1 August 2024

1QFY25 Results Update | Sector: Cement

JK Lakshmi Cement

Estimate change	↓
TP change	⟷
Rating change	⟷

Bloomberg	JKLC IN
Equity Shares (m)	118
M.Cap.(INRb)/(USDb)	101.4 / 1.2
52-Week Range (INR)	1000 / 607
1, 6, 12 Rel. Per (%)	-8/-23/12
12M Avg Val (INR M)	254

Financial Snapshot (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	67.4	78.5	91.2
EBITDA	10.6	14.1	16.9
Adj. PAT	4.1	5.4	6.2
EBITDA Margin (%)	15.8	17.9	18.6
Adj. EPS (INR)	34.5	45.9	52.9
EPS Gr. (%)	-12.9	33.3	15.3
BV/Sh. (INR)	299	339	386
Ratios			
Net D:E	0.5	0.6	0.7
RoE (%)	12.1	14.4	14.6
RoCE (%)	10.0	12.0	12.2
Payout (%)	16.4	14.0	12.3
Valuations			
P/E (x)	25.0	18.8	16.3
P/BV (x)	2.9	2.5	2.2
EV/EBITDA(x)	10.9	8.5	7.8
EV/ton (USD)	78	71	66
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	-1.5	-3.2	-1.9

Shareholding pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	46.3	46.3	46.3
DII	25.4	25.8	28.3
FII	11.3	11.3	11.5
Others	17.0	16.5	13.9

FII Includes depository receipts

CMP: INR862 TP: INR1,080 (+25%) Buy

Weak realization: a near-term challenge

Announces merger of UCWL and two more subsidiaries into JKLC

- JK Lakshmi Cement (JKLC)'s 1QFY25 operating performance was below our estimate due to lower-than-estimated realization and volume, which was partly offset by lower-than-expected opex/t. Consol. EBITDA was INR2.2b (11% miss) and EBITDA/t was INR732 (est. INR802). PAT dipped 10% YoY to INR703m (est. INR1.0b) during the quarter.
- Management highlighted that lower volume and weak realization impacted overall performance. However, the company has implemented various efficiency measures since the last one year, which helped to reduce costs. It is expecting further cost savings of INR50-75/t in the coming years. The merger of UCWL and other wholly owned subsidiaries will drive synergies, simplify corporate structure, and strengthen the balance sheet and cash flows for enabling faster growth.
- We cut our EBITDA/EPS by 10%/18% for FY25E to factor in pricing pressure and 1Q underperformance. We, however, retain our FY26E/FY27E earnings. We value JKLC at 10x Jun'26E EV/EBITDA to arrive at our TP of INR1,080. **Reiterate BUY.**

Consolidated volume flat YoY, while realization dips 10% YoY

- JKLC 's consolidated revenue/EBITDA/PAT stood at INR15.6b/INR2.2b/ INR703m (down 10%/up 13%/down 10% YoY and down 6%/11%/30% vs. our estimate) in 1QFY25. Sales volume was flat YoY at 3.04mt (-2% vs. our est.). Realization dipped 10% YoY/6% QoQ to INR5,149/t (-4% vs. our est.).
- Opex/t declined 13% YoY (-3% vs. our estimate), led by a decline in variable/ freight/other expenses by 17%/8%/3%. OPM improved 2.9pp YoY at ~14% and EBITDA/t rose 13% YoY to INR732 in 1QFY25.
- Depreciation/finance costs increased 29%/46% YoY. Other income was up 18% YoY. PAT was down 10% YoY at INR703m.

Highlights from the management commentary

- Cement demand growth is now expected at 6-7% in FY25 vs. the earlier estimate of 7-8%. Further, the price declined INR5-7/bag in Jul'24.
- Focus on geo-mix optimization, supply chain efficiency, an increase in AFR and green power led to cost reduction. Green power share stood at ~48%.
- It expects cost savings of INR50-70/t through initiatives in manufacturing cost rationalization and product mix optimization.

Valuation and view

- JKLC's 1QFY25 performance was below our estimates due to higher decline in realizations. However, its cost-efficiency measures, geo-mix optimization, increasing green energy, AFR share, digitization, and automation helped it to reduce overall cost/t. It is expanding its market footprint and aims to raise the grinding capacity to 30mtpa by 2030 from its current capacity of 16.4mtpa.

