

Estimate change



TP change



Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2022 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	MTCL IN
Equity Shares (m)	165
M.Cap.(INRb)/(USDb)	477.9 / 6
52-Week Range (INR)	5059 / 2458
1, 6, 12 Rel. Per (%)	-1/-26/15
12M Avg Val (INR M)	4095

Financials & Valuations (INR b)

Y/E Mar	2022	2023E	2024E
Sales	105.3	133.8	152.5
EBIT Margin (%)	18.6	19.0	19.2
PAT	16.5	20.4	23.7
EPS (INR)	100.1	123.7	143.7
EPS Gr. (%)	48.6	23.5	16.2
BV/Sh. (INR)	332	400	479

Ratios

RoE (%)	33.8	33.8	32.7
RoCE (%)	27.2	28.6	27.3
Payout (%)	45.0	45.0	45.0

Valuations

P/E (x)	29.0	23.4	20.2
P/BV (x)	8.7	7.2	6.0
EV/EBITDA (x)	20.3	15.5	13.1
Div Yield (%)	1.6	1.9	2.2

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	61.0	61.0	61.0
DII	12.1	10.5	12.0
FII	11.7	14.4	13.7
Others	15.3	14.2	13.3

FII Includes depository receipts

CMP: INR2,899
TP: INR 3,020 (+4%)
Neutral

Strong all-round performance, valuations rich

Record order book, margin stable

- MTCL reported a revenue of USD399m (up 5.5% QoQ CC) in 1QFY23, 90bp ahead of our estimate. Reported USD revenue grew 4%, driven by broad-based growth across verticals (excluding RCM, which fell 8.7% QoQ) and strong growth in its top client (up 8.6%). Deal TCV was at a record high of USD570m in 1QFY23, up 13% v/s its previous peak in 1QFY22.
- EBITDA margin rose 10bp QoQ (40bp ahead of MOSLe) in 1QFY23, despite a one-off merger-related expense of 60bp. MTCL was able to improve margin, despite lower utilization (down 190bp QoQ), employee addition of over 2.6k, and attrition up 70bp at 24.5%.
- While its RCM business was impacted by Retail project deferrals, it attributed the drag to geopolitical exposure rather than a macro slowdown. Strong commentary in other verticals, deal pipeline, and deal TCV in 1Q should help it deliver a solid revenue growth in FY23, despite a moderation in the second half. We expect it to deliver 17% CAGR in USD revenue over FY22-24.
- Moreover, the company should be able to maintain a stable margin profile in FY23, despite elevated attrition and supply-side pressures, given the exceptional start to the year (21.7% comparable EBITDA margin) unlike its peers. Net additions of ~2.6k (up 7.5% QoQ) in 1QFY23 remains robust, improving visibility. Good revenue growth and stable margin should help it deliver 20% PAT CAGR in INR terms over FY22-24E.
- MTCL has USD500m in cash and investments and recorded an FCF/EBITDA conversion of 61%.
- We maintain our **Neutral** rating on MTCL due to its fair valuations (20x FY24E P/E), and softness in Retail and constrains on management bandwidth due to its impending merger with LTI.
- We raise our FY23/FY24 EPS estimate by 6.1%/2.3% due to strong growth and margin beat. As the stock is trading at 20x FY24E EPS, we see limited upside hereafter. Our TP of INR3,020/share implies 21x FY24E EPS.

Strong broad-based 1QFY23 performance

- USD revenue grew 5.5% QoQ in CC terms, INR EBIT rose 47% YoY, and INR PAT increased by 37% YoY in 1QFY23.
- US drove the performance in 1QFY23 (+8.6% QoQ), while Europe declined even after adjusting for depreciation in the EUR and GBP.
- Record high deal TCV of USD570m, up 46% QoQ and 1.4x book-to-bill ratio.
- Net profit stood flat QoQ at INR4.71b (in line) due to lower other income.

