19 January 2024

3QFY24 Results Update | Sector: Technology

IndiaMART

Estimate change	↔
TP change	↓
Rating change	↔

Bloomberg	INMART IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	149.3 / 1.8
52-Week Range (INR)	3336 / 2180
1, 6, 12 Rel. Per (%)	-12/-23/-8
12M Avg Val (INR M)	649

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	12.0	14.6	17.7
EBITDA	3.3	4.1	5.4
Adj. PAT	3.1	3.9	5.1
Adj. EPS (INR)	52.2	65.6	86.2
Adj. EPS Gr. (%)	37%	26%	31%
BV/Sh. (INR)	384.9	433.7	487.9
Ratios			
RoE (%)	14.3	15.9	18.7
RoCE (%)	16.3	17.5	20.1
Payout (%)	25.6	35.8	37.6
Valuations			
P/E (x)	47.7	37.7	28.7
P/BV (x)	6.4	5.7	5.1

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	49.2	49.2	49.2
DII	5.5	5.6	5.2
FII	27.5	26.9	25.2
Others	18.3	18.3	20.3

FII Includes depository receipts

CMP: INR 2,489 TP: INR3,000 (+21%) Buy

Weak supplier addition to weigh on near-term growth

Underlying fundamentals remain intact; reiterate BUY

- IndiaMART (INMART) delivered a weak 3QFY24 performance, with five-quarter low collection growth of 17% (last four-quarter average of 24%) as its paying supplier addition moderated to only 1.8k QoQ (vs. ~2k in 2Q and quarterly average of 8.5k in FY23). INMART reported in-line 3Q revenue of INR3.05b, up 21% YoY, aided by continued strength in deferred revenue (up 24% YoY to INR12.3b). On the other hand, EBITDA margin expanded by a strong 90bp QoQ to 27.9% and ARPU jumped 11% YoY (vs. 10% in 2Q) to INR55.1k.
- Weak paying supplier addition is a near-term concern for INMART's business growth as it would hurt collections (and subsequently revenue) over the next few quarters. But we take comfort in the fact that the impact is mainly seen among some Silver customers, which form only 25% of the company's revenue base. Moreover, the management remains confident that the supplier addition trajectory (impacted by price hikes few quarters ago) should return to over 5k per quarter in the next few quarters, helping INMART return to its long-term collection growth target of 20-25% YoY.
- Moreover, we continue to view INMART as a long-term play on MSMEs transitioning to the online model, and see the low penetration (<3% overall and 4-5% in Tier 1 cities) as a key growth driver. With gross additions now close to last year's levels – implying that new customers are ready to pay higher pricing, the churn should start moderating in the next 2-3 quarters. We estimate INMART to deliver a 21.5% CAGR in INR revenue over FY23-26.
- With its sales investments behind, INMART has started delivering better profitability and reported 30% EBITDA margin in its core business (ex of Busy). We continue to see an upward trajectory in profitability in the medium term as employee cost management and higher ARPU should aid margins. We estimate consolidated EBITDA margin of 28.2%/30.6% in FY25/FY26 and a PAT CAGR of 30% (excluding one-time gain) over FY23-26.
- We adjust our FY24/FY25/FY26 earnings estimates by +3.3%/-2.5%/+4.7% as we bake in longer recovery time for margins and higher other income. We value INMART on a DCF basis to arrive at a TP of INR3,000, assuming 12.5% WACC and a 6.5% terminal growth rate. **We retain our BUY rating on the stock**.

In-line performance; muted subscriber addition

- INMART's 3QFY24 revenue grew 21% YoY, EBITDA rose 22% YoY, and Adj. PAT was up 33.5% YoY.
- Standalone collection was below our estimates at INR3.2b (+17% YoY). Deferred revenue rose 24% YoY to INR12.3b.
- Subscriber addition was weak at +1.8k paying subscribers QoQ vs. normal range of 6-8k. ARPU jumped again by 11% YoY to INR55.1k (vs. 10% in 2Q).

