

Estimate change



TP change



Rating change

**CMP: INR4,922**

**TP: INR6,150 (+25%)**

**Buy**

**Strong customer additions; growth to bump up in FY23E**

**Margin to drop on elevated investments; business fundamentals intact**

Bloomberg	INMART IN
Equity Shares (m)	29
M.Cap.(INRb)/(USDb)	151.5 / 2
52-Week Range (INR)	9700 / 3965
1, 6, 12 Rel. Per (%)	16/-27/-59
12M Avg Val (INR M)	1196

#### Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Sales	7.5	9.1	11.0
EBITDA	3.1	2.9	3.7
PAT	3.0	3.2	4.0
EPS (INR)	97.2	104.6	130.3
EPS Gr. (%)	0.6	7.6	24.6
BV/Sh. (INR)	612.0	712.1	820.4

#### Ratios

RoE (%)	17.1	15.8	17.0
RoCE (%)	18.0	16.0	17.2
Payout (%)	2.1	19.1	15.4

#### Valuations

P/E (x)	50.6	47.1	37.8
P/BV (x)	8.0	6.9	6.0

#### Shareholding pattern (%)

As On	Mar-22	Dec-21	Mar-21
Promoter	49.5	49.5	49.9
DII	5.5	5.3	4.5
FII	24.0	26.6	27.7
Others	21.1	18.6	17.9

FII Includes depository receipts

- IndiaMART's 4QFY22 performance was weaker than expected led by a major miss on margin (at 28.4%), down 13.5pp QoQ and below our estimate of 32.7%. However, sales growth was above expectations at 12% YoY and 7.1% QoQ with the highest ever customer additions of 13k (above our expectation of 7k). Collections continued to be encouraging at +17% YoY, suggesting good visibility on FY23E revenue growth. Similarly, deferred revenue rose 25% YoY to INR 9.1b, which should support 20%+ revenue growth in FY23E.
- With travel opening up, rising spend levels, and continued supply-side squeeze, IndiaMART's management anticipates EBITDA margin to stay compressed in FY23.
- We expect 21% revenue CAGR during FY22-24, and believe the company's margin will stabilize at 33.5% in FY24. This, in turn, should drive a 16% PAT growth over the same period.
- Management upgraded its paid subscriber addition guidance to 8-9k from 6-7k earlier propelled by opening up of travel, improved sales traction and lower customer churn. Additionally, its ARPU should start recovering going forward as business activity stabilizes and entry-level customers upgrade to higher packages.
- We view its ongoing investment into SaaS ecosystem as a positive, albeit marginal to the overall valuation currently. We would keep a close watch on the performance of its acquired entities as they remain synergistic to IndiaMART's customer base and can drive long-term differentiation v/s peers.
- IndiaMART saw significant de-rating due to margin concerns. We continue to view it as a key beneficiary of technology adoption within India's MSME universe as well as of a shift to formalized ecosystem. We believe that the company remains poised to drive significant value due to its industry-leading position in the segment. Moreover, the recent buy-back indicates management confidence in the business.
- We lower our FY23E/24E EPS by 9.5%/8.0% mainly because of lower margins. We value IndiaMART on a DCF basis to arrive at our TP of INR6,150 (23% potential upside), assuming 12% WACC and 6% terminal growth rate, implying 47x FY24E EPS. **Reiterate BUY.**

#### Good topline growth but large miss on margins

- Revenue stood at INR2.0b (1.8% above our estimates), +12.1% YoY and +7.1% QoQ.
- For FY22, Revenue/PAT grew 12.5%/6.4% YoY, respectively, while EBITDA declined 6.2% YoY.
- Deferred revenue rose 25% YoY to INR9.1b, while Collections grew 17% YoY to INR3.2b.
- The company added 13k paying subscribers (expectation of 7k, +11% YoY), resulting in an ARPU dip of 1.3% QoQ to INR47,400.

**Mukul Garg - Research analyst** (Mukul.Garg@MotilalOswal.com)

**Raj Prakash Bhanushali - Research analyst** (Raj.Bhanushali@MotilalOswal.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.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- EBITDA margin dipped 13.5pp QoQ to 28.4%, below our estimate of 32.7%, primarily led by higher employee and outsourced sales costs.
- PAT stood at INR574m, -14% YoY, and 20% miss to our estimates.
- Traffic was flat QoQ at 260m v/s 259m in 3QFY22.
- Total suppliers on the platform stood at 7.1m, an increase of 9.2% YoY
- Total Paid suppliers stood at 169K, an increase of 11.2% YoY and 8.3% QoQ.
- Total cash and investments stood at INR24.2b (v/s INR25.2b in 3QFY22).
- OCF stood at INR1,580m, implying OCF/PAT of 275%.
- IndiaMart announced a dividend of INR2 per share and INR1.0b buy-back at INR6,250/- per share.