Sanjeev Kumar Singh - Research analyst (Sanjeev.Singh@MotilalOswal.com)

Research analyst: **Mudit Agarwal** (Mudit.Agarwal@MotilalOswal.com) | **Abhishek Sheth** (Abhishek.Sheth@motilaloswal.com)

- Given the accelerated capex plans, we estimate JKLC's net debt to mount to INR30b from INR16.4b as of Jun'24. However, its net debt-to-EBITDA ratio is likely to be comfortable at <2.0x by FY27E. The stock trades at 8.5x FY26E EV/EBITDA (consolidated). We value JKLC at 10x Jun'26E EV/EBITDA to arrive at our TP of INR1,080. **We reiterate our BUY rating on the stock.**

Quarterly performance (consolidated) (INR b)

Y/E March	FY24				FY25				FY24	FY25E	FY25	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	(%)
Sales Volumes (mt)	3.04	2.73	2.96	3.26	3.04	2.92	3.26	3.74	11.99	12.95	3.10	(2)
YoY Change (%)	1.2	12.3	7.6	0.9	0.0	6.8	10.1	14.6	5.0	8.0	2.1	
Net Sales	**17.3**	**15.7**	**17.0**	**17.8**	**15.6**	**14.9**	**17.1**	**19.8**	**67.9**	**67.4**	**16.7**	(6)
YoY Change (%)	4.6	14.6	9.0	(4.4)	(9.6)	(5.7)	0.3	11.1	5.2	(0.8)	(3.6)	
EBITDA	**2.0**	**2.2**	**3.0**	**3.4**	**2.2**	**1.8**	**2.7**	**4.0**	**10.5**	**10.6**	**2.5**	(11)
Margin (%)	11.3	13.8	17.7	18.9	14.2	12.1	15.5	20.1	15.5	15.8	14.9	
Depreciation	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.7	2.5	2.9	0.7	0
Interest	0.3	0.3	0.4	0.4	0.5	0.5	0.5	0.5	1.5	2.0	0.5	3
Other Income	0.1	0.1	0.2	0.3	0.1	0.2	0.2	0.3	0.7	0.8	0.2	(28)
PBT before EO expense	**1.2**	**1.4**	**2.1**	**2.5**	**1.2**	**0.8**	**1.6**	**3.0**	**7.2**	**6.5**	**1.5**	(22)
Extra-Ord. expense	-	-	(0.1)	-	-	-	-	-	(0.1)	-	-	
PBT	**1.2**	**1.4**	**2.2**	**2.5**	**1.2**	**0.8**	**1.6**	**3.0**	**7.3**	**6.5**	**1.5**	(22)
Tax	0.4	0.5	0.7	0.9	0.5	0.3	0.6	0.9	2.4	2.2	0.5	
Prior period tax adj.	-	-	-	-	-	-	-	-	-	-	-	
Rate (%)	32.7	32.0	32.7	35.1	43.6	34.3	34.3	30.7	33.4	34.3	32.6	
Reported PAT	**0.8**	**1.0**	**1.5**	**1.6**	**0.7**	**0.5**	**1.1**	**2.0**	**4.9**	**4.3**	**1.0**	(35)
Minority Interest	0.0	0.0	0.1	0.1	(0.1)	0.1	0.1	0.1	0.2	0.2	-	
Adj. PAT	**0.8**	**0.9**	**1.4**	**1.6**	**0.7**	**0.4**	**0.9**	**2.0**	**4.7**	**4.1**	**1.0**	(30)
YoY Change (%)	(29.4)	51.9	80.1	42.7	(10.4)	(54.5)	(31.5)	26.6	29.9	(12.9)	27.5	
Per ton analysis (INR)												
Net realization	**5,699**	**5,763**	**5,753**	**5,459**	**5,149**	**5,089**	**5,239**	**5,296**	**5,662**	**5,201**	**5,379**	(4)
RM Cost	1,385	1,255	1,066	1,140	1,269	1,269	1,204	427	1,210	1,010	1,140	11
Employee Expenses	357	382	370	292	334	381	348	317	348	343	341	(2)
Power, Oil, and Fuel	1,508	1,574	1,492	1,273	1,127	1,107	1,167	1,822	1,455	1,333	1,333	(15)
Freight and Handling Outward	1,131	1,094	1,117	1,064	1,038	1,028	1,038	1,065	1,101	1,044	1,074	(3)
Other Expenses	672	663	687	658	650	690	670	600	670	650	688	(6)
Total Expenses	**5,053**	**4,968**	**4,732**	**4,428**	**4,417**	**4,474**	**4,426**	**4,233**	**4,784**	**4,379**	**4,577**	(3)
EBITDA	**646**	**795**	**1,021**	**1,032**	**732**	**615**	**813**	**1,064**	**878**	**822**	**802**	(9)

