

Gujarat State Petronet

BSE SENSEX
73,649

S&P CNX
22,336


Bloomberg	GUJS IN
Equity Shares (m)	564
M.Cap.(INRb)/(USDb)	171.4 / 2.1
52-Week Range (INR)	407 / 255
1, 6, 12 Rel. Per (%)	-15/-9/-11
12M Avg Val (INR M)	390
Free float (%)	62.4

Financials & Valuations (INR b)

Y/E March	FY24E	FY25E	FY26E
Sales	17.6	12.6	13.3
EBITDA	15.1	9.8	10.3
PAT	13.0	6.4	6.7
EPS (INR)	23.0	11.3	11.8
EPS Gr. (%)	37.2	-50.9	4.8
BV/Sh.(INR)	180.5	188.4	196.7

Ratios

Net D:E	-0.1	-0.1	-0.1
RoE (%)	13.3	6.1	6.1
RoCE (%)	13.4	6.2	6.2
Payout (%)	30.0	30.0	30.0

Valuations

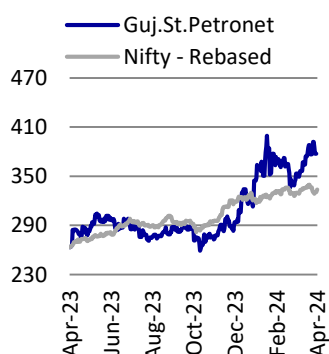
P/E (x)	13.3	27.1	25.8
P/BV (x)	1.7	1.6	1.6
EV/EBITDA (x)	10.7	16.4	15.6
Div. Yield (%)	2.3	1.1	1.2
FCF Yield (%)	2.6	0.5	0.5

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	37.6	37.6	37.6
DII	26.8	27.2	26.3
FII	16.0	16.0	17.3
Others	19.6	19.2	18.8

FII Includes depository receipts

Stock performance (one-year)


CMP: INR304
TP: INR355 (+17%)
Buy

Tariff order disappointing; volume outlook remains robust

- On 20th Apr'24, the Petroleum and Natural Gas Regulatory Board (PNGRB) issued a tariff order (TO) for Gujarat State Petronet (GUJS)'s HP gas network. The tariff was reduced to INR18.1/mmBtu from INR34.0/mmBtu (provisional), which was a major disappointment. Following the TO, we cut our FY25/26E EPS estimates for GUJS by ~41% each. We also reduce our TP by 21% to INR355.
- However, we see limited downside for the stock from the current levels, considering the value of GUJS' stake in Gujarat Gas (GUJGA) itself is ~INR270/ share vs. its CMP of INR305/share. GUJS' CMP implies a holding company discount of ~38% vs. our assumption of 25%
- While the stock may remain under pressure in the near term, we highlight a favorable spot LNG price environment that bodes well for the utilization outlook of LNG terminals. Recently, the Central Government invoking Section XI to stimulate gas-fired power generation is also a positive development. Reiterate BUY with a revised TP of INR355.

Limited downside from current levels despite the disappointing TO

- Based on our estimates, GUJS is likely to generate an ROE of ~6% in FY26. We value its core business at 8x FY26E P/E (EPS adjusted for dividend income). As such, we believe that even in the worst-case scenario, its core business value should not drop below INR50/share.
- We now value its stake in GUJGA and Sabarmati Gas at INR273/share. This valuation is based on GUJGA's CMP and assumes a 25% holding company discount.
- Overall, we believe there is limited downside to GUJS' share price from these levels.

PNGRB's tariff revision a major disappointment

- On 20th Apr'24, PNGRB issued a tariff order for GUJS' HP gas network. The tariff was reduced to INR18.1/mmBtu from INR34.0/mmBtu (provisional). GUJS had requested for an upward tariff revision to INR50.77/mmBtu. The key difference between GUJS and the regulator's view stems from three heads: 1) capex (INR13.7/mmBtu reduction), 2) opex (INR8.7/mmBtu reduction), and 3) volume divisor (INR11/mmBtu reduction).
- The revised tariff will be applicable from 1st May'24. The tariff can be reviewed in the event that actual volume flows (GUJS' submission: 26mmscmd) vary considerably from PNGRB's assumption of 32mmscmd. Further, we believe that GUJS may appeal to PNGRB to review its tariff decision, though we do not expect any near-term relief.

