

Estimate change	↑
TP change	↔
Rating change	↔

Bloomberg	CEAT IN
Equity Shares (m)	40
M.Cap.(INRb)/(USD)	44.5 / 0.6
52-Week Range (INR)	1477 / 921
1, 6, 12 Rel. Per (%)	15/-5/-30
12M Avg Val (INR M)	219

### Financials & valuations (INR b)

INR Billion	FY22	FY23E	FY24E
Sales	93.6	105.7	116.8
EBITDA	7.1	8.7	12.1
EBITDA Margin (%)	7.6	8.2	10.4
Adj. PAT	0.8	1.5	3.6
EPS (INR)	19.6	36.9	89.2
EPS Growth (%)	-82.8	87.9	142.0
BV/Share (INR)	809	834	911

### Ratios

RoE (%)	2.4	4.5	10.2
RoCE (%)	3.6	5.0	8.6
Payout (%)	17.0	32.6	13.5

### Valuations

P/E (x)	56.0	29.8	12.3
P/BV (x)	1.4	1.3	1.2
Div. Yield (%)	0.3	1.1	1.1
FCF Yield (%)	-7.6	5.4	11.3

### Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	47.1	47.1	46.8
DII	11.7	12.7	13.7
FII	22.7	22.7	27.0
Others	18.6	17.5	12.6

FII Includes depository receipts

**CMP: INR1,100 TP: INR1,275 (+16%) Buy**

**Above our estimate; strong revenue and lower cost drives beat**

**Demand recovery on track, but RM cost pressures to persist in 1QFY23**

- CEAT's 4QFY22 performance was aided by a recovery in Replacement and Commercial tyre categories. Cost inflation is likely to persist in 1QFY23, with the management raising prices to mitigate the impact, though under-recoveries continue to remain high.
- We upgrade our FY23 EPS estimate by 17% to account for a recovery in demand and price hikes, while maintaining our FY24 EPS estimate. We maintain our **Buy rating** with a TP of INR1,275 per share (based on ~13x Jun'24E EPS).

**Demand recovery, price hikes, and cost control drive margin**

- Revenue grew by ~13% YoY to INR25.9b, but EBITDA/PAT fell 28%/81% in 4QFY22 to INR1.87b/INR290m. Revenue grew 23% YoY, while EBITDA/PAT declined by 28%/83% in FY22.
- Volumes were flat YoY (+4% QoQ). Domestic replacement/OEM demand declined by 10%/7% YoY, offset by strong export growth of 29%.
- Gross margin contracted by 8.5pp YoY and 50bp QoQ to 33.5% (est. 32.9%) as RM cost inflation continued unabated. However, operating leverage restricted the decline in EBITDA margin (up 420bp YoY and 160bp QoQ) to 7.2% (est. 4.6%).
- EBITDA declined by 28% YoY (+40% QoQ) to ~INR1.9b (est. INR1.1b).
- This, coupled with negligible tax, boosted adjusted PAT to INR290m (-81% YoY v/s a QoQ loss of INR159m and our estimate of a loss of INR180m).
- Debt declined to INR21b (v/s INR22.6b in Dec'21 and INR14.2b in Mar'21).
- FCFF stood at a negative INR3.4b (v/s positive INR7.2b in FY21) due to a weak CFO that fell 54% YoY to INR6.2b (v/s INR13.6b in FY21). Capex stood at INR9.6b in FY22 (v/s INR6.4b in FY21).
- Ceat announced a dividend of INR3/share.

**Highlights from the management commentary**

- Demand** was tepid in 4QFY22. Overall volumes grew by ~4% QoQ (flat YoY). Exports grew by 29%. Overall replacement demand fell due to a high base effect. However, the same will grow to the tune of 30-40% in 1QFY23 on a lower base. The semiconductor shortage is impacting PV OEM demand. 2W demand has not yet picked up, but is expected to improve with a growth in the rural economy and the opening of schools.
- RM cost** rose 3% QoQ in 4QFY22 due to inflation in crude oil. The same is expected to surge by 3-4% in 1QFY23.
- Price hike:** CEAT took a 2% price hike in 4QFY22. It raised prices by 2-2.5% in the CV/PV/SCV segment in Apr'22 and will take another ~2% hike in the CV/PV segment in May'22. 2Ws have not seen any price increases given the high competitive intensity. It will need to raise prices by 1-2% to offset the cost inflation impact on margin.
- We expect a project/maintenance **capex** of ~INR7.5b/~INR1.5b in FY23.

