

BSE SENSEX  
37,327

S&P CNX  
11,032

**CMP: INR598 TP: INR700(17%) Upgrade to Buy**

Motilal Oswal values your support in the Asiamoney Brokers Poll 2019 for India Research, Sales and Trading team. We request your ballot.



Bloomberg	VOLT IN
Equity Shares (m)	331
M.Cap.(INRb)/(USDb)	197.8 / 2.8
52-Week Range (INR)	662 / 471
1, 6, 12 Rel. Per (%)	4/10/2
12M Avg Val (INR M)	872
Free float (%)	69.7

**Financials & Valuations (INR b)**

Y/E Mar	2019	2020E	2021E
Net Sales	71.2	79.7	88.0
EBITDA	6.1	8.2	9.7
PAT	5.2	6.2	7.5
EPS (INR)	15.7	18.7	22.8
Gr. (%)	-9.2	19.0	21.9
BV/Sh (INR)	124.2	137.5	154.8
RoE (%)	13.0	14.3	15.6
RoCE (%)	14.2	15.6	17.0
P/E (x)	38.1	32.0	26.2
P/BV (x)	4.8	4.3	3.9

Estimate change



TP change



Rating change



**Defies slowdown; Raise earnings; Upgrade to BUY**

- **Operating performance exceeds expectations:** Consol. revenue increased 24% YoY in 1QFY20, exceeding our estimate by 11%, led by strong 47% growth in UCP segment. As a result of a higher effective tax rate (32% v/s our estimate of 27%) and higher losses in JVs, net profit increased at relatively low rate of 6% YoY to INR1.9b (in-line).
- **Strong summer trumps consumption slowdown:** According to management, industry growth stood at 36% for the quarter. Against the backdrop of slowing consumption in the economy, this validates that the strong summers is the primary driver for AC purchases. UCP segment sales grew 47% YoY, leading to an expansion in market share (at 24.1% for 1QFY20 and 25.3% for Jun'19 v/s 23.7% in FY19 and 23.5% in 1QFY19). We note that even after normalizing for the impact of the delayed summer season, UCP growth stands strong at 22% for VOLT in 1HCY19.
- **Inventory levels lower than normal, channel refilling to drive growth:** Capital employed for UCP segment turned negative in 1QFY20. Moreover, management mentioned that even distributors have run out of inventory and generated good cash flows during the summer season. This augers well for UCP revenue visibility going into the next season as well into 4QFY20 as channel refilling itself can drive revenue growth. We model in UCP revenue growth of 26%/15% in FY20/21. The ask rate for FY20 stands at 13% and may surprise on upside given the favorable base in the fourth quarter.
- **Scope for price hikes emerges, though not our base-case scenario:** Even though the summer season surprised positively, the surge was skewed toward 1QFY20 rather than the desired 4QFY19. Coupled with high inventory from last season, this restricted industry wide price hikes as liquidation of inventory was a priority. With lower-than-expected channel inventory, we do see some scope for price hikes to offset the import duty pressure. However, this is not our base-case scenario, as competitors can still be irrational and operate at lower-than-optimal margins in a hunt for market share. We are positively surprised with the PBIT margin expansion (+60bp YoY) in UCP segment. This is attributable purely to operating leverage as there were no price hikes and import duty and exchange rate pressure increased Sep'18 onward. We expect VOLT to attain EBIT margin of 13% in FY21, still below the average of 14% over FY14-18.
- **EMP biz to cater to opportunities in domestic market:** EMP revenue declined 5% YoY in 1QFY20, in line with our estimate. Management is optimistic on the ordering environment, especially in the domestic market, and is looking to cater to new growth areas of the solar and water industry. We have modeled in modest 3% CAGR in EMP revenue over FY19-21 owing to a strong base of FY19 (+27%). We expect EBIT margin to be stable at current 8%.

