BUY One 97 Communications

Loss in EBITDA before ESOP narrows; on brink of turning profitable

BFSI-Banks ▸ Result Update ▸ **January 21, 2025**

TARGET PRICE (Rs): 1,050

Paytm posted lower EBITDA (before ESOP) loss at Rs0.4bn vs (Emkay: Rs0.7bn), mainly due to better lending revenue (even adjusted for the higher DLG cost) and continued cost optimization measures. This, coupled with higher treasury income on proceeds from sale of the entertainment business and stake in PayPay Corp (with lower depreciation and ESOP cost), led to lower net loss of Rs2.1bn (Emkay: Rs3.5bn). Lower Net payment margin was the only minor upset in 3Q. Exit MTU improved QoQ to 72mn from 68mn (Sep-24), but the average MTU base stood slightly lower at 70mn, as consumer onboarding started after NPCI approval in Oct-24. With the merchant payment/lending business going strong, an improving MTU will create a strong funnel for the financial/marketing service business/revenue that, along with better treasury income/continued cost optimization, should put Paytm on an early path to profitability in FY26E. Thus, we recently upgraded Paytm to BUY from Add with DCF-based TP of Rs1,050, implying FY27E EV/Op Rev at 3.4x and P/BV at 3.6x.

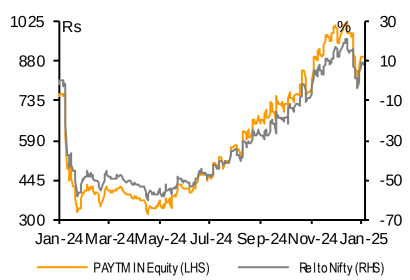
Target Price – 12M	Dec-25
Change in TP (%)	**-**
Current Reco.	BUY
Previous Reco.	BUY
Upside/(Downside) (%)	16.8
CMP (20-Jan-25) (Rs)	898.6

Stock Data	Ticker
52-week High (Rs)	1,063
52-week Low (Rs)	310
Shares outstanding (mn)	637.5
Market-cap (Rs bn)	573
Market-cap (US$ mn)	6,618
Net-debt, FY25E (Rs mn)	NA
ADTV-3M (mn shares)	10
ADTV-3M (Rs mn)	8,829.2
ADTV-3M (US$ mn)	102
Free float (%)	0.5
Nifty-50	23,345
INR/US$	86.6
Shareholding, Dec-24	
Promoters (%)	-
FPIs/MFs (%)	56.2/11.9

Price Performance

(%)	1M	3M	12M
Absolute	(4.9)	23.9	14.4
Rel. to Nifty	3.9	31.9	5.7

1-Year share price trend (Rs)



One 97 Communications: Financial Snapshot (Consolidated)

Y/E Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E
Revenue	79,903	99,778	73,204	97,138	121,653
EBITDA	(12,218)	(3,599)	(6,819)	10,320	18,590
Adj. PAT	(17,765)	(14,224)	(530)	2,908	11,128
Adj. EPS (Rs)	(27.8)	(21.8)	(0.8)	4.3	17.2
EBITDA margin (%)	(14.5)	(3.4)	(8.6)	9.9	14.5
EBITDA growth (%)	(40.4)	(44.4)	43.7	(124.7)	271.7
Adj. EPS growth (%)	(27.5)	(21.7)	(96.3)	(640.8)	296.2
RoE (%)	(13.1)	(10.8)	(0.4)	2.0	7.4
RoA (%)	(9.8)	(7.9)	(0.3)	1.3	4.7
EV/Op. rev. (x)	5.9	4.7	6.1	4.5	3.4
EV/EBITDA (x)	(38.6)	(130.5)	(65.4)	42.0	22.3
P/B (x)	4.4	4.3	4.0	3.9	3.6
P/E (x)	(32.3)	(41.2)	(1,120.8)	207.2	52.3

Source: Company, Emkay Research

Payment GMV accelerates, but higher UPI share hurts NPM; subscription revenue remains strong