Mukul Garg - Research analyst (Mukul.Garg@MotilalOswal.com)
Pritesh Thakkar - Research analyst (Pritesh.Thakkar@MotilalOswal.com)

- EBITDA margin at 27.9% was up 90bp QoQ and 40bp below our estimate on the back of higher-than-expected employee expenses.
- Adj. PAT was up 33.5% YoY at INR817m, beating our estimate due to higher other income.
- Traffic momentum remained intact in 3Q, growing 9% YoY to 272m after 10% YoY growth reported in 2Q. Total suppliers on the platform stood at 7.8m, up 5.0% YoY
- Total cash and Investments stood at INR20.4b.

Highlights from the management commentary

- The slowing customer growth is primarily attributed to the churn that has intensified in the Silver bucket, which is also leading to slower growth in collections. The subscriber addition to 5k-6k per quarter would result in 20% YoY growth in collections going forward.
- To address the churn in the Silver bucket, the company has hired senior managers; however, it will take a couple of quarters to reduce that degree of churn.
- In terms of unique business enquiries, the YoY growth decelerated. The company has experimented (through WhatsApp, social media apps) in the past to improve unique business enquiries. The company firmly believes that it will achieve the earlier YoY growth rate in unique business enquiries.
- The increase in employee costs was mainly due to wage revisions in 3Q (Dec'23) — ideally the wage revision cycle is executed in 4Q.

Valuation and View

- We anticipate that collection growth would return to its earlier trajectory with the reduction of churn in the Silver bucket.
- We are confident of strong fundamental growth in operations, propelled by: 1) higher growth in Digitization among SMEs (~25%), 2) the need for out-of-the-circle buyers, 3) a strong network effect, 4) over 70% market share in the underlying industry, 5) the ability to improve ARPU on low price sensitivity, and 6) higher operating leverage.
- We have arrived at our DCF-based TP of INR3,000, assuming 12.5% WACC and a terminal growth rate of 6.5%. Our TP implies a 21% potential upside. **We reiterate our BUY rating on the stock.**

Consolidated quarterly earnings (INR m)

Y/E March	FY23				FY24				FY23	FY24E	FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QE	(%/bp)
Gross Sales	**2,246**	**2,406**	**2,514**	**2,688**	**2,821**	**2,947**	**3,053**	**3,218**	**9,854**	**12,039**	**3,065**	**-0.4**
Change (YoY %)	23.7	31.9	33.7	33.5	25.6	22.5	21.4	19.7	30.8	22.2	21.9	-50bp
Total Expenditure	1,604	1,734	1,812	2,027	2,048	2,150	2,200	2,385	7,177	8,783	2,198	0.1
EBITDA	**642**	**672**	**702**	**661**	**773**	**797**	**853**	**833**	**2,677**	**3,256**	**867**	**-1.6**
Margin (%)	28.6	27.9	27.9	24.6	27.4	27.0	27.9	25.9	27.2	27.0	28.3	-30bp
Depreciation	63	76	86	86	74	80	84	86	311	324	79	6
Interest	12	26	22	21	22	23	22	22	81	89	20	10
Other Income	10	466	352	307	571	346	417	387	1,135	1,721	352	19
PBT before EO expense	**577**	**1,036**	**946**	**861**	**1,248**	**1,040**	**1,164**	**1,112**	**3,420**	**4,564**	**1,120**	**3.9**
Extra-Ord. expense	0	0	-516	0	18	0	0	0	-516	18	0	
PBT	**577**	**1,036**	**1,462**	**861**	**1,230**	**1,040**	**1,164**	**1,112**	**3,936**	**4,546**	**1,120**	**3.9**
Tax	40	243	240	198	293	239	277	255	721	1,064	257	8
Rate (%)	6.9	23.5	16.4	23.0	23.8	23.0	23.8	23.0	18.3	23.4	22.9	90bp
MI and P/L of Asso. Cos.	70	109	94	105	106	110	80	80	378	376	110	
Reported PAT	**467**	**684**	**1,128**	**558**	**831**	**691**	**807**	**776**	**2,837**	**3,105**	**753**	**7.1**
Adj. PAT	**467**	**684**	**612**	**558**	**849**	**691**	**807**	**776**	**2,321**	**3,123**	**753**	**7.1**
Change (YoY %)	-46.9	-16.8	-12.8	-2.8	81.8	1.0	31.8	39.1	-22.0	34.6	23.1	880bp
Margin (%)	20.8	28.4	24.3	20.8	30.1	23.4	26.4	24.1	23.6	25.9	24.6	190bp