- **Upgrading to Buy with TP of INR700:** We raise our adj. consol. earnings estimate by 2%/6% for FY20/21, led entirely by UCP segment. We continue valuing UCP at a target multiple of 35x FY21E EPS. Our TP now stands at INR700. At CMP, the stock trades at multiple of 28x for core UCP business. We upgrade the stock to **Buy**.

Quarterly performance (Consolidated)										(INR Million)		
Y/E March	FY19				FY20E				FY19	FY20E	FY20 1QE	Var. Vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
<b>Sales</b>	<b>21,481</b>	<b>14,214</b>	<b>14,918</b>	<b>20,628</b>	<b>26,540</b>	<b>14,811</b>	<b>15,672</b>	<b>22,642</b>	<b>71,241</b>	<b>79,665</b>	<b>23,869</b>	<b>11%</b>
Change (%)	10.5	37.1	8.5	0.7	23.6	4.2	5.1	9.8	11.2	11.8	11.1	
<b>EBITDA</b>	<b>2,432</b>	<b>1,085</b>	<b>1,157</b>	<b>1,443</b>	<b>2,912</b>	<b>1,123</b>	<b>1,282</b>	<b>2,872</b>	<b>6,117</b>	<b>8,189</b>	<b>2,600</b>	<b>12%</b>
Change (%)	16.7	26.7	-2.5	-43.0	19.7	3.5	10.8	99.0	-7.7	33.9	6.9	
As of % Sales	11.3	7.6	7.8	7.0	11.0	7.6	8.2	12.7	8.6	10.3	10.9	
Depreciation	59	60	62	59	77	80	80	86	240	323	65	
Interest	27	64	132	106	44	70	100	116	330	330	30	
Other Income	282	461	548	572	433	500	570	597	1,863	2,100	290	
Extra-ordinary Items	0	0	-118	0	-301				-118	-301	0	
<b>PBT</b>	<b>2,627</b>	<b>1,423</b>	<b>1,393</b>	<b>1,849</b>	<b>2,923</b>	<b>1,473</b>	<b>1,672</b>	<b>3,267</b>	<b>7,292</b>	<b>9,335</b>	<b>2,795</b>	<b>5%</b>
Tax	762	331	304	239	1,046	413	468	868	1,635	2,794	755	
Effective Tax Rate (%)	29.0	23.2	20.1	12.9	32.4	28.0	28.0	26.6	22.1	29.0	27.0	
Share of profit of associates/JV's	(26)	(58)	(279)	(215)	(225)	(110)	(160)	(165)	(578)	(660)	(30)	
<b>Reported PAT</b>	<b>1,839</b>	<b>1,035</b>	<b>809</b>	<b>1,396</b>	<b>1,652</b>	<b>951</b>	<b>1,043</b>	<b>2,234</b>	<b>5,079</b>	<b>5,880</b>	<b>2,011</b>	<b>-18%</b>
Change (%)	-0.9	8.5	-19.4	-27.5	-10.2	-8.1	29.0	60.0	-11.3	15.8	9.3	
<b>Adj PAT</b>	<b>1,839</b>	<b>1,035</b>	<b>927</b>	<b>1,396</b>	<b>1,953</b>	<b>951</b>	<b>1,043</b>	<b>2,234</b>	<b>5,197</b>	<b>6,182</b>	<b>2,011</b>	<b>-3%</b>
Change (%)	0.2	8.5	-7.7	-28.1	6.2	-8.1	12.6	60.0	-9.1	19.0	9.3	

