

Prestige Estates Projects

BSE SENSEX

61,168

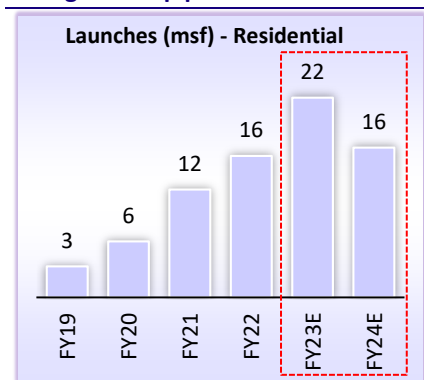
S&P CNX

18,197



Bloomberg	PEPL IN
Equity Shares (m)	401
M.Cap.(INRb)/(USDb)	188.3 / 2.3
52-Week Range (INR)	553 / 375
1, 6, 12 Rel. Per (%)	-5/5/-6
12M Avg Val (INR M)	326

Strong launch pipeline ahead



Source: MOFSL, Company

OCF will be sufficient to fund BD spends

(INR b)	FY23E	FY24E	FY25E	FY26E	FY27E
Total Inflow	83	99	119	141	162
Construction costs	38	40	49	57	62
Overheads	10	10	11	12	13
Interest	6	6	7	7	7
Taxes	6	7	9	12	14
Total Outflow	59	65	77	88	97
OCF	23	34	43	53	65
BD spends	20	5	20	20	20
OCF post BD	3	29	23	33	45

Note: Assuming pre-sales scale-up to INR150-170b by FY25-26

CMP: INR470
TP: INR675 (+44%)
Buy

CY23: To be a defining year

Scale-up in residential segment to reduce concerns around leverage

PEPL stock has not seen any major re-rating despite continued strong performance in its residential business. In our opinion, this is likely due to concerns over leverage given a heavy capex cycle ahead of us. We expect CY23 to be a defining year for PEPL as it looks to grow its pre-sales on a strong base, provide growth visibility, and allay concerns of rise in leverage beyond a comfortable level. PEPL's 25msf launch pipeline (over 12 months) and strong business development plans will provide clarity on further scale-up in residential business and robust cash flow generation. While PEPL continues its aggressive stance on commercial strategy, a large part of its capex is likely to be funded from internal accruals, capping the net debt at not more than 0.5-0.6x of equity. We reiterate our BUY rating with a TP of INR675 and rate it as our top pick in real estate sector for CY23.

Key risk downside risks to our target price include (a) slowdown in residential absorption and (b) inability to sign BD deals

25msf launch pipeline (next 12m) to help sustain growth trajectory

- PEPL reported sales bookings of INR104b in FY22 and became the first company to breach INR100b pre-sales mark. In FY23, the company has guided for INR120b of pre-sales, of which, it has already clocked INR65b in 1HFY23.
- Its residential segment did well, largely driven by ~INR70b of pre-sales by Prestige City (TPC), Bengaluru, in the last 18 months. With inventory in TPC, Bengaluru, largely exhausted, the company would have to rely on its upcoming 23msf of pipeline to sustain its pre-sales in Bengaluru.
- PEPL plans to launch 25msf of residential projects over the next 12 months (including 12msf in non-Bengaluru markets), which will not only help PEPL sustain its pre-sales in Bengaluru but also boost contribution from Mumbai, NCR, and Hyderabad, thereby, maintaining its pre-sales growth trajectory.
- We expect PEPL to meet its FY23 pre-sales guidance of INR120b, and the same is expected to grow to INR126b in FY24. Launches from new project additions over the next 6-12m will lead to upward revisions in our estimates.

Aims to spend INR20-25b on business development annually

- PEPL currently has INR65b of inventory in ongoing projects and 57msf of upcoming project pipeline with a revenue potential of INR337b, providing just three years of visibility. Thus, business development is likely to be the focus.
- The company expects to spend INR20-25b annually on new project additions with a target to reach INR150-170b of pre-sales in the next two-three years and targeted contribution from each of its core micro-markets.
- PEPL aspires to generate INR70-80b of pre-sales from Bengaluru, INR30-35b from Mumbai, INR10-15b each from Hyderabad, NCR, and Pune, and INR10b from Chennai and other southern markets.

