

Jyothy Laboratories

Estimate change



TP change



Rating change



Bloomberg	JYL IN
Equity Shares (m)	367
M.Cap.(INRb)/(USDb)	147.4 / 1.8
52-Week Range (INR)	412 / 180
1, 6, 12 Rel. Per (%)	13/95/100
12M Avg Val (INR M)	271

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Net Sales	24.9	28.6	32.2
Sales Gr. (%)	13.2	15.0	12.6
EBITDA	3.2	4.8	5.5
EBITDA Margins (%)	12.7	16.8	17.1
Adj PAT	2.3	3.6	4.1
Adj.EPS (INR)	6.3	9.7	11.2
EPS Gr. (%)	46.2	52.7	15.6
BV/Sh (INR)	42.2	46.9	51.5

Ratios

RoE (%)	15.6	21.7	22.7
RoCE (%)	15.7	22.1	23.2
Payout (%)	57.3	50.0	58.4

Valuation

P/E (x)	63.4	41.5	35.9
P/BV (x)	9.5	8.6	7.8
EV/EBITDA	45.8	30.0	25.7
Div. Yield (%)	0.7	1.0	1.3

Shareholding pattern (%)

As On	Sep-23	Jun-23	Sep-22
Promoter	62.9	62.9	62.9
DII	14.1	15.4	17.5
FII	14.6	14.0	12.8
Others	8.4	7.8	6.8

FII Includes depository receipts

CMP: INR401

TP: INR391 (-3%)

Neutral

In-line sales; margin expansion beats estimates

- Jyothy Laboratories (JYL) reported an in-line sales with margin expansion exceeding our expectations in 2QFY24. It gained market share across its portfolio with volume growth of 9% and a value growth 2%. JYL reported an EBITDA margin of 18.5% (est. 16.9%), led by moderation in input costs. GP margin experienced significant growth on both YoY and QoQ basis, reaching 49.2% (est. 47.5%).
- The likelihood of 17% EBITDA margin for further quarters appears to be difficult as the company's guidance for FY24 ranges from 16% to 17%. While the company achieved a margin of 17.8% in 1HFY24, there's a potential for margin contraction in the remaining quarters due to volatility in RM prices.
- We upgrade FY24E/FY25E EPS by 9.3%/8.6% to factor in the benefits of lower RM costs, expansions in new geography and market share gain, which will support growth and profitability. However, we reiterate our Neutral rating with a revised TP of INR391 as JYL's product portfolio is in highly penetrated categories, limiting future volume growth to single digits. Margin expansion beyond 17% is constrained by a focus on mass and rural segments. Despite short-term gains in FY24E, the long-term growth outlook remains lackluster.

Better gross margin leads to 16-quarter high EBITDA margin of 18.5%

- JYL's standalone net sales grew 11.1% YoY to INR7,323m (est. INR7,383m).
- EBITDA grew 68.3% YoY to INR1,354m (est. of INR1,248m).
- PBT grew 95.0% YoY to INR1,351m (est. INR1,121m).
- Adj. PAT grew 78.2% YoY to INR1,040m (est. INR898m).
- Gross margin expanded ~900bp YoY to 49.2%. EBITDA margin expanded ~630bp YoY to 18.5%.

Consolidated segmental performance

- Fabric Care/Dishwashing/ Household Insecticides/Personal Care grew 18.1%/10.6%/10.1%/21.1% YoY to INR3,169m/INR2,507m/INR550m/INR896m in 2QFY24.
- Margins in the Fabric Care/Dishwashing/Personal Care segment/ Household Insecticides expanded 1100bp/540bp/90bp/60bp YoY to 26.1%/20.9%/10.9%/1.6%.

Highlights from the management commentary

- During the quarter, the company witnessed a growth of 11% YoY, encompassing a 9% YoY increase in volume and a 2% YoY rise in value.
- The portfolio has experienced an expansion in market share.
- The management anticipates a double-digit sales growth trajectory, driven primarily by volume, for FY24.

Pratik Bipinchandra Prajapati – Research Analyst (pratik.prajapati@motilaloswal.com)

Tanu Jindal – Research Analyst (Tanu.Jindal@MotilalOswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- The company has achieved a direct outreach to 1.1m outlets, contributing to a combined total of 2.8m outlets, which are on an upward trajectory.
- There's heightened competition from local regional players, adding to the existing competitive landscape. The current scenario reflects increased intensity in the market.

