

Estimate change 

TP change 

Rating change 

**CMP: INR4,101**

**TP: INR4,040 (-1%)**

**Neutral**

## Strong growth outlook factored into the valuation

### Robust order intake despite seasonal weakness

Bloomberg	COFORGE IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	250.4 / 3.1
52-Week Range (INR)	5403 / 3210
1, 6, 12 Rel. Per (%)	7/7/-24
12M Avg Val (INR M)	1566

### Financials & Valuations (INR b)

Y/E Mar	2023E	2024E	2025E
Sales	80.3	92.8	104.5
EBIT Margin (%)	17.8	18.3	18.3
PAT	8.6	10.9	12.1
EPS (INR)	138.1	175.8	194.8
EPS Gr. (%)	24.5	27.3	10.8
BV/Sh. (INR)	532.4	640.0	759.1

### Ratios

RoE (%)	28.3	30.6	28.4
RoCE (%)	23.8	25.6	25.2

### Valuations

P/E (x)	29.7	23.3	21.0
P/BV (x)	7.7	6.4	5.4
EV/EBITDA (x)	17.4	14.4	12.5
Div Yield (%)	1.3	1.7	1.9

### Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	40.0	40.1	50.0
DII	26.7	5.4	20.3
FII	21.3	21.0	19.1
Others	12.0	12.5	10.6

FII Includes depository receipts

■ Coforge Ltd (COFORGE) reported 3QFY23 revenue growth of 3.7% QoQ in constant currency (CC) terms, below our estimates of 4.4%. Reported revenue stood at USD251.7m (up 1.9% QoQ/13.6% YoY). Growth was led by the TTH segment, up 1.9% QoQ, while BFSI remained flat and Insurance declined 2.9% QoQ.

■ The company reported order intake of USD345m (the highest ever), up 13.4% QoQ with a 12-month executable order rising 5.0% QoQ to USD841m. EBITDA margin (pre-RSU) of 18.5% (up 10bp QoQ) significantly missed our estimated improvement of 110 bp QoQ.

■ Q3 performance was adversely affected by seasonality and higher furloughs impact in the Insurance and mortgage (BFS) segments. However, the demand environment remained strong, evidenced by robust order booking, which is expected to support the growth momentum in FY24. The building optimism around strong demand and revenue visibility instill confidence and the management raises the earlier guidance of 20%+ YoY CC to 22% YoY CC growth. The raise implies ~3.5% QoQ CC growth in Q4, which we believe is achievable.

■ However, on the margin front, it was a little disappointing with muted improvement of 10 bp QoQ, primarily on account of rigorous investments in building sale & marketing team, technology, and functional capabilities. However, the management indicated that offshoring and fresher onboarding are giving impetus to optimize costs, while it expects the utilization to improve (80-81%) further and boost productivity in Q4.

■ **The stock currently trades at 23xFY24E EPS. We broadly maintain our FY23 estimates, while raising our FY24E and FY25E EPS by ~3% and ~5%, respectively, on better revenue visibility. We believe the robust outlook is already factored into the price and we do not see any potential upside from here on. Our TP of INR4,040 implies 23xFY24E EPS. We reiterate our Neutral rating on fair valuations.**

### Moderate performance

■ COFORGE posted USD revenue / Adj. EBITDA / Adj. PAT growth of 14%/18%/24% YoY, respectively.

■ In 9MFY23, USD Revenue/ Adj. INR EBITDA/ INR Adj. PAT grew 16%/24%/22%, respectively.

■ The company reported EBITDA margin (pre-RSU) of 18.5%, up 10bp QoQ, but below our estimates

■ It posted Adj PAT of Rs2.3b (up 13.2% QoQ), which was slightly below our estimates.