We cut our FY25/26E EPS by ~41% each; TP reduced by 21%

- We were building in a tariff decline of ~15% YoY in FY25, while the actual decline in tariff for the HP gas grid stands at ~47% (vs provisional). At this revised tariff, our FY25/26E EPS has been cut by ~41% each. The TP, though, has been reduced by 21%. The core business now accounts for only INR81/share out of our TP of INR355.
- We remain positive on the prospects of gas utilities given: 1) the bleak spot LNG price outlook, which we believe will continue to stimulate demand, and 2) the [Central Government's recent decision to impose Section XI for gas-fired power plants.](#)
- Further, the available LNG capacity in Gujarat is expected to grow to 42.5mmtpa over the next 2-3 years. Most of this volume is likely to flow through GUJS' network. We believe the company could post a 15% CAGR in transmission volumes over FY23-FY26. We expect GUJS' volumes to jump to ~38mmscmd in FY26, up from ~30 mmscmd in FY24.
- Further, improved demand owing to the focus on reducing industrial pollution {Gujarat has five geographical areas (GAs) identified as severely/ critically polluted} is a key catalyst.

Valuation and view

- Investments in GUJGA and Sabarmati Gas at a 25% holding company discount provide a valuation of INR273. Valuing the core business at 8x adj. FY26E EPS of INR10.2, and adding the value of investments, we arrive at our TP of INR355. We reiterate our BUY rating on the stock with a potential upside of 17%.

Exhibit 1: Historical trend of GUJS's HP grid tariff

Particulars	(INR/mmBtu on GCV basis)	
	Submitted by GSPL	Determined by PNGRB
Provisional tariff from 2012-13 to 2017-18	39.55	26.58
Final tariff from 2018-19 to 31.04.2024	64.70	34.00
Tariff Review from 01.05.2024 onwards	50.77*	18.10

*GSPL has submitted tariff from 01.04.2024

Source: PNGRB, MOFSL

Exhibit 2: PNGRB's final tariff for GUJS's HP grid is 47% lower than provisional numbers

Particulars	(INR/mmBtu on GCV basis)	
	Impact	Tariff
Provisional Tariff determined by PNGRB		34.00
Economic Life Extension	(4.70)	29.30
Capex	4.79	34.09
Opex	1.41	35.50
Calorific Value, Working Days, Discounting Factor, Tax Rate etc.	(0.23)	35.27
Volume Divisor	(6.05)	29.22
Prospective implementation from 01.05.2024	(11.12)	18.10
Final Levelized Tariff		18.10

Source: PNGRB, MOFSL

Exhibit 3: PNGRB has adjusted the tariff submitted by GUJS on three main counts, viz. capex estimates, gas price considered for opex, and volume estimates

Particulars	Impact	Tariff
Submitted Tariff		50.77
Working Days	1.05	51.82
Opening working capital/Discounting factor/Tax Rate	(0.09)	51.73
Capex	(13.75)	37.98
Opex	(8.7)	29.28
Calorific Value	0.01	29.29
Volume Divisor	(10.92)	18.37
Tariff applicability 01.05.2024	(0.27)	18.10
Levelized Tariff Determined by PNGRB		18.10

Source: PNGRB, MOFSL

Exhibit 4: PNGRB's assessment of GUJS's pipeline capacity based on EIL's estimate is higher than the company's own estimates

Assessment years	Pipeline Capacity as determined by Entity (in MMSCMD)	Pipeline Capacity as assessed by EIL (in MMSCMD)	Remark
2017-18	28.29	30.10	
2018-19	29.62	30.20	
2019-20	32.13	32.20	
2020-21	35.22	36.00	GLL Mundra source added to network
2021-22	35.21	36.00	
2022-23	34.17	36.00	
2023-24	34.17	36.00	

Source: PNGRB, MOFSL

Exhibit 5: PNGRB has maintained gas price consistency in its recent tariff orders, based on historical average HP-HT price at ~USD7.6/mmbtu vs. USD12.1/mmbtu claimed by GUJS