Key highlights from the management commentary

- The management indicated deferment in spends for the Retail sector with select clients, but indicated that overall demand remained strong.

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- MTCL continues to witness robust demand and iterated that demand is intact in the near term. Customers are looking at long-term transformational initiatives, with a long tail of growth.
- Margin was impacted by visa costs (50bp) and one-time merger expenses (60bp), which was offset by operational efficiency (50bp) and FX gains (70bp).

Valuations fair, upside limited

- The management's increased focus on annuity revenue and strategic accounts is reflected in its revenue and client mix.
- A strong outlook on strategic accounts, decent deal signings, and the ability to sustain improved margin are key positives.
- The stock is currently trading at 20x FY24E EPS. As the key positives are already captured, we see limited upside hereafter. Our TP of INR3,020 per share implies 21x FY24E EPS. We maintain our **Neutral** rating.

Quarterly performance

Y/E March	(INR m)											
	FY22				FY23				FY22	FY23E	FY23E	Var.
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		1QE	(%/bp)	
Revenue (USD m)	311	350	366	384	399	420	432	447	1,411	1,698	397	0.5
QoQ (%)	7.7	12.8	4.7	4.7	4.0	5.3	2.8	3.4	31.1	20.4	3.5	49bp
Revenue (INR m)	22,917	25,862	27,500	28,974	31,211	33,206	34,128	35,285	1,05,253	1,33,830	30,601	2.0
YoY (%)	20.1	34.3	35.9	37.4	36.2	28.4	24.1	21.8	32.1	27.2	33.5	266bp
GPM (%)	29.0	28.9	30.4	30.1	31.0	29.9	30.5	30.5	29.6	30.5	30.2	81bp
SGA (%)	8.8	8.4	8.8	9.1	9.9	9.3	9.4	9.5	8.8	9.5	9.5	43bp
EBITDA (INR m)	4,645	5,307	5,921	6,083	6,581	6,840	7,201	7,399	21,956	28,021	6,334	3.9
EBITDA margin (%)	20.3	20.5	21.5	21.0	21.1	20.6	21.1	21.0	20.9	20.9	20.7	39bp
EBIT (INR m)	4,063	4,697	5,289	5,487	5,982	6,176	6,518	6,693	19,536	25,370	5,692	5.1
EBIT margin (%)	17.7	18.2	19.2	18.9	19.2	18.6	19.1	19.0	18.6	19.0	18.6	57bp
Other income	589	623	581	778	273	498	512	529	2,571	1,812	612	-55.4
ETR (%)	26.2	25.0	25.5	24.5	24.6	25.0	25.0	25.0	25.2	24.9	26.0	-140bp
PAT	3,434	3,989	4,375	4,731	4,716	5,006	5,273	5,417	16,529	20,411	4,665	1.1
QoQ (%)	8.2	16.2	9.7	8.1	-0.3	6.1	5.3	2.7			-1.4	108bp
YoY (%)	61.2	57.2	34.0	49.1	37.3	25.5	20.5	14.5	48.8	23.5	35.8	149bp
EPS (INR)	20.8	24.2	26.5	28.7	28.6	30.3	31.9	32.8	100.1	123.7	28.3	1.1

E: MOFSL estimates

Key performance indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Margins										
Gross margin	29.0	28.9	30.4	30.1	31.0	29.9	30.5	30.5	29.6	30.5
EBIT margin	17.7	18.2	19.2	18.9	19.2	18.6	19.1	19.0	18.6	19.0
Net margin	15.0	15.4	15.9	16.3	15.1	15.1	15.5	15.4	15.7	15.3
Operating metrics										
Headcount	27,256	29,732	31,959	34,827	37,455				27,256	
Attrition (%)	13.7	17.7	21.9	23.8	24.5				13.7	
Utilization	83.2	82.9	81.5	83.1	81.2				82.4	
Deal win TCV (USD m)	504.0	360.0	358.0	390.0	570.0				1494.0	
Top client (YoY %)										
Top client	11.6	12.8	16.8	18.4	22.0				15.0	
Outside top 10 clients	34.1	45.5	44.4	40.5	33.0				41.3	
Key geographies (YoY %)										
North America	18.9	26.2	26.4	28.0	28.9	26.9	24.6	22.1	25.0	25.5

