

Clean Science and Technology | BUY



Subdued quarter; growth outlook strong

Clean Science's 2QFY25 earnings print was lower than our and consensus expectations. Reported EBITDA was ~7%/12% below JMFe and consensus on account of gross margin contraction and higher other expenses. The company didn't pass on the increase in raw material prices to focus on volumes. As a result, sales growth was largely driven by volume growth with end product prices being steady. Going forward, the company will continue to focus on market share gain. We highlight that ramp-up of three new HALS products and new pharma intermediate will be key growth drivers in FY25. For FY26 and beyond, growth drivers are likely to be additional contribution from the pharma intermediate and contributions from two new performance chemicals. In our view, with expected EBITDA break-even of Unit-4 by end-FY25, we see positive operating leverage flowing through from FY26 onwards. Factoring in 2QFY25 results and management commentary, we have revised our estimates downwards by ~4%. We believe Clean has a decent runway for growth at least for the next 4-5 years. We expect 32% sales CAGR and 27% EBITDA/EPS CAGR over FY24-27E. In case there is a pick-up in product prices, there could be an upside risk to our estimates while any delay in new product approvals could be a downside risk to our estimates. We roll forward to Mar'26 TP (from Sep'25 TP earlier). We maintain BUY with a revised Mar'26 TP of INR 1,845 (based on 40x Mar'27E EPS).

- EBITDA miss on account of gross margin contraction and higher other expenses:** Clean Science's 2QFY25 consolidated gross profit came 1% below JMFe at INR 1.5bn (up 1%/25% QoQ/YoY) on account of lower-than-anticipated gross margin of 62.4% (vs. JMFe of 65.0% and 65.4% in 1QFY25) while revenue came 3% above JMFe (1% below consensus) at INR 2.4bn (up 6%/31% QoQ/YoY). During the quarter, other expenses were higher at INR 447mn (vs. JMFe of INR 400mn and INR 389mn in 1QFY25). As a result, EBITDA came in 7%/12% below JMFe/consensus at INR 897mn (down 5% QoQ while up 20% YoY). Further, on account of high depreciation charge and tax rate, PAT was 19% below JMFe/consensus at INR 587mn (down 11% QoQ while up 13% YoY).
- Subsidiary to achieve EBITDA breakeven by end FY25:** During the quarter, large part of ~31% YoY sales growth was driven by volumes while prices were steady. During 2QFY25, performance chemicals sales stood at INR 1.6bn (same as JMFe of INR 1.6bn and up from INR 1.5bn in 1QFY25). Pharma and agro intermediates sales stood at INR 429mn (vs. JMFe of INR 420mn and INR 403mn in 1QFY25). FMCG chemicals sales stood at INR 310mn (vs. JMFe of INR 297mn and INR 291mn in 1QFY25). Going forward, the subsidiary CFCL, which is EBITDA-negative in 1HFY25, is expected to achieve EBITDA breakeven by end-FY25 with increase in utilisation of HALS and pharma intermediate.
- Expect 27% EPS CAGR over FY24-27E; maintain BUY:** In the medium term, the company has indicated EBITDA margin of ~40+% for the parent and 25% for HALS in standalone entity. Factoring in 2QFY25 results and management commentary, we have lowered our FY25/26/27 EBITDA and EPS estimates by ~4%. We expect Clean to register 27% EPS CAGR over FY24-27E. We maintain BUY with a revised Mar'26 TP of INR 1,845 (from Sep'25 TP of INR 1,760 earlier) (based on 40x Mar'27E EPS).

Krishan Parwani
krishan.parwani@jmf.com | Tel: (91 22) 6630 3073
Siddhinathan KN
siddhinathan.kn@jmf.com | Tel: (91 22) 6630 3048

Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,845
Upside/(Downside)	24.4%
Previous Price Target	1,760
Change	4.8%

Key Data – CLEAN IN

Current Market Price	INR1,484
Market cap (bn)	INR157.7/US\$1.9
Free Float	25%
Shares in issue (mn)	106.2
Diluted share (mn)	106.2
3-mon avg daily val (mn)	INR289.0/US\$3.4
52-week range	1,690/1,243
Sensex/Nifty	79,542/24,199
INR/US\$	84.4