#### Highlights from the management commentary

- The company added the highest ever paid customers at 13k and plans to add customers in the range of 8-9k per quarter going forward.
- IndiaMart is now actively managing Busy Infotech and the focus is on – a) doubling growth rate, b) creating new customer base and c) building a strong team to support growth.
- Margin in 4QFY22 was impaired by higher expenses as the company expanded its sales team (increased total headcount by 15%) and gave generous salary hikes to retain people. The cost run-rate remained elevated at INR500m for Mar'22.
- Management guided that there will be pressure on margins and costs will stay elevated in FY23E as it would be the year of investments to capture the growth.

#### Valuation and view: Strong collections to sustain; growth story intact

- Strong collections are testimony to the recovery in demand momentum. We anticipate the collections momentum to remain intact in the near term.
- We are confident of the strong fundamental growth in operations, propelled by: a) higher growth in digitization among SMEs (~25%), b) the need for out-of-the-circle buyers, c) a strong network effect, d) over 70% market share in the underlying industry, e) the ability to improve ARPU on low price sensitivity, and f) high operating leverage.
- We have arrived at our DCF-based TP of INR6,150, assuming 12% WACC and 6% terminal growth rate. Our TP implies a 23% potential upside from the current level. **Reiterate BUY.**

**Consolidated – Quarterly Earnings Model**

(INR m)

Y/E March	FY21				FY22				FY21	FY22	Estimate	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Gross Sales</b>	<b>1,531</b>	<b>1,632</b>	<b>1,736</b>	<b>1,797</b>	<b>1,816</b>	<b>1,824</b>	<b>1,881</b>	<b>2,014</b>	<b>6,696</b>	<b>7,535</b>	<b>1,978</b>	<b>1.8</b>
YoY Change (%)	4.1	4.2	5.3	5.6	18.6	11.8	8.4	12.1	4.9	12.5	10.1	200bQ
Total Expenditure	798	815	858	943	930	992	1,093	1,442	3,414	4,457	1,331	8.3
<b>EBITDA</b>	<b>733</b>	<b>817</b>	<b>878</b>	<b>854</b>	<b>886</b>	<b>832</b>	<b>788</b>	<b>572</b>	<b>3,282</b>	<b>3,078</b>	<b>647</b>	<b>-11.6</b>
Margins (%)	47.9	50.1	50.6	47.5	48.8	45.6	41.9	28.4	49.0	40.8	32.7	-430bQ
Depreciation	44	44	38	35	32	28	30	29	161	119	30	-5
Interest	18	18	16	15	14	14	13	13	67	54	13	0
Other Income	337	179	246	104	294	314	219	295	866	1,122	343	-14
<b>PBT before EO expense</b>	<b>1,008</b>	<b>934</b>	<b>1,070</b>	<b>908</b>	<b>1,134</b>	<b>1,104</b>	<b>964</b>	<b>825</b>	<b>3,920</b>	<b>4,027</b>	<b>947</b>	<b>-12.9</b>
Extra-Ord expense	0	0	0	109	0	0	0	0	109	0	0	
<b>PBT</b>	<b>1,008</b>	<b>934</b>	<b>1,070</b>	<b>799</b>	<b>1,134</b>	<b>1,104</b>	<b>964</b>	<b>825</b>	<b>3,811</b>	<b>4,027</b>	<b>947</b>	<b>-12.9</b>
Tax	263	234	263	226	240	264	231	193	986	928	227	-15
Rate (%)	26.1	25.1	24.6	28.3	21.2	23.9	24.0	23.4	25.9	23.0	24.0	-60bQ
MI & P/L of Asso. Cos.	4	2	5	16	15	18	31	58	27	122	0	
<b>Reported PAT</b>	<b>741</b>	<b>698</b>	<b>802</b>	<b>557</b>	<b>879</b>	<b>822</b>	<b>702</b>	<b>574</b>	<b>2,798</b>	<b>2,977</b>	<b>720</b>	<b>-20.3</b>
<b>Adj. PAT</b>	<b>741</b>	<b>698</b>	<b>802</b>	<b>666</b>	<b>879</b>	<b>822</b>	<b>702</b>	<b>574</b>	<b>2,907</b>	<b>2,977</b>	<b>720</b>	<b>-20.3</b>
YoY Change (%)	131.6	684.3	105.1	50.3	18.6	17.8	-12.5	-13.8	133.9	2.4	8.1	-2190bQ
Margins (%)	48.4	42.8	46.2	37.1	48.4	45.1	37.3	28.5	43.4	39.5	36.4	-790bQ

