




|                 |   |
|-----------------|---|
| Estimate change |  |
| TP change       |  |
| Rating change   |  |

**CMP: INR438**

**TP: INR510 (+17%)**

**Buy**

## Result in line, guidance lowered for a quarter

### Inflation impacts margin adversely

- Novelis reported a strong beat on topline in 2QFY23 but EBITDA was in line with our estimate. Strong performance by Asia division strengthened margin.
- Revenue/EBITDA/APAT came in at USD4,799m/USD502m/ USD238m, down 5.7%/10.5%/14.7% QoQ, respectively. Topline was a sharp 18% above our estimate while EBITDA and APAT were in line with our estimates in 2QFY23.
- Shipments during the quarter stood at 984kt (up 1.7% YoY/2.3% QoQ) and were in line with our estimate of 1,000kt.
- Management highlighted that higher energy and logistics costs are likely to impact the second half adversely, especially 3QFY23 to the tune of USD75-125/t. Contracts will get reset from 1<sup>st</sup> Jan, 23 when Novelis will try and cover most of the increased costs and push for higher EBITDA of USD525/t on a normalized basis.
- Revenue/EBITDA/APAT for 1HFY23 stood at USD9,888m/USD 1,063m/USD517m, up 24%/0.2%/5% YoY, respectively. The sharp rise in topline was offset by rising costs leading to a flat EBITDA.
- The lowered guidance comes as a surprise as the management had in the previous quarter itself sounded confident of achieving EBITDA/t of USD525 for FY23. However, we note that these are temporary headwinds and do not dent the structural margin improvement story of Novelis.
- Net debt for the quarter, at USD4.6b, was marginally higher by USD107m QoQ. Leverage remained at a comfortable level of 2.3x.

### EBITDA/t guidance for 2HFY23 reduced by USD75-125

- In the 1QFY23 earnings call, the company had raised FY23 EBITDA/t guidance to USD525 from USD500. This implied a guidance of USD505/t for the remaining three quarters in FY23 then.
- However, post-2QFY23 results, the management revised down its 2HFY23 guidance sharply by announcing an additional impact of USD75-125t on margins in 2H due to higher energy/logistics costs.
- The guidance comes despite Novelis being hedged for about 80% of its energy costs for the remaining of FY23 and above 60% for FY24. Management highlighted that the energy costs in Europe have come off substantially and with warmer-than-expected winters, the energy prices could possibly stabilize at that level.
- Management also highlighted that the contracts typically start getting reset from 1QCY23 (viz. 4QFY23) and its endeavor shall be to pass on the incremental cost to the customers and bring back the EBITDA margin to USD525/t. However, it might take a couple of quarters to fully pass on the rising costs.

|                       | HNDL IN    |
|-----------------------|------------|
| Bloomberg             |            |
| Equity Shares (m)     | 2,247      |
| M.Cap.(INRb)/(USDb)   | 983.1 / 12 |
| 52-Week Range (INR)   | 636 / 309  |
| 1, 6, 12 Rel. Per (%) | 1/-13/-9   |
| 12M Avg Val (INR M)   | 5259       |
| Free float (%)        | 65.4       |

### Financials & Valuations (INR b)

| Y/E MARCH            | 2022  | 2023E | 2024E |
|----------------------|-------|-------|-------|
| Sales                | 1,951 | 2,110 | 2,055 |
| EBITDA               | 283   | 218   | 245   |
| Adj. PAT             | 136   | 87    | 108   |
| EBITDA Margin (%)    | 15    | 10    | 12    |
| Cons. Adj. EPS (INR) | 61    | 39    | 48    |
| EPS Gr. (%)          | 149   | -36   | 24    |
| BV/Sh. (INR)         | 244   | 274   | 313   |

### Ratios

|            |      |      |      |
|------------|------|------|------|
| Net D:E    | 0.7  | 0.5  | 0.4  |
| RoE (%)    | 28.0 | 15.1 | 16.5 |
| RoCE (%)   | 16.1 | 10.5 | 11.9 |
| Payout (%) | 7.6  | 16.5 | 13.3 |

### Valuations

|                |      |      |     |
|----------------|------|------|-----|
| P/E (x)        | 6.9  | 10.8 | 8.7 |
| P/BV (x)       | 1.7  | 1.5  | 1.4 |
| EV/EBITDA(x)   | 4.7  | 5.8  | 5.0 |
| Div. Yield (%) | 0.9  | 1.3  | 1.3 |
| FCF Yield (%)  | 12.1 | 11.8 | 7.9 |

### Shareholding pattern (%)

| As On    | Sep-22 | Jun-22 | Sep-21 |
|----------|--------|--------|--------|
| Promoter | 34.6   | 34.6   | 34.7   |
| DII      | 30.8   | 21.5   | 20.6   |
| FII      | 25.2   | 25.1   | 25.8   |
| Others   | 9.4    | 18.8   | 19.0   |

FII Includes depository receipts

**Valuation and view**

- In light of the sudden downward revision to the 2HFY23 guidance, we revised our EBITDA estimate for FY23 to USD486/t from USD535/t. However, we remain optimistic that Novelis is likely to announce an upward revision to its 4QFY23 EBITDA/t guidance at the end of 3Q as it gets more clarity on revision to its contracts for 4QFY23.
- Reduction in FY23 EBITDA/t for Novelis by 9% has led to 7% cut in consolidated EBITDA and 11% cut in consolidated PAT for FY23.
- We, however, note that the sharp drop in LME aluminum prices should lead to a working capital release and as a result of which the net debt should continue to improve. Management highlighted that it expects FCF of more than USD500m at the end of FY23 v/s a negative FCF of USD90m for 1HFY23, driven by working capital release.
- In addition, Novelis has also lowered its capex spending for FY23E to a range of USD900-1000m v/s previous guidance of USD1.3-1.6b, which should help reduce its debt.
- Leverage continues to remain under control at 2.3x with marginal change in net debt position.
- We note that the stock now fully prices in: a) lower LME aluminum prices, b) a weak Chinese economy, c) recession in Europe, and d) rising inflation reflected in higher input costs and lower premiums.
- Hence, we raise our target multiples for both India and Novelis to reflect the long-term opportunities rather than focus on just one quarter of weak operating results.
- We believe the weakness in the stock post-Novelis result should provide an opportunity to buy as we remain confident about the long-term opportunities of Novelis and its leadership in both beverage can and automotive markets.
- We raise our SoTP-based TP of Hindalco to INR510 from INR480. The stock is trading at 5.8x/5.0x our FY23E/24E EV/EBITDA. On P/B estimates, the stock is available at 1.5x our FY23E. **Maintain BUY.**