■ The company reported new TCV of USD 345m (up 13.4% QoQ), 12m executable order rose 5.0% QoQ to \$841mn

■ It declared a dividend of INR 19

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

Research analyst – Pritesh Thakkar (Pritesh.Thakkar@MotilalOswal.com) / Raj Prakash Bhanushali (Raj.Bhanushali@MotilalOswal.com)

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Key highlights from the management commentary**

- It won a large deal of \$50m under insurance and a \$24m deal under BPO segment both these deals were on the vendor consolidation side
- BFS and Insurance growth was muted in Q3 on account of furloughs , while the major impact was on the mortgage part of the business, where it has witnessed a substantial ramp down in volume
- Insurance is expected to see a strong recovery in Q4 on the back of large deal win in Q3 with the deal pipeline also seems to be constructive and shaping up quite well
- The momentum around TTH is quite strong, the air traffic recovery and holiday season are complementing the overall growth for the segment
- The structural shift in the employee pyramid would lead to the margin improvement. Although, the employee hiring activities remains muted in Q3 due to enough capacity already built into the system.
- The decline in headcount is largely accounted for the Mortgage BPO part of the business
- Gross margin is expected to be at 33.4% in Q4E
- It expects the utilization to be in the range of 80-81% in Q4

**Valuation and view: Good growth, but valuation remains full**

- We see COFORGE's robust growth performance and improvement in deal wins to support growth in FY24
- Strong execution, robust client roasting, and continued investment in S&M have helped the company gain wallet share and deliver industry leading growth
- We believe the robust outlook is already factored into the price and we do not see any potential upside from here on. Our TP of INR4,040 implies 23x FY24E EPS. We reiterate our Neutral rating on fair valuations.

**Quarterly Performance (Ind-AS)**

Y/E March (Consolidated)	FY22				FY23				FY22	FY23E	Est.	Var.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE			3QFY23	
Rev. (USD m)	200	213	222	232	239	247	252	264	866	1,002	257	-1.9
QoQ (%)	15.8	6.6	4.1	4.9	2.7	3.4	1.9	5.0	38.0	15.6	4.0	-201bp
Revenue (INR m)	14,616	15,694	16,581	17,429	18,294	19,594	20,558	21,811	64,320	80,257	21,099	-2.6
YoY (%)	38.3	36.0	39.3	38.2	25.2	24.9	24.0	25.1	37.9	24.8	27.2	-326bp
GPM (%)	29.9	32.1	32.4	33.3	30.4	32.0	33.4	34.0	32.0	32.5	33.0	37bp
SGA (%)	13.7	13.5	12.9	13.0	13.9	13.7	14.9	13.5	13.3	14.0	13.5	140bp
EBITDA (INR m)	2,229	2,788	3,068	3,339	2,922	3,449	3,615	4,279	11,424	14,265	3,956	-8.6
EBITDA Margin (%)	15.3	17.8	18.5	19.2	16.0	17.6	17.6	19.6	17.8	17.8	18.7	-116bp
EBIT (INR m)	1,705	2,190	2,502	2,755	2,292	2,835	2,991	3,618	9,152	11,736	3,294	-9.2
EBIT Margin (%)	11.7	14.0	15.1	15.8	12.5	14.5	14.5	16.6	14.2	14.6	15.6	-106bp
Other income	52	-77	-122	-119	-76	-150	83	109	-266	-34	105	-21.3
ETR (%)	18.2	21.1	15.1	13.0	22.2	17.7	23.3	23.0	16.5	21.7	22.5	3.4
Minority Interest	-76.0	-148.0	-135.0	-171.0	-222.0	-195.0	-77.0	-77.6	-530.0	-571.6	-205.5	-62.5
Adj. PAT	1,361	1,519	1,885	2,123	1,501	2,016	2,282	2,792	6,888	8,591	2,429	-6.1
QoQ (%)	-1.1	11.6	24.1	12.6	-29.3	34.3	13.2	22.4			20.5	-730bp
YoY (%)	39.0	25.8	54.5	54.3	10.3	32.7	21.1	31.5	44.0	24.7	28.9	-780bp
Adj. EPS (INR)	21.9	24.5	30.4	34.2	24.2	32.5	36.7	44.9	110.9	138.1	39.1	-6.3

