

Deepak Nitrite

Estimate change

TP change

Rating change



CMP: INR1,899

TP: INR1,835 (-3%)

Neutral

Bloomberg	DN IN
Equity Shares (m)	136
M.Cap.(INRb)/(USD\$)	258.9 / 3
52-Week Range (INR)	3169 / 1810
1, 6, 12 Rel. Per (%)	-18/-28/-22
12M Avg Val (INR M)	978

Financials & Valuations (INR b)

Y/E March	FY25E	FY26E	FY27E
Sales	80.6	87.2	95.7
EBITDA	9.7	14.5	16.5
PAT	6.1	9.0	10.0
EPS (INR)	44.8	66.2	73.4
EPS Gr. (%)	-18.8	47.8	10.8
BV/Sh.(INR)	390.8	448.7	512.8

Ratios

Net D:E	0.1	0.2	0.2
RoE (%)	12.1	15.8	15.3
RoCE (%)	11.1	13.2	12.0
Payout (%)	12.6	12.6	12.6

Valuations

P/E (x)	42.3	28.6	25.8
P/BV (x)	4.8	4.2	3.7
EV/EBITDA (x)	27.0	18.5	16.7
Div. Yield (%)	0.3	0.4	0.5
FCF Yield (%)	-2.1	-2.2	-1.7

Shareholding Pattern (%)

As On	Dec-24	Sep-24	Dec-23
Promoter	49.2	49.2	49.1
DII	23.2	22.3	18.9
FII	6.6	6.7	6.5
Others	20.9	21.8	25.5

FII includes depository receipts

Subdued quarter; new projects delayed again!

- Deepak Nitrite (DN) reported a disappointing quarter with a miss in 3QFY25, mainly due to underperformance in both the Deepak Phenolics (DPL) and Advanced Intermediates (AI) segments. This lackluster performance was attributed to an idled plant resulting from deferred demand. EBITDA came in 28% below our estimate and stood at INR1.7b (-45% YoY). Adj. PAT was INR981m (estimate of INR1.5b, -51% YoY). EBIT margin contracted 10.8pp YoY for the AI segment, while the same contracted 440bp YoY for DPL.
- The AI segment experienced a decline due to year-end destocking, but demand picked up towards the end of 3QFY25, with margins likely to be better in 4QFY25. DPL faced production loss due to a plant shutdown, while global peers' Phenol utilization remains below DPL's threshold. The company has not finalized anything on BPA yet but has begun small-scale PC compound production and plans the next DPL shutdown in ~18 months.
- The Nitric Acid project is in pre-commissioning and will be operational by the end of 4QFY25. The MIBK/MIBC and Acetophenone projects are set for commissioning in 1HFY26, while Nitration and Hydrogenation will be ready in 2HFY25. The INR1.2b R&D center at Savli, Vadodara, is 85% complete and on track for completion in Mar'25. The Fluorination block was already commissioned in 4QFY24.
- Management indicated that international demand is showing early signs of recovery, with domestic demand expected to normalize from 4QFY25. The agrochemical intermediates are witnessing a lag-adjusted recovery, while easing raw material prices should drive margin expansion for certain intermediates. Growing polymer demand and upcoming project commissions will enhance value capture across the supply chain.
- Due to the underperformance, we cut our revenue/ EBITDA/ EPS estimates by 5%/24%/27% for FY25 by 8%/13%/15% for FY26, and by 9%/14%/16% for FY27. Our EBITDAM stands at 12.1%/16.7%/17.2% for FY25/26/27. There is a risk of further downgrades in our estimate going forward. The stock trades at ~29x FY26E EPS of INR66.2 and at ~19x FY26E EV/EBITDA. **We reiterate our Neutral rating**, valuing the stock at 25x FY27E EPS to arrive at our TP of INR1,835.

Miss across the board; worst performance since 1QFY21

- Revenue came in at INR19b (our est. INR18.6b, down 5% YoY).
- EBITDA was INR1.7b (our est. of INR2.4b, down 45% YoY). Gross margin was at 26.8% (down 490bp YoY), while EBITDAM stood at 8.9% (vs. 15.2% in 3QFY24).
- Reported PAT stood at INR981m (our est. of INR1.5b, down 51% YoY).
- In 9MFY25**, revenue was at INR61b (+10% YoY), EBITDA at INR7.8b (-5% YoY), PAT at INR4.9b (-11% YoY), and EBITDAM at 12.7% (-200bp YoY).

