

Estimate change



TP change



Rating change



CMP: INR144

TP: INR170 (+18%)

Buy

Strong growth outlook along with a broad-based delivery

Near-term moderation likely in the food delivery business

- Zomato delivered another good quarter, with 3QFY24 revenue of INR32.8b, up 15% QoQ/69% YoY, ahead of our estimate of +58% YoY. The growth was fueled by Blinkit, which rose 27% QoQ, while food delivery revenue grew 10% QoQ, driven by a higher take rate (20.1%, +70bp QoQ). This was partially driven by better ad monetization on the platform. Despite the continued headwinds in the food industry, delivery GOV grew 6.3% QoQ (including a 100bp adverse impact from lower delivery charges).
- Management retained its long-term revenue growth guidance at 40%+ YoY, but increased it to 50%+ YoY for the near term. Continued strength in Blinkit will more than compensate for the slower growth in food delivery (20%+ YoY GOV growth), which is a moderation from the 3Q growth of 27% YoY.
- Adj. EBITDA margin of 5.3% came in ahead of our estimate of 4.2%, primarily driven by operating leverage. Food delivery contribution margin expanded 50bp QoQ to 7.1%, aided by the higher take rate. Management continues to expect margin to expand further due to better cost absorption on account of strong growth. Zomato continues to see a break-even in Blinkit in 1QFY25, despite maintaining a high pace of new store additions (+40 QoQ in 3Q).
- We expect Zomato to deliver a strong 70%/41% YoY growth in FY24/FY25, with Blinkit outpacing the food delivery business because of geographical expansion, improvement in order frequency, and moderation in competitive environment in the quick commerce industry. Over FY23-26E, Zomato should deliver a revenue CAGR of 29%/99% in food delivery/Blinkit verticals, helping it grow its consolidated adj. revenue by 42% over the same period.
- Zomato turned positive and reported an EBITDA in 3QFY24. It delivered a margin of 1.6% against -1.7% last quarter. With continued growth momentum, the company should report a healthy EBITDA for FY24 and a good 4.5% EBITDA margin in FY25. This should in turn help Zomato report a PAT of INR3.6b/ INR9.5b in FY24/FY25.
- We remain positive on the long-term growth opportunity for Zomato and do not expect competition to intensify further despite the entry of ONDC in the space. Our DCF-based valuation of INR180 suggests an 18% upside from the current market price. We **reiterate our BUY** rating on the stock.

Healthy performance driven by the non-food delivery business

- Zomato reported 3QFY24 net revenue of INR32.8b (+15% QoQ/69% YoY; above our estimate of 8.4% QoQ growth). Ex-Blinkit, net revenue grew 13% QoQ /60% YoY.
- Consol. reported EBITDA stood at INR510m (with 1.6% EBITDA margin vs. -1.7% in 2Q), 100bp above our expectation. Adjusted EBITDA margin was up 230bp QoQ to 5.3% (MOFSLe of 4.2%) during the quarter.
- **Blinkit reported a contribution margin of 2.4% (1.3% in 2Q). Adj EBITDA margin was -2.5% vs. our expectation of -2.0%.**

Bloomberg	ZOMATO IN
Equity Shares (m)	8604
M.Cap.(INRb)/(USDb)	1255.2 / 15.1
52-Week Range (INR)	148 / 49
1, 6, 12 Rel. Per (%)	8/43/144
12M Avg Val (INR M)	6880

Financials & Valuations (INR b)

Y/E MARCH	FY24E	FY25E	FY26E
GOV	317.9	389.4	478.9
Net Sales	120.3	170.1	230.5
Change (%)	69.9	41.4	35.5
EBITA	0.7	7.7	23.0
EBITA margin (%)	0.6	4.5	10.0
Adj. PAT	3.6	9.5	22.9
PAT margin (%)	3.0	5.6	9.9
RoE (%)	1.81	4.71	10.46
RoCE (%)	-2.57	0.50	6.38
EPS	0.41	1.11	2.66
EV/ Sales	10.2	7.1	5.2
Price/ Book	6.3	6.0	5.4
P/E	348.2	129.8	54.1

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	0.0	0.0	0.0
DII	15.5	13.0	7.4
FII	56.5	56.5	59.0
Others	28.0	33.6	33.6