Jinesh Gandhi – Research Analyst (Jinesh@MotilalOswal.com)

Research Analyst: Vipul Agrawal (Vipul.Agrawal@MotilalOswal.com) / Aniket Desai (Aniket.Desai@motilalosal.com)

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

Motilal Oswal research is available on [www.motilalosal.com/Institutional-Equities](http://www.motilalosal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Maintain Buy with a TP of INR1,275/share (16% upside)**

- CA cyclical recovery in both OEMs and replacement will enable faster absorption of new capacities and drive benefit of operating leverage. This, coupled with a gradual pass through of cost inflation, will drive margin recovery in FY23E.
- Valuations at 29.8x/12.3x FY23E/FY24E consolidated EPS do not capture the ramp-up in new capacities and stabilization in RM cost. We maintain our Buy rating.

**Consolidated quarterly earnings**

(INR m)

Y/E March	FY21				FY22				FY21	FY22	FY22E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE
<b>Net Sales</b>	<b>11,202</b>	<b>19,785</b>	<b>22,213</b>	<b>22,897</b>	<b>19,064</b>	<b>24,518</b>	<b>24,133</b>	<b>25,920</b>	<b>76,096</b>	<b>93,634</b>	<b>23,998</b>
Change (YoY %)	-36.1	17.0	26.1	45.5	70.2	23.9	8.6	13.2	12.3	23.0	4.8
RM cost (%)	59.7	53.5	54.5	58.0	61.1	63.1	66.0	66.5	56.1	64.4	67.1
Employee cost (%)	13.5	8.1	8.1	8.0	9.3	7.0	7.1	6.6	8.9	7.4	7.2
Other expenses (%)	17.6	23.5	22.7	22.6	20.9	20.9	21.3	19.7	22.1	20.6	21.1
<b>EBITDA</b>	<b>1,020</b>	<b>2,925</b>	<b>3,277</b>	<b>2,608</b>	<b>1,662</b>	<b>2,203</b>	<b>1,341</b>	<b>1,875</b>	<b>9,830</b>	<b>7,098</b>	<b>1,099</b>
Margin (%)	9.1	14.8	14.8	11.4	8.7	9.0	5.6	7.2	12.9	7.6	4.6
Depreciation	785	839	873	899	965	1,206	1,086	1,096	3,396	4,352	1,106
Interest	488	450	419	399	460	496	548	566	1,755	2,070	562
Other Income	28	38	41	32	39	28	32	33	138	114	82
<b>PBT before EO expense</b>	<b>-225</b>	<b>1,674</b>	<b>2,025</b>	<b>1,342</b>	<b>276</b>	<b>529</b>	<b>-260</b>	<b>246</b>	<b>4,816</b>	<b>790</b>	<b>-486</b>
Exceptional item	218	0	123	0	0	5	65	59	341	129	0
<b>PBT</b>	<b>-443</b>	<b>1,674</b>	<b>1,903</b>	<b>1,342</b>	<b>276</b>	<b>524</b>	<b>-326</b>	<b>187</b>	<b>4,476</b>	<b>661</b>	<b>-486</b>
Tax Rate (%)	12.6	-0.9	36.6	-8.2	41.8	29.2	10.7	5.2	11.5	36.7	48.5
Minority Int. and Profit of Asso. Cos.	-40	-130	-115	-76	-79	-49	-91	-75	-361	-294	-71
<b>Reported PAT</b>	<b>-348</b>	<b>1,819</b>	<b>1,321</b>	<b>1,528</b>	<b>240</b>	<b>420</b>	<b>-200</b>	<b>253</b>	<b>4,320</b>	<b>712</b>	<b>-180</b>
<b>Adj. PAT</b>	<b>-155</b>	<b>1,819</b>	<b>1,430</b>	<b>1,528</b>	<b>240</b>	<b>423</b>	<b>-159</b>	<b>290</b>	<b>4,622</b>	<b>794</b>	<b>-180</b>
Change (YoY %)	-125	308	170	116	-255	-77	-111	-81	100.2	-83	-111.8
Margin (%)	-1.4	9.2	6.4	6.7	1.3	1.7	-0.7	1.1	6.1	0.8	-0.7

**Key performance indicators**

RM cost (as a percentage of sales)	59.7	53.5	54.5	58.0	61.1	63.1	66.0	66.5	56.1	64.4	67.1
Staff cost (as a percentage of sales)	13.5	8.1	8.1	8.0	9.3	7.0	7.1	6.6	8.9	7.4	7.2
Other cost (as a percentage of sales)	18	24	23	23	21	21	21	20	22	21	21.1
Gross margin (%)	40.3	46.5	45.5	42.0	38.9	36.9	34.0	33.5	0.0	0.0	32.9
EBITDA Margin (%)	9.1	14.8	14.8	11.4	8.7	9.0	5.6	7.2	12.9	7.6	4.6
EBIT Margin (%)	2.1	10.5	10.8	7.5	3.7	4.1	1.1	3.0	12.9	7.6	0.0