Source: Company, MOFSL

CONFERENCE CALL

Highlights from the management commentary

Demand and pricing

- Lower realization and lower volume hit profitability. Post-Holi, demand continued to be weak followed by the general elections. A few markets have higher dependency on migrant labor, which hurt overall demand. Further, price was under pressure and in Jul'24, prices further declined (down INR5-7/bag on an average). The company's realization drop was higher due to change in distribution mix and slightly higher clinker sales (which has lower realization). Cement demand growth is now expected 6-7% in FY25 vs. (earlier est. of 7-8%).

Operational efficiency

- Focus on geo-mix optimization, supply chain efficiency, increase in AFR, and green energy led to cost reduction. AFR share increased to 12% vs. 7% in 1QFY24. Green energy share was ~48% vs. 39% in FY24. Further lead distance declined to 372km vs. 384 in 1QFY24. Premium product share was at ~30%.

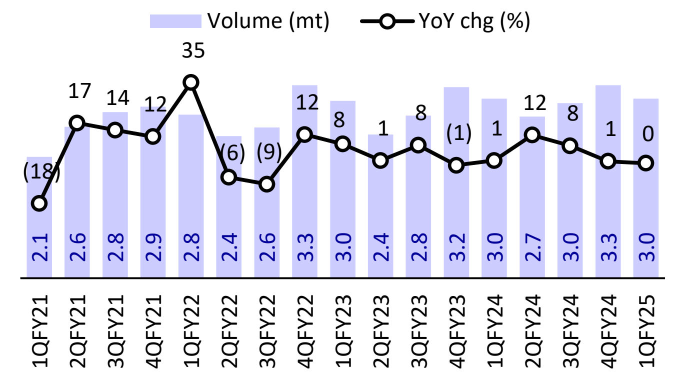
- Non-cement revenue stood at INR1.32b vs. INR1.33b in 1QFY24. RMC revenue stood at INR720m vs. INR630m in 1QFY24. Margin stood at ~5%.
- Average fuel cost stood at INR1.63/kcal vs. INR1.68/Kcal in 4QFY24. It expects fuel cost to be at INR1.62-INR1.65/kcal.
- Expects cost savings of INR50-70/t through various initiatives i.e. increasing AFR share, as Phase I commissioned at Sirohi and planning 2nd Phase to increase AFR share to 17-18%. At Durg, the AFR share stood at 10% and trying to increase to upto 12%. Further, adding more solar power plant to reduce cost and increase green power share. Working on technology side to optimize pyro process, which will drive some savings. Secondly, product mix optimization will also lead to some savings. While the company maintaining its Geo-mix strategy.