Key performance indicators

Y/E March	FY23				FY24				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue indicators										
Paid suppliers ('000)	179.0	188.0	194.4	203.0	208.0	210.0	212.0	217.2	203.0	217.2
ARPU ('000)	47.6	48.7	49.4	50.6	51.5	53.5	55.1	56.8	46.4	53.0
Cost indicators										
Employees	3835	4088	4413	4583	4821	5,066	5,186	5,286	4583	
Other expenses (INR m)	359	484	482	567	488	460	460	478	1892	

Highlights from the management commentary

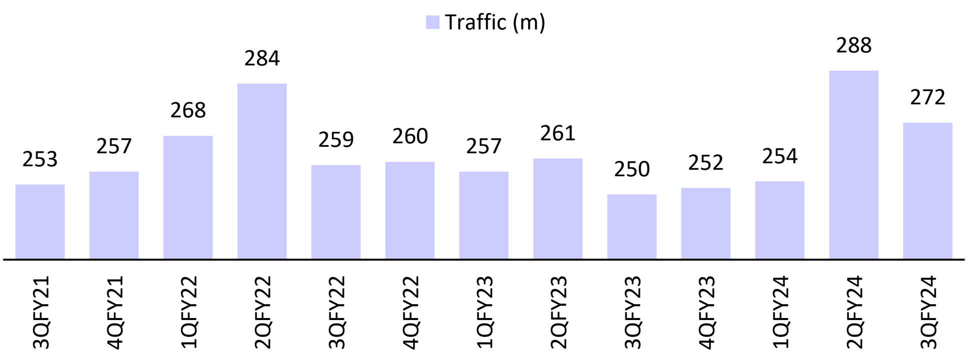
- The slowing customer growth is primarily attributed to the churn that has intensified in the Silver bucket, which is also leading to slower growth in collections. The subscriber addition to 5k-6k per quarter would result in 20% YoY growth in collections going forward.
- Despite the churn witnessed in the Silver bucket, ARPU has seen a consistent sequential increase for the last two quarters. About 33% of the subscribers in the silver bucket are on the new tariff, and additionally, 50% of the subscribers are Platinum and Gold, which keeps ARPU stable, as the churn in the Gold and Silver buckets is at an all-time low.
- To address the churn in the Silver bucket, the company has hired senior managers; however, it will take a couple of quarters to reduce that degree of churn.
- The churn in monthly subscribers has usually been high. The company wants to follow a disciplined approach and would like to move to annual subscription for tier-3 and tier-4 cities.
- In terms of unique business enquiries, the YoY growth decelerated. The company has experimented (through WhatsApp, social media apps) in the past to improve unique business enquiries. The company firmly believes that it will achieve the earlier YoY growth rate in unique business enquiries.

- Busy InfoTech's performance has been within the anticipated range. The company has acquired senior resources for sales and marketing, which is helping the company generate overall leads.

