

Estimate change	↔
TP change	↑
Rating change	↔

CMP: INR3,610 TP: INR4,060 (+12%) Buy

Near-term weakness but strong order book to support FY25

Margin improvement encouraging; reiterate BUY

Bloomberg	TCS IN
Equity Shares (m)	3752
M.Cap.(INRb)/(USDb)	13208.8 / 158.8
52-Week Range (INR)	3680 / 2992
1, 6, 12 Rel. Per (%)	5/1/1
12M Avg Val (INR M)	6504
Free float (%)	27.7

Financials & Valuations (INR b)

Y/E Mar	2023	2024E	2025E
Sales	2,255	2,408	2,682
EBIT Margin (%)	24.1	24.3	24.9
PAT	423	466	532
EPS (INR)	115.3	126.9	145.1
EPS Gr. (%)	10.9	10.1	14.3
BV/Sh. (INR)	247	240	233

Ratios

RoE (%)	46.9	52.1	61.3
RoCE (%)	40.5	43.5	50.1
Payout (%)	99.8	90.0	90.0

Valuations

P/E (x)	31.3	28.4	24.9
P/BV (x)	14.6	15.0	15.5
EV/EBITDA (x)	21.9	20.3	17.9
Div Yield (%)	3.2	3.2	3.6

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	72.3	72.3	72.3
DII	9.8	9.6	8.4
FII	12.5	12.7	13.5
Others	5.4	5.4	5.8

FII Includes depository receipts

- TCS reported revenue of USD7.2b (-0.2% QoQ) in 2QFY24, up 0.1% QoQ in constant currency (CC) and below our estimate of 1.1% CC QoQ. Revenue growth was affected by continued slowdown across key verticals (BFSI/Retail) and geographies (US/Europe). The weakness in revenue growth was majorly led by continued slowdown in discretionary spends and clients reprioritizing cost optimization projects. However, the deal momentum remained strong as TCS recorded the second-highest ever deal TCV of USD11.2b in 2Q, with a book-to-bill ratio of 1.6x.

- 2Q EBIT margin improved by 110bp to 24.3% due to the recalibration of gross hiring, which led to a sharp drop in headcount by ~6.3k, coupled with incremental measures to rationalize the pyramid and optimize subcon expenses in 2Q. The management has suggested that it has further scope for improvement in utilization and productivity as freshers are deployed and repurposed into projects.

- Overall, client engagement remained strong and TCS continued to chase multiple opportunities, as seen in robust deal wins in 2Q. However, macro uncertainties continued to weigh on client spending in discretionary areas, resulting in tepid near-term growth expectations. Additionally, the company witnessed the closure of a few large projects during the quarter, which further impacted its performance.

- While TCS management has indicated that client spending remains muted in the near term, it is seeing definite signs of macro recovery and improvement in client engagement over the medium term. Given continued uncertainty in the demand environment in FY24, we have cut our estimates (partially offset by an accelerated revenue conversion of the mega BSNL deal). We continue to expect TCS to deliver superior growth in FY25 among our Tier 1 coverage, driven by its leadership in cost efficiency, which has led to strong deal inflows in recent quarters. We expect the trend to continue, providing better visibility for FY25 revenue growth despite an uncertain demand environment. We factor in a USD revenue CAGR of 7.6% over FY23-25E.

- With a sharp recovery in 2Q EBIT margin performance, TCS should benefit from its scale and ability to optimize talent to control costs in the near to medium term. This is especially visible in the fact that it has given timely increments despite growth concerns, which we expect to pay out over the medium term through easing attrition. This should allow it to deliver a 12.2% PAT CAGR over FY23-25E.

- We have trimmed our FY24/FY25 EPS estimates by 0.7%/1.8%. Our TP of INR4,060 implies 28x FY25E EPS (12% upside). Reiterate **BUY** on the stock.

Muted Q2 revenue growth but good margin improvement

- Revenue growth (CC) was 0.1% QoQ. INR EBIT/PAT rose 9% each YoY.
- EBIT margin of 24.3% (up 110 QoQ) beat our estimates of 24.1%, mainly due to cost efficiency measures and lower employee count (-6.3k QoQ).