Capacity expansion and capex

- **UCWL line 2 ramp up** is expected to be gradual as the grinding capacity was commissioned in Mar'24 only. It expects capacity utilization to reach ~60% by 4QFY25 and further ramp-up upto 75% in FY26.
- The brownfield expansion of 1.35mtpa grinding capacity at its GU in Surat, Gujarat, is as per schedule and expected to be commissioned in CY24. Further, 4.6mtpa expansion in East and Central will be commissioned in phases. Phase-I of Durg expansion, which includes – 1) brownfield clinker/cement expansion of 2.3mtpa/1.2mtpa at Durg, Chhattisgarh; and 2) greenfield split location grinding units at Prayagraj by FY26-end. The remaining two split location GUs in Madhubani, Bihar, and Patratu, Jharkhand, are expected to be commissioned in FY27. Total project cost for 2.3mtpa clinker and 4.6mtpa cement is estimated to be INR25b.
- The company is in the process of land acquisition and getting external approvals, such as environment clearance, etc., which is expected to materialize by end-FY25. After these approvals and land acquisitions, it will take 14-18 months to set up the cement plant in the Northeast. It expects north-east plant on stream by FY26-end vs. earlier estimate of FY27-end.
- Awaiting approval for the conveyor belt at Durg plant it is in the final stage and is expected in next one months, final approvals taking longer time.
- The company has limestone reserves at Sirohi for 15-20 years', which are due for renewal in 2030. The Udaipur limestone reserves are available until another 40-50 years and it acquired adjacent mines with a life of at least another 10 years. The company also has a limestone mine in Nagaur, with reserves of 50-60 years.
- Consolidated capex stood at INR1.5b in 1QFY25, with an expected spending of INR15-16b over 9MFY25. Consolidated gross debt stood at INR20.5b and net debt stood at INR16.5b as of Jun'24.