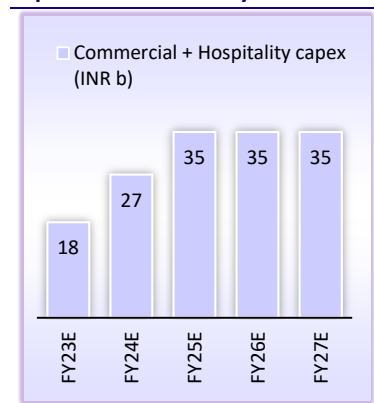
Pritesh Sheth - Research Analyst (Pritesh.Sheth@MotilalOswal.com)

Sourabh Gilda - Research Analyst (Sourabh.Gilda@motilaloswal.com)

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

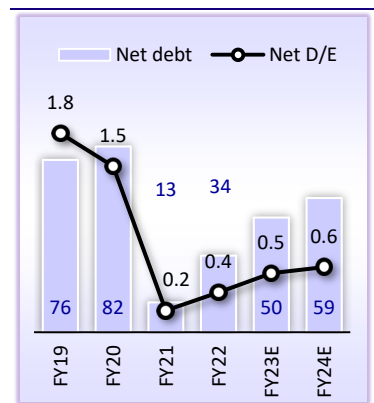
Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Company will spend INR145b in capex over next five years



Source: MOFSL, Company

Debt should peak out at D/E of 0.6x



Source: MOFSL, Company

- Based on targeted pre-sales of INR150-170b, its annualized operating cash flow run-rate is expected to increase to ~INR55b over the next two-three years, which will be sufficient to fund its business development spends.
- Additionally, the company has INR20b of capital pending to be deployed from the HDFC platform which will be utilized over the next 12 months and in case required, the company will also roll out its INR25b AIF. Thus, business development spends are likely to be taken care of internally.

Surplus cash flows sufficient to fund aggressive capex plans

- Excluding the spending on business development, PEPL is expected to generate INR20-30b of free cash available for capex. The company currently has INR145b of pending capex to be spent on ongoing (INR70b) and upcoming (INR75b) office, retail, and hotel projects.
- PEPL remains committed to deliver the ongoing and upcoming commercial portfolio within the next five years, and hence, an annual capex run-rate is expected to increase to INR35b in FY25-27 from INR18b in FY23.
- Strong cash flow generation will ensure a large part of existing construction debt will be paid off once completion and will be replaced by debt on upcoming assets. That said, we do not expect net debt to increase by more than INR20-25b, leading to net debt-to-equity of 0.5-0.6x.
- The portfolio once delivered is expected to generate INR32b of rental income at the existing rental rate (without incorporating any growth/escalations). Off the 32msf leasable area slated to be delivered over the next five years, Bengaluru accounts for ~13msf and with an average annual absorption of ~12msf, we remain confident of healthy leasing traction.
- For the company's upcoming projects in Mumbai, we expect off-take to be healthy in PEPL's BKC project (Prestige 101), while leasing traction in Prestige Liberty towers, Mahalaxmi remains to be seen.

Valuation and view

- We raise our FY24E pre-sales by 16% to INR126b, on the back of higher-than-expected launches over the next 12 months. Our recent channel check indicates that demand momentum continues to remain strong in Bengaluru, and thus, we remain confident of PEPL's pre-sales growth trajectory.
- As PEPL's residential segment further scales up, the cash flow generation will be sufficient to take care of business development spending and commercial capex requirement without much increase in net-debt which is key investor concern
- Once fully stabilized over the next five-six years, the commercial portfolio will generate a rental income of INR32b, and the current valuation does not fully reflect this yet.
- We reiterate our BUY rating with an unchanged SOTP-based TP of INR675, implying a 44% upside potential. **We believe CY23 is likely to be a defining year for PEPL with respect to sustaining its pre-sales growth momentum and providing cash flow visibility, and hence, we rate it as our top pick for the sector.**

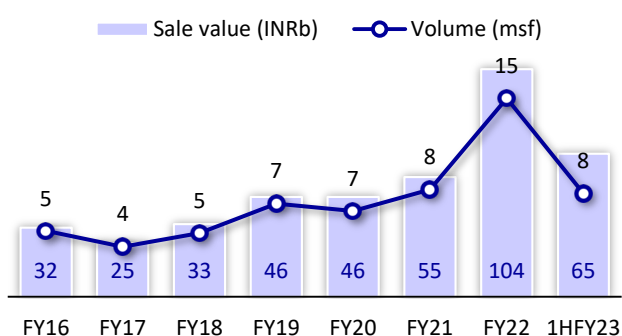
25msf of launch pipeline (next 12m) will help sustain growth

Aims to spend INR20-25b annually on business development

Residential segment continues to exhibit strong performance

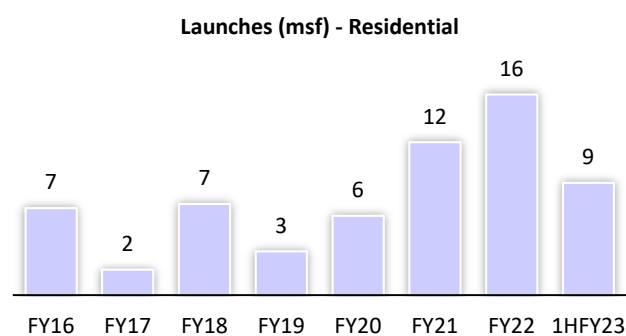
- PEPL reported a 90% jump in sales bookings to INR104b in FY22 and became the first residential developer to breach the INR100b pre-sales mark.
- The residential segment continues to exhibit strong performance as it clocked INR6 5b of pre-sales in 1HFY23, up 129% YoY and more than halfway through the company's FY23 guidance of INR120b.
- The scale-up in the residential segment was led by ramp-up in launches (28msf launched in FY21-22) and strong traction in its township project TPC, Bengaluru, which contributed ~INR70b of pre-sales over the last 18 months.