Paytm's Payment GMV grew 13% QoQ due to seasonality (down 1% YoY) to ~Rs5trn, in line with our estimate, but net payment revenue growth was slower at 5% QoQ due to rising share of MDR-free UPI business (80-85%). Net merchant adds stood at a healthy 1mn in 3Q, as envisaged, with cumulative merchant base at 43mn, while number of device merchants increased at a faster pace to 11.7mn, with penetration now at 22% of registered merchants; thus Paytm posted strong subscription revenue. Per its strategy, Paytm is largely refurbishing its re-acquired devices and subsequently deploying these, thus leading to lower capex/depreciation; this should continue for a few more Quarters. Approval of the Payment aggregator license is pending with the RBI; once received, it will help Paytm acquire new online merchants and thus drive-up GMV growth. Exit MTU improved QoQ to 72mn from 68mn (Sep-24), but the avg MTU base stood slightly lower at 70mn as new consumer onboarding started post NPCI approval in Oct-24. Paytm believes the pace of new consumer onboarding will accelerate and thus lead to some additional acquisition cost hereon. However, higher MTU will create a strong funnel for its marketing and its financial services business, leading to better contribution margin.

Merchant lending (ML) business trends well, leading to higher gross take-rate

Overall loan disbursements were largely in line with our expectation of Rs56bn, with the merchant lending business (Rs43bn; up 12% QoQ) doing the heavy lifting as PL disbursement recedes (Rs15bn; down 16% QoQ). Strong ML disbursement with higher gross take-rate, coupled with trail income from the DLG portfolio and collection bonus as portfolio delinquencies recede, partly offset by lower broking revenue, led to a healthy 34% QoQ jump in financial services revenue. However, Paytm has increased the portfolio size under DLG to Rs42.4bn from Rs16.5bn in 3Q with SFMG, the cost of which is up-fronted and has thus led to sequential contraction in contribution margin by 100bps to 52%. Paytm is now open to explore the DLG arrangement with other lenders (in both, the ML and PL businesses) which, coupled with improving portfolio behavior, should lead to early revival of its lending business (mainly PL).

We retain BUY, with unchanged TP of Rs1,050

We recently upgraded Paytm to BUY from Add with DCF-based TP of Rs1,050, implying FY27E EV/Op Rev at 3.4x and P/BV at 3.6x, mainly due to improving visibility on business turnaround and thus on an early path to profitability. Payment aggregator license from RBI, once received, could further reduce the regulatory drag and act as a stock catalyst.

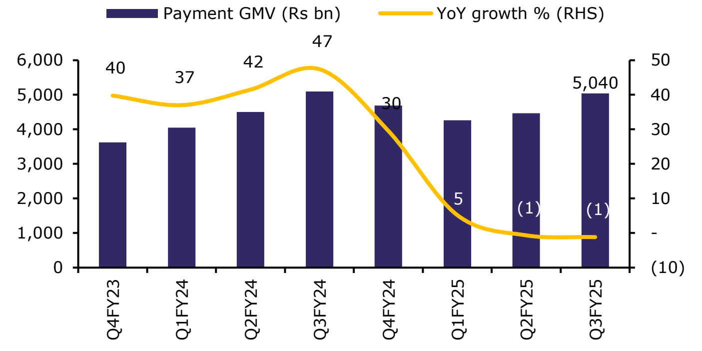
Anand Dama
anand.dama@emkayglobal.com
+91 22 6624 2480