**Key Performance Indicators**

Y/E March	FY21				FY22				FY21	FY22
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Revenue Indicators</b>										
Paid Suppliers ('000)	133.0	141.0	148.0	152.0	146.0	150.0	156.0	169.0	574	621
ARPU ('000)	45.5	45.8	46.7	47.0	49.7	48.4	48.0	47.4	44	45
<b>Cost Indicators</b>										
Employees	3150	2917	2826	2745	2982	2959	3185	3672	2745	3672
Other Expenses (INR m)	198	196	211	223	250	252	273	278	828	1053

**Highlights from the management commentary****Collections and customer additions**

- Collections grew 17% YoY in 4QFY22 v/s 24% YoY in 3QFY22. Deferred revenue was at INR9.1b up 25% YoY.
- Strength of improvement in collections signifies the value proposition of the company for its customers.
- The company added the highest ever paid customers at 13k and plans to add customers in the range of 8-9k per quarter going forward.

**Accounting ecosystem**

- The investment in accounting space is the key focus area, in line with the vision of IndiaMart to improve the ease of doing business.
- IndiaMart's accounting portfolio is ready to serve all types of customers from micro to large enterprises.
- Busy Infotech had INR450mn in collections and CFO of INR100mn (+10% over FY21)
- IndiaMart is now actively managing Busy Infotech and the focus is on – a) doubling growth rate, b) creating new customer base and c) building a strong team to support growth.

### Customer churn

- Churn of the Platinum and Gold customers is back to the pre-Covid levels at around 10%.
- Silver annual customers have 25-30% churn, which is better than Covid-levels. Silver monthly customers improved to 5% churn from 6% and management indicated that this should trend downwards.

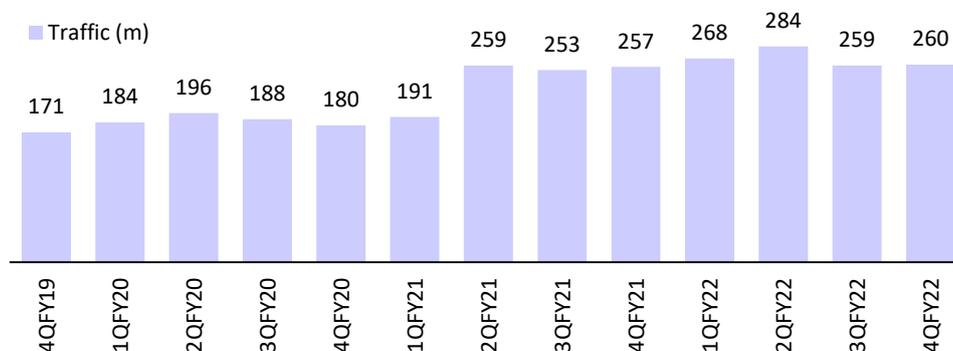
### Cost and margins

- Margin in 4Q was adversely impacted by higher expenses as the company expanded its sales team (increased total headcount by 15%) and gave generous salary hikes to retain people. Cost run-rate remained elevated at INR500m for Mar'22.
- Management guided that there will be pressure on margins and costs will stay elevated in FY23E as it would be the year of investments to capture the growth.
- The higher margins in previous quarters were due to cost savings because of lower volumes. The volumes have started picking up and the management is planning to double the growth, thus creating pressure on margins.
- The management does not expect any slow-down in cost run-rate for 1QFY23.
- Salary costs were INR740m v/s INR600m in the last quarter; Incentives were at INR50m v/s INR20m in the last quarter and other expenses (related to employees) were at INR90m v/s INR30m in the last quarter.