Exhibit 1: Pre-sales almost doubled to INR104b in FY22...



Source: Company, MOFSL

Exhibit 2: ...on account of pick-up in launches

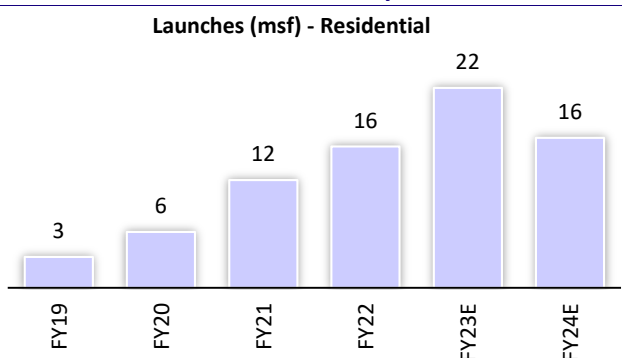


Source: Company, MOFSL

PEPL to launch 25msf of projects over the next 12 months

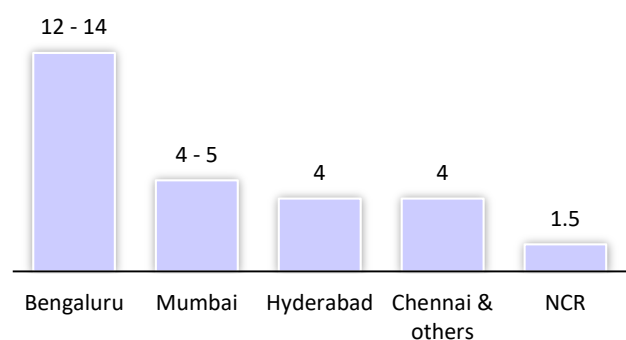
- PEPL currently has upcoming residential project pipeline of 57msf (total developable area), of which, it will launch 35msf of projects over the next 12 months. Accounting only for the initial few phases of some large projects, we expect the company to launch ~25msf projects over the next 12 months.
- With inventory of TPC, Bengaluru largely exhausted, it will be a challenge for the company to fill the void but 12-14msf launch pipeline in Bengaluru alone would aid in sustaining the healthy sales run-rate of INR70-80b in the city.
- Launches in non-Bengaluru markets are also expected to ramp up with 12msf of projects slated to be launched in MMR, Hyderabad, NCR, and Chennai, leading to increased contribution in these markets.

Exhibit 3: Launches to remain healthy



Source: Company, MOFSL

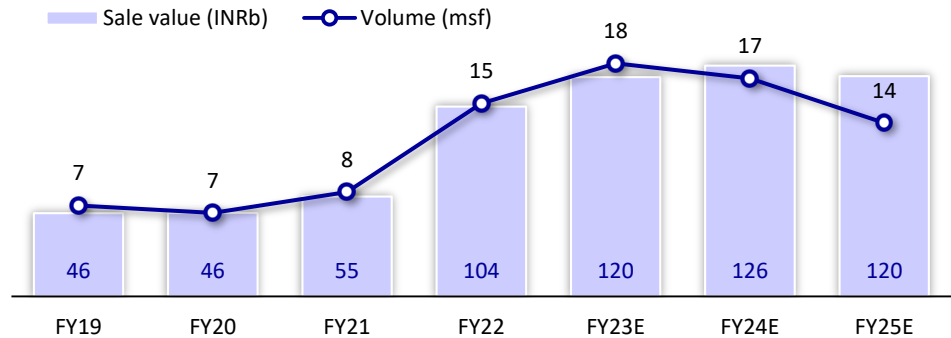
Exhibit 4: Bengaluru to account for 50% of 25msf launches over next 12 months



Source: Company, MOFSL

- Overall, we expect INR120b of pre-sales in FY23, in line with the company's guidance and report 5% YoY growth in FY24 to INR126b. While the estimates account for only the existing pipeline, launches from new project additions over the next 12 months will lead to upward revision in our FY24-25E pre-sales.

