

# Eicher Motors

Estimate changes



TP change



Rating change



	EIM IN
Bloomberg	
Equity Shares (m)	273
M.Cap.(INRb)/(USD\$b)	666.1 / 8.6
52-Week Range (INR)	2995 / 2110
1, 6, 12 Rel. Per (%)	7/2/-9
12M Avg Val (INR M)	2114

## Financials & Valuations (INR b)

Y/E March	FY22	FY23E	FY24E
Sales	103.0	142.9	168.5
EBITDA	21.7	33.7	41.0
Adj. PAT	16.8	27.4	35.6
Adj EPS (INR)	61.3	100.3	130.1
EPS Gr (%)	21.1	63.6	29.7
BV/Sh (INR)	461	536	642
<b>Ratios</b>			
RoE (%)	13.8	19.8	21.7
RoCE (%)	13.8	19.8	21.7
Payout (%)	34.2	24.9	19.2
<b>Valuations</b>			
P/E (x)	39.7	24.3	18.7
P/BV (x)	5.3	4.5	3.8
Div. Yield (%)	0.9	1.0	1.0
FCF Yield (%)	1.3	4.7	4.3

## Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	49.2	49.2	49.2
DII	10.0	9.8	9.2
FII	29.2	29.5	29.1
Others	11.5	11.5	12.5

FII Includes depository receipts

**CMP: INR2,436**

**TP: INR2,900 (+19%)**

**Buy**

## Supply chain issues to ease after 2QFY23E

### Exports and non-motorcycle revenues are scaling well for RE

- Eicher Motors (EIM) reported in-line result, as the good performance of RE was offset by the miss in VECV. With supply chain issues likely to ease post-2QFY23E, the continued product portfolio expansion will aid domestic recovery and support ramp-up in exports.
- We increase our FY23E/FY24E consolidated EPS by 5.5%/4.0% to reflect the better margins for RE and volume upgrades for VECV. **Maintain BUY with a TP of INR2,900 (premised on Jun'24E SoTP).**

### Strong gross margin expansion offset by sustained higher other expenses

- EIM's consolidated revenue/EBITDA/PAT grew 9%/11%/8% YoY to ~INR31.9b/INR7.6b/INR6.1b, respectively, in 4QFY22. For FY22, its revenue/EBITDA/PAT rose 18%/19%/21%, respectively.
- RE realization improved 20.5% YoY to INR172.1k (est. INR173.3k) in 4QFY22, driven by price hikes and better mix (higher exports and non-motorcycle). However, RE volumes declined 9% YoY.
- S/A revenue grew 8% YoY to INR31.5b (est. INR31.8b). Gross margin improved 240bp YoY to 42.7% (est. 39.2%), aided by stable RM cost, price hikes and mix improvement. EBITDA margin improved 70bp YoY to 23.6% (v/s est. 22.5%), as higher-than-estimated other expenses (due to higher freight cost in exports) offset the benefit of gross margin beat. Higher tax limited S/A PAT to ~INR5.5b (in line); grew 14% YoY.
- **VECV:** Realization improved 8% YoY to INR2.1m (in line). EBITDA margin stood at 6.7% (est. 7.6%), likely impacted by higher RM cost. Net profit stood at INR1b (v/s est. INR1.25b).

### Highlights from the management commentary

- **Demand is resilient** aided by new products (Classic and Scram 411). RE bookings continue to be higher than retail.
- **Chip shortages:** It has added two suppliers, which will improve supplies for RE post 2QFY23E.
- The management believes that **exports are just taking-off** and expects exports to be very strong going forward driven by launch of new products (launched Classic 350 and Scram 411 in FY22).
- **Mr. B Govindranjan is elevated** to the post of **the CEO of Royal Enfield**, from the role of COO.
- **The CV industry faces a major challenge on pricing** due to competitive pressure. It expects pricing sanity to prevail upon improvement in the capacity utilization as demand improves. VECV was the only profitable CV player in FY22.

**Valuation and view**

- The near-term uncertainties due to supply chain issues notwithstanding, the expansion of product portfolio on new improved platforms will help EIM expand its addressable markets and drive the next phase of growth for RE.
- The stock trades at 24.3x/18.7x FY23E/FY24E consolidated EPS. We cut our target P/E multiple for RE to 20x (from 23x earlier), to reflect: a) a lower sustainable growth in the domestic market, b) rising competition and c) the impact of increase in risk-free rate. **Maintain BUY with a TP of INR2,900 (premised on Jun'24E SoTP).**

**Quarterly performance (Consolidated, INR m)**

Y/E March	FY21				FY22				FY21	FY22	4Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Net Operating income</b>	<b>8,182</b>	<b>21,336</b>	<b>28,283</b>	<b>29,403</b>	<b>19,743</b>	<b>22,496</b>	<b>28,807</b>	<b>31,933</b>	<b>87,204</b>	<b>1,02,978</b>	<b>32,804</b>
Growth (%)	-65.7	-2.7	19.3	33.2	141.3	5.4	1.9	8.6	-4.7	18.1	11.6
<b>EBITDA</b>	<b>38</b>	<b>4,711</b>	<b>6,720</b>	<b>6,844</b>	<b>3,630</b>	<b>4,699</b>	<b>5,824</b>	<b>7,571</b>	<b>18,313</b>	<b>21,723</b>	<b>7,276</b>
EBITDA Margins (%)	0.5	22.1	23.8	23.3	18.4	20.9	20.2	23.7	21.0	21.1	22.2
<b>PAT</b>	<b>102</b>	<b>3,472</b>	<b>5,012</b>	<b>4,571</b>	<b>2,765</b>	<b>3,634</b>	<b>4,202</b>	<b>5,564</b>	<b>13,146</b>	<b>16,165</b>	<b>5,417</b>
Share of JV Loss/(PAT)/ Min. Int.	654	39	-314	-690	394	-98	-359	-538	-311.3	-602	-678
<b>Recurring PAT</b>	<b>-552</b>	<b>3,433</b>	<b>5,326</b>	<b>5,633</b>	<b>2,371</b>	<b>3,732</b>	<b>4,561</b>	<b>6,101</b>	<b>13,829</b>	<b>16,766</b>	<b>6,095</b>
Growth (%)	-112.2	-40.0	6.8	85.1	-529.8	8.7	-14.4	8.3	-24.3	21.2	8.2

