MOTILAL OSWAL

18 July 2022
1QFY23 Results Update | Sector: Real Estate

Oberoi Realty

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.

ASIAMONEY POLL 2022

Bloomberg	OBER IN
Equity Shares (m)	364
M.Cap.(INRb)/(USDb)	311.3 / 3.9
52-Week Range (INR)	1052 / 644
1, 6, 12 Rel. Per (%)	7/1/18
12M Avg Val (INR M)	1096

Financials & Valuations (INR b)

Y/E Mar	FY22	FY23E	FY24E
Sales	26.9	43.1	48.3
EBITDA	11.8	20.0	22.4
EBITDA (%)	43.9	46.5	46.5
PAT	10.5	19.5	18.5
EPS (INR)	28.8	53.8	50.8
EPS Gr. (%)	41.6	86.7	-5.5
BV/Sh. (INR)	286	338	387
Ratios			
Net D/E	0.2	0.2	0.1
RoE (%)	10.6	17.2	14.0
RoCE (%)	7.2	10.6	10.5
Payout (%)	10.4	3.7	3.9
Valuations			
P/E (x)	29.8	16.0	16.9
P/BV (x)	3.0	2.5	2.2
EV/EBITDA (x)	28.6	16.7	14.5
Div Yield (%)	0.3	0.2	0.2

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	67.7	67.7	67.7
DII	10.0	9.1	6.0
FII	19.4	20.3	23.5
Others	2.9	2.9	2.8

CMP: INR856 **TP: INR1,100 (+28%)** **Buy**

Strong launch pipeline to drive pre-sales in FY23

Steady pre-sales performance; expect 22% growth in FY23

- OBER delivered a steady 1QFY23 in terms of bookings, which fell 18% QoQ to INR7.6b due to seasonality, but grew 348% YoY.
- The sequential decline was attributed to moderate sales performance in Sky City (Borivali) and Maxima (JVLR project) due to limited inventory. Elysian (Goregaon) and Eternia (Mulund) projects gained further traction, with bookings of 39 units (v/s 27 units in 4QFY22) and 30 units, respectively.
- The pipeline for FY23 remains strong as it is planning to launch the first phase of its Thane project, along with a tower each at its Elysian and Sky City. Coupled with a restart in sales at Three Sixty West (Worli), we expect OBER's pre-sales to increase by 22% YoY to INR48b in FY23.

Lower occupancy at Commercial towers; Hospitality ARR improves

- Rentals for its Office assets were stable at INR145/sq. ft., but blended occupancy remained low at 73%. On the contrary, occupancy at its Retail mall stood at 96% – the highest since the onset of the COVID-19 pandemic.
- OBER's Rental revenue from two Commercial towers stood flat QoQ at INR350m. The Retail mall recorded an income of INR376m. Leasing EBITDA grew 73% YoY to INR671m, with a margin of 92%.
- Hospitality asset reported a sharp uptick in performance. Occupancy stood at 91% – its highest ever (v/s 75% in 4QFY22), while ARR came in at INR9,116, which was higher than pre-COVID levels.

Key management takeaways

- **Three Sixty West:** The company has received occupancy certificate (OC) for its Ultra-Luxury project – Three Sixty West (Worli), and now expects an improved sales velocity. Going by the recent transactions in the vicinity, the management expects a realization of INR110,000-120,000/sq. ft. on the carpet area (i.e. 10-20% higher than the current average).
- **Commercial assets:** The management aims to lease out its operational Commerz towers by FY23-end. Rental for Sky City mall/Commerz III is expected to commence from 2HFY24/FY25.
- **Business development:** The company is constantly on the lookout for new project opportunities in both Mumbai and beyond, and wants to make sure its product offering are right while entering a new market.

Valuation and view

- As launches and deliveries largely remain on track, we keep our pre-sales and revenue estimates unchanged. While the management is optimistic about launching the recently added projects in FY23E, we have not built them into our estimates yet. However, renewed focus on business development is a positive sign and will continue to provide further growth visibility for OBER. We reiterate our Buy rating on the stock with an unchanged SoTP-based TP of INR1,100 per share, implying an upside potential of 28%. We **reiterate our Buy rating.**

Pritesh Sheth – Research Analyst (pritesh.sheth@MotilalOswal.com)
Sourabh Gilda – Research Analyst (sourabh.gilda@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.

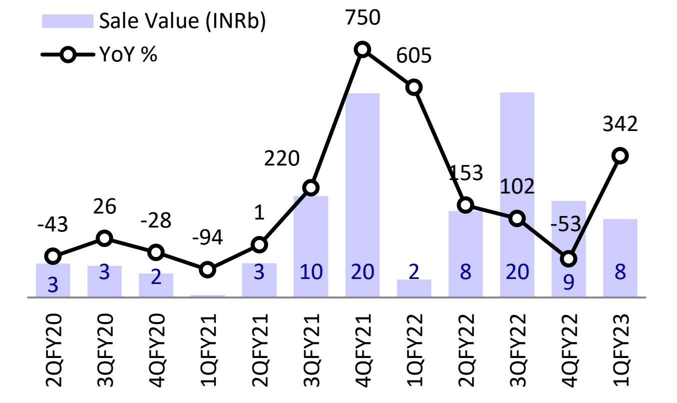
Exhibit 1: Financial and operational summary

