

# BRITANNIA INDUSTRIES Ltd.

Industry	Cons. Staples
Bloomberg	BRIT IN
BSE CODE	500825

## Deeper penetration continues to drive volume

<b>RATING</b>	<b>HOLD</b>
<b>CMP</b>	<b>5815</b>
<b>Price Target</b>	<b>6407</b>
<b>Potential Upside</b>	<b>10%</b>

<b>Rating Change</b>	↓
<b>Estimate Change</b>	↓
<b>Target Change</b>	↓

### Stock Info

52wk Range H/L	6944/4400
Mkt Capital (Rs Cr)	69870
Free float (%)	49%
Avg. Vol 1M (,000)	189
No. of Shares (Cr)	12
Promoters Pledged %	NA

### Research Analyst

**RAJEEV ANAND**

rajeev.anand@narnolia.com

+91-22-62701229

### Key Highlights -

- Britannia's number for Q2FY19 remained largely inline to estimates, sales grew by 13% YoY to Rs 2870 cr( vs expectation of Rs 2885 cr) while PAT grew by 16% YoY to Rs 303 cr( vs our expectation of Rs 314 cr).
- The company maintained its volume growth momentum and clocked double-digit volume growth in fourth successive quarter.
- Long position which the company undertook for the key inputs till mid of Q4FY19 helped in the expansion of gross margin by 228 bps YoY while EBITDA margin improved by 100 bps.
- The company has expanded its direct reach to 1.99 mn(Sept'18) while rural preferred dealers(RPD) increased to 16500(Sept'18) from 6600 in March'15.

### 2Q FY19 Results-

The company has posted sales growth of 13% led by investment behind brands and continuous expansion of distribution reach in Hindi speaking belt. Hindi belt continues to grow faster than the overall growth of the company at about 1.5 x, posting a growth of 23.3%, 24.3%, 17.2%, 19.2% respectively from Rajasthan, MP, UP and Gujarat. Gross margin improved by 228bps to 40% YoY (Vs expec. of 39% YoY) which was mainly led by long position which the company undertook on key inputs which reduced the inflationary impact while EBITDA margin remained almost inline at 15.8% YoY (Vs expec. of 16%). Other expenses were up by 172 bps due to higher A&P (100year celebration and launches) and expenses related to change in business model of bread. The Company posted a strong double-digit growth in International business (IB) led by growth in Middle East (market share gain) and entries into new geography (Africa).

### View and Valuation

Britannia's Q2FY19 numbers remained largely in line, sales up by 13%with double digit volume growth while PAT grew by 16%. Going forward, we expect volume growth to remain strong on the back of company's continued thrust on distribution expansion and aggressive ramp up of product portfolio. While premiumization and judicious pricing action will help in maintaining margin. Taking account of slightly higher expenses related to new launches in 2HFY19e and lower incremental cost saving (FY20e) we have reduced our PAT estimates by 1.7%/3.7%repectively for FY19/FY20e while reduced sales estimates marginally considering company's commentary on pricing. We continue to value Britannia at 52xFY20e eps and recommend Hold with target price of Rs 6407.

### Key Risks to our rating and target

- Sharp inflation in key input prices and subdued performance from new launches.

KEY FINANCIAL/VALUATIONS	FY16	FY17	FY18	FY19E	FY20E
Net Sales	8626	9054	9914	11177	13121
EBITDA	1214	1278	1502	1782	2160
EBIT	1101	1159	1360	1633	1971
PAT	825	885	1004	1195	1470
EPS (Rs)	69	74	84	100	123
EPS growth (%)	20%	7%	13%	19%	23%
ROE (%)	39%	33%	29%	29%	30%
ROCE (%)	50%	41%	38%	38%	39%
BV	174	225	284	342	405
P/B (X)	15	17	20	17	14
P/E (x)	39	51	67	58	47

