3 March 2023

Company Update | Sector: Technology

Tech Mahindra

BSE SENSEX	S&P CNX
59,809	17,594

CMP: INR1,085 TP: INR1,023 (-6%) Neutral

Focus on margins and leadership transition

We attended TechM's Investor Day 2023; the key focus of the meet was upcoming leadership transition and operational profitability. Management commentary was encouraging, with stable spending environment and deal flow in both communication and enterprise businesses. TechM continues to focus on improving its profitability and expects FY24 margins to improve, led by lower subcon expenses, improving offshore, and divestment of non-accretive businesses. With the upcoming change in leadership, due to the retirement of Mr. Gurnani (CEO), long-term strategic direction will continue to remain in focus.

Key strategic areas to drive growth

- Incrementally, the company has been focusing more on partnering with strategic accounts; its revenue from partners and alliance contributes about 30% to its overall topline, while its threshold stands at 40%. The incremental 10% delta would come from strong traction on Cloud, Hyperscalers, and Cybersecurity.
- Currently, the Product and Platform (P&P) generates $450m annualized revenue, contributing ~8% to its overall topline. The company aspires to register a 30% CAGR over the next three years to $1b revenue by 2026.
- The Business Process Services (BPS) arm of Tech Mahindra is complementing the overall core business; the company's Enterprise Business Solutions Unit has won a $700-m deal YTD. The company has mined 50% of the top 200 accounts to gain a higher wallet share, leaving a huge scope for expansion.
- On the engineering business, the company has streamlined the unit by expending its global delivery channel and banking on fortune 500 accounts (majorly Auto OEMs and Tier-1 suppliers).
- The company is co-creating solutions with multiple Auto OEM partners (Sumitomo is one of them) and is currently generating $20mn from this initiative. There still lies significant scope for scaling up its revenue pie with an additional 15 OEMs.

Flexing on multiple margin levers

- TechM continues to focus on improving quality revenue, and divesting non-accretive and low-margin businesses, sometimes at the costs of growth.
- The company would focus on integrating the already acquired capabilities and drawing synergies out of them, rather than venturing into new investment in the inorganic piece. The management indicated that it would remain selective or follow a disciplined approach in acquiring new capabilities or specific competency.
- It firmly believes that it can lower the subcon percentage of revenues to below pre-covid levels (over the next four to five quarters) by rationalizing pyramid and up-skilling more freshers to become billable.
- Similarly, the traction for offshoring remains positive and it is expected to outpace the pre-covid trend. The recently signed large deals have major offshoring components, which should drive up margins.

Stock Info

Bloomberg	TECHM IN
Equity Shares (m)	919
M.Cap.(INRb)/(USDb)	1057.2 / 12.9
52-Week Range (INR)	1525 / 914
1, 6, 12 Rel. Per (%)	9/2/-31
12M Avg Val (INR M)	3407
Free float (%)	64.8

Financials & Valuations (INR b)

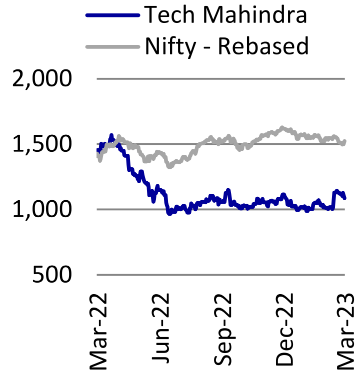
Y/E Mar	2023E	2024E	2025E
Sales	536	591	647
EBIT Margin (%)	11.8	12.8	13.7
PAT	51	60	71
EPS (INR)	58.4	68.2	79.7
EPS Gr. (%)	(6.7)	16.7	16.9
BV/Sh. (INR)	321.4	340.0	361.5
Ratios			
RoE (%)	18.8	20.8	22.9
RoCE (%)	19.0	21.4	23.7
Payout (%)	75.0	75.0	75.0
Valuations			
P/E (x)	18.5	15.8	13.6
P/BV (x)	3.4	3.2	3.0
EV/EBITDA (x)	11.3	9.7	8.4
Div Yield (%)	4.0	4.7	5.5

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	35.2	35.2	35.7
DII	24.1	24.0	17.4
FII	28.0	28.2	35.4
Others	12.7	12.6	11.6

FII Includes depository receipts

Stock performance (one-year)



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

Research analyst: Pritesh Thakkar (Pritesh.Thakkar@MotilalOswal.com); **Raj Prakash Bhanushali** (Raj.Bhanushali@MotilalOswal.com)

Defocusing from M&A – remain selective

- The catalyst for the enterprise business to deliver $1bn revenue in Q3 has come through acquired capabilities and investments in core businesses.
- In FY24, the company's focus is on integrating and right-fixing the acquired capabilities, and derive an established synergy through them.
- Additionally, the M&A opportunities are currently moderated due to unrealistic valuations of targeted entities. Hence, the company remains quite selective in acquiring additional capabilities, unless it fulfills the pre-defined criteria.