**Standalone (Royal Enfield)**

Y/E March	FY21				FY22				FY21	FY22	4Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Royal Enfield ('000 units)</b>	<b>57</b>	<b>151</b>	<b>200</b>	<b>205</b>	<b>124</b>	<b>123</b>	<b>170</b>	<b>186</b>	<b>612</b>	<b>602</b>	<b>186</b>
Growth (%)	-68.8	-9.6	9.2	25.6	115.9	-18.0	-15.1	-9.3	-12.0	-1.6	-9.3
<b>Net Realn (INR '000/unit)</b>	<b>134.3</b>	<b>141.1</b>	<b>140.4</b>	<b>142.8</b>	<b>154.3</b>	<b>176.8</b>	<b>167.4</b>	<b>172.1</b>	<b>140.8</b>	<b>168.1</b>	<b>173.3</b>
Change - YoY (%)	4.8	7.7	8.6	6.7	14.9	25.3	19.2	20.5	7.9	19.4	21.3
<b>EBITDA</b>	<b>12</b>	<b>4,838</b>	<b>6,580</b>	<b>6,685</b>	<b>3,345</b>	<b>4,427</b>	<b>5,814</b>	<b>7,550</b>	<b>17,865</b>	<b>21,136</b>	<b>7,248</b>
EBITDA Margins (%)	0.2	22.8	23.5	22.9	17.5	20.3	20.5	23.6	20.7	20.9	22.5
Depreciation	971	1,036	1,219	1,234	1,105	1,082	1,095	1,174	4,460	4,455	1,159
Other income	1,153	998	1,241	1,129	1,340	1,123	948	1,133	4,520	4,543	1,136
Interest cost	30	18	22	22	19	16	49	19	92	103	37
<b>PBT before EO item</b>	<b>163</b>	<b>4,782</b>	<b>6,580</b>	<b>6,557</b>	<b>3,561</b>	<b>4,452</b>	<b>5,618</b>	<b>7,490</b>	<b>17,833</b>	<b>21,121</b>	<b>7,189</b>
Exceptional Exp/(Inc)	0	0	0	250	0	0	0	0	250	0	0
<b>PBT after EO item</b>	<b>163</b>	<b>4,782</b>	<b>6,580</b>	<b>6,307</b>	<b>3,561</b>	<b>4,452</b>	<b>5,618</b>	<b>7,490</b>	<b>17,583</b>	<b>21,121</b>	<b>7,189</b>
Tax	40	1,173	1,696	1,627	889	1,018	1,396	1,956	4,536	5,259	1,757
Effective tax rate (%)	24.7	24.5	25.8	25.8	25.0	22.9	24.8	26.1	25.8	24.9	24.4
Reported PAT	123	3,609	4,885	4,681	2,672	3,434	4,223	5,534	13,047	15,862	5,432
<b>Recurring PAT</b>	<b>123</b>	<b>3,609</b>	<b>4,885</b>	<b>4,866</b>	<b>2,672</b>	<b>3,434</b>	<b>4,223</b>	<b>5,534</b>	<b>13,233</b>	<b>15,862</b>	<b>5,432</b>
Growth (%)	-97.5	-36.7	-0.1	40.6	2,072.4	-4.8	-13.6	13.7	-30.5	19.9	11.6

**VECV: Quarterly performance**

Y/E March	FY21				FY22				FY21	FY22	4Q
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
<b>Total CV Volumes</b>	<b>2,138</b>	<b>8,167</b>	<b>12,802</b>	<b>18,160</b>	<b>5,796</b>	<b>15,134</b>	<b>16,044</b>	<b>20,093</b>	<b>41,267</b>	<b>57,067</b>	<b>20,093</b>
Growth (%)	-84.0	-28.2	3.3	56.2	171.1	85.3	25.3	10.6	-15.3	38.3	10.6
<b>Net Realn (INR '000/unit)</b>	<b>2,998</b>	<b>2,146</b>	<b>2,093</b>	<b>1,983</b>	<b>2,828</b>	<b>2,083</b>	<b>2,260</b>	<b>2,143</b>	<b>2,102</b>	<b>2,230</b>	<b>2,122</b>
Change - YoY (%)	77.2	21.8	19.9	9.8	-5.7	-2.9	7.9	8.1	20.2	6.0	7.0
<b>Net Op. Income</b>	<b>6,410</b>	<b>17,530</b>	<b>26,800</b>	<b>36,020</b>	<b>16,390</b>	<b>31,530</b>	<b>36,257</b>	<b>43,063</b>	<b>86,764</b>	<b>1,27,240</b>	<b>42,631</b>
Growth (%)	-71.6	-12.5	23.8	71.4	155.7	79.9	35.3	19.6	1.8	46.7	18.4
<b>EBITDA</b>	<b>-720</b>	<b>1,180</b>	<b>2,305</b>	<b>3,200</b>	<b>180</b>	<b>1,700</b>	<b>2,416</b>	<b>2,864</b>	<b>6,182</b>	<b>7,160</b>	<b>3,235</b>
EBITDA Margins (%)	-11.2	6.7	8.6	8.9	1.1	5.4	6.7	6.7	7.1	5.6	7.6
<b>Recurring PAT</b>	<b>-1,200</b>	<b>-72</b>	<b>577</b>	<b>1,277</b>	<b>-709</b>	<b>177</b>	<b>643</b>	<b>1,002</b>	<b>850</b>	<b>1,113</b>	<b>1,249</b>
Growth (%)	-416.3	-147.7	92.6	-696.7	-40.9	-347.1	11.4	-21.5	45.8	30.9	-2.2