Particulars	(INR/mmbtu)			
	Claimed by Entity	Considered by PNGRB		
		FY 23-24	FY 24-25	FY 25-26 onwards
Transportation Tariff of UFT-Zone 3	114.52	114.52	114.52	114.52
12% GST on Transportation Tariff	13.74	-	-	-
Exchange Charges	8.00	-	-	-
Broker Charges for Exchange	1.00	-	-	-
18% GST on Exchange Charges	1.62	-	-	-
Total transportation charges	138.88	114.52	114.52	114.52
Exchange Rate (Rs/US\$)	85*	83.18	83.18	83.18
US\$ Equivalent cost of transportation	1.63	1.38	1.38	1.38
Gas Price considered (US\$/MMBTU)	12.12	11.04	8.75	7.63
AP Vat on Gas Price @ 24.5%, 5%	2.97	2.70	0.44	0.38
Total Gas Price (\$/MMBTU)	16.72	15.12	10.56	9.39

Source: PNGRB, MOFSL

Exhibit 6: Lower opex estimates by the PNGRB are mainly attributable to lower gas price considered by the PNGRB on SUG and unaccounted gas

Particulars	Claimed by Entity	Disallowance/Not Considered	Considered by PNGRB
Consumables & Chemicals	43.8	-	43.80
Utilities (Power, Fuel and Water)	91.54	-	91.54
SUG Cost	37.68	(25.89)	11.79
Gana Compressor SUG	967.56	(816.19)	151.36
LAUG Claim	610.19	(286.66)	323.53
Salaries	1,013.29	(275.41)	755.88
Repair & Maintenance	534.70	-	534.70
Repair & Maintenance-Compressor	68.11	-	68.11
Gen Administrative Expense	281.35	(1.70)	279.66
Insurance	43.59	-	43.59
Sub Total	3,709.80	(1,405.84)	2303.95
Add: Opex for Future Pipeline Capex	496.54	(167.42)	329.13
Add: Opex for Future Other Capex	258.62	(230.91)	27.72
Add: SUG for New gas heaters	449.48	(444.41)	5.07
Less: Non-Operating Income	-	78.56	78.56
Less: Connectivity Charges	-	43.9	43.9
Less: Operating Charges Income	-	-	-
Tariff not recovered System Usage Gas	50.63	(38.95)	11.68
Total	4,965.07	(2,409.98)	2,555.09

Source: PNGRB, MOFSL

Exhibit 7: O&M capex estimates are considered to be materially lower at INR1.3b vs. INR15.3b submitted by GUJS

Particulars	(INR. In Cr.)	
	Amount Claimed	Amount Considered
GAIL Ankot Connectivity	55.00	0.00
Jamnagar Okha Pipeline Project	279.00	279.00
Vapi-Tarapur Spurline	139.50	139.50
Botad-Jasdan Spurline	72.00	72.00
Mundra-Mandvi Spurline	67.50	67.50
Bhayal Connectivity	52.50	52.50
Amreli-Kunkavav vadia Spurline	42.00	42.00
Saykha GIDC Connectivity	43.5*	9.50
Silvasa Spur Line	43.5*	17.80
Projects Under Development(A)	794.50	679.80
Vantevad Rajpipal	133.92	133.92
Chhara LNG Source Connectivity	608.52	608.52
Swan LNG Connectivity	2.92	2.92
Dahej Bhadbhut Pipeline Project	299.69	288.96#
Project Under Execution(B)	1045.04	1034.32
Heating System	64.00	7.02
Metering System Upgradation	50.00	36.20
SCADA & Telecom Upgradation	100.00	60.59
Staff Training Centre	8.43	8.43
High Pressure Pipeline in Hazira Region	100.00	0.00
Future Capex - LMCs	883.34	3.32
O&M Capex	64.00	12.81
Total O&M capex (C)	1529.83	128.37
Total Future Capex (A+B+C)	3369.37	1842.49

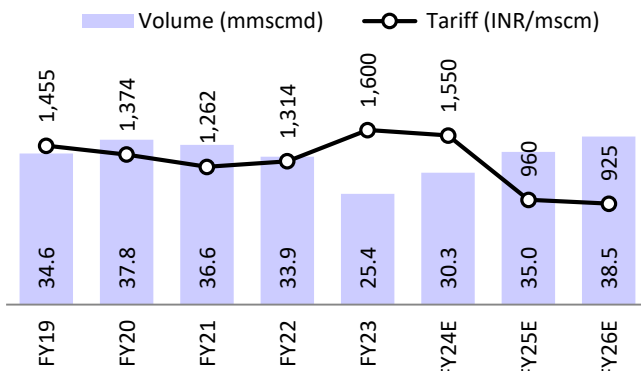
*Revised xapex vide email dated 15.02.2024