Highlights from the management commentary

1QFY23 performance and order book

- MTCL delivered a strong growth of 4% QoQ and 28.6% YoY in 1QFY23.
- Its order book rose 46% QoQ to a record high USD570m in 1Q, with a strong pipeline in FY23.
- The order book has a healthy mix of annuity and transformation deals.
- It won one large customer applications deal in conjunction with LTI in Europe, showcasing its strong synergy.

Overall demand environment

- MTCL continues to witness robust demand and iterated that demand is intact in the near term. Customers are looking at long-term transformational initiatives, with a long tail of growth.
- The management indicated deferment in spends for the Retail sector with select clients, but indicated that overall demand remained strong.
- It suggests that clients are unlikely to stall important spends as technology proves to be an antidote in a weak macro environment.

Vertical outlook

- The Communications, Media, and Technology verticals saw strong demand in product engineering, digital marketing, cyber security, and customer experience.
- Retail continued to face a ramp-down in one deal, deferment in spends for some clients, and forex-related headwinds.
- The BFSI segment benefited from recent deals and a strong partner ecosystem.
- In the Travel vertical, diversification in newer areas aided growth, along with core areas like airlines.
- Its recent investment in Cope Health aided revenue growth in the Healthcare vertical in 1QFY23.

Client metrics

- Its top client grew 8.6% sequentially. The top two-to-five/top six-to-ten/non-top 10 accounts grew 6%/4%/1.6% QoQ.
- MTCL continued with its strategy of rationalizing tail accounts and focusing on upsell and cross-sell opportunities in its focus 100 accounts. The latter now contributes more than 90% of revenue.
- The company added 13 clients in 1QFY23. Active clients fell to 274 v/s 276 in 4QFY22 as the management continues to rationalize tail accounts. It continues to add new logos, which are strategic to the business.

Supply-side

- LTM attrition surged by 70bp QoQ to 24.5%. While the supply-side environment is challenging, the management doesn't expect it to continue for long. It expects normalization in coming quarters.
- The management stressed on the importance of its fresher hiring program and a ramp-up in hiring. It hired ~1,500 freshers for the fourth consecutive quarter. Around 20% of its workforce now consist of freshers.

Margin performance and outlook

- MTCL reported an EBITDA margin of 21.1% (+10bp QoQ) and an EBIT margin of 19.2% (+20bp), despite robust employee additions. EBIT margin without one-time merger costs stood at 19.7%.
- The management reiterated that revenue growth will be at a decent margin.
- Margin was impacted by visa costs (50bp) and one-time merger expenses (60bp), which was offset by operational efficiency (50bp) and FX gains (70bp).
- The management is confident of maintaining over 20% EBITDA margin on a structural basis. It should be able to manage the margin over 20% in 2QFY23, despite the wage hikes.

Other highlights

- MTCL reported a net headcount addition of ~2.6k employees in 1QFY23 and indicated strong fresher hiring should continue.
- In 1QFY23, FCF/EBITDA and OCF/EBITDA stood ~61% and ~62%, respectively.