FII Includes depository receipts

- Food delivery revenue (ex-delivery charges) grew 10.2% QoQ/48% YoY, in line with MOFSLe of +8.0% QoQ. Adj revenue growth was lower at 5.2% QoQ because of lower delivery charges (partially owing to the Gold members).
- GOV (food) of INR84.9b grew at a modest rate of 6.3% QoQ (est. 7.5% QoQ growth). The take rate expanded 70bp QoQ to 20.1% on higher ad sales.
- **The contribution margin improved to 7.1% (vs. 6.6% in 2Q), aided by higher take rate.**
- PAT stood at INR1.4b (vs. est. of 784m; and INR360m in 2QFY24). Net cash was at INR254b during the quarter.
- **Management retained its long-term revenue growth guidance at 40%+ YoY, but increased it to 50%+ YoY for the near term.** Continued strength in Blinkit will more than compensate for the slower growth in food delivery (20%+ YoY GOV growth), which is a moderation from the 3Q growth of 27% YoY. Zomato retained Blinkit's Adj. EBITDA break-even guidance on or before 1QFY25.

Key highlights from the management commentary

- Quick Commerce performance has been healthy, which is a function of Zomato's expansion strategy. It makes sure the utilization of stores reaches a threshold of 50-60%, before opening up a new store, despite the fact that it believes achieving a 5% margin is difficult in the near to medium term.
- Blinkit continued to be a faster-evolving business with increasing use cases, although it remained shy about providing any growth guidance on the business. Zomato continues to explore the space, with incremental categories getting added to the platform by addressing more and more solutions to customers.
- Management indicated that Quick Commerce is a more resilient and sustainable growth driver than the food delivery business. The demand for food delivery business is discretionary in nature, while Quick Commerce is a critical element for any household.
- Within food delivery, the improvement in the contribution margin is primarily attributed to the increase in average order value, ad revenue, and platform fee, while cost factors have not meaningfully contributed to such improvement.

Valuation and view

- The food delivery business is still in a nascent stage in India, with a long runway for growth. With a dominant market share and strong growth in the food delivery business and Hyperpure, we expect Zomato to report a strong 38% Adj. revenue CAGR over FY24-26.
- After turning positive at the margin level in 3Q, we now estimate Zomato to deliver 4.5%/10.0% EBITDA margin in FY25E/FY26E.
- We value the business using a DCF methodology, assuming a 5.0% terminal growth rate and 11.5% cost of capital. **We maintain our BUY rating with a TP of INR170**, implying 18% potential upside.

Consolidated quarterly performance

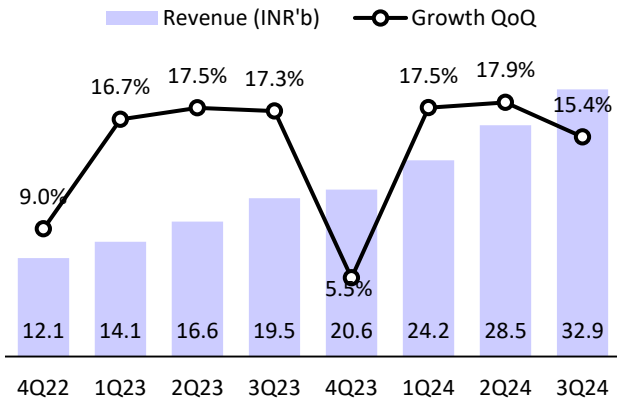
(INR m)

