

Estimate change



TP change



Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We [request your ballot](#).



Bloomberg	CYL IN
Equity Shares (m)	113
M.Cap.(INRb)/(USDb)	31.2 / 0.4
52-Week Range (INR)	557 / 184
1, 6, 12 Rel. Per (%)	26/-24/-41
12M Avg Val (INR M)	139

#### Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	44.3	41.6	44.2
EBIT Margin (%)	9.2	8.2	9.8
PAT	3.7	3.3	3.9
EPS (INR)	33.8	30.3	34.9
EPS Gr. (%)	-22.2	-10.3	15.2
BV/Sh. (INR)	249.6	265.4	283.5

#### Ratios

RoE (%)	13.5	11.4	12.3
RoCE (%)	13.3	11.2	12.0
Payout (%)	38.5	42.9	37.3

#### Valuations

P/E (x)	8.3	9.3	8.1
P/BV (x)	1.1	1.1	1.0
EV/EBITDA (x)	4.1	4.1	3.1
Div Yield (%)	4.6	4.6	4.6

#### Shareholding pattern (%)

As On	Mar-20	Dec-19	Mar-19
Promoter	22.9	22.8	22.5
DII	22.1	20.9	21.9
FII	42.2	44.3	44.5
Others	12.9	11.9	11.1

FII Includes depository receipts

**CMP: INR284**
**TP: INR320 (+13%)**
**Neutral**

### Better-than-expected performance and outlook

#### Sharp reset in earnings trajectory

- Cyient's 1QFY21 performance suggests revenue impact was not as bad as anticipated earlier. While demand-side challenges persist in some verticals, management indicated supply-side issues should not be a bottleneck going forward. Outlook on growth from 2QFY21 is much better than previously expected. As growth recovers and some of the restructuring costs are behind, margins should report sharp expansion over 2HFY21.
- We upgrade our FY21/FY22E EPS estimates by 25% on a better-than-expected revenue and margin outlook. We await further evidence on execution/margin management before turning constructive on the stock.

#### Better-than-expected performance

- In 1QFY21, revenue (USD) / EBIT (INR) / PAT declined by 17%/49%/10% YoY v/s our estimate of 19%/33%/32% YoY.
- The Services segment reported a plunge (-14.3% QoQ, CC), while DLM grew (+8.5% QoQ). Decline in Services was largely attributed to verticals such as Aerospace & Defense, Communications, and Portfolio.
- Across geographies, while Europe / America reported sharp decline (18.5%/17.8% QoQ), APAC was resilient with growth of 11.8% QoQ.
- Medical & Healthcare (+18.2% QoQ) and Semi-Conductor, IoT and Analytics (15.6% QoQ) saw sequential growth, while other verticals reported double-digit decline.
- The EBIT margin contracted ~320bp QoQ to 5.2% and was ~180bp behind our estimate. This contraction was driven by: 1) a one-time restructuring cost (260bps), 2) the volume impact on SGA & depreciation (290bps), and 3) an adverse revenue mix (130bps). The negative impact was partly offset by operational efficiencies (290bps) and forex impact (100bps).
- However, the strong beat on PAT (32%) was primarily driven by higher other income related to export incentives.

#### Key highlights from management commentary

- 1QFY21 turned out better than the management's initial expectations.
- Barring Aerospace & Defense, the company expects most other verticals to be back on the growth path from 2QFY21.
- For FY21, management forecasts revenue decline of 10–15%. Performances from the Services and DLM segments are expected to be similar.
- While supply-side issues in the early part of 1QFY21 impacted utilization, management hinted at 300–400bp headroom for improvement.
- Focus on cost optimization is expected to continue. Management estimates FY21 EBIT margins to be around 8%.

**Valuation and view – Multiples appear attractive**

- Given the COVID-19 situation, we earlier anticipated ER&D activity in key verticals (e.g., Aerospace & Defense, Transportation, and Energy & Utilities; ~58% of revenue) to witness a material slowdown over the next 12–18 months.
- While the Communications vertical (~23% of revenue) was not heavily impacted by COVID-19, cost pressures and the liquidity crunch faced by global telcos were expected to be an overhang on ER&D spends.
- However, the unlocking of economies and massive injection of liquidity across economies could translate to earlier-than-expected demand recovery in most of the above-mentioned verticals.
- Additionally, management indicated supply-side bottlenecks, a key concern earlier, are largely behind.
- Earlier-than-expected growth recovery and the absence of one-time restructuring costs should translate to sharp EBIT margin expansion (to 9.5% from 5.2%) over 2HFY21.
- Supported by a better-than-expected revenue and margin outlook, we sharply upgrade our FY21/FY22E EPS estimates to the tune of 25%. Our Target Price is based on 9x FY22E EPS. We await further evidence on execution/margin management before turning constructive on the stock.