Exhibit 1: Growth led by Travel and BFSI, RCM dips

Verticals	Contribution to revenue (%)	Growth (QoQ %)	Growth (YoY %)
Communications, Media, and Technology	44.1	6.0	24.9
BFSI	18.6	6.3	31.4
Manufacturing, CPG, and Retail	19.8	-8.4	15.2
Travel and Hospitality	15.4	11.3	48.9

Source: Company, MOFSL

Exhibit 2: Growth led by North America, the UK and Europe slows down

Geographies	Contribution to revenue (%)	Growth (QoQ %)	Growth (YoY %)
North America	76.8	8.6	28.9
Continental Europe	7.9	-9.2	17.8
The UK and Ireland	6.8	-18.7	14.0
Asia Pacific	8.6	2.6	54.2

Source: Company, MOFSL

Exhibit 3: Data Intelligence led the QoQ growth in its service offerings

Service offerings	Contribution to revenue (%)	Growth (QoQ %)	Growth (YoY %)
Customer Success	40.8	-1.1	31.2
Data and Intelligence	15.9	11.0	36.3
Cloud	19.5	6.2	26.0
Enterprise IT	23.8	7.2	21.9

Source: Company, MOFSL

Valuations fair, upside limited

- The management's increased focus on annuity revenue and strategic accounts is reflected in its revenue and client mix.
- A strong outlook on strategic accounts, decent deal signings, and the ability to sustain improved margin are key positives.
- The stock is currently trading at 20x FY24E EPS. As the key positives are already captured, we see limited upside hereafter. Our TP of INR3,020 per share implies 21x FY24E EPS. We maintain our **Neutral** rating.

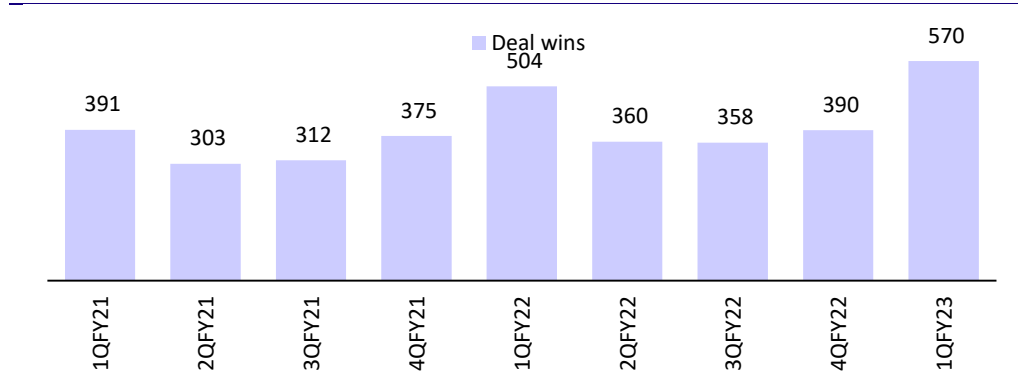
Exhibit 4: Revisions to our estimates

	Revised		Earlier		Change (%)	
	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
USD:INR	78.8	79.0	78.5	79.0	0.4%	0.0%
Revenue (USD m)	1,698	1,930	1,659	1,936	2.3%	-0.3%
Growth (%)	20.4	13.6	17.6	16.7	280bp	-300bp
EBIT margin (%)	19.0	19.2	18.0	18.5	100bp	80bp
PAT (INR m)	20,411	23,719	19,248	23,188	6.0%	2.3%
EPS	123.7	143.7	116.6	140.5	6.1%	2.3%