## Quarterly performance (USD m)

| Y/E March                   | FY22         |              |              |              | FY23E        |              |              |              | FY22          | FY23E         | FY23         | v/s Est (%)  |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|--------------|
|                             | 1Q           | 2Q           | 3Q           | 4Q           | 1Q           | 2Q           | 3QE          | 4QE          |               |               |              |              |
| <b>Sales (000 tons)</b>     | <b>973</b>   | <b>968</b>   | <b>930</b>   | <b>987</b>   | <b>962</b>   | <b>984</b>   | <b>1,000</b> | <b>1,000</b> | <b>3,858</b>  | <b>3,946</b>  | <b>1,000</b> | <b>-1.6</b>  |
| Change (YoY %)              | 24.6         | 4.9          | -0.3         | 0.4          | -1.1         | 1.7          | 7.5          | 1.3          | 6.6           | 2.3           | 3.3          |              |
| Change (QoQ %)              | -1.0         | -0.5         | -3.9         | 6.1          | -2.5         | 2.3          | 1.6          | 0.0          |               |               | 4.0          |              |
| <b>Net Sales</b>            | <b>3,855</b> | <b>4,119</b> | <b>4,326</b> | <b>4,849</b> | <b>5,089</b> | <b>4,799</b> | <b>3,988</b> | <b>4,036</b> | <b>17,149</b> | <b>17,912</b> | <b>4,058</b> | <b>18.3</b>  |
| Change (YoY %)              | 58.9         | 38.3         | 33.5         | 33.5         | 32.0         | 16.5         | -7.8         | -16.8        | 39.7          | 4.4           | -1.5         |              |
| Change (QoQ %)              | 6.2          | 6.8          | 5.0          | 12.1         | 4.9          | -5.7         | -16.9        | 1.2          |               |               | -20.3        |              |
| <b>EBITDA (adjusted)</b>    | <b>508</b>   | <b>553</b>   | <b>506</b>   | <b>430</b>   | <b>561</b>   | <b>502</b>   | <b>427</b>   | <b>429</b>   | <b>1,997</b>  | <b>1,919</b>  | <b>510</b>   | <b>-1.7</b>  |
| Change (YoY %)              | 100.8        | 21.5         | 6.3          | -14.9        | 10.4         | -9.2         | -15.7        | -0.2         | 18.2          | -3.9          | -7.7         |              |
| Change (QoQ %)              | 0.6          | 8.9          | -8.5         | -15.0        | 30.5         | -10.5        | -15.0        | 0.6          |               |               | -9.0         |              |
| <b>EBITDA per ton (USD)</b> | <b>522</b>   | <b>571</b>   | <b>544</b>   | <b>436</b>   | <b>583</b>   | <b>510</b>   | <b>427</b>   | <b>429</b>   | <b>518</b>    | <b>486</b>    | <b>510</b>   | <b>-0.1</b>  |
| Interest                    | 56           | 59           | 54           | 54           | 58           | 65           | 48           | 48           | 223           | 219           | 48           | 35.1         |
| Depreciation                | 134          | 134          | 137          | 145          | 138          | 134          | 141          | 149          | 550           | 562           | 138          | -2.9         |
| <b>PBT (before EO item)</b> | <b>318</b>   | <b>360</b>   | <b>315</b>   | <b>231</b>   | <b>365</b>   | <b>303</b>   | <b>237</b>   | <b>232</b>   | <b>1,224</b>  | <b>1,137</b>  | <b>324</b>   | <b>-6.6</b>  |
| Extra-ordinary Income       | 30           | (44)         | 36           | (10)         | 28           | (55)         | (30)         | (30)         | 12            | (87)          | (30)         | 83.3         |
| <b>PBT (after EO item)</b>  | <b>348</b>   | <b>316</b>   | <b>351</b>   | <b>221</b>   | <b>393</b>   | <b>248</b>   | <b>207</b>   | <b>202</b>   | <b>1,236</b>  | <b>1,050</b>  | <b>294</b>   | <b>-15.7</b> |
| Total Tax                   | 108          | 79           | 89           | 5            | 87           | 65           | 62           | 60           | 281           | 275           | 88           | -26.4        |
| % Tax                       | 31.0         | 25.0         | 25.4         | 2.3          | 22.1         | 26.2         | 30.0         | 30.0         | 22.7          | 26.2          | 30.0         |              |
| <b>PAT before minority</b>  | <b>240</b>   | <b>237</b>   | <b>262</b>   | <b>216</b>   | <b>306</b>   | <b>183</b>   | <b>145</b>   | <b>141</b>   | <b>955</b>    | <b>775</b>    | <b>206</b>   | <b>-11.2</b> |
| Minority interest           | 0            | 0            | 0            | -1           | -1           | 0            | 0            | 0            | -1            | -1            | 0            |              |
| Preference Dividend         |              |              |              |              |              |              |              |              |               |               |              |              |
| <b>Reported PAT</b>         | <b>240</b>   | <b>237</b>   | <b>262</b>   | <b>217</b>   | <b>307</b>   | <b>183</b>   | <b>145</b>   | <b>141</b>   | <b>956</b>    | <b>776</b>    | <b>206</b>   | <b>-11.2</b> |
| Change (YoY %)              | -404         | -741         | 47           | 23           | 28           | -23          | -45          | -35          | 303           | -19           | -13          |              |
| <b>Adjusted PAT</b>         | <b>210</b>   | <b>281</b>   | <b>226</b>   | <b>227</b>   | <b>279</b>   | <b>238</b>   | <b>175</b>   | <b>171</b>   | <b>944</b>    | <b>863</b>    | <b>236</b>   | <b>0.8</b>   |
| Change (YoY %)              | 116.5        | 58.8         | 14.7         | 26.1         | 32.9         | -15.3        | -22.5        | -24.6        | 45.0          | -8.6          | -16.0        |              |
| Change (QoQ %)              | 16.7         | 33.8         | -19.6        | 0.4          | 22.9         | -14.7        | -26.4        | -2.3         |               |               | -15.4        |              |