Y/E March	FY22				FY23	FY22	FY23E	FY23E	Var.
	1Q	2Q	3Q	4Q	1Q			1QE	(%)
Net Sales	**2,843**	**7,543**	**8,320**	**8,235**	**9,131**	**26,940**	**43,186**	**9,251**	-1%
YoY Change (%)	140.8	138.6	0.4	4.2	221.2	-37.6	60.3	225.4	
Total Expenditure	1,594	3,811	5,005	4,717	4,209	15,126	23,116	5,000	
EBITDA	**1,249**	**3,731**	**3,316**	**3,518**	**4,922**	**11,813**	**20,069**	**4,251**	16%
Margin (%)	43.9	49.5	39.8	42.7	53.9	43.9	46.5	46.0	796bp
Depreciation	101	101	99	97	98	398	399	100	
Interest	173	171	200	316	326	860	1,303	326	
Other Income	105	143	142	195	217	585	821	197	
PBT before EO expense	**1,080**	**3,602**	**3,159**	**3,300**	**4,715**	**11,140**	**19,189**	**4,022**	
Extra-Ord. expense	0	0	0	0	0	0	0	0	
PBT	**1,080**	**3,602**	**3,159**	**3,300**	**4,715**	**11,140**	**19,189**	**4,022**	
Tax	290	954	837	984	1,137	3,065	5,279	1,107	
Rate (%)	26.9	26.5	26.5	29.8	24.1	27.5	27.5	27.5	
Minority Interest and Profit/Loss of Asso. Cos.	17	18	2,353	8	453	2,396	5,658	0	
Reported PAT	806	2,666	4,675	2,324	4,031	10,471	19,568	2,916	
Adj. PAT	**806**	**2,666**	**4,675**	**2,324**	**4,031**	**10,471**	**19,568**	**2,916**	38%
Change (YoY %)	187.2	93.5	62.9	-19.0	400.0	26.9	86.9	261.6	
Margin (%)	28.4	35.3	56.2	28.2	44.1	38.9	45.3	31.5	
Operational metrics									
Residential									
Sale Volume (msf)	0.09	0.45	1.04	0.52	0.40	2.1	2.7	0.4	-2%
Sale Value (INR b)	1,700	8,287	19,651	9,250	7,611	38,888	47,519	7,324	4%
Collections (INR b)	4,990	5,346	9,815	9,513	5,574	29,664	37,355	6,591	-15%
Realization (INR/sq. ft.)	18,449	18,558	18,884	17,643	18,972	18,486	17,868	17,839	6%
Leasing									
Occupancy (%)	87.5	88.1	88.7	80.5	80.7	87.5	90.5	87.8	-8%
Rental income (excl. CAM)	424	430	643	1,148	726	2,645	3,409	868	-16%
EBITDA (excl. CAM)	388	388	608	1,083	671	2,466	3,238	864	-22%
Hospitality									
Occupancy (%)	38.7	83.7	72.2	74.8	91.3	51	75		
ARR (INR)	4,685	4,378	6,918	7,166	9,116	5,787	8,305		
Revenue	78	164	250	228	348	720	1,123	256.6	
EBITDA	-27	27	60	56	136	116	281	67.2	

