

Engineers India

Estimate change

TP change

Rating change


CMP: INR68
TP: INR89 (+31%)
Buy

Normalcy to return gradually

Order inflow plunges 91% YoY

- Engineers India (ENGR)'s revenues were 14% higher than estimated; however, the lack of operating leverage led to a 16% miss in EBITDA. Margins in consultancy projects were weak at 14.3% v/s 39.3% in 1QFY20.
- Order inflows plunged 91% YoY to INR810m, with another INR160m worth of orders received thus far. Order inflows were primarily from the Hydrocarbon segment. The order book (OB) declined 20% YoY to INR91.2b, with OB/rev at 3.1x, the lowest in last four years. With superior execution and lower order inflows, a depleting order book remains a concern, although it is not alarming at this stage.
- On account of lower order inflows and a hazy outlook for FY21E, we reduce our FY21/FY22E EPS by 14%/5% and maintain our Buy rating, with TP of INR89 (prior: INR93).

Revenues higher than estimated; Profitability disappoints

- 1QFY21 snapshot:** Revenue fell 36% YoY to INR4.7b (14% above our estimates). EBITDA was down 85% YoY to INR214m (16% below our estimate). Employee cost increased 4% YoY, while other expenses declined 58% YoY. The EBITDA margin stood at 4.6% (v/s our est. of 6.2%). Other income came in at INR497m (lower than our est. of INR580m). Effective tax stood lower at 26.4% (v/s 35.3% YoY). Adj. PAT was down 61% YoY to INR481m (**17% below our estimates**).
- Segmental snapshot: Consultancy:** 1QFY21 revenues fell 38% YoY to INR2.7b. The EBIT margin stood at 14.3% (v/s 39.3% YoY). **Turnkey: 1QFY21** revenues were down 34% YoY to INR1.9b. The EBIT margin stood at 1.5% (v/s 2.7% YoY).

Order inflow and order book position

- Order inflows were down 91% YoY to a modest INR810m. Orders in the Consultancy segment stood at INR680m, with INR644m generated from the domestic market and INR36m from overseas. Order inflow in the Turnkey segment stood at INR130m.
- OB was down 20% YoY to INR91.2b, implying book-to-bill of 3.1x. OB for the Consultancy segment decreased 12% YoY to INR42.3b, and that for the Turnkey segment declined 26% YoY to INR48.8b. Orders from overseas formed ~14% of the total OB (INR13b).

Highlights from management commentary

- Margin guidance for Turnkey was reduced to ~3% based on orders in hand. Margins for Consultancy are expected to be ~25% once complete normalcy is resumed. The dip in consultancy margins in 1QFY21 was ascribed to lower sales.
- With the on-going slackness due to COVID-19, management expects order inflow of INR15b in FY21.
- Cash in hand stood at INR25b, with ENGR evaluating options such as higher dividend payouts and investments into strategic assets to boost RoEs.

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



Bloomberg	ENGR IN
Equity Shares (m)	674
M.Cap.(INRb)/(USDb)	42.9 / 0.6
52-Week Range (INR)	123 / 50
1, 6, 12 Rel. Per (%)	-9/-12/-36
12M Avg Val (INR M)	169

Financials & Valuations (INR b)

Y/E Mar	2020	2021E	2022E
Sales	32.0	22.4	29.6
EBITDA	4.4	2.5	4.5
PAT	4.3	3.6	5.0
EBITDA (%)	13.8	11.0	15.3
EPS (INR)	6.8	5.7	7.9
EPS Gr. (%)	16.3	(16.3)	38.2
BV/Sh. (INR)	34.8	35.5	36.4

Ratios

Net D/E	(1.4)	(1.3)	(1.3)
RoE (%)	18.3	15.1	20.3
RoCE (%)	20.8	17.0	22.9
Payout (%)	87.7	87.7	87.7