Y/E march	FY23				FY24				FY23	FY24E	Estimate 3QE	Var. (%/bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue (net of delivery)	14,139	16,613	19,482	20,560	24,160	28,480	32,880	34,758	70,794	1,20,278	30,860	6.5
YoY Change (%)	67.4	62.2	75.2	69.7	70.9	71.4	68.8	69.1	68.9	69.9	58.4	1040bp
Inventory of traded goods	2,538	3,123	3,900	4,391	5,620	6,740	7,820	8,372	13,952	28,552	7,098	
Employee Expenses	3,489	3,813	3,950	3,398	3,380	4,170	4,230	4,479	14,650	16,259	4,197	
Delivery expenses	5,724	5,903	6,549	7,193	8,100	9,190	10,680	10,134	25,369	38,104	9,983	
Gross Profit	2,388	3,774	5,083	5,578	7,060	8,380	10,150	11,773	16,823	37,363	9,583	5.9
Margins (%)	16.9	22.7	26.1	27.1	29.2	29.4	30.9	33.9	23.8	31.1	31	-20bp
Advertisement and sales promotion	2,776	2,997	3,479	3,022	3,140	3,550	3,740	4,244	12,274	14,674	3,857	
Others	2,685	3,891	5,266	4,810	4,400	5,300	5,900	6,351	16,652	21,951	5,555	6.2
EBITDA	-3,073	-3,114	-3,662	-2,254	-480	-470	510	1,178	-12,103	738	170	NA
Margins (%)	-21.7	-18.7	-18.8	-11.0	-2.0	-1.7	1.6	3.4	-17.1	0.6	0.6	100bp
Depreciation	416	1,067	1,548	1,338	1,300	1,280	1,280	1,432	4,369	5,292	1,389	
Interest	49	119	161	158	180	160	180	180	487	700	160	
Other Income	1,678	1,695	1,734	1,705	1,810	2,120	2,190	2,234	6,812	8,354	2,162	
PBT before EO expense	-1,860	-2,605	-3,637	-2,045	-150	210	1,240	1,800	-10,147	3,100	784	NA
Extra-Ord expense	0	0	0	1	0	0	0	0	1	0	0	
PBT	-1,860	-2,605	-3,637	-2,044	-150	210	1,240	1,800	-10,146	3,100	784	NA
Tax	0	-97	-171	-168	-170	-150	-140	0	-436	-460	0	
Rate (%)	0.0	3.7	4.7	8.2	113.3	-71.4	NA	0.0	4.3	NA	NA	
MI & Profit/Loss of Asso. Cos.	-3	0	0	6	0	0	0	0	3	0	0	
Reported PAT	-1,857	-2,508	-3,466	-1,882	20	360	1,380	1,800	-9,713	3,560	784	NA
Adj PAT	-1,857	-2,508	-3,466	-1,883	20	360	1,380	1,800	-9,714	3,560	784	NA
YoY Change (%)	-45.4	-42.3	-8.5	-46.5	-101.1	-114.4	-139.8	-195.6	-35.5	-136.6	-122.6	NA
Margins (%)	-13.1	-15.1	-17.8	-9.2	0.1	1.3	4.2	5.2	-13.7	3.0	2.5	NA

Story in charts

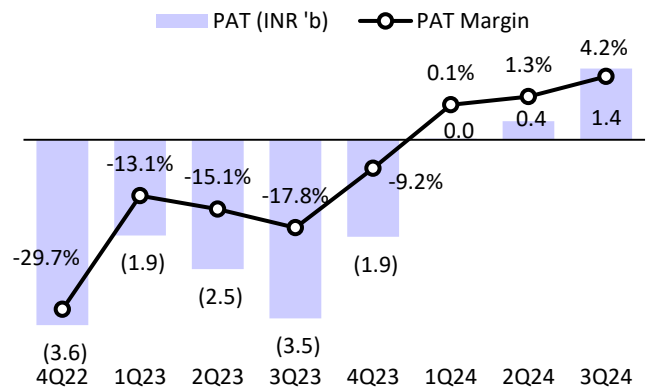
Overall Business

Exhibit 1: Zomato sustained 15% QoQ growth...



Source: MOFSL, Company

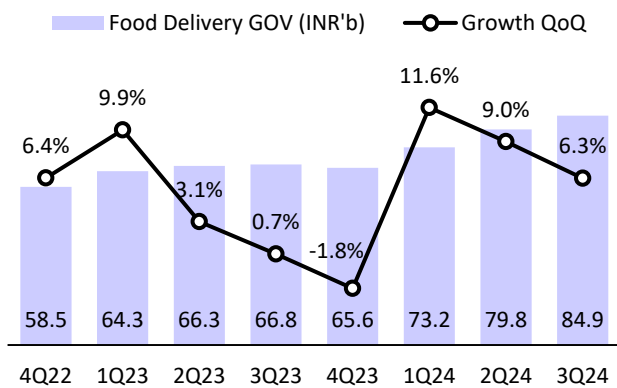
Exhibit 2: ...and further improved its profitability



Source: MOFSL, Company

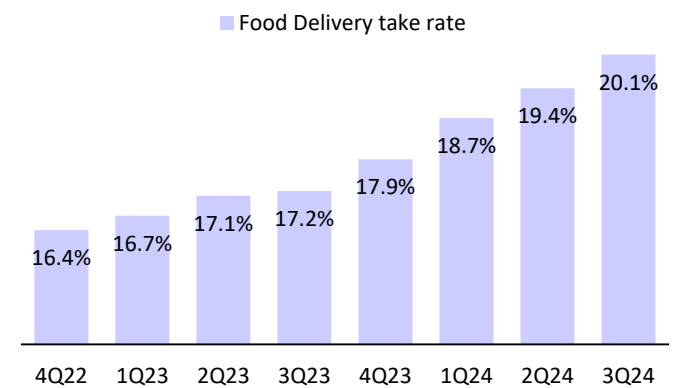
Food Delivery

Exhibit 3: GOV continued to see moderation from peak...