## Key Performance Indicators

Y/E March	FY22				FY23				FY22	FY23E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	7.0	3.9	5.2	5.0	4.7	6.2				
<b>Margins</b>										
Gross Margin	29.9	32.1	32.4	33.3	30.4	32.0	33.4	34.0	32.0	32.5
EBIT Margin	11.7	14.0	15.1	15.8	12.5	14.5	14.5	16.6	14.2	14.6
Net Margin	9.3	9.7	11.4	12.2	8.2	10.3	11.1	12.8	10.7	10.7
<b>Operating metrics</b>										
Headcount	20,491	20,786	22,130	22,500	22,742	22,991	22,505		22,500	
Attrition (%)	12.6	15.3	16.3	17.7	18.0	16.4	15.8		15.5	
Deal Win TCV (USD b)	318	285	247	301	315	304	345		1,151	
<b>Key Verticals (YoY USD %)</b>										
BFS	76.6	95.2	117.4	119.7	67.2	52.6	24.4		103.7	
Insurance	32.8	18.3	19.7	11.8	(10.3)	(7.8)	(9.7)		20.2	
Travel and Transport	41.6	34.8	26.1	42.6	22.8	20.4	19.8		36.1	
<b>Key Geographies (YoY USD %)</b>										
North America	56.2	49.8	49.9	46.3	18.9	14.0	4.8		50.3	
Europe	39.6	24.3	29.0	34.2	25.0	37.4	35.8		31.7	



## Key highlights from the management commentary

## Demand outlook

- Revenue growth in CC stood at +3.7% QoQ, reported USD growth was at 1.9% QoQ/ 13.6% YoY
- The company signed 5 large deals in Q3 with 2 deals under insurance, while the rest of the deals were on the BPO front
- It won a large deal of \$50m under insurance and a \$24m deal under BPO segment both these deals were on the vendor consolidation side
- The company signed 11 new logos during the quarter
- BFS and Insurance growth was muted in Q3 on account of furloughs , while the major impact was on the mortgage part of the business, where it has witnessed a substantial ramp down in volume
- Insurance is expected to see a strong recovery in Q4 on the back of large deal win in Q3 with the deal pipeline also seems to be constructive and shaping up quite well
- The momentum around TTH is quite strong, the air traffic recovery and holiday season are complementing the overall growth for the segment
- Since the mortgage piece remains weak, the company is focusing on cross-selling the BPO part of the business to other verticals (TTH and Insurance) to recover the ramp down in volume from the mortgage part of the service (high BPO contribution)
- Given the robust order book (\$345m) signed this quarter (highest ever) and robust growth (20% YoY) in executable order book (\$841m), gives enough optimism to the management for keeping the growth momentum up even if the macro gets deteriorated from here

## Margin performance and outlook

- The structural shift in the employee pyramid would lead to the margin improvement. Although, the employee hiring activities remains muted in Q3 due to enough capacity already built into the system. It expects a sharp recovery in hiring in Q4 while 1000+ campus engineers are already being trained and expected to become billable

- The decline in headcount is largely accounted for the Mortgage BPO part of the business
- Gross margin is expected to be at 33.4% in Q4E
- It expects the utilization to be in the range of 80-81% in Q4E
- The growing offshoring trend, lowering attrition and fresher onboarding give sort of a margin tailwind for the next quarter/fin. year
- It expects 150-170 bps QoQ improvement in Adjusted EBITDA (Pre-RSU) in Q4 to achieve the margin guidance for the full year FY23E

#### Other highlights

- The company is actively monitoring the current market condition which remains a little volatile and hence deferring the ADR listing by a couple of months

#### Exhibit 1: BFS led the sequential growth

Verticals	Contribution to revenue	Growth - QoQ (USD)	Growth - YoY (USD)
BFS	31.1	0.0	24.4
Insurance	22.1	(2.9)	(9.7)
Transportation	19.3	1.9	19.8
Others	27.5	8.7	22.5

Source: Company, MOFSL

#### Exhibit 2: US and Europe strong, APAC muted

Geography	Contribution to revenue	Growth - QoQ (USD)	Growth - YoY (USD)
US	49.2	(2.2)	4.8
EMEA	40.3	6.7	35.8
APAC	10.5	4.9	(8.3)

Source: Company, MOFSL

#### Valuation and view – good growth, but valuations remains full

- We see COFORGE's robust growth performance and improvement in deal wins to support growth in FY24
- Strong execution, robust client roasting, and continued investment in S&M have helped the company gain wallet share and deliver industry leading growth
- **We believe, the robust outlook is already factored into the price and we do not see any potential upside from here on. Our TP of INR4,040 implies 23x FY24E EPS. We reiterate our Neutral rating on fair valuations.**