Valuation and view

- We upgrade FY24E/FY25E EPS by 9.3%/8.6% to factor in the benefits of lower RM costs, expansions in new geography and market share, which will support growth and profitability.
- We reiterate our Neutral rating with a revised TP of INR391 (25x FY25E target EV/ EBITDA) as JYL's product portfolio is in highly penetrated categories, limiting future volume growth to single digits. Margin expansion beyond 17% is constrained by a focus on mass and rural segments. Despite short-term gains in FY24E, the long-term growth outlook remains lackluster.

Consolidated Quarterly Performance

(INR m)

Y/E March	FY23				FY24						FY24	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY23	FY24E	2QE	(%)
Net Sales	5,972	6,592	6,127	6,170	6,871	7,323	6,923	7,471	24,860	28,588	7,383	-0.8
YoY change (%)	14.4	14.0	15.9	13.0	15.1	11.1	13.0	21.1	13.2	15.0	12.0	
Gross Profit	2,380	2,670	2,640	2,821	3,289	3,604	3,199	3,363	10,511	13,454	3,507	2.8
Margins (%)	39.9	40.5	43.1	45.7	47.9	49.2	46.2	45.0	42.3	47.1	47.5	3.6
EBITDA	599	804	844	913	1,174	1,354	1,115	1,150	3,159	4,792	1,248	8.5
EBITDA growth %	-7.9	19.9	39.4	59.4	96.2	68.3	32.1	26.0	26.4	51.7	55.2	
Margins (%)	10.0	12.2	13.8	14.8	17.1	18.5	16.1	15.4	12.7	16.8	16.9	
Depreciation	130	130	122	119	120	123	139	145	501	526	176	
Interest	33	35	32	31	11	12	28	34	131	85	39	
Other Income	44	53	153	57	79	132	114	109	395	435	88	
PBT	479	693	842	819	1,123	1,351	1,062	1,079	2,922	4,616	1,121	20.5
Tax	90	109	169	227	250	311	246	253	595	1,062	223	
Rate (%)	18.8	15.8	20.0	27.7	22.3	23.0	23.2	23.5	19.9	23.0	19.9	
Adjusted PAT	389	584	674	593	873	1,040	816	826	2,327	3,554	898	15.8
YoY change (%)	-2.9	38.5	90.4	78.0	124.1	78.2	21.0	39.4	54.2	52.7	53.9	

E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY23				FY24	
	1Q	2Q	3Q	4Q	1Q	2Q
2Y average growth %						
Sales	18.1	14.9	14.3	12.5	14.7	12.5
EBITDA	-12.4	-2.3	7.6	20.7	44.1	44.1
PAT	-11.7	4.0	29.1	22.0	60.6	58.4
% sales						
COGS	60.1	59.5	56.9	54.3	52.1	50.8
Other expenditure	29.8	28.3	29.3	30.9	30.8	30.7
Depreciation	2.2	2.0	2.0	1.9	1.7	1.7
YoY change %						
COGS	21.0	12.5	11.9	4.8	-0.3	-5.2
Other expenditure	11.4	14.8	14.9	12.9	18.7	20.6
Other income	-8.9	1.9	259.1	2.7	80.0	147.8
EBIT	5.4	44.9	82.6	122.0	125.2	82.6

E: MOFSL Estimates



Highlights from the management commentary

Performance and outlook

- The product portfolio has consistently shown growth across various channels. The input prices that were previously fluctuating have now stabilized.
- Despite this positive trend, there's a noticeable rise in the competitive pressure as companies strive to boost their volumes and maintain their growth rates.
- During the quarter, the company witnessed a YoY growth of 11%, encompassing a 9% YoY increase in volume and a 2% YoY rise in value.
- The company has achieved a direct outreach to 1.1m outlets, contributing to a combined total of 2.8m outlets, which are on an upward trajectory.
- The portfolio has experienced an expansion in market share.
- The liquid portfolio is expected to perform exceptionally well, particularly in urban cities, metros, and through channels such as Modern Trade and e-commerce.
- The management anticipates a double-digit sales growth trajectory, driven primarily by volume, for FY24.

Costs and margins

- The expenditure on A&P has increased 36% this quarter. The company is directing its efforts toward product innovation and expanding its reach to new geographical markets.
- The company aims to sustain its historical EBITDA margin, ranging between 16% and 17% for FY24.