Exhibit 5: Expect company to report INR126b in pre-sales in FY24

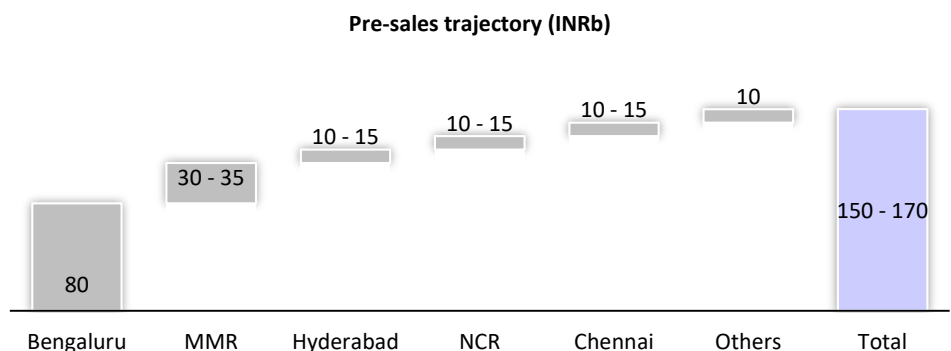


Source: Company, MOFSL

PEPL will spend INR20-25b on business development; targets INR150-170b pre-sales in near term

- PEPL currently has INR400b of inventory in ongoing (INR65b) and upcoming (INR335b) residential projects, providing visibility for only the next three years.
- Hence, the company's focus will also be on new project additions across its key focus markets, including the entry in Pune. PEPL aims to spend INR20-25b annually on project additions to sustain its pre-sales growth trajectory.
- Over the next two-to-three years, it targets to increase its pre-sales to INR150-170b to sustain INR70-80b of pre-sales from Bengaluru, increase contribution from MMR to INR30-35b, INR10-15b each from Hyderabad, NCR, and Pune while INR10b from other non-Bengaluru south markets.

Exhibit 6: PEPL targets INR150-170b of pre-sales over the next two-three years



Source:

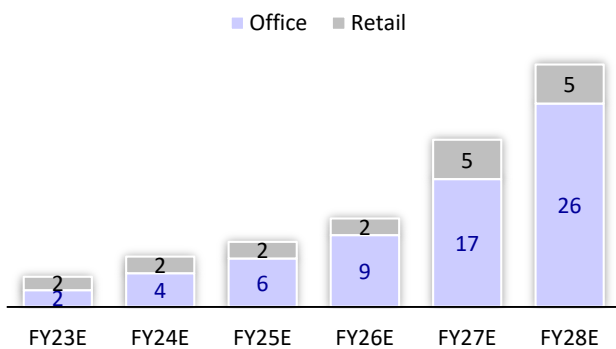
Aggressive commercial expansion strategy on track

Aims to spend INR145b of capex over the next five years

About 32msf (TLA) of assets to be delivered over the next five years; rental income to scale up to INR32b once stabilized

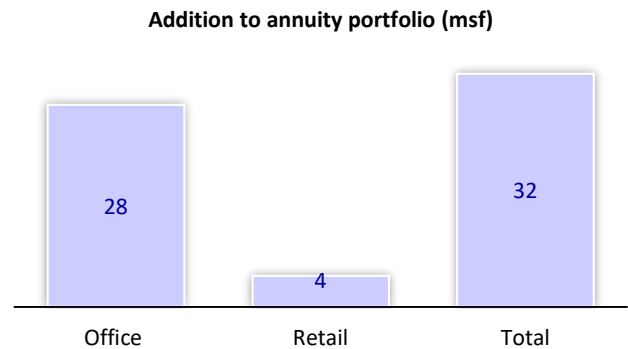
- PEPL currently has 43msf of projects comprising: office (37msf) and retail (6msf) assets across the ongoing (22msf) and upcoming (21msf) pipeline, which excludes 6msf earmarked for strata sale.
- The total leasable area for these projects stands at 32msf, which the company is aiming to deliver over the next five years.
- The portfolio once fully leased will generate a rental income of INR32b without incorporating any escalation or growth in rentals.

Exhibit 7: PEPL aspires to scale up the annuity rentals to INR32b over the next five years...