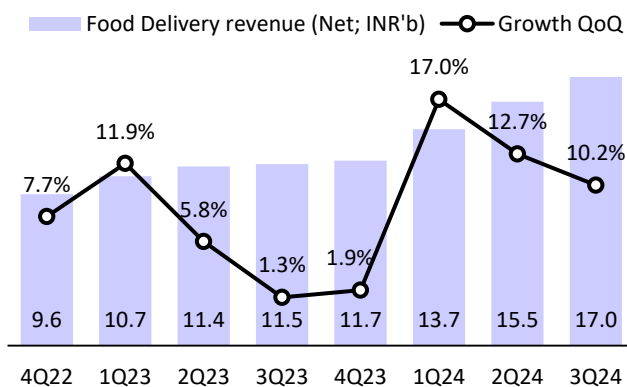
Source: MOFSL, Company

Exhibit 4: ...take rate improved further by 70bp QoQ...



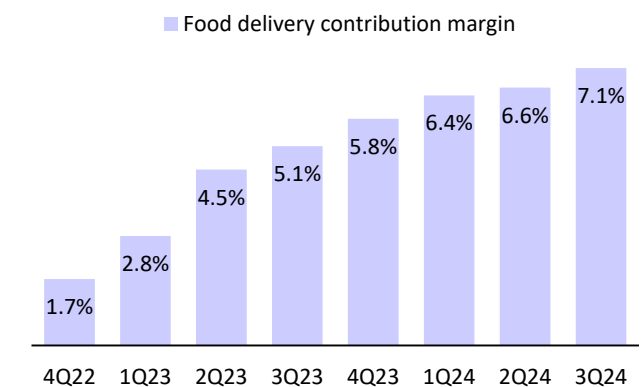
Source: MOFSL, Company

Exhibit 5: ...growth continued to moderate from its peak



Source: MOFSL, Company

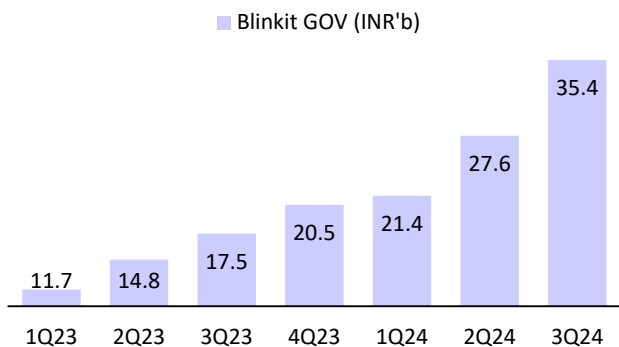
Exhibit 6: Contribution margin improved 50bp sequentially



Source: MOFSL, Company

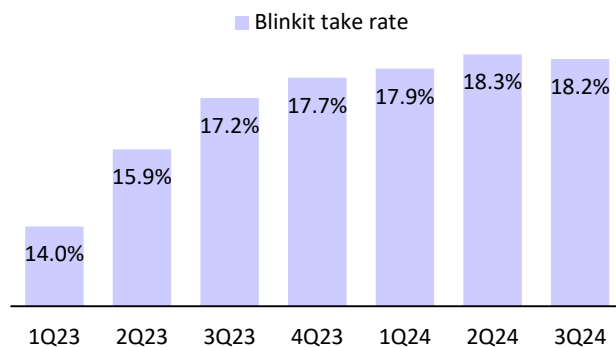
Blinkit

Exhibit 7: GOV saw a strong 28% sequential growth...



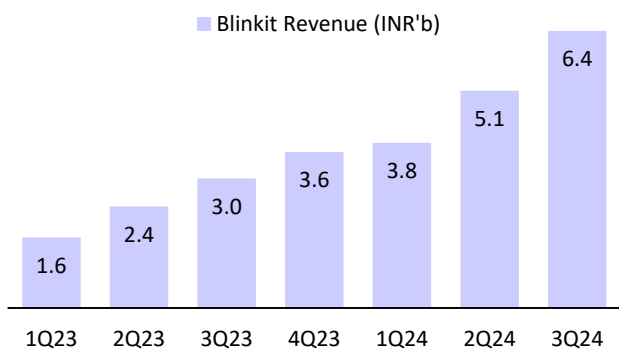
Source: MOFSL, Company

Exhibit 8: ...while take rate stood flat sequentially...