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

**2Q FY 19 Results****Largely inline**

<i>Financials</i>	<i>2QFY18</i>	<i>3QFY18</i>	<i>4QFY18</i>	<i>1QFY19</i>	<i>2QFY19</i>	<i>YoY %</i>	<i>QoQ%</i>	<i>FY17</i>	<i>FY18</i>	<i>YoY %</i>
Net Sales	2,545	2,567	2,538	2,544	2,870	12.7%	12.8%	9,054	9,914	9.5%
Other Income	51	36	44	42	44	-13.5%	4.6%	151	166	10.5%
COGS	1,584	1,574	1,561	1,526	1,720	8.6%	12.7%	5,589	6,107	9.3%
Gross Margin	38%	39%	38%	40%	40%	2.3%	0.0%	38%	38%	0.1%
Empl. Cost	107	94	108	109	108	1.0%	-0.5%	353	402	13.9%
Other Expen.	477	501	471	520	587	23.1%	12.9%	1,835	1,904	3.8%
EBITDA	378	398	397	389	454	20.3%	16.7%	1,278	1,502	17.5%
EBITDA Mar.	15%	16%	16%	15%	16%	1.0%	0.5%	14%	15%	1.0%
Depreciation	34	33	42	36	37	9.8%	3.6%	119	142	19.1%
EBIT	344	365	355	354	417	21.3%	18.0%	1,159	1,360	17.3%
Interest	1	3	2	2	2	72.9%	-0.8%	5	8	39.3%
PBT	393	399	396	393	459	16.7%	16.7%	1,304	1,518	16.4%
Exceptional	-	-	-	-	-	-	-	-	-	-
Tax	133	135	133	135	156	17.6%	15.3%	420	514	22.5%
PAT	261	264	263	258	303	16.1%	17.4%	885	1,004	13.5%
PAT Margin	10%	10%	10%	10%	11%	0.3%	0.4%	10%	10%	0%

**Recorded strong double digit volume growth led by deeper penetration**

The company continues to expand its direct distribution reach, presently it has expanded to 1.99 mn outlets(Sept'18) from 0.73(March'14), up by 2.7 times. Expansion in distribution reach in Hindi speaking belt is yielding rich dividend for the company. Hindi belt continues to grow faster than the overall growth of the company at about 1.5 times, posting a growth of 23.3%, 24.3%, 17.2%, 19.2% respectively from Rajasthan, MP, UP and Gujarat.

**Innovation and new launches kept company busy in this quarter**

Britannia is aggressively concentrating on new launches. In its Biscuit category the company launched Goodday Cashew Almond at LUP of Rs 5, re-launched 50-50 and Bourbon which are witnessing good traction. On the other hand the company has entered into new Premium categories by launching wafers(Market size Rs 400- 500 Cr growing at CAGR of 20%) in two states of South and further planning to make it PAN India launch. While the other products which are yet to be launched in 3QFY19 are Croissant in macro snacking category. It has also launched Milk Shakes.

**Long position on key input prices led to gross margin expansion**

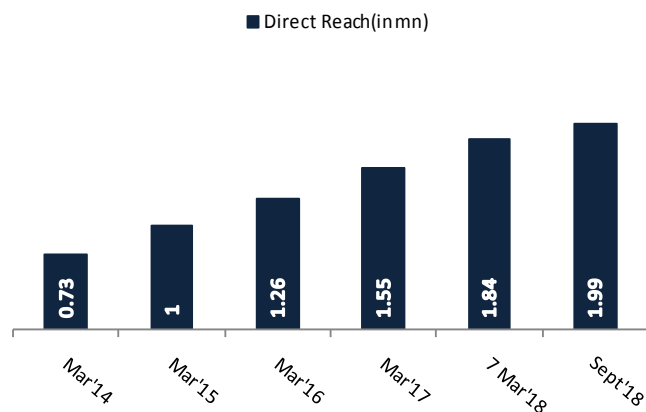
Long position which the company undertook for the key inputs till mid of Q4FY19 helped in the expansion of gross margin by 228 bps YoY while EBITDA margin improved by 100 bps. EBITDA margin expanded lower than gross margin due to higher other expenses which increased by 172 bps backed by higher A&P (100year celebration and launches) and expenses related to change in business model of bread.