### Other Highlights

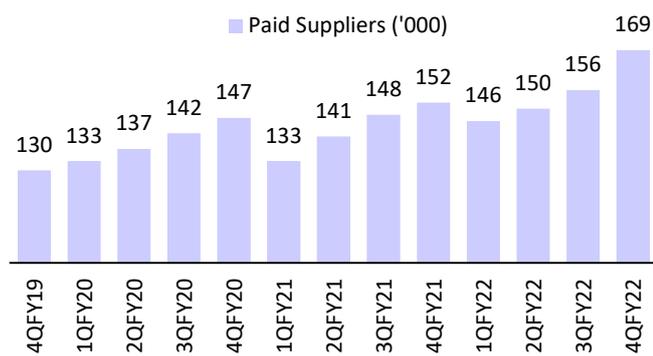
- ARPU was negatively affected by higher customer additions. The long-run guidance for ARPU growth remains at 5%.
- Enquires should come back as schools are reopening and travel and hotel are bouncing back.
- There could be a slow-down in commodities due to pricing environment.
- IndiaMart has started cross selling in Vyapar and has also integrated IndiaMart search feature in the Vyapar app.
- On the M&A front, deal flow has reduced substantially as the management has scanned most of the market and focus will be to integrate recent investments to reap synergies.

**Exhibit 1: Traffic was largely flat QoQ**



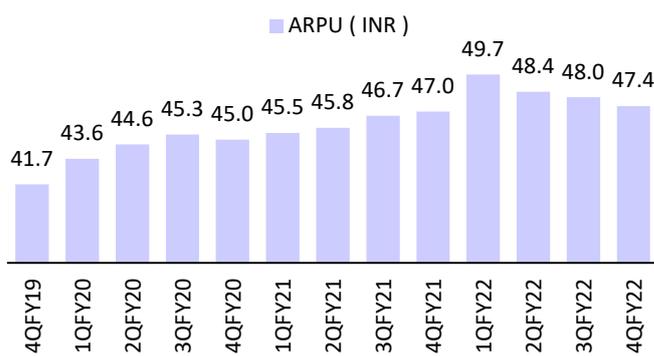
Source: Company, MOFSL

Exhibit 2: Paid suppliers saw a meaningful jump



Source: Company, MOFSL

Exhibit 3: ARPU again saw a dip



Source: Company, MOFSL

### Valuation and view: Strong collections to sustain; growth story intact

- Strong collections are testimony to the recovery in demand momentum. We anticipate the collections momentum to remain intact in the near term.
- We are confident of the strong fundamental growth in operations, propelled by: a) higher growth in digitization among SMEs (~25%), b) the need for out-of-the-circle buyers, c) a strong network effect, d) over 70% market share in the underlying industry, e) the ability to improve ARPU on low price sensitivity, and f) high operating leverage.
- We have arrived at our DCF-based TP of INR6,150, assuming 12% WACC and 6% terminal growth rate. Our TP implies a 23% potential upside from the current level. **Reiterate BUY.**

Exhibit 4: Revisions to our estimates

Standalone business	Revised			Estimate			Change (% / bp)		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Revenue (INR m)	7535.0	9075.9	10974.5	7,499.2	9,162.2	11,288.9	0.5	-0.9	-2.8
YoY (%)	12.5	20.4	20.9	12.0	22.2	23.2	50bp	-170bp	-230bp
EBITDA (%)	40.8	31.7	33.5	42.0	36.5	37.0	-120bp	-490bp	-340bp
EBIT (%)	39.3	30.1	32.0	40.4	35.0	35.4	-120bp	-490bp	-340bp
EPS (INR)	97.2	104.6	130.3	102.0	115.5	141.5	-4.7	-9.5	-7.9

