 | 0 | 0 |
| Inc/dec in loans | 153 | 409 | 95 | 160 | 173 |
| Other assets | -158 | -150 | -156 | -166 | -180 |
| Financing Cash Flow | -2 | 260 | -61 | -6 | -7 |
| Inc / Dec (-) in Cash | -5 | 2 | 242 | 541 | 451 |
| Opening cash balance | 75 | 69 | 71 | 313 | 853 |
| Closing cash balance | 69 | 71 | 313 | 853 | 1,305 |

Source: Company, JM Financial

| Balance Sheet | | | | | (INR mn) |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Y/E March | FY16A | FY17A | FY18E | FY19E | FY20E |
| Shareholders' Fund | 5,381 | 5,275 | 5,397 | 5,792 | 6,192 |
| Share capital | 311 | 311 | 311 | 311 | 311 |
| Reserves & Surplus | 5,070 | 4,964 | 5,085 | 5,481 | 5,881 |
| Preference Share Capital | 0 | 0 | 0 | 0 | 0 |
| Minority Interest | 0 | 0 | 0 | 0 | 0 |
| Total Loans | 1,495 | 1,904 | 1,999 | 2,159 | 2,332 |
| Def. Tax Liab / Assets (-) | 0 | 0 | 0 | 0 | 0 |
| Total - Equity & Liab | 6,876 | 7,179 | 7,396 | 7,951 | 8,524 |
| Net Fixed Assets | 5,209 | 5,479 | 5,769 | 6,031 | 6,317 |
| Gross Fixed Assets | 7,641 | 8,450 | 9,410 | 10,415 | 11,523 |
| Intangible Assets | 0 | 0 | 0 | 0 | 0 |
| Less: Depn. & Amort. | 2,617 | 3,142 | 3,812 | 4,556 | 5,378 |
| Capital WIP | 184 | 172 | 172 | 172 | 172 |
| Investments | 1,562 | 1,700 | 1,360 | 1,088 | 979 |
| Current Assets | 1,608 | 1,624 | 2,128 | 3,014 | 3,879 |
| Inventories | 278 | 302 | 354 | 421 | 501 |
| Sundry Debtors | 42 | 49 | 58 | 68 | 82 |
| Cash & Bank Balances | 70 | 71 | 313 | 853 | 1,305 |
| Loans & Advances | 1,207 | 1,148 | 1,342 | 1,596 | 1,902 |
| Other Current Assets | 11 | 54 | 63 | 75 | 89 |
| Current Liab. & Prov. | 1,502 | 1,624 | 1,862 | 2,182 | 2,651 |
| Current Liabilities | 1,429 | 1,555 | 1,781 | 2,086 | 2,538 |
| Provisions & Others | 73 | 68 | 82 | 96 | 113 |
| Net Current Assets | 106 | 0 | 266 | 832 | 1,228 |
| Application of Funds | 6,876 | 7,179 | 7,396 | 7,951 | 8,524 |

Source: Company, JM Financial

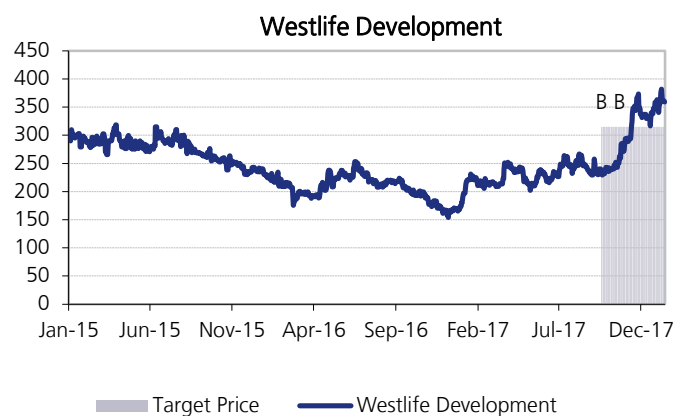
| Dupont Analysis | | | | | |
|---------------------------|-------|-------|-------|-------|-------|
| Y/E March | FY16A | FY17A | FY18E | FY19E | FY20E |
| Net Margin | -1.9% | -1.3% | 1.1% | 3.1% | 2.6% |
| Asset Turnover (x) | 1.2 | 1.3 | 1.5 | 1.7 | 1.8 |
| Leverage Factor (x) | 1.3 | 1.3 | 1.4 | 1.4 | 1.4 |
| RoE | -2.9% | -2.3% | 2.3% | 7.1% | 6.7% |
| Key Ratios | | | | | |
| Y/E March | FY16A | FY17A | FY18E | FY19E | FY20E |
| BV/Share (Rs) | 34.6 | 33.9 | 34.7 | 37.2 | 39.8 |
| ROIC (%) | -2.7% | -3.1% | 1.3% | 6.0% | 5.7% |
| ROE (%) | -2.9% | -2.3% | 2.3% | 7.1% | 6.7% |
| Net Debt-equity ratio (x) | 0.0 | 0.1 | 0.1 | 0.1 | 0.1 |
| PER | NA | NA | NA | NA | NA |
| PBV | 10.2 | 10.4 | 10.1 | 9.5 | 8.8 |
| EV/EBITDA | 128.1 | 116.9 | 74.0 | 50.3 | 43.6 |
| EV/Net Sales | 6.6 | 6.0 | 5.1 | 4.3 | 3.6 |
| Debtor days | 2 | 2 | 2 | 2 | 2 |
| Inventory days | 12 | 12 | 12 | 12 | 12 |
| Creditor days | 66 | 64 | 64 | 64 | 65 |

Source: Company, JM Financial

History of Earnings Estimate and Target Price

| Date | FY18E EPS (INR) | % Chg. | FY19E EPS (INR) | % Chg. | Target Price | % Chg. |
|----------|--------------------|--------|--------------------|--------|-----------------|----------|
| 3-Oct-17 | -0.3 | | 0.4 | | 315 | 3-Oct-17 |
| 6-Nov-17 | -0.2 | -33.3 | 0.5 | 25.0 | 315 | 0.0 |

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U65192MH1995PLC092522

Member of BSE Ltd. and National Stock Exchange of India Ltd. and Metropolitan Stock Exchange of India Ltd.

SEBI Registration Nos.: BSE - INZ010012532, NSE - INZ230012536 and MSEI - INZ260012539, Research Analyst – INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +9122 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sunny Shah | Tel: +91 22 6630 3383 | Email: sunny.shah@jmfl.com

| Definition of ratings | |
|-----------------------|--|
| Rating | Meaning |
| Buy | Total expected returns of more than 15%. Total expected return includes dividend yields. |
| Hold | Price expected to move in the range of 10% downside to 15% upside from the current market price. |
| Sell | Price expected to move downwards by more than 10% |

Research Analyst(s) Certification

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

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