**Concall Highlights**

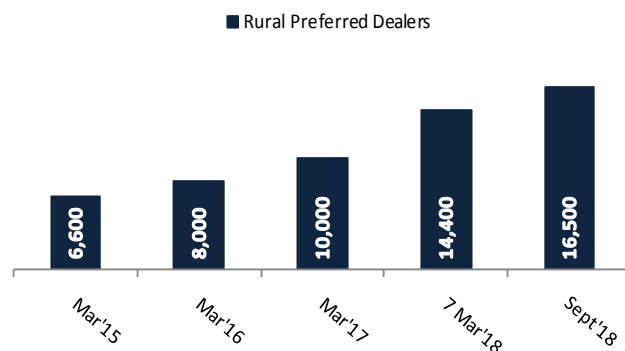
- Rural continues to outpace the urban growth backed by increased distribution network and lower unit packs.
- New launches and venturing out in new categories will continue going forward.
- The company plans to add 2 lakh outlets every year in its direct reach for coming few years.
- Outsourced and in-house manufacturing (volume terms) stood at the proportion of 45% and 55%. The company targets to ramp up in-house manufacturing to 65% in coming few years.
- The company did not take any price hike in Q2, expects to take pricing action in Q4FY19e in the range of 3-3.5%(if inflation in key inputs continue).
- The company envisages cost saving of Rs 225 cr in FY19e led by efficiencies in factory, reduction in distance travelled, new facilities and reduction on material wastages.
- Management expects cost inflation in the range of 4-4.5% in Q4FY19e.
- Expected capex: Rs 500 cr for FY19e(1H FY19:Rs 200cr and 2H FY19e:Rs 300 cr).
- Nepal plant is expected to commercialize in 4QFY19e.
- Revenue contribution from products launched 24 months back remains to extent of 5%.
- Ranjangaon Capacity: 130000 tons per annum which is ~11-12% of overall capacity and is expected to reach full capacity by next 2 years.

**Exhibit: Direct Reach – 2.7X increase**

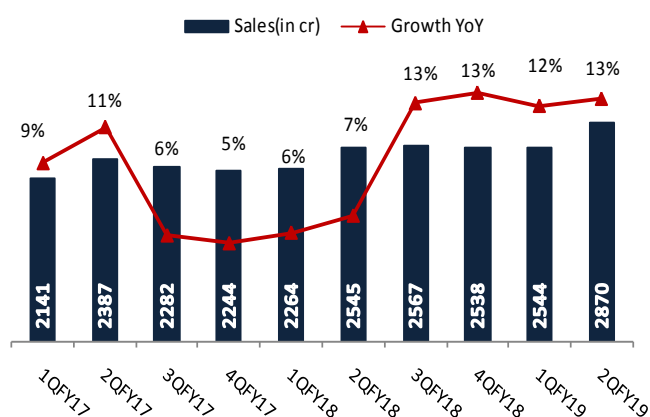
The company continues to expand its direct reach, presently it has expanded to 1.99 mn outlets.

**Exhibit: Rural distribution reach**

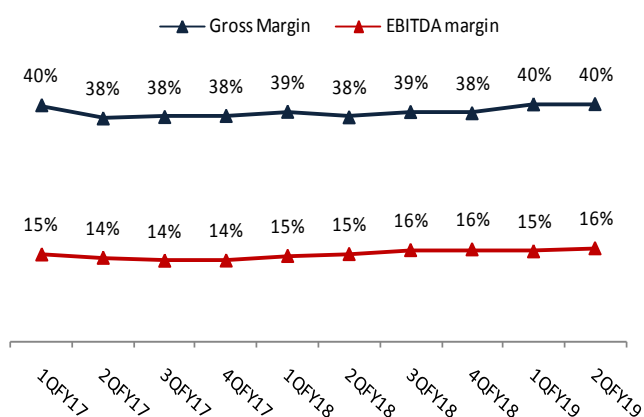
Rural distribution continues to increase and growing in double digit.