Gaining traction on 5G

- The investments in 5G is gaining pace; the company met 100+ CIOs. Three things that remain common across them are (1) 5G open network is real and has mandated its investments (2) automation, and (3) monetization of 5G.
- The annual revenue run-rate from 5G has reached $1b. The earlier investments in 5G are playing out well. The growth potential is tremendous on the enterprise connectivity side.
- The traction on 5G is pivoted upon three major components: (1) simplifying the network; there is tremendous amount of complexities built into the network (2) modernizing the tech stack (3) monetizing 5G for better user experience

Segmental demand outlook

- The traction around communication remains strong, augmented by 5G; the company is well poised to deliver double-digit growth in communication.
- Under manufacturing, the growth is coming through new-age capabilities: 1) EV and electrification, 2) Industry 4.0 and supply chain transformation, and 3) Sustainability are key focus areas.
- On BFSI, the digital portfolio is working really well and is expected to continue its growth momentum in FY24. The management believes that its niche offerings are insulated from any near-term uncertainty.
- Hi-tech is the fastest growing vertical for TechM, driven by strong tailwinds. The partnerships are paying well for the vertical.

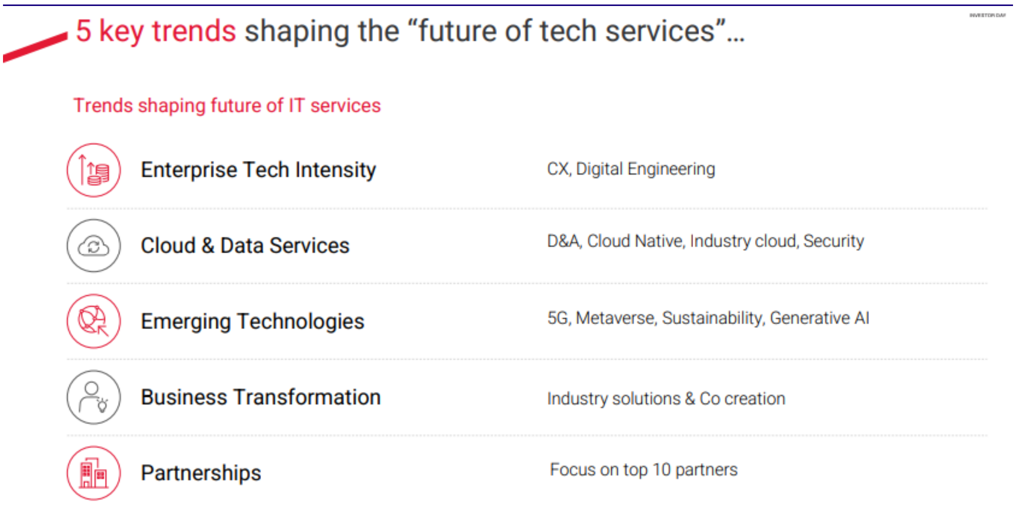
Valuation and view

- Although its current performance remains muted, TECHM's high exposure to the Communications vertical offers a potential opportunity, as a broader 5G rollout can result in a new spending cycle in this space.
- Near-term growth remains weak and we await greater comfort on margins. We value the stock at 15x FY24E EPS. **We maintain our Neutral rating.**

Business Overview and Strategy

- The management believes that there is a lot of uncertainty in the macro environment, which could have some near-term impact on the business.
- Clients continue to engage and discuss business transformation projects.
- The company is taking and will continue to take bold spends to become future ready.
- The company currently gets 30% of the revenue from partnerships and alliances v/s 40% for the industry. TechM plans to bridge this gap by focusing on cloud, hyperscalers, and cyber security.
- It also highlighted five key trends shaping the future of tech services: 1) Enterprise Tech Intensity, 2) Cloud and data services, 3) Emerging Technologies, 4) Business Transformation, and 5) Partnerships.

Exhibit 1: Key trends of Tech services



Source: MOFSL, Company

- TechM also highlighted the need to optimize its operational efficiency to improve yield.
- It has stated definitive goals to boost its productivity.