Cost and margin

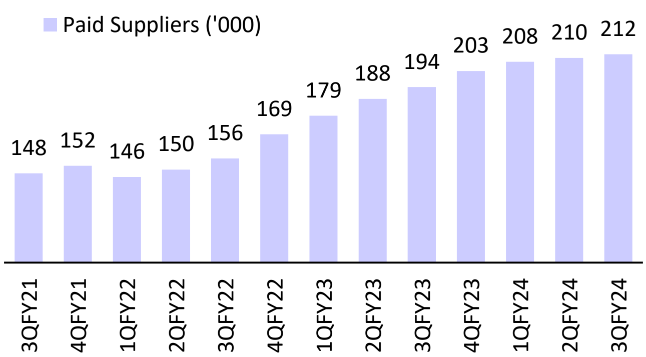
- The increase in employee costs was mainly due to wage revisions in 3Q (Dec'23) — ideally the wage revision cycle is executed in 4Q. Additionally, the company is shifting employees from the third-party payroll to the company payroll, which is again leading to a consistent increase in employee costs.
- The company has been implementing automation and optimization tools to improve margins. The management alluded that it is striving to introduce ML/AI mechanism in the space, in which a large number of manual resources get occupied that can be automated.
- It is planning to introduce a decentralized management structure under which a state head would be solely responsible for managing its P&L. The part of the margin contribution would be utilized for re-investing in better management and setting up system protocols.

Exhibit 1: Traffic moderated from its peak



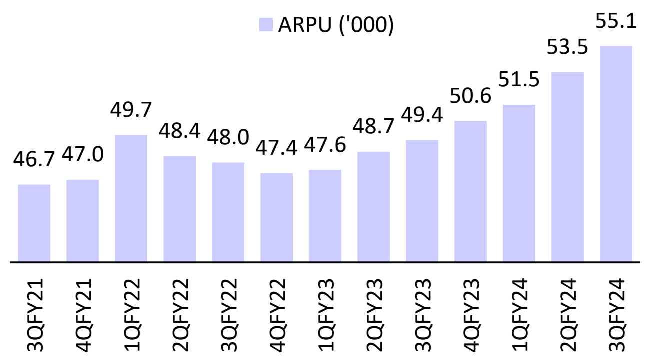
Source: Company, MOFSL

Exhibit 2: Paid supplier additions plateaued



Source: Company, MOFSL

Exhibit 3: ARPU continued to inch up



Source: Company, MOFSL

Valuation and View

- We anticipate that collection growth would return to its earlier trajectory with the reduction of churn in its Silver bucket.
- We are confident of strong fundamental growth in operations, propelled by: 1) higher growth in Digitization among SMEs (~25%), 2) the need for out-of-the-circle buyers, 3) a strong network effect, 4) over 70% market share in the underlying industry, 5) the ability to improve ARPU on low price sensitivity, and 6) higher operating leverage.
- We have arrived at our DCF-based TP of INR3,000, assuming 12.5% WACC and a terminal growth rate of 6.5%. Our TP implies a 21% potential upside. **We reiterate our BUY rating on the stock.**

Exhibit 4: Revisions to our estimates

	Revised estimate			Old estimate			Change (%/bp)		
Standalone business	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue (INR m)	12039	14572	17660	12086	15002	17622	-0.4	-2.9	0.2
YoY (%)	22.2	21.0	21.2	22.7	24.1	17.5	-50bp	-310bp	370bp
EBITDA (%)	27.0	28.2	30.6	27.4	29.8	30.3	-30bp	-160bp	30bp
EBIT (%)	24.4	25.6	28.2	24.8	27.4	28.0	-40bp	-170bp	30bp
EPS (INR)	51.9	65.6	86.2	50.2	67.2	82.3	3.3	-2.5	4.7