Source: MOFSL

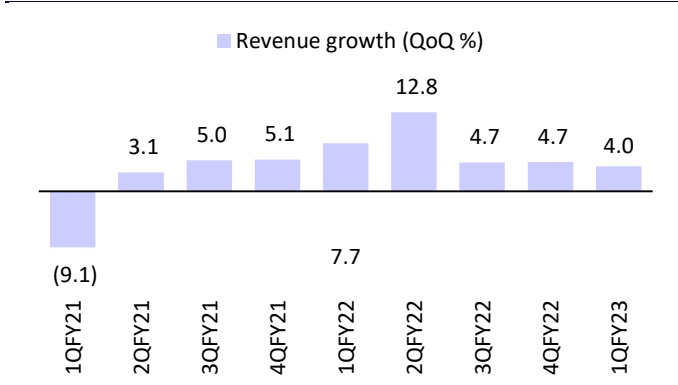
Story in charts

Exhibit 5: Deal wins up 46% on a sequential basis



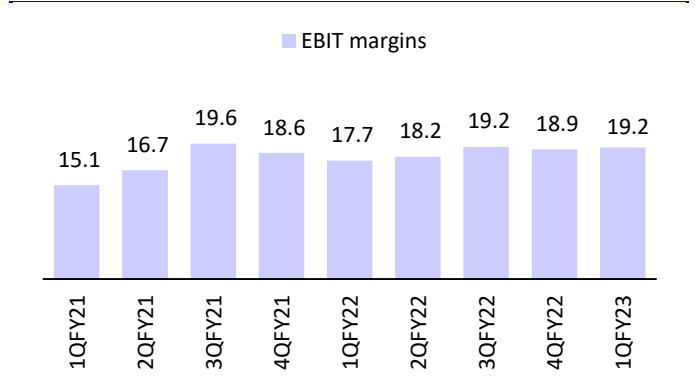
Source: Company, MOFSL

Exhibit 6: Revenue grew by 4% QoQ in 1QFY23



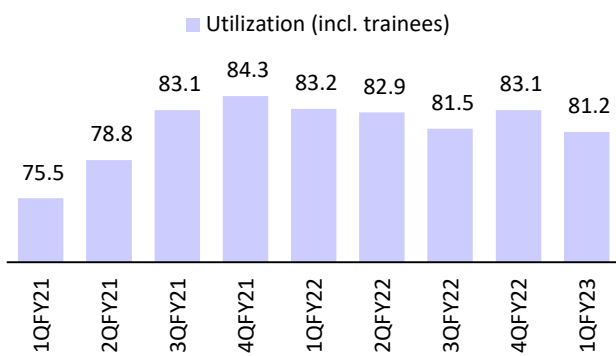
Source: Company, MOFSL

Exhibit 7: Margin improves by 20bp in 1QFY23



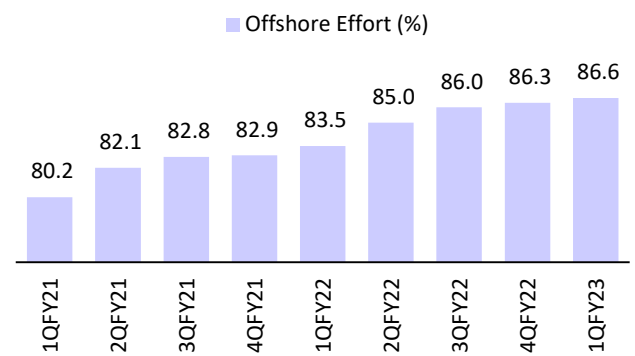
Source: Company, MOFSL

Exhibit 8: Utilization moderates in 1QFY23



Source: Company, MOFSL

Exhibit 9: Offshoring touches new highs in 1QFY23



Source: Company, MOFSL

Operating metrics

Exhibit 10: Operating metrics

	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23
Geographic mix (%)*									
North America	79.0	77.4	77.2	76.6	76.6	72.8	73.0	73.6	76.8
Continental Europe	6.6	7.5	7.4	7.1	8.6	8.7	18.6	17.7	14.7
The UK and Ireland	6.5	7.9	7.8	8.6	7.6	10.9			
Asia Pacific	7.9	7.2	7.6	7.7	7.2	7.6	8.4	8.7	8.5
Utilization (%)									
Including trainees	75.5	78.8	83.1	84.3	83.2	82.9	81.5	83.1	81.2
Client metrics									
No. of active clients	292	283	276	270	260	263	265	276	274
New clients added	6	8	8	4	7	7	8	11	13
Client buckets									
USD1m clients	127	125	120	118	120	127	136	139	145
USD5m clients	44	43	43	44	47	50	52	56	58
USD10m clients	23	24	21	20	25	30	33	32	35
USD50m clients	1	1	1	1	1	1	1	1	1
USD100m clients	1	1	1	1	1	1	1	1	1
Contribution from clients (%)									
Top clients	30.1	28.9	28.5	28.0	27.4	24.3	24.9	24.9	26.0
Top five clients	42.9	40.6	39.8	38.6	38.5	35.7	35.4	35.7	37.0
Top 10 clients	52.0	49.4	49.0	47.3	47.5	45.1	44.9	44.4	45.7
Service lines (%)*									
Customer success	39.8	38.9	38.1	38.6	40.0	43.2	42.9	42.9	40.8
Data and Intelligence	13.9	14.2	14.9	16.0	15.0	14.3	14.8	14.9	15.9
Cloud	20.1	19.0	19.2	19.4	19.9	18.7	19.1	19.1	19.5
Enterprise IT	26.2	27.9	27.8	26.0	25.1	23.8	23.2	23.1	23.8