Nikhil Vaishnav
nikhil.vaishnav@emkayglobal.com
+91 22 6612 2485

Kunaal N
kunaal.n@emkayglobal.com
+91 22 6612 1275

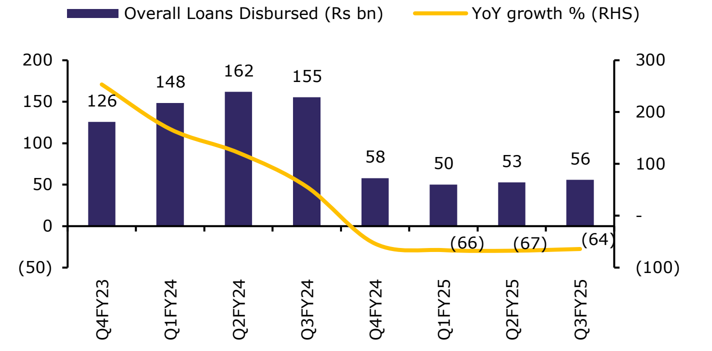
Story in Charts

Exhibit 1: Payment GMV growth has picked up due to seasonal factors



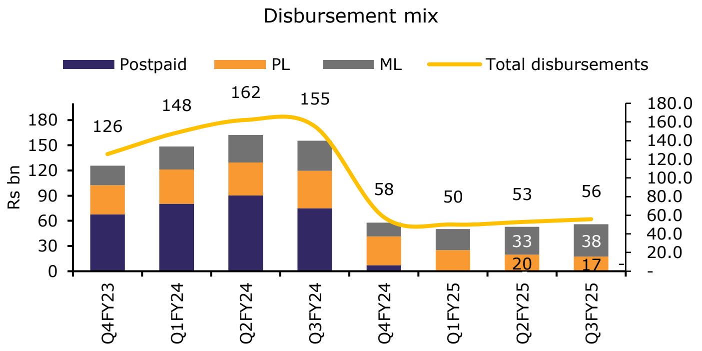
Source: Company, Emkay Research

Exhibit 2: Loan disbursals, too, are picking-up, led by merchant loans, largely offsetting the reducing PL disbursements



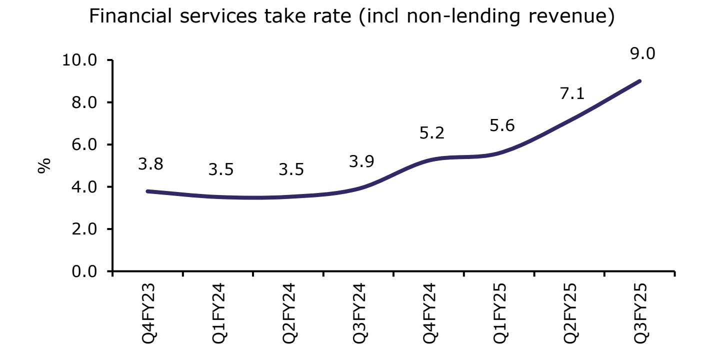
Source: Company, Emkay Research

Exhibit 3: Disbursements in the PL business continue to decline…



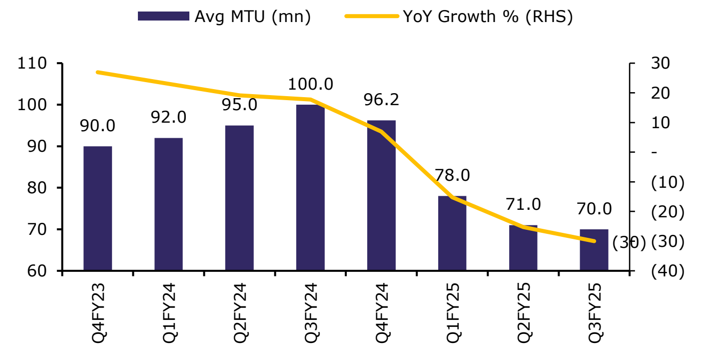
Source: Emkay Research

Exhibit 4: …but higher share of the ML business, along with collection bonus, led to a higher financial services business take-rate in 3Q



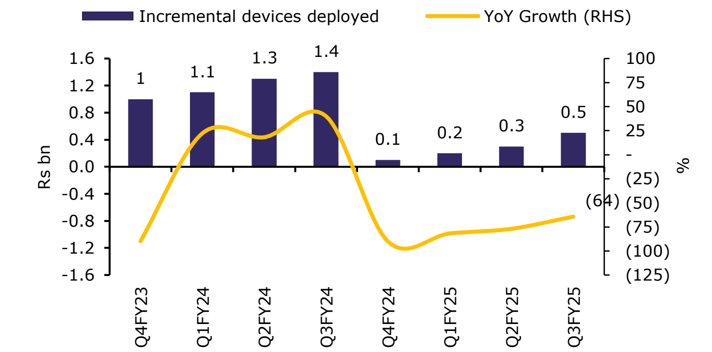
Source: Emkay Research

Exhibit 5: Terminal MTU base improved to 72mn, but the average MTU base declined, as customer onboarding started only post NPCI approval in October