**Quarterly Performance****(INR M)**

Y/E March	FY20				FY21E				FY20	FY21E	Est. 1QFY21	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Revenue (USD m)	157	164	155	149	131	134	139	144	625	547	127	3.1
QoQ (%)	-5.2	4.9	-5.5	-3.9	-12.5	2.7	3.3	3.7	-5.3	-12.5	-15.1	264bp
Revenue (INR m)	10,890	11,589	11,060	10,736	9,917	10,197	10,538	10,931	44,275	41,584	9,626	3.0
YoY (%)	0.8	-2.4	-6.9	-7.7	-8.9	-12.0	-4.7	1.8	-4.1	-6.1	-11.6	267bp
GPM (%)	34.4	34.4	36.0	33.5	30.5	32.9	34.1	35.6	34.6	33.3	32.5	-198bp
SGA (%)	21.2	20.6	22.1	20.6	20.5	20.3	20.3	21.8	21.1	20.7	21.6	-113bp
EBITDA	1,445	1,599	1,533	1,382	995	1,287	1,453	1,503	5,959	5,238	1,048	-5.0
EBITDA Margin (%)	13.3	13.8	13.9	12.9	10.0	12.6	13.8	13.8	13.5	12.6	10.9	-85bp
EBIT	1,003	1,111	1,063	904	511	854	1,004	1,035	4,081	3,404	673	-24.0
EBIT Margin (%)	9.2	9.6	9.6	8.4	5.2	8.4	9.5	9.5	9.2	8.2	7.0	-183bp
Other income	283	264	498	206	684	228	245	265	1,251	1,422	262	160.6
ETR (%)	22.0	22.4	23.3	21.3	25.0	23.6	23.6	23.6	22.3	24.0	23.0	
PAT	904	986	1,083	753	814	744	873	912	3,726	3,344	618	31.9
QoQ (%)	-48.9	9.1	9.8	-30.5	8.1	-8.6	17.2	4.6			36.9	-2879bp
YoY (%)	9.6	-22.5	17.6	-57.5	-9.9	-24.5	-19.4	21.2	-22.2	-10.3	-31.7	2176bp
EPS (INR)	8.2	8.9	9.8	4.1	7.4	6.7	7.9	8.3	33.8	30.3	5.6	

## Key Perfor. Indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Margins (%)</b>										
Gross Margin	34.4	34.4	36.0	33.5	30.5	32.9	34.1	35.6	34.6	33.3
EBIT Margin	9.2	9.6	9.6	8.4	5.2	8.4	9.5	9.5	9.2	8.2
Net Margin	8.3	8.5	9.8	4.2	8.2	7.3	8.3	8.3	8.4	8.0
<b>Operating metrics</b>										
Headcount	13,912	13,800	13,405	12,825	11,846				12,825	
Attrition (%)	17.4	18	19.7	18.9	13.6				18.9	
Offshore rev (%)	43.5	44.7	45.2	45.9	43.5				44.8	
<b>Key Verticals (YoY %)</b>										
Aero & Defence	-1%	-4%	-4%	-7%	-22%				-5%	
Transportation	2%	6%	-10%	-16%	-24%				-4%	
Communications	-13%	-13%	1%	1%	0%				-8%	
<b>Key Geographies (YoY %)</b>										
North America	3%	3%	-4%	-7%	-21%				0%	
Europe	-1%	-4%	3%	-6%	-29%				5%	

## Key highlights from management commentary

- 1QFY21 turned out better than the management's initial expectations.
- Barring Aerospace & Defense, the company expects most other verticals to be back on the growth path from 2QFY21.
- For FY21, management forecasts revenue decline of 10–15%. Performances from the Services and DLM segments are expected to be similar.
- While supply-side issues in the early part of 1QFY21 impacted utilization, management hinted at 300–400bp headroom for improvement.
- Focus on cost optimization is expected to continue. Management estimates FY21 EBIT margins to be around 8%.