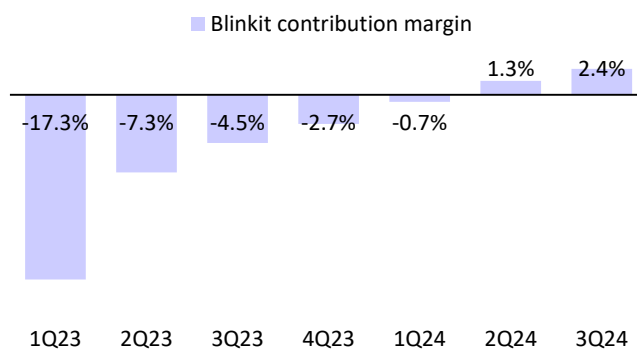
Source: MOFSL, Company

Exhibit 9: ...leading to 28% sequential revenue growth



Source: MOFSL, Company

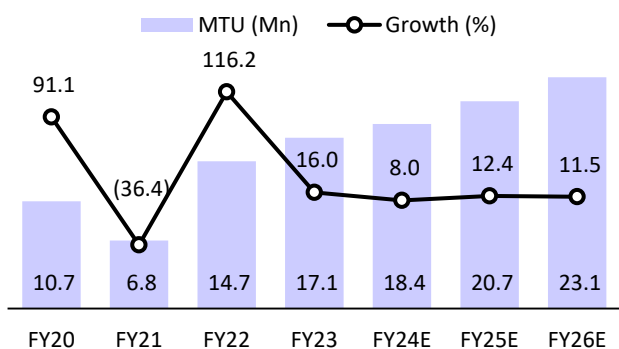
Exhibit 10: Blinkit improved its EBITDA by 110bp QoQ



Source: MOFSL, Company

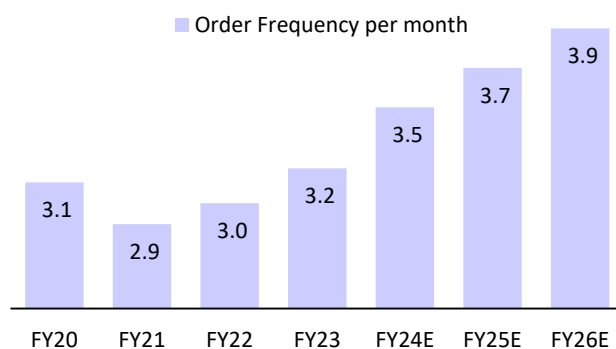
What do we expect – our estimates

Exhibit 11: Expect good growth in MTU...