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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

- Deal TCV stood at USD11.2b (10% QoQ/38% YoY), although it was flat QoQ excluding the BSNL deal win. The book-to-bill ratio stood at 1.6x.
- The cash conversion was strong at 75% OCF/EBITDA, while FCF/PAT stood at 100% in 2Q.
- The company has proposed a tender offer to buy back shares worth INR170b, or INR4,150 per share, which represents 1.12% of total paid-up share capital.

Key highlights from management commentary

- Retail continues to face challenges as multiple sub-verticals are witnessing a slowdown, including essential spending. The household savings level remains low in the US.
- During the quarter, TCS won two mega deals of USD1b each from BSNL and JLR. TCS is the system integrator for the BSNL deal. Though the current deal amounts to USD1b, post-implementation maintenance work could lead to incremental business. A significant portion of this deal is expected to be billed over the next 12-18 months.
- Caution among clients is leading to the re-prioritization of spending to optimize cost, which is driving strong TCV. Operating model transformation deals remain strong, with six large deals won during the quarter.
- TCS saw good sequential margin improvement of 110bp. Margin tailwinds include 100bp from utilization, productivity and rationalization of sub-contract expenses, along with a 35bp improvement on account of discretionary spends as the business reaches critical mass.

Valuation and view

- Given its size, order book and exposure to long-duration orders and portfolio, TCS is well positioned to withstand the weakening macro environment and ride on the anticipated industry growth.
- Owing to its steadfast market leadership position and best-in-class execution, the company has been able to maintain its industry-leading margin and demonstrate superior return ratios.
- We maintain our positive stance on TCS. Our TP of INR4,060 implies 28x FY25E EPS, with a 12% upside potential. We reiterate our **BUY** rating.

Quarterly performance (IFRS)

Y/E March	(INR b)											
	FY23				FY24				FY23	FY24E	FY24	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QFY24E (% / bp)	
Revenue from IT Services (USD m)	6,780	6,877	7,075	7,195	7,226	7,210	7,233	7,434	27,927	29,103	7,309	-1.4
QoQ (%)	1.3	1.4	2.9	1.7	0.4	-0.2	0.3	2.8	8.6	4.2	1.1	-137bp
Overall revenue (INR b)	528	553	582	592	594	597	600	617	2,255	2,408	604	-1.2
QoQ (%)	4.3	4.8	5.3	1.6	0.4	0.5	0.6	2.8			1.7	-120bp
YoY (%)	16.2	18.0	19.1	16.9	12.6	7.9	3.1	4.3	17.6	6.8	9.2	-129bp
GPM (%)	38.4	39.5	40.1	40.1	39.5	40.1	40.4	41.4	39.6	40.4	40.1	-1bp
SGA (%)	15.3	15.5	15.5	15.7	16.4	15.8	15.9	16.2	15.5	16.1	16.0	-17bp
EBITDA	134	145	156	157	150	157	159	168	592	635	158	-0.5
EBITDA Margin (%)	25.3	26.2	26.8	26.5	25.2	26.3	26.6	27.3	26.2	26.4	26.1	19bp
EBIT	122	133	143	145	138	145	147	156	542	585	146	-0.5
EBIT Margin (%)	23.1	24.0	24.5	24.5	23.2	24.3	24.5	25.2	24.1	24.3	24.1	16bp
Other Income	6	8	4	9	12	8	10	10	27	42	10	-17.5
PBT	128	141	146	154	150	153	157	166	569	627	156	-1.6
ETR (%)	25.5	25.8	25.7	25.7	25.8	25.8	25.5	25.5	25.7	25.6	25.5	27bp
Adj. PAT	95	105	109	114	111	114	117	124	423	466	116	-2.0
Exceptional Items	0	0	0	0	0	0	0	0	0	0	0	
Reported PAT	95	105	109	114	111	114	117	124	423	466	116	-2.0
QoQ (%)	-4.4	9.9	4.0	5.1	-2.8	2.3	3.0	5.7			4.4	-208bp
YoY (%)	5.4	8.4	11.0	14.8	16.8	8.7	7.7	8.3	10.0	10.1	10.9	-221bp
EPS (INR)	26.0	28.5	29.6	31.1	30.3	31.0	31.9	33.8	115.3	126.9	31.6	-1.9