Research Analyst: Aman Chowdhary (Aman.Chowdhary@MotilalOswal.com)

Research Analyst: Sumant Kumar (Sumant.Kumar@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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Segmental details

- Phenolics' EBIT margin stood at 8.9%, with EBIT at INR1.2b. AI's EBIT margin came in at 3.1%, with EBIT at INR169m.
- The revenue mix of Phenolics stood at 71% in 3QFY25, with AI's share at 29%. EBIT mix for AI was at 12% (vs. 34% in 3QFY24). Contribution from Phenolics was at 88% (vs. 66% in 3QFY24).
- **In 9MFY25**, AI revenue was at INR18.7b (-9% YoY) and DPL revenue was at INR42.3b (+21% YoY). AI EBIT was at INR1.3b (-58% YoY), and DPL EBIT was at INR5.4b (+24% YoY). AI's EBIT margin was 7% (-820bp YoY) and DPL' EBIT margin was at 12.7% (+30bp YoY).

Valuation and view

- DN aims to become the largest player in the solvents market by focusing on import substitution. It is foraying into PC (165ktpa), Methyl Isobutyl Ketone (MIBK, 40ktpa), Methyl Isobutyl Carbinol (MIBC, 8ktpa), and Sodium Nitrite/ Nitrate, among other products. These products are taking shape and are likely to be commissioned in FY26. Some other previously announced capex projects have already been commissioned (fluorination plant, specialty salts unit).
- DN is aggressively pursuing both backward and forward integration projects to de-risk its business model and expand its product portfolio. However, its entire product portfolio consists of commodities. The stock trades at ~29x FY26E EPS of INR66.2 and ~19x FY26E EV/EBITDA, which we believe is expensive for a commodity chemical company. We reiterate our Neutral rating with a TP of INR1,835 (premised on 25x FY27E EPS).

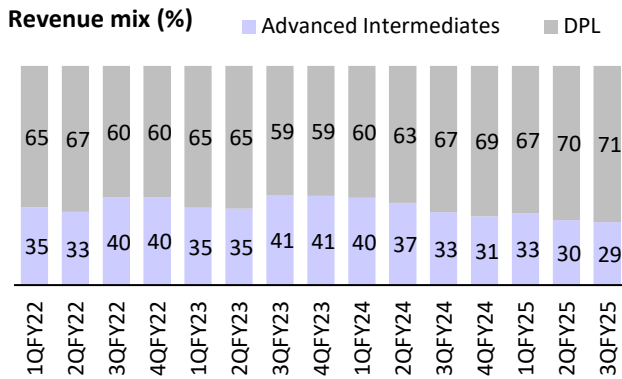
Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		3QE		
Gross Sales	17,683	17,781	20,092	21,262	21,668	20,320	19,034	19,533	76,818	80,556	18,577	2%
YoY Change (%)	-14.1	-9.4	0.9	8.4	22.5	14.3	-5.3	-8.1	-3.6	4.9	-7.5	
Gross Margin (%)	30.8%	34.4%	31.7%	30.7%	30.8%	32.0%	26.8%	27.8%	31.8%	29.4%	30.7%	-3.9%
EBITDA	2,098	3,023	3,047	3,011	3,092	2,975	1,685	1,975	11,178	9,727	2,350	-28%
Margin (%)	11.9	17.0	15.2	14.2	14.3	14.6	8.9	10.1	14.6	12.1	12.6	-3.8
Depreciation	381	394	417	465	475	485	482	505	1,657	1,947	492	
Interest	18	27	29	44	58	63	61	100	118	282	66	
Other Income	319	170	136	191	188	213	210	215	816	826	181	
PBT	2,017	2,772	2,736	3,492	2,748	2,640	1,352	1,584	11,017	8,324	1,972	-31%
Tax	518	721	715	953	723	698	371	423	2,908	2,214	521	
Rate (%)	25.7	26.0	26.1	27.3	26.3	26.4	27.4	26.7	26.4	26.6	26.4	
Reported PAT	1,499	2,051	2,020	2,538	2,025	1,942	981	1,161	8,108	6,110	1,451	-32%
Adj PAT	1,499	2,051	2,020	1,958	2,025	1,942	981	1,161	7,521	6,110	1,451	-32%
YoY Change (%)	-36.1	17.5	-3.4	-16.3	35.1	-5.3	-51.4	-40.7	-11.7	-18.8	-28.2	
Margin (%)	8.5	11.5	10.1	9.2	9.3	9.6	5.2	5.9	9.8	7.6	7.8	-2.7
Segmental Revenue (INR m)												
Advanced Intermediates	7,083	6,702	6,743	6,711	7,157	6,060	5,517	5,781	23,036	23,266	6,374	-13%
Phenolic	10,679	11,201	13,493	14,661	14,636	14,435	13,657	13,858	36,356	34,194	12,317	11%
Segmental EBIT (INR m)												
Advanced Intermediates	1,149	1,034	937	1,339	665	475	169	408	4,224	3,989	531	-68%
Phenolic	876	1,704	1,798	2,061	2,076	2,149	1,212	1,080	4,067	3,917	1,617	-25%
Segmental EBIT Margin (%)												
Advanced Intermediates	16.2%	15.4%	13.9%	20.0%	9.3%	7.8%	3.1%	7.1%	18.3%	17.1%	8.3%	-5.3%
Phenolic	8.2%	15.2%	13.3%	14.1%	14.2%	14.9%	8.9%	7.8%	11.2%	11.5%	13.1%	-4.3%