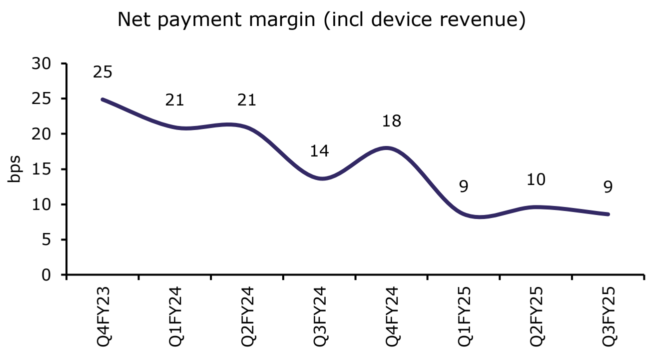
Source: Company, Emkay Research

Exhibit 6: Merchant device deployment gradually picking up



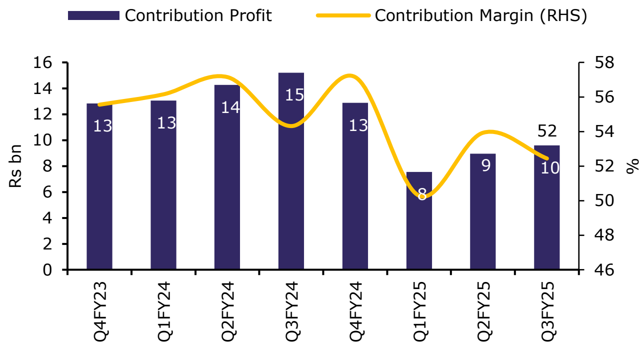
Source: Company, Emkay Research

Exhibit 7: Net payment margin declined in 3Q due to rising share of UPI business



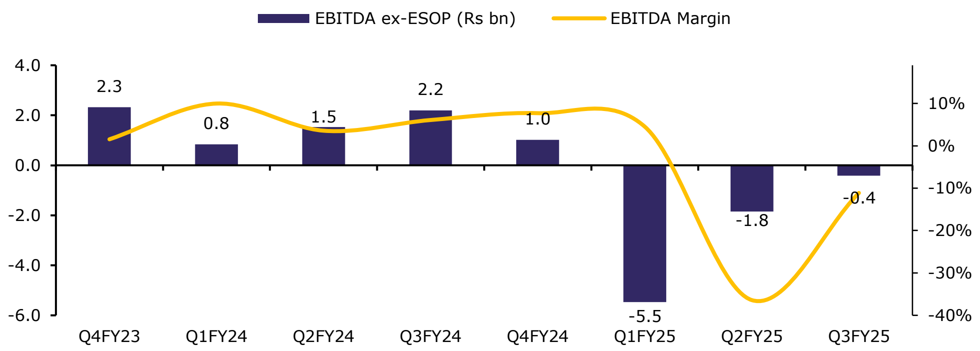
Source: Company, Emkay Research

Exhibit 8: Higher DLG cost and lower net payment margin led to lower contribution margin at 52%



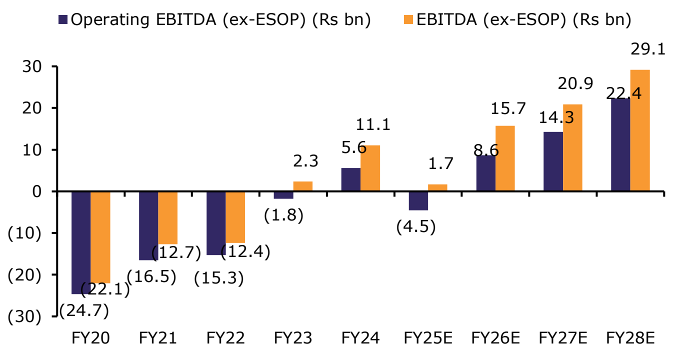
Source: Emkay Research

Exhibit 9: EBITDA (ex-ESOP) loss declined further, led by healthy financial services revenue and continued cost optimization



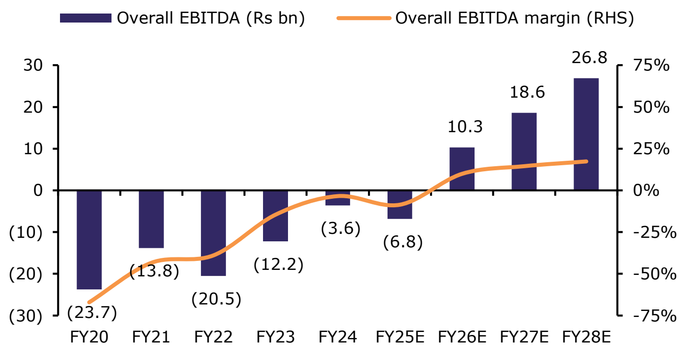
Source: Emkay Research

Exhibit 10: We believe the improving lending revenue and the cost optimization should help Paytm turn EBITDA (ex ESOP)-positive by 4QFY25E…