Price Performance

%	1M	6M	12M
Absolute	-1.5	14.0	8.7
Relative*	0.4	5.4	-11.2

* To the BSE Sensex

Financial Summary

Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	9,358	7,915	9,895	14,149	18,239
Sales Growth (%)	36.6	-15.4	25.0	43.0	28.9
EBITDA	4,021	3,321	3,988	5,243	6,730
EBITDA Margin (%)	43.0	42.0	40.3	37.1	36.9
Adjusted Net Profit	2,952	2,440	2,836	3,872	4,972
Diluted EPS (INR)	27.8	23.0	26.7	36.5	46.8
Diluted EPS Growth (%)	29.2	-17.3	16.2	36.5	28.4
ROIC (%)	46.6	27.4	25.2	28.6	31.7
ROE (%)	33.2	22.1	21.1	23.2	23.7
P/E (x)	53.4	64.6	55.6	40.7	31.7
P/B (x)	15.6	13.1	10.7	8.5	6.7
EV/EBITDA (x)	38.3	46.4	38.5	29.0	22.2
Dividend Yield (%)	0.2	0.2	0.0	0.1	0.1

Source: Company data, JM Financial. Note: Valuations as of 07/Nov/2024

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

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

2QFY25 Result Review

Key takeaways from post-results conference call

- **Volume-driven QoQ growth in all segments** – The management informed that the sales increase of 6% QoQ in 2QFY25 was led by increase in volumes across segments and improvement in realisation in the pharma segment. The company is planning to focus on improving product volumes and market share in the next couple of quarters. In future, the management expects growth to be driven by upcoming products like a pharma intermediate to be launched in 3QFY25, performance and water treatment chemicals and new HALS product series.
- **Target ex-HALS margin of 40+%, HALS margin to be 25%** - The management said that it has a target EBITDA margin of 40+% for its ex-HALS product portfolio. EBITDA margin target for HALS products in the subsidiary is 25% at optimum utilisation of 80%. The subsidiary is expected to be EBITDA neutral in FY25.
- **~70% capacity utilisation achieved across product segments** – The management indicated an overall capacity utilisation of 70% for products other than HALS. Specifically, TBHQ capacity utilisation has reached 70%. The company is not planning to expand capacity at the parent level, as it has already carried out debottlenecking in parent facilities. Utilisation for HALS products at the subsidiary plant was 10-15%, and ramp-up is expected in the coming quarters.
- **Reiterates HALS volume offtake at ~2,000MT for FY25** – The management said that HALS volume offtake would reach 2,000MT in FY25; it was 135MT/month in 2QFY25 (vs. 125MT/month in 1QFY25). Currently, the company is primarily supplying a basket of four base products. Commercialisation of more products is on track with approvals and distributors already in place. With full ramp-up, the company expects to achieve 7-8% global market share for HALS.
- **Average HALS realisation to reach USD 6/kg, currently at USD 4/kg** – The company said that the base HALS products currently being produced have a realisation of USD 4/kg. The new HALS products set to be ramped up in the coming quarters are expected to have a realisation of USD 8/kg. The company expects average HALS realisation to reach USD 6/kg once it has fully ramped up the all products in the series with both existing and new customers.
- **INR 1.5bn capex in 1HFY25, INR 1.8bn in FY25, INR ~2.8bn in FY26** – The management said that capex was INR 1.5bn in 1HFY25, largely invested in the subsidiary. The total capex for FY25 is expected to be INR 1.8bn primarily for the subsidiary facilities. INR 300mn worth pharma capex is expected to be commissioned in Nov'24. Capex for FY26 could be INR ~2.8bn.
- **Performance and water treatment chemical combined peak sales potential of INR 6.5bn-6.7bn** – The new performance chemical product is expected to be commercialised by Jul'25 with a peak sales potential of INR 3.5bn. The water treatment chemical is set to be commercialised by Dec'25 with a peak sales potential of INR 3bn-3.2bn with an asset turn of 2x.
- **Pharma intermediate an import substitution opportunity, capacity 50% of Indian imports** – The new pharma intermediate is set to be an import substitution opportunity for the company as currently it is being imported from China. The validation and approval for this intermediate is expected to take 1-3 months at the customers' end. The company's capacity for this intermediate is 50% of India's imports.