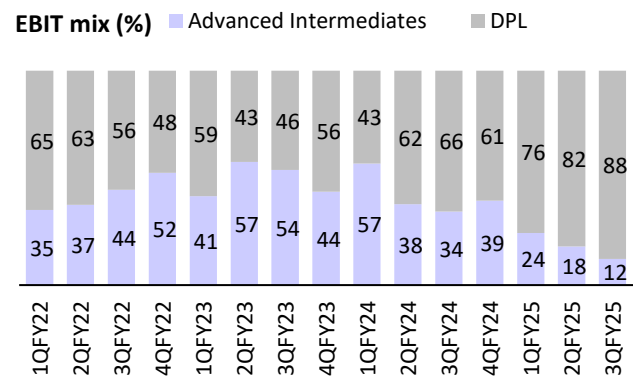
3QFY25 in charts

Exhibit 1: Contribution of Phenolics to total revenue increased to 71% in 3QFY25 from 67% in 3QFY24...



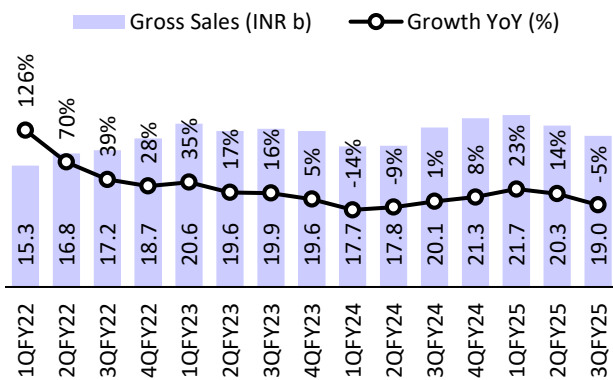
Source: Company, MOFSL

Exhibit 2: ...while Phenolics' contribution to EBIT mix improved to 88% from 66% in 3QFY24