Source: Company, MOFSL

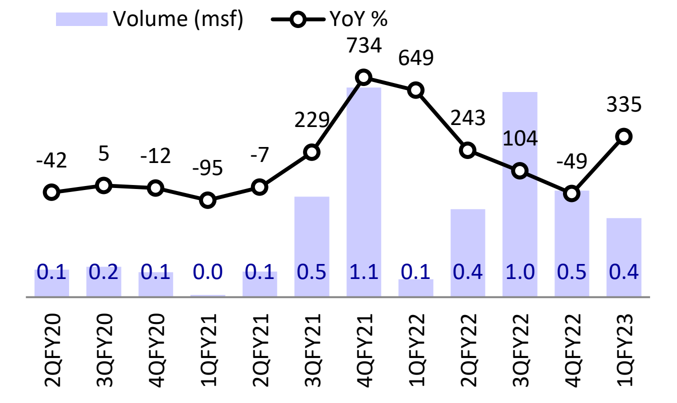
Key exhibits

Exhibit 2: Pre-sales increase by 3.5x YoY on a small base…



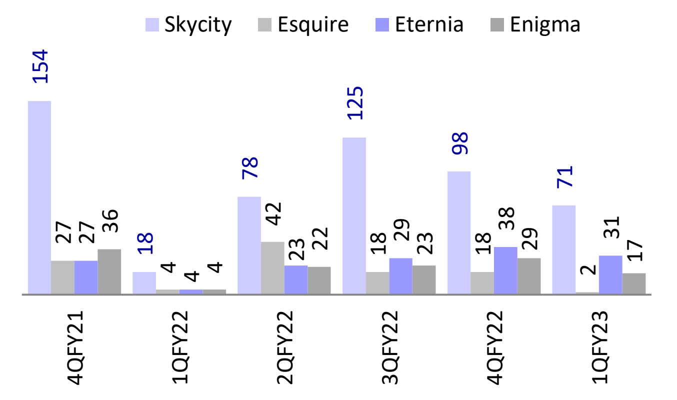
Source: Company, MOFSL

Exhibit 3: …driven by a similar rise in booking volumes



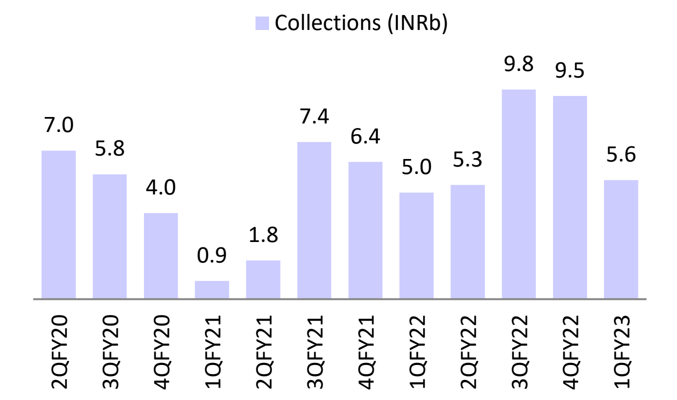
Source: Company, MOFSL

Exhibit 4: Over the last few quarters, strong demand momentum sustains across key projects



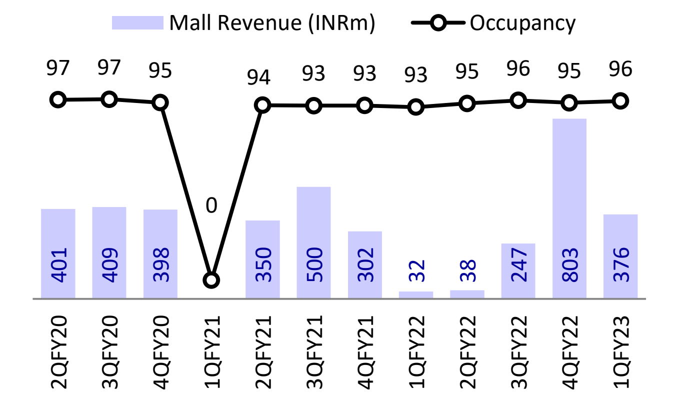
Source: MOFSL, Company

Exhibit 5: Collections fell to INR5.6b as sales from completed projects remain low



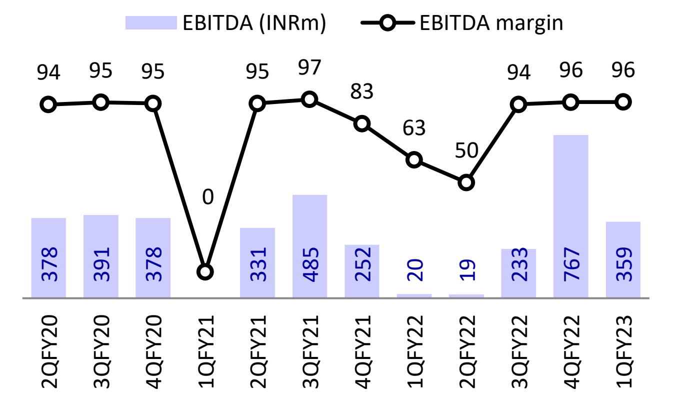
Source: MOFSL, Company

Exhibit 6: Mall revenue at INR376m in 1QFY23 – the highest occupancy since the COVID-19 pandemic