## Exhibit 1: Strong EBITDA/t especially in North America after resurgence of automotive performance

| Volumes -Rolled products           | 1QFY22     | 2QFY22     | 3QFY22     | 4QFY22     | 1QFY23     | 2QFY23     |
|------------------------------------|------------|------------|------------|------------|------------|------------|
| North America                      | 358        | 375        | 358        | 376        | 386        | 386        |
| Europe                             | 268        | 251        | 248        | 274        | 272        | 268        |
| Asia                               | 190        | 196        | 167        | 203        | 185        | 208        |
| South America                      | 157        | 146        | 157        | 156        | 148        | 162        |
| Elimination                        | -13        | 0          | -10        | -22        | -29        | -40        |
| <b>Total Third Party Shipments</b> | <b>960</b> | <b>968</b> | <b>920</b> | <b>987</b> | <b>962</b> | <b>984</b> |
| <b>Adj. EBITDA (USD m)</b>         |            |            |            |            |            |            |
| North America                      | 172        | 172        | 181        | 105        | 227        | 191        |
| Europe                             | 102        | 102        | 71         | 73         | 85         | 73         |
| Asia                               | 88         | 88         | 76         | 96         | 94         | 113        |
| South America                      | 146        | 193        | 178        | 156        | 156        | 127        |
| <b>Adj. EBITDA per ton (USD)</b>   |            |            |            |            |            |            |
| North America                      | 480        | 459        | 506        | 279        | 588        | 495        |
| Europe                             | 381        | 406        | 286        | 266        | 313        | 272        |
| Asia                               | 463        | 449        | 455        | 473        | 508        | 543        |
| South America                      | 930        | 1,322      | 1,134      | 1,000      | 1,054      | 784        |

Source: MOFSL, Company

## Conference call takeaways

### Change in guidance:

- Steep and persistent inflation including energy prices, freight and supply chain led to higher costs and cut in 2H guidance. Despite a large part of the cost has been passed on, some hit will be there on income statement of the company.
- Near-term headwinds of USD75-125/t for next two quarters are likely to persist. EBITDA/t to revert to USD525 from CY23 onwards as contracts gets reset.
- Traditionally, 3Q is a weak quarter due to annual maintenance for several customers.
- Hence, there should be a dip in margins in 3QFY23. All major costs will be passed on from 1QCY23 i.e., 4QFY23. However, the full benefit of the pass through will be visible only after two quarters.

### Volume growth:

- Novelis remains comfortable for at least 3% volume growth.

### Demand:

- Demand for beverage cans remains robust. Normalization of post-Covid consumption has led to higher availability of cans v/s existing demand.
- However, a structural shift to aluminum cans will ensure the excess can sheet is absorbed in the near term.
- In the automotive space, while the semiconductor shortages have started easing, the company believes supply chain-related headwinds still persist.
- Nonetheless, pent-up demand and low dealer inventory in the automotive space are likely to drive automotive production and in turn demand for automotive aluminum.
- In the specialties division, the demand is driven by economic growth and interest rates, but impacted adversely by rising inflation.
- Aerospace demand continues to improve.

### Projects:

- Construction of the first Greenfield aluminum rolling mill in the last 40 years has been started. The USD2.5b project will be completed by mid-CY25.
- Projects worth USD4.5b have been identified and capex of USD3.4b has been planned.
- These include the US automotive and recycling plant in Kentucky, S. Korean recycling plant and debottlenecking opportunities in the US and Brazil with integration of facilities of Novelis and erstwhile Aleris in China.

### Working capital release:

- Over USD500m of working capital was released in FY23 due to lower LME.

### Energy hedge:

- About 80%/50% energy has been hedged for FY23/24. For 2HFY23, energy is hedged at 80%.
- For FY24E, the hedge level is at 60% now.
- Spot energy prices in Europe have come off drastically with gas storages in Europe up to 99% of the capacity.

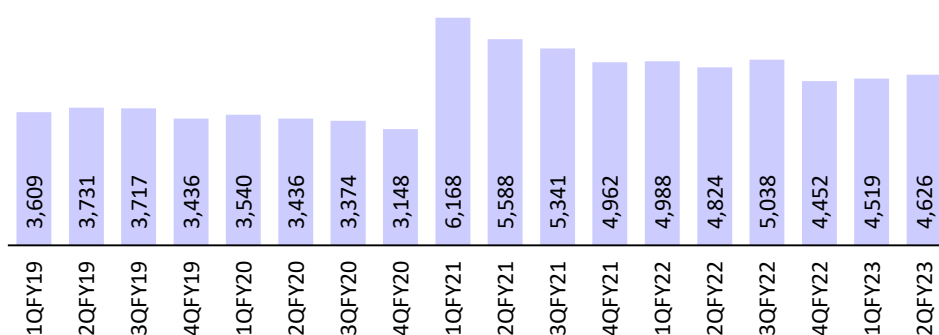
**Pension:**

- Pension liabilities are in the range of USD600m with cash outflow of about USD100m annually.
- Pension liabilities remain under control. Assets are also close to USD600m with no major surprises.