Source: MOFSL, Company

Financials and valuations

Income Statement							(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Sales	52,365	54,628	70,215	77,643	79,678	1,05,253	1,33,830	1,52,466
Change (%)	12.1	4.3	28.5	10.6	2.6	32.1	27.2	13.9
Cost of Services	36,500	38,192	47,997	55,686	56,862	74,066	93,062	1,05,900
SG&A Expenses	8,681	9,021	11,522	10,582	6,249	9,231	12,747	14,179
EBITDA	7,184	7,415	10,696	11,375	16,567	21,956	28,021	32,387
As a percentage of Net Sales	13.7	13.6	15.2	14.7	20.8	20.9	20.9	21.2
Depreciation and Amortization	1,850	1,715	1,692	2,754	2,596	2,420	2,651	3,049
Other Income	216	1,723	864	-333	1,013	2,571	1,812	2,287
PBT	5,550	7,423	9,868	8,288	14,984	22,107	27,182	31,625
Tax	1,390	1,722	2,327	1,979	3,879	5,578	6,771	7,906
Rate (%)	25.0	23.2	23.6	23.9	25.9	25.2	24.9	25.0
PAT	4,160	5,701	7,541	6,309	11,105	16,529	20,411	23,719
Change (%)	-24.7	37.0	32.3	-16.3	76.0	48.8	23.5	16.2

Balance Sheet							(INR m)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Share Capital	1,680	1,639	1,642	1,646	1,647	1,648	1,648	1,648
Other components	1,019	0	993	0	0	0	0	0
Reserves	23,072	25,775	30,430	29,922	41,543	53,091	64,317	77,362
Net Worth	25,771	27,414	33,065	31,568	43,190	54,739	65,965	79,010
Loans	991	3,009	10	0	0	0	0	0
Long-term liabilities	301	85	174	6,762	4,498	4,826	7,555	8,607
Capital Employed	27,063	30,508	33,249	38,330	47,688	59,565	73,520	87,617
Gross Block	14,288	15,988	12,321	14,321	16,421	18,921	21,421	23,921
Less: Depreciation	7,995	9,710	889	3,643	6,239	8,659	11,310	14,360
Net Block	5,942	5,121	5,234	9,496	8,250	9,235	9,084	8,534
Goodwill	4,470	4,539	4,732	4,732	4,732	4,732	4,732	4,732
Other LT Assets	2,826	2,616	2,952	3,985	3,717	3,750	6,243	7,113
Investments	58	58	1,200	804	1,161	3,116	3,116	3,116
Curr. Assets	20,610	25,031	27,672	32,549	45,754	60,740	76,412	92,135
Current Investments	5,869	10,287	6,920	8,905	19,307	22,391	26,476	30,561
Debtors	11,187	10,155	16,347	17,194	15,665	23,124	28,086	31,997
Cash and Bank Balance	2,508	3,289	2,562	3,909	7,597	10,513	16,569	23,560
Other Current Assets	1,046	1,283	1,843	2,541	3,144	4,696	5,281	6,016
Current Liab. and Prov.	6,843	6,857	8,541	13,236	15,926	22,008	26,067	28,012
Trade payables	1,651	1,710	2,131	2,587	2,676	5,357	6,233	7,101
Other liabilities	4,087	3,929	5,666	8,925	11,023	14,209	16,093	16,649
Provisions	1,105	1,218	744	1,724	2,227	2,442	3,741	4,261
Net Current Assets	13,767	18,174	19,131	19,313	29,828	38,732	50,345	64,123
Application of Funds	27,063	30,508	33,249	38,330	47,688	59,565	73,520	87,617