Source: MOFSL

## Financials and valuations

Consolidated - Income Statement							(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Total Income from Operations</b>	<b>4,110</b>	<b>5,070</b>	<b>6,386</b>	<b>6,696</b>	<b>7,535</b>	<b>9,076</b>	<b>10,975</b>
Change (%)	29.2	23.4	26.0	4.9	12.5	20.4	20.9
Employees Cost	1,950	2,290	2,670	2,052	2,676	4,027	4,782
Outsourced sales cost	440	570	724	534	728	1,020	1,142
Other Expenses	1,250	1,370	1,310	828	1,053	1,156	1,372
<b>Total Expenditure</b>	<b>3,640</b>	<b>4,230</b>	<b>4,704</b>	<b>3,414</b>	<b>4,457</b>	<b>6,203</b>	<b>7,296</b>
% of Sales	88.6	83.4	73.7	51.0	59.2	68.3	66.5
<b>EBITDA</b>	<b>470</b>	<b>840</b>	<b>1,682</b>	<b>3,282</b>	<b>3,078</b>	<b>2,873</b>	<b>3,678</b>
Margin (%)	11.4	16.6	26.3	49.0	40.8	31.7	33.5
Depreciation	30	40	207	161	119	139	168
<b>EBIT</b>	<b>440</b>	<b>800</b>	<b>1,475</b>	<b>3,121</b>	<b>2,959</b>	<b>2,734</b>	<b>3,510</b>
Int. and Finance Charges	1,230	650	29	67	54	52	52
Other Income	190	410	683	866	1,122	1,514	1,772
<b>PBT bef. EO Exp.</b>	<b>-600</b>	<b>560</b>	<b>2,129</b>	<b>3,920</b>	<b>4,027</b>	<b>4,196</b>	<b>5,229</b>
EO Items	0	0	229	-109	0	0	0
<b>PBT after EO Exp.</b>	<b>-600</b>	<b>560</b>	<b>2,358</b>	<b>3,811</b>	<b>4,027</b>	<b>4,196</b>	<b>5,229</b>
Total Tax	-1,150	350	872	986	928	982	1,223
Tax Rate (%)	191.7	62.5	37.0	25.9	23.0	23.4	23.4
Minority Interest	0.0	0.0	14.0	27.0	122.0	0.0	0.0
<b>Reported PAT</b>	<b>550</b>	<b>210</b>	<b>1,472</b>	<b>2,798</b>	<b>2,977</b>	<b>3,215</b>	<b>4,006</b>
<b>Adjusted PAT</b>	<b>550</b>	<b>210</b>	<b>1,243</b>	<b>2,907</b>	<b>2,977</b>	<b>3,215</b>	<b>4,006</b>
Change (%)	-185.7	-61.8	491.9	133.9	2.4	8.0	24.6
Margin (%)	13.4	4.1	19.5	43.4	39.5	35.4	36.5

Consolidated - Balance Sheet							(INR m)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	100	286	289	303	306	306	306
Total Reserves	-3,312	1,313	2,462	15,806	18,435	21,588	24,918
<b>Net Worth</b>	<b>-3,213</b>	<b>1,599</b>	<b>2,751</b>	<b>16,109</b>	<b>18,741</b>	<b>21,894</b>	<b>25,224</b>
Other Liabilities	5,393	2,300	3,312	3,318	3,934	4,156	4,896
Total Loans	0	0	0	0	0	0	0
Deferred Tax Liabilities	-1,247	-964	-536	-244	-234	-254	-274
<b>Capital Employed</b>	<b>933</b>	<b>2,935</b>	<b>5,527</b>	<b>19,183</b>	<b>22,441</b>	<b>25,796</b>	<b>29,845</b>
<b>Net Fixed Assets</b>	<b>73</b>	<b>85</b>	<b>52</b>	<b>22</b>	<b>31</b>	<b>51</b>	<b>71</b>
Goodwill on Consolidation	8	6	5	3	2	2	2
Capital WIP	2	2	2	2	2	2	2
Other Assets	345	44	1,514	1,054	4,818	4,818	4,818
<b>Total Investments</b>	<b>3,111</b>	<b>6,450</b>	<b>8,719</b>	<b>22,174</b>	<b>23,008</b>	<b>26,008</b>	<b>29,008</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>642</b>	<b>657</b>	<b>401</b>	<b>1,616</b>	<b>1,394</b>	<b>2,256</b>	<b>4,683</b>
Inventory	0	0	0	0	0	0	0
Account Receivables	7	6	17	13	13	25	30
Cash and Bank Balance	467	402	169	401	495	1,285	3,647
Loans and Advances	168	250	215	1,202	886	946	1,006
<b>Curr. Liability &amp; Prov.</b>	<b>3,247</b>	<b>4,308</b>	<b>5,166</b>	<b>5,688</b>	<b>6,814</b>	<b>7,341</b>	<b>8,739</b>
Account Payables	419	450	179	154	184	259	308
Other Current Liabilities	2,720	3,709	4,682	5,210	6,348	6,790	8,129
Provisions	107	149	305	324	282	292	302
<b>Net Current Assets</b>	<b>-2,604</b>	<b>-3,650</b>	<b>-4,765</b>	<b>-4,072</b>	<b>-5,420</b>	<b>-5,085</b>	<b>-4,056</b>
Misc. Expenditure	0	0	0	0	0	0	0
<b>Appl. of Funds</b>	<b>934</b>	<b>2,936</b>	<b>5,527</b>	<b>19,183</b>	<b>22,441</b>	<b>25,796</b>	<b>29,845</b>