Key performance indicators

Y/E March	FY23				FY24E		FY23
	1Q	2Q	3Q	4Q	1Q	2Q	
Revenue (QoQ CC %)	3.5	4.0	2.2	0.6	0.0	0.1	14.3
Costs (as a percentage of revenue)							
COGS	61.6	60.5	59.9	59.9	60.5	59.9	60.4
SGA	15.3	15.5	15.5	15.7	16.4	15.8	15.5
Margins							
Gross Margin	38.4	39.5	40.1	40.1	39.5	40.1	39.6
EBIT Margin	23.1	24.0	24.5	24.5	23.2	24.3	24.1
Net Margin	18.0	18.9	18.7	19.3	18.7	19.1	18.8
Operating Metrics							
Headcount (k)	606	616	614	615	615	609	615
Attrition (%)	19.7	21.5	21.3	20.1	17.8	14.9	20.1
Deal win TCV (USD b)	8.2	8.1	7.8	10	10.2	11.2	34.1
Key verticals (YoY CC %)							
BFSI	13.9	13.1	11.1	9.1	3.0	-0.5	11.8
Retail	25.1	22.9	18.7	13.0	5.3	1.0	19.7
Key geographies (YoY CC %)							
North America	19.1	17.6	15.4	9.6	4.6	0.1	15.3
UK	12.6	14.8	15.4	17.0	16.1	10.7	15.0
Continental Europe	12.1	14.1	9.7	8.4	3.4	1.3	11.0

**Highlights from management commentary****2QFY24 performance and demand outlook**

- The macro environment remains weak similar to 1QFY24, leading to a broad-based slowdown.
- In 2QFY24, revenue from deal wins converted as planned but got neutralized by a persistent weakness in discretionary spending, project completions and re-prioritization of spends.
- There is heightened caution among clients in North America and continental Europe, while momentum in UK remains strong.
- Retail continues to face challenges as multiple sub-verticals are witnessing a slowdown, including essential spending. The household savings level remains low in the US.
- 2QFY24 was very strong for the products business. With all the products now clocking high ARR, they are now offered on a SaaS model.
- The deal pipeline remains strong despite strong deal wins. TCS expects deal wins to remain strong. There is no material change in ACV of the projects as there is no material increase in project tenures compared to the past.
- Though revenue from order wins is expected to improve in 2HFY24, uncertainty remains high on discretionary and project ramp-downs.
- During the quarter, TCS won two mega deals of USD1b each from BSNL and JLR. TCS is system integrator for the BSNL deal. Though the current deal amounts to USD1b, post-implementation maintenance work could lead to incremental business. A significant portion of this deal is expected to get billed over the next 12-18 months.
- Caution among clients is leading to the re-prioritization of spending to optimize cost, which is driving strong TCV. Operating model transformation deals remain strong, with six large deals won during the quarter.
- GenAI continues to see tremendous interest from clients. TCS is co-innovating with multiple clients and seeing a progressive increase in use cases and complexity of GenAI deals. Mature clients are taking an organization-wide approach to implement GenAI.

Margin performance and outlook

- TCS saw good sequential margin improvement of 110bp. Margin tailwinds include 100bp from utilization, productivity and rationalization of sub-contractor expenses, along with 35bp improvement on account of discretionary spends as the business reaches critical mass.
- The management has suggested that improvements in utilization and productivity, along with the rationalization of discretionary and sub-contractor expenses, remain margin levers for 2HFY24.
- The reduction in headcount in 2QFY24 was on account of the recalibration of gross additions, as TCS realizes benefits from investments in fresher hiring over the last few quarters.
- TCS expects hiring to remain muted in the coming quarters.