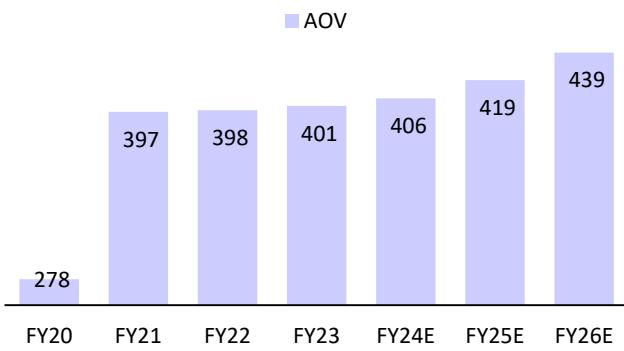
Source: MOFSL, Company

Exhibit 12: ...and order frequency



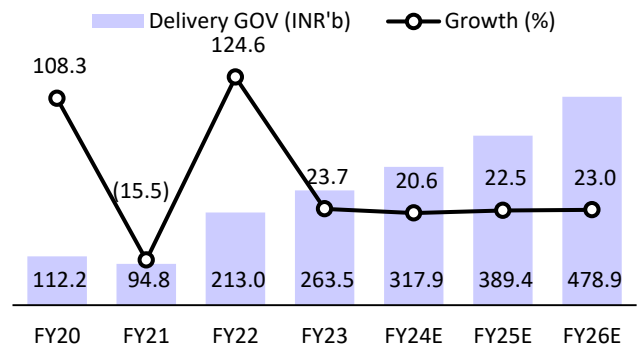
Source: MOFSL, Company

Exhibit 13: AOV to improve gradually



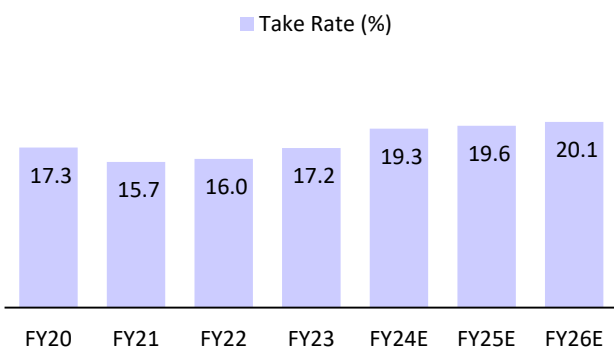
Source: MOFSL, Company

Exhibit 14: GOV growth is expected to sustain...



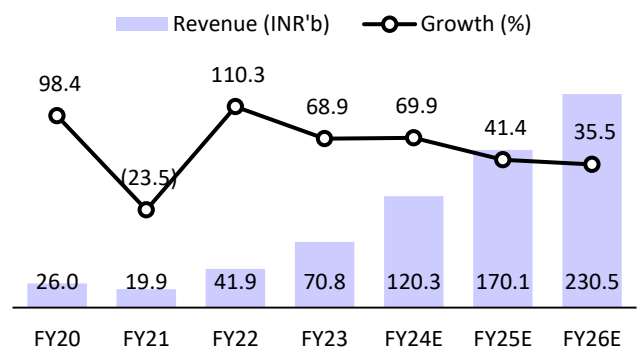
Source: MOFSL, Company

Exhibit 15: ...take rate to improve 50bp QoQ...



Source: MOFSL, Company

Exhibit 16: ...and drive 38% revenue CAGR over FY24-26E



Source: MOFSL, Company



Key highlights from the management commentary

Demand and growth outlook

- The management continues to maintain the annualized revenue growth guidance of 40% YoY; however, the near-term scenario might be optimistic and can deliver 50%+ YoY growth. The key driver for the 40% YoY growth is the quick commerce business.
- The take rate remained flat or has not witnessed any meaningful increase, as the platform fee, ad revenues, and commission revenue have gone up, which are compensating it. However, it might see a decline on a net basis
- Blinkit continued to be a faster-evolving business with increasing use cases, although it remained shy about providing any growth guidance on the business. Zomato continues to explore the space, with incremental categories getting added to the platform by addressing more and more solutions to customers.
- Quick Commerce performance has been healthy, which is a function of Zomato's expansion strategy. It makes sure the utilization of stores reaches a threshold of 50-60%, before opening up a new store, despite the fact that it believes achieving a 5% margin is difficult in the near to medium term.
- Within food category, it believes that the top 8 cities provide a huge runway for growth. The next 1,000 stores would find their place in the top 3 cities. The key focus is to improve footprints in the large cities.
- The company is evaluating the possibility of expansion of quick commerce through supply & demand trend along with the acceptance of quick commerce. It is currently experimenting and if required, it will build infrastructure to target those cities.
- Management indicated that Quick Commerce is a more resilient and sustainable growth driver than the food delivery business. The demand for food delivery business is discretionary in nature, while Quick Commerce is a critical element for any household.
- It expects NPC to be a big growth driver. It sees more frequent transaction on the platform, it will keep on adding more and more customers in the future
- Cloud kitchen contributes majorly to the increase in the number of restaurants on its platform, while it expects the physical and dine-in restaurants to continue to grow at its earlier pace of 20% YoY.
- Within food delivery, the improvement in the contribution margin is primarily attributed to the increase in average order value, ad revenue, and platform fee, while cost factors have not meaningfully contributed to such improvement.

Valuation and view

- The food delivery business is still in a nascent stage in India, with a long runway for growth. With a dominant market share and strong growth in the food delivery business and Hyperpure, we expect Zomato to report a strong 38% Adj. revenue CAGR over FY24-26.
- After turning positive at the margin level in 3Q, we now estimate Zomato to deliver 4.5%/10.0% EBITDA margin in FY25E/FY26E.
- We value the business using a DCF methodology, assuming a 5.0% terminal growth rate and 11.5% cost of capital. **We maintain our BUY rating with a TP of INR170**, implying 18% potential upside.