Valuations

P/E (x)	10.0	11.9	8.6
P/BV (x)	1.9	1.9	1.9
EV/EBITDA (x)	3.5	7.8	4.0
Div Yield (%)	7.6	6.3	8.8
FCF Yield (%)	8.3	2.7	15.7

Shareholding pattern (%)

As On	Jun-20	Mar-20	Jun-19
Promoter	51.5	51.5	52.0
DII	25.5	25.5	26.1
FII	7.6	7.6	6.6
Others	15.4	15.4	15.4

FII Includes depository receipts

Valuation and view

On account of lower order inflows and a hazy outlook for FY21E, we lower our FY21/FY22E EPS by 14%/5%. We forecast a revenue/EBITDA/PAT CAGR of -4%/1%/7.5% over FY20–22E. We expect the reversal of the revenue mix in favor of the Consultancy segment to aid profitability. We maintain **Buy**, with TP of INR89 (prior: INR93), assigning INR50 to the core business (10x FY22E core EPS), to which we add INR39 for cash on the book.

Quarterly Performance**(INR m)**

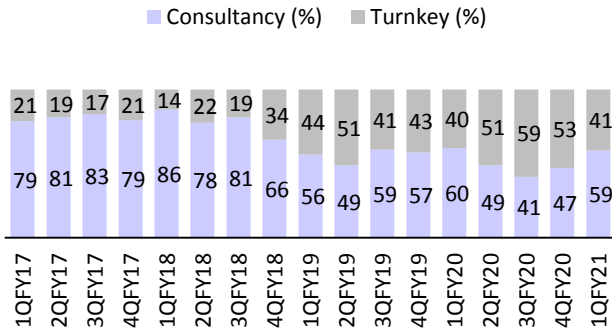
Y/E March	FY20				FY21E				FY20	FY21E	MOSLe	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	7,349	7,237	8,906	8,538	4,678	6,498	7,432	3,759	32,031	22,367	4,119	14
YoY Change (%)	28.2	6.2	54.4	39.4	-36.3	-10.2	-16.6	-56.0	31.0	-30.2	-44.0	
Total Expenditure	5,954	6,168	8,050	7,428	4,464	5,606	6,440	3,398	27,600	19,908	3,863	
EBITDA	1,395	1,069	856	1,110	214	892	992	362	4,430	2,460	256	-16
Margins (%)	19.0	14.8	9.6	13.0	4.6	13.7	13.3	9.6	13.8	11.0	6.2	
Depreciation	57	58	56	67	53	62	65	74	238	254	60	
Interest	3	4	4	6	4	4	4	5	17	17	4	
Other Income	583	655	657	685	497	670	680	776	2,580	2,622	580	
PBT	1,917	1,663	1,453	1,722	653	1,496	1,603	1,058	6,755	4,810	772	-15
Tax	676	986	366	425	172	377	404	257	2,453	1,211	195	
Rate (%)	35.3	59.3	25.2	24.7	26.4	25.2	25.2	24.3	36.3	25.2	25.2	
Reported PAT	1,241	678	1,087	1,297	481	1,119	1,199	801	4,302	3,599	577	-17
Adj PAT	1,241	678	1,087	1,297	481	1,119	1,199	801	4,302	3,599	577	-17
YoY Change (%)	43.3	-30.7	19.7	36.7	-61.3	65.2	10.3	-38.3	16.3	-16.3	-53.5	
Margins (%)	16.9	9.4	12.2	15.2	10.3	17.2	16.1	21.3	13.4	16.1	14.0	