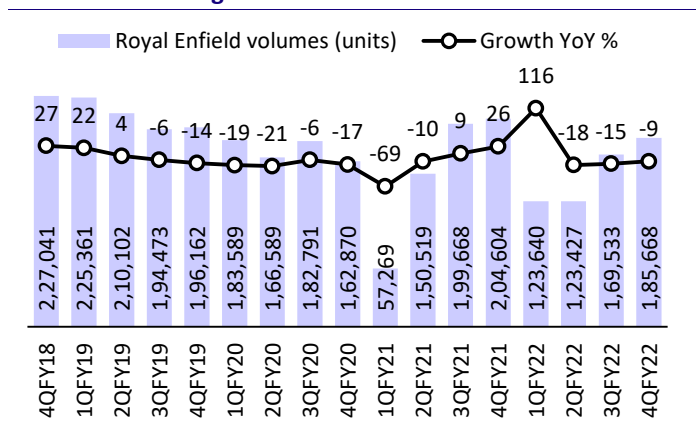
E: MOFSL Estimates

Key Performance Indicators

Y/E March	FY21				FY22				FY21	FY22	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4Q
<b>Standalone</b>											
Volume ('000 units)	57.3	150.5	199.7	204.6	123.6	123.4	169.5	185.7	612.1	602.3	185.67
Change (%)	-68.8	-9.6	9.2	25.6	115.9	-18.0	-15.1	-9.3	-12.0	-1.6	-9.3
Exports (as % of total vols)	4.1	7.1	6.1	6.5	15.3	14.4	11.1	13.6	6.3	13.5	13.6
Net Realn (INR '000/unit)	134.3	141.1	140.4	142.8	154.3	176.8	167.4	172.1	140.8	168.1	173.3
Growth YoY (%)	4.8	7.7	8.6	6.7	14.9	25.3	19.2	20.5	7.9	19.4	21.3
<b>Cost Break-up</b>											
RM Cost (% of net op income)	61.9	57.7	59.1	59.7	59.4	59.0	60.2	57.3	59.2	58.9	60.8
Staff Cost (% of net op income)	22.0	9.3	7.9	7.3	11.1	7.5	6.7	6.6	9.3	7.7	6.2
Other Exp (% of net op income)	16.0	10.2	9.5	10.1	11.9	13.2	12.6	12.4	10.7	12.6	10.5
Gross Margins (%)	38.1	42.3	40.9	40.3	40.6	41.0	39.8	42.7	40.8	41.1	39.2
EBITDA Margins (%)	0.2	22.8	23.5	22.9	17.5	20.3	20.5	23.6	20.7	20.9	22.5
EBIT Margins (%)	-12.5	17.9	19.1	18.7	11.7	15.3	16.6	20.0	15.6	16.5	18.9
<b>VECV</b>											
Total CV Volumes	2,138	8,167	12,802	18,160	5,796	15,134	16,044	20,093	41,267	57,067	20,093
Growth (%)	-84.0	-28.2	3.3	56.2	171.1	85.3	25.3	10.6	-15.3	38.3	10.6
Net Realn (INR '000/unit) - VECV	2,998	2,146	2,093	1,983	2,828	2,083	2,260	2,143	2,102	2,230	2122
Growth YoY (%)	77.2	21.8	19.9	9.8	-5.7	-2.9	7.9	8.1	20.2	6.0	7.0