Exhibit 1: Growth was muted across key geographies, except MEA

Geographies	Contribution to revenue (%)	QoQ growth (%)
North America	51.7	-0.8
Latin America	2.0	-0.2
UK	16.5	0.4
Continental Europe	14.9	-0.2
India	4.9	-0.2
Asia Pacific	7.8	-0.2
MEA	2.2	9.8

Source: Company, MOFSL

Exhibit 2: Softness continues in key verticals

Verticals	Contribution to revenue (%)	QoQ growth (%)
BFSI	32.6	0.1
Retail & CPG	15.9	-1.5
Communications & Media	6.9	-1.6
Manufacturing	8.5	2.2
Life Sciences & Healthcare	10.9	-1.1
Technology & Services	8.6	-1.4
Energy and Utilities	5.6	1.6
Regional markets & Others	11.0	0.7

Source: Company, MOFSL

Maintain BUY with a TP of INR4060

- Given its size, order book and exposure to long-duration orders and portfolio, TCS is well positioned to withstand the weakening macro environment and ride on the anticipated industry growth.
- Owing to its steadfast market leadership position and best-in-class execution, the company has been able to maintain its industry-leading margin and demonstrate superior return ratios.
- We maintain our positive stance on TCS. Our TP of INR 4,060 implies 28x FY25E EPS, with a 12% upside potential. We reiterate our **BUY** rating.

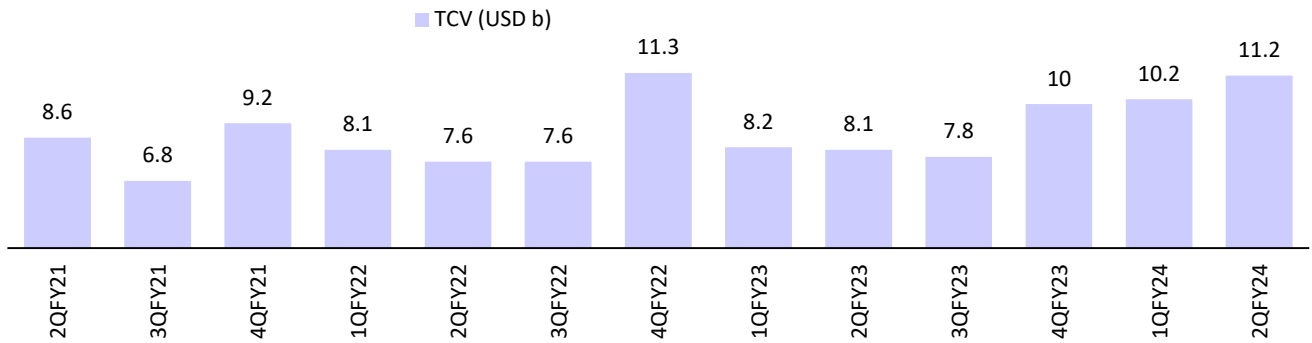
Exhibit 3: Revisions to our estimates

	Revised		Earlier		Change	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
USD:INR	82.7	83.0	82.7	83.0	0.0%	0.0%
USD revenue (m)	29,103	32,316	29,475	32,657	-1.3%	-1.0%
Growth (%)	4.2	11.0	5.5	10.8	-130bps	20bps
EBIT margin (%)	24.3	24.9	24.1	25.1	20bps	-30bps
PAT (INR b)	464	531	468	541.0	-0.7%	-1.9%
EPS	126.9	145.1	127.8	147.8	-0.7%	-1.8%