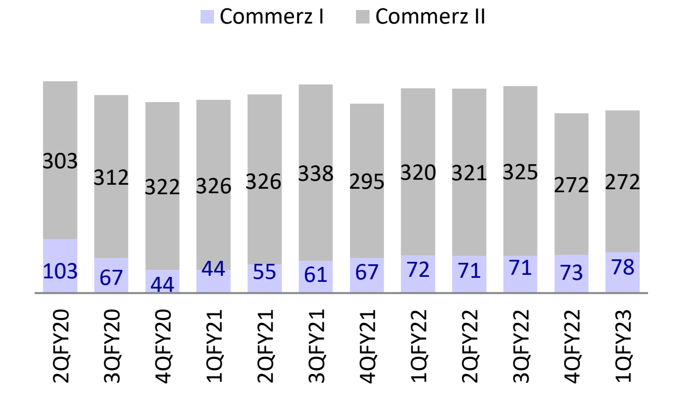
Source: Company, MOFSL

Exhibit 7: EBITDA grew to INR359m, with margin touching pre-COVID levels



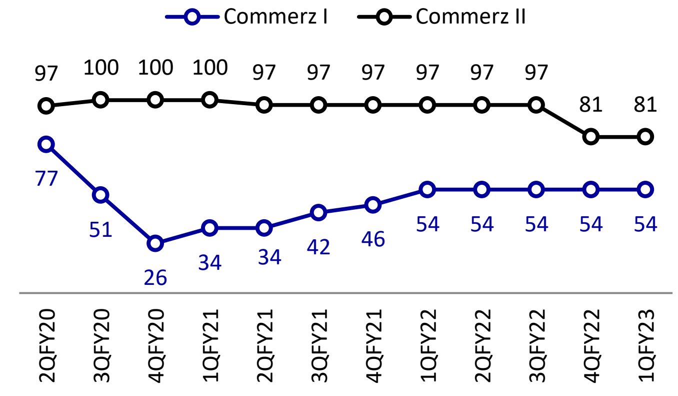
Source: Company, MOFSL

Exhibit 8: Revenue from office assets fell 10% YoY…



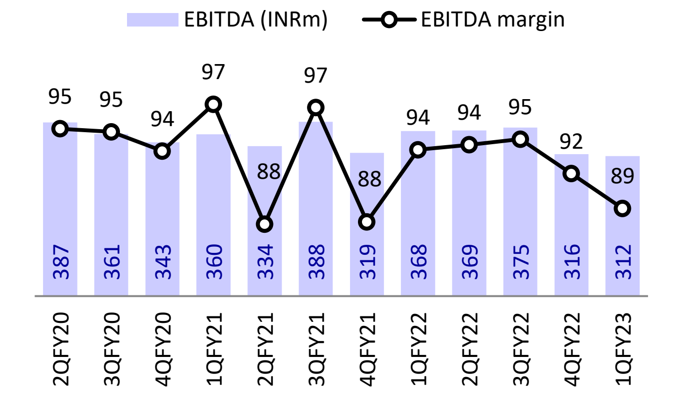
Source: MOFSL, Company

Exhibit 9: …on account of a drop in occupancy at Commerz II



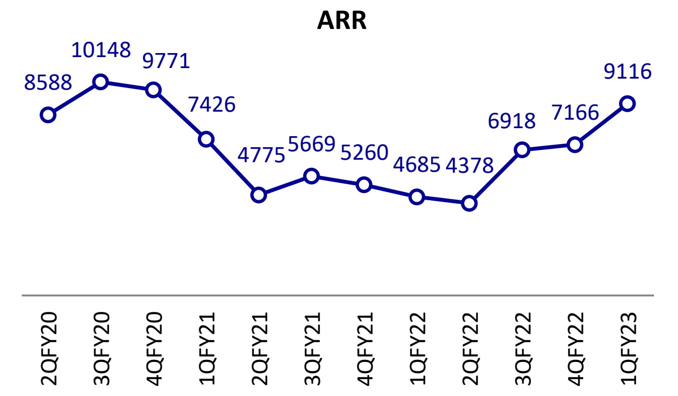
Source: MOFSL, Company

Exhibit 10: EBITDA at INR312m, with a 300bp sequential decline in margin



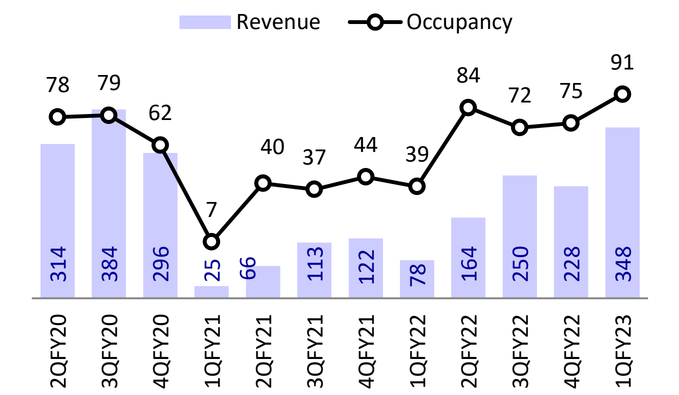
Source: MOFSL, Company

Exhibit 11: Hotel ARR improves by 27% QoQ, led by a rise in occupancies



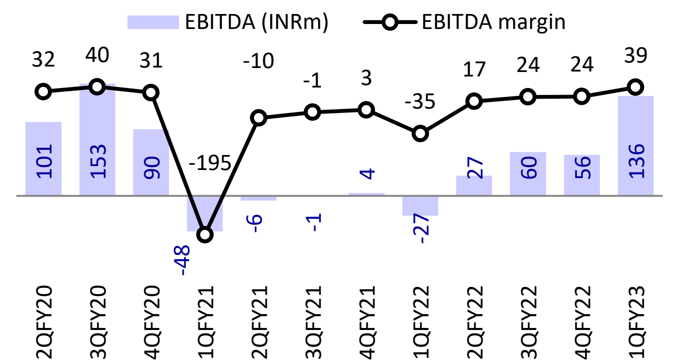
Source: MOFSL, Company

Exhibit 12: Hospitality revenue grew 52% QoQ, with occupancies breaching pre-COVID levels



Source: MOFSL, Company

Exhibit 13: Expect EBITDA to improve further as occupancy sustains at pre-COVID levels