**Exhibit: Sales and Sales growth**

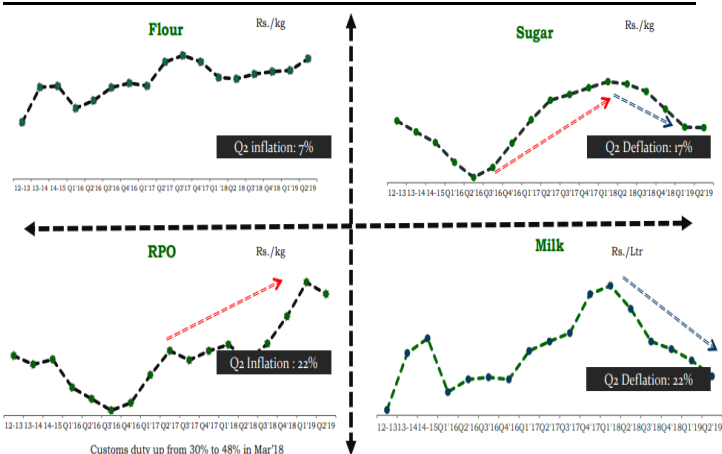
Sales grew by 13% YoY to Rs 2870 cr led by double-digit volume growth.

**Exhibit: Gross and Ebitda margin**

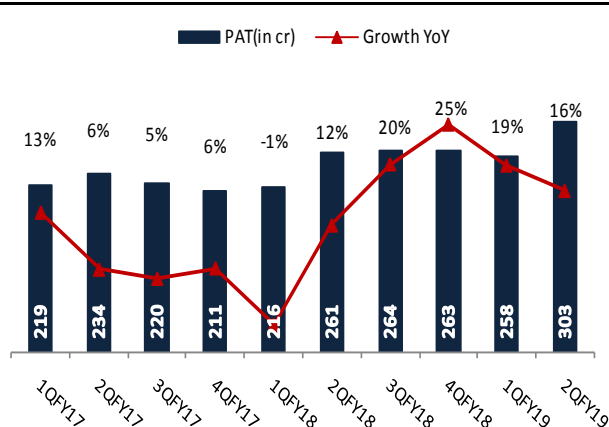
Long position undertaken for the key inputs till mid of Q4FY19 helped in expansion of gross mar. by 228 bps.

**Exhibit: Price trend in key inputs**

The company witnessed ~4% overall commodity inflation in this quarter.

**Exhibit: PAT and PAT growth**

PAT grew by 16% YoY while PAT margin improved by 31 bps YoY to 10.6%.



## Financial Details

## Balance Sheet

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Share Capital	24	24	24	24	24	24	24	24
Reserves	527	770	1,218	2,068	2,672	3,382	4,076	4,840
<b>Networth</b>	<b>551</b>	<b>794</b>	<b>1,242</b>	<b>2,092</b>	<b>2,696</b>	<b>3,406</b>	<b>4,100</b>	<b>4,864</b>
Debt	341	148	140	124	116	178	171	168
Other Non Current Liab	37	32	26	7	8	9	9	9
<b>Total Capital Employed</b>	<b>892</b>	<b>942</b>	<b>1,382</b>	<b>2,215</b>	<b>2,812</b>	<b>3,584</b>	<b>4,270</b>	<b>5,031</b>
Net Fixed Assets (incl CWIP)	785	848	782	924	1,047	1,405	1,518	1,700
Non Current Investments	35	35	77	371	310	220	220	220
Other Non Current Assets	201	178	262	217	312	237	237	237
<b>Non Current Assets</b>	<b>1,021</b>	<b>1,061</b>	<b>1,120</b>	<b>1,770</b>	<b>1,770</b>	<b>2,037</b>	<b>2,149</b>	<b>2,331</b>
Inventory	375	420	404	441	661	653	443	525
Debtors	123	109	136	171	179	305	343	403
Cash & Bank	103	109	226	65	56	130	939	1,355
Other Current Assets	262	408	907	416	175	857	900	1,000
<b>Current Assets</b>	<b>862</b>	<b>1,046</b>	<b>1,673</b>	<b>1,724</b>	<b>2,339</b>	<b>3,151</b>	<b>3,923</b>	<b>4,806</b>
Creditors	394	557	703	769	757	994	1,121	1,316
Provisions	274	328	417	175	182	179	202	237
Other Current Liabilities	277	242	259	91	92	89	100	118
<b>Curr Liabilities</b>	<b>945</b>	<b>1,126</b>	<b>1,380</b>	<b>1,244</b>	<b>1,261</b>	<b>1,554</b>	<b>1,752</b>	<b>2,057</b>
<b>Net Current Assets</b>	<b>(83)</b>	<b>(80)</b>	<b>293</b>	<b>480</b>	<b>1,078</b>	<b>1,597</b>	<b>2,170</b>	<b>2,749</b>
<b>Total Assets</b>	<b>1,883</b>	<b>2,107</b>	<b>2,793</b>	<b>3,494</b>	<b>4,109</b>	<b>5,188</b>	<b>6,072</b>	<b>7,138</b>