**Expansion capacity commitments:**

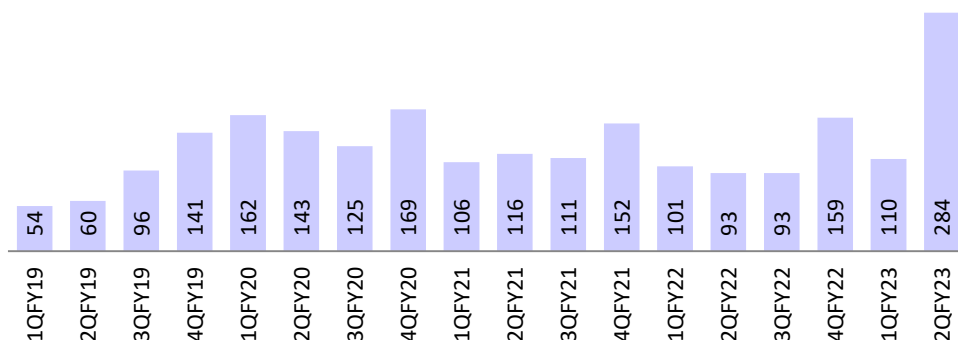
- About 50% of the new beverage can capacity has been committed, while the balance capacity has not been committed for want of higher prices as the capacity comes online between 12 and 18 months.
- Novelis does not expect prices to come off from the already contracted prices.

**Exhibit 2: Net debt (USD m) continued to remain stable after the acquisition of Aleris**



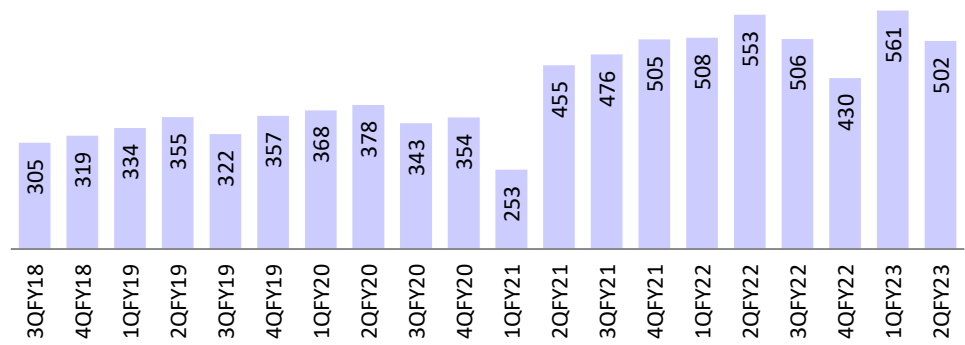
Source: MOFSL, Company

**Exhibit 3: Capex (USD m) in 2QFY23 was higher; various capex projects were underway to further strengthen Novelis' position in the industry**



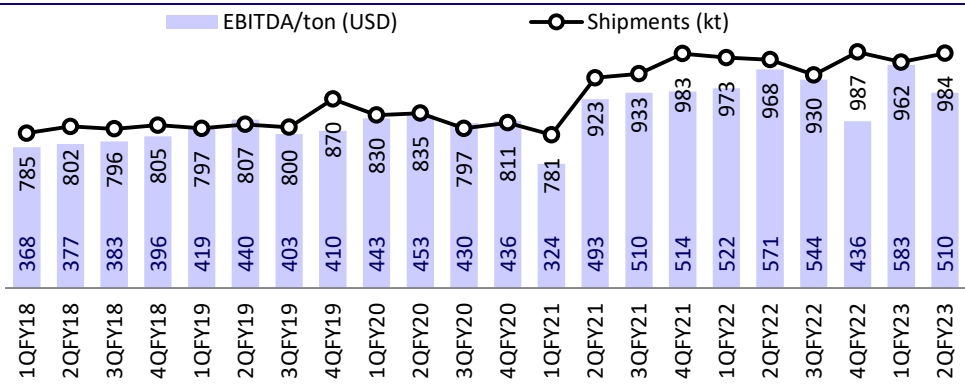
Source: MOFSL, Company

Exhibit 4: EBITDA (USD m) trajectory was strong



Source: MOFSL, Company

Exhibit 5: Shipments up QoQ; on par with shipments in 4QFY22



Source: MOFSL, Company

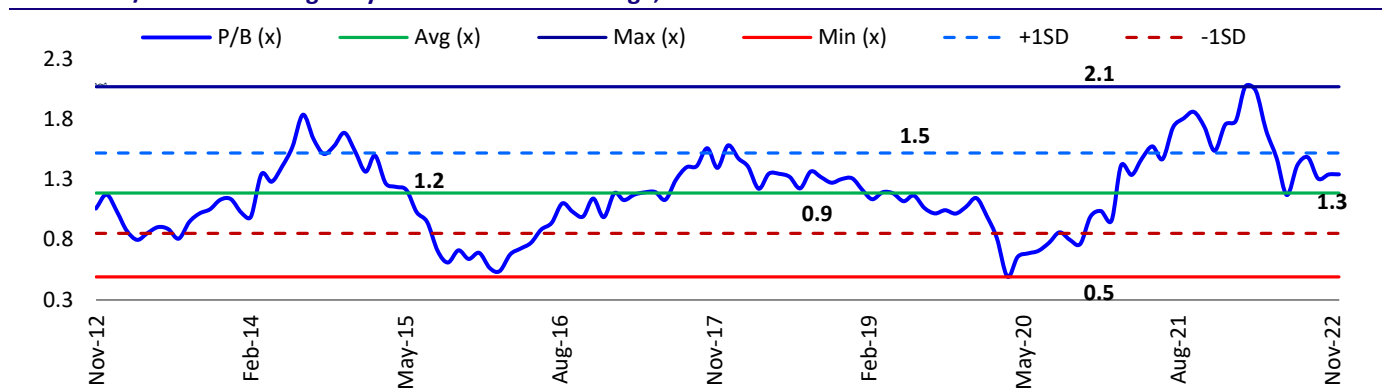
Exhibit 6: Key assumptions and changes to our estimates