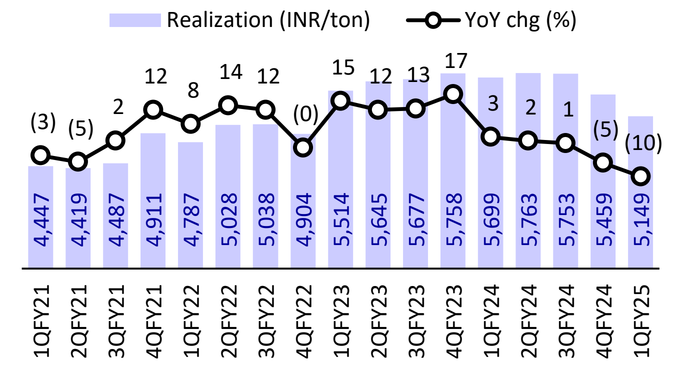
Story in charts

Exhibit 1: Sales volume (consolidated) flat YoY



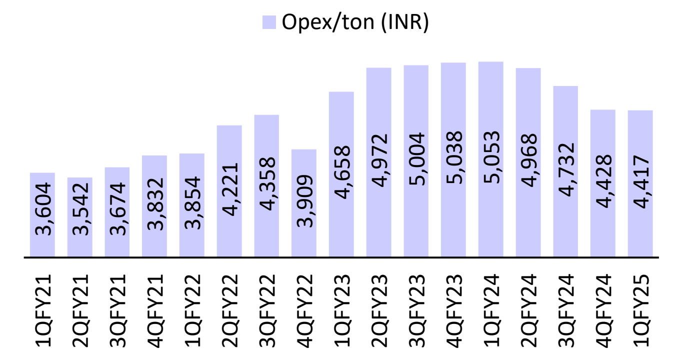
Source: Company, MOFSL

Exhibit 2: Blended realization was down 10%/6% YoY/QoQ



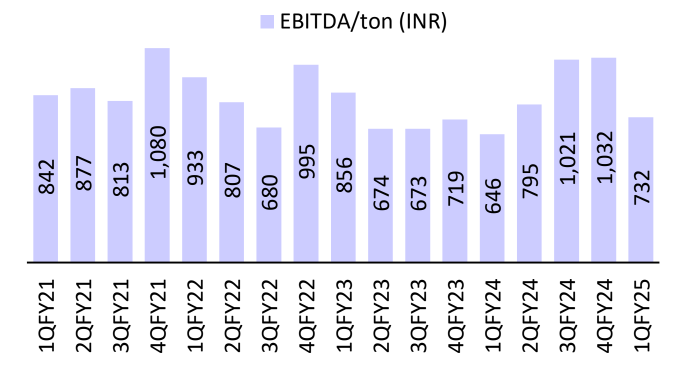
Source: Company, MOFSL

Exhibit 3: Opex/t declined 13% YoY



Source: Company, MOFSL

Exhibit 4: EBITDA/t was up 13% YoY



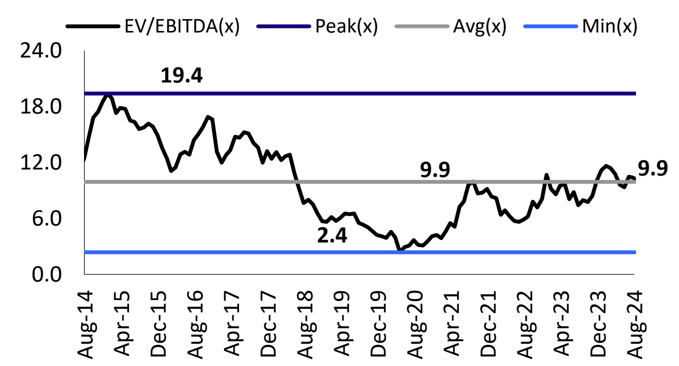
Source: Company, MOFSL

Exhibit 5: Key performance indicators – per ton analysis

INR/t	1QFY25	1QFY24	YoY (%)	4QFY24	QoQ (%)
Net realization	**5,149**	**5,699**	**(9.6)**	**5,459**	**(5.7)**
RM Cost	1,269	1,385	(8.4)	1,140	11.3
Employee Expenses	334	357	(6.6)	292	14.3
Power, Oil, and Fuel	1,127	1,508	(25.3)	1,273	(11.5)
Freight and Handling Outward	1,038	1,131	(8.2)	1,064	(2.5)
Other Expenses	650	672	(3.3)	658	(1.3)
Total Expenses	**4,417**	**5,053**	**(12.6)**	**4,428**	**(0.2)**
EBITDA	**732**	**646**	**13.3**	**1,032**	**(29.0)**

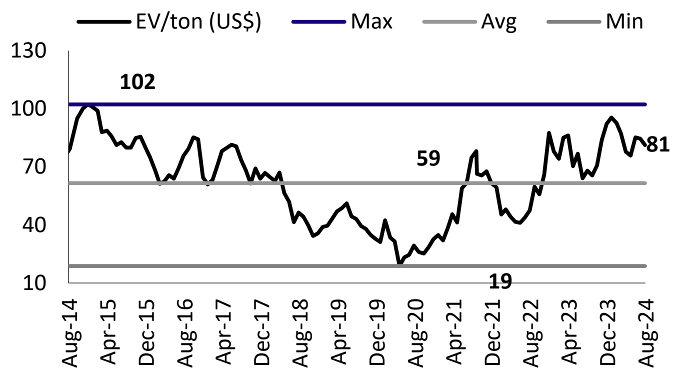
Source: Company, MOFSL

Exhibit 6: One-year forward EV/EBITDA chart



Source: Company, MOFSL

Exhibit 7: One-year forward EV/t chart



Source: Company, MOFSL

Financials and valuations (consolidated)

Income Statement								(INR m)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Net Sales	**43,641**	**47,274**	**54,199**	**64,515**	**67,885**	**67,363**	**78,520**	**91,198**
Change (%)	1.1	8.3	14.6	19.0	5.2	-0.8	16.6	16.1
EBITDA	**7,981**	**9,386**	**9,507**	**8,387**	**10,522**	**10,645**	**14,061**	**16,937**
Margin (%)	18.3	19.9	17.5	13.0	15.5	15.8	17.9	18.6
Depreciation	2,198	2,253	2,235	2,283	2,460	2,883	3,452	4,302
EBIT	**5,782**	**7,133**	**7,272**	**6,104**	**8,062**	**7,762**	**10,609**	**12,636**
Int. and Finance Charges	2,250	1,920	1,422	1,334	1,504	1,997	2,325	2,642
Other Income – Rec.	460	726	683	575	681	758	828	903
PBT bef. EO Exp.	**3,993**	**5,939**	**6,534**	**5,345**	**7,239**	**6,524**	**9,111**	**10,896**
EO Expense/(Income)	302	379	270	0	-89	0	0	0
PBT after EO Exp.	**3,690**	**5,561**	**6,264**	**5,345**	**7,328**	**6,524**	**9,111**	**10,896**
Total Tax	1,161	1,349	1,488	1,654	2,446	2,240	2,899	3,446
Tax Rate (%)	31.4	24.3	23.7	30.9	33.4	34.3	31.8	31.6
Reported PAT	**2,530**	**4,211**	**4,776**	**3,691**	**4,882**	**4,284**	**6,213**	**7,450**
Minority Interest	49	157	140	105	163	228	807	1,218
PAT Adj. for EO items and MI	**2,686**	**4,311**	**4,073**	**3,586**	**4,658**	**4,056**	**5,406**	**6,231**
Change (%)	464.9	60.5	-5.5	-12.0	29.9	-12.9	33.3	15.3
Margin (%)	6.2	9.1	7.5	5.6	6.9	6.0	6.9	6.8