Source: MOFSL

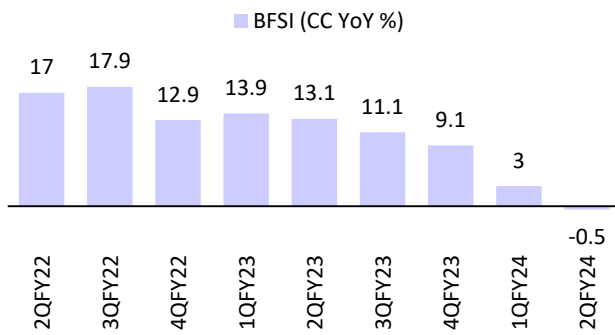
Story in charts

Exhibit 4: Deal wins remain strong in 2QFY24



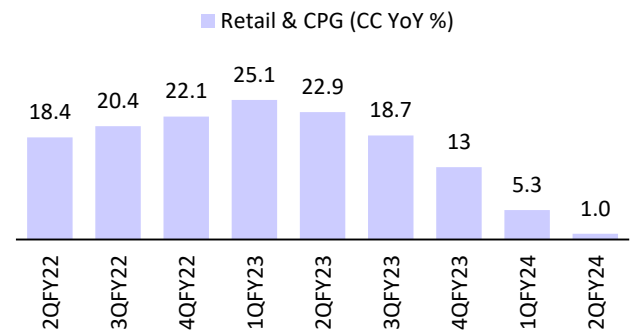
Source: Company, MOFSL

Exhibit 5: Softness continues in BFSI



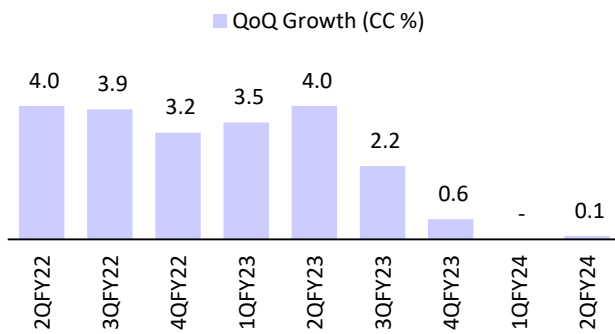
Source: Company, MOFSL

Exhibit 6: Muted growth in retail



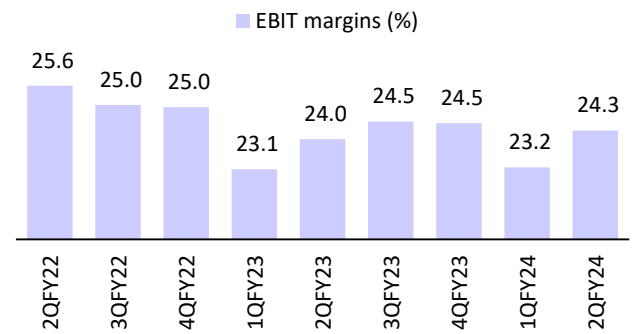
Source: Company, MOFSL

Exhibit 7: TCS saw flat CC revenue growth in Q2



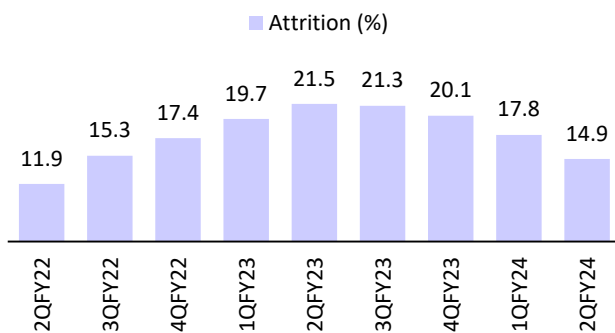
Source: Company, MOFSL

Exhibit 8: Margins saw better-than-expected improvement



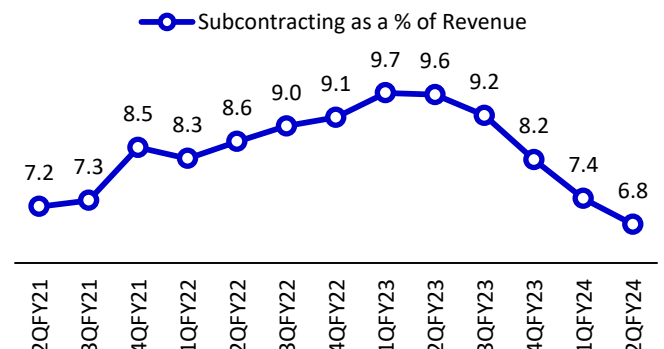
Source: Company, MOFSL

Exhibit 9: LTM attrition cools off further



Source: Company, MOFSL

Exhibit 10: Sub-contracting moderates meaningfully



Source: Company, MOFSL

Operating metrics

Exhibit 11: Operating metrics

	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24
Verticals (%)									
BFSI	32.4	32.1	31.9	32.1	33.6	33.1	32.9	32.5	32.6
Retail and CPG	15.0	14.5	15.4	15.9	16.1	16.0	16.0	16.1	15.9
Communications and Media	6.5	6.6	6.7	6.8	7.3	7.2	7.1	7.0	6.9
Manufacturing	9.9	9.6	10.0	9.9	8.2	8.2	8.2	8.3	8.5
Life Sciences and Healthcare	10.0	9.8	10.0	10.1	10.7	10.8	10.9	11.0	10.9
Technology and Services	8.8	8.6	8.7	8.8	9.1	9.0	8.9	8.7	8.6
Energy & Utilities					5.0	5.2	5.4	5.5	5.6
Regional markets and others	17.4	18.8	17.3	16.4	10.0	10.5	10.6	10.9	11.0
Geographies (%)									
North America	50.3	50.7	51.6	53.2	54.3	53.7	52.4	52.4	51.7
Latin America	1.6	1.7	1.7	1.8	1.7	1.8	1.8	1.8	2.0
UK	16.1	15.6	15.6	14.9	14.5	14.9	15.7	15.7	16.5
Continental Europe	15.9	16.0	15.5	15.2	14.5	14.8	15.1	15.1	14.9
India	5.1	5.5	5.1	4.8	5.1	5.1	5.0	5.0	4.9
Asia Pacific	9.0	8.6	8.5	8.3	8.0	7.9	8.0	8.0	7.8
MEA	2.0	1.9	2.0	1.8	1.9	1.8	2.0	2.0	2.2
QoQ growth (%)#									
BFSI	2.6	2.1	2.0	1.9	0.8	1.6	1.4	1.4	0.1
Retail and CPG	4.3	-0.4	9.0	4.5	1.4	1.6	1.0	1.0	-1.5