|                             |         | FY23E |       |          | FY24E |       |          |
|-----------------------------|---------|-------|-------|----------|-------|-------|----------|
|                             |         | New   | Old   | % change | New   | Old   | % change |
| INR/USD                     | INR/USD | 79.9  | 79.9  | 0.0      | 80.4  | 80.4  | 0.0      |
| LME Al.                     | USD/t   | 2,451 | 2,451 | 0.0      | 2,400 | 2,400 | 0.0      |
| <b>Volumes</b>              |         |       |       |          |       |       |          |
| Aluminium                   | kt      | 1,328 | 1,328 | 0.0      | 1,328 | 1,328 | 0.0      |
| Copper                      | kt      | 409   | 409   | 0.0      | 396   | 396   | 0.0      |
| Novelis                     | kt      | 3,946 | 3,962 | -0.4     | 4,160 | 4,160 | 0.0      |
| <b>EBITDA/t</b>             |         |       |       |          |       |       |          |
| Aluminium (incl Utkal)      | USD/t   | 533   | 533   | 0.0      | 604   | 604   | 0.0      |
| Copper                      | "       | 526   | 526   | 0.0      | 451   | 451   | 0.0      |
| Novelis                     | "       | 486   | 535   | -9.1     | 538   | 538   | 0.1      |
| <b>Consolidated Results</b> |         |       |       |          |       |       |          |
| Revenue                     | INR b   | 2,110 | 2,051 | 2.9      | 2,055 | 2,054 | 0.0      |
| <b>EBITDA</b>               | "       | 218   | 235   | -6.9     | 245   | 245   | 0.1      |
| - India                     | "       | 65    | 65    | -0.4     | 65    | 65    | 0.0      |
| - Novelis                   | "       | 153   | 169   | -9.4     | 180   | 180   | 0.1      |
| Consol PAT                  | "       | 87    | 98    | -11.0    | 108   | 108   | -0.4     |
| EPS                         | "       | 39    | 44    | -11.0    | 48    | 49    | -0.4     |

Source: MOSL

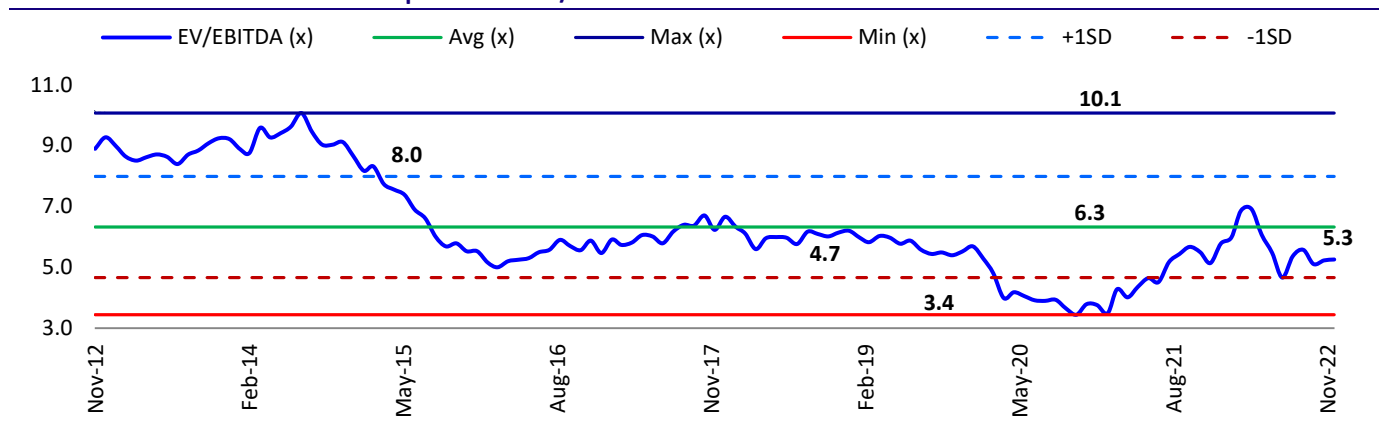
**Exhibit 7: SoTP valuation**

| Y/E March                      | UoM           | 2018      | 2019      | 2020       | 2021       | 2022       | 2023E        |
|--------------------------------|---------------|-----------|-----------|------------|------------|------------|--------------|
| <b>Hindalco - India</b>        |               |           |           |            |            |            |              |
| <b>Aluminum</b>                |               |           |           |            |            |            |              |
| Volumes                        | kt            | 1,278     | 1,274     | 1,290      | 1,250      | 1,302      | 1,328        |
| EBITDA                         | INR/t         | 36,714    | 40,000    | 28,349     | 43,568     | 1,00,038   | 42,544       |
| EBITDA                         | USD/t         | 570       | 572       | 400        | 587        | 1,341      | 533          |
| <b>EBITDA</b>                  | <b>INR b</b>  | <b>47</b> | <b>51</b> | <b>37</b>  | <b>54</b>  | <b>130</b> | <b>54</b>    |
| <b>Copper</b>                  |               |           |           |            |            |            |              |
| Volumes                        | kt            | 408       | 360       | 334        | 313        | 405        | 409          |
| EBITDA                         | INR/t         | 39,069    | 46,750    | 35,210     | 27,604     | 34,321     | 42,024       |
| EBITDA                         | USD/t         | 606       | 669       | 497        | 372        | 460        | 526          |
| <b>EBITDA</b>                  | <b>INR b</b>  | <b>15</b> | <b>16</b> | <b>12</b>  | <b>9</b>   | <b>14</b>  | <b>17</b>    |
| <b>EBITDA Hindalco - India</b> | <b>INR b</b>  | <b>60</b> | <b>60</b> | <b>40</b>  | <b>48</b>  | <b>134</b> | <b>76</b>    |
| EV/EBTIDA (x)                  | x             |           |           |            |            |            | 6.0          |
| Target EV                      | INR b         |           |           |            |            |            | 453          |
| <b>Novelis</b>                 |               |           |           |            |            |            |              |
| Volumes                        | Kt            | 3,188     | 3,274     | 3,273      | 3,620      | 3,858      | 3,946        |
| EBITDA                         | USD/t         | 381       | 418       | 441        | 467        | 520        | 453          |
| USD/INR                        | X             | 64.5      | 69.9      | 70.9       | 74.2       | 74.6       | 79.9         |
| <b>EBITDA</b>                  | <b>INR b</b>  | <b>78</b> | <b>96</b> | <b>102</b> | <b>125</b> | <b>140</b> | <b>143</b>   |
| EV/EBTIDA (x)                  | x             |           |           |            |            |            | 6.5          |
| Target EV                      | INR b         |           |           |            |            |            | 929          |
| <b>Target EV - Group</b>       | <b>INR b</b>  |           |           |            |            |            | <b>1,382</b> |
| Net Debt                       | INR b         |           |           |            |            |            | 334          |
| Equity Value                   | INR b         |           |           |            |            |            | 1,038        |
| <b>Equity Value (a)</b>        | <b>INR/sh</b> |           |           |            |            |            | <b>472</b>   |
| Investments (quoted)           | INR b         |           |           |            |            |            | 89           |
| <b>Investments (b)</b>         | <b>INR/sh</b> |           |           |            |            |            | <b>36</b>    |
| <b>Target Price (a+b)</b>      | <b>INR/sh</b> |           |           |            |            |            | <b>510</b>   |