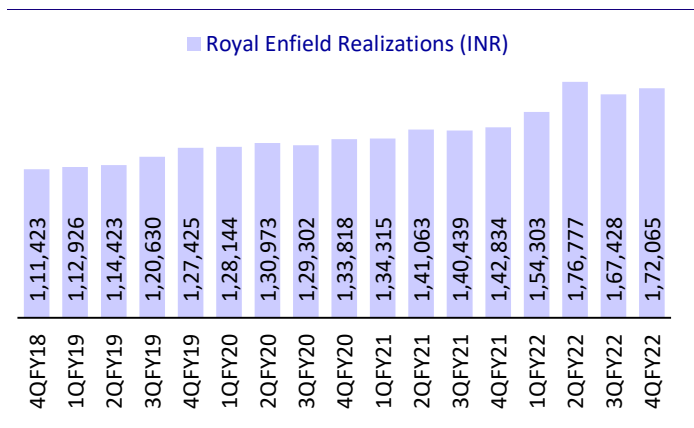
E:MOFSL Estimates

Exhibit 1: Volume growth trend for RE



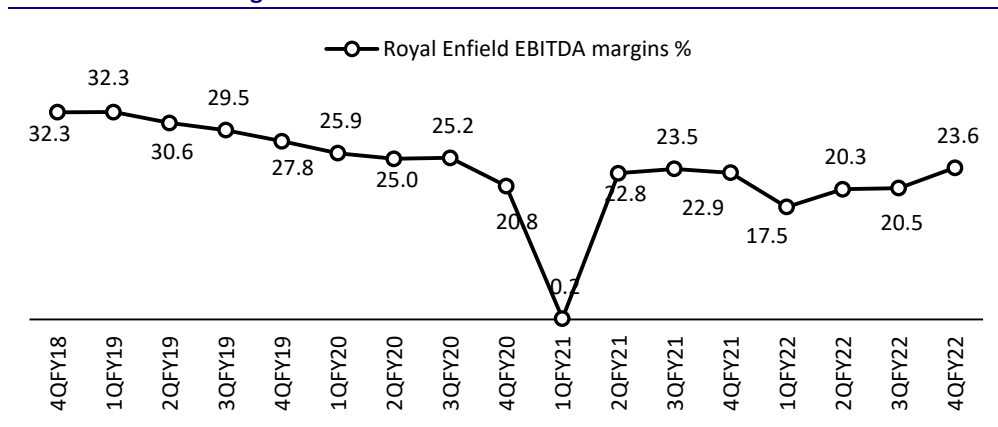
Source: Company, MOFSL

Exhibit 2: Realization trend for RE



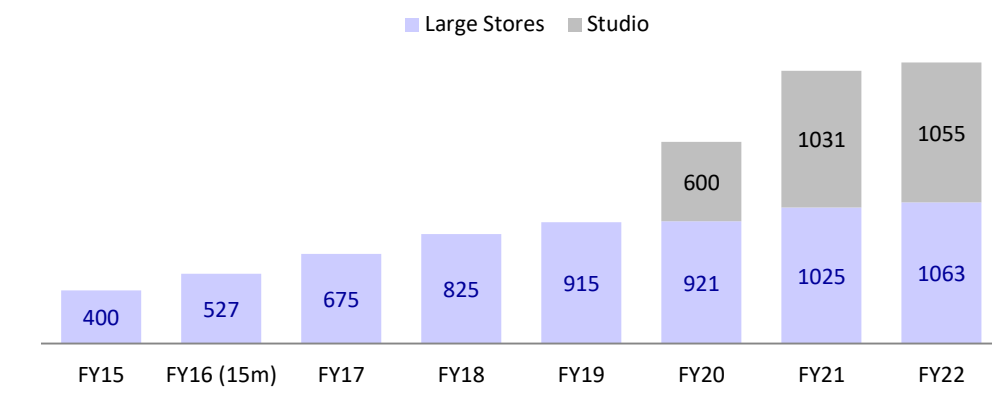
Source: Company, MOFSL

Exhibit 3: EBITDA margin trend for RE



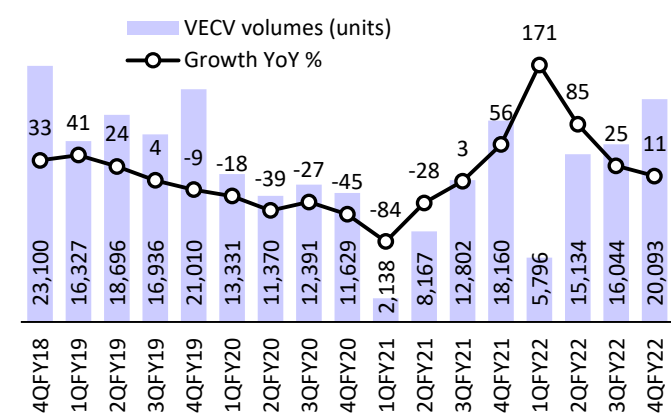
Source: Company, MOFSL

**Exhibit 4: Dealer network expansion to be driven by RE studios in smaller cities**



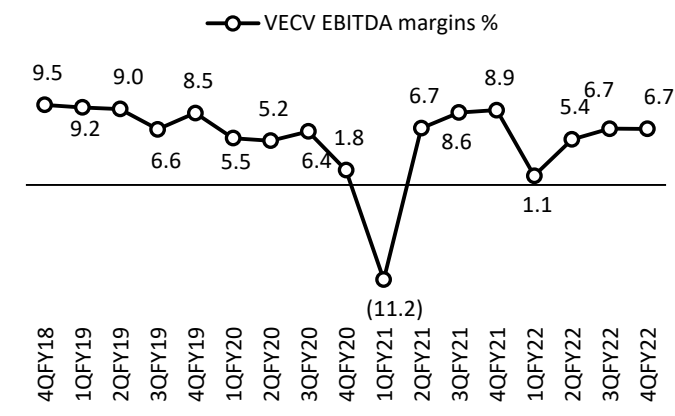
Source: Company, MOFSL

**Exhibit 5: Volume growth trend for VECV**



Source: Company, MOFSL

**Exhibit 6: EBITDA margin trend for VECV**



Source: Company, MOFSL

**Exhibit 7: VECV: Product mix**

	4QFY22	4QFY21	YoY (%)	3QFY22	QoQ (%)
L&MD - Trucks (Dom)	11,523	11,235	2.6	9,411	22.4
<i>% of total CV volumes</i>	57	62		59	
HD - Trucks (Dom)	4,065	3,638	11.7	2,916	39.4
<i>% of total CV volumes</i>	20	20		18	
Total Dom. Trucks	15,588	14,873	4.8	12,327	26.5
<i>% of total CV volumes</i>	78	82		77	
Buses (Dom)	1,957	967	102.4	912	114.6
<i>% of total CV volumes</i>	10	5		6	
<b>Total Domestic</b>	<b>17,545</b>	<b>15,840</b>	<b>10.8</b>	<b>13,239</b>	<b>32.5</b>
<i>% of total CV volumes</i>	87	87		83	
<b>Total Exports</b>	<b>2,106</b>	<b>1,881</b>	<b>12.0</b>	<b>2,419</b>	<b>-12.9</b>
<i>% of total CV volumes</i>	10	10		15	
<b>Total ETB</b>	<b>19,651</b>	<b>17,721</b>	<b>10.9</b>	<b>15,658</b>	<b>25.5</b>
<i>% of total CV volumes</i>	98	98		98	
<b>Volvo Truck India (units)</b>	<b>442</b>	<b>439</b>	<b>0.7</b>	<b>386</b>	<b>14.5</b>
<i>% of total CV volumes</i>	2	2		2	
<b>Total CV Volumes</b>	<b>20,093</b>	<b>18,160</b>	<b>10.6</b>	<b>16,044</b>	<b>25.2</b>



## Key takeaways from the management commentary

- **Mr. B Govindranjan is elevated** to the post of the **CEO of Royal Enfield**, from the role of COO.
- **Demand is resilient** aided by new products (Classic and Scram 411). RE bookings continue to be higher than retail.
- **RE sales network was stable** QoQ at 2,118 in 1,750 cities (1,063 large + 1,055 Studio formats). In FY22, it added 62 stores with coverage in cities remaining the same.
- **RM cost headwind continues** as base metal prices have started to increase, though precious metals have started to correct from the top. RE is focused on value engineering, digitalization, etc. to offset the impact of RM cost inflation.
- **Chip shortages:** It has added two suppliers, which will improve supplies for RE after 2QFY23E.
- **Non-motorcycle revenue rose 45%** in FY22 to ~INR15.9b (15.4% of FY22 standalone revenue v/s 12.5% in FY21).
- **Exports business has seen robust growth** in FY22, with 108% growth in volumes (to ~81k units or 13.5% of total volumes) and 105% growth in revenue to ~INR17.3b (~16.8% of S/A revenues v/s 9.7% in FY21).

### RE Exports

- **Expansion in global footprint continued in 4QFY22**, with net addition of nine exclusive stores (in EMEA, LATAM and APAC) to 165 exclusive stores globally. In FY22, it added 33 exclusive stores.
- **EIM's market share in international mid-size motorcycle segment is growing** and it now enjoys 7% market share each in the EU (~40% of export volumes) and APAC (30-35%) and 5% in the Americas (20% in LatAm and 5-10% in North America).
- The management believes that **exports are just taking-off** and expects exports to be very strong going forward driven by launch of new products (launched Classic 350 and Scram 411 in FY22).

### VECV

- **The CV industry faces a major challenge on pricing** due to competitive pressure. It expects pricing sanity to prevail upon improvement in the capacity utilization as demand improves. VECV was the only profitable CV player in FY22.