Exhibit 2: Four pillars for strategy execution

Source: MOFSL, Company

Update on Products and Platforms

- TechM believes that P&P is expected to deliver non-liner growth over the next three years at least.
- The management believes that the companies that P&P would register the largest CAGR (~30%) over the near to medium term.
- Platforms and co-creating IPs deliver strong value to the clients.
- P&P business improves yields and drives strong EBIT margins.
- The management highlighted three key areas for P&P: 1) Cost-takeout and improvement in productivity, 2) to build a new stack faster, and 3) to monetize and participate in revenue cycle of customers.
- The management also indicated that P&P is an important differentiator for TechM and it is poised to grow 2x in the next three years even on conservative basis.
- TechM will launch Comviva 2.0 in April'23. The company has already put in place a strong leadership team and all of the platforms will be housed under Comviva.

Exhibit 3: Key offerings of TechM

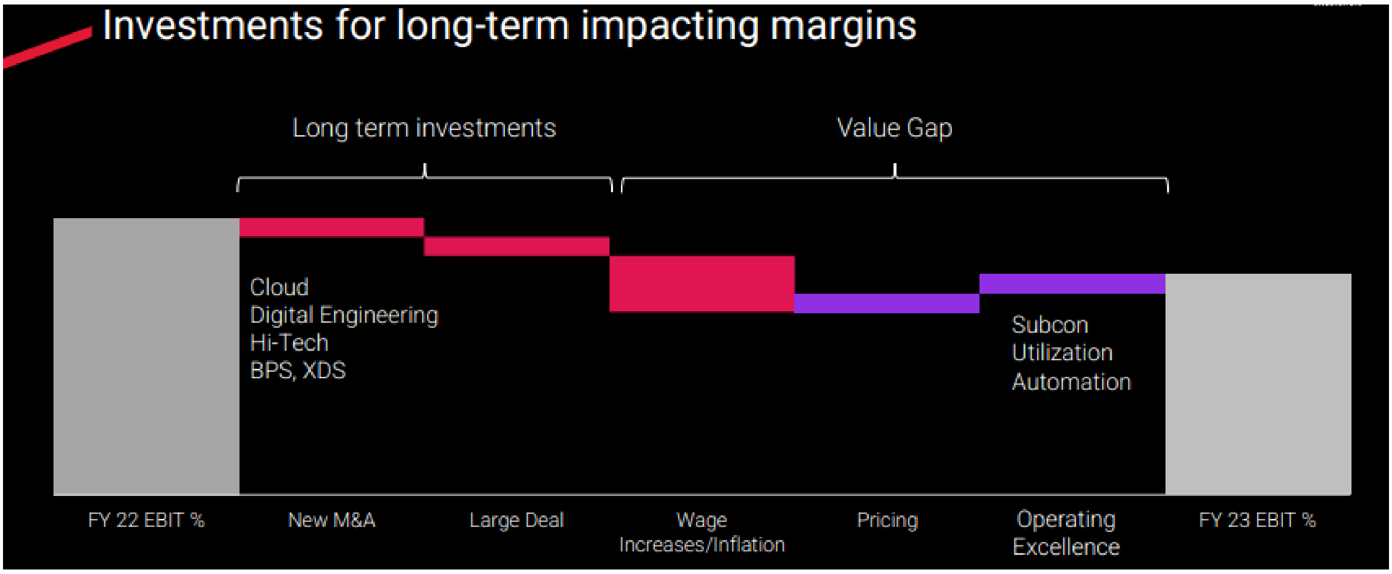
Simplify	netOps.ai
	BlueMarble
	i.Sustain
Modernize	Yantr.ai
	Cloud Blaze Tech
	Afteaze
Monetize	MobiLytix
	YABX
	Mobiquity

Source: MOFSL, Company

Increased focus on margin improvement

- During the year, the margins were adversely impacted, due to planned investments and unforeseen macro uncertainties.
- The drop in margin was a result of:
  - **Inorganic investments:** TechM had pursued several inorganic bets. The amortization and impairment charges negatively impacted the margins. The management alluded that these bets would help the company in the long-run by bringing on board new clients and capabilities.
  - **Large deals:** The company made significant investments, which improved the large deal traction for the company. The large deals come with front-loaded investments, which stifle the margins in the short term. The large deals become margin accretive only as they mature.
  - **Wage inflation:** The gap in demand and supply led to a huge amount of wage inflation in FY22. The replacements came with 30-40% premium and attrition remained high.
- Though the company was able to recoup some margin by getting price hikes from customers and improving efficiency, it was not enough to offset the drags on the margin.
- To improve the profitability, margin levers include rationalization of sub-contractor expenses (significant lever), offshoring, utilization, margin gains as large deals mature, efficiency, and divestment of low-margin businesses.