Source: Company, MOFSL

Exhibit 8: ...driven by 32msf addition to its annuity portfolio

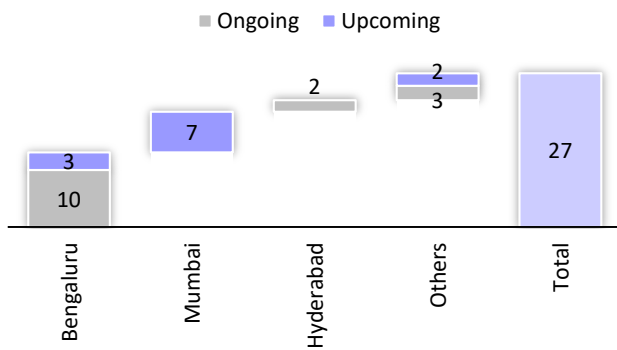


Source: Company, MOFSL

Office portfolio largely concentrated in Bengaluru

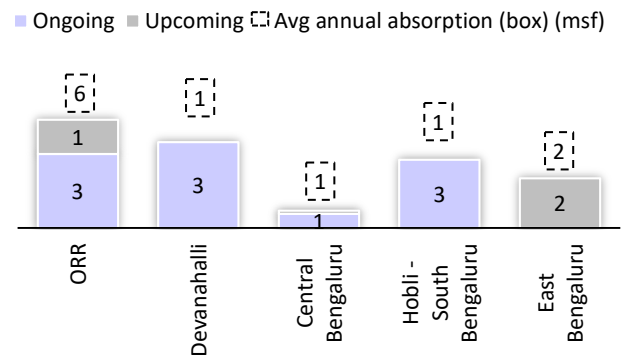
- Of the 27msf of ongoing and upcoming office portfolio (leasable area), ~13msf will be delivered in Bengaluru over the next five years.
- As per Cushman and Wakefield, Bengaluru reported average net leasing of 12msf during CY15-20. Thus, leasing 13msf over the next five years at a market share of ~20% should not be a challenge for PEPL.
- Our micro-market analysis indicates (Exhibit 10), of the 13msf expected to be delivered in Bengaluru, ~7msf is likely in ORR/Whitefield where annual absorption is ~6msf while 3msf/4msf will be delivered in North and South Bengaluru.
- PEPL will also deliver 7msf of office space in Mumbai across the two assets in BKC and Mahalaxmi. While we remain confident of absorption in the company's asset in BKC, considering the location and lack of Grade-A supply, leasing traction in Prestige Liberty Towers, Mahalaxmi remains to be monitored.

Exhibit 9: PEPL to deliver 27msf of office space by FY28



Source: MOSL

Exhibit 10: Bengaluru to account for 13msf

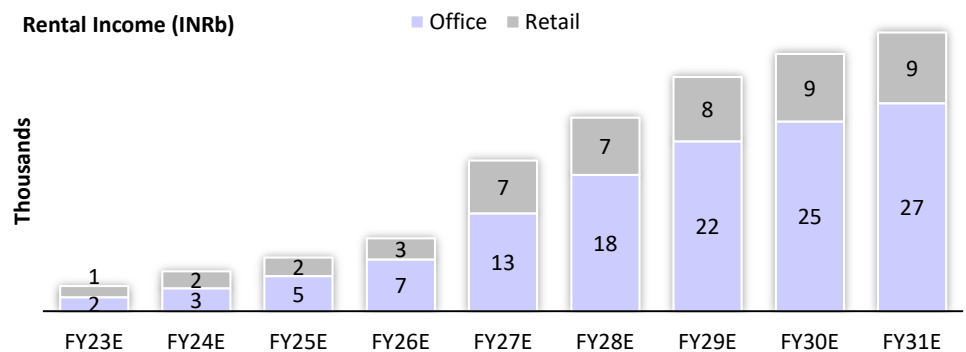


Source: MOSL

We built in a little longer leasing cycle for now...

- While the management remains confident of leasing the whole commercial pipeline by the end of the construction cycle, we have built in a little longer leasing cycle especially for its assets in Mumbai.
- We expect rental income to grow to INR6b by FY25 and forecast PEPL to reach a steady state in FY31 rather than FY28 as assumed by its management.

Exhibit 11: We expect annuity portfolio to stabilize by FY31



Source:

Sufficient cash flows to fund BD and a large part of the commercial capex

Residential scale-up to enable strong cash flows

- While PEPL's current pipeline does not provide any growth visibility beyond two years, it is targeting INR150-170b of pre-sales in the next two to three years through its strong focus on business development.
- According to our analysis, as the residential business further scales up to targeted pre-sales, PEPL will generate INR30-50b of operating cash flows that will be sufficient to fund the business development spends of INR20-25b.
- PEPL will also utilize INR20b of capital pending to be deployed from HDFC platform to acquire projects that will help meet part of its business development requirements in the near term.

Exhibit 12: We expect cash flows to be sufficient to fund the business development and a large part of its capex

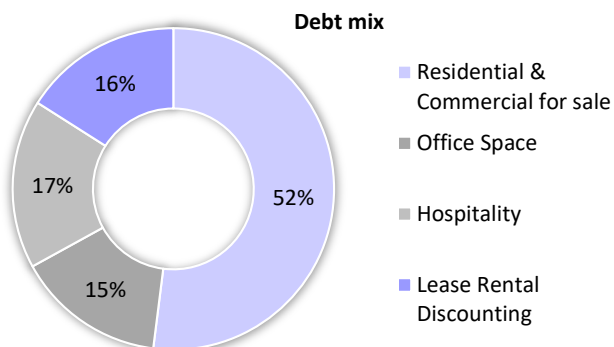
INR b	FY23	FY24	FY25	FY26	FY27
Pre-sales	120	132	150	165	182
Collections	77	90	108	126	139
Rental Income	3	5	7	9	17
PMS	6	7	9	10	12
Inflows	86	102	124	146	169
Construction costs	38	40	49	57	62
Annuity overheads	3	4	4	5	6
Overheads	10	10	11	12	13
Interest	6	6	7	7	7
Taxes	6	7	9	12	14
Outflows	62	68	81	93	103
OCF	23	34	43	53	65
BD	20	5	20	20	20
OCF post BD	3	29	23	33	45
Capex	18	27	35	35	35
Net surplus/deficit	-15	2	-12	-2	10