Exhibit 1: Segmental performance

	FY19				FY20				FY21
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20	1Q21
Consultancy & Engineering Projects	3,223	3,324	3,425	3,522	4,445	3,540	3,651	4,017	2,751
Turnkey Projects	2,510	3,490	2,345	2,604	2,904	3,697	5,255	4,522	1,927
Total	5,733	6,814	5,770	6,126	7,349	7,237	8,906	8,538	4,678
YoY growth (%)									
Consultancy & Engineering Projects	-1%	0%	-11%	4%	38%	7%	7%	14%	-38%
Turnkey Projects	393%	263%	164%	51%	16%	6%	124%	74%	-34%
Total	53%	59%	22%	20%	28%	6%	54%	39%	-36%
Segmental EBIT									
Consultancy & Engineering Projects	900	964	1019	1011	1745	968	902	1373	393
Turnkey Projects	147	175	143	163	79	285	160	130	30
Total	808	858	895	875	1,337	1,012	800	1,043	161
EBIT Margin (%)									
Consultancy & Engineering Projects	27.9%	29.0%	29.7%	28.7%	39.3%	27.4%	24.7%	34.2%	14.3%
Turnkey Projects	5.9%	5.0%	6.1%	6.3%	2.7%	7.7%	3.0%	2.9%	1.5%
Total	20%	13%	16%	14%	18%	14%	9%	12%	3%

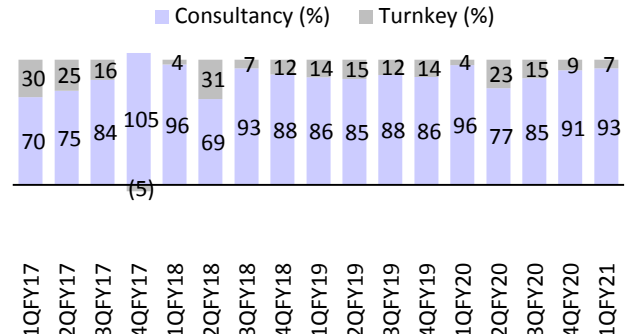
Source: MOFSL, Company

Exhibit 2: Revenue mix trend



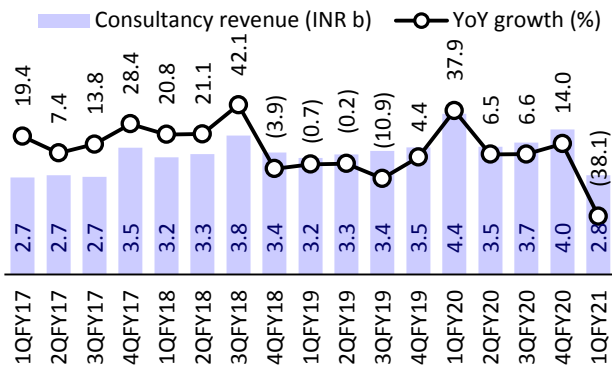
Source: MOFSL, Company

Exhibit 3: EBIT mix trend



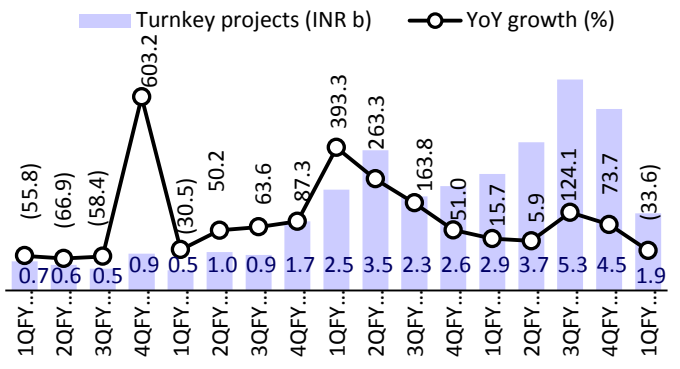
Source: MOFSL, Company

Exhibit 4: Consultancy revenue declined by 38% YoY...