**Exhibit 8: P/B remains marginally above historical average; near +1SD...**

Source: Company, MOFSL

**Exhibit 9: ...while the stock is not expensive on EV/EBITDA basis**



Source: Company, MOFSL

**Exhibit 10: Global comparable valuation**

| Company     | M-Cap<br>USD mn | P/E (x)       |               |               | EV/EBITDA (x) |               |               | P/B (x)       |               |               | RoE (%)       |               |               |
|-------------|-----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
|             |                 | CY21/<br>FY22 | CY22/<br>FY23 | CY23/<br>FY24 | CY21/<br>FY22 | CY22/<br>FY23 | CY23/<br>FY24 | CY21/<br>FY22 | CY22/<br>FY23 | CY23/<br>FY24 | CY21/<br>FY22 | CY22/<br>FY23 | CY23/<br>FY24 |
| Hindalco*   | 12,009          | 7.1           | 9.8           | 8.7           | 4.9           | 5.6           | 5.2           | 1.8           | 1.6           | 1.4           | 28.0          | 17.1          | 16.8          |
| Nalco*      | 1,703           | 4.7           | 9.3           | 5.3           | 2.3           | 4.7           | 3.0           | 1.1           | 1.0           | 1.0           | 25.4          | 11.6          | 19.0          |
| Alcoa       | 7,502           | 9.4           | 9.7           | 7.3           | 4.1           | 4.3           | 3.1           | 1.5           | 1.3           | 1.1           | 17.9          | 11.4          | 13.7          |
| Norsk Hydro | 14,159          | 6.1           | 9.7           | 8.9           | 3.7           | 5.0           | 4.5           | 1.4           | 1.4           | 1.3           | 25.5          | 13.0          | 14.4          |
| CHALCO      | 9,052           | 7.2           | 6.5           | 4.5           | 5.7           | 5.4           | 4.3           | 0.7           | 0.6           | 0.5           | 9.4           | 9.5           | 11.3          |
| RUSAL       | 7,084           | 2.9           | 2.9           | 3.9           | 3.3           | 3.4           | NA            | 0.5           | 0.5           | 0.4           | 25.3          | 20.3          | 11.5          |
| Alumina     | 2,737           | 21.9          | 24.2          | 14.1          | 19.9          | 18.6          | 10.9          | 1.7           | 1.6           | 1.6           | 8.2           | 6.4           | 10.3          |

Source: MOFSL, Company, Bloomberg (\*) denotes MOFSL estimates



## Financials and valuations

### Consolidated Income Statement

(INR b)

| Y/E March             | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023E        | 2024E        |
|-----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Net sales</b>      | <b>1,002</b> | <b>1,152</b> | <b>1,305</b> | <b>1,181</b> | <b>1,318</b> | <b>1,951</b> | <b>2,110</b> | <b>2,055</b> |
| Change (%)            | 1.4          | 15.0         | 13.3         | -9.5         | 11.6         | 48.0         | 8.2          | -2.6         |
| Total Expenses        | 877          | 1,014        | 1,150        | 1,039        | 1,144        | 1,667        | 1,891        | 1,810        |
| <b>EBITDA</b>         | <b>124</b>   | <b>138</b>   | <b>155</b>   | <b>142</b>   | <b>174</b>   | <b>283</b>   | <b>218</b>   | <b>245</b>   |
| % of Net Sales        | 12.4         | 12.0         | 11.9         | 12.0         | 13.2         | 14.5         | 10.4         | 11.9         |
| Deprn. & Amortization | 45           | 45           | 48           | 51           | 65           | 67           | 69           | 69           |
| <b>EBIT</b>           | <b>80</b>    | <b>93</b>    | <b>107</b>   | <b>91</b>    | <b>109</b>   | <b>216</b>   | <b>150</b>   | <b>176</b>   |
| Net Interest          | 57           | 39           | 38           | 42           | 37           | 38           | 32           | 27           |
| Other income          | 11           | 10           | 11           | 12           | 12           | 11           | 5            | 4            |
| <b>PBT before EO</b>  | <b>33</b>    | <b>64</b>    | <b>81</b>    | <b>61</b>    | <b>83</b>    | <b>190</b>   | <b>123</b>   | <b>153</b>   |
| EO income (exp)       | 0            | 18           | 0            | -2           | -4           | 6            | -8.852       | -9.648       |
| <b>PBT after EO</b>   | <b>33</b>    | <b>82</b>    | <b>81</b>    | <b>59</b>    | <b>79</b>    | <b>196</b>   | <b>114</b>   | <b>144</b>   |
| Current tax           | 13           | 16           | 19           | 15           | 19           | 38           | 24           | 37           |
| Deferred tax (net)    | 1            | 5            | 7            | 6            | 8            | 16           | 12           | 9            |
| Tax                   | 14           | 21           | 26           | 22           | 27           | 54           | 36           | 46           |
| Rate (%)              | 42.9         | 25.4         | 32.0         | 36.4         | 34.5         | 27.5         | 31.6         | 31.8         |
| <b>Reported PAT</b>   | <b>19</b>    | <b>61</b>    | <b>55</b>    | <b>38</b>    | <b>52</b>    | <b>142</b>   | <b>78</b>    | <b>98</b>    |
| Minority interests    | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Share of asso.        | 0            | -1           | 0            | 0            | 0            | 0            | 0            | 0            |
| <b>Adjusted PAT</b>   | <b>19</b>    | <b>42</b>    | <b>55</b>    | <b>39</b>    | <b>55</b>    | <b>136</b>   | <b>87</b>    | <b>108</b>   |
| Change (%)            | -22.9        | 120.7        | 30.6         | -29.2        | 40.7         | 147.8        | -36.3        | 24.0         |