E: MOFSL estimates

**Highlights from the management commentary**

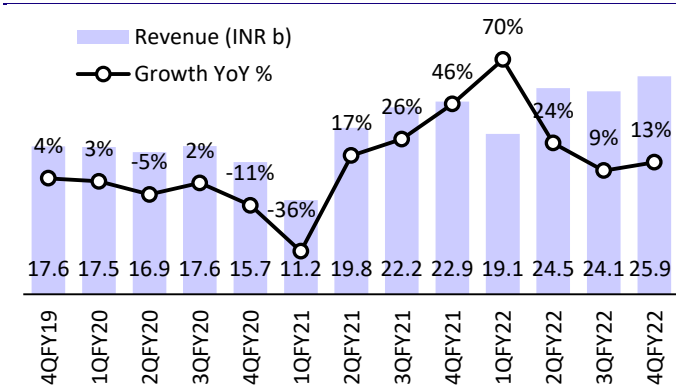
- **Demand** was tepid in 4QFY22. Overall volumes grew by ~4% QoQ (flat YoY). Exports grew by 29%. Replacement demand was driven by TBR. 2W demand fell 10% YoY (flat QoQ). Overall replacement demand fell due to a high base effect. However, the same will grow to the tune of 30-40% in 1QFY23 on a lower base. The semiconductor shortage is impacting PV OEM demand. 2W demand has not yet picked up, but is expected to improve with a growth in the rural economy and the opening of schools.
- **RM cost and price hikes:** RM cost rose 3% QoQ in 4QFY22 due to inflation in crude oil. The same is expected to surge by 3-4% in 1QFY23. CEAT raised prices by 2% in 4QFY22 mostly in the CV segment, while the price hike was sub-1% in other segments. It raised prices by 2-2.5% in the CV/PV/SCV segment in Apr'22 and will take another ~2% hike in the CV/PV segment in May'22. 2Ws have not

seen any price increases given the high competitive intensity. It will need to raise prices by 1-2% to offset the cost inflation impact on margin.

- **Capex:** CEAT has moderated its capex to INR6.9b (from INR10b) in FY22 and the same was mostly towards project capex. We expect a project/maintenance capex of ~INR7.5b/~INR1.5b in FY23. The same will be prioritized for the OHT segment and for debottlenecking capacity, with some investment in renewable Power. Capex is to be funded equally via internal accruals and debt, within the debt/EBITDA ratio threshold of 3x.
- **OHT capacity:** CEAT will increase its daily OHT capacity to 81t by Jul'22 and to 105t by the end of FY23 (v/s 50t at present). CEAT's prices are 4-5% lower than that of BKT and is similar to Alliant Tyres in export markets.
- **Exports:** Its share of exports stood ~20% (v/s 15% in FY21) in 4QFY22. The same is expected to contribute ~25% to revenue in the medium term. Its China+1 strategy is helping to grow its exports. It is expecting a higher growth in the EU Passenger Car segment and will be launching Truck Radial tyres for the EU market by Aug'22 and PV radials in the US market by in a next 12 months.
- **Sri Lanka business:** CEAT had adequate RM inventory till Apr'22. Due to the shortage of RM/fuel for factory operations/employee commute, the situation is becoming challenging. Sri Lanka accounts for less than 10% of overall revenue. The management expects demand to decline by 20-25%.