Source: Company, MOFSL

Debt should peak out at ~INR60b with further scale-up in residential

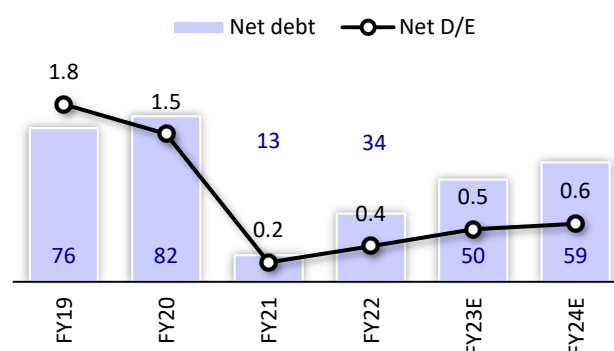
- As of Sep'22, PEPL had an outstanding net debt of INR40b of which over INR20b accounted for the residential segment, which will be paid-off through accruals.
- As the commercial capex intensity accelerates from hereon, our cash flow analysis (Exhibit 12) indicates that a large part of the capex requirement would be funded internally and hence we expect net debt to peak out at ~INR60b or 0.6x of Equity.

Exhibit 13: Residential segment accounts for INR20b of debt



Source: Company, MOFSL

Exhibit 14: Expect debt to peak out at ~INR60b



Source: Company, MOFSL

Valuation and view: Reiterate BUY with a TP of INR675

Market not ascribing much value to PEPL's growth potential in residential as well as commercial segments

Clarity on residential growth and leverage to emerge over the next 12 months

- We believe CY23 will be a defining year for PEPL as it will render further growth visibility through strong business development, scale up in residential business on strong base leading to healthy cash generation that will allay concerns over mounting leverage.
- PEPL's healthy launch pipeline provides confidence that it can fill the void left by exhaustion of inventory in TPC, Bengaluru and grow on a strong base.
- Further scale up will provide clarity on strong cash flow generation and address the key investor concern of mounting leverage.

We value PEPL using an SoTP approach where:

- its Residential business is valued using DCF of expected cash flows at a WACC of 12.5% and assuming nil terminal growth rate
- its operational Commercial assets are valued at a 9% cap rate on Sep'24E EBITDA and ongoing and upcoming projects are valued using DCF
- its Hospitality business is valued at 17.5x EV/EBITDA on Sep'24E basis.

Based on the above approach, we arrive at a GAV of INR330b. Netting-off FY24E net debt of INR59b, we derive an NAV of INR271b, or INR675/share, indicating an upside potential of 44% from current level. **Maintain BUY.**

Exhibit 15: Our SoTP-based approach denotes 44% upside for PEPL based on CMP; maintain BUY

NAV calculation	Rationale	INR b	per share (INR)	%
Residential	❖ DCF of five year cash flow at a WACC of 12% and nil terminal growth	163	408	60%
Office – Operational	❖ Cap rate of 8.75% for operational assets and DCF for ongoing and planned assets	18	45	7%
Office – Ongoing and Upcoming	❖ Cap rate of 8.75% for operational assets and DCF for ongoing and planned assets	64	159	24%
Retail Malls	❖ Cap rate of 8.75% for operational assets and DCF for ongoing and planned assets	36	91	13%
Hospitality	❖ FY24E EBITDA at 17.5x EV/EBITDA	40	101	15%
Property Management Services	❖ FY24E EBITDA at 10x EV/EBITDA	8	20	3%
Gross Asset Value		330	823	122%
Less: Net debt	❖ FY23E	(59)	(147)	(22%)
Net Asset Value		271	675	100%
CMP			469	
Upside			44%	

Market not ascribing much value to residential/commercial growth

- PEPL currently trades at an EV of INR247b assuming peak debt of INR59b.
- Operational commercial portfolio at end-FY25 will generate an EBITDA of INR5.5b and @ cap rate of 8.5% is valued at INR75b (including for sale portfolio).
- PMS business will generate revenue of INR8.5b and is valued at INR16b at a margin of 15% and EV/EBITDA of 10x.
- Hospitality business is currently generating EBITDA of INR2.2b and is valued at INR39b at 17.5x EV/EBITDA.
- Thus we derive a value of INR129b for its commercial and hospitality businesses, implying INR118b value for its residential business.
- Net asset value of PEPL's current residential pipeline is INR95b based on its INR160b OCF potential and monetization timeline of six to seven years; hence, its residential business is currently trading at 24% premium to NAV of its existing pipeline.
- The above analysis also indicates that the market is not ascribing much value to its upcoming commercial projects, which has the potential to generate additional rental income of INR23b (not accounted for above) at current rental run-rate.