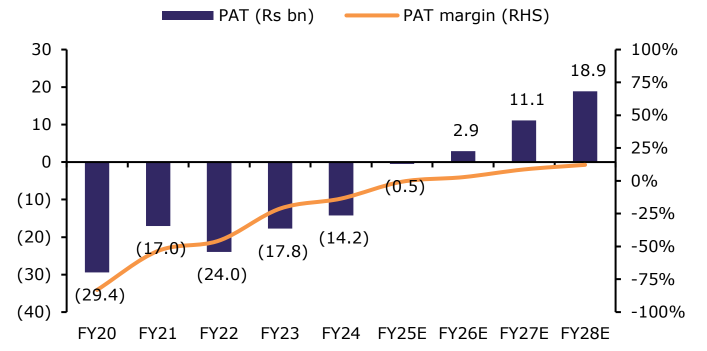
Source: Emkay Research

Exhibit 11: …as also the EBITDA, as ESOP cost too is on a decline



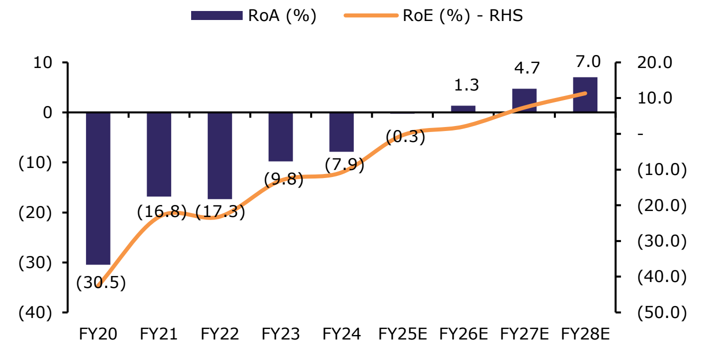
Source: Emkay Research

Exhibit 12: Higher EBIDTA plus lower depreciation and higher treasury income to drive Paytm into the net profit zone by FY26E…



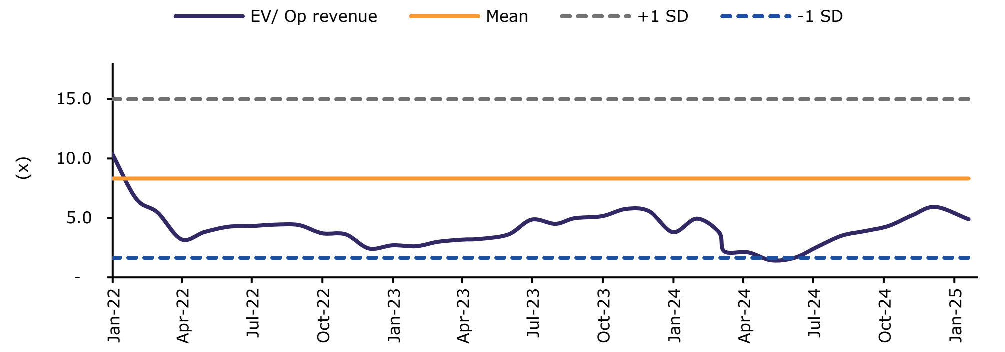
Source: Emkay Research

Exhibit 13: …and thus improve overall return ratios



Source: Emkay Research

Exhibit 14: The stock trades at 4.9x 1Y forward EV/Operating revenue



Source: Bloomberg, Emkay Research

Exhibit 15: Emkay vs Consensus (Q3FY25)

(Rs mn)	Actuals	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Operating Revenue	18,280	18,265	18,684	0%	-2%	Higher payment and financial revenues lead to in-line revenues
Overall EBITDA	(343)	(1,757)	(4,636)	-80%	-93%	Lower marketing, ESOP costs, and other expenses lead to lower EBITDA losses
PAT	(2,091)	(3,515)	(3,505)	-41%	-40%	Lower EBITDA losses lead to a beat on PAT estimates