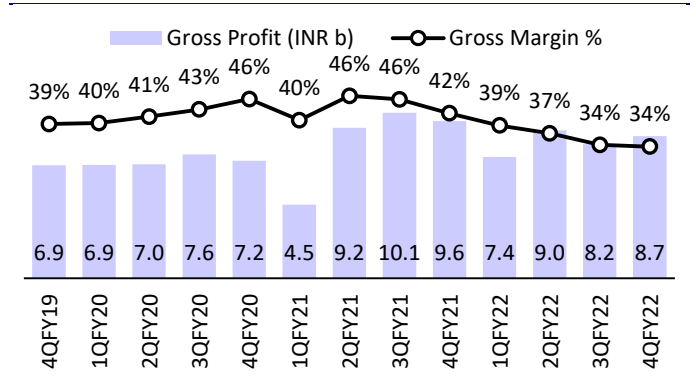
Key exhibits

Exhibit 1: Trend in revenue



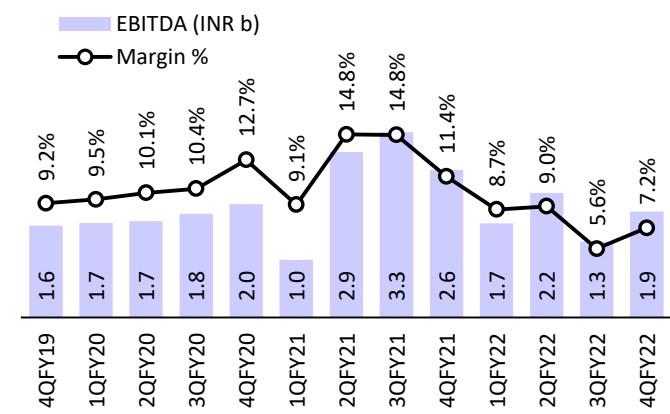
Source: MOFSL, Company

Exhibit 2: Trend in gross margin



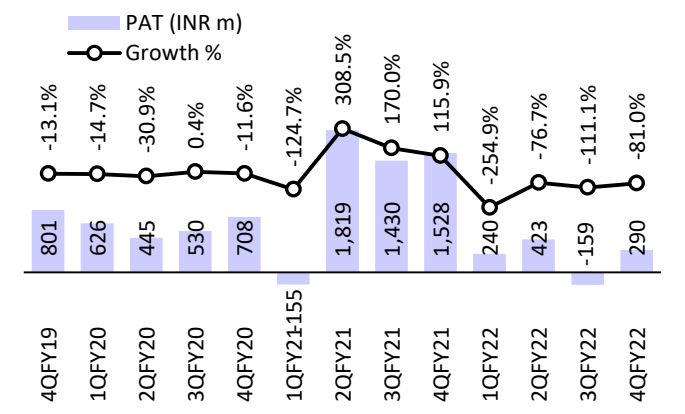
Source: MOFSL, Company

**Exhibit 3: EBITDA and EBITDA margin trends**



Source: MOFSL, Company

**Exhibit 4: PAT and PAT growth trends**



Source: MOFSL, Company

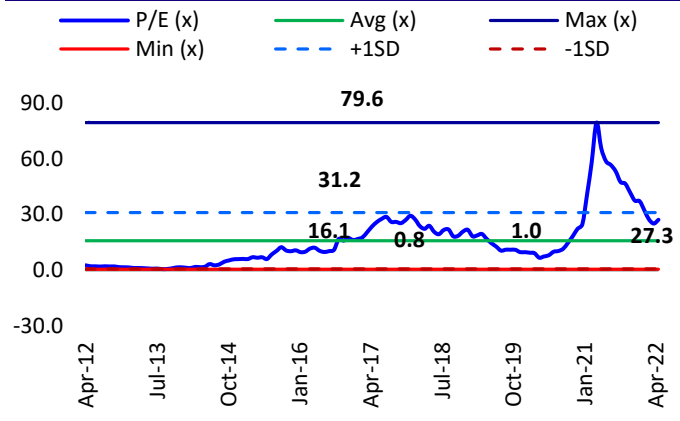
### Maintain Buy with a TP of INR1,275/share

- Focus on improving brand equity to drive market share gains:** CEAT has laid a strong emphasis on effective marketing and branding of its products. To position its products competitively, it has developed creative ad campaigns based on extensive research and consumer insights, and invested in innovative marketing programs. Since the 2W and Passenger Car segments are consumer-facing, factors such as brand loyalty, visibility, and recall go a long way in creating replacement market demand and improving market share, which, in turn, will benefit its margin profile.
- Ramp-up in strategic focus areas to continue:** The management has identified the 2W, Passenger Car, and OTR (truck/off-road) Tyre segments as strategic focus areas, given their abilities to boost margin and to lower its dependence on the Truck segment. Revenue contribution from these focus areas has increased significantly over the years (to 57% in FY21 from 20% in FY10). This is also reflected in market share gains in the PCR segment, which stood over 15% (v/s 11% a few years back). Expansion in TBR, despite not being a strategic focus area, has been undertaken to maintain overall market share in T&B tyres. Its market share stood at 8-9% (v/s 5% a few years ago) in the TBR category. Given its current capex plan, contribution from focus areas could scale up to 60-65% over the next four-to-five years, which will reflect positively in its operating performance. Benefit of this capex is not fully reflected in our FY22 and FY23 estimates. We expect a revenue CAGR of ~15% over FY21-24.
- Valuation and view:** We upgrade our FY23 EPS estimate by 17% to account for a demand recovery and price hikes, while maintaining its FY24 EPS estimate. A cyclical recovery in both OEMs and replacement will enable faster absorption of new capacities and drive benefit of operating leverage. Valuations at 29.8x/12.3x FY23E/FY24E consolidated EPS do not capture the ramp-up in new capacities and recovery in margin. We maintain our Buy rating with a TP of INR1,275 per share (based on ~13x Jun'24E EPS).