## Valuation and view

- **The worst seems to be behind, recovery underway:** Demand for RE is crawling back to the pre-COVID levels and is expected to improve going forward aided by new launches and ongoing expansion in the international market. After witnessing severe headwinds over the last 24 months, we expect volumes to grow hereafter. EIM continues to expand its addressable market via: a) distribution expansion (through smaller format stores), b) price laddering (by offering multiple 'trim' levels), c) new product launches (Classic 350 and additional products in the pipeline), and d) mass personalization through the 'Make it Yours' (MIY) platform.
- **Easing chip supplies and product launches to drive strong volume growth:** With a healthy response to the new Classic 350, all recent product launches of RE (Himalayan, 650cc twins, Meteor, and Classic 350) have seen good success. The launches will expand its product portfolio, narrow the gap in quality vis-à-vis the 650cc twins, and substantially augment its addressable market globally. Based on these coupled with easing supply side from 2HFY23E, we expect a ~23% volume

CAGR (over FY22-24), which will drive a 340bp margin recovery to 24.3% by FY24 and ~41% standalone PAT CAGR.

- **Export ramp-up now visible, to fully play out over the next few years:** RE is focused on creating an affordable Leisure Biking segment in the 250-650cc range and in the USD3-7k price bracket. Globally, the market size of the 250-650cc segment is ~1m annually, dominated by the Sports/Street Biking segments. Exports from India are over 0.5m annually for the Premium segment (excluding RE, over 150cc). However, RE's exports were flat YoY at ~39k units in FY21 (flat YoY in FY20 v/s 19k units in FY19). The same is likely to grow with launches such as the Meteor and backed by its international product quality. EIM has recently started executing its export strategy, based on experiential marketing, as it has done in India. It is opening exclusive stores in markets such as LatAm, Indonesia, London, Paris, Madrid, and ASEAN. It has expanded its exclusive store count to 165 in FY22. This has started to show results, with FY22 export revenues growing 105% or 16.8% of standalone revenues (~9.7% in FY21).
- **Consolidated EPS to grow at 46% CAGR over FY22-24E; maintain BUY:** We increase our FY23E/FY24E consolidated EPS by 5.5%/4.0% to reflect the better margins for RE and volume upgrades for VECV. Demand for RE is projected to recover aided by launches and ongoing expansion in the international market. After witnessing severe headwinds over the last 36 months, we expect volumes to grow hereafter. The recent launches could be an inflection point for RE as a completely new and improved platform may drive a healthy revival. VECV would see a cyclical recovery in volume and profit, in turn boosting consolidated PAT CAGR to 46% (over FY22-FY24). The stock trades at 24.3x/18.7x FY23E/FY24E consolidated EPS. We cut our target P/E multiple for RE to 20x (from 23x earlier), to reflect: a) a lower sustainable growth in the domestic market, b) rising competition and c) the impact of increase in risk-free rate. **Maintain BUY with a TP of INR2,900 (premised on Jun'24E SoTP).**

#### Exhibit 8: Our revised forecast

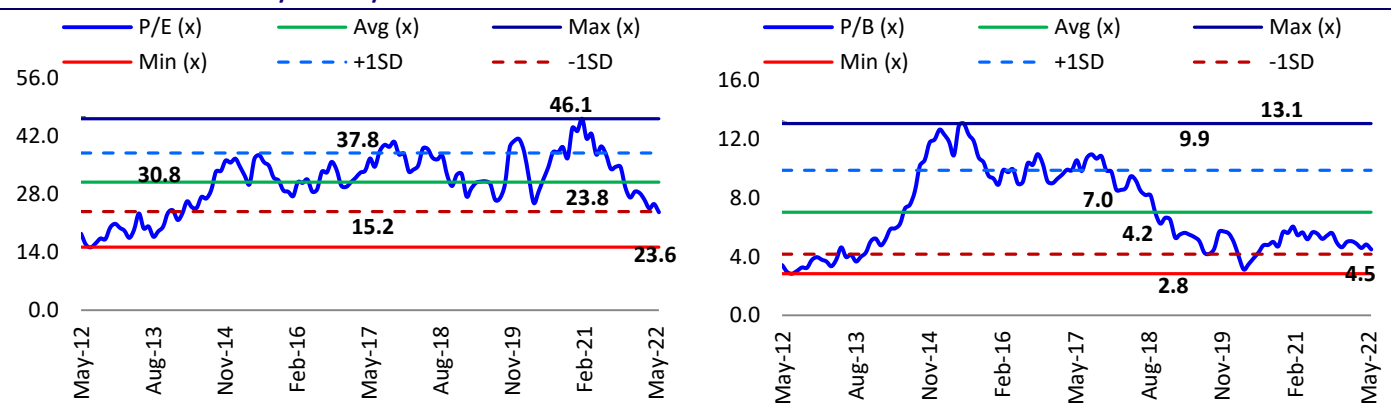
(INR M)	FY23E			FY24E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
<b>Standalone (RE)</b>						
Volumes (units)	8,00,885	8,00,885	-	9,07,714	9,07,714	-
Net Sales	1,40,195	1,41,634	(1.0)	1,65,334	1,66,934	(1.0)
EBITDA	32,973	30,569	7.9	40,118	38,488	4.2
EBITDA (%)	23.5	21.6	190bp	24.3	23.1	120bp
Net Profit	24,920	24,081	3.5	31,668	31,001	2.2
<b>EPS (INR)</b>	<b>91</b>	<b>88</b>	<b>3.3</b>	<b>116</b>	<b>114</b>	<b>2.0</b>
<b>VECV</b>						
Volumes (units)	74,847	69,148	8.2	89,154	82,946	7.5
Net Sales	1,69,853	1,55,609	9.2	1,94,646	1,78,443	9.1
EBITDA	12,254	10,590	15.7	16,536	14,459	14.4
EBITDA (%)	7.2	6.8	40bp	8.5	8.1	40bp
<b>EPS (INR)</b>	<b>9.0</b>	<b>6.5</b>	<b>37.9</b>	<b>14.8</b>	<b>11.8</b>	<b>26.1</b>
<b>Consol EPS (INR)</b>	<b>100.3</b>	<b>95.1</b>	<b>5.5</b>	<b>130.1</b>	<b>125.1</b>	<b>4.0</b>

**Exhibit 9: SoTP valuation**

INR M		FY23E	FY24E	FY25E
<b>Royal Enfield</b>				
PAT		24,920	31,668	37,775
Equity Value	PE @ 20x	4,98,407	6,30,517	7,53,609
<b>VECV (@ 54.4% Economic interest)</b>				
EBITDA		6,666	8,995	12,546
EV	@ 12x EV/EBITDA	79,995	1,07,946	1,50,546
Net Debt		-6,996	-11,266	-18,125
Equity Value		86,991	1,19,211	1,68,671
<b>Total Equity Value</b>		<b>5,85,398</b>	<b>7,49,728</b>	<b>9,22,280</b>
<b>Target Price (INR/Sh)</b>		<b>2,141</b>	<b>2,742</b>	<b>3,373</b>
Upside (%)		(12)	13	38