Segmental details

Fabric Care

- In 2QFY24, Fabric Care sales surged 10.6% compared to 2QFY23 with sales improvements observed across all brands in the segment.
- The company's emphasis lies on providing value in the Detergent category while also concentrating on the premium portfolio of Liquid Detergent.
- The company remains committed to expanding its distribution efforts, aiming to enhance its footprint in the mass category of the detergent powder segment, including brands such as Mr. White and Moonlight.

Dishwashing

- In 2QFY24, Dishwashing sales witnessed a 10% YoY increase, propelled by the robust performance of the two-brand portfolio, Exo and Pril. Both brands have successfully attracted new consumers through Loyalty and User Purchase programs.
- The company is directing attention to consumers in search of larger packs in the dishwash liquid category, thereby reinforcing overall brand equity and capturing a larger market share.
- Exo gel is currently exclusive to Kerala, undergoing market testing with valuable learnings.
- The expansion plans for both Exo and Pril include diversifying distribution and introducing various package sizes. Both brands are experiencing double-digit growth.

Household Insecticides

- In 2QFY24, sales of Household Insecticides recorded a 3.4% increase, showcasing a steady recovery for the company after a challenging previous year.
- The Liquid Vaporizer portfolio has demonstrated positive growth, driven by sustained efforts in distribution and consumer engagement activities.
- The business is yet to achieve EBIT profits, with the portfolio contributing only 6%-7% to the top line. However, the coils business has faced challenges, prompting a shift towards the liquid segment.

Personal Care

- In 2QFY24, Personal Care Sales surged 22.3% compared to the corresponding period last year.
- The Neem-based Margo soap portfolio remains a top choice among consumers, valued for its authenticity.
- The introduction of Margo Neem Naturals, featuring three new variants, has contributed to the brand's continued success.
- Despite robust sales, Personal Care margins have remained flat in this quarter due to the introduction of new variants, leading to higher A&P expenditures. As palm oil prices stabilize, a rebound in margins within this category is anticipated.

Other points

- The company has successfully reduced its working capital days to a net of five days, ensuring heightened efficiency across the supply chain and operations. Looking ahead, in the medium to long term, the company envisions a normalized working capital cycle of 10-20 days.
- There's heightened competition from local regional players, adding to the existing competitive landscape. The current scenario reflects increased intensity in the market.

Key exhibits

Exhibit 1: Consolidated quarterly performance

Category sales (INR m)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Fabric Care	2,511	2,862	2,635	2,553	2,966	3,166
Dishwashing	2,093	2,279	2,213	2,062	2,315	2,507
Household Insecticides	448	435	434	800	494	450
Personal Care	694	733	591	524	841	896
Other Products	225	284	253	230	256	304
Total	5,972	6,592	6,127	6,170	6,871	7,323
Category salience (%)						
Fabric Care	42.0	43.4	43.0	41.4	43.2	43.2
Dishwashing	35.1	34.6	36.1	33.4	33.7	34.2
Household Insecticides	7.5	6.6	7.1	13.0	7.2	6.1
Personal Care	11.6	11.1	9.7	8.5	12.2	12.2
Other Products	3.8	4.3	4.1	3.7	3.7	4.2
Total	100	100	100	100	100	100
Category growth (%)						
Fabric Care	38.6	33.6	26.0	20.1	18.1	10.6
Dishwashing	9.6	5.6	10.0	8.7	10.6	10.0
Household Insecticides	(37.5)	(30.7)	(15.6)	0.9	10.1	3.4
Personal Care	2.1	10.8	11.6	12.1	21.1	22.3
Other Products	67.6	7.3	3.7	25.8	13.6	7.3
Total	13.7	12.6	13.7	12.8	15.1	11.1
Category results (INR m)						
Fabric Care	308	433	485	499	656	828
Dishwashing	275	352	338	361	463	523
Household Insecticides	(45)	(79)	(69)	(9)	(94)	(79)
Personal Care	25	74	90	70	153	98
Other Products	(10)	(15)	(15)	(8)	5	5
Total	554	765	830	912	1,184	1,375
Result salience (%)						
Fabric Care	55.7	56.6	58.5	54.7	55.4	60.2
Dishwashing	49.7	46.0	40.8	39.6	39.1	38.1
Household Insecticides	(8.1)	(10.4)	(8.3)	(1.0)	(7.9)	(5.8)
Personal Care	4.5	9.6	10.9	7.7	13.0	7.1
Other Products	(1.8)	(2.0)	(1.9)	(0.9)	0.4	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
EBIT margin (%)						
Fabric Care	12.3	15.1	18.4	19.5	22.1	26.1
Dishwashing	13.2	15.4	15.3	17.5	20.0	20.9
Household Insecticides	(10.0)	(18.2)	(15.9)	(1.2)	(19.0)	(17.6)
Personal Care	3.6	10.1	15.3	13.3	18.2	10.9
Other Products	(4.4)	(5.3)	(6.1)	(3.5)	1.9	1.6
Total	9.3	11.6	13.5	14.8	17.2	18.8