Exhibit 1. Clean Science quarterly financial snapshot

Consolidated (INR mn)	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25E	% QoQ	% YoY	% difference
Net Sales	2,374	2,169	1,881	1,811	1,947	2,275	2,240	2,381	2,309	6%	31%	3%
COGS	779	641	726	618	646	780	775	895	808	16%	45%	
Gross Profit	1,595	1,528	1,155	1,193	1,301	1,495	1,465	1,486	1,501	1%	25%	-1%
Gross margin	67.2%	70.5%	61.4%	65.9%	66.8%	65.7%	65.4%	62.4%	65.0%	-300 bps	-347 bps	
Employee cost	118	128	117	119	116	135	130	142	135	10%	20%	
Employee cost as % of sales	5%	6%	6%	7%	6%	6%	6%	6%	6%	18 bps	-58 bps	
Other expenditure	396	349	277	326	319	415	389	447	400	15%	37%	
Other expenditure as % of sales	17%	16%	15%	18%	16%	18%	17%	19%	17%	142 bps	77 bps	
EBIDTA	1,081	1,051	761	748	866	945	947	897	966	-5%	20%	-7%
EBITDA margin	46%	48%	40%	41%	44%	41.5%	42.3%	37.7%	41.8%	-460 bps	-366 bps	
Depreciation	89	101	108	111	113	127	158	175	135	11%	57%	
EBIT	992	950	653	637	753	818	789	722	831	-8%	13%	
Interest expense	0.6	1.3	0.5	2.5	0.5	5.7	1.1	0.5	6.0	-58%	-82%	
Other income	126	126	134	60	78	141	99	111	145	11%	84%	
PBT	1,117	1,075	787	695	830	953	887	832	970	-6%	20%	
Tax	280	270	198	173	204	250	228	245	242	7%	42%	
PAT	837	805	589	522	626	703	659	587	727	-11%	13%	-19%
PAT margin	35%	37%	31%	29%	32%	30.9%	29.4%	24.7%	31.5%	-476 bps	-414 bps	
Basic EPS (INR)	7.88	7.58	5.55	4.91	5.90	6.62	6.21	5.53	6.85	-11%	13%	
Tax rate	25.1%	25.1%	25.1%	24.9%	24.6%	26.3%	25.7%	29.4%	25.0%	372 bps	453 bps	

Source: Company, JM Financial

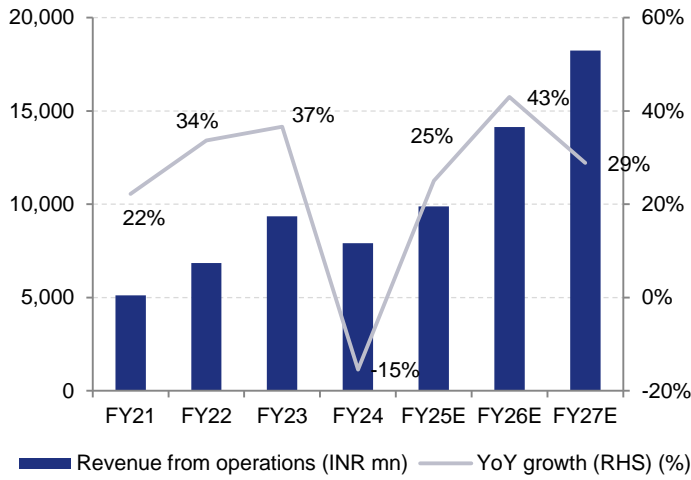
Exhibit 2. Clean Science segment-wise revenue breakup

INR mn	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	2QFY25E	% QoQ	% YoY	% diff vs JMFe
Performance chemicals	1,699	1,568	1,260	1,213	1,304	1,525	1,546	1,643	1,592	6%	35%	3%
Pharma and agro intermediates	396	412	357	344	370	432	403	429	420	6%	25%	2%
FMCG chemicals	261	239	245	272	216	296	291	310	297	6%	14%	4%
Total	2,374	2,169	1,881	1,811	1,947	2,275	2,240	2,381	2,309	6%	31%	3%
% of overall revenues												
Performance chemicals	72%	72%	67%	67%	67%	67%	69%	69%	69%	0bps	200bps	
Pharma and agro intermediates	17%	19%	19%	19%	19%	19%	18%	18%	18%	0bps	-100bps	
FMCG chemicals	11%	11%	13%	15%	11%	13%	13%	13%	13%	0bps	-204bps	
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	0bps	0bps	