#NFA Rs. 10.73 Crore reduced on account of old pipeline

Source: PNGRB, MOFSL

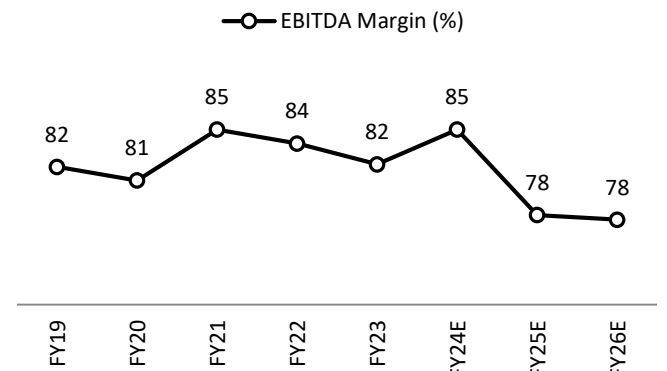
Story in charts

Exhibit 8: GUJS's volume snapshot



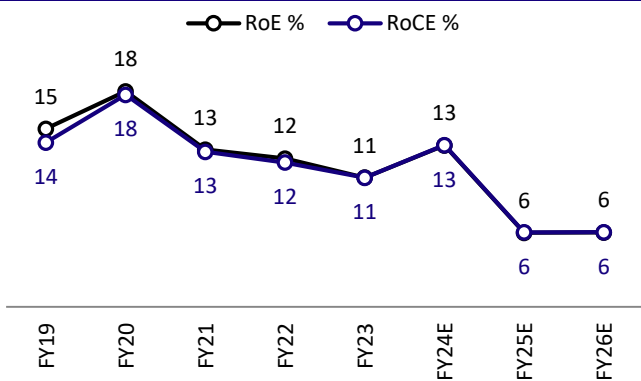
Source: Company, MOFSL

Exhibit 9: EBITDA margin to decline to 78%



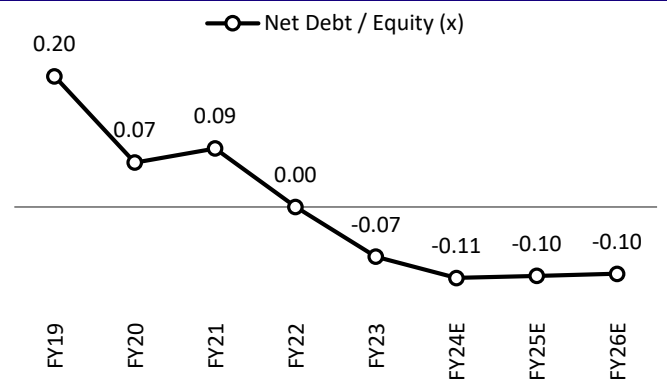
Source: Company, MOFSL

Exhibit 10: Return ratio profile



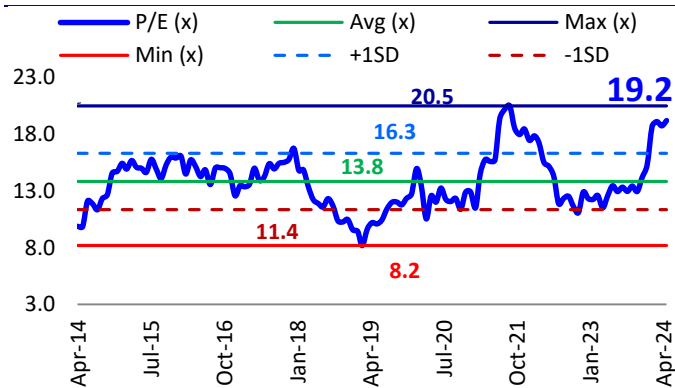
Source: Company, MOFSL

Exhibit 11: GUJS's net Debt/Equity profile



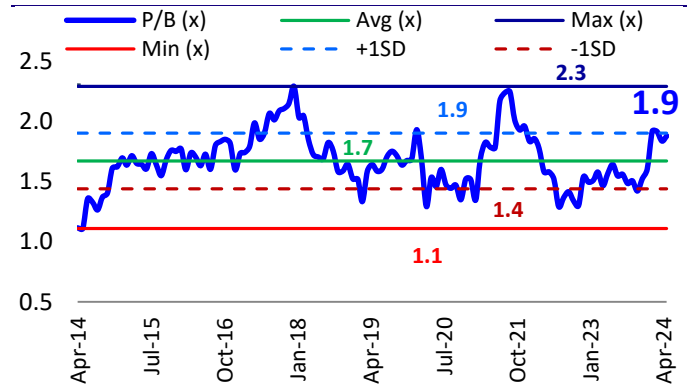
Source: Company, MOFSL

Exhibit 12: One year forward P/E



Source: Company, MOFSL

Exhibit 13: One year forward P/B



Source: Company, MOFSL

Financials and valuations

Standalone - Income Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	18,773	19,449	17,191	16,591	15,275	17,646	12,582	13,316
Change (%)	41.0	3.6	-11.6	-3.5	-7.9	15.5	-28.7	5.8
EBITDA	15,426	15,749	14,694	13,976	12,587	15,083	9,804	10,321
Margin (%)	82.2	81.0	85.5	84.2	82.4	85.5	77.9	77.5
Depreciation	1,800	1,966	2,049	1,960	1,939	1,916	2,509	2,624
EBIT	13,626	13,783	12,645	12,016	10,648	13,167	7,295	7,696
Int. and Finance Charges	2,192	1,645	933	313	47	42	44	46
Other Income	594	649	694	1,045	1,684	3,353	1,258	1,265
PBT bef. EO Exp.	12,028	12,786	12,406	12,748	12,286	16,478	8,509	8,915
EO Items	0	0	0	-14	0	0	0	0
PBT after EO Exp.	12,028	12,786	12,406	12,735	12,286	16,478	8,509	8,915
Total Tax	4,081	1,699	3,147	2,958	2,836	3,517	2,142	2,244
Tax Rate (%)	33.9	13.3	25.4	23.2	23.1	21.3	25.2	25.2
Reported PAT	7,947	11,087	9,259	9,777	9,450	12,961	6,367	6,671
Adjusted PAT	7,947	11,087	9,259	9,787	9,450	12,961	6,367	6,671
Change (%)	18.9	39.5	-16.5	5.7	-3.5	37.2	-50.9	4.8