Exhibit 4: Margin walk



Source: MOFSL, Company

Update on business verticals

- TechM, the dominant player in **CME,** is poised for strong growth going forward, driven by 5G demand. TechM is part of each of the three telcos that are implementing 5G for the first time.
- The quality of revenue has improved significantly for the **MFG (Manufacturing)** vertical. There is good traction in large deals. 1) EV and electrification, 2) Industry 4.0 and supply chain transformation, and 3) Sustainability are the key focus areas.
- **BFSI** has shown strong growth for the company and it continues to focus on digital adoption. The vertical is well equipped for recession in terms of capabilities and offerings.
- **Hi-tech** is the fastest growing vertical for TechM, driven by strong tailwinds. The partnerships are paying well for the vertical.
- Growth levers for **HLS (Healthcare and Life sciences)** include EMR - EHR transformation, modernization of core, and experience. The current spend of USD 220-225b is expected to double in the next seven years.

Way Forward

- Going forward, the company will be focussing on 1) Organic growth, 2) Margin expansion, 3) Portfolio synergy, and 4) Consistent capital return.
- TechM will improve its **organic growth** with the help of large deal wins, account expansion, and by pursuing new growth areas. Going forward, it will increase its spends in co-creation and P&P.
- To **expand the margins**, the company will continue to divest non-strategic accounts, reap automation benefits, and improve productivity and efficiency. It will also get margin benefits from large deals and hire share of high margin digital engineering business going forward.
- **Portfolio synergies** – It deployed USD 1.2b in M&A over the last five years. The portfolio companies (ignoring synergies; on standalone basis) delivered 4.3% CAGR and 90bp margin expansion over the same period. The adverse impact of

shutting down of operations in Belarus for Ctco is behind the company and it is now on track to deliver growth. Allyis is doing well on a standalone basis, but anticipated synergies were negatively impacted due to the slowdown in Hi-Tech.
- **Consistent capital returns** - The company's aims to return all the FCF after M&A to the shareholders.

Valuation and view

- Although its current performance remains muted, TECHM's high exposure to the Communications vertical offers a potential opportunity, as a broader 5G rollout can result in a new spending cycle in this space.
- Near-term growth remains weak and we await greater comfort on margins. We value the stock at 15x FY24E EPS. **We maintain our Neutral rating.**

Financials and valuations

Income Statement								(INR b)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**	**FY25E**
Sales	**308**	**347**	**369**	**379**	**446**	**536**	**591**	**647**
Change (%)	5.6	12.9	6.1	2.7	17.9	20.0	10.4	9.4
COGS	215	234	260	259	310	382	418	452
SGA expenses	45	50	52	52	57	70	76	83
Total Expenses	261	284	311	310	366	453	494	535
EBITDA	**47**	**63**	**57**	**68**	**80**	**83**	**97**	**112**
As a percentage of Net Sales	15.3	18.2	15.5	18.1	18.0	15.5	16.4	17.3
Depreciation	11	11	14	15	15	20	21	23
Other Income	12	3	10	6	10	6	8	8
PBT	**49**	**55**	**53**	**60**	**75**	**70**	**83**	**97**
Tax	11	13	12	15	18	17	22	26
Rate (%)	22.4	22.6	22.0	25.3	24.4	24.7	26.5	26.5
PAT	**38**	**43**	**41**	**45**	**56**	**52**	**61**	**72**
Minority interest	0	0	-1	-1	1	1	1	1
Share from associates	0	0	0	0	0	0	0	0
PAT before EO	**38**	**43**	**43**	**46**	**56**	**52**	**60**	**71**
Change (%)	33.9	13.1	-1.1	7.2	22.1	-7.1	16.7	16.9
Extraordinary Items (EO)	0	0	-2	-1	0	0	0	0
Reported PAT	**38**	**43**	**40**	**44**	**56**	**51**	**60**	**71**
Change (%)	33.9	13.1	-6.2	9.8	25.7	-7.5	17.3	16.9