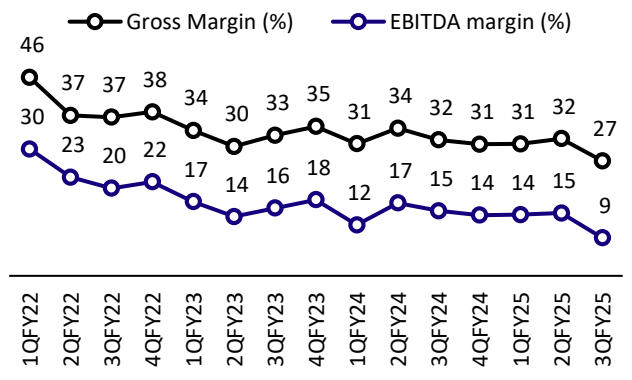
Source: Company, MOFSL

Exhibit 3: Sales declined 5% YoY



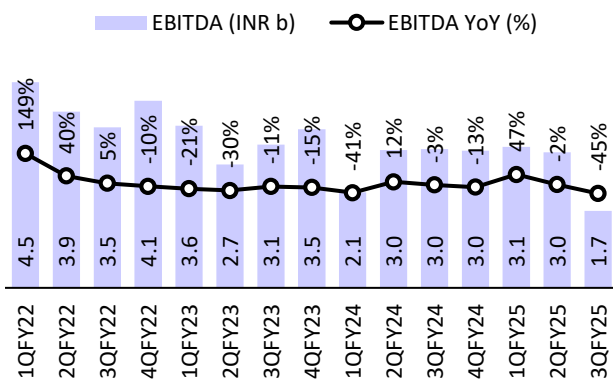
Source: Company, MOFSL

Exhibit 4: Margins contracted YoY



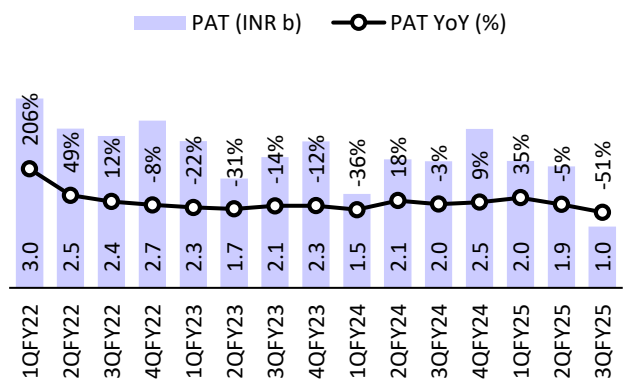
Source: Company, MOFSL

Exhibit 5: EBITDA declined 45% YoY



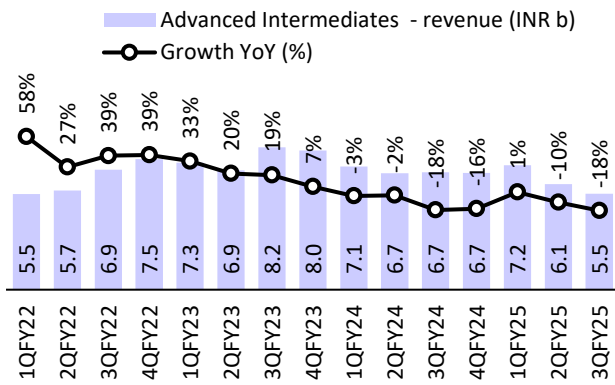
Source: Company, MOFSL

Exhibit 6: Reported PAT was down 51% YoY



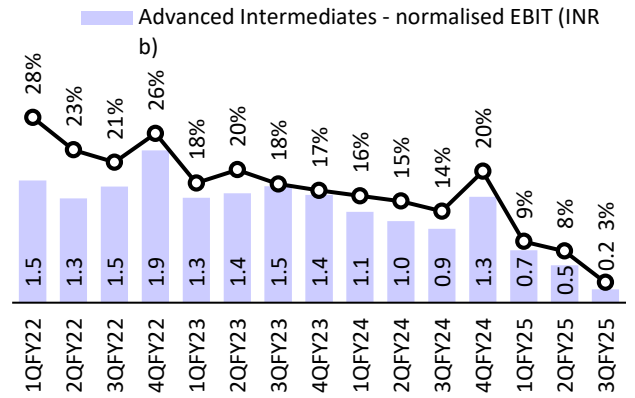
Source: Company, MOFSL

Exhibit 7: Revenue from AI declined 18% YoY...



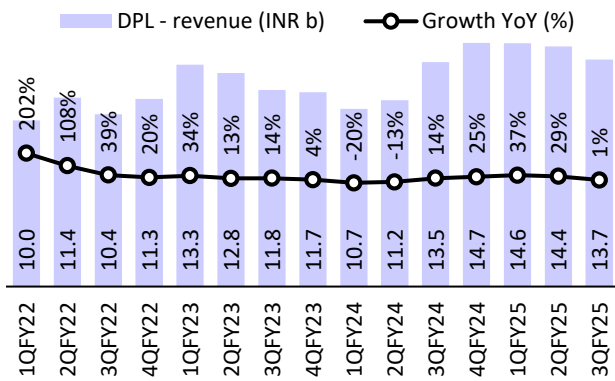
Source: Company, MOFSL

Exhibit 8: ...with a 10.8pp YoY contraction in EBITM



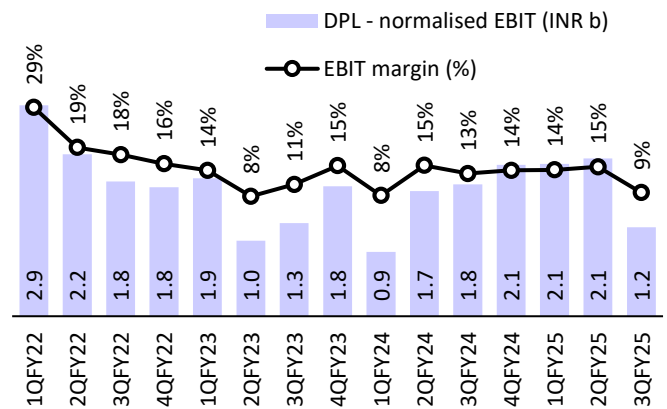
Source: Company, MOFSL

Exhibit 9: Revenue from DPL increased 1% YoY...