Source: Company, JM Financial

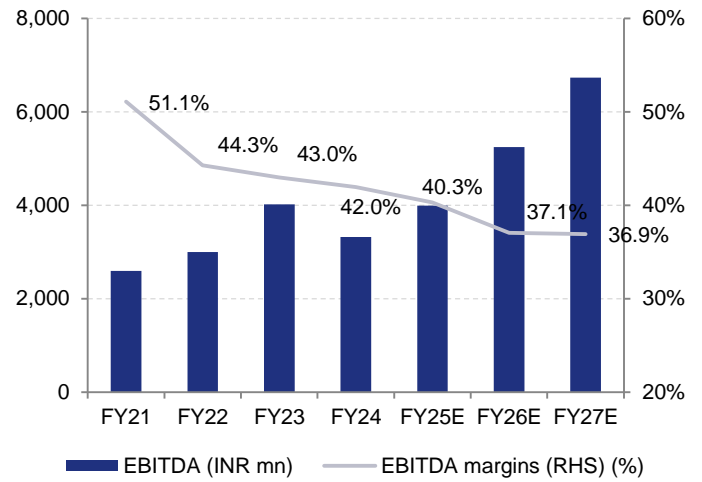
Assumptions and Estimates

Exhibit 3. Clean’s revenue likely to witness 32% CAGR over FY24-27E



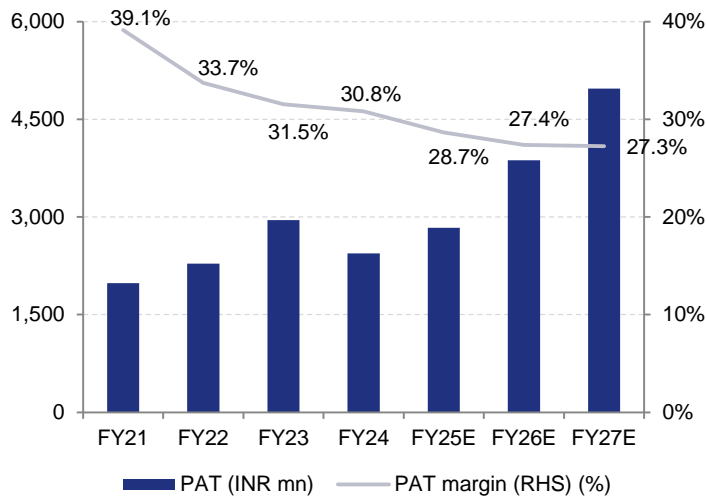
Source: Company, JM Financial

Exhibit 4. Clean’s EBITDA likely to see 27% CAGR over FY24-27E



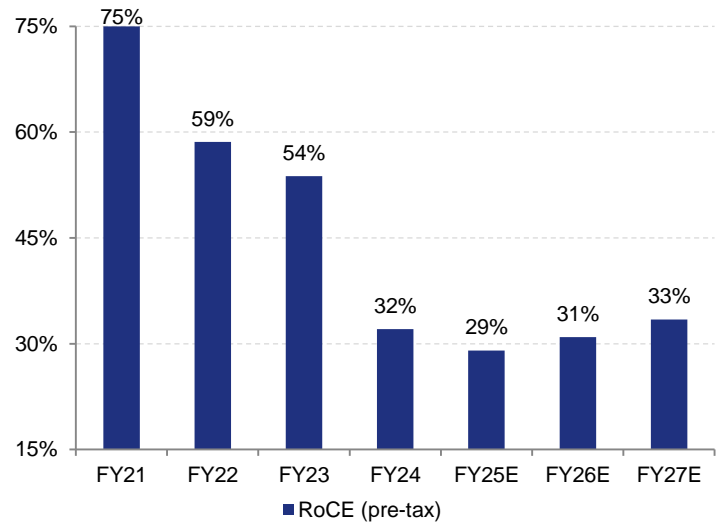
Source: Company, JM Financial

Exhibit 5. Clean’s PAT likely to register 27% CAGR over FY24-27E



Source: Company, JM Financial

Exhibit 6. Clean’s RoCE likely to improve to ~33% in FY27E



Source: Company, JM Financial

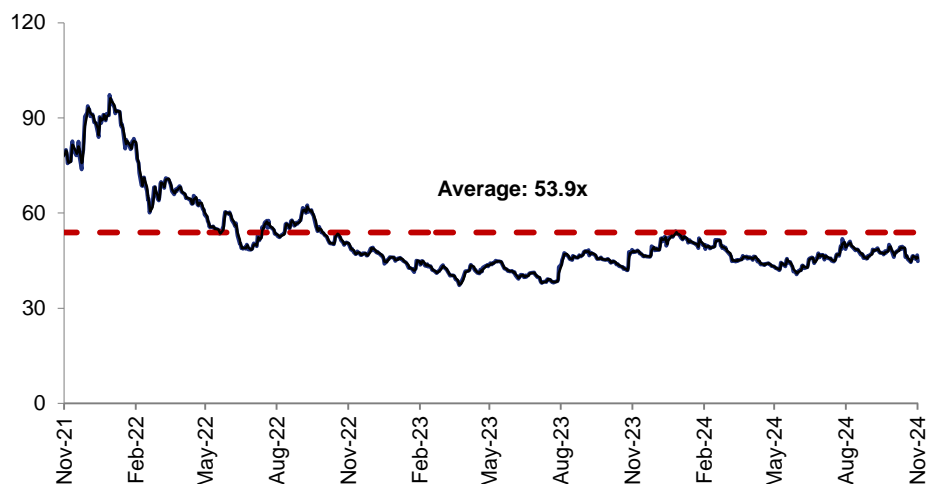
Exhibit 7. Change in estimates

	New	Old	Change
Revenue (INR Mn)			
FY25	9,895	10,100	-2.0%
FY26	14,149	14,207	-0.4%
FY27	18,239	18,396	-0.9%
EBITDA (INR Mn)			
FY25	3,988	4,164	-4.2%
FY26	5,243	5,470	-4.2%
FY27	6,730	7,027	-4.2%
PAT (INR Mn)			
FY25	2,836	2,984	-4.9%
FY26	3,872	4,069	-4.8%
FY27	4,972	5,227	-4.9%
EPS (INR)			
FY25	26.7	28.1	-4.9%
FY26	36.5	38.3	-4.8%
FY27	46.8	49.2	-4.9%

Source: JM Financial

Valuation

Exhibit 8. Clean Science is currently trading at ~44.8x 1-year forward consensus P/E multiple



Source: Bloomberg, JM Financial

Exhibit 9. Chemical companies peer valuation

Company	Rating	CMP (INR)	TP (INR)	P/E (x)				P/B (x)				EV/EBITDA (x)				ROE (%)			
				FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