Source: MOFSL, Company

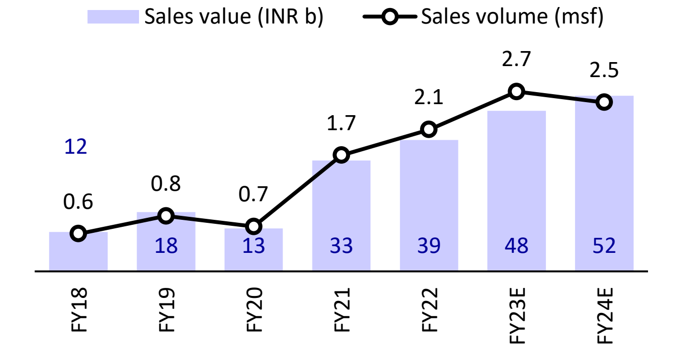
Story in charts

Exhibit 14: To launch 17msf of projects in coming years, 3msf of which will be launched over the next six months

Project	Pending area to be launched	Comment
Sky City	2	❖ The management expects to launch the next phase of Sky City over the next 12 months
Worli	1.7	❖ It is planning a Residential project on GLXO's land parcel in Worli, instead of a mixed-use project. Being adjacent to 360 West, the launch will only happen after FY24
Elysian	3.4	❖ After the successful launch of the first phase, the company has launched another phase in Oct'22, which met with strong response. Another new tower is planned to be launched in FY23
Thane	10	❖ After a long wait, the company is looking to launch Phase I of the Thane project by 2QFY23
Total	**17.1**	

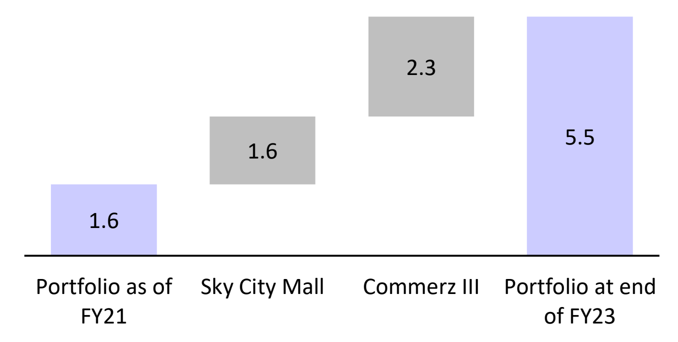
Source: MOFSL, Company

Exhibit 15: Expect OBER to deliver 15% CAGR in sales bookings over FY21-24 on a higher base



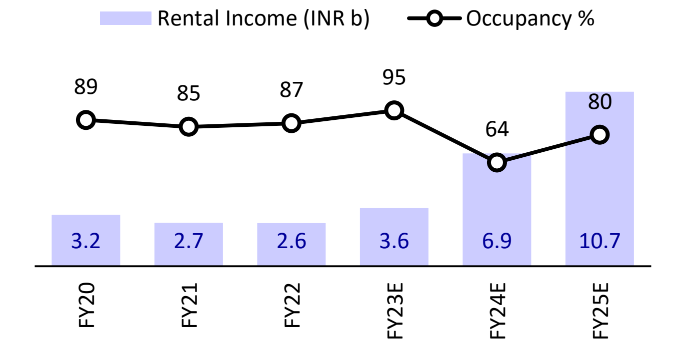
Source: Company, MOFSL

Exhibit 16: Expect the Commercial portfolio to treble to 5.5msf by FY23-end (msf)