Source: Company, MOFSL

Exhibit 10: ...with EBIT margin at 8.9% (down 440bp YoY)



Source: Company, MOFSL

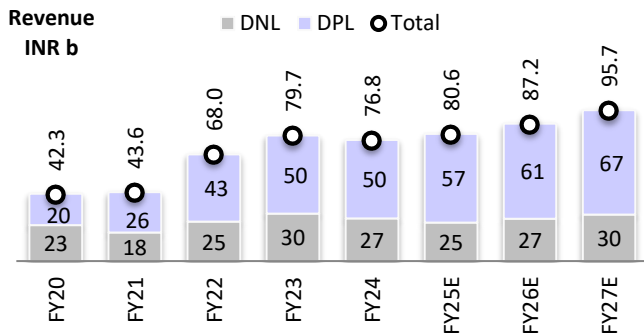


Earnings concall highlights

- RM costs hit DN's margin during the quarter
- Projects that were going to be commissioned in 2HFY25 have been delayed
- Challenges were faced in both segments
- **AI segment performance**
 - End-of-year destocking led to a dip in DN's performance
 - Pick-up in demand was visible towards the end of 3QFY25
 - Though the margin has been hit, management believes that the margin will normalize in 4QFY25
- **DPL's performance**
 - A plant was shut down, which led to a loss in production volume in 3Q
 - Management says that Phenol utilization of global peers is well below the threshold of DPL
 - It has not finalized anyone for the BPA technology transfer to DPL
 - It has started manufacturing PC compounds in small quantities
 - The next shutdown in the DPL plant would be in ~18 months

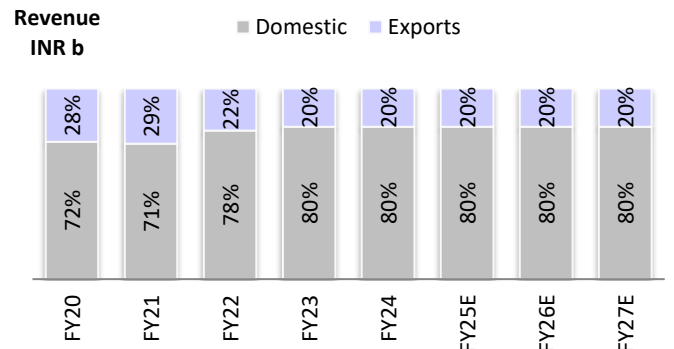
Financial story in charts

Exhibit 11: Revenue contribution from Phenol to remain higher...



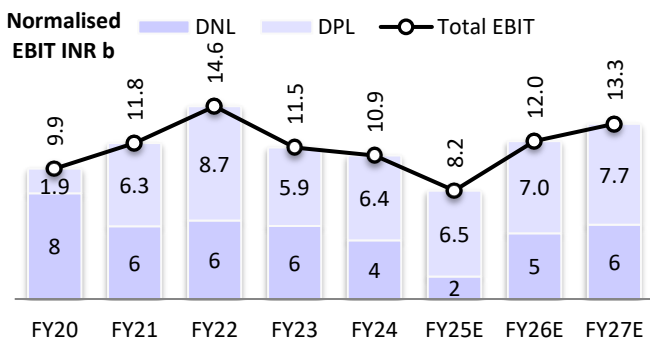
Source: MOFSL

Exhibit 12: ...with a focus on the domestic market as a play on import substitution



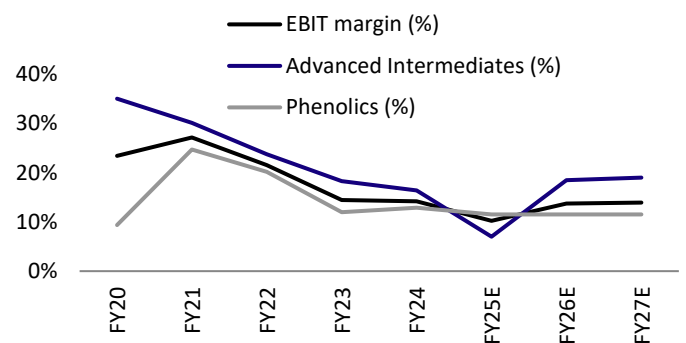
Source: Company, MOFSL

Exhibit 13: Segmental EBIT breakdown of DN...