Source: Company, MOFSL

**Exhibit 10: Valuations – P/E and P/B band**



Source: MOFSL

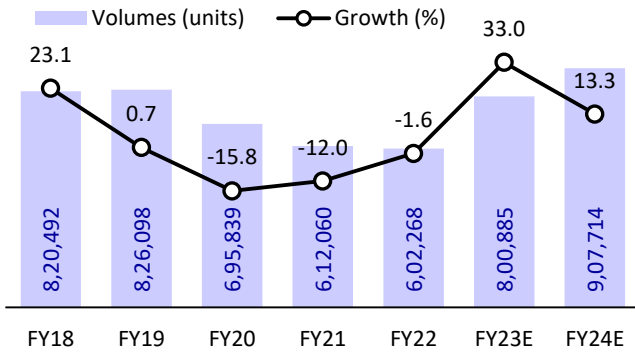
Source: MOFSL

**Snapshot of Revenue Model**

000 units	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>ROYAL ENFIELD (S/A)</b>							
<b>Total 2W (units)</b>	<b>820</b>	<b>826</b>	<b>696</b>	<b>612</b>	<b>602</b>	<b>801</b>	<b>908</b>
Growth (%)	23.1	0.7	-15.8	-12.0	-1.6	33.0	13.3
<b>Net realn (INR'000/unit)</b>	<b>109</b>	<b>118</b>	<b>129</b>	<b>140</b>	<b>166</b>	<b>173</b>	<b>179</b>
Growth (%)	3.3	8.3	10.1	8.2	18.4	4.2	3.9
<b>RE Revenues (INR b)</b>	<b>90</b>	<b>98</b>	<b>91</b>	<b>86</b>	<b>101</b>	<b>140</b>	<b>165</b>
Growth (%)	27.3	9.3	-7.3	-5.1	17.4	38.5	17.9
<b>VECV</b>							
Dom - LMD	44	48	36	27	36	49	58
Growth (%)	13.6	11.4	-26.2	-23.3	33.0	33.6	19.2
% of CV Vols	67.1	67.5	75.1	68.3	65.4	66.4	66.3
Dom - HCV	12	13	7	8	11	14	17
Growth (%)	11.4	7.3	-45.2	6.0	41.2	30.0	20.0
% of CV Vols	19.1	18.5	15.3	19.2	19.5	19.3	19.4
<b>Total Dom.</b>	<b>56</b>	<b>62</b>	<b>43</b>	<b>35</b>	<b>47</b>	<b>63</b>	<b>75</b>
Growth (%)	13.1	10.5	-30.3	-18.3	34.8	32.8	19.4
% of CV Vols	86.1	86.0	90.4	87.5	84.9	85.7	85.7
Exports	9	10	5	5	8	11	13
Growth (%)	12.0	11.2	-54.4	10.0	67.7	25.0	18.7
% of CV Vols	13.9	14.0	9.6	12.5	15.1	14.3	14.3
<b>Total CV vols</b>	<b>65</b>	<b>72</b>	<b>48</b>	<b>40</b>	<b>56</b>	<b>73</b>	<b>88</b>
Growth (%)	12.9	10.6	-33.6	-15.6	38.9	31.6	19.3
MDEP Vols ('000 Ex captive)	32	34	31	22	23	24	26
<b>Net realn (INR'000/unit)</b>	<b>1,524</b>	<b>1,590</b>	<b>1,750</b>	<b>2,102</b>	<b>2,230</b>	<b>2,269</b>	<b>2,183</b>
Growth (%)	4	4	10	20	6	2	-4
<b>VECV Revenues (INR b)</b>	<b>100</b>	<b>116</b>	<b>85</b>	<b>87</b>	<b>127</b>	<b>170</b>	<b>195</b>
Growth (%)	17.5	15.4	-26.5	1.8	46.7	33.5	14.6
<b>Net Consol sales (INR b)</b>	<b>90</b>	<b>98</b>	<b>92</b>	<b>87</b>	<b>103</b>	<b>143</b>	<b>169</b>
Growth (%)	27.5	9.3	-6.6	-4.7	18.1	38.8	17.9