Source: Emkay Research

Exhibit 16: Quarterly Summary

(Rs mn)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	YoY (%)	QoQ (%)	FY24	FY25E	YoY (%)
Payment & Financial Services Revenue	22,860	18,590	11,640	13,220	15,050	(36)	14	81,312	59,749	(27)
Marketing & Other Op Revenue	5,650	4,090	3,370	3,380	3,230	(24)	0	18,466	13,455	(27)
Operating Revenue	28,510	22,680	15,010	16,600	18,280	(34)	11	99,778	73,204	(27)
Operating Expenses	26,316	21,658	20,475	18,446	18,690	(22)	(10)	108,846	86,233	(21)
- Payment gateway Cost	9,822	7,148	5,171	5,168	5,704	(37)	(0)	32,804	22,232	(32)
Operating EBITDA	2,194	1,022	(5,465)	(1,846)	(410)	(220)	(66)	(9,068)	(13,029)	44
- Depreciation	2,009	1,960	1,784	1,786	1,653	(1)	0	7,357	6,806	(7)
Operating EBIT	185	(938)	(7,249)	(3,632)	(2,063)	1,255	(50)	(16,425)	(19,835)	21
- Non Operating Revenue	1,486	1,317	1,375	1,745	1,887	21	27	5,469	6,210	14
- Finance Cost	54	52	42	34	43	(51)	(19)	243	165	(32)
PBT	1,617	327	(5,916)	(1,921)	(219)	(274)	(67)	(11,199)	(13,790)	23
Net profit (ex ESOP + Extraordinary items)	1,572	19	(5,944)	(1,970)	(271)	(300)	(67)	2,762	(5,470)	(298)
Reported Net Profit	(2,213)	(5,512)	(8,412)	9,300	(2,091)	(416)	(211)	(14,224)	(530)	(96)

Source: Company, Emkay Research

Exhibit 17: Revision in estimates

Y/E Mar (Rs mn)	FY25E			FY26E			FY27E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Operating Revenue	72,995	73,204	0.3%	96,429	97,138	0.7%	119,615	121,653	1.7%
Overall EBITDA	(7,783)	(6,819)	-12.4%	8,779	10,320	17.5%	16,769	18,590	10.9%
PAT	(1,511)	(530)	-64.9%	2,425	2,908	19.9%	10,266	11,128	8.4%
EPS (Rs)	(2.5)	(0.8)	-68.3%	3.6	4.3	21.2%	15.8	17.2	8.6%
BVPS (Rs)	223.0	224.5	0.7%	226.7	229.0	1.0%	242.8	246.4	1.5%

Source: Emkay Research

Exhibit 18: Key assumptions

(%)	FY24	FY25E	FY26E	FY27E
Payments GMV growth	39	3	35	34
Disbursement growth	48	(59)	59	43
Net Payment take rate (% of GMV)	0.2	0.1	0.1	0.1
Gross lending take rate (% of disbursement)	3.4	5.9	5.9	5.4

Source: Emkay Research

One 97 Communications: Consolidated Financials and Valuations

Exhibit 19: Income Statement

Year ended 31-Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Payment (P2M + P2C)	49,300	62,351	44,681	57,974	72,341	86,971
Marketing revenue	15,199	17,387	11,655	13,114	15,349	17,463
Payment + Marketing Revenue	**64,499**	**79,738**	**56,336**	**71,087**	**87,690**	**104,434**
- growth (%)	*42.2*	*23.6*	*(29.3)*	*26.2*	*23.4*	*19.1*
Financial Services & other op revenue	15,404	20,040	16,868	26,050	33,963	43,630
Operating Revenue	**79,903**	**99,778**	**73,204**	**97,138**	**121,653**	**148,064**
Operating expenses	(96,218)	(108,846)	(86,233)	(93,917)	(109,681)	(127,975)
- Payment gateway cost	(29,577)	(32,804)	(22,232)	(27,239)	(33,423)	(38,789)
-Marketing & promotional expenses	(10,764)	(9,220)	(7,114)	(9,581)	(12,782)	(16,214)
Operating EBITDA	**(16,315)**	**(9,068)**	**(13,029)**	**3,221**	**11,972**	**20,089**
- Depreciation	(4,853)	(7,357)	(6,806)	(6,469)	(6,267)	(6,040)
Operating EBIT	**(21,168)**	**(16,425)**	**(19,835)**	**(3,249)**	**5,705**	**14,048**
- Non Operating Revenue	4,097	5,469	6,210	7,099	6,618	6,759
- Finance Cost	(233)	(243)	(165)	(173)	(182)	(191)
PBT	**(17,304)**	**(11,199)**	**(13,790)**	**3,678**	**12,142**	**20,617**
Non-recurring items	-	(2,328)	13,450	-	-	-
Pre-tax profit (after non-recurring items)	**(17,304)**	**(13,527)**	**(340)**	**3,678**	**12,142**	**20,617**
Tax (current + deferred)	(336)	(320)	(170)	(919)	(1,214)	(2,062)
Tax rate (%)	1.9	2.4	50.0	(25.0)	(10.0)	(10.0)
Net profit	**(17,640)**	**(13,847)**	**(510)**	**2,758**	**10,928**	**18,555**
- growth (%)	*(25.0)*	*(21.5)*	*(96.3)*	*(640.8)*	*296.2*	*69.8*
Share of JV/Associates	(125)	(377)	(20)	150	200	300
Net income	**(17,765)**	**(14,224)**	**(530)**	**2,908**	**11,128**	**18,855**