## Financials and valuations

### Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>28.6</b>	<b>7.7</b>	<b>51.8</b>	<b>96.6</b>	<b>97.2</b>	<b>104.6</b>	<b>130.3</b>
Cash EPS	28.6	7.7	51.8	96.6	97.2	104.6	130.3
BV/Share	-167.1	58.6	96.8	556.2	612.0	712.1	820.4
DPS	0.0	0.0	10.1	15.4	2.0	2.0	22.0
Payout (%)	0.0	0.0	22.7	16.0	2.1	19.1	15.4
<b>Valuation (x)</b>							
P/E	172.1	639.2	95.0	50.9	50.6	47.1	37.8
Cash P/E	172.1	639.2	95.0	50.9	50.6	47.1	37.8
P/BV	-29.5	84.0	50.9	8.8	8.0	6.9	6.0
EV/Sales	22.9	26.4	21.9	21.2	19.9	16.5	13.5
EV/EBITDA	200.4	159.3	83.1	43.3	48.8	52.2	40.1
Dividend Yield (%)	0.0	0.0	0.2	0.3	0.0	0.0	0.4
FCF per share	92.0	91.7	90.1	111.4	130.0	77.7	140.5
<b>Return Ratios (%)</b>							
RoE	-34.2	-26.0	57.2	30.8	17.1	15.8	17.0
RoCE	36.0	-56.2	62.5	31.3	18.0	16.0	17.2
RoIC	30.5	-9.1	-25.5	-68.5	-102.2	-163.4	-124.7
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	56.4	59.8	122.8	304.4	243.1	178.0	154.6
Asset Turnover (x)	4.4	1.7	1.2	0.3	0.3	0.4	0.4
Debtor (Days)	1	0	1	1	1	1	1
Creditor (Days)	37	32	10	8	9	10	10
<b>Leverage Ratio (x)</b>							
Current Ratio	0.2	0.2	0.1	0.3	0.2	0.3	0.5
Interest Cover Ratio	0.4	1.2	50.9	46.6	54.8	52.6	67.5
Net Debt/Equity	1.1	-4.3	-3.2	-1.4	-1.3	-1.2	-1.3

### Consolidated - Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
<b>(INR m)</b>							
OP/(Loss) before Tax	-601	539	2,114	3,893	3,904	4,196	5,229
Depreciation	29	41	211	161	119	139	168
Interest & Finance Charges	-28	-30	33	67	54	52	52
Direct Taxes Paid	-10	-52	-186	-588	-971	-982	-1,223
(Inc)/Dec in WC	1,297	1,684	1,022	471	1,800	657	2,052
<b>CF from Operations</b>	<b>687</b>	<b>2,183</b>	<b>3,194</b>	<b>4,004</b>	<b>4,906</b>	<b>4,063</b>	<b>6,279</b>
Others	1,103	368	-589	-779	-883	-1,514	-1,772
<b>CF from Operating incl EO</b>	<b>1,791</b>	<b>2,551</b>	<b>2,605</b>	<b>3,225</b>	<b>4,023</b>	<b>2,549</b>	<b>4,507</b>
(Inc)/Dec in FA	-22	-51	-45	2	-42	-159	-188
<b>Free Cash Flow</b>	<b>1,769</b>	<b>2,500</b>	<b>2,560</b>	<b>3,227</b>	<b>3,981</b>	<b>2,389</b>	<b>4,319</b>
(Pur)/Sale of Investments	-1,586	-2,591	-2,047	-13,379	-356	-3,000	-3,000
Others	-44	-116	-233	1	-2,956	1,514	1,772
<b>CF from Investments</b>	<b>-1,653</b>	<b>-2,758</b>	<b>-2,325</b>	<b>-13,376</b>	<b>-3,354</b>	<b>-1,645</b>	<b>-1,417</b>
Issue of Shares	152	144	19	10,520	5	0	0
Interest Paid	0	-3	-199	-122	-125	-52	-52
Dividend Paid	0	0	-333	-15	-455	-61	-676
<b>CF from Fin. Activity</b>	<b>152</b>	<b>141</b>	<b>-513</b>	<b>10,383</b>	<b>-575</b>	<b>-113</b>	<b>-728</b>
<b>Inc/Dec of Cash</b>	<b>291</b>	<b>-65</b>	<b>-233</b>	<b>232</b>	<b>94</b>	<b>790</b>	<b>2,362</b>
Opening Balance	177	467	402	169	401	495	1,285
<b>Closing Balance</b>	<b>467</b>	<b>402</b>	<b>169</b>	<b>401</b>	<b>495</b>	<b>1,285</b>	<b>3,647</b>

NOTES

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

\*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.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.