## Exhibit 1: Operating matrix

INR M	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Order Book</b>	<b>36,120</b>	<b>38,930</b>	<b>39,140</b>	<b>43,210</b>	<b>50,620</b>	<b>49,760</b>	<b>51,014</b>	<b>55,748</b>
YoY	-2.9%	7.8%	0.5%	10.4%	17.1%	-1.7%	2.5%	9.3%
<b>Order Inflows</b>	<b>22,410</b>	<b>22,380</b>	<b>22,500</b>	<b>27,850</b>	<b>34,440</b>	<b>35,129</b>	<b>37,588</b>	<b>43,226</b>
<b>Segmental Revenues</b>								
Electro mechanical projects	26,924	22,085	28,288	26,550	28,450	36,191	36,334	38,492
Engineering Products	4,482	3,601	3,706	3,318	3,099	3,117	3,272	3,436
Unitary Cooling products	20,524	25,105	25,209	30,469	32,260	31,555	39,759	45,723
Others	730	1,040	-6	-9	235	378	300	300
<b>Total Revenues</b>	<b>52,660</b>	<b>51,831</b>	<b>57,198</b>	<b>60,328</b>	<b>64,044</b>	<b>71,241</b>	<b>79,665</b>	<b>87,952</b>
EMP, % YoY	-15.8%	-18.0%	28.1%	-6.1%	7.2%	27.2%	0.4%	5.9%
Engg Products, % YoY	4.0%	-19.7%	2.9%	-10.5%	-6.6%	0.6%	5.0%	5.0%
UCP, % YoY	11.8%	22.3%	0.4%	20.9%	5.9%	-2.2%	26.0%	15.0%
<b>Segmental PBIT</b>								
Electro mechanical projects	-396	231	550	849	1,854	2,773	2,907	3,079
Engineering Products	1,414	1,081	1,127	956	992	1,051	1,080	1,134
Unitary Cooling products	2,567	3,491	3,381	4,403	4,749	3,254	4,970	5,944
<b>Total PBIT</b>	<b>3,592</b>	<b>4,874</b>	<b>5,058</b>	<b>6,208</b>	<b>7,595</b>	<b>7,077</b>	<b>8,956</b>	<b>10,157</b>
<b>Segmental PBIT, %</b>								
Electro mechanical projects	-1.5	1.0	1.9	3.2	6.5	7.7	8.0	8.0
Engineering Products	31.6	30.0	30.4	28.8	32.0	33.7	33.0	33.0
Unitary Cooling products	12.5	13.9	13.4	14.5	14.7	10.3	12.5	13.0
<b>Total PBIT</b>	<b>6.8</b>	<b>9.4</b>	<b>8.8</b>	<b>10.3</b>	<b>11.9</b>	<b>9.9</b>	<b>11.2</b>	<b>11.5</b>
EPS (INR/sh)	6.8	10.2	10.8	15.6	17.3	15.7	18.7	22.8
NWC (Days)	52.5	40.7	40.8	35.5	42.0	66.3	57.7	58.6
<b>EPS Composition (INR/sh)</b>	<b>6.8</b>	<b>10.2</b>	<b>10.8</b>	<b>15.6</b>	<b>17.3</b>	<b>15.7</b>	<b>18.7</b>	<b>22.8</b>
Electro mechanical projects	-1.6	-0.1	0.8	3.6	4.3	7.7	6.9	8.4
Engineering Products	2.7	2.4	2.4	2.0	2.1	2.2	2.3	2.4
Unitary Cooling products	5.7	7.9	7.7	10.0	10.8	7.4	11.3	13.5
Voltas Beko JV					0.1	-1.6	-1.8	-1.5

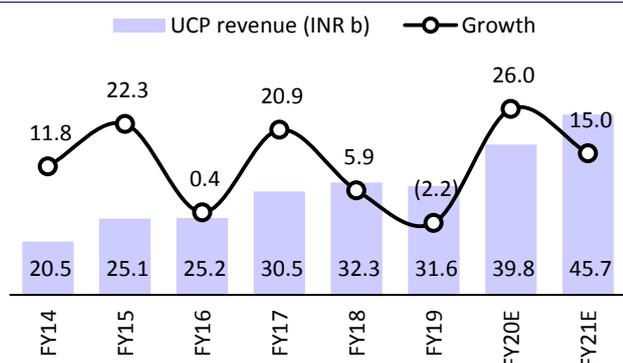
Source: MOFSL, Company

## Exhibit 2: We value VOLT at INR700/sh with implied FY20/21E PER at 37x/31x

Name of segment	Mar'21 EPS (INR)	Multiple (x)	Value/sh (INR)
Unitary Cooling Products	13.2	35x	472
Engineered Products Services	2.4	15x	36
Electro Mechanical Products(incl. non allocable)	8.4	15x	125
Less: BEKO JV loss	(1.5)	DCF	65
<b>Total</b>	<b>22.8</b>		<b>700</b>