## Better-than-expected performance

- In 1QFY21, revenue (USD) / EBIT (INR) / PAT declined by 17%/49%/10% YoY v/s our estimate of 19%/33%/32% YoY.
- The Services segment reported a plunge (-14.3% QoQ, CC), while DLM grew (+8.5% QoQ). Decline in Services was largely attributed to verticals such as Aerospace & Defense, Communications, and Portfolio.
- Across geographies, while Europe / America reported sharp decline (18.5%/17.8% QoQ), APAC was resilient with growth of 11.8% QoQ.
- Medical & Healthcare (+18.2% QoQ) and Semi-Conductor, IoT and Analytics (15.6% QoQ) saw sequential growth, while other verticals reported double-digit decline.
- The EBIT margin contracted ~320bp QoQ to 5.2% and was ~180bp behind our estimate. This contraction was driven by: 1) a one-time restructuring cost (260bps), 2) the volume impact on SGA & depreciation (290bps), and 3) an adverse revenue mix (130bps). The negative impact was partly offset by operational efficiencies (290bps) and forex impact (100bps).
- However, the strong beat on PAT (32%) was primarily driven by higher other income related to export incentives.

**Exhibit 1: Barring MT&H and SIA, all other verticals declined by double digit sequentially**

Verticals	Contribution to rev (%)	QoQ Growth (%)	YoY Growth (%)
A&D	37	-16	-22
Comms	23	-11	1
E&U	11	-19	-30
Transportation	10	-11	-24
Portfolio	9	-21	-21
SIA	5	16	-19
MT&H	6	18	33

Source: Company, MOFSL

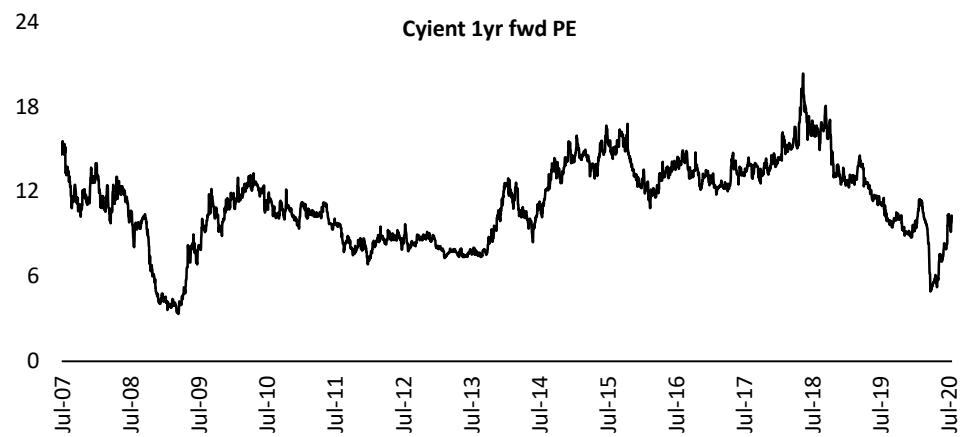
**Exhibit 2: APAC remained resilient, while other geographies reported declines**

	Contribution to rev (%)	QoQ Growth (%)	YoY Growth (%)
Americas	52	-18	-21
Europe	24	-19	-29
Asia Pacific	24	12	20

Source: Company, MOFSL

**Valuation view – Multiples appear attractive**

- Given the COVID-19 situation, we earlier anticipated ER&D activity in key verticals (e.g., Aerospace & Defense, Transportation, and Energy & Utilities; ~58% of revenue) to witness a material slowdown over the next 12–18 months.
- While the Communications vertical (~23% of revenue) was not heavily impacted by COVID-19, cost pressures and the liquidity crunch faced by global telcos were expected to be an overhang on ER&D spends.
- However, the unlocking of economies and massive injection of liquidity across economies could translate to earlier-than-expected demand recovery in most of the above-mentioned verticals.
- Additionally, management indicated supply-side bottlenecks, a key concern earlier, are largely behind.
- Earlier-than-expected growth recovery and the absence of one-time restructuring costs should translate to sharp EBIT margin expansion (to 9.5% from 5.2%) over 2HFY21.
- Supported by a better-than-expected revenue and margin outlook, we sharply upgrade our FY21/FY22E EPS estimates to the tune of 25%. Our Target Price is based on 9x FY22E EPS. We await further evidence on execution/margin management before turning constructive on the stock.