SRF	BUY	2,374	2,660	52.6	56.3	36.5	28.4	6.1	5.6	4.9	4.3	28.8	27.4	20.9	16.9	12.3	10.4	14.3	16.1
PI Industries	HOLD	4,694	4,340	42.7	43.4	37.2	32.2	8.2	6.9	5.8	4.9	33.5	28.5	24.4	21.0	21.0	17.2	16.9	16.5
Deepak Nitrite	BUY	2,816	3,180	48.1	39.9	32.2	27.0	8.1	6.8	5.7	4.8	34.7	26.0	21.4	17.6	18.2	18.6	19.3	19.3
Clean Science	BUY	1,484	1,845	64.6	55.6	40.7	31.7	13.1	10.7	8.5	6.7	46.6	38.6	29.1	22.2	22.1	21.1	23.2	23.7
Navin Fluorine	BUY	3,543	4,105	76.8	63.0	46.2	36.1	7.4	6.7	6.1	5.3	46.0	37.3	28.8	23.5	10.0	11.2	13.8	15.7
Fine Organics	SELL	5,131	3,890	42.7	39.8	39.2	38.7	8.5	7.2	6.3	5.5	30.7	27.8	27.1	26.4	21.8	19.5	17.1	15.2
Galaxy Surfactants	HOLD	3,107	2,700	36.5	33.4	30.8	28.5	5.1	4.4	3.9	3.4	23.2	20.8	19.1	17.6	14.8	14.1	13.4	12.8
PCBL Ltd.	BUY	431	620	33.1	30.3	21.3	16.1	5.0	4.3	3.6	2.9	19.9	14.0	11.6	9.8	16.2	15.2	18.3	20.0
Aether Industries	BUY	862	1,135	119.1	67.1	45.1	34.1	5.6	5.1	4.6	4.1	83.8	44.9	31.2	22.9	5.8	8.0	10.8	12.7
Ami Organics	BUY	2,063	2,055	104.3	70.2	41.6	30.6	12.5	6.6	5.8	4.9	66.9	44.3	27.9	20.8	12.7	12.3	14.8	17.4
Anupam Rasayan	HOLD	736	725	176.2	201.1	110.1	70.2	8.2	7.8	7.3	6.5	61.9	66.6	48.4	36.5	5.0	4.0	6.8	9.8
Archean Chemicals	BUY	686	830	28.4	23.0	16.0	12.8	5.3	4.4	3.5	2.8	18.9	15.0	10.0	7.5	20.4	20.9	24.4	24.3
Tatva Chintan Pharma Chem	SELL	908	705	70.0	148.5	63.8	38.6	2.9	2.8	2.7	2.6	30.8	46.5	28.0	19.9	4.8	1.9	4.4	6.9