Source: Emkay Research

Exhibit 20: Balance Sheet

Year ended 31-Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
Cash & Cash Equivalents	81,872	78,323	124,243	137,319	155,750	180,270
Current & Non-current investments	15,765	22,943	1,274	1,210	1,150	1,035
Loans	1,564	1,731	2,077	2,493	2,991	3,589
Fixed assets (Net block)	12,202	12,609	11,309	13,904	16,976	20,326
Other assets	68,255	55,785	59,609	63,727	68,165	76,631
Total assets	**179,658**	**171,391**	**198,512**	**218,653**	**245,033**	**281,852**
Trade Payables & other ST liabilities	41,115	29,335	33,578	38,442	42,739	47,533
Borrowings	20	-	-	-	-	-
Other liabilities and provisions	8,367	8,790	22,079	34,448	45,404	58,573
Share capital	634	636	637	637	637	637
Reserves & surplus	129,522	132,630	142,218	145,126	156,254	175,109
Shareholders' funds	**130,156**	**133,266**	**142,855**	**145,763**	**156,890**	**175,746**
Total equity & liabilities	**179,658**	**171,391**	**198,512**	**218,653**	**245,033**	**281,852**

Source: Company, Emkay Research

Exhibit 21: Cash Flow Statement

Year ended 31-Mar (Rs mn)	FY23	FY24	FY25E	FY26E	FY27E	FY28E
PBT	(17,304)	(11,199)	(13,790)	3,678	12,142	20,617
Others (non-cash items)	(571)	7,742	23,597	15,571	22,570	32,892
Taxes Paid	1,762	1,085	170	919	1,214	2,062
Change in NWC	6,489	(149)	1,232	1,540	632	760
Operating Cash Flow	**4,156**	**6,508**	**24,659**	**16,192**	**21,988**	**31,591**
Investing Cash Flow	**26,255**	**3,180**	**(4,824)**	**(6,122)**	**(10,163)**	**(17,609)**
Financing Cash Flow	**(11,123)**	**(220)**	**(164)**	**(173)**	**(182)**	**(191)**
Net Change in Cash	**19,288**	**9,468**	**19,671**	**9,896**	**11,643**	**13,791**

Source: Company, Emkay Research

Exhibit 22: Key Valuation Ratios

Year ended 31-Mar	FY23	FY24	FY25E	FY26E	FY27E	FY28E
EPS (Rs)	(27.8)	(21.8)	(0.8)	4.3	17.2	29.1
BVPS (Rs)	202.9	209.9	224.5	229.0	246.4	276.1
EBITDA per share (Rs)	(19.3)	(5.7)	(10.7)	16.2	29.2	42.2
Op Revenue per share (Rs)	126.0	156.9	115.0	152.6	191.1	232.6
PER (x)	(32.3)	(41.2)	(1,120.8)	207.2	52.3	30.8
Price/Book (x)	4.4	4.3	4.0	3.9	3.6	3.3
P/EBITDA (x)	(46.6)	(158.7)	(83.8)	55.4	30.7	21.3
P/Op Revenue (x)	7.1	5.7	7.8	5.9	4.7	3.9
EV/EBITDA (x)	(38.6)	(130.5)	(65.4)	42.0	22.3	14.5
EV/Op Revenue (x)	5.9	4.7	6.1	4.5	3.4	2.6
EV/Networth (x)	3.7	3.5	3.1	3.0	2.6	2.2