Balance Sheet								(INR m)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Equity Share Capital	589	589	589	589	589	589	589	589
Total Reserves	16,281	20,357	24,463	27,450	31,278	34,627	39,327	44,853
Net Worth	**16,869**	**20,946**	**25,052**	**28,039**	**31,867**	**35,216**	**39,916**	**45,441**
Minority Interest	(29)	128	267	370	1,704	1,932	2,738	3,956
Deferred Liabilities	(390)	68	531	1,327	2,651	2,651	2,651	2,651
Total Loans	19,871	16,531	18,565	18,463	20,249	24,306	30,506	36,206
Capital Employed	**36,322**	**37,672**	**44,415**	**48,199**	**56,470**	**64,104**	**75,811**	**88,254**
Gross Block	44,722	44,138	47,469	49,667	68,338	75,328	87,078	1,11,828
Less: Accum. Deprn.	9,598	11,748	13,992	16,275	18,734	21,638	25,111	29,434
Net Fixed Assets	**35,124**	**32,390**	**33,477**	**33,392**	**49,604**	**53,690**	**61,967**	**82,394**
Capital WIP	1,662	2,738	2,425	8,902	3,832	9,592	12,592	5,892
Total Investments	**4,583**	**5,922**	**7,677**	**6,421**	**5,222**	**5,222**	**5,222**	**5,222**
Goodwill	723	723	723	723	725	725	725	725
Curr. Assets, Loans, and Adv.	**9,146**	**11,090**	**14,959**	**15,971**	**17,118**	**14,644**	**16,659**	**18,672**
Inventory	4,806	3,662	5,810	8,416	9,912	7,463	9,473	10,862
Account Receivables	959	545	352	654	443	468	474	543
Cash and Bank Balance	328	3,719	5,729	3,390	2,673	2,473	2,354	2,787
Loans and Advances	3,054	3,164	3,068	3,511	4,090	4,240	4,359	4,479
Curr. Liability and Prov.	**14,917**	**15,190**	**14,847**	**17,210**	**20,030**	**19,769**	**21,354**	**24,651**
Account Payables	5,102	4,368	3,660	5,860	5,560	5,298	6,884	10,181
Other Liabilities	9,610	10,609	10,894	11,098	14,261	14,261	14,261	14,261
Provisions	205	212	293	252	209	209	209	209
Net Current Assets	**(5,770)**	**(4,100)**	**112**	**(1,239)**	**(2,913)**	**(5,125)**	**(4,695)**	**(5,979)**
Appl. of Funds	**36,322**	**37,672**	**44,415**	**48,199**	**56,470**	**64,104**	**75,811**	**88,254**

Source: Company, MOFSL estimates

Financials and valuations (standalone)