**Exhibit 5: Change in our estimates**

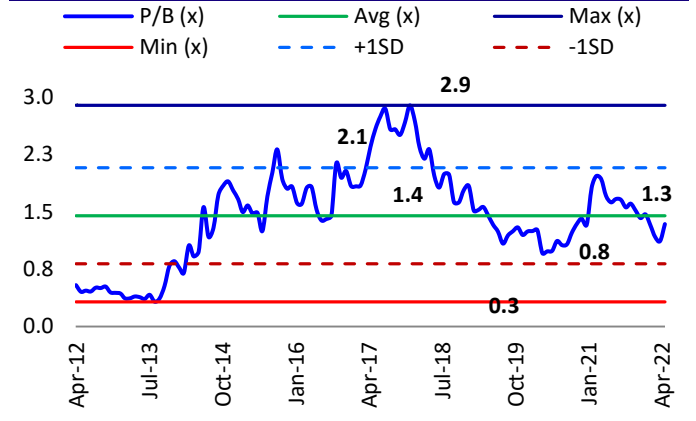
(INR m)	FY23E			FY24E		
	Revised	Old	Change (%)	Revised	Old	Change (%)
Net sales	1,05,689	1,02,412	3.2	1,16,800	1,12,069	4.2
EBITDA	8,667	8,091	7.1	12,089	11,095	9.0
EBITDA (%)	8.2	7.9	30bp	10.4	9.9	40bp
Adj. PAT	1,491	1,275	17.0	3,608	3,541	1.9
EPS (INR)	36.9	31.5	17.0	89.2	87.5	1.9

**Exhibit 6: One-year forward P/E**



Source: MOFSL, Company

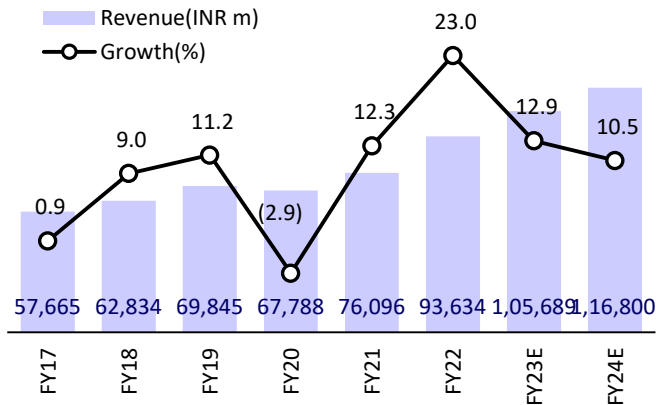
**Exhibit 7: One-year forward P/B band**