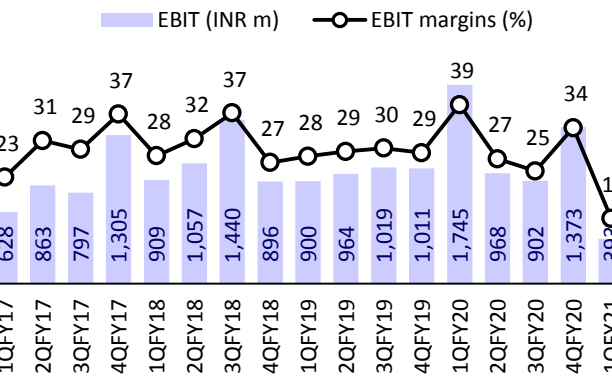
Source: MOFSL, Company

Exhibit 5: ...while Turnkey revenue declined 34% YoY



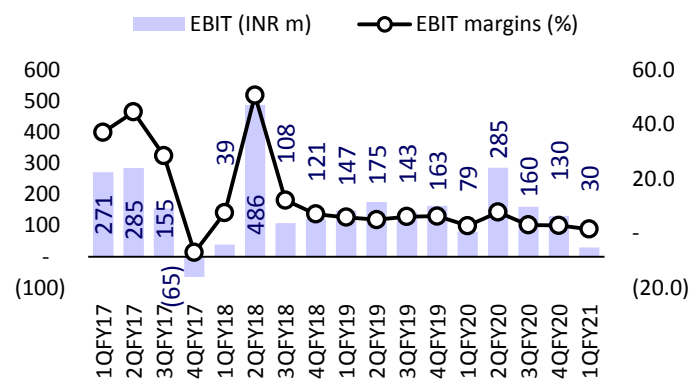
Source: MOFSL, Company

Exhibit 6: Consultancy margins plummeted on the lack of revenues...



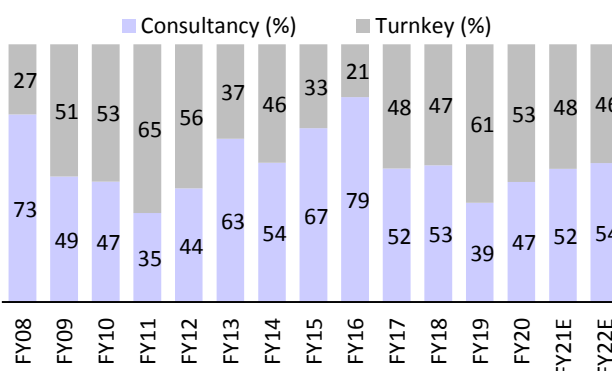
Source: MOFSL, Company

Exhibit 7: ...while Turnkey margins contracted lower than expected by 120bp YoY



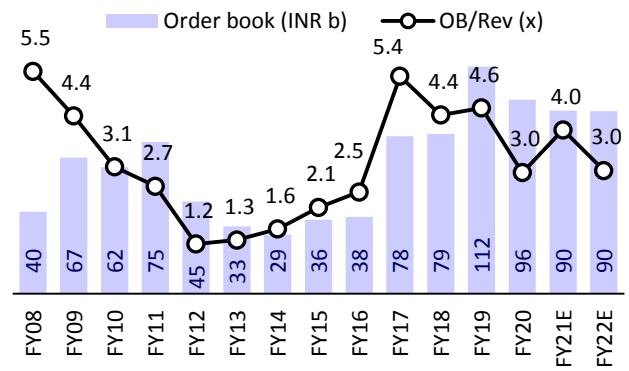
Source: MOFSL, Company

Exhibit 8: Order book expected to turn on favor of Consultancy segment over FY21–22E