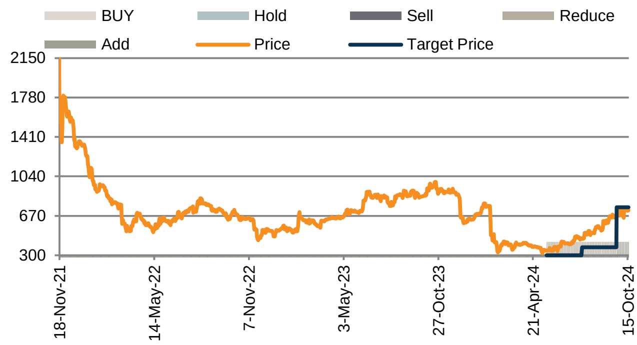
Source: Company, Emkay Research

RECOMMENDATION HISTORY - DETAILS

Date	Closing Price (INR)	TP (INR)	Rating	Analyst
07-Oct-24	652	750	Add	Anand Dama
24-Sep-24	681	750	Add	Anand Dama
22-Aug-24	554	375	Reduce	Anand Dama
21-Jul-24	459	375	Reduce	Anand Dama
18-Jun-24	417	300	Reduce	Anand Dama
23-May-24	356	300	Reduce	Anand Dama
16-May-24	343	300	Reduce	Anand Dama

Source: Company, Emkay Research

RECOMMENDATION HISTORY - TREND



Source: Company, Bloomberg, Emkay Research

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX), Multi Commodity Exchange of India Ltd (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) (hereinafter referred to be as "Stock Exchange(s)"). EGFSL along with its [affiliates] offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com.

EGFSL is registered as Research Analyst with the Securities and Exchange Board of India ("SEBI") bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any Stock Exchange nor its activities were suspended by any Stock Exchange with whom it is registered in last five years. However, SEBI and Stock Exchanges had conducted their routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to its existing clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall 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. Though disseminated to all the clients simultaneously, not all clients may receive this report at the same time. 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.

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. EGFSL may have issued or may issue other reports (on technical or fundamental analysis basis) of the same subject company that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Users of this report may visit www.emkayglobal.com to view all Research Reports of EGFSL. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of EGFSL; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL . All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its affiliates. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

This report has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research report relating to any issuer/subject company.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Disclaimer for U.S. persons only: Research report is a product of Emkay Global Financial Services Ltd., under Marco Polo Securities 15a6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors. Emkay Global Financial Services Ltd. has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

RESTRICTIONS ON DISTRIBUTION

This report is not directed to, 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 or regulation. Except otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associated persons1 may have served as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate may have Financial Interests2 in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

[1] An associated person is defined as (i) who reports directly or indirectly to such a research analyst in connection with the preparation of the reports; or (ii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

[2] Financial Interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report-:

1. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her associate/relative's may have Financial Interest/proprietary positions in the securities recommended in this report as of January 21, 2025
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Report
   Disclosure of previous investment recommendation produced:
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's may have material conflict of interest in the securities recommended in this report as of January 21, 2025
5. EGFSL, its affiliates and Research Analyst or his/her associate/relative's may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the January 21, 2025
6. EGFSL or its associates may have managed or co-managed public offering of securities for the subject company in the past twelve months.
7. EGFSL, its affiliates and Research Analyst or his/her associate may have received compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
8. EGFSL, its affiliates and/or and Research Analyst or his/her associate may have received any compensation or other benefits from the subject company or third party in connection with this research report.

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	>15% upside
ADD	5-15% upside
REDUCE	5% upside to 15% downside
SELL	<15% downside

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India
Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com

OTHER DISCLAIMERS AND DISCLOSURES:

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) -:

EGFSL or its associates may have financial interest in the subject company.

Research Analyst or his/her associate/relative's may have financial interest in the subject company.

EGFSL or its associates and Research Analyst or his/her associate/ relative's may have material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst or his/her associate/relatives may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of public appearance or publication of Research Report.

Research Analyst may have served as an officer, director or employee of the subject company.

EGFSL or its affiliates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. . Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit www.emkayglobal.com to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities may make investment decisions that are inconsistent with the recommendations expressed herein. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. EGFSL or its associates may have received compensation from the subject company in the past twelve months. Subject Company may have been client of EGFSL or its affiliates during twelve months preceding the date of distribution of the research report and EGFSL or its affiliates may have co-managed public offering of securities for the subject company in the past twelve months.

SESHADRI KUMAR SEN

Digitally signed by SESHADRI KUMAR SEN
DN: c=IN, o=Personal, pseudonym=133421651129256467AME3LY655Z5MEZ, 2.5.4.20=1217a0ac22644d6a490a50ef35978ca2cbcf94e39548b678bafc1f29f6e1ced7, postalCode=400011, st=Maharashtra, serialNumber=07837cb61a11364e9d2229a78d0af55d5d599551e83b808ee76a10dbb491f06e, cn=SESHADRI KUMAR SEN
Date: 2025.01.21 10:03:15 +05'30'