Communications and Media	4.5	4.6	4.2	2.8	-0.1	1.3	0.2	0.2	-1.6
Manufacturing	4.0	-0.1	6.9	0.2	1.4	2.9	1.7	1.7	2.2
Life Sciences and Healthcare	0.9	1.0	4.7	2.3	2.4	3.9	2.7	2.7	-1.1
Technology and Services	5.3	0.7	3.8	2.4	3.7	1.7	-0.6	-0.6	-1.4
Energy & Utilities						7.0	5.6	2.3	1.6
Regional markets and others	1.2	11.3	-5.6	-4.0	1.4	7.3	4.1	4.1	0.7
North America	4.8	3.8	4.5	4.4	3.5	1.7	-0.8	-0.8	-0.8
Latin America	2.9	9.5	2.6	7.2	-4.2	8.9	1.7	1.7	-0.2
UK	1.6	-0.2	2.6	-3.3	-1.3	5.7	7.2	7.2	0.4
Continental Europe	-2.0	3.7	-0.6	-0.7	-3.2	5.0	3.8	3.8	-0.2
India	14.1	11.1	-4.8	-4.7	7.8	2.9	-0.3	-0.3	-0.2
Asia Pacific	-0.4	-1.6	1.4	-1.1	-2.2	1.6	3.0	3.0	-0.2
MEA	-2.0	-2.1	8.0	-8.9	7.1	-2.5	13.0	13.0	9.8
Total Employees (k)	528.7	557.0	592.2	606.3	616.2	614.0	614.8	614.8	609.0
Net Additions (k)	19.7	28.2	35.2	14.1	9.8	-2.2	0.8	0.8	-6.3
Attrition (LTM %)	11.9	15.3	17.4	19.7	21.5	21.3	20.1	20.1	14.9

Vertical Data has been reclassified and hence QoQ growth(%) is not comparable before 2QFY23

Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Sales	1,231	1,465	1,569	1,642	1,918	2,255	2,408	2,682
Change (%)	4.4	19.0	7.2	4.6	16.8	17.6	6.8	11.4
Cost of Services	713	852	923	971	1,146	1,363	1,436	1,595
SG&A Expenses	213	239	260	246	287	350	387	420
EBITDA	325	395	421	465	532	599	645	734
As a percentage of Net Sales	26.4	27.0	26.8	28.4	27.8	26.6	26.8	27.4
Depreciation	20	21	35	41	48	56	60	67
EBIT	305	375	386	425	485	542	585	667
As a percentage of Net Sales	24.8	25.6	24.6	25.9	25.3	24.1	24.3	24.9
Other Income	36	41	37	25	32	27	41	47
PBT	341	416	422	450	517	569	627	714
Tax	82	100	98	115	132	146	161	182
Rate (%)	24.1	24.1	23.2	25.5	25.6	25.7	25.6	25.5
PAT	259	316	324	335	384	423	466	532
Extraordinary Gains/Losses	0	0	0	-10	0	0	0	0
Adjusted PAT	259	316	324	326	384	423	466	532
Minority Interest	1	1	1	1	1	2	1	1
Reported PAT	258	315	323	324	383	421	464	531
Change (%)	-1.8	21.9	2.8	0.3	18.2	10.0	10.2	14.3