Exhibit 17: Revisions to our estimates

	Revised estimates			Earlier estimates			Change (%/bp)		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Revenue (INR m)	1,20,278	1,70,132	2,30,468	1,16,846	1,66,550	2,25,695	2.9%	2.2%	2.1%
EBITDA (INR m)	738	7,695	22,972	-183	6,813	22,189	-504.2%	12.9%	3.5%
EBITDA Margin	0.6	4.5	10.0	-0.2	4.1	9.8	77bp	43bp	14bp
PAT	3,560	9,549	22,919	2,400	8,785	22,319	48.3%	8.7%	2.7%
PAT Margin	3.0	5.6	9.9	2.1	5.3	9.9	91bp	34bp	6bp
EPS	0.41	1.11	2.66	0.28	1.02	2.60	48.1%	8.6%	2.6%

Source: MOFSL

Exhibit 18: Sensitivity analysis of our target price

		WACC						
		10.0%	10.5%	11.0%	11.5%	12.0%	12.5%	13.0%
Terminal Growth	4.0%	207	189	173	159	147	137	128
	4.5%	217	197	179	164	152	141	131
	5.0%	229	206	187	170	156	144	134
	5.5%	244	217	195	177	162	149	138
	6.0%	263	231	206	186	169	154	142
	6.5%	287	249	219	195	176	160	147

Source: MOFSL, Company

Financials and valuations

Revenue Model							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
MTU	10.7	6.8	14.7	17.1	18.4	20.7	23.1
Order Frequency	3.1	2.9	3.0	3.2	3.5	3.7	3.9
Orders/ Month	33.6	19.9	44.6	54.8	65.2	77.4	90.9
Orders/ Year	403	239	535	657	782	929	1,091
AOV (INR)	278	397	398	401	406	419	439
Delivery GOV	1,12,209	94,829	2,13,000	2,63,542	3,17,875	3,89,387	4,78,910
Take Rate (%)	17.3	15.7	16.0	17.2	19.6	19.8	20.1
Delivery revenue	19,389	14,907	34,186	45,421	62,250	77,075	96,323
Blinkit - revenue	0	0	0	8,058	22,895	38,731	63,788
Hyperpure - revenue	1,076	2,002	5,350	15,034	31,724	50,601	66,186
Others	5,582	3,029	2,388	2,281	3,408	3,726	4,172
Revenue	26,047	19,938	41,924	70,794	1,20,278	1,70,132	2,30,468
Income statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Sales	26,047	19,938	41,924	70,794	1,20,278	1,70,132	2,30,468
Change (%)	98.4	-23.5	110.3	68.9	69.9	41.4	35.5
Inventory of traded goods	1,089	1,919	5,246	13,952	28,552	45,540	59,567
Employee Expenses	7,989	7,408	16,331	14,650	16,259	19,476	21,312
Other direct expenses	-27,033	-8,333	-14,125	2,173	21,104	35,771	63,195
Gross Profit	-19,044	-925	2,206	16,823	37,363	55,247	84,506
% of Net Sales	-73.1	-4.6	5.3	23.8	31.1	32.5	36.7
Other Expenses	4,003	3,746	20,714	28,926	36,625	47,552	61,535
EBITDA	-23,047	-4,672	-18,508	-12,103	738	7,695	22,972
% of Net Sales	-88.5	-23.4	-44.1	-17.1	0.6	4.5	10.0
Depreciation	842	1,377	1,503	4,369	5,292	6,635	6,914
EBIT	-23,889	-6,049	-20,011	-16,472	-4,554	1,060	16,057
% of Net Sales	-91.7	-30.3	-47.7	-23.3	-3.8	0.6	7.0
Other Income (net)	1,254	1,146	4,832	6,325	7,654	8,489	9,408
PBT	-22,636	-4,904	-15,179	-10,147	3,100	9,549	25,466
Tax	0	13	20	-436	-460	0	2,547
Rate (%)	0.0	-0.3	-0.1	4.3	-14.8	0.0	10.0
PAT	-22,636	-4,917	-15,199	-9,711	3,560	9,549	22,919
Extraordinary gains/loss	-1,220	-3,248	2,974	1	0	0	0
Adjusted PAT	-23,856	-8,164	-12,225	-9,710	3,560	9,549	22,919
Minority Interest	-184	-36	-138	-96	0	0	0
Reported PAT	-23,672	-8,128	-12,087	-9,614	3,560	9,549	22,919
Balance Sheet							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Share capital	2,524	4,550	7,643	8,364	8,364	8,364	8,364
Reserves	4,574	76,438	1,57,412	1,86,234	1,89,794	1,99,343	2,22,262
Net Worth	7,098	80,987	1,65,055	1,94,598	1,98,158	2,07,707	2,30,626
Minority Interest & Others	-65	-57	-66	-66	-66	-66	-66
Loans	15	0	0	58	58	58	58
Capital Employed	7,047	80,930	1,64,989	1,94,590	1,98,150	2,07,699	2,30,618
Net Block	1,034	838	1,157	6,432	6,609	6,118	4,853
Intangibles	14,881	14,553	12,892	57,071	53,102	49,457	47,309
Other LT assets	455	30,138	83,771	44,174	41,674	40,674	40,674
Curr. Assets	12,634	41,505	75,450	1,08,310	1,25,874	1,46,700	1,80,833
Debtors	1,231	1,299	1,599	4,569	8,092	11,912	16,769
Cash & Bank Balance	1,672	3,065	3,923	2,181	16,482	31,115	51,848
Investments	5,166	28,024	28,149	52,837	50,837	51,837	59,837
Other Current Assets	4,564	9,118	41,779	48,723	50,462	51,835	52,380
Current Liab. & Prov	21,956	6,105	8,281	21,397	29,108	35,250	43,050
Net Current Assets	-9,323	35,400	67,169	86,913	96,765	1,11,450	1,37,783
Application of Funds	7,047	80,930	1,64,989	1,94,590	1,98,150	2,07,699	2,30,618