Source: MOFSL, Company

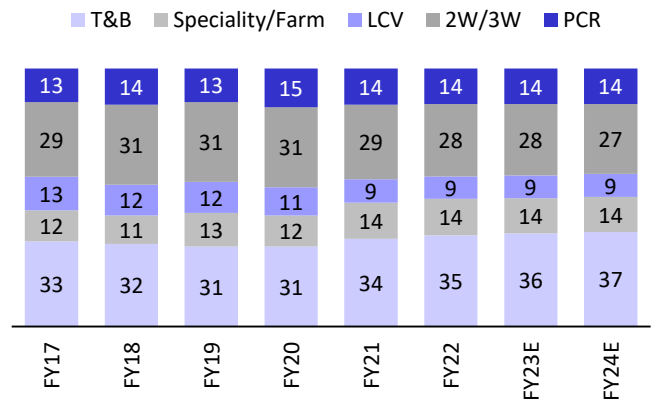
Story in charts

Exhibit 8: Revenue and growth trends



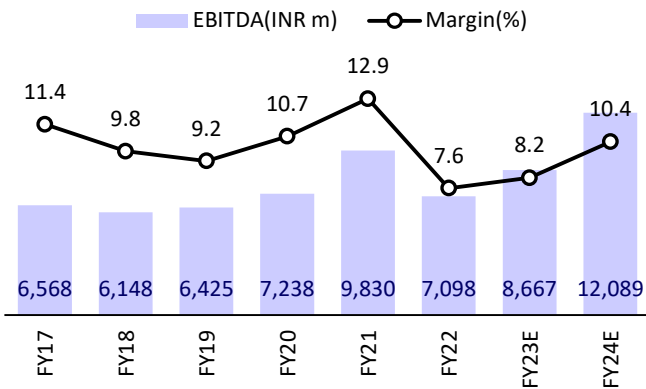
Source: MOFSL, Company

Exhibit 9: Key revenue segments



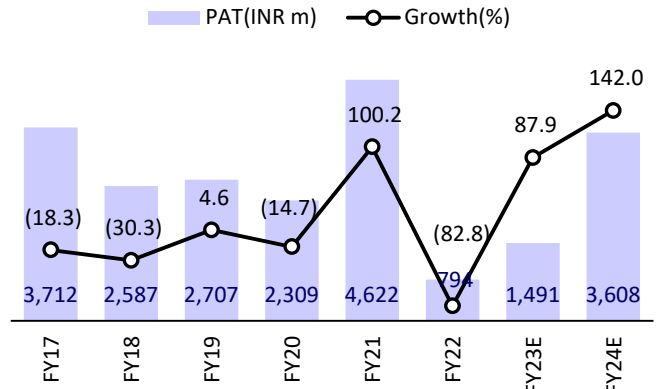
Source: MOFSL, Company

Exhibit 10: EBITDA and EBITDA margin trends



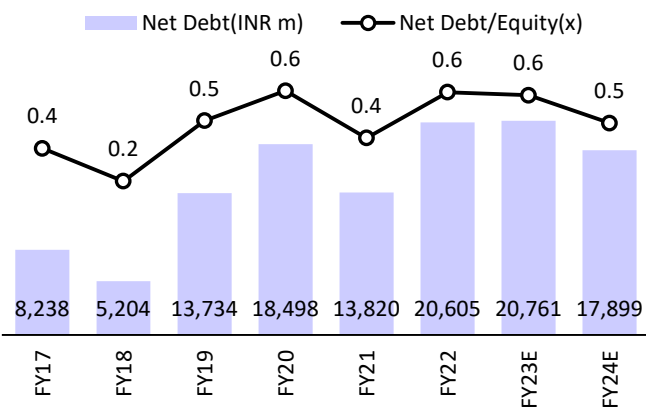
Source: MOFSL, Company

Exhibit 11: PAT and PAT growth trends



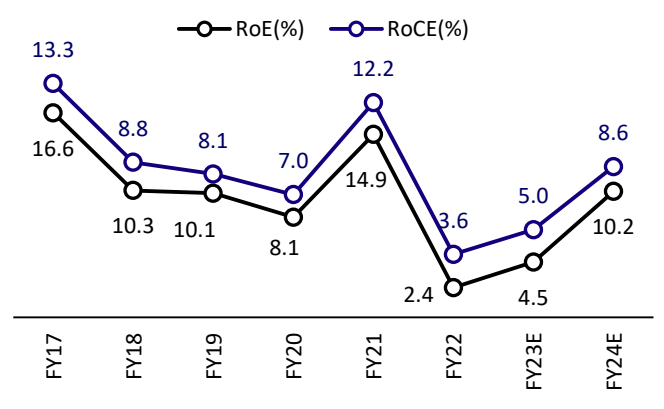
Source: MOFSL, Company

Exhibit 12: Trend in debt levels



Source: MOFSL, Company

Exhibit 13: Trend in return profile



Source: MOFSL, Company

## Financials and valuations

### Consolidated Income Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Net Revenue from Ops.</b>	<b>62,834</b>	<b>69,845</b>	<b>67,788</b>	<b>76,096</b>	<b>93,634</b>	<b>1,05,689</b>	<b>1,16,800</b>
Change (%)	9.0	11.2	-2.9	12.3	23.0	12.9	10.5
<b>EBITDA</b>	<b>6,148</b>	<b>6,425</b>	<b>7,238</b>	<b>9,830</b>	<b>7,098</b>	<b>8,667</b>	<b>12,089</b>
EBITDA Margin (%)	9.8	9.2	10.7	12.9	7.6	8.2	10.4
Depreciation	1,686	1,927	2,765	3,396	4,352	4,613	5,297
<b>EBIT</b>	<b>4,462</b>	<b>4,498</b>	<b>4,473</b>	<b>6,433</b>	<b>2,746</b>	<b>4,054</b>	<b>6,792</b>
EBIT Margin (%)	7.1	6.4	6.6	8.5	2.9	3.8	5.8
Int. and Finance Charges	974	880	1,509	1,755	2,070	2,361	2,097
Other Income	295	390	205	138	114	140	170
<b>PBT bef. EO Exp.</b>	<b>3,783</b>	<b>4,008</b>	<b>3,169</b>	<b>4,816</b>	<b>790</b>	<b>1,832</b>	<b>4,865</b>
EO Items	-340	-297	5	-341	-129	0	0
<b>PBT after EO Exp.</b>	<b>3,443</b>	<b>3,711</b>	<b>3,174</b>	<b>4,476</b>	<b>661</b>	<b>1,832</b>	<b>4,865</b>
Total Tax	1,340	1,402	1,046	516	243	641	1,557
Tax Rate (%)	38.9	37.8	33.0	11.5	36.7	35.0	32.0
Minority Int./Share JV PAT	-277	-213	-184	-361	-294	-300	-300
<b>Reported PAT</b>	<b>2,380</b>	<b>2,522</b>	<b>2,312</b>	<b>4,320</b>	<b>712</b>	<b>1,491</b>	<b>3,608</b>
<b>Adjusted PAT</b>	<b>2,587</b>	<b>2,707</b>	<b>2,309</b>	<b>4,622</b>	<b>794</b>	<b>1,491</b>	<b>3,608</b>
Change (%)	-30.3	4.6	-14.7	100.2	-82.8	87.9	142.0