**Exhibit 3: Over the long term, one-year forward P/E multiples averaged to ~11x**

Source: Bloomberg

**Exhibit 4: Revision in our estimates**

Change in Estimates	Revised		Earlier		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
INR/USD	76.0	77.0	76.0	77.0	0.0	0.0
USD Revenue - m	547.3	574.5	493.6	528.3	10.9	8.7
USD revenue growth (%)	-12.5	5.0	-21.0	7.0	860bp	-210bp
EBITDA Margin (%)	12.6	14.1	12.0	13.3	60bp	80bp
EBIT Margin (%)	8.2	9.8	8.0	9.3	20bp	50bp
Adjusted EPS - INR	30.3	34.9	24.2	27.9	24.9	24.9

Source: MOFSL

## Operating metrics

Exhibit 5: Operating metrics

	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21
<b>Geographic Mix - %</b>									
Americas	55.3	56.2	58.2	57.0	55.4	60.2	57.5	55.7	52.3
Europe	26.3	26.4	24.1	26.4	28.1	26.3	25.5	25.7	24.0
Asia Pacific	18.4	17.4	17.7	24.0	16.4	13.6	16.9	18.6	23.7
<b>Vertical Mix - %</b>									
Aerospace & Defense	34.2	33.8	34.3	33.9	38.8	33.9	32.2	37.8	36.5
Transportation	12.1	11.8	12.0	12.3	11.3	13.0	11.1	10.2	10.3
Semiconductor	5.5	5.8	4.7	5.6	4.9	4.9	4.9	3.6	4.7
Medical & electronics	1.8	1.9	2.0	2.0	3.6	2.4	2.4	4.2	5.7
Communications	23.9	23.9	23.4	22.3	19.1	21.7	24.4	22.6	23.0
<b>Revenue Mix - %</b>									
Onsite	58.1	57.2	57.6	57.3	56.5	55.3	54.8	54.1	56.5
Offshore	41.9	42.8	42.4	42.7	43.5	44.7	45.2	45.9	43.5
<b>Client contribution - %</b>									
Top 5	37.9	37.9	38.0	35.7	32.3	36.2	36.6	31.4	30.2
Top 10	51.8	51.0	50.1	48.4	44.1	47.3	49.3	43.6	40.1
<b>No. of Million Dollar Clients</b>									
USD1m+	65	68	73	70	71	91	90	95	92
USD5m+	25	27	27	26	24	27	27	26	30
USD10m+	11	13	13	13	12	12	11	11	9
USD20m+	4	4	4	4	4	4	4	4	3
<b>Attrition - Voluntary %</b>	16.9	18.4	21.2	19.9	17.4	18	19.7	18.9	13.6

Source: Company, MOFSL

## Financials and valuations

Income Statement								(INR m)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Sales</b>	<b>22,064</b>	<b>27,359</b>	<b>30,955</b>	<b>36,066</b>	<b>39,176</b>	<b>46,175</b>	<b>44,275</b>	<b>41,584</b>	<b>44,234</b>
Change (%)	17.8	24.0	13.1	16.5	8.6	17.9	(4.1)	(6.1)	6.4
Cost of Services	12,756	17,129	20,083	23,647	25,387	30,125	28,964	27,720	28,350
SG&A Expenses	5,208	6,217	6,626	7,569	8,296	9,606	9,352	8,626	9,650
<b>EBITDA</b>	<b>4,101</b>	<b>4,014</b>	<b>4,247</b>	<b>4,850</b>	<b>5,493</b>	<b>6,444</b>	<b>5,959</b>	<b>5,238</b>	<b>6,233</b>
% of Net Sales	18.6	14.7	13.7	13.4	14.0	14.0	13.5	12.6	14.1
Depreciation	720	713	893	953	1,051	1,113	1,878	1,835	1,911
Interest	29	80	199	189	232	362	517	430	441
Other Income	187	1,236	1,065	873	1,439	1,340	1,251	1,422	1,160
<b>PBT</b>	<b>3,538</b>	<b>4,457</b>	<b>4,220</b>	<b>4,581</b>	<b>5,649</b>	<b>6,309</b>	<b>4,815</b>	<b>4,396</b>	<b>5,041</b>
Tax	1,030	1,096	986	1,047	1,381	1,427	1,076	1,053	1,190
Rate (%)	29.1	24.6	23.4	22.9	24.4	22.6	22.3	24.0	23.6
Eq. in earnings of affiliates	152	150	121	123	44	1	0	0	0
Minority Interest	0	0	-6	43	-21	17	-13	1	0
<b>PAT</b>	<b>2,660</b>	<b>3,511</b>	<b>3,349</b>	<b>3,700</b>	<b>4,291</b>	<b>4,900</b>	<b>3,726</b>	<b>3,344</b>	<b>3,852</b>
Extraordinary	0	0	97	-261	0	-112	0	0	0
<b>Net Income</b>	<b>2,660</b>	<b>3,511</b>	<b>3,446</b>	<b>3,439</b>	<b>4,291</b>	<b>4,788</b>	<b>3,726</b>	<b>3,344</b>	<b>3,852</b>
Change (%)	15.1	32.0	-1.9	-0.2	24.8	11.6	-22.2	-10.3	15.2