Source: MOFSL

Financials and valuations

Consolidated Income Statement (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	**6,386**	**6,696**	**7,535**	**9,854**	**12,039**	**14,572**	**17,660**
Change (%)	26.0	4.9	12.5	30.8	22.2	21.0	21.2
Employees Cost	2,670	2,052	2,676	3,975	5,413	6,702	7,754
Outsourced sales cost	724	534	728	1,310	1,484	1,668	1,876
Other Expenses	1,310	828	1,053	1,892	1,886	2,097	2,622
Total Expenditure	**4,704**	**3,414**	**4,457**	**7,177**	**8,783**	**10,467**	**12,252**
As a percentage of Sales	73.7	51.0	59.2	72.8	73.0	71.8	69.4
EBITDA	**1,682**	**3,282**	**3,078**	**2,677**	**3,256**	**4,106**	**5,408**
Margin (%)	26.3	49.0	40.8	27.2	27.0	28.2	30.6
Depreciation	207	161	119	311	324	369	423
EBIT	**1,475**	**3,121**	**2,959**	**2,366**	**2,931**	**3,737**	**4,985**
Int. and Finance Charges	29	67	54	81	89	88	88
Other Income	683	866	1,122	1,135	1,721	1,783	2,113
PBT bef. EO Exp.	**2,129**	**3,920**	**4,027**	**3,420**	**4,564**	**5,432**	**7,010**
EO Items	**229**	**-109**	**0**	**516**	**-18**	**0**	**0**
PBT after EO Exp.	**2,358**	**3,811**	**4,027**	**3,936**	**4,546**	**5,432**	**7,010**
Total Tax	872	986	928	721	1,064	1,248	1,611
Tax Rate (%)	37.0	25.9	23.0	18.3	23.4	23.0	23.0
Minority Interest	14.0	27.0	122.0	378.0	376.0	320.0	320.0
Reported PAT	**1,472**	**2,798**	**2,977**	**2,837**	**3,105**	**3,864**	**5,079**
Adjusted PAT	**1,243**	**2,907**	**2,977**	**2,321**	**3,123**	**3,864**	**5,079**
Change (%)	491.9	133.9	2.4	-22.0	34.6	23.7	31.4
Margin (%)	19.5	43.4	39.5	23.6	25.9	26.5	28.8

Consolidated Balance Sheet (INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	289	303	306	306	306	306	306
Total Reserves	2,462	15,806	18,616	20,338	22,743	25,244	28,432
Net Worth	**2,751**	**16,109**	**18,922**	**20,644**	**23,049**	**25,550**	**28,738**
Other Liabilities	3,312	3,318	3,933	4,543	5,731	6,456	7,258
Total Loans	0	0	0	0	0	0	0
Deferred Tax Liabilities	-536	-244	-232	-84	-104	-124	-144
Capital Employed	**5,527**	**19,183**	**22,623**	**25,103**	**28,677**	**31,882**	**35,852**
Net Fixed Assets	**52**	**22**	**30**	**118**	**138**	**158**	**178**
Goodwill on Consolidation	5	3	2	1	1	1	1
Capital WIP	2	2	2	2	2	2	2
Other Assets	1,514	1,054	5,053	11,177	11,177	11,177	11,177
Total Investments	**8,719**	**22,174**	**22,994**	**21,520**	**24,520**	**27,520**	**30,520**
Curr. Assets, Loans, and Adv.	**401**	**1,616**	**1,337**	**704**	**3,722**	**5,613**	**8,519**
Inventory	0	0	0	0	0	0	0
Account Receivables	17	13	13	16	33	40	48
Cash and Bank Balance	169	401	453	501	3,442	5,266	8,104
Loans and Advances	215	1,202	871	187	247	307	367
Curr. Liability and Prov.	**5,166**	**5,688**	**6,795**	**8,419**	**10,883**	**12,589**	**14,545**
Account Payables	179	154	183	255	409	507	586
Other Current Liabilities	4,682	5,210	6,335	7,914	10,214	11,812	13,679
Provisions	305	324	277	250	260	270	280
Net Current Assets	**-4,765**	**-4,072**	**-5,458**	**-7,715**	**-7,161**	**-6,976**	**-6,026**
Misc. Expenditure	0	0	0	0	0	0	0
Appl. of Funds	**5,527**	**19,183**	**22,623**	**25,103**	**28,677**	**31,882**	**35,852**