Source: Companies, JM Financial

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	9,358	7,915	9,895	14,149	18,239	
Sales Growth	36.6%	-15.4%	25.0%	43.0%	28.9%	
Other Operating Income	0	0	0	0	0	
Total Revenue	9,358	7,915	9,895	14,149	18,239	
Cost of Goods Sold/Op. Exp	3,260	2,771	3,859	5,957	7,733	
Personnel Cost	452	487	544	778	1,003	
Other Expenses	1,625	1,337	1,503	2,171	2,772	
EBITDA	4,021	3,321	3,988	5,243	6,730	
EBITDA Margin	43.0%	42.0%	40.3%	37.1%	36.9%	
EBITDA Growth	34.1%	-17.4%	20.1%	31.5%	28.4%	
Depn. & Amort.	361	459	635	788	930	
EBIT	3,660	2,861	3,353	4,456	5,801	
Other Income	298	413	429	509	573	
Finance Cost	2	9	0	0	0	
PBT before Excep. & Forex	3,957	3,265	3,782	4,964	6,374	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	3,957	3,265	3,782	4,964	6,374	
Taxes	1,005	825	945	1,092	1,402	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	2,952	2,440	2,836	3,872	4,972	
Adjusted Net Profit	2,952	2,440	2,836	3,872	4,972	
Net Margin	31.5%	30.8%	28.7%	27.4%	27.3%	
Diluted Share Cap. (mn)	106.2	106.2	106.2	106.2	106.2	
Diluted EPS (INR)	27.8	23.0	26.7	36.5	46.8	
Diluted EPS Growth	29.2%	-17.3%	16.2%	36.5%	28.4%	
Total Dividend + Tax	319	319	76	99	127	
Dividend Per Share (INR)	3.0	3.0	0.7	0.9	1.2	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	3,957	3,265	3,782	4,964	6,374	
Depn. & Amort.	361	459	635	788	930	
Net Interest Exp. / Inc. (-)	-3	-20	-29	-29	-29	
Inc (-) / Dec in WCap.	-428	-295	-513	-962	-925	
Others	-148	-284	0	0	0	
Taxes Paid	-945	-755	-945	-1,092	-1,402	
Operating Cash Flow	2,794	2,371	2,929	3,669	4,948	
Capex	-1,834	-2,323	-2,301	-2,001	-2,001	
Free Cash Flow	960	48	628	1,668	2,947	
Inc (-) / Dec in Investments	-1,410	385	0	0	0	
Others	546	80	29	29	29	
Investing Cash Flow	-2,698	-1,859	-2,272	-1,972	-1,972	
Inc / Dec (-) in Capital	-1	0	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	0	-1	0	0	0	
Others	-549	-531	-76	-99	-127	
Financing Cash Flow	-550	-532	-76	-99	-127	
Inc / Dec (-) in Cash	-455	-20	581	1,598	2,848	
Opening Cash Balance	579	124	104	686	2,284	
Closing Cash Balance	124	104	686	2,284	5,132	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	10,100	12,032	14,793	18,565	23,410	
Share Capital	106	106	106	106	106	
Reserves & Surplus	9,994	11,925	14,686	18,459	23,303	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	1	0	0	0	0	
Def. Tax Liab. / Assets (-)	257	323	323	323	323	
Total - Equity & Liab.	10,358	12,354	15,115	18,888	23,732	
Net Fixed Assets	4,806	6,935	8,601	9,814	10,885	
Gross Fixed Assets	5,561	7,792	10,092	12,092	14,092	
Intangible Assets	13	7	8	9	10	
Less: Depn. & Amort.	1,345	1,805	2,439	3,227	4,156	
Capital WIP	205	573	573	573	573	
Investments	3,276	3,026	3,026	3,026	3,026	
Current Assets	3,436	4,003	5,303	8,445	12,779	
Inventories	1,088	1,237	1,546	2,210	2,849	
Sundry Debtors	1,462	1,637	2,047	2,927	3,773	
Cash & Bank Balances	125	104	686	2,284	5,132	
Loans & Advances	0	0	0	0	0	
Other Current Assets	761	1,024	1,024	1,024	1,024	
Current Liab. & Prov.	1,160	1,608	1,814	2,397	2,957	
Current Liabilities	805	1,085	1,356	1,939	2,499	
Provisions & Others	355	524	458	458	458	
Net Current Assets	2,276	2,394	3,489	6,049	9,822	
Total - Assets	10,358	12,354	15,115	18,888	23,732	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	31.5%	30.8%	28.7%	27.4%	27.3%	
Asset Turnover (x)	1.0	0.7	0.7	0.8	0.9	
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0	
RoE	33.2%	22.1%	21.1%	23.2%	23.7%	