Source: MOFSL, Company

Exhibit 9: OB/Revenue expected to remain range bound at 3–4x over FY20–22E



Source: MOFSL, Company

Valuation and view

- **Leadership position in Hydrocarbon segment:** ENGR is a market leader in the Hydrocarbon segment, through which it provides consultancy and turnkey solutions. OMCs' strong cash flow position post the diesel price deregulation, the necessity to upgrade to BS6-compliant facilities, and the need to build additional capacities (given 100% utilization at existing facilities) augur well for the company.
- **Order book strong, but new order inflows key to re-rating:** OB declined 20% YoY to INR91.2b, with OB/rev at 3.1x, the lowest in last four years. With superior execution and lower order inflows, a depleting order book remains a concern, although it is not alarming at this stage. OB for the Consultancy segment fell 12% YoY to INR42.3b and that for the Turnkey segment declined 26% YoY to INR48.8b. Current OB/rev ratio stands at 3x and could fuel revenue growth in the near term. However, new order outlook revival is key for a re-rating, in our view.
- **Maintain Buy:** On account of lower order inflows and a hazy outlook for FY21E, we reduce our FY21/FY22E EPS by 14%/5%. We forecast a revenue/EBITDA/PAT CAGR of -4%/1%/7.5% over FY20–22E. We expect the reversal of the revenue mix in favor of the Consultancy segment to aid profitability. We maintain **Buy**, with TP of INR89 (prior: INR93), assigning INR50 to the core business (10x FY22E core EPS), to which we add INR39 for cash on the book.

Exhibit 10: On account of lower order inflows and a hazy outlook for FY21E, we reduce our FY21/22E EPS by 14%/5%

Earnings Change (INR m)	Old		New		Change	
	FY21E	FY22E	FY21E	FY22E	FY21E	FY22E
Revenue	25,440	29,839	22,367	29,589	-12	-1
EBITDA	3,251	4,828	2,460	4,542	(24)	(6)
EBITDA margin	12.8%	16.2%	11.0%	15.3%	-1.8	-0.8
Adj. PAT	4,192	5,230	3,599	4,976	(14)	(5)

Source: MOFSL, Company

Financials and valuations

Income Statement						(INR m)
Y/E March	2018	2019	2020	2021E	2022E	2023E
Total Revenues	17,876	24,443	32,031	22,367	29,589	29,797
Change (%)	23.4	36.7	31.0	-30.2	32.3	0.7
Raw Materials	3,119	10,625	15,576	8,071	11,145	9,914
Staff Cost	7,571	7,571	8,444	9,309	10,558	11,973
Other Expenses	2,795	2,588	3,581	2,528	3,344	3,337
EBITDA	4,390	3,660	4,430	2,460	4,542	4,573
% of Total Revenues	24.6	15.0	13.8	11.0	15.3	15.3
Depreciation	238	224	238	254	274	293
Interest	6	12	17	17	17	17
Other income	1,795	2,251	2,580	2,622	2,399	2,457
Extraordinary items	-260	0	0	0	0	0
PBT	5,681	5,675	6,755	4,810	6,650	6,719
Tax	1,902	1,974	2,453	1,211	1,674	1,691
Rate (%)	33.5	34.8	36.3	25.2	25.2	25.2
Reported PAT	3,779	3,701	4,302	3,599	4,976	5,028
Adjusted PAT	4,039	3,701	4,302	3,599	4,976	5,028
Change (%)	10.0	-8.4	16.3	-16.3	38.2	1.0

Balance Sheet						(INR m)
Y/E March	2018	2019	2020	2021E	2022E	2023E
Share Capital	3,160	3,160	3,160	3,160	3,160	3,160
Reserves	19,519	19,599	20,295	20,738	21,350	21,969
Net Worth	22,679	22,758	23,455	23,897	24,510	25,128
Loans	0	0	0	0	0	0
Deferred Tax Liability	-3,029	-2,969	-2,695	-2,695	-2,695	-2,695
Capital Employed	19,650	19,789	20,760	21,203	21,815	22,434
Gross Fixed Assets	3,547	3,564	3,757	4,057	4,357	4,657
Less: Depreciation	711	925	1,163	1,417	1,691	1,985
Net Fixed Assets	2,836	2,639	2,594	2,640	2,666	2,673
Capital WIP	234	337	21	21	21	21
Investments	2,440	3,200	4,768	6,310	7,851	9,393
Curr. Assets	35,764	37,699	40,210	32,765	36,518	35,724
Inventory	11	69	66	46	61	62
Debtors	5,449	4,141	6,661	4,652	6,154	6,197
Cash & Bank Balance	24,806	26,611	27,225	23,698	24,523	23,645
Loans & Other Assets	5,498	6,878	6,257	4,369	5,780	5,821
Current Liab. & Prov.	21,624	24,086	26,834	20,534	25,242	25,378
Current Liabilities	16,885	19,294	20,883	14,583	19,291	19,427
Provisions	4,739	4,792	5,951	5,951	5,951	5,951
Net Current Assets	14,140	13,613	13,376	12,232	11,276	10,346
Application of Funds	19,650	19,789	20,760	21,203	21,815	22,434