Balance Sheet								(INR b)
Y/E March	**FY18**	**FY19**	**FY20**	**FY21**	**FY22**	**FY23E**	**FY24E**	**FY25E**
Share Capital	4	4	4	4	4	4	4	4
Reserves	184	198	214	244	264	278	295	314
Net Worth	**188**	**203**	**218**	**249**	**269**	**283**	**299**	**318**
Minority Interest	5	5	4	4	5	5	5	5
Loans	17	14	24	17	16	16	16	16
Other long-term liabilities	12	9	28	28	36	43	47	50
Amount pending invest.	12	12	12	12	12	12	12	12
Capital Employed	**235**	**243**	**287**	**309**	**338**	**359**	**379**	**402**
Applications								
Assets	**79**	**73**	**89**	**91**	**149**	**141**	**137**	**134**
Investments	15	12	2	6	4	4	4	4
Other non-current assets	30	33	50	47	50	60	66	73
Curr. Assets	**181**	**216**	**232**	**253**	**245**	**283**	**314**	**344**
Debtors	65	70	76	65	75	90	100	110
Cash and Bank Balance	20	20	30	27	38	30	27	27
Investments	75	98	57	98	46	71	96	121
Other Current Assets	22	28	68	63	86	92	90	86
Current Liab. and Prov.	**70**	**91**	**87**	**88**	**111**	**131**	**142**	**154**
Net Current Assets	**111**	**124**	**145**	**165**	**134**	**153**	**171**	**190**
Application of Funds	**235**	**243**	**287**	**309**	**338**	**359**	**379**	**402**

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)								
EPS	**43.0**	**48.5**	**48.7**	**52.1**	**63.2**	**58.8**	**68.6**	**80.2**
Diluted EPS	**42.7**	**47.7**	**48.3**	**51.7**	**62.6**	**58.4**	**68.2**	**79.7**
Cash EPS	54.8	60.3	62.3	66.7	79.7	80.4	92.3	106.0
Book Value	213.4	228.7	249.9	284.4	305.2	321.4	340.0	361.5
DPS	14.0	14.0	15.0	45.0	45.0	43.8	51.2	59.8
Payout (%)	32.8	29.3	31.0	87.1	71.9	75.0	75.0	75.0
Valuation (x)								
P/E ratio	24.1	21.4	21.3	19.9	16.4	18.5	15.8	13.6
Cash P/E ratio	18.9	17.2	16.6	15.5	13.0	13.5	11.8	10.3
EV/EBITDA ratio	19.3	14.4	15.7	13.1	11.1	11.3	9.7	8.4
EV/Sales ratio	3.0	2.6	2.4	2.4	2.0	1.8	1.6	1.5
Price/Book Value	4.9	4.5	4.1	3.6	3.4	3.4	3.2	3.0
Dividend Yield (%)	1.4	1.4	1.4	4.3	4.3	4.0	4.7	5.5
Profitability Ratios (%)								
RoE	21.5	22.0	20.2	19.5	21.5	18.8	20.8	22.9
RoCE	17.2	22.8	17.3	19.3	21.0	19.0	21.4	23.7
Turnover Ratios								
Debtors (Days)	77	73	75	62	61	61	62	62
Fixed Asset Turnover (x)	3.9	4.7	4.1	4.1	3.0	3.8	4.3	4.8
Leverage Ratio								
Debt/Equity Ratio (x)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.0

Cash Flow Statement (INR b)

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
CF from Operations	43	55	49	65	67	72	83	95
Change in Working Capital	-8	-11	-5	16	-14	-5	1	3
Net Operating CF	**36**	**44**	**44**	**81**	**53**	**67**	**84**	**98**
Net Purchase of FA	-8	-8	-8	-6	-8	-11	-17	-21
Free Cash Flow	**28**	**37**	**35**	**75**	**45**	**56**	**68**	**77**
Net Purchase of Invest.	-26	-13	19	-49	13	-25	-25	-25
Net Cash from Invest.	**-34**	**-21**	**10**	**-55**	**5**	**-36**	**-42**	**-46**
Inc./(Dec.) in Equity	0	0	0	1	1	0	0	0
Proceeds from LTB/STB	6	-6	-20	-13	-8	0	0	0
Dividend Payments	-9	-17	-25	-18	-40	-39	-45	-53
Cash Flow from Fin.	**-3**	**-23**	**-45**	**-30**	**-47**	**-39**	**-45**	**-53**
Other adjustments	0	0	1	0	0	0	0	0
Net Cash Flow	**0**	**1**	**10**	**-3**	**11**	**-8**	**-2**	**0**
Opening Cash Balance	**20**	**20**	**20**	**30**	**27**	**38**	**30**	**27**
Add: Net Cash	0	1	10	-3	11	-8	-2	0
Closing Cash Balance	**20**	**20**	**30**	**27**	**38**	**30**	**27**	**27**

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 distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at
http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:
- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company 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.