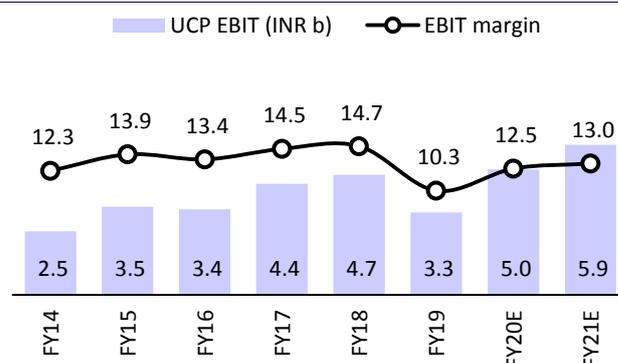
Source: MOFSL, Company

## Exhibit 3: UCP sales to revive post two consecutive weak summer seasons



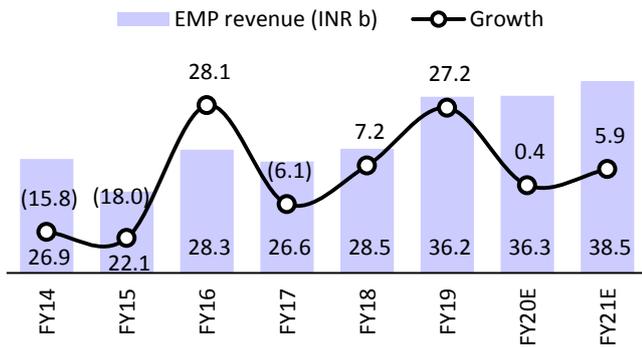
Source: MOFSL, Company

## Exhibit 4: Margins to normalize again as operating leverage kicks in



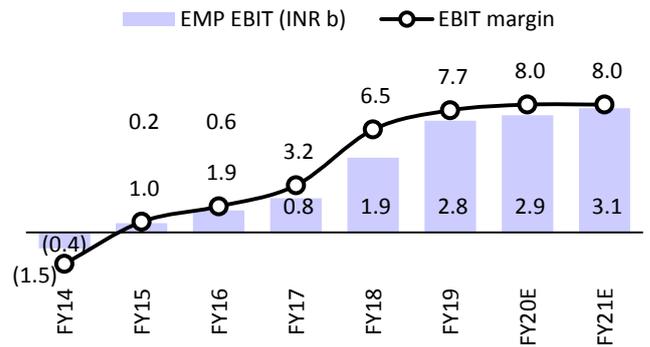
Source: MOFSL, Company

**Exhibit 5: EMP revenue growth to taper off as new order inflow growth lags revenue growth**



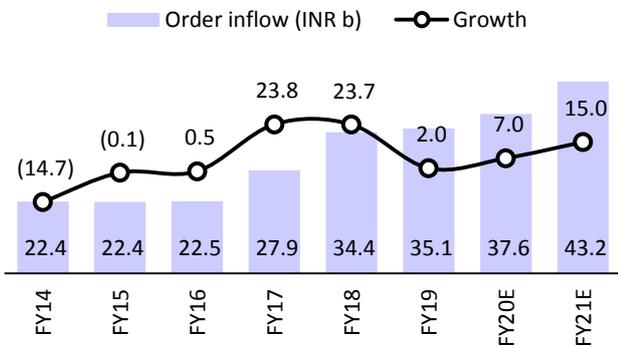
Source: MOFSL, Company

**Exhibit 6: Margins to remain stable at ~8% for EMP business**



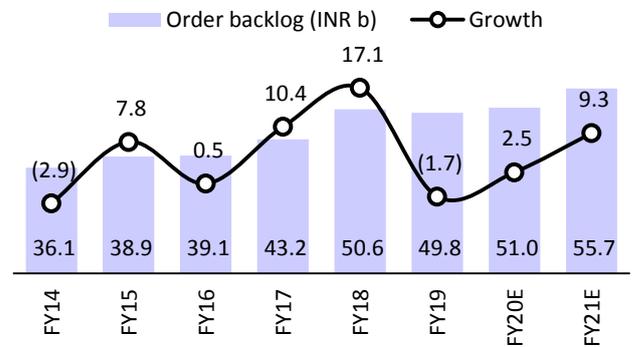
Source: MOFSL, Company

**Exhibit 7: We expect order inflow CAGR of 11% over FY19-21**



Source: MOFSL, Company

**Exhibit 8: Strong execution will limit order backlog growth**



Source: MOFSL, Company

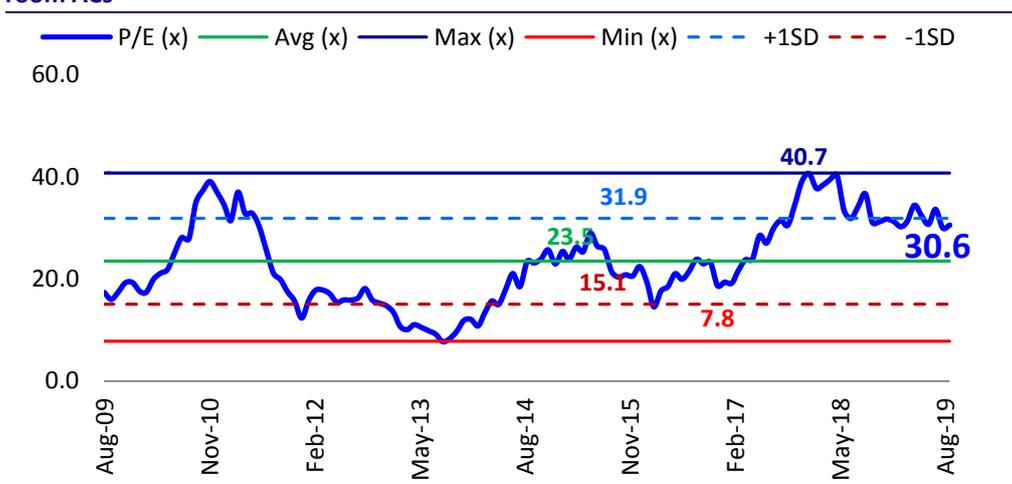
### Valuation and view

We raise our adj. consol. earnings estimate by 2%/6% for FY20/21, led entirely by UCP segment. We continue valuing UCP at a target multiple of 35x FY21E EPS. Our TP now stands at INR700 (prior: INR620). At CMP, the stock trades at multiple of 28x for core UCP business. We upgrade the stock to Buy.

### Catalysts and risks

- Voltbek offers meaningful increase in addressable market size:** The move to form JV with the Beko brand to cater to the wider consumer durable space (beyond air conditioners) has come at the right time. While management has high ambition to gain 10% market share through Voltbek and generate INR100b of revenue by FY25, we factor in modest assumptions and expect FY25 revenue of INR50b (50% of management's ambitious target) and ascribe INR65/share of attributable valuation to the stock.
- Key risks to our Buy rating:** Key risks include (a) margin erosion in EMP business, (b) inability of Voltbek to make in-roads in the Indian market and (c) INR depreciation as it may increase input cost pressure for the industry.