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021E	2022E	2023E
Basic (INR)						
Adj EPS	6.4	5.9	6.8	5.7	7.9	8.0
Cash EPS	6.3	5.8	6.7	5.7	7.8	7.9
Book Value	33.7	33.8	34.8	35.5	36.4	37.3
DPS	4.0	5.0	5.2	4.3	6.0	6.0
Payout (incl. Div. Tax.)	77.6	99.0	87.7	87.7	87.7	87.7
Valuation (x)						
P/E	10.6	11.6	10.0	11.9	8.6	8.5
Cash P/E	10.7	11.7	10.1	11.9	8.7	8.6
Price/Book Value	2.0	2.0	1.9	1.9	1.9	1.8
EV/Sales	1.0	0.7	0.5	0.9	0.6	0.6
EV/EBITDA	4.1	4.4	3.5	7.8	4.0	4.2
Dividend Yield (%)	5.9	7.4	7.6	6.3	8.8	8.9
Profitability Ratios (%)						
RoE	17.8	16.3	18.3	15.1	20.3	20.0
RoCE	20.1	18.7	20.8	17.0	22.9	22.5
Turnover Ratios						
Debtors (Days)	111	62	76	76	76	76
Creditor (Days)	345	288	238	238	238	238
Asset Turnover (x)	0.9	1.2	1.5	1.1	1.4	1.3
Leverage Ratio						
Net Debt/Equity (x)	(1.2)	(1.3)	(1.4)	(1.3)	(1.3)	(1.3)

Cash Flow Statement

Y/E March	2018	2019	2020	2021E	2022E	2023E
(INR m)						
PBT before EO Items	5,941	5,675	6,755	4,810	6,650	6,719
Depreciation	238	224	238	254	274	293
Interest & other	0	12	17	0	0	0
Direct Taxes Paid	-2,274	-2,161	-2,220	-1,211	-1,674	-1,691
(Inc)/Dec in WC	4,083	3,430	-385	-2,383	1,781	51
CF from Operations	7,989	5,447	3,717	1,471	7,031	5,373
(Inc)/Dec in FA	-290	-322	-175	-300	-300	-300
Free Cash Flow	7,699	5,126	3,542	1,171	6,731	5,073
(Pur)/Sale of Investments	0	-760	-1,542	-1,542	-1,542	-1,542
CF from Investments	-290	671	356	-1,842	-1,842	-1,842
(Inc)/Dec in Networth	-5,929	0	0	0	0	0
(Inc)/Dec in Debt	0	0	0	0	0	0
Interest Paid	0	0	0	0	0	0
Dividend Paid	-2,931	-3,605	-3,301	-3,157	-4,364	-4,410
CF from Fin. Activity	-8,860	-3,605	-3,301	-3,157	-4,364	-4,410
Inc/Dec of Cash	-1,161	2,513	773	-3,527	825	-878
Add: Beginning Balance	23,105	24,806	26,610	27,225	23,698	24,523
Closing Balance	24,806	26,610	27,225	23,698	24,523	23,645

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. 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, 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.CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

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