#### Exhibit 3: Revisions to our estimates

	Revised			Earlier			Change		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
INR/USD	80.0	82.5	82.5	80.2	82.8	82.8	-0.2%	-0.4%	-0.4%
USD Revenue – m	1,002	1,125	1,267	1,010	1,131	1,222	-0.9%	-0.5%	3.6%
Growth (%)	15.6	12.3	12.6	16.6	11.9	8.1	-100bps	40bps	450bps
EBIT margin (%)	14.6	15.2	15.3	14.8	15.3	15.2	-20bps	0bps	10bps
PAT (INR M)	8,591	10,934	12,117	8,598	10,602	11,459	-0.1%	3.1%	5.7%
EPS	138.1	175.8	194.8	138.6	170.9	184.7	-0.3%	2.9%	5.5%

Source: MOFSL

**Exhibit 4: Operating metrics**

	3QFY21	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23
<b>Revenue Mix Geography-wise (%)</b>	49.0	46.0	51.6	52.2	53.3	49.9	51.3	51.3	49.2
Americas	36.0	40.0	35.3	32.5	33.7	39.8	36.9	38.5	40.3
EMEA	15.0	14.0	13.1	15.3	13.0	10.3	11.9	10.2	10.5
RoW									
<b>Revenue mix Vertical-wise (%)</b>	18.0	17.0	21.1	24.1	28.4	27.7	29.5	31.7	31.1
BFS	32.0	31.0	30.8	29.2	27.8	25.7	23.1	23.2	22.1
Insurance	20.0	19.0	18.9	18.6	18.3	20.1	19.4	19.3	19.3
Transportation	30.0	33.0	29.2	28.1	25.5	26.5	28.0	25.8	27.5
Manufacturing/Media/Others									
<b>Revenue Mix (%)</b>									
Top Clients contribution (%)	24.0	25.0	24.6	22.5	25.2	23.1	22.9	23.1	23.9
Top – 5	34.0	36.0	35.9	33.0	36.1	35.0	35.5	35.8	36.3
Top -10									
<b>Fresh order Intake - USD m</b>	116	119	46	123	91	158	123	141	208
USA	45	65	227	114	110	104	151	134	113
EMEA	32	17	46	48	47	40	41	29	24
RoW	192	201	318	285	247	301	315	304	345
Deals signed - USD m	501	520	645	688	701	720	745	802	841
Executable Order Book (NTM) - USD m									
<b>Employee Metrics</b>	10538	11469	18739	19579	20938	21294	21494	21692	21153
Billable Personnel	189	188	258	297	281	278	285	291	317
Sales and Marketing	697	734	1494	910	911	928	963	1008	1035
Others	<b>11424</b>	<b>12391</b>	<b>20491</b>	<b>20786</b>	<b>22130</b>	<b>22500</b>	<b>22742</b>	<b>22991</b>	<b>22505</b>
<b>Total</b>	78.9	81	77	78.5	77.1	76.1	76.2	77.3	80.3
Utilization	10.4	10.5	12.6	15.3	16.3	17.7	18	16.4	15.8
Attrition	49.0	46.0	51.6	52.2	53.3	49.9	51.3	51.3	49.2