**Exhibit 9: VOLT is trading at one-year forward multiple of 30.6x; we expect its premium multiples to continue given entry into wide white goods market and leadership position in room ACs**



Source: Company, MOFSL

**Exhibit 10: We raise our FY20/21 adj. PAT estimate by 2%/6%**

Earnings Change	Old		New		Change	
	FY20E	FY21E	FY20E	FY21E	FY20E	FY21E
Revenue	77,086	84,177	79,665	87,952	3%	4%
EBITDA	7,646	8,851	8,189	9,714	7%	10%
EBITDA margin	9.9%	10.5%	10.3%	11.0%	0.4%	0.5%
Reported PAT	6,042	7,129	5,880	7,536	-3%	6%
Adj. PAT	6,042	7,129	6,182	7,536	2%	6%

Source: MOFSL, Company

## Financials and Valuations

Income Statement							(INR Million)	
Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E
<b>Total Revenues</b>	<b>52,660</b>	<b>51,831</b>	<b>57,198</b>	<b>60,328</b>	<b>64,044</b>	<b>71,241</b>	<b>79,665</b>	<b>87,952</b>
Change (%)	(4.8)	-2	10	5	6	11	12	10
<b>EBITDA</b>	<b>2,656</b>	<b>4,100</b>	<b>4,330</b>	<b>5,791</b>	<b>6,626</b>	<b>6,117</b>	<b>8,189</b>	<b>9,714</b>
% of Total Revenues	5.0	7.9	7.6	9.6	10.3	8.6	10.3	11.0
Other Income	1,002	1,087	1,367	1,998	1,741	1,863	2,100	2,200
Depreciation	248	280	264	245	244	240	323	368
Interest	225	233	158	160	119	330	330	330
Exceptional Items	215	462	289	11	6	-118	-301	0
<b>PBT</b>	<b>3,399</b>	<b>5,136</b>	<b>5,275</b>	<b>7,395</b>	<b>8,011</b>	<b>7,292</b>	<b>9,335</b>	<b>11,216</b>
Tax	941	1,276	1,696	2,004	2,270	1,635	2,794	3,140
Rate (%)	27.7	25	32	27	28	22	30	28
<b>Adjusted PAT</b>	<b>2,458</b>	<b>3,860</b>	<b>3,514</b>	<b>5,174</b>	<b>5,724</b>	<b>5,197</b>	<b>6,182</b>	<b>7,536</b>
Extra-ordinary Income (net)	-	0	0	0	0	0	0	0
<b>Reported PAT</b>	<b>2,458</b>	<b>3,860</b>	<b>3,804</b>	<b>5,185</b>	<b>5,730</b>	<b>5,079</b>	<b>5,880</b>	<b>7,536</b>
Change (%)	18.7	57	-1	36	11	-11	16	28
<b>Adj. Consolidated PAT</b>	<b>2,238</b>	<b>3,381</b>	<b>3,514</b>	<b>5,174</b>	<b>5,724</b>	<b>5,197</b>	<b>6,182</b>	<b>7,536</b>
Change (%)	14.5	51	4	47	11	-9	19	22