### Balance Sheet

(INR b)

| Y/E March                        | 2017         | 2018         | 2019         | 2020         | 2021         | 2022         | 2023E        | 2024E        |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Share Capital                    | 2            | 2            | 2            | 2            | 2            | 2            | 2            | 2            |
| Reserves                         | 458          | 546          | 573          | 581          | 663          | 780          | 845          | 931          |
| <b>Net Worth</b>                 | <b>461</b>   | <b>549</b>   | <b>575</b>   | <b>583</b>   | <b>665</b>   | <b>782</b>   | <b>848</b>   | <b>933</b>   |
| Minority Interest                | 0            | 0            | 0            | 0            | 0            | 0            | 0            | 0            |
| Total Loans                      | 638          | 520          | 524          | 674          | 660          | 632          | 584          | 534          |
| Deferred Tax Liability           | 20           | 31           | 37           | 38           | 36           | 44           | 56           | 65           |
| <b>Capital Employed</b>          | <b>1,118</b> | <b>1,100</b> | <b>1,136</b> | <b>1,295</b> | <b>1,361</b> | <b>1,459</b> | <b>1,488</b> | <b>1,533</b> |
| Gross Block                      | 1,041        | 1,083        | 1,131        | 1,200        | 1,343        | 1,470        | 1,517        | 1,517        |
| Less: Accum. Deprn.              | 365          | 410          | 458          | 509          | 574          | 641          | 710          | 779          |
| <b>Net Fixed Assets</b>          | <b>676</b>   | <b>673</b>   | <b>673</b>   | <b>691</b>   | <b>770</b>   | <b>829</b>   | <b>808</b>   | <b>738</b>   |
| Goodwill                         | 171          | 178          | 186          | 201          | 233          | 240          | 240          | 240          |
| Capital WIP                      | 18           | 21           | 41           | 77           | 102          | 49           | 84           | 214          |
| Investments                      | 62           | 69           | 52           | 31           | 77           | 87           | 87           | 87           |
| <b>Working capital Assets</b>    | <b>530</b>   | <b>530</b>   | <b>567</b>   | <b>686</b>   | <b>706</b>   | <b>1,014</b> | <b>1,051</b> | <b>1,023</b> |
| Inventory                        | 183          | 216          | 222          | 224          | 307          | 445          | 462          | 450          |
| Account Receivables              | 83           | 100          | 115          | 93           | 130          | 211          | 208          | 203          |
| Cash and Bank Balance            | 172          | 120          | 136          | 278          | 182          | 228          | 250          | 240          |
| Others (incl. LT)                | 92           | 94           | 94           | 90           | 88           | 130          | 130          | 130          |
| <b>Working capital liability</b> | <b>338</b>   | <b>370</b>   | <b>383</b>   | <b>391</b>   | <b>527</b>   | <b>760</b>   | <b>780</b>   | <b>768</b>   |
| Account Payables                 | 179          | 204          | 207          | 183          | 283          | 442          | 462          | 450          |
| Others (incl. LT)                | 160          | 166          | 175          | 208          | 244          | 318          | 318          | 318          |
| <b>Net Working Capital</b>       | <b>191</b>   | <b>160</b>   | <b>185</b>   | <b>295</b>   | <b>180</b>   | <b>254</b>   | <b>270</b>   | <b>255</b>   |
| <b>Appl. of Funds</b>            | <b>1,118</b> | <b>1,100</b> | <b>1,136</b> | <b>1,295</b> | <b>1,361</b> | <b>1,459</b> | <b>1,488</b> | <b>1,533</b> |

## Financials and valuations

### Cash Flow Statement

|                               |            |             |            |            |             |            |            | (INR b)     |  |
|-------------------------------|------------|-------------|------------|------------|-------------|------------|------------|-------------|--|
| Y/E March                     | 2017       | 2018        | 2019       | 2020       | 2021        | 2022       | 2023E      | 2024E       |  |
| EBITDA                        | 124        | 138         | 155        | 142        | 174         | 283        | 218        | 245         |  |
| XO Exp. (income)              | 4          | 3           | 0          | -3         | -3          | 15         | -9         | -10         |  |
| tax paid                      | -8         | -14         | -19        | -1         | -13         | -38        | -24        | -37         |  |
| Change in WC                  | 7          | -18         | -17        | -12        | 14          | -92        | 5          | 5           |  |
| <b>CF from Op. Activity</b>   | <b>127</b> | <b>109</b>  | <b>120</b> | <b>127</b> | <b>172</b>  | <b>168</b> | <b>191</b> | <b>204</b>  |  |
| (Inc)/Dec in FA + CWIP        | -29        | -30         | -60        | -68        | -56         | -54        | -80        | -130        |  |
| <b>Free Cash Flow to firm</b> | <b>97</b>  | <b>79</b>   | <b>60</b>  | <b>59</b>  | <b>117</b>  | <b>114</b> | <b>111</b> | <b>75</b>   |  |
| (Pur)/Sale of Inv. & yield    | 6          | 25          | 7          | 7          | 9           | 0          | 5          | 4           |  |
| Others & M&A                  | 4          | 8           | 5          | 10         | -173        | 0          | 0          | 0           |  |
| <b>CF from Inv. Activity</b>  | <b>-20</b> | <b>3</b>    | <b>-48</b> | <b>-51</b> | <b>-220</b> | <b>-55</b> | <b>-75</b> | <b>-126</b> |  |
| Equity raised/(repaid)        | 33         | 0           | -1         | 0          | 0           | -1         | 0          | 0           |  |
| Debt raised/(repaid)          | -25        | -123        | -14        | 109        | -10         | -28        | -50        | -50         |  |
| Interest                      | -61        | -38         | -36        | -40        | -37         | -33        | -32        | -27         |  |
| Dividend (incl. tax)          | -2         | -3          | -3         | -3         | -2          | -7         | -12        | -12         |  |
| <b>CF from Fin. Activity</b>  | <b>-56</b> | <b>-164</b> | <b>-55</b> | <b>66</b>  | <b>-49</b>  | <b>-68</b> | <b>-94</b> | <b>-89</b>  |  |
| <b>(Inc)/Dec in Cash</b>      | <b>51</b>  | <b>-53</b>  | <b>17</b>  | <b>142</b> | <b>-96</b>  | <b>46</b>  | <b>22</b>  | <b>-10</b>  |  |
| Add: Opening Balance          | 121        | 172         | 120        | 136        | 278         | 182        | 228        | 250         |  |
| <b>Closing Balance</b>        | <b>172</b> | <b>120</b>  | <b>136</b> | <b>278</b> | <b>182</b>  | <b>228</b> | <b>250</b> | <b>240</b>  |  |