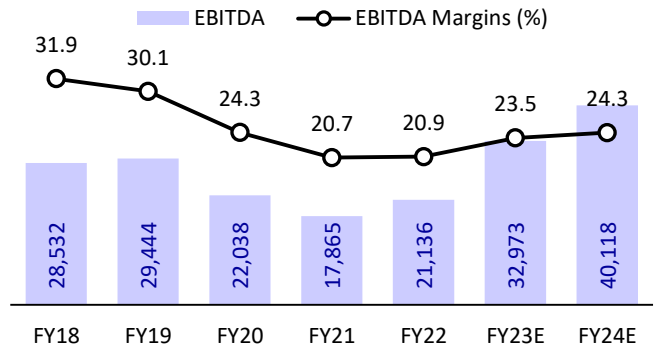
Story in charts

Exhibit 11: Volume and growth trends for RE



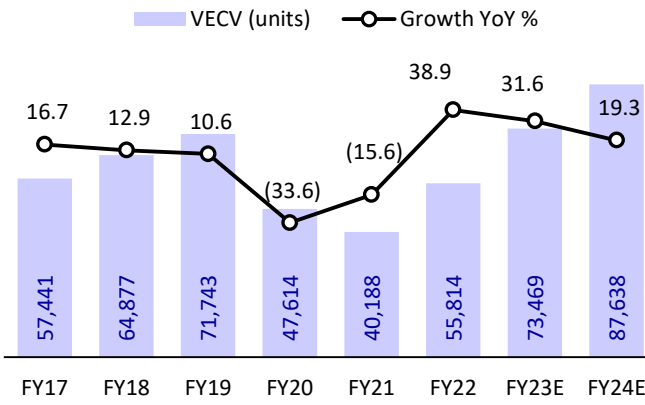
Source: Company, MOFSL

Exhibit 12: EBITDA and EBITDA margin trends for RE



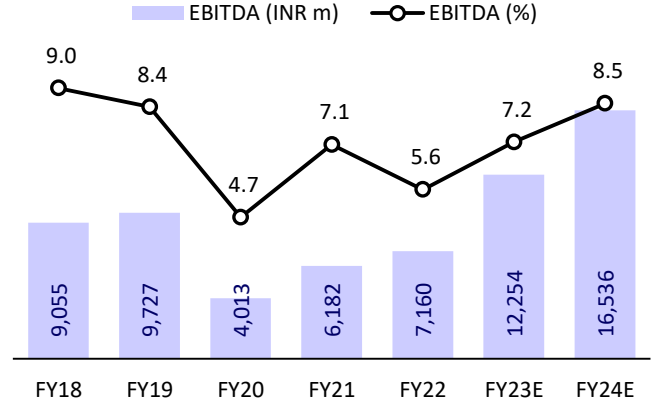
Source: Company, MOFSL

Exhibit 13: Volume growth trajectory for VECV



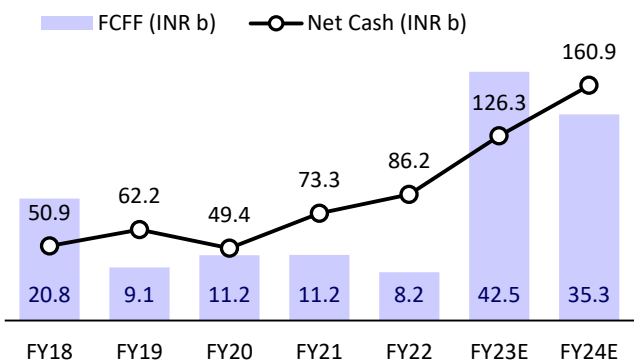
Source: Company, MOFSL

Exhibit 14: EBITDA and EBITDA margin for VECV



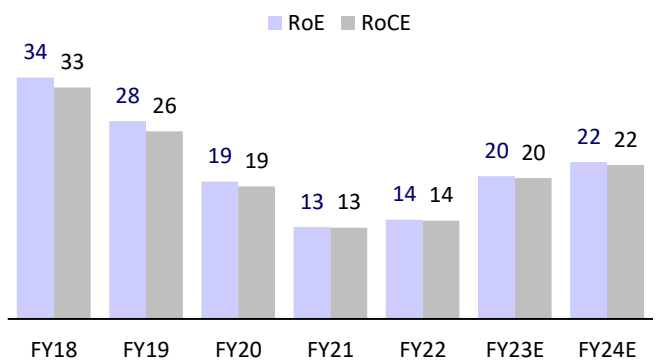
Source: Company, MOFSL

Exhibit 15: Strong FCF generation and liquidity (pro-rata)



Source: Company, MOFSL

Exhibit 16: Return ratios to remain healthy



Source: Company, MOFSL



## Financials and valuations

Income Statement (Consolidated)							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
<b>Net Op. Income</b>	<b>92,193</b>	<b>97,971</b>	<b>91,536</b>	<b>87,204</b>	<b>1,02,978</b>	<b>1,42,931</b>	<b>1,68,511</b>	
Change (%)	16.1	6.3	-6.6	-4.7	18.1	38.8	17.9	
<b>EBITDA</b>	<b>28,076</b>	<b>29,031</b>	<b>21,804</b>	<b>18,313</b>	<b>21,723</b>	<b>33,684</b>	<b>41,025</b>	
EBITDA Margin (%)	31.5	29.9	24.0	21.1	21.4	23.9	24.7	
Depreciation	2,233	3,003	3,815	4,507	4,519	4,970	5,547	
<b>EBIT</b>	<b>25,843</b>	<b>26,028</b>	<b>17,988</b>	<b>13,805</b>	<b>17,203</b>	<b>28,714</b>	<b>35,479</b>	
Interest cost	53	73	189	165	188	130	130	
Other Income	2,801	4,434	5,433	4,532	4,408	4,700	6,450	
<b>PBT</b>	<b>28,591</b>	<b>30,389</b>	<b>23,232</b>	<b>18,173</b>	<b>21,424</b>	<b>33,284</b>	<b>41,799</b>	
Tax	9,359	10,770	5,275	4,527	5,259	8,307	10,276	
Effective Rate (%)	32.7	35.4	22.7	24.9	24.5	25.0	24.6	
<b>PAT</b>	<b>19,232</b>	<b>19,619</b>	<b>17,957</b>	<b>13,646</b>	<b>16,165</b>	<b>24,977</b>	<b>31,522</b>	
Change (%)	26.2	2.0	-8.5	-24.0	18.5	54.5	26.2	
Less: Minority Interest	-2,566	-2,584	-317	-311	-602	-2,455	-4,055	
<b>Adj. PAT</b>	<b>21,017</b>	<b>22,203</b>	<b>18,274</b>	<b>13,829</b>	<b>16,766</b>	<b>27,432</b>	<b>35,577</b>	
Change (%)	22.7	5.6	-17.7	-24.3	21.2	63.6	29.7	