Balance Sheet								(INR m)	
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Share Capital	560	562	562	563	563	552	552	552	552
Reserves	15,325	17,879	18,536	20,610	22,876	25,070	27,008	28,746	30,749
<b>Net Worth</b>	<b>15,885</b>	<b>18,441</b>	<b>19,098</b>	<b>21,173</b>	<b>23,439</b>	<b>25,622</b>	<b>27,560</b>	<b>29,298</b>	<b>31,301</b>
Minority Interest	0	122	128	26	3	0	0	0	0
Loan	433	1,300	1,467	1,874	2,263	3,375	3,475	3,575	3,575
<b>Capital Employed</b>	<b>16,318</b>	<b>19,863</b>	<b>20,693</b>	<b>23,073</b>	<b>25,705</b>	<b>28,997</b>	<b>31,035</b>	<b>32,873</b>	<b>34,876</b>
Gross Block	7,976	9,318	10,511	11,107	12,217	11,091	12,091	13,091	14,091
Less : Depreciation	-4,634	-5,696	-6,535	-6,875	-7,791	-5,528	-7,406	-9,241	-11,151
<b>Net Block</b>	<b>3,342</b>	<b>3,622</b>	<b>3,975</b>	<b>4,232</b>	<b>4,426</b>	<b>5,563</b>	<b>4,685</b>	<b>3,850</b>	<b>2,940</b>
CWIP	71	96	108	265	515	0	450	450	450
Other LT Assets	1,605	6,372	5,339	6,154	5,929	7,476	7,576	7,419	7,419
<b>Curr. Assets</b>	<b>14,448</b>	<b>15,696</b>	<b>17,947</b>	<b>20,713</b>	<b>23,456</b>	<b>25,853</b>	<b>29,144</b>	<b>32,051</b>	<b>35,452</b>
Current Investments	400	336	790	925	1,130	278	478	678	878
Inventories	0	606	979	935	1,312	1,833	2,108	2,424	2,788
Debtors	4,800	5,336	6,145	6,496	4,139	8,137	7,399	6,950	7,392
Cash & Bank Balance	6,886	5,704	6,833	8,781	9,807	9,705	9,884	12,823	14,922
Loans & Advances	786	1,356	1,089	0	0	0	0	0	0
Other Current Assets	1,575	2,358	2,111	3,576	7,068	5,900	9,275	9,176	9,472
<b>Current Liab. &amp; Prov</b>	<b>3,147</b>	<b>5,923</b>	<b>6,676</b>	<b>8,291</b>	<b>8,621</b>	<b>9,895</b>	<b>10,820</b>	<b>10,897</b>	<b>11,385</b>
Current Liabilities	1,802	3,566	4,253	5,180	5,593	5,849	6,474	6,251	6,439
Other Liabilities	721	1,401	1,843	2,876	2,799	3,333	3,533	3,733	3,933
Provisions	625	956	579	235	229	713	813	913	1,013
<b>Net Current Assets</b>	<b>11,300</b>	<b>9,773</b>	<b>11,271</b>	<b>12,422</b>	<b>14,835</b>	<b>15,958</b>	<b>18,324</b>	<b>21,154</b>	<b>24,067</b>
<b>Application of Funds</b>	<b>16,318</b>	<b>19,863</b>	<b>20,694</b>	<b>23,073</b>	<b>25,705</b>	<b>28,997</b>	<b>31,035</b>	<b>32,873</b>	<b>34,876</b>