Margin (%)	4.1	3.9	3.4	6.1	0.8	1.4	3.1

### Consolidated Balance Sheet

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	405	405	405	405	405	405	405
Total Reserves	25,656	27,257	28,675	32,758	32,324	33,329	36,452
<b>Net Worth</b>	<b>26,061</b>	<b>27,661</b>	<b>29,079</b>	<b>33,163</b>	<b>32,728</b>	<b>33,734</b>	<b>36,857</b>
Minority Interest	234	238	237	232	235	235	235
Total Loans	6,467	14,469	18,772	14,180	20,968	21,968	17,968
Deferred Tax Liabilities	1,893	2,198	2,744	2,800	3,177	3,177	3,177
<b>Capital Employed</b>	<b>34,655</b>	<b>44,566</b>	<b>50,832</b>	<b>50,376</b>	<b>57,108</b>	<b>59,114</b>	<b>58,237</b>
Gross Block	31,123	37,663	50,231	59,663	69,673	77,932	92,932
Less: Accum. Deprn.	4,030	5,868	8,633	12,029	16,381	20,994	26,291
<b>Net Fixed Assets</b>	<b>27,092</b>	<b>31,795</b>	<b>41,598</b>	<b>47,634</b>	<b>53,292</b>	<b>56,938</b>	<b>66,641</b>
Goodwill on Consolidation	0	0	0	0	0	0	0
Capital WIP	3,100	8,329	10,685	7,929	8,759	10,000	3,000
<b>Total Investments</b>	<b>2,135</b>	<b>1,814</b>	<b>1,837</b>	<b>2,101</b>	<b>1,792</b>	<b>1,792</b>	<b>1,792</b>
<b>Curr. Assets, Loans, and Adv.</b>	<b>19,137</b>	<b>22,111</b>	<b>19,410</b>	<b>23,652</b>	<b>27,176</b>	<b>32,819</b>	<b>33,012</b>
Inventory	7,846	10,056	9,257	11,299	13,096	14,620	15,778
Account Receivables	7,472	7,064	6,744	9,216	11,543	11,582	11,200
Cash and Bank Balance	863	735	342	431	363	1,333	194
Loans and Advances	2,956	4,256	3,067	2,706	2,174	5,284	5,840
<b>Curr. Liability and Prov.</b>	<b>16,810</b>	<b>19,484</b>	<b>22,697</b>	<b>30,940</b>	<b>33,910</b>	<b>42,435</b>	<b>46,208</b>
Account Payables	8,705	10,529	11,948	19,478	21,576	26,582	28,688
Other Current Liabilities	7,257	7,566	9,114	9,921	10,654	13,740	15,184
Provisions	848	1,389	1,635	1,541	1,680	2,114	2,336
<b>Net Current Assets</b>	<b>2,328</b>	<b>2,627</b>	<b>-3,288</b>	<b>-7,288</b>	<b>-6,734</b>	<b>-9,616</b>	<b>-13,196</b>
<b>Appl. of Funds</b>	<b>34,655</b>	<b>44,566</b>	<b>50,832</b>	<b>50,376</b>	<b>57,108</b>	<b>59,114</b>	<b>58,237</b>