Balance Sheet							(INR Million)	
Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E
Share Capital	331	331	331	331	331	331	331	331
Reserves	17,862	20,690	27,780	32,735	38,721	40,769	45,166	50,893
<b>Net Worth</b>	<b>18,193</b>	<b>21,021</b>	<b>28,111</b>	<b>33,066</b>	<b>39,052</b>	<b>41,100</b>	<b>45,497</b>	<b>51,224</b>
<b>Minority Interest</b>	<b>138</b>	<b>161</b>	<b>267</b>	<b>285</b>	<b>317</b>	<b>348</b>	<b>348</b>	<b>348</b>
Loans	2,629	1,217	2,707	1,709	1,423	3,147	1,147	147
Deferred Tax Liability	(239)	(349)	(311)	(198)	(46)	(993)	(993)	(993)
<b>Capital Employed</b>	<b>20,721</b>	<b>22,049</b>	<b>30,775</b>	<b>34,863</b>	<b>40,746</b>	<b>43,601</b>	<b>45,998</b>	<b>50,725</b>
Gross Fixed Assets	4,198	4,114	5,218	5,165	5,262	6,684	7,684	8,684
Less: Depreciation	2,113	2,223	2,890	2,889	3,013	3,253	3,576	3,945
<b>Net Fixed Assets</b>	<b>2,086</b>	<b>1,891</b>	<b>2,327</b>	<b>2,276</b>	<b>2,248</b>	<b>3,430</b>	<b>4,107</b>	<b>4,739</b>
Capital WIP	18	44	13	6	41	157	157	157
Investments	7,320	10,939	19,458	22,679	27,536	23,859	23,859	23,859
Goodwill	798	798	723	723	723	-	-	-
<b>Curr. Assets</b>	<b>36,974</b>	<b>34,844</b>	<b>35,863</b>	<b>38,808</b>	<b>42,370</b>	<b>46,715</b>	<b>51,796</b>	<b>59,196</b>
Inventory	9,010	8,671	7,247	9,070	8,130	10,907	10,913	12,048
Debtors	22,039	21,051	13,672	14,541	15,703	18,330	19,643	21,687
Cash & Bank Balance	2,818	2,516	1,855	3,314	2,837	3,211	5,284	7,847
Loans & Advances	3,108	2,606	935	935	1,218	116	130	144
<b>Current Liab. &amp; Prov.</b>	<b>26,476</b>	<b>26,466</b>	<b>27,610</b>	<b>29,628</b>	<b>32,172</b>	<b>30,560</b>	<b>33,920</b>	<b>37,225</b>
Creditors	16,267	15,414	17,488	19,946	21,765	23,745	26,553	29,315
Other Liabilities	10,208	11,051	10,122	9,682	10,408	6,815	7,367	7,910
<b>Net Current Assets</b>	<b>10,499</b>	<b>8,378</b>	<b>8,253</b>	<b>9,180</b>	<b>10,198</b>	<b>16,155</b>	<b>17,875</b>	<b>21,971</b>
<b>Application of Funds</b>	<b>20,721</b>	<b>22,050</b>	<b>30,775</b>	<b>34,863</b>	<b>40,746</b>	<b>43,601</b>	<b>45,998</b>	<b>50,725</b>

E: MOFSL Estimates

## Financials and Valuations

### Ratios

Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E
<b>Basic (INR)</b>	<b>6.8</b>	<b>10.2</b>	<b>10.6</b>	<b>15.6</b>	<b>17.3</b>	<b>15.7</b>	<b>18.7</b>	<b>22.8</b>
<b>Adj EPS</b>	<b>7.4</b>	<b>10.2</b>	<b>10.6</b>	<b>15.6</b>	<b>17.3</b>	<b>15.7</b>	<b>18.7</b>	<b>22.8</b>
Cash EPS	7.5	11.1	11.4	16.4	18.0	16.4	19.7	23.9
Book Value	55.0	63.6	85.0	100.0	118.0	124.2	137.5	154.8
DPS	1.9	2.3	2.6	3.5	4.0	3.1	3.7	4.6
Payout (incl. Div. Tax.)	29.2	23.3	27.6	25.9	26.8	24.0	24.0	24.0
<b>Valuation (x)</b>								
P/E	23.8	22.6	55.2	38.3	34.6	38.1	32.0	26.2
Cash P/E	34.2	20.9	51.4	36.6	33.2	36.4	30.4	25.0
EV/EBITDA	20.0	18.3	45.9	33.9	29.6	32.3	23.6	19.6
EV/Sales	1.0	1.5	3.5	3.3	3.1	2.8	2.4	2.2
Price/Book Value	2.9	3.6	7.0	6.0	5.1	4.8	4.3	3.9
Dividend Yield (%)	1.1	1.0	0.4	0.6	0.7	0.5	0.6	0.8
<b>Profitability Ratios (%)</b>								
RoE	13.0	17.2	14.6	18.1	15.9	13.0	14.3	15.6
RoCE	12.0	16.6	13.9	16.8	15.5	14.2	15.6	17.0
RoIC	15.0	28.1	29.4	42.5	46.5	34.1	33.8	37.8
<b>Turnover Ratios</b>								
Debtors (Days)	153	148.2	87.2	88.0	89.5	93.9	90.0	90.0
Inventory (Days)	62	61.1	46.2	54.9	46.3	55.9	50.0	50.0
Creditors. (Days)	164	161.4	111.6	120.7	124.0	121.7	121.7	121.7
Asset Turnover (x)	2.5	2.4	1.9	1.7	1.6	1.6	1.7	1.7
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.1	0.1	0.1	0.1	0.0	0.1	0.0	0.0