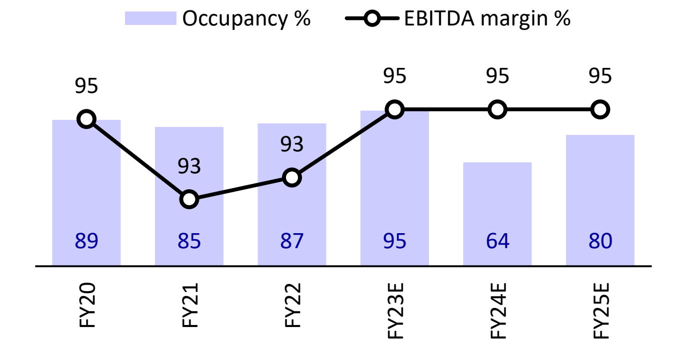
Source: Company, MOFSL

Exhibit 17: Expect Rental income to clock 59% CAGR over FY22-25



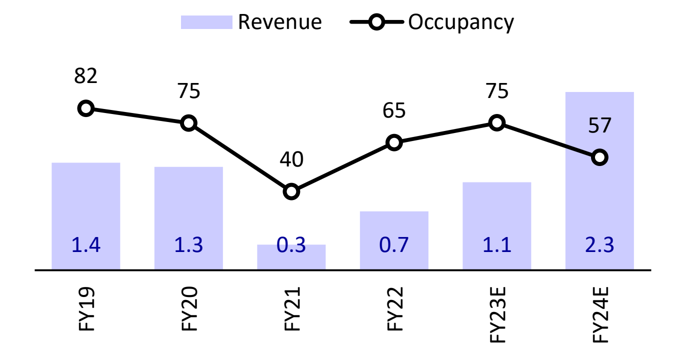
Source: MOFSL, Company

Exhibit 18: Expect EBITDA margin to recover to over 95% by FY23



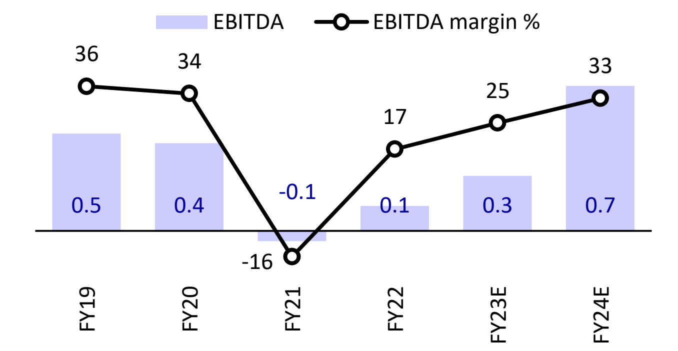
Source: MOFSL, Company

Exhibit 19: A recovery in occupancies and revenue from the Worli Hotel will boost Hospitality sales to INR2.3b by FY24E



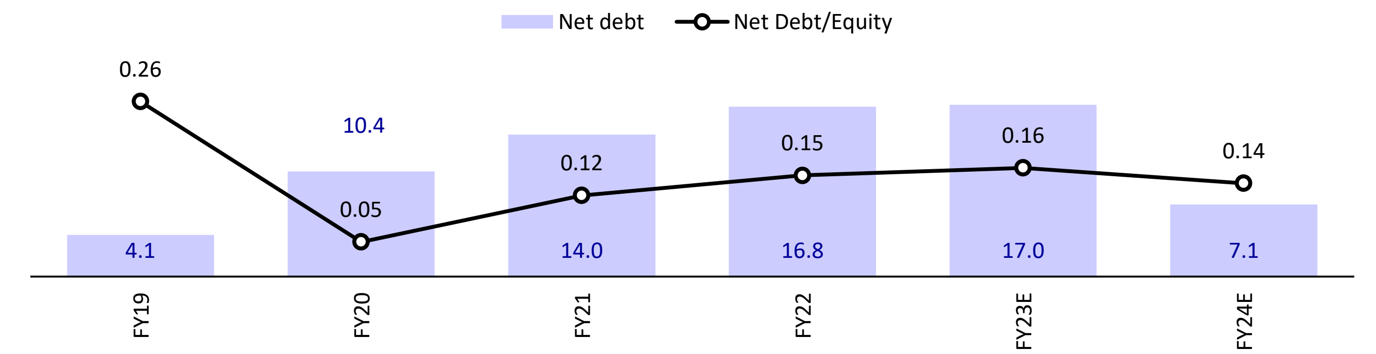
Source: Company, MOFSL

Exhibit 20: Expect blended EBITDA margin to reach 33% by FY24 and improve thereafter as the Ritz Carlton stabilizes



Source: Company, MOFSL

Exhibit 21: Annual post-tax cash flow run-rate of INR15-30b over the next three-to-four years to enable OBER to retain financial strength and focus on business development



Source: MOFSL, Company

Exhibit 22: Based on our SoTP approach, we arrive at NAV of INR400b, or INR1,100 per share, indicating an upside potential of 28%

NAV calculation	Rationale	INR b	Per share (INR)	(%)
Residential	❖ DCF of five years' cash flow at a WACC of 12.2% and terminal value assuming 5% long-term growth	288	793	72%
Leasing – Offices and Malls	❖ Cap rate of 8.5% for operating assets and DCF for ongoing and planned assets	114	312	28%
Hospitality	❖ FY24E EBITDA at 17.5x EV/EBITDA	16	43	4%
Gross Asset Value		**417**	**1147**	**104%**
Less: Net debt	❖ FY23 estimate	-17	-47	-4%
Net Asset Value		**400**	**1100**	**100%**
CMP			858	
Up/down (%)			28	

Source: MOFSL, Company

CONFERENCE CALL

Highlights from the management commentary

Demand and pricing

- OBER has not witnessed any slowdown on account of rising property cost and mortgage rates. There is a continuous shift towards reputed developers.
- It has removed flexibility like subvention from its projects in Mulund and Borivali, due to which pricing looks optically higher. Price hikes in Goregaon and Worli have been marginally higher than other projects.

Launches

- The show apartment on its project along Pokhran Road (Thane) is ready. The project will be launched during the upcoming festive season.
- The management is targeting another tower launch in Borivali and Goregaon, as there is very little inventory available in these projects.
- A large part of the payout for Kolshet Road (Thane) and the project on Peddar road is already complete. These projects are currently at the design stage.

Status of its Commercial projects

- OBER is on track to complete construction at Commerz 3 and Borivali mall by FY23-end. The mall is expected to turn operational before the FY24 festive season. Rentals from its Commercial tower will commence from FY25.

Valuation and view

We value OBER using a DCF approach, where:

- Its Residential business is valued using DCF of expected cash flows over five years at a WACC of 12.2% and terminal value using a perpetual growth rate of 5%;
- Its operational Commercial assets are valued at an 8.5% cap rate on FY24E EBITDA and ongoing projects using DCF;
- Hospitality is valued at 17.5x EV/EBITDA (comparable to IHCL) on FY24E EBITDA.