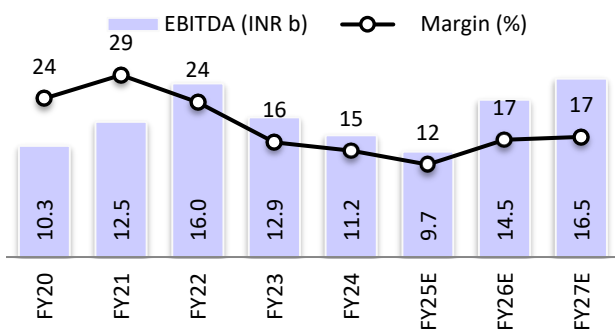
Source: Company, MOFSL

Exhibit 14: ...with AI still enjoying a higher EBIT margin



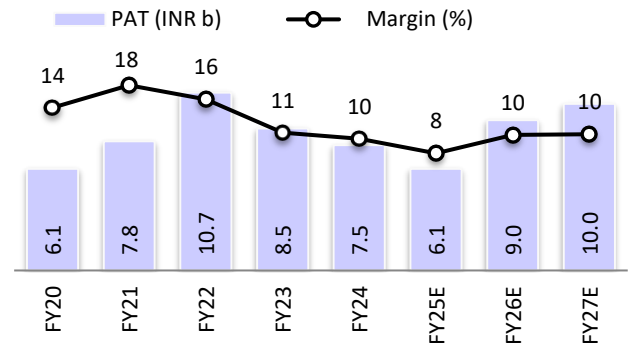
Source: Company, MOFSL

Exhibit 15: EBITDA margin to normalize from FY22 levels



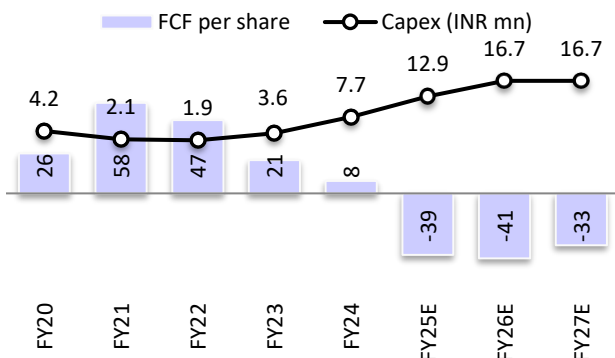
Source: Company, MOFSL

Exhibit 16: Expect ~10% PAT CAGR over FY24-27



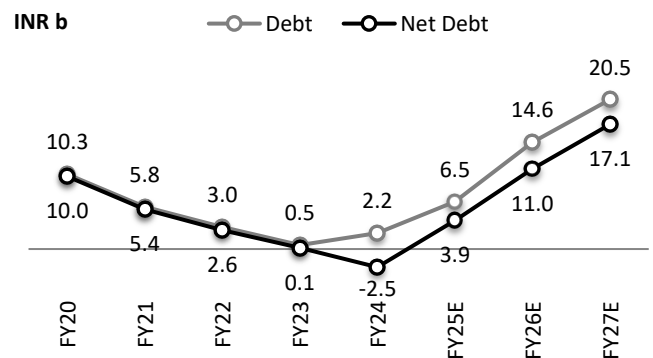
Source: Company, MOFSL

Exhibit 17: Capex to be incurred by DN



Source: Company, MOFSL

Exhibit 18: Debt profile of DN



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Total Income from Operations	42,297	43,598	68,022	79,721	76,818	80,556	87,157	95,663
Change (%)	56.7	3.1	56.0	17.2	-3.6	4.9	8.2	9.8
Gross Margin (%)	43.9	48.1	39.5	32.9	31.8	29.4	33.9	34.2
EBITDA	10,258	12,470	16,036	12,894	11,233	9,727	14,528	16,459
Margin (%)	24.3	28.6	23.6	16.2	14.6	12.1	16.7	17.2
Depreciation	1,397	1,526	1,777	1,663	1,657	1,947	2,997	3,613
EBIT	8,861	10,944	14,259	11,231	9,576	7,781	11,530	12,845
Int. and Finance Charges	1,149	742	340	248	118	282	291	308
Other Income	352	215	426	476	761	826	828	837
PBT bef. EO Exp.	8,064	10,417	14,345	11,459	10,219	8,324	12,067	13,375
EO Items	0	0	0	0	798	0	0	0
PBT after EO Exp.	8,064	10,417	14,345	11,459	11,017	8,324	12,067	13,375
Total Tax	1,954	2,659	3,678	2,939	2,908	2,214	3,037	3,366
Tax Rate (%)	24.2	25.5	25.6	25.6	26.4	26.6	25.2	25.2
Reported PAT	6,110	7,758	10,666	8,520	8,109	6,110	9,030	10,008
Adjusted PAT	6,110	7,758	10,666	8,520	7,522	6,110	9,030	10,008
Change (%)	251.9	27.0	37.5	-20.1	-11.7	-18.8	47.8	10.8
Margin (%)	14.4	17.8	15.7	10.7	9.8	7.6	10.4	10.5