Financials and valuations

Ratios							
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
Basic (INR)							
EPS	**25.9**	**48.3**	**48.6**	**46.4**	**51.9**	**65.6**	**86.2**
Cash EPS	**25.9**	**48.3**	**48.6**	**46.4**	**51.9**	**65.6**	**86.2**
BV/Share	48.4	278.1	308.7	337.4	384.9	433.7	487.9
DPS	5.1	7.7	1.0	2.0	13.3	23.5	32.4
Payout (%)	22.7	16.0	2.1	4.3	25.6	35.8	37.6
Valuation (x)							
P/E ratio	95.5	51.2	50.9	53.3	47.7	37.7	28.7
Cash P/E ratio	95.5	51.2	50.9	53.3	47.7	37.7	28.7
P/BV ratio	51.1	8.9	8.0	7.3	6.4	5.7	5.1
EV/Sales ratio	22.0	21.3	20.0	15.3	12.0	9.6	7.8
EV/EBITDA ratio	83.4	43.5	49.1	56.3	44.4	34.2	25.4
Dividend Yield (%)	0.2	0.3	0.0	0.1	0.5	0.9	1.3
FCF per share	45.0	55.7	65.7	73.3	85.5	76.6	97.2
Return Ratios (%)							
RoE	57.2	30.8	17.0	11.7	14.3	15.9	18.7
RoCE	62.5	31.3	17.9	14.5	16.3	17.5	20.1
Working Capital Ratios							
Fixed Asset Turnover (x)	122.8	304.4	251.2	83.5	87.2	92.2	99.2
Asset Turnover (x)	1.2	0.3	0.3	0.4	0.4	0.5	0.5
Debtor (Days)	1	1	1	1	1	1	1
Creditor (Days)	10	8	9	9	12	13	12
Leverage Ratio (x)							
Current Ratio	0.1	0.3	0.2	0.1	0.3	0.4	0.6
Interest Coverage Ratio	50.9	46.6	54.8	29.2	32.9	42.5	56.6
Net Debt/Equity ratio	-3.2	-1.4	-1.2	-1.1	-1.2	-1.3	-1.3

Consolidated Cash Flow Statement							(INR m)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24E**	**FY25E**	**FY26E**
OP/(Loss) before Tax	2,114	3,893	4,026	3,453	4,564	5,432	7,010
Depreciation	211	161	119	193	324	369	423
Interest and Finance Charges	33	67	54	46	89	88	88
Direct Taxes Paid	-186	-588	-971	-718	-1,064	-1,248	-1,611
(Inc.)/Dec. in WC	1,022	471	1,803	2,457	3,256	2,044	2,369
CF from Operations	**3,194**	**4,004**	**5,031**	**5,431**	**7,168**	**6,685**	**8,279**
Others	-589	-779	-963	-795	-1,703	-1,783	-2,113
CF from Operations incl. EO	**2,605**	**3,225**	**4,068**	**4,636**	**5,465**	**4,901**	**6,166**
(Inc.)/Dec. in FA	-45	2	-42	-154	-344	-389	-443
Free Cash Flow	**2,560**	**3,227**	**4,026**	**4,482**	**5,121**	**4,512**	**5,723**
(Pur.)/Sale of Investments	-2,047	-13,379	-356	1,839	-3,000	-3,000	-3,000
Others	-233	1	-2,992	-4,841	1,703	1,783	2,113
CF from Investments	**-2,325**	**-13,376**	**-3,390**	**-3,156**	**-1,641**	**-1,606**	**-1,330**
Issue of Shares	19	10,520	5	2	0	0	0
Interest Paid	-199	-122	-125	-127	-89	-88	-88
Dividend Paid	-333	-15	-455	-1,307	-794	-1,383	-1,911
CF from Fin. Activity	**-513**	**10,383**	**-575**	**-1,432**	**-883**	**-1,471**	**-1,999**
Inc./Dec. in Cash	**-233**	**232**	**103**	**48**	**2,941**	**1,825**	**2,837**
Opening Balance	402	169	350	453	501	3,442	5,266
Closing Balance	**169**	**401**	**453**	**501**	**3,442**	**5,266**	**8,104**

NOTES

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") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
5 Research Analyst has not served as director/officer/employee in the subject company
6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
10 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/NCDEX); 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.