## Financials and valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Basic (INR)</b>									
<b>EPS</b>	<b>23.7</b>	<b>31.3</b>	<b>30.7</b>	<b>30.6</b>	<b>38.2</b>	<b>43.4</b>	<b>33.8</b>	<b>30.3</b>	<b>34.9</b>
Cash EPS	30.1	37.6	38.7	39.1	47.6	53.5	50.8	46.9	52.2
Book Value	141.5	164.3	170.2	188.7	208.9	232.1	249.6	265.4	283.5
DPS	5.0	8.0	7.0	10.5	13.0	13.0	13.0	13.0	13.0
Payout %	21.0	25.6	22.8	34.3	34.0	30.0	38.5	42.9	37.3
<b>Valuation (x)</b>									
P/E	11.9	9.0	9.2	9.2	7.4	6.5	8.3	9.3	8.1
Cash P/E	9.4	7.5	7.3	7.2	5.9	5.3	5.6	6.0	5.4
EV/EBITDA	5.9	6.7	6.1	4.9	4.3	3.9	4.1	4.1	3.1
EV/Sales	1.1	1.0	0.8	0.7	0.6	0.5	0.6	0.5	0.4
Price/Book Value	2.0	1.7	1.7	1.5	1.3	1.2	1.1	1.1	1.0
Dividend Yield (%)	1.8	2.8	2.5	3.7	4.6	4.6	4.6	4.6	4.6
<b>Profitability Ratios (%)</b>									
RoE	16.7	19.0	18.0	16.2	18.3	18.7	13.5	11.4	12.3
RoCE	15.5	17.2	16.4	15.9	17.3	17.8	13.3	11.2	12.0
ROIC	28.5	21.9	19.3	23.1	24.5	24.8	16.2	13.2	17.6
<b>Turnover Ratios</b>									
Debtors (Days)	99	91	92	84	64	64	88	88	88
Fixed Asset Turnover (x)	1.1	1.1	1.1	1.1	1.1	1.2	1.1	1.0	1.0

### Cash Flow Statement

(INR m)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
CF from Operations	2,941	3,282	3,715	3,833	4,622	5,411	5,422	5,194	6,204
Cash for Working Capital	-669	335	-931	366	-1,659	-1,710	-1,987	567	-615
<b>Net Operating CF</b>	<b>2,272</b>	<b>3,617</b>	<b>2,785</b>	<b>4,199</b>	<b>2,963</b>	<b>3,701</b>	<b>3,435</b>	<b>5,760</b>	<b>5,588</b>
Net Purchase of FA	-761	-803	-1,282	-1,038	-1,469	-1,440	-1,450	-1,000	-1,000
<b>Free Cash Flow</b>	<b>1,511</b>	<b>2,814</b>	<b>1,503</b>	<b>3,161</b>	<b>1,494</b>	<b>2,261</b>	<b>1,985</b>	<b>4,760</b>	<b>4,588</b>
Net Purchase of Invest.	585	-4,479	434	-765	600	-767	499	214	-200
<b>Net Cash from Invest.</b>	<b>-176</b>	<b>-5,282</b>	<b>-848</b>	<b>-1,803</b>	<b>-869</b>	<b>-2,207</b>	<b>-951</b>	<b>-786</b>	<b>-1,200</b>
Proc. from equity issues	52	66	22	15	9	-1,609	0	0	0
Proceeds from LTB/STB	41	399	490	-203	526	549	-517	-430	-441
Dividend Payments	-521	-784	-1,619	-746	-1,894	-1,261	-1,788	-1,605	-1,849
<b>Cash Flow from Fin.</b>	<b>-427</b>	<b>-319</b>	<b>-1,107</b>	<b>-934</b>	<b>-1,359</b>	<b>-2,321</b>	<b>-2,305</b>	<b>-2,035</b>	<b>-2,290</b>
Exchange difference	279	802	300	488	502	929	0	0	0
<b>Net Cash Flow</b>	<b>1,947</b>	<b>-1,183</b>	<b>1,129</b>	<b>1,950</b>	<b>1,237</b>	<b>102</b>	<b>179</b>	<b>2,940</b>	<b>2,099</b>
<b>Opening Cash Bal.</b>	<b>4,939</b>	<b>6,886</b>	<b>5,704</b>	<b>6,831</b>	<b>8,570</b>	<b>9,603</b>	<b>9,705</b>	<b>9,884</b>	<b>12,823</b>
Add: Net Cash	1,947	-1,183	1,129	1,950	1,237	102	179	2,940	2,099
<b>Closing Cash Bal.</b>	<b>6,886</b>	<b>5,704</b>	<b>6,833</b>	<b>8,781</b>	<b>9,807</b>	<b>9,705</b>	<b>9,884</b>	<b>12,823</b>	<b>14,922</b>



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 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
- 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.: INP000000670); 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.