Source: Company, MOFSL

## Financials and valuations

Income Statement							(INR m)	
Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Sales</b>	<b>29,914</b>	<b>36,762</b>	<b>41,809</b>	<b>46,628</b>	<b>64,320</b>	<b>80,257</b>	<b>92,823</b>	<b>1,04,502</b>
Change (%)	7.8	22.9	13.7	11.5	37.9	24.8	15.7	12.6
Cost of revenue	19,179	23,907	27,502	31,692	43,736	54,148	62,381	70,225
SGA expenses	5,723	6,402	6,840	6,545	8,527	11,233	12,672	14,421
RSU costs	0	0	17	480	633	612	820	732
<b>EBITDA</b>	<b>5,012</b>	<b>6,453</b>	<b>7,450</b>	<b>7,911</b>	<b>11,424</b>	<b>14,265</b>	<b>16,950</b>	<b>19,124</b>
% of Net Sales	16.8	17.6	17.8	17.0	17.8	17.8	18.3	18.3
Depreciation	1,273	1,248	1,730	1,836	2,272	2,529	2,811	3,165
Other Income	298	476	461	113	-266	-34	464	314
<b>PBT</b>	<b>4,037</b>	<b>5,681</b>	<b>6,181</b>	<b>6,188</b>	<b>8,886</b>	<b>11,702</b>	<b>14,603</b>	<b>16,272</b>
Tax	950	1,404	1,229	1,302	1,468	2,539	3,359	3,743
Rate (%)	23.5	24.7	19.9	21.0	16.5	21.7	23.0	23.0
Minority Interest	0	188	238	104	530	572	310	413
<b>Adjusted PAT</b>	<b>3,087</b>	<b>4,089</b>	<b>4,714</b>	<b>4,782</b>	<b>6,888</b>	<b>8,591</b>	<b>10,934</b>	<b>12,117</b>
Change (%)	9.5	32.5	15.3	1.4	44.0	24.7	27.3	10.8
Extraordinary Items	0	56	128	226	269	9	0	0
<b>Reported PAT</b>	<b>3,087</b>	<b>4,033</b>	<b>4,586</b>	<b>4,556</b>	<b>6,619</b>	<b>8,582</b>	<b>10,934</b>	<b>12,117</b>

Balance Sheet							(INR m)	
Y/E March	2018	2019E	2020	2021	2022	2023E	2024E	2025E
Share Capital	615	618	625	606	609	609	609	609
Reserves	17,125	20,105	23,340	24,055	26,722	31,868	38,428	45,698
<b>Net Worth</b>	<b>17,740</b>	<b>20,723</b>	<b>23,965</b>	<b>24,661</b>	<b>27,331</b>	<b>32,477</b>	<b>39,037</b>	<b>46,307</b>
Loans	179	100	48	5	3,365	3,365	2,565	1,065
Minority Interest	222	75	0	0	983	0	0	0
Other liabilities	2,710	1,670	2,443	2,043	6,073	3,516	4,067	4,579
<b>Capital Employed</b>	<b>20,851</b>	<b>22,568</b>	<b>26,456</b>	<b>26,709</b>	<b>37,752</b>	<b>39,358</b>	<b>45,669</b>	<b>51,951</b>
<b>Net Block</b>	<b>4,500</b>	<b>4,191</b>	<b>4,013</b>	<b>3,902</b>	<b>4,452</b>	<b>4,429</b>	<b>4,180</b>	<b>4,648</b>
CWIP	7	14	3	2	86	86	86	86
Intangibles	4,293	3,996	5,988	5,690	14,821	14,315	13,753	13,120
Investments	0	0	0	0	0	0	0	0
Deferred tax assets	1,719	1,397	2,884	4,245	7,976	7,307	8,451	9,514
<b>Curr. Assets</b>	<b>16,179</b>	<b>17,992</b>	<b>21,510</b>	<b>21,295</b>	<b>22,209</b>	<b>26,562</b>	<b>33,797</b>	<b>40,348</b>
Debtors	5,858	5,877	8,565	8,895	13,894	14,952	17,293	19,469
Cash & Bank Balance	4,102	5,194	8,195	7,999	4,468	5,009	8,880	12,305
Investments	3,733	4,033	976	247	67	67	67	67
Other Current Assets	2,486	2,888	3,774	4,154	3,780	6,534	7,557	8,508
<b>Current Liab. &amp; Prov</b>	<b>5,847</b>	<b>5,833</b>	<b>7,942</b>	<b>8,425</b>	<b>11,792</b>	<b>13,341</b>	<b>14,597</b>	<b>15,765</b>
Trade payables	1,453	1,647	2,634	3,398	6,160	7,638	8,833	9,945
Other liabilities	3,685	3,852	4,979	4,802	5,316	5,316	5,316	5,316
Provisions	709	334	329	225	316	387	448	504
<b>Net Current Assets</b>	<b>10,332</b>	<b>12,159</b>	<b>13,568</b>	<b>12,870</b>	<b>10,417</b>	<b>13,221</b>	<b>19,199</b>	<b>24,583</b>
<b>Application of Funds</b>	<b>20,851</b>	<b>22,568</b>	<b>26,456</b>	<b>26,709</b>	<b>37,752</b>	<b>39,358</b>	<b>45,669</b>	<b>51,951</b>