Ratios								
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
Basic (INR)								
EPS	**22.8**	**36.6**	**34.6**	**30.5**	**39.6**	**34.5**	**45.9**	**52.9**
Cash EPS	41.5	55.8	53.6	49.9	60.5	59.0	75.3	89.5
BV/Share	143.3	178.0	212.8	238.2	270.7	299.2	339.1	386.1
DPS	3.1	3.8	5.0	3.8	6.5	6.0	6.0	6.0
Payout (%)	19.6	12.1	13.8	13.3	18.0	16.4	14.0	12.3
Valuation (x)								
P/E	37.8	23.5	24.9	28.3	21.8	25.0	18.8	16.3
Cash P/E	20.8	15.5	16.1	17.3	14.3	14.6	11.5	9.6
P/BV	6.0	4.8	4.0	3.6	3.2	2.9	2.5	2.2
EV/Sales	2.8	2.4	2.1	1.7	1.7	1.7	1.5	1.4
EV/EBITDA	15.2	12.1	11.8	13.0	11.2	10.9	8.5	7.8
EV/t (USD)	110	102	98	95	87	78	71	66
Dividend Yield (%)	0.4	0.4	0.6	0.4	0.8	0.7	0.7	0.7
Return Ratios (%)								
RoE	16.9	22.8	17.7	13.5	15.6	12.1	14.4	14.6
RoCE	11.7	16.0	15.0	10.2	11.8	10.0	12.0	12.2
RoIC	12.2	17.2	17.4	11.6	14.0	12.3	14.3	14.0
Working Capital Ratios								
Asset Turnover (x)	1.2	1.3	1.2	1.3	1.2	1.1	1.0	1.0
Inventory (Days)	40.2	28.3	39.1	47.6	53.3	40.4	44.0	43.5
Debtor (Days)	9	5	3	4	3	3	3	3
Creditor (Days)	43	34	25	33	30	29	32	41
Leverage Ratio (x)								
Current Ratio	0.6	0.7	1.0	0.9	0.9	0.7	0.8	0.8
Interest Coverage Ratio	2.6	3.7	5.1	4.6	5.4	3.9	4.6	4.8
Debt/Equity ratio	1.2	0.8	0.7	0.7	0.6	0.7	0.8	0.8

Cash Flow Statement								(INR m)
Y/E March	**FY20**	**FY21**	**FY22**	**FY23**	**FY24**	**FY25E**	**FY26E**	**FY27E**
OP/(Loss) before Tax	3,993	5,939	6,534	5,345	7,325	6,523	9,111	10,896
Depreciation	2,198	2,253	2,235	2,283	2,460	2,904	3,473	4,323
Interest and Finance Charges	2,250	1,920	1,422	1,334	1,504	1,997	2,325	2,642
Direct Taxes Paid	(761)	(871)	(888)	(909)	(1,126)	(2,240)	(2,899)	(3,446)
(Inc.)/Dec. in WC	(483)	2,060	(1,526)	(1,135)	(430)	2,013	(549)	1,718
CF from Operations	**7,196**	**11,301**	**7,776**	**6,918**	**9,733**	**11,197**	**11,462**	**16,132**
Others	(701)	(983)	(976)	(576)	(741)	-	-	-
CF from Operations incl. EO	**6,495**	**10,318**	**6,800**	**6,342**	**8,992**	**11,197**	**11,462**	**16,132**
(Inc.)/Dec. in FA	(1,047)	(1,661)	(3,661)	(7,320)	(10,060)	(12,750)	(14,750)	(18,050)
Free Cash Flow	**5,449**	**8,658**	**3,138**	**(978)**	**(1,069)**	**(1,553)**	**(3,288)**	**(1,918)**
(Pur.)/Sale of Investments	(951)	(2,678)	(3,264)	4,070	818	-	-	-
Others	-	-	274	255	442	-	-	-
CF from Investments	**(1,997)**	**(4,339)**	**(6,651)**	**(2,995)**	**(8,800)**	**(12,750)**	**(14,750)**	**(18,050)**
Issue of Shares	-	-	-	-	931	-	-	-
Inc./(Dec.) in Debt	(1,552)	(3,392)	2,042	(431)	1,601	4,057	6,200	5,700
Interest Paid	(2,489)	(2,130)	(1,401)	(1,505)	(2,033)	(1,997)	(2,325)	(2,642)
Dividend Paid	(455)	(5)	(443)	(587)	(674)	(706)	(706)	(706)
Others	-	-	(90)	(136)	(181)	-	-	-
CF from Fin. Activity	**(4,496)**	**(5,526)**	**108**	**(2,658)**	**(356)**	**1,354**	**3,168**	**2,351**
Inc./Dec. in Cash	**2**	**453**	**257**	**689**	**(164)**	**(199)**	**(120)**	**434**
Opening Balance	29	30	484	2,701	2,837	2,673	2,473	2,354
Closing Balance	**30**	**484**	**740**	**3,390**	**2,673**	**2,473**	**2,354**	**2,787**

Source: Company, MOFSL estimates

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

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

Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL),NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

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

Nainesh Rajani
Email: nainesh.rajani@motilaloswal.com
Contact: (+65) 8328 0276

Specific Disclosures

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:

Disclaimer:

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.