E: MOFSL estimates

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>64.0</b>	<b>66.9</b>	<b>57.1</b>	<b>114.3</b>	<b>19.6</b>	<b>36.9</b>	<b>89.2</b>
Cash EPS	105.6	114.6	125.4	198.2	127.2	150.9	220.2
BV/Share	644.3	683.8	718.9	819.8	809.1	834.0	911.2
DPS	11.5	12.0	12.0	18.0	3.0	12.0	12.0
Payout (%)	23.6	23.2	25.3	16.9	17.0	32.6	13.5
<b>Valuation (x)</b>							
P/E	17.2	16.4	19.3	9.6	56.0	29.8	12.3
Cash P/E	10.4	9.6	8.8	5.5	8.6	7.3	5.0
P/BV	1.7	1.6	1.5	1.3	1.4	1.3	1.2
EV/Sales	0.8	0.8	0.9	0.8	0.7	0.6	0.5
EV/EBITDA	8.1	9.1	8.7	5.9	9.2	7.5	5.1
Dividend Yield (%)	1.0	1.1	1.1	1.6	0.3	1.1	1.1
<b>Return Ratios (%)</b>							
RoE	10.3	10.1	8.1	14.9	2.4	4.5	10.2
RoCE	8.8	8.1	7.0	12.2	3.6	5.0	8.6
RoIC	9.4	9.0	8.4	14.6	4.0	5.7	9.3
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	2.0	1.9	1.3	1.3	1.3	1.4	1.3
Asset Turnover (x)	1.8	1.6	1.3	1.5	1.6	1.8	2.0
Inventory (Days)	46	53	50	54	51	50	49
Debtor (Days)	43	37	36	44	45	40	35
Creditor (Days)	51	55	64	93	84	92	90
<b>Leverage Ratio (x)</b>							
Current Ratio	1.1	1.1	0.9	0.8	0.8	0.8	0.7
Interest Coverage Ratio	4.6	5.1	3.0	3.7	1.3	1.7	3.2
Net Debt/Equity ratio	0.2	0.5	0.6	0.4	0.6	0.6	0.5

### Consolidated Cash Flow Statement

(INR m)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	3,443	3,560	2,871	4,476	661	1,832	4,865
Depreciation	1,686	1,927	2,765	3,396	4,352	4,613	5,297
Interest and Finance Charges	974	880	1,509	1,755	2,070	2,221	1,927
Direct Taxes Paid	-979	-808	-181	-512	-200	-641	-1,557
(Inc.)/Dec. in WC	1,667	235	2,582	4,516	-736	3,851	2,441
<b>CF from Operations</b>	<b>6,791</b>	<b>5,794</b>	<b>9,546</b>	<b>13,631</b>	<b>6,147</b>	<b>11,876</b>	<b>12,973</b>
Others	-34	-267	17	-54	42	0	0
<b>CF from Operations incl. EO</b>	<b>6,757</b>	<b>5,527</b>	<b>9,563</b>	<b>13,577</b>	<b>6,189</b>	<b>11,876</b>	<b>12,973</b>
(Inc.)/Dec. in FA	-4,872	-11,073	-11,183	-6,395	-9,558	-9,500	-8,000
<b>Free Cash Flow</b>	<b>1,885</b>	<b>-5,547</b>	<b>-1,620</b>	<b>7,182</b>	<b>-3,369</b>	<b>2,376</b>	<b>4,973</b>
(Pur)/Sale of Investments	376	320	9	-27	-89	0	0
Others	345	236	419	241	203	140	170
<b>CF from Investments</b>	<b>-4,151</b>	<b>-10,517</b>	<b>-10,755</b>	<b>-6,181</b>	<b>-9,444</b>	<b>-9,360</b>	<b>-7,830</b>
Issue of Shares	0	0	0	0	0	0	0
Inc./(Dec.) in Debt	-523	6,260	3,854	-5,677	5,821	1,000	-4,000
Interest Paid	-973	-889	-1,925	-1,628	-1,944	-2,361	-2,097
Dividend Paid	-528	-526	-1,139	-4	-746	-485	-485
Others	-1	0	0	0	0	300	300
CF from Fin. Activity	-2,025	4,844	790	-7,309	3,132	-1,547	-6,282
<b>Inc./Dec. in Cash</b>	<b>582</b>	<b>-146</b>	<b>-402</b>	<b>87</b>	<b>-123</b>	<b>970</b>	<b>-1,139</b>
Opening Balance	240	822	675	274	361	238	1,207
<b>Closing Balance</b>	<b>822</b>	<b>675</b>	<b>274</b>	<b>361</b>	<b>238</b>	<b>1,207</b>	<b>68</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 - MOFSL) 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.