Balance Sheet (Consolidated)							(INR m)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	
<b>Sources of Funds</b>								
Share Capital	273	273	273	273	273	273	273	
Reserves	70,028	88,914	99,536	1,14,108	1,25,807	1,46,404	1,75,146	
<b>Net Worth</b>	<b>70,301</b>	<b>89,187</b>	<b>99,809</b>	<b>1,14,381</b>	<b>1,26,080</b>	<b>1,46,677</b>	<b>1,75,419</b>	
Deferred Tax	1,421	2,739	2,522	2,215	2,201	3,530	5,207	
Loans	1,508	1,868	1,444	1,574	588	60	60	
<b>Capital Employed</b>	<b>73,230</b>	<b>93,794</b>	<b>1,03,775</b>	<b>1,18,170</b>	<b>1,28,869</b>	<b>1,50,267</b>	<b>1,80,687</b>	
<b>Application of Funds</b>								
Gross Fixed Assets	21,443	27,673	36,194	40,904	44,954	54,246	58,746	
Less: Depreciation	6,426	8,927	12,419	16,571	21,090	26,060	31,607	
<b>Net Fixed Assets</b>	<b>15,017</b>	<b>18,746</b>	<b>23,775</b>	<b>24,333</b>	<b>23,864</b>	<b>28,186</b>	<b>27,139</b>	
Capital WIP	3,332	4,497	3,122	3,143	5,048	250	250	
- of which Goodwill	223	223	223	0	0	0	0	
<b>Investments</b>	<b>55,808</b>	<b>49,225</b>	<b>57,488</b>	<b>39,021</b>	<b>77,206</b>	<b>79,047</b>	<b>82,088</b>	
<b>Curr.Assets, L &amp; Adv.</b>	<b>21,065</b>	<b>41,400</b>	<b>40,113</b>	<b>79,089</b>	<b>55,514</b>	<b>73,261</b>	<b>1,07,097</b>	
Inventory	3,946	6,334	5,724	8,746	11,324	6,914	8,153	
Sundry Debtors	680	903	868	1,582	3,020	1,152	1,359	
Cash & Bank Balances	12,120	29,653	29,506	58,304	27,225	58,473	89,658	
Loans & Advances	7	13	1	4,592	6,768	0	0	
Others	4,312	4,497	4,014	5,866	7,177	6,722	7,927	
<b>Current Liab. &amp; Prov.</b>	<b>21,992</b>	<b>20,075</b>	<b>20,722</b>	<b>27,416</b>	<b>33,141</b>	<b>30,476</b>	<b>35,888</b>	
Sundry Creditors	11,719	12,341	10,277	15,358	17,881	17,284	20,384	
Other Liabilities	9,511	6,928	9,472	10,930	13,362	11,523	13,589	
Provisions	763	807	974	1,128	1,898	1,669	1,915	
<b>Net Current Assets</b>	<b>-927</b>	<b>21,325</b>	<b>19,391</b>	<b>51,673</b>	<b>22,373</b>	<b>42,784</b>	<b>71,209</b>	
<b>Application of Funds</b>	<b>73,230</b>	<b>93,794</b>	<b>1,03,775</b>	<b>1,18,170</b>	<b>1,28,490</b>	<b>1,50,267</b>	<b>1,80,687</b>	

E: MOFSL Estimates

## Financials and valuations

### Ratios (Consolidated)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>77.1</b>	<b>81.4</b>	<b>66.9</b>	<b>50.7</b>	<b>61.3</b>	<b>100.3</b>	<b>130.1</b>
EPS Growth (%)	23.5	5.6	-17.8	-24.3	21.1	63.6	29.7
Book Value per Share	258	327	366	419	461	536	642
DPS	11.0	12.5	12.5	17.0	21.0	25.0	25.0
Payout (Incl. Div. Tax) %	15.6	17.9	21.7	33.6	34.2	24.9	19.2
<b>Valuation (x)</b>							
P/E	31.6	29.9	36.4	48.1	39.7	24.3	18.7
EV/EBITDA	18.3	17.3	25.4	27.9	23.2	13.6	10.3
EV/Sales	4.3	3.7	4.5	4.4	3.4	2.3	1.9
Price to Book Value	9.4	7.5	6.7	5.8	5.3	4.5	3.8
Dividend Yield (%)	0.5	0.5	0.5	0.7	0.9	1.0	1.0
<b>Profitability Ratios (%)</b>							
RoE	34.0	27.8	19.3	12.9	13.9	20.1	22.1
RoCE	32.6	26.4	18.7	12.9	13.8	19.8	21.7
RoIC	1,373.6	298.2	117.5	67.6	73.2	148.5	281.4
<b>Turnover Ratios</b>							
Debtors (Days)	3	3	3	7	11	3	3
Inventory (Days)	16	24	23	37	40	18	18
Creditors (Days)	48	46	41	64	63	44	44
Working Capital (Days)	-29	-19	-15	-21	-13	-24	-24
Asset Turnover (x)	1.2	1.0	0.9	0.7	0.8	0.9	0.9
<b>Leverage Ratio</b>							
Net Debt/Equity (x)	-0.7	-0.6	-0.7	-0.7	-0.7	-0.8	-0.8

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	(INR Million)
<b>Cash Flow Statement (Consolidated)</b>								
Profit before Tax	28,956	32,798	23,549	17,984	22,025	35,739	45,854	
Depreciation	2,233	3,003	3,815	4,507	4,519	4,970	5,547	
Direct Taxes Paid	-8,071	-9,085	-6,283	-4,566	-5,136	-6,978	-8,599	
(Inc)/Dec in Working Capital	4,380	-4,557	862	2,578	-1,503	5,682	1,653	
Interest/Div. Received	-394	-1,304	-2,207	-3,103	-2,440	-4,500	-6,250	
Other Items	-2,282	-5,126	-2,795	-265	-2,195	585	-5,213	
<b>CF from Oper. Activity</b>	<b>24,823</b>	<b>15,730</b>	<b>16,941</b>	<b>17,136</b>	<b>15,270</b>	<b>35,498</b>	<b>32,991</b>	
(Inc)/Dec in FA+CWIP	-7,460	-7,874	-5,445	-5,375	-6,387	-4,115	-4,500	
<b>Free Cash Flow</b>	<b>17,363</b>	<b>7,855</b>	<b>11,497</b>	<b>11,760</b>	<b>8,883</b>	<b>31,383</b>	<b>28,491</b>	
(Pur)/Sale of Invest.	-13,991	1,301	-9,639	-11,104	-3,446	2,659	3,209	
<b>CF from Inv. Activity</b>	<b>-21,450</b>	<b>-6,574</b>	<b>-15,084</b>	<b>-16,479</b>	<b>-9,833</b>	<b>-1,456</b>	<b>-1,291</b>	
Issue of Shares	195	361	289	384	65	0	0	
Inc/(Dec) in Debt	390	247	-709	130	-1,046	-529	0	
Interest Paid	-34	-50	-75	-91	-142	-130	-130	
Dividends Paid	-3,171	-3,482	-8,087	0	-4,647	-6,835	-6,835	
<b>CF from Fin. Activity</b>	<b>-2,620</b>	<b>-2,923</b>	<b>-8,583</b>	<b>-148</b>	<b>-5,934</b>	<b>-7,494</b>	<b>-6,965</b>	
<b>Inc/(Dec) in Cash</b>	<b>752</b>	<b>6,233</b>	<b>-6,725</b>	<b>509</b>	<b>-496</b>	<b>26,548</b>	<b>24,735</b>	
Add: Beginning Balance	172	925	7,158	432	941	445	26,994	
<b>Closing Balance</b>	<b>924</b>	<b>7,158</b>	<b>432</b>	<b>941</b>	<b>445</b>	<b>26,994</b>	<b>51,729</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 alterations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

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.