Source: Company, MOFSL

Valuation and view

What has happened over the past 10 years?

- Given JYL (INR11.1b/INR24.9b revenue in FY13/FY23) is much smaller than its peers, its financial performance has been disappointing over the past 10 years.
- While it has reported a ~8.4% sales CAGR over this period, the EBITDA/PAT CAGR has been tepid at ~9.3%/~14.7%. The company has registered sales/EBITDA/PAT CAGR of 8.3%/-4.2%/5.4% for the last five years.
- Growth has been restricted by: 1) higher penetration and regional dependence of its largest brand Ujala, and 2) limited success in achieving profitable growth in other categories/geographies outside South India.
- The expiration of the Henkel option, which had the potential to expand its portfolio by adding more brands, has also been a setback.
- Given the above factors, it is not surprising that the stock has been an underperformer in recent years.

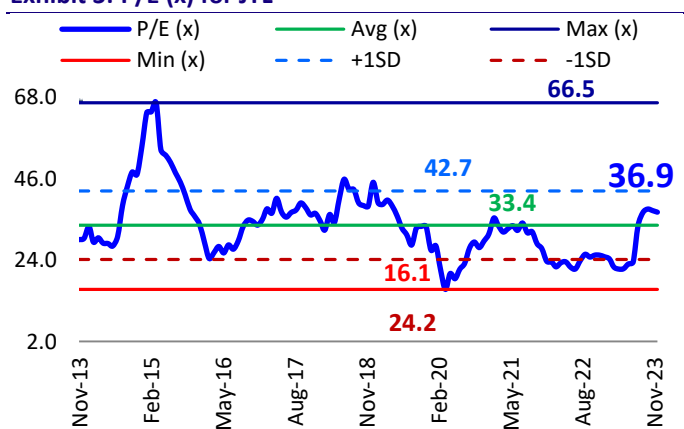
Our view on the stock

- We upgrade FY24E/FY25E EPS by 9.3%/8.6% to factor in the benefits of lower RM costs, expansions in new geography and market share, which will support growth and profitability.
- We reiterate our Neutral rating with a revised TP of INR391 (25x FY25E target EV/EBITDA) as JYL's product portfolio is in highly penetrated categories, limiting future volume growth to single digits. Margin expansion beyond 17% is constrained by a focus on mass and rural segments. Despite short-term gains in FY24E, the long-term growth outlook remains lackluster.

Exhibit 2: We raise our FY24E/FY25E EPS by 9.3%/8.6%

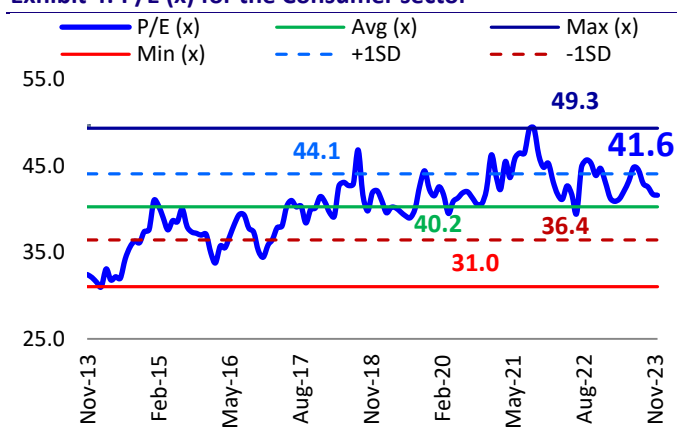
	New		Old		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Sales	28,588	32,186	28,060	31,176	1.9%	3.2%
EBITDA	4,792	5,504	4,476	5,118	7.1%	7.6%
PAT	3,554	4,108	3,252	3,781	9.3%	8.6%