## Income Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
Revenue from Operation	6,185	6,913	7,858	8,626	9,054	9,914	11,177	13,121
Change (%)		12%	14%	10%	5%	9%	13%	17%
<b>EBITDA</b>	<b>421</b>	<b>627</b>	<b>864</b>	<b>1,214</b>	<b>1,278</b>	<b>1,502</b>	<b>1,782</b>	<b>2,160</b>
Change (%)		49%	38%	41%	5%	17%	19%	21%
Margin (%)	7%	9%	11%	14%	14%	15%	16%	16%
Depr & Amor.	73	83	144	113	119	142	149	189
<b>EBIT</b>	<b>347</b>	<b>544</b>	<b>719</b>	<b>1,101</b>	<b>1,159</b>	<b>1,360</b>	<b>1,633</b>	<b>1,971</b>
Int. & other fin. Cost	41	8	4	5	5	8	10	10
Other Income	52	34	88	124	151	166	190	266
<b>EBT</b>	<b>358</b>	<b>569</b>	<b>804</b>	<b>1,220</b>	<b>1,304</b>	<b>1,518</b>	<b>1,812</b>	<b>2,227</b>
Exp Item	-	-	146	-	-	-	-	-
Tax	99	174	261	396	420	514	617	757
Minority Int & P/L share of Ass.	0	0	0	-	-	-	-	-
Reported PAT	260	396	689	825	885	1,004	1,195	1,470
<b>Adjusted PAT</b>	<b>260</b>	<b>396</b>	<b>590</b>	<b>825</b>	<b>885</b>	<b>1,004</b>	<b>1,195</b>	<b>1,470</b>
Change (%)		52%	74%	20%	7%	13%	19%	23%
Margin(%)	4%	6%	9%	10%	10%	10%	11%	11%

## Financial Details

## Key Ratios

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
ROE	47%	50%	55%	39%	33%	29%	29%	30%
ROCE	39%	58%	52%	50%	41%	38%	38%	39%
Asset Turnover	3	3	3	2	2	2	2	2
Debtor Days	7	6	6	7	7	11	11	11
Inv Days	22	22	19	19	27	24	14	15
Payable Days	23	29	33	33	31	37	37	37
Int Coverage	8	66	186	226	213	179	157	193
P/E	24	16	17	39	51	67	58	47
Price / Book Value	11	8	10	15	17	20	17	14
EV/EBITDA	15	10	13	26	35	45	39	32
FCF per Share	8	47	39	59	7	69	110	103
Div Yield	2%	2%	2%	0%	1%	0%	1%	1%