Margin (%)	42.3	57.0	53.9	59.0	61.9	73.5	50.6	50.1

Standalone - Balance Sheet

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	5,640	5,641	5,642	5,642	5,642	5,642	5,642	5,642
Total Reserves	51,800	61,584	69,808	78,787	87,090	96,165	1,00,624	1,05,295
Net Worth	57,440	67,226	75,450	84,429	92,732	1,01,807	1,06,266	1,10,937
Total Loans	12,856	5,441	7,499	877	0	0	0	0
Deferred Tax Liabilities	5,226	4,081	4,218	4,250	4,238	4,238	4,238	4,238
Capital Employed	75,522	76,748	87,167	89,557	96,970	1,06,045	1,10,504	1,15,175
Gross Block	43,245	44,994	45,854	46,406	46,636	53,534	60,514	67,510
Less: Accum. Deprn.	7,170	9,137	11,186	13,146	15,085	17,001	19,510	22,134
Net Fixed Assets	36,075	35,857	34,668	33,259	31,551	36,534	41,004	45,376
Capital WIP	4,194	2,372	2,215	2,526	4,248	4,350	4,370	4,374
Total Investments	42,772	46,111	50,062	51,737	51,700	51,700	51,700	51,700
Curr. Assets, Loans&Adv.	6,459	5,764	5,420	5,878	13,384	17,880	16,760	17,261
Inventory	1,279	1,261	1,296	1,890	2,121	2,023	2,192	2,364
Account Receivables	2,081	1,637	1,586	1,295	1,440	1,664	1,187	1,256
Cash and Bank Balance	1,583	957	877	864	6,917	10,836	10,988	11,108
Cash	700	903	843	738	1,357	5,276	5,428	5,548
Bank Balance	883	54	34	126	5,560	5,560	5,560	5,560
Loans and Advances	1,516	1,908	1,660	1,828	2,906	3,357	2,394	2,533
Curr. Liability & Prov.	13,978	13,356	5,197	3,843	3,913	4,418	3,330	3,535
Account Payables	238	410	620	654	510	486	527	568
Other Current Liabilities	13,523	12,670	4,270	2,928	3,141	3,629	2,587	2,739
Provisions	216	276	307	262	262	303	216	228
Net Current Assets	-7,518	-7,592	223	2,035	9,471	13,463	13,430	13,726
Misc Expenditure	0	0	0	0	0	0	0	0
Appl. of Funds	75,522	76,748	87,167	89,557	96,970	1,06,046	1,10,504	1,15,175