Exhibit 16: Current valuation ascribes limited value to PEPL's growth potential in residential/commercial segments

	Description	Value (INR b)
Market cap	Valued at CMP of INR469	188
Net debt	Peak debt at FY24E	59
Enterprise value		247
Operation portfolio at FY25	FY25 EBITDA of INR5.5b @ 8.5% cap rate + value of for-sale commercial	75
PMS	INR8.5b revenue (FY25) at 15% EBITDA margin valued at 10x EV/EBITDA	16
Hospitality	INR2.2b of EBITDA valued at 17.5x EV/EBITDA	39
Total value of commercial and hospitality		129
Implied residential value		118
NAV of existing pipeline	INR160b OCF potential to be realized in 6-7 years	95
Premium to NAV		24%

Source: MOFSL

Financials and valuations

Consolidated Profit & Loss

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	55.0	51.7	81.2	72.6	63.9	73.9	81.4	87.3
Change (%)	15.2	-5.9	57.1	-10.6	-12.0	15.7	10.2	7.1
Construction Cost	35.8	28.6	47.9	44.8	38.9	45.5	47.6	50.2
Employees Cost	3.0	4.0	4.2	4.2	4.5	5.2	5.7	6.2
Other Expenses	3.5	4.6	5.6	4.0	5.1	6.0	6.6	7.0
Total Expenditure	42.2	37.2	57.7	52.9	48.6	56.6	59.9	63.4
% of Sales	76.8	71.9	71.0	72.9	76.0	76.6	73.6	72.6
EBITDA	12.8	14.5	23.6	19.7	15.3	17.3	21.5	23.9
Margin (%)	23.2	28.1	29.0	27.1	24.0	23.4	26.4	27.4
Depreciation	1.5	3.2	6.7	5.9	4.7	6.1	7.3	8.5
EBIT	11.2	11.3	16.9	13.8	10.6	11.2	14.2	15.4
Int. and Finance Charges	5.7	7.2	10.2	9.9	5.6	7.2	8.5	9.1
Other Income	0.7	1.1	1.2	2.4	2.1	2.4	2.7	2.9
PBT bef. EO Exp.	6.2	5.2	7.8	6.3	7.2	6.5	8.4	9.2
EO Items	0.0	0.9	0.4	14.7	8.1	3.0	0.0	0.0
PBT after EO Exp.	6.2	6.1	8.2	21.0	15.3	9.4	8.4	9.2
Total Tax	2.1	2.0	2.8	5.2	2.9	2.4	2.1	2.3
Tax Rate (%)	34.2	32.6	33.8	24.8	19.3	25.0	25.0	25.0
Minority Interest	-0.1	-0.3	0.0	0.3	0.2	0.0	0.0	0.0
Reported PAT	4.2	4.4	5.5	15.5	12.1	7.1	6.3	6.9
Adjusted PAT	4.2	3.8	5.2	4.5	5.6	4.9	6.3	6.9
Change (%)	13.4	-10.1	37.2	-14.7	26.0	-13.6	29.8	8.8
Margin (%)	7.7	7.4	6.4	6.1	8.8	6.6	7.8	7.9

Consolidated Balance Sheet

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	4	4	4	4	4	4	4	4
Total Reserves	44	39	50	63	87	93	99	105
Net Worth	47	42	54	67	91	97	103	109
Minority Interest	2	1	2	4	5	5	5	5
Total Loans	69	82	86	36	65	78	91	91
Deferred Tax Liabilities	2	3	3	3	3	3	3	3
Capital Employed	121	128	145	110	163	183	201	207
Gross Block	53	73	101	50	76	98	120	142
Less: Accum. Deprn.	5	9	16	13	18	24	31	40
Net Fixed Assets	48	64	85	37	58	74	89	102
Goodwill on Consolidation	3	3	5	1	1	1	1	1
Capital WIP	25	16	21	27	17	12	15	14
Total Investments	4	8	8	9	8	8	8	8
Curr. Assets, Loans&Adv.	109	195	179	193	221	218	226	234
Inventory	57	132	114	96	116	124	131	137
Account Receivables	10	17	15	14	14	14	15	16
Cash and Bank Balance	7	7	10	24	22	6	6	4
Loans and Advances	35	40	41	59	69	74	73	77
Curr. Liability & Prov.	69	159	153	157	141	130	137	151
Account Payables	14	13	12	11	10	12	13	14
Other Current Liabilities	54	144	135	142	123	113	118	131
Provisions	2	3	5	5	8	5	5	6
Net Current Assets	40	37	26	35	80	88	90	83
Appl. of Funds	121	128	145	110	163	183	201	207