Consolidated - Balance Sheet

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity Share Capital	273	273	273	273	273	273	273	273
Total Reserves	15,446	23,194	33,112	40,627	47,693	53,033	60,923	69,669
Net Worth	15,719	23,467	33,384	40,900	47,966	53,305	61,196	69,942
Total Loans	10,279	5,775	3,007	545	2,170	6,509	14,644	20,502
Deferred Tax Liabilities	796	1,078	1,229	1,566	1,736	1,736	1,736	1,736
Capital Employed	26,794	30,320	37,620	43,011	52,133	61,811	77,837	92,441
Gross Block	20,460	22,441	25,263	26,523	31,690	44,558	61,301	78,045
Less: Accum. Deprn.	2,140	3,666	5,443	7,106	8,763	10,710	13,707	17,320
Net Fixed Assets	18,320	18,774	19,820	19,416	22,927	33,849	47,594	60,724
Capital WIP	1,723	2,068	1,037	3,008	7,735	7,735	7,735	7,735
Total Investments	24	1,893	4,390	3,794	1,219	1,219	1,219	1,219
Curr. Assets, Loans, and Adv.	12,019	12,868	19,057	25,069	29,081	28,450	31,149	33,539
Inventory	3,945	3,827	5,846	8,931	7,599	8,207	8,415	9,177
Account Receivables	6,127	7,563	11,291	13,095	12,984	13,615	14,731	16,169
Cash and Bank Balance	314	334	418	400	4,655	2,598	3,644	3,412
Cash	21	89	229	376	2,380	323	1,369	1,137
Bank Balance	293	245	189	23	2,275	2,275	2,275	2,275
Loans and Advances	1,633	1,144	1,503	2,644	3,844	4,030	4,358	4,782
Curr. Liability and Prov.	5,292	5,283	6,684	8,277	8,829	9,441	9,859	10,776
Account Payables	3,643	4,367	5,117	6,618	5,823	6,288	6,448	7,032
Other Current Liabilities	1,385	640	1,272	1,216	2,476	2,597	2,809	3,084
Provisions	264	276	296	443	531	556	602	661
Net Current Assets	6,727	7,585	12,373	16,792	20,252	19,009	21,289	22,763
Appl. of Funds	26,794	30,320	37,620	43,011	52,133	61,811	77,837	92,441