Based on the above approach, we arrive at GAV of INR417b. Netting off an estimated net debt of INR17b for FY23, we derive a NAV of INR400b, or INR1,100/share, indicating an upside potential of 28%.

Exhibit 23: Earnings change summary

	Old		New		Change	
(INR m)	FY23E	FY24E	FY23E	FY24E	FY23E	FY24E
Revenue	43,394	48,438	43,186	48,412	0%	0%
EBITDA	19,936	22,277	20,069	22,486	1%	1%
Adj. PAT	19,345	18,266	19,568	18,520	1%	1%
Pre-sales	47,519	51,996	47,519	51,996	0%	0%
Collections	40,199	44,042	40,199	43,712	0%	-1%

Source: MOFSL, Company

Financials and valuations

Consolidated Income Statement								(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Total Income from Operations	**11,138**	**12,654**	**25,825**	**22,376**	**20,526**	**26,940**	**43,186**	**48,412**
Change (%)	-21.4	13.6	104.1	-13.4	-8.3	31.2	60.3	12.1
Total Expenditure	**5,440**	**5,902**	**14,271**	**11,897**	**10,522**	**15,126**	**23,116**	**25,926**
As a percentage of Sales	48.8	46.6	55.3	53.2	51.3	56.1	53.5	53.6
EBITDA	**5,698**	**6,753**	**11,554**	**10,480**	**10,004**	**11,813**	**20,069**	**22,486**
Margin (%)	51.2	53.4	44.7	46.8	48.7	43.9	46.5	46.4
Depreciation	495	491	440	449	412	398	399	1,129
EBIT	**5,203**	**6,262**	**11,113**	**10,031**	**9,592**	**11,416**	**19,671**	**21,357**
Int. and Finance Charges	56	69	194	885	760	860	1,303	1,053
Other Income	508	302	856	484	380	585	821	920
PBT bef. EO Exp.	**5,655**	**6,495**	**11,776**	**9,630**	**9,212**	**11,140**	**19,189**	**21,224**
EO Items	0	0	0	0	0	0	0	0
PBT after EO Exp.	**5,655**	**6,495**	**11,776**	**9,630**	**9,212**	**11,140**	**19,189**	**21,224**
Total Tax	1,869	1,907	3,607	2,796	1,851	3,065	5,279	5,839
Tax Rate (%)	33.0	29.4	30.6	29.0	20.1	27.5	27.5	27.5
Minority Interest/Profit from JV	0	0	0	59	32	2,396	5,658	3,135
Reported PAT	**3,786**	**4,588**	**8,169**	**6,893**	**7,393**	**10,471**	**19,568**	**18,520**
Adjusted PAT	**3,786**	**4,588**	**8,169**	**6,893**	**7,393**	**10,471**	**19,568**	**18,520**
Change (%)	-12.4	21.2	78.1	-15.6	7.2	41.6	86.9	-5.4
Margin (%)	34.0	36.3	31.6	30.8	36.0	38.9	45.3	38.3

Consolidated Balance Sheet								(INR m)
Y/E March	**FY17**	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**
Equity Share Capital	3,636	3,636	3,636	3,636	3,636	3,636	3,636	3,636
Total Reserves	76,656	82,659	90,055	1,05,265	1,23,116	1,00,525	1,19,366	1,37,159
Net Worth	**80,292**	**86,295**	**93,691**	**1,08,901**	**1,26,752**	**1,04,161**	**1,23,002**	**1,40,795**
Minority Interest	0	0	0	0	0	0	0	0
Total Loans	8,361	11,439	15,338	19,338	12,338	28,555	23,555	18,555
Deferred Tax Liabilities	260	284	348	348	348	247	247	247
Capital Employed	**88,912**	**98,018**	**1,09,378**	**1,28,587**	**1,39,438**	**1,32,964**	**1,46,804**	**1,59,597**
Gross Block	12,526	12,824	12,907	12,907	50,407	12,965	12,965	60,465
Less: Accum. Deprn.	1,910	2,359	2,771	3,171	4,153	3,169	3,568	4,697
Net Fixed Assets	**10,616**	**10,465**	**10,136**	**9,736**	**46,255**	**9,796**	**9,398**	**55,769**
Goodwill on Consolidation	0	0	0	0	0	0	0	0
Capital WIP	1,261	3,055	19,799	28,698	2,199	32,975	44,357	1,500
Total Investments	**29,378**	**24,062**	**16,196**	**21,339**	**27,128**	**26,794**	**32,452**	**35,587**
Curr. Assets, Loans, and Adv.	**69,983**	**74,632**	**74,405**	**83,974**	**80,659**	**87,340**	**81,669**	**87,943**
Inventory	41,655	53,173	46,626	49,865	47,225	50,361	48,691	43,957
Account Receivables	1,094	1,153	1,280	944	1,052	1,246	1,183	1,326
Cash and Bank Balance	4,253	1,083	1,331	2,161	1,664	2,932	1,565	6,350
Loans and Advances	22,981	19,223	25,168	31,003	30,718	32,802	30,230	36,309
Curr. Liability and Prov.	**22,325**	**14,196**	**11,158**	**15,160**	**16,803**	**23,942**	**21,072**	**21,203**
Account Payables	2,323	859	938	1,337	1,395	4,247	1,583	1,776
Other Current Liabilities	19,974	13,294	10,194	13,779	15,359	19,108	19,434	19,365
Provisions	28	43	26	44	49	587	55	62
Net Current Assets	**47,658**	**60,436**	**63,247**	**68,814**	**63,856**	**63,398**	**60,597**	**66,740**
Appl. of Funds	**88,912**	**98,018**	**1,09,378**	**1,28,588**	**1,39,439**	**1,32,964**	**1,46,805**	**1,59,597**