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)								
EPS	11.3	10.2	14.0	11.9	15.0	13.0	16.8	18.3
Cash EPS	15.4	18.8	31.7	27.7	27.6	29.2	36.3	41.0
BV/Share	126.2	112.7	142.9	178.0	242.5	259.6	274.5	290.8
DPS	0.7	0.8	0.7	2.6	0.0	0.0	0.0	0.0
Payout (%)	7.7	8.2	6.4	8.2	0.0	0.0	0.0	0.0
Valuation (x)								
P/E	41.2	45.8	33.4	39.1	31.0	35.9	27.7	25.4
Cash P/E	30.2	24.8	14.7	16.8	16.9	16.0	12.8	11.4
P/BV	3.7	4.1	3.3	2.6	1.9	1.8	1.7	1.6
EV/Sales	4.3	4.8	3.2	2.7	3.6	3.5	3.3	3.1
EV/EBITDA	18.5	17.2	11.2	10.1	15.0	15.0	12.6	11.5
Dividend Yield (%)	0.2	0.2	0.2	0.6	0.0	0.0	0.0	0.0
FCF per share	-9.9	11.6	-2.8	27.3	-3.3	-58.9	-14.7	12.2
Return Ratios (%)								
RoE	9.3	8.5	10.9	7.4	7.1	5.2	6.3	6.5
RoCE	7.1	7.0	9.1	10.0	7.9	6.2	6.9	7.0
RoIC	8.6	8.4	11.0	13.3	10.3	6.1	6.5	6.5
Working Capital Ratios								
Fixed Asset Turnover (x)	1.0	0.7	0.8	1.4	0.8	0.8	0.7	0.6
Asset Turnover (x)	0.5	0.4	0.6	0.7	0.4	0.4	0.4	0.4
Inventory (Days)	379	928	511	481	661	613	589	574
Debtor (Days)	64	117	66	69	81	69	69	65
Creditor (Days)	90	88	55	54	56	57	59	58
Leverage Ratio (x)								
Current Ratio	1.6	1.2	1.2	1.2	1.6	1.7	1.7	1.6
Interest Cover Ratio	2.0	1.6	1.7	1.4	1.9	1.6	1.7	1.7
Net Debt/Equity	1.2	1.6	1.3	0.0	0.4	0.5	0.6	0.0

Consolidated Cash flow

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
OP/(Loss) before Tax	6.2	5.2	7.8	20.7	15.1	6.5	8.4	9.2
Depreciation	1.5	3.2	6.7	5.9	4.7	6.1	7.3	8.5
Interest & Finance Charges	5.0	6.1	9.0	9.9	5.6	4.7	5.8	6.2
Direct Taxes Paid	-2.1	-2.0	-2.8	-2.1	-2.4	-2.4	-2.1	-2.3
(Inc)/Dec in WC	8.2	3.5	13.0	0.5	8.1	-24.4	-1.0	4.6
CF from Operations	18.8	16.1	33.8	35.0	31.1	-9.5	18.4	26.2
Others	0.0	0.0	0.0	-16.5	-9.7	3.0	0.0	0.0
CF from Operating incl EO	18.8	16.1	33.8	18.5	21.4	-6.5	18.4	26.2
(Inc)/Dec in FA	-22.5	-11.7	-34.9	-7.6	-22.7	-17.1	-24.2	-21.3
Free Cash Flow	-3.7	4.3	-1.1	10.9	-1.3	-23.6	-5.9	4.9
(Pur)/Sale of Investments	-1.8	-3.4	-0.1	-4.1	-18.1	0.0	0.0	0.0
Others	0.7	1.1	1.2	16.6	0.4	2.4	2.7	2.9
CF from Investments	-23.6	-14.0	-33.9	4.9	-40.5	-14.7	-21.6	-18.4
Issue of Shares	0.0	0.0	0.3	0.0	0.0	0.0	0.0	0.0
Inc/(Dec) in Debt	9.5	13.0	4.2	4.8	21.4	13.0	13.0	0.0
Interest Paid	-5.7	-7.2	-10.2	-9.8	-5.3	-7.2	-8.5	-9.1
Dividend Paid	-0.3	-0.4	-0.4	0.0	0.0	0.0	0.0	0.0
Others	-0.5	-0.3	-1.5	-1.4	0.0	-0.7	-0.7	-0.8
CF from Fin. Activity	3.0	5.2	-7.6	-6.5	16.0	5.2	3.8	-9.9
Inc/Dec of Cash	-1.8	7.2	-7.7	17.0	-3.1	-16.0	0.6	-2.1
Opening Balance	15.9	14.1	21.3	7.0	24.0	21.7	5.7	6.3
Closing Balance	14.1	21.3	13.6	24.0	20.9	5.7	6.3	4.2

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. 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 the 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://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisors Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company 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. 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, 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. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.