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	44.8	56.9	78.2	62.5	55.1	44.8	66.2	73.4
EPS Growth (%)	252%	27%	37%	-20%	-12%	-19%	48%	11%
Cash EPS	55.0	68.1	91.2	74.7	67.3	59.1	88.2	99.9
BV/Share	115.2	172.0	244.8	299.9	351.7	390.8	448.7	512.8
DPS	4.5	5.5	7.0	7.5	7.5	5.7	8.4	9.3
Payout (%)	12.1	9.7	9.0	12.0	12.6	12.6	12.6	12.6
Valuation (x)								
P/E	42.3	33.3	24.2	30.3	34.4	42.3	28.6	25.8
Cash P/E	34.4	27.8	20.8	25.4	28.2	32.1	21.5	19.0
P/BV	16.4	11.0	7.7	6.3	5.4	4.8	4.2	3.7
EV/Sales	6.3	6.1	3.8	3.2	3.3	3.3	3.1	2.9
EV/EBITDA	26.2	21.2	16.3	20.1	22.8	27.0	18.5	16.7
Dividend Yield (%)	0.2	0.3	0.4	0.4	0.4	0.3	0.4	0.5
FCF per share	25.6	57.8	46.8	21.3	8.0	-39.2	-41.5	-33.1
Return Ratios (%)								
RoE	46.2	39.6	37.5	22.9	16.9	12.1	15.8	15.3
RoCE	27.6	29.1	32.1	21.6	16.0	11.1	13.2	12.0
RoIC	28.0	32.1	36.7	24.7	19.0	12.9	14.9	13.2
Working Capital Ratios								
Fixed Asset Turnover (x)	2.4	2.4	3.5	4.1	3.6	2.8	2.1	1.8
Asset Turnover (x)	1.6	1.4	1.8	1.9	1.5	1.3	1.1	1.0
Inventory (Days)	34	32	31	41	36	37	35	35
Debtor (Days)	53	63	61	60	62	62	62	62
Creditor (Days)	31	37	27	30	28	28	27	27
Leverage Ratio (x)								
Current Ratio	2.3	2.4	2.9	3.0	3.3	3.0	3.2	3.1
Interest Coverage Ratio	7.7	14.7	41.9	45.3	80.9	27.6	39.6	41.8
Net Debt/Equity ratio	0.6	0.2	0.1	0.0	-0.1	0.1	0.2	0.2

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
OP/(Loss) before Tax	8,064	10,417	14,345	11,459	11,017	8,324	12,067	13,375
Depreciation	1,397	1,526	1,777	1,663	1,657	1,947	2,997	3,613
Others	1,262	852	295	63	-509	282	291	308
Direct Taxes Paid	-1,985	-2,365	-3,535	-2,600	-2,665	-2,214	-3,037	-3,366
(Inc.)/Dec. in WC	-1,092	-412	-4,643	-4,085	-720	-813	-1,235	-1,706
CF from Operations	7,647	10,019	8,239	6,499	8,781	7,525	11,084	12,223
(Inc.)/Dec. in FA	-4,160	-2,140	-1,862	-3,599	-7,685	-12,868	-16,743	-16,743
Free Cash Flow	3,487	7,879	6,377	2,900	1,096	-5,343	-5,660	-4,520
Change in Investments	3	-1,854	-2,401	816	427	0	0	0
Others	-122	33	22	22	40	0	0	0
CF from Investments	-4,279	-3,961	-4,241	-2,761	-7,218	-12,868	-16,743	-16,743
Inc./(Dec.) in Debt	-1,088	-5,246	-2,812	-2,523	1,625	4,339	8,136	5,858
Interest Paid	-1,134	-736	-320	-233	-98	-282	-291	-308
Dividend Paid	-1,060	-4	-750	-955	-1,023	-771	-1,139	-1,263
Others	-94	-5	24	120	-68	0	0	0
CF from Fin. Activity	-3,376	-5,990	-3,858	-3,591	435	3,286	6,706	4,287
Inc./Dec. in Cash	-8	68	139	148	1,998	-2,056	1,046	-233
Opening Balance	30	22	90	229	377	2,380	324	1,370
Closing Balance	22	90	229	377	2,380	324	1,370	1,137

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

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

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

Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf> MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- Research Analyst and/or his/her relatives do not have a financial interest in the subject company(ies), as they do not have equity holdings in the subject company(ies). MOFSL has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of the Research Report: Yes.
Nature of Financial interest is holding equity shares or derivatives of the subject company
- Research Analyst and/or his/her relatives do not have actual/beneficial ownership of 1% or more securities in the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report.
MOFSL has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No
- Research Analyst and/or his/her relatives have not received compensation/other benefits from the subject company(ies) in the past 12 months.
MOFSL may have received compensation from the subject company(ies) in the past 12 months.
- Research Analyst and/or his/her relatives do not have material conflict of interest in the subject company at the time of publication of research report.
MOFSL does not have material conflict of interest in the subject company at the time of publication of research report.
- Research Analyst has not served as an officer, director or employee of subject company(ies).
- MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
- MOFSL has not received compensation for investment banking /merchant banking/brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months.
- MOFSL may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.
- MOFSL has not engaged in market making activity for the subject company.

The associates of MOFSL may have:
financial interest in the subject company

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

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations 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.

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

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

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.