### Ratios

| Y/E March                     | 2017       | 2018        | 2019        | 2020        | 2021        | 2022        | 2023E       | 2024E       |
|-------------------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Basic (INR)</b>            |            |             |             |             |             |             |             |             |
| <b>EPS</b>                    | <b>8.6</b> | <b>18.9</b> | <b>24.7</b> | <b>17.5</b> | <b>24.6</b> | <b>61.3</b> | <b>39.1</b> | <b>48.5</b> |
| Cash EPS                      | 28.6       | 47.6        | 46.2        | 39.8        | 52.5        | 94.3        | 66.1        | 75.4        |
| BV/Share (adj.)               | 129.9      | 166.1       | 175.0       | 171.8       | 194.3       | 244.3       | 273.9       | 312.5       |
| DPS                           | 1.1        | 1.4         | 1.2         | 1.2         | 3.5         | 4.0         | 5.5         | 5.5         |
| Payout (%)                    | 15.0       | 8.7         | 5.7         | 8.0         | 16.7        | 7.6         | 16.5        | 13.3        |
| <b>Valuation (x)</b>          |            |             |             |             |             |             |             |             |
| P/E                           | 49.4       | 22.4        | 17.1        | 24.2        | 17.2        | 6.9         | 10.8        | 8.7         |
| Cash P/E                      | 14.8       | 8.9         | 9.2         | 10.6        | 8.1         | 4.5         | 6.4         | 5.6         |
| P/BV                          | 3.3        | 2.5         | 2.4         | 2.5         | 2.2         | 1.7         | 1.5         | 1.4         |
| EV/Sales                      | 1.4        | 1.2         | 1.0         | 1.1         | 1.1         | 0.7         | 0.6         | 0.6         |
| EV/EBITDA                     | 11.3       | 9.7         | 8.6         | 9.4         | 8.2         | 4.7         | 5.8         | 5.0         |
| Dividend Yield (%)            | 0.3        | 0.3         | 0.3         | 0.3         | 0.8         | 0.9         | 1.3         | 1.3         |
| <b>Return Ratios (%)</b>      |            |             |             |             |             |             |             |             |
| EBITDA Margins (%)            | 12.4       | 12.0        | 11.9        | 12.0        | 13.2        | 14.5        | 10.4        | 11.9        |
| Net Profit Margins (%)        | 1.9        | 3.7         | 4.2         | 3.3         | 4.1         | 7.0         | 4.1         | 5.2         |
| RoE                           | 7.1        | 12.8        | 14.5        | 10.1        | 13.4        | 28.0        | 15.1        | 16.5        |
| RoCE (pre-tax)                | 8.2        | 9.3         | 10.6        | 8.5         | 9.1         | 16.1        | 10.5        | 11.9        |
| RoIC (pre-tax)                | 9.1        | 10.8        | 11.9        | 10.3        | 11.5        | 21.6        | 13.8        | 17.1        |
| <b>Working Capital Ratios</b> |            |             |             |             |             |             |             |             |
| Fixed Asset Turnover (x)      | 1.0        | 1.1         | 1.2         | 1.0         | 1.0         | 1.3         | 1.4         | 1.4         |
| Asset Turnover (x)            | 0.9        | 1.0         | 1.1         | 0.9         | 1.0         | 1.3         | 1.4         | 1.3         |
| Debtor (Days)                 | 30         | 32          | 32          | 29          | 36          | 39          | 36          | 36          |
| Inventory (Days)              | 67         | 69          | 62          | 69          | 85          | 83          | 80          | 80          |
| Payable (Days)                | 65         | 65          | 58          | 56          | 78          | 83          | 80          | 80          |
| <b>Leverage Ratio (x)</b>     |            |             |             |             |             |             |             |             |
| Current Ratio                 | 1.6        | 1.4         | 1.5         | 1.8         | 1.3         | 1.3         | 1.3         | 1.3         |
| Interest Cover Ratio          | 1.4        | 2.4         | 2.8         | 2.2         | 2.9         | 5.7         | 4.7         | 6.6         |
| Debt/Equity                   | 1.6        | 1.1         | 1.0         | 1.0         | 1.1         | 0.7         | 0.5         | 0.4         |

| 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 be 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, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

#### Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

#### For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

#### For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

#### For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers 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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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.
- 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.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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.: 022-3980 4263; [www.motilaloswal.com](http://www.motilaloswal.com). Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-71881085.

Registration details of group entities: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN.: 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products. Customer having any query/feedback/ clarification may write to [query@motilaloswal.com](mailto:query@motilaloswal.com). In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to [grievances@motilaloswal.com](mailto:grievances@motilaloswal.com), for DP to [dp grievances@motilaloswal.com](mailto:dp grievances@motilaloswal.com).