E: MOFSL estimates

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS	24.7	34.2	45.8	38.3	67.4	100.1	123.7	143.7
Cash EPS	35.7	44.5	56.1	55.1	83.1	114.8	139.7	162.2
Book Value	153.5	164.9	201.5	191.9	262.2	332.2	400.2	479.3
DPS	10.0	9.0	33.0	16.0	25.0	45.1	55.6	64.7
Payout (%)	40.4	26.3	72.0	41.7	37.1	45.0	45.0	45.0
Valuation (x)								
P/E ratio	117.2	84.7	63.2	75.6	43.0	29.0	23.4	20.2
Cash P/E ratio	81.1	65.1	51.6	52.6	34.9	25.3	20.7	17.9
EV/EBITDA ratio	66.7	63.6	43.6	40.8	27.2	20.3	15.5	13.1
EV/Sales ratio	9.2	8.6	6.6	6.0	5.7	4.2	3.2	2.8
Price/Book Value	18.9	17.6	14.4	15.1	11.1	8.7	7.2	6.0
Dividend Yield (%)	0.3	0.3	1.1	0.6	0.9	1.6	1.9	2.2
Profitability Ratios (%)								
RoE	16.7	21.4	24.9	19.5	29.7	33.8	33.8	32.7
RoCE	15.6	16.3	22.7	18.3	24.1	27.2	28.6	27.3
Turnover Ratios								
Debtors (Days)	78	68	85	81	72	80	77	77
Fixed Asset Turnover (x)	8.8	10.7	13.4	8.2	9.7	11.4	14.7	17.9

Cash Flow Statement

(INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
CF from Operations	5,318	6,477	8,716	9,792	13,868	18,484	21,250	24,481
Cash for Working Capital	902	-819	-2,371	-1,541	6,092	-3,114	-1,236	-2,519
Net Operating CF	6,220	5,658	6,345	8,251	19,960	15,370	20,014	21,962
Net Purchase of FA	-846	-1,011	-1,759	-1,220	-160	-1,972	-2,500	-2,500
Free Cash Flow	5,374	4,647	4,586	7,031	19,800	13,398	17,514	19,462
Net Purchase of Invest.	-3,687	-989	-225	991	-11,673	-4,888	-2,273	-1,798
Net Cash from Invest.	-4,533	-2,000	-1,984	-229	-11,833	-6,860	-4,773	-4,298
Proc. from equity issues	8	1	3	4	1	1	0	0
Proceeds from LTB/STB	550	1,906	-3,044	-1,024	-1,346	-1,430	0	0
Dividend Payments	-1,934	-4,782	-2,180	-5,940	-2,880	-4,528	-9,185	-10,673
Cash Flow from Fin.	-1,376	-2,875	-5,221	-6,960	-4,225	-5,957	-9,185	-10,673
Exchange difference	-135	-2	133	285	-214	363	0	0
Net Cash Flow	176	781	-727	1,347	3,688	2,916	6,056	6,991
Opening Cash Bal.	2,332	2,508	3,289	2,562	3,909	7,597	10,513	16,569
Add: Net Cash	176	781	-727	1,347	3,688	2,916	6,056	6,991
Closing Cash Bal.	2,508	3,289	2,562	3,909	7,597	10,513	16,569	23,560

E: MOFSL estimates

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 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, 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.: 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, 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.