## Cash Flow Statement

Y/E March	FY13	FY14	FY15	FY16	FY17	FY18	FY19E	FY20E
PBT	358	569	950	1,220	1,304	1,518	1,812	2,227
(inc)/Dec in Working Capital	(16)	226	25	133	(451)	228	222	(63)
Non Cash Op Exp	51	68	(52)	77	70	95	149	189
Int Paid (+)	(25)	8	4	5	5	8	10	10
Tax Paid	(89)	(186)	(301)	(403)	(397)	(496)	(617)	(757)
others	(25)	(14)	(41)	(72)	(90)	(104)	-	-
<b>CF from Op. Activities</b>	<b>320</b>	<b>671</b>	<b>584</b>	<b>959</b>	<b>441</b>	<b>1,249</b>	<b>1,577</b>	<b>1,606</b>
(inc)/Dec in FA & CWIP	(225)	(110)	(118)	(251)	(360)	(423)	(262)	(371)
Free Cashflow	95	561	467	708	82	826	1,315	1,235
(Pur)/Sale of Inv	165	(74)	(113)	(210)	367	(536)	(43)	(100)
others	89	(62)	(220)	(245)	(157)	2	-	-
<b>CF from Inv. Activities</b>	<b>28</b>	<b>(246)</b>	<b>(450)</b>	<b>(705)</b>	<b>(150)</b>	<b>(956)</b>	<b>(305)</b>	<b>(471)</b>
inc/(dec) in NW	4	14	-	-	-	15	-	-
inc/(dec) in Debt	(227)	(243)	17	-	-	-	-	-
Int. Paid	(42)	(9)	(3)	(5)	(6)	(7)	(10)	(10)
Div Paid (inc tax)	(118)	(119)	(168)	(231)	(288)	(317)	(502)	(705)
others	5	-	(27)	(10)	(1)	78	(8)	(3)
<b>CF from Fin. Activities</b>	<b>(378)</b>	<b>(357)</b>	<b>(181)</b>	<b>(246)</b>	<b>(295)</b>	<b>(232)</b>	<b>(520)</b>	<b>(719)</b>
Inc(Dec) in Cash	(30)	69	(47)	8	(4)	61	752	416
<b>Add: Opening Balance</b>	<b>52</b>	<b>22</b>	<b>90</b>	<b>43</b>	<b>51</b>	<b>47</b>	<b>186</b>	<b>939</b>
Closing Balance	22	90	43	51	47	108	938	1,355

**Disclosures: Narnolia Financial Advisors Ltd.\* (NFAL)** (FormerlyMicrosec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300002407 valid till 01.12.2020. NFALis engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at [www.narnolia.com](http://www.narnolia.com)

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, it's associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL 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 NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and it's associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL 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. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

**Terms & Conditions:** This report has been prepared by NFAL and is meant for sole use by the recipient and not for public 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 NFAL. 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. 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. 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.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 his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, 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 or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. This report is 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 NFAL & its group companies to registration or licensing requirements within such jurisdictions.

**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.

**Disclosure of Interest Statement-**

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

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).

\*The name of the Company has been changed from “Microsec Capital Limited” to “Narnolia Financial Advisors Limited” pursuant to change of control. The change in name has been duly effected in the records of the Registrar of Companies (ROC). The application for fresh registration in the new name of “Narnolia Financial Advisors Limited” pursuant to change of control is under process with SEBI.

Correspondence Office Address: Arch Waterfront, 5<sup>th</sup> Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; [www.narnolia.com](http://www.narnolia.com).  
Registered Office Address: Marble Arch, Office 201, 2<sup>nd</sup> Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; [www.narnolia.com](http://www.narnolia.com)

Compliance Officer: Manish Kr Agarwal, Email Id: [mkagarwal@narnolia.com](mailto:mkagarwal@narnolia.com), Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300002407, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFIRegistered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited-MCX/NCDEX Commodities Broker: INZ000051636 || Narnolia Velox Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited-IRDA Licensed Direct Insurance Broker (Life & Non-Life) License No.134 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

**Disclaimer:**

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL)and is meant for sole use by the recipient and not for public 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 NFAL. 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. 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. 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.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 his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, 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 or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is 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 NFAL & its group companies to registration or licensing requirements within such jurisdictions.