Exhibit 3: P/E (x) for JYL



Source: Company, MOFSL

Exhibit 4: P/E (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Total Income from Operations	16,724	18,136	17,112	19,091	21,965	24,860	28,588	32,186
Change (%)	-0.6	8.4	-5.6	11.6	15.1	13.2	15.0	12.6
Cost of Materials Consumed	8,753	9,707	9,009	10,104	12,830	14,349	15,134	16,897
As a percentage of Sales	52.3	53.5	52.6	52.9	58.4	57.7	52.9	52.5
Gross Profit	7,971	8,429	8,103	8,987	9,135	10,511	13,454	15,289
Margin (%)	47.7	46.5	47.4	47.1	41.6	42.3	47.1	47.5
Personnel Expenses	1,908	2,076	2,193	2,325	2,475	2,644	3,145	3,766
As a percentage of Sales	11.4	11.4	12.8	12.2	11.3	10.6	11.0	11.7
Other Expenses	3,488	3,542	3,398	3,517	4,178	4,709	5,518	6,019
% of Sales	20.9	19.5	19.9	18.4	19.0	18.9	19.3	18.7
Total Expenditure	14,149	15,325	14,601	15,946	19,483	21,702	23,796	26,682
As a percentage of Sales	84.6	84.5	85.3	83.5	88.7	87.3	83.2	82.9
EBITDA	2,575	2,811	2,511	3,145	2,482	3,159	4,792	5,504
Margin (%)	15.4	15.5	14.7	16.5	11.3	12.7	16.8	17.1
Depreciation	311	306	529	556	582	501	526	606
EBIT	2,263	2,505	1,982	2,589	1,901	2,657	4,266	4,899
Int. and Finance Charges	481	352	329	192	118	131	85	102
Other Income	625	278	203	185	187	395	435	470
PBT bef. EO Exp.	2,407	2,430	1,856	2,581	1,969	2,922	4,616	5,266
EO Items	0	0	-38	-235	0	70	0	0
PBT after EO Exp.	2,407	2,430	1,818	2,346	1,969	2,992	4,616	5,266
Current Tax	619	454	189	440	378	595	1,062	1,159
Tax Rate (%)	25.7	18.7	10.4	18.7	19.2	19.9	23.0	22.0
Less: Minority Interest	73	75	77	88	29	0	0	0
Reported PAT	1,862	2,051	1,706	1,994	1,620	2,397	3,554	4,108
Adjusted PAT	1,789	1,976	1,667	2,142	1,591	2,327	3,554	4,108
Change (%)	-12.4	10.5	-15.6	28.5	-25.7	46.2	52.7	15.6

Consolidated - Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY23	FY25E
Equity Share Capital	182	367	367	367	367	367	367	367
Total Reserves	11,260	12,898	11,919	13,918	14,068	15,123	16,840	18,548
Net Worth	11,442	13,265	12,286	14,286	14,435	15,490	17,207	18,915
Minority Interest	-139	-215	-291	-379	-407	21	21	21
Deferred Liabilities	-902	-928	-1,027	-962	-907	-845	-845	-845
Total Loans	5,441	2,809	2,830	1,169	1,265	0	0	0
Capital Employed	15,841	14,932	13,798	14,114	14,387	14,665	16,382	18,090
Gross Block	11,762	12,046	13,050	13,556	13,764	14,125	14,325	14,525
Less: Accum. Deprn.	855	1,040	1,558	2,089	2,546	2,962	3,488	4,094
Net Fixed Assets	10,907	11,006	11,492	11,467	11,218	11,163	10,837	10,431
Capital WIP	153	143	245	101	76	155	123	123
Total Investments	1,132	1,044	0	0	0	0	0	0
Curr. Assets, Loans&Adv.	6,695	6,301	5,598	7,029	8,027	8,454	11,827	15,063
Inventory	1,836	1,974	2,251	2,786	2,972	3,019	4,002	4,506
Account Receivables	1,674	1,534	1,224	944	1,431	1,378	1,429	1,609
Cash and Bank Balance	1,367	964	289	1,938	2,112	2,835	3,705	5,919
Loans and Advances & Others	1,818	1,830	1,834	1,361	1,512	1,222	2,690	3,029
Curr. Liability & Prov.	3,045	3,563	3,537	4,483	4,933	5,107	6,405	7,527
Account Payables	1,720	2,134	1,450	2,143	2,364	2,143	2,859	3,219
Other Current Liabilities	663	715	1,299	1,520	1,767	2,037	2,546	3,182
Provisions	663	715	788	820	802	927	1,001	1,127
Net Current Assets	3,650	2,738	2,061	2,546	3,093	3,347	5,422	7,536
Appl. of Funds	15,841	14,932	13,798	14,114	14,387	14,665	16,382	18,090