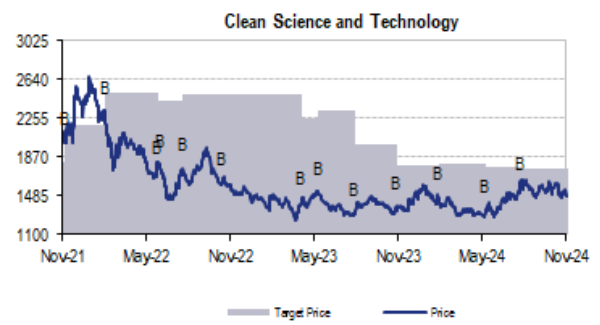
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	95.1	113.3	139.3	174.8	220.4	
ROIC	46.6%	27.4%	25.2%	28.6%	31.7%	
ROE	33.2%	22.1%	21.1%	23.2%	23.7%	
Net Debt/Equity (x)	-0.3	-0.3	-0.3	-0.3	-0.3	
P/E (x)	53.4	64.6	55.6	40.7	31.7	
P/B (x)	15.6	13.1	10.7	8.5	6.7	
EV/EBITDA (x)	38.3	46.4	38.5	29.0	22.2	
EV/Sales (x)	16.4	19.5	15.5	10.7	8.2	
Debtor days	57	76	76	76	76	
Inventory days	42	57	57	57	57	
Creditor days	55	86	84	79	79	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
1-Sep-21	Buy	1,820	
11-Nov-21	Buy	2,195	20.6
7-Feb-22	Buy	2,500	13.9
30-May-22	Buy	2,425	-3.0
7-Jun-22	Buy	2,425	0.0
27-Jul-22	Buy	2,485	2.5
20-Oct-22	Buy	2,485	0.0
11-Apr-23	Buy	2,255	-9.2
18-May-23	Buy	2,325	3.1
4-Aug-23	Buy	1,995	-14.2
2-Nov-23	Buy	1,790	-10.3
4-Feb-24	Buy	1,805	0.8
15-May-24	Buy	1,765	-2.2
1-Aug-24	Buy	1,760	-0.3

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

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

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

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

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

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

Important Disclosures

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (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) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

Additional disclosure only for U.S. persons: JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

Additional disclosure only for U.K. persons: Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

Additional disclosure only for Canadian persons: This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.