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic (INR)							
EPS	-5.4	-1.5	-1.7	-1.2	0.4	1.1	2.7
Cash EPS	-5.2	-1.3	-1.5	-0.7	1.0	1.9	3.5
Book Value	1.6	15.0	22.6	24.1	23.0	24.1	26.8
DPS	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Payout %	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Valuation (x)							
P/E	-26.6	-95.4	-87.0	-120.8	348.2	129.8	54.1
Cash P/E	-27.5	-114.8	-99.3	-221.4	140.0	76.6	41.6
EV/EBITDA	-27.2	-165.3	-56.6	-95.8	1,656.9	157.1	51.7
EV/Sales	24.1	38.7	25.0	16.4	10.2	7.1	5.2
Price/Book Value	88.6	9.6	6.4	6.0	6.3	6.0	5.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Profitability Ratios (%)							
RoE	(144.2)	(18.5)	(9.9)	(5.4)	1.8	4.7	10.5
RoCE	(97.8)	(11.7)	(16.2)	(8.6)	(2.6)	0.5	6.4
Turnover Ratios							
Debtors (Days)	17	24	14	24	25	26	27
Fixed Asset Turnover (x)	25.2	23.8	36.2	11.0	18.2	27.8	47.5

Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
CF from Operations	-21,269	-2,798	-9,221	-6,373	738	7,695	20,425
Cash for Working Capital	131	-7,567	2,483	-1,759	2,449	949	2,400
Net Operating CF	-21,138	-10,365	-6,738	-8,132	3,187	8,643	22,825
Net Purchase of FA	-214	-104	-572	-1,014	-1,500	-2,500	-3,500
Free Cash Flow	-21,351	-10,469	-7,310	-9,146	1,687	6,143	19,325
Net Purchase of Invest.	17,566	-52,332	-78,806	5,587	4,500	0	-8,000
Net Cash from Invest.	17,352	-52,436	-79,378	4,573	3,000	-2,500	-11,500
Proc. from equity issues	3,916	66,083	90,000	40	0	0	0
Proceeds from LTB/STB	0	-26	-13	-231	0	0	0
Others	-327	-267	-2,562	-1,148	7,654	8,489	9,408
Dividend Payments	0	0	0	0	0	0	0
Cash Flow from Fin.	3,589	65,790	87,425	-1,339	7,654	8,489	9,408
Net Cash Flow	-197	2,989	1,309	-4,898	13,841	14,633	20,733
Opening Cash Bal.	2,124	1,650	3,043	3,923	2,181	16,482	31,115
Forex differences	43	-10	-310	3,399	0	0	0
Add: Net Cash	-197	2,989	1,309	-4,898	13,841	14,633	20,733
Closing Cash Bal.	1,971	4,629	4,042	2,424	16,022	31,115	51,848

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. 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 of Singapore. Accordingly, if a Singapore person is not, or ceases to be, such an investor, they 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.