## Financials and valuations

### Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>EPS</b>	<b>51.3</b>	<b>66.5</b>	<b>75.5</b>	<b>77.4</b>	<b>110.9</b>	<b>138.1</b>	<b>175.8</b>	<b>194.8</b>
Cash EPS	72.4	85.9	101.2	103.4	143.2	178.6	221.0	245.7
Book Value	294.7	337.0	384.1	407.0	448.7	532.4	640.0	759.1
DPS	15.0	15.0	31.0	20.5	52.0	55.3	70.3	77.9
Payout %	29.2	22.6	41.0	26.5	46.9	40.0	40.0	40.0

### Valuation (x)

P/E	79.9	61.7	54.3	53.0	37.0	29.7	23.3	21.0
Cash P/E	56.6	47.7	40.5	39.6	28.6	23.0	18.6	16.7
EV/EBITDA	47.7	37.7	33.1	30.4	21.8	17.4	14.4	12.5
EV/Sales	8.0	6.6	5.9	5.2	3.9	3.1	2.6	2.3
Price/Book Value	13.9	12.2	10.7	10.1	9.1	7.7	6.4	5.4
Dividend Yield (%)	0.4	0.4	0.8	0.5	1.3	1.3	1.7	1.9

### Profitability Ratios (%)

RoE	17.6	21.1	21.1	19.7	26.0	28.3	30.6	28.4
RoCE	14.0	17.9	18.6	18.0	23.7	23.8	25.6	25.2

### Turnover Ratios

Debtors (Days)	66	58	63	68	65	66	63	64
Fixed Asset Turnover (x)	6.4	8.5	10.2	11.8	15.4	18.1	21.6	23.7

### Cash Flow Statement

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
CF from Operations	3,951	5,240	5,633	7,121	9,089	10,128	13,745	15,282
Cash for Working Capital	-128	-713	-2,664	502	-1,433	-4,150	-2,701	-2,510
<b>Net Operating CF</b>	<b>3,823</b>	<b>4,527</b>	<b>2,969</b>	<b>7,623</b>	<b>7,656</b>	<b>5,978</b>	<b>11,044</b>	<b>12,772</b>
Net Purchase of FA	-838	-676	-703	-757	-1,475	-2,000	-2,000	-3,000
<b>Free Cash Flow</b>	<b>2,985</b>	<b>3,851</b>	<b>2,266</b>	<b>6,866</b>	<b>6,181</b>	<b>3,978</b>	<b>9,044</b>	<b>9,772</b>
Net Purchase of Invest.	-1,866	-1,624	1,826	-1,597	-8,089	0	0	0
<b>Net Cash from Invest.</b>	<b>-2,704</b>	<b>-2,300</b>	<b>1,123</b>	<b>-2,354</b>	<b>-9,564</b>	<b>-2,000</b>	<b>-2,000</b>	<b>-3,000</b>
Proceeds from Equity	66	87	275	18	51	0	0	0
Proceeds from LTB/STB	0	-64	-133	-697	2,139	0	-800	-1,500
Dividend Payments	-810	-1,086	-1,469	-4,852	-3,748	-3,437	-4,373	-4,847
<b>Cash Flow from Fin.</b>	<b>-744</b>	<b>-1,063</b>	<b>-1,327</b>	<b>-5,531</b>	<b>-1,558</b>	<b>-3,437</b>	<b>-5,173</b>	<b>-6,347</b>
<b>Net Cash Flow</b>	<b>375</b>	<b>1,164</b>	<b>2,765</b>	<b>-262</b>	<b>-3,466</b>	<b>542</b>	<b>3,870</b>	<b>3,425</b>
Exchange difference	224	-72	236	66	-65	0	0	0
<b>Opening Cash Bal.</b>	<b>3,502</b>	<b>4,101</b>	<b>5,193</b>	<b>8,194</b>	<b>7,998</b>	<b>4,467</b>	<b>5,008</b>	<b>8,879</b>
Add: Net Cash	599	1,092	3,001	-196	-3,531	542	3,870	3,425
<b>Closing Cash Bal.</b>	<b>4,101</b>	<b>5,193</b>	<b>8,194</b>	<b>7,998</b>	<b>4,467</b>	<b>5,008</b>	<b>8,879</b>	<b>12,304</b>

(INR m)

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 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 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 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).