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)								
EPS	14.1	19.7	16.4	17.4	16.8	23.0	11.3	11.8
Cash EPS	17.3	23.1	20.1	20.8	20.2	26.4	15.7	16.5
BV/Share	101.8	119.2	133.8	149.7	164.4	180.5	188.4	196.7
DPS	2.0	2.0	2.0	2.0	5.0	6.9	3.4	3.5
Payout (%)	16.1	10.2	12.2	11.5	29.8	30.0	30.0	30.0
Valuation (x)								
P/E	21.7	15.5	18.6	17.6	18.2	13.3	27.1	25.8
Cash P/E	17.7	13.2	15.2	14.7	15.1	11.6	19.4	18.5
P/BV	3.0	2.6	2.3	2.0	1.9	1.7	1.6	1.6
EV/Sales	9.8	9.1	10.4	10.4	10.8	9.1	12.8	12.1
EV/EBITDA	11.9	11.2	12.2	12.3	13.1	10.7	16.4	15.6
Dividend Yield (%)	0.7	0.7	0.7	0.7	1.6	2.3	1.1	1.2
FCF per share	15.5	22.2	20.0	17.6	13.8	8.0	1.5	1.6
Return Ratios (%)								
RoE	14.7	17.8	13.0	12.2	10.7	13.3	6.1	6.1
RoCE	13.6	17.5	12.8	11.9	10.7	13.4	6.2	6.2
RoIC	39.3	44.0	30.8	27.0	23.9	28.3	13.2	12.6
Working Capital Ratios								
Fixed Asset Turnover (x)	0.4	0.4	0.4	0.4	0.3	0.3	0.2	0.2
Asset Turnover (x)	0.2	0.3	0.2	0.2	0.2	0.2	0.1	0.1
Inventory (Days)	25	24	28	42	51	42	64	65
Debtor (Days)	40	31	34	28	34	34	34	34
Creditor (Days)	5	8	13	14	12	10	15	16
Leverage Ratio (x)								
Current Ratio	0.5	0.4	1.0	1.5	3.4	4.0	5.0	4.9
Interest Cover Ratio	6.2	8.4	13.6	38.4	227.5	315.6	166.5	167.7
Net Debt/Equity	0.2	0.1	0.1	0.0	-0.1	-0.1	-0.1	-0.1

Standalone - Cash Flow Statement

(INR m)

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	12,028	12,786	12,382	13,165	12,286	16,478	8,509	8,915
Depreciation	1,800	1,966	2,048	1,960	1,939	1,916	2,509	2,624
Interest & Finance Charges	2,192	1,645	934	313	47	42	44	46
Direct Taxes Paid	-3,639	-3,082	-3,025	-3,062	-2,741	-3,517	-2,142	-2,244
(Inc)/Dec in WC	-956	893	684	-202	-274	-72	184	-176
Others	-542	-606	-611	-1,448	-1,592	-3,353	-1,258	-1,265
CF from Operations	10,882	13,602	12,412	10,726	9,664	11,494	7,846	7,901
(Inc)/Dec in FA	-2,118	-1,066	-1,119	-773	-1,892	-7,000	-7,000	-7,000
Free Cash Flow	8,764	12,536	11,293	9,953	7,772	4,494	846	901
(Pur)/Sale of Investments	-990	-3,340	-3,848	-1,690	0	0	0	0
Others	3,029	1,304	589	2,452	-5,127	3,353	1,258	1,265
CF from Investments	-80	-3,102	-4,379	-11	-7,019	-3,647	-5,742	-5,735
Inc/(Dec) in Debt	-6,912	-7,335	-6,037	-9,348	-875	0	0	0
Interest Paid	-2,299	-1,678	-924	-337	-7	-42	-44	-46
Dividend Paid	-1,128	-1,283	-1,128	-1,128	-1,128	-3,886	-1,909	-2,000
CF from Fin. Activity	-10,328	-10,297	-8,093	-10,819	-2,026	-3,928	-1,953	-2,046
Inc/Dec of Cash	475	203	-59	-105	619	3,919	152	120
Opening Balance	225	700	902	843	738	1,357	5,276	5,428
Closing Balance	700	902	843	738	1,357	5,276	5,428	5,548

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

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://online.reports.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

- 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 alterations 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.