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	4.9	5.4	4.5	5.8	4.3	6.3	9.7	11.2
Cash EPS	5.7	6.2	6.0	7.3	5.9	7.7	11.1	12.8
BV/Share	31.2	36.1	33.5	38.9	39.3	42.2	46.9	51.5
DPS	0.5	6.0	0.0	4.0	2.5	3.0	4.0	5.4
Payout (%)	12	134	0	83	70	57	50	58
Valuation (x)								
P/E	82.5	74.6	88.5	68.9	92.7	63.4	41.5	35.9
Cash P/E	70.2	64.6	67.2	54.7	67.9	52.1	36.1	31.3
P/BV	12.9	11.1	12.0	10.3	10.2	9.5	8.6	7.8
EV/Sales	4.5	8.2	8.8	7.7	6.7	5.8	5.0	4.4
EV/EBITDA	29.5	52.8	59.8	46.6	59.1	45.8	30.0	25.7
Dividend Yield (%)	0.1	1.5	0.0	1.0	0.6	0.7	1.0	1.3
FCF per share	13.6	7.2	3.5	10.3	4.9	8.6	6.3	11.6
Return Ratios (%)								
RoE	16.0	16.0	13.0	16.1	11.1	15.6	21.7	22.7
RoCE	13.1	13.7	12.6	14.7	10.8	15.7	22.1	23.2
RoIC	12.7	15.7	13.6	16.6	12.7	17.8	27.1	31.1
Working Capital Ratios								
Asset Turnover (x)	1.1	1.2	1.2	1.4	1.5	1.7	1.7	1.8
Debt/Equity	0.5	0.2	0.2	0.1	0.1	0.0	0.0	0.0

Consolidated - Cash Flow Statement

(INR m)

Y/E March	FY18	FY19E	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	2,407	2,430	1,815	2,346	1,969	2,992	4,616	5,266
Depreciation	311	306	529	556	582	501	526	606
Interest & Finance Charges	413	314	304	161	82	54	85	102
Other income	-409	-25	-21	232	-36	-197	-495	-470
Direct Taxes Paid	-251	-418	-386	-327	-313	-567	-1,062	-1,159
(Inc)/Dec in WC	-38	409	-527	1,055	-259	502	-1,205	100
CF from Operations	2,434	3,016	1,715	4,022	2,025	3,286	2,466	4,446
CF from Operating incl EO	2,434	3,016	1,715	4,022	2,025	3,286	2,466	4,446
(inc)/dec in FA	43	-383	-415	-257	-214	-122	-168	-200
(Pur)/Sale of Investments	-807	112	1,061	0	0	0	0	0
Others	115	37	4	45	29	65	435	470
CF from Investments	-649	-234	650	-212	-185	-57	267	270
Issue of Shares	600	4	0	0	0	0	0	0
(Inc)/Dec in Debt	2,276	-610	41	-1,669	100	-1,250	0	0
Interest Paid	-600	-342	-212	-281	-74	-104	-85	-102
Dividend Paid	-1,090	-182	-2,656	0	-1,469	-918	-1,777	-2,399
Others	-2,639	-2,055	-211	-212	-224	-235	0	0
CF from Fin. Activity	-1,453	-3,185	-3,039	-2,161	-1,667	-2,507	-1,862	-2,501
Inc/Dec of Cash	332	-403	-674	1,649	174	723	870	2,214
Opening Balance	1,034	1,367	964	289	1,938	2,112	2,835	3,705
Closing Balance	1,367	964	289	1,938	2,112	2,835	3,705	5,919

E: MOFSL Estimates

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

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

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

Disclosures

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

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

<http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor 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.