### Cash Flow Statement

Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E
<b>PBT before EO Items</b>	<b>3,399</b>	<b>5,136</b>	<b>5,275</b>	<b>7,384</b>	<b>8,005</b>	<b>7,410</b>	<b>9,636</b>	<b>11,216</b>
Add : Depreciation	248	280	264	245	268	240	323	368
Interest	225	233	-	-	-	-	-	-
Less : Direct Taxes Paid	(941)	(1,276)	(1,696)	(2,004)	(2,270)	(1,635)	(2,794)	(3,140)
(Inc)/Dec in WC	98	1,425	(537)	533	(1,495)	(8,979)	(608)	(2,073)
<b>CF from Operations</b>	<b>3,030</b>	<b>5,798</b>	<b>3,384</b>	<b>6,168</b>	<b>4,508</b>	<b>(2,965)</b>	<b>6,557</b>	<b>6,371</b>
(Inc)/Dec in FA	462	58	(213)	(302)	(252)	(814)	(1,000)	(1,000)
<b>Free Cash Flow</b>	<b>3,492</b>	<b>5,856</b>	<b>3,171</b>	<b>5,866</b>	<b>4,257</b>	<b>(3,779)</b>	<b>5,557</b>	<b>5,371</b>
Investment in liquid assets	(3,247)	(3,619)	(8,520)	(3,221)	(4,857)	3,677	-	-
<b>CF from Investments</b>	<b>(2,785)</b>	<b>(3,561)</b>	<b>(8,733)</b>	<b>(3,523)</b>	<b>(5,109)</b>	<b>2,863</b>	<b>(1,000)</b>	<b>(1,000)</b>
(Inc)/Dec in Debt	17	(1,412)	1,491	(998)	1,666	1,724	(2,000)	(1,000)
Less : Interest Paid	(225)	(233)	-	-	-	-	-	-
Dividend Paid	(716)	(894)	(988)	(1,337)	(1,534)	(1,247)	(1,484)	(1,809)
<b>CF from Fin. Activity</b>	<b>(925)</b>	<b>(2,539)</b>	<b>4,710</b>	<b>(1,217)</b>	<b>132</b>	<b>476</b>	<b>(3,484)</b>	<b>(2,809)</b>
<b>Inc/Dec of Cash</b>	<b>(679)</b>	<b>(302)</b>	<b>(639)</b>	<b>1,428</b>	<b>(469)</b>	<b>374</b>	<b>2,073</b>	<b>2,563</b>
Add: Beginning Balance	3,497	2,818	2,516	1,877	3,305	2,837	3,211	5,284
<b>Closing Balance</b>	<b>2,818</b>	<b>2,516</b>	<b>1,915</b>	<b>3,309</b>	<b>2,837</b>	<b>3,211</b>	<b>5,284</b>	<b>7,847</b>

E: MOFSL Estimates

NOTES

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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall 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, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://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](http://www.nseindia.com), [www.bseindia.com](http://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 MOSL, 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 MOSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOSL, 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 MOSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOSL 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
- received compensation/other benefits from the subject company in the past 12 months
- 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.

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, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website [www.motilaloswal.com](http://www.motilaloswal.com).CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)\*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP00000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-71881085.

\* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.