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS	**10.4**	**12.6**	**22.5**	**19.0**	**20.3**	**28.8**	**53.8**	**50.9**
Cash EPS	11.8	14.0	23.7	20.2	21.5	29.9	54.9	54.0
BV/Share	157.5	167.6	220.8	237.3	257.7	286.5	338.3	387.2
DPS	0.0	2.2	2.3	2.3	0.0	2.0	2.0	2.0
Payout (%)	0.0	17.8	10.0	14.3	0.0	6.9	3.7	3.9
Valuation (x)								
P/E ratio	87.7	72.4	40.6	48.2	44.9	27.6	15.8	16.6
Cash P/E ratio	77.6	65.4	38.6	45.2	42.5	26.6	15.4	15.7
P/BV ratio	5.8	5.5	4.1	3.8	3.5	2.8	2.5	2.2
EV/Sales ratio	30.3	27.5	13.0	15.3	16.9	11.7	7.6	6.6
EV/EBITDA ratio	59.2	51.5	29.1	32.7	34.6	26.6	16.5	14.3
Dividend Yield (%)	0.0	0.2	0.2	0.2	0.0	0.3	0.2	0.2
FCF per share	2.7	-7.7	-0.7	-14.0	-17.1	-7.0	16.5	31.9
Return Ratios (%)								
RoE	6.8	7.8	11.6	8.3	8.2	10.6	17.2	14.0
RoCE	6.2	6.4	10.0	8.0	7.7	7.2	10.6	10.6
RoIC	9.4	9.6	14.8	11.5	10.8	11.6	20.6	16.8
Working Capital Ratios								
Fixed Asset Turnover (x)	1.1	1.1	2.1	1.7	1.6	2.1	3.3	0.8
Asset Turnover (x)	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.3
Leverage Ratio (x)								
Net Debt/Equity ratio	0.1	0.3	0.1	0.1	0.1	0.2	0.2	0.1

Consolidated Cash Flow Statement (INR m)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
OP/(Loss) before Tax	5,623	6,495	11,776	9,689	9,244	13,536	24,847	24,359
Depreciation	495	491	440	449	412	398	399	1,129
Interest and Finance Charges	-319	-129	-251	885	760	860	1,303	1,053
Direct Taxes Paid	-1,825	-2,108	-3,243	-2,221	-2,031	-2,911	-5,279	-5,839
(Inc.)/Dec. in WC	-2,180	-6,754	-6,997	-11,205	-998	1,765	1,435	-1,358
CF from Operations	**1,794**	**-2,005**	**1,725**	**-2,404**	**7,387**	**13,648**	**22,704**	**19,344**
Others	-56	-17	-269	-416	-362	-2,961	-6,479	-4,055
CF from Operations incl. EO	**1,738**	**-2,022**	**1,456**	**-2,820**	**7,025**	**10,687**	**16,225**	**15,289**
(Inc.)/Dec. in FA	-763	-773	-1,707	-2,261	-13,241	-13,241	-10,209	-3,696
Free Cash Flow	**976**	**-2,795**	**-251**	**-5,081**	**-6,216**	**-2,554**	**6,016**	**11,593**
(Pur.)/Sale of Investments	82	0	0	5,863	39	171	0	0
Others	-4,071	-6,006	-5,053	-857	6,687	-829	821	920
CF from Investments	**-4,752**	**-6,779**	**-6,760**	**2,745**	**-6,515**	**-13,900**	**-9,389**	**-2,776**
Issue of Shares	60	17	11,827	0	0	0	0	0
Inc./(Dec.) in Debt	3,820	8,306	-1,103	-508	317	13,250	-5,000	-5,000
Interest Paid	-527	-996	-1,516	-1,711	-1,480	-1,628	-2,475	-2,000
Dividend Paid	0	-818	-819	-877	0	0	-727	-727
Others	0	0	0	0	-1	-199	0	0
CF from Fin. Activity	**3,353**	**6,510**	**8,389**	**-3,095**	**-1,164**	**11,422**	**-8,202**	**-7,727**
Inc./Dec. in Cash	**339**	**-2,291**	**3,085**	**-3,169**	**-654**	**8,210**	**-1,366**	**4,785**
Opening Balance	3,119	3,458	1,167	4,253	1,985	1,331	2,932	1,565
Closing Balance	**3,458**	**1,167**	**4,253**	**1,083**	**1,331**	**9,541**	**1,565**	**6,350**

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. 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.: 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.