Balance Sheet								(INR b)
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share capital	2	4	4	4	4	4	4	4
Reserves	849	891	838	861	888	901	876	848
Net Worth	851	894	841	864	891	904	880	851
Minority Interest and Others	33	34	97	102	100	97	120	133
Loans	1	0	0	0	0	0	0	0
Capital Employed	885	929	938	966	992	1,001	1,000	984
Gross Block	266	287	408	449	502	550	608	671
Depreciation	151	171	207	247	295	351	412	479
Net Block	115	116	201	201	207	199	196	193
Intangibles	52	44	45	57	55	52	55	51
Other LT assets	84	69	60	56	70	83	95	98
Current Assets	812	921	902	993	1,083	1,103	1,100	1,114
Debtors	316	325	363	367	418	500	528	581
Cash and Bank Balance	49	72	97	69	125	71	83	82
Investments	380	347	261	316	360	401	356	311
Other Current Assets	67	177	182	241	180	131	132	139
Current Liab. and Prov.	178	221	271	342	424	436	446	471
Net Current Assets	634	700	632	651	660	667	654	643
Application of Funds	885	929	938	966	992	1,001	1,000	984

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	67.0	82.3	86.2	86.7	104.0	115.3	126.9	145.1
Cash EPS	72.2	87.6	95.6	97.6	117.0	130.7	143.4	163.4
Book Value	220.9	233.8	224.2	231.1	241.8	247.3	240.4	232.7
DPS	70.7	76.9	71.4	97.2	100.9	115.1	114.2	130.6
Payout (%)	105.6	93.5	82.8	112.1	97.1	99.8	90.0	90.0
Valuation (x)								
P/E	53.9	43.9	41.9	41.6	34.7	31.3	28.4	24.9
Cash P/E	50.0	41.2	37.8	37.0	30.9	27.6	25.2	22.1
EV/EBITDA	42.6	34.8	31.9	28.9	24.8	21.9	20.3	17.9
EV/Sales	11.3	9.4	8.6	8.2	6.9	5.8	5.5	4.9
Price/Book Value	16.3	15.4	16.1	15.6	14.9	14.6	15.0	15.5
Dividend Yield (%)	2.0	2.1	2.0	2.7	2.8	3.2	3.2	3.6
Profitability Ratios (%)								
RoE	30.1	36.1	37.3	38.0	43.7	46.9	52.1	61.3
RoCE	26.1	31.4	31.7	33.2	36.8	40.5	43.5	50.1
Turnover Ratios								
Debtors (Days)	94	81	84	82	80	81	80	79
Fixed Asset Turnover (x)	10.7	12.7	7.8	8.1	9.3	11.3	12.3	13.9

Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
								(INR b)
CF from Operations	282	308	370	379	427	462	515	587
Cash for Working Capital	0	-22	-47	9	-28	-42	-13	-22
Net Operating CF	282	286	324	388	399	420	503	565
Net Purchase of FA	-19	-21	-32	-32	-30	-31	-47	-52
Free Cash Flow	263	265	291	356	370	389	456	513
Net Purchase of Invest.	16	36	118	-50	21	31	45	45
Net Cash from Invest.	-3	16	86	-81	-9	0	-2	-7
Proceeds from Equity Issues	0	0	0	0	0	0	0	0
Proceeds from LTB/STB	0	-2	-13	-211	-195	-57	0	0
Others	0	-2	-9	-6	-7	-8	0	0
Dividend Payments	-268	-275	-377	-109	-134	-414	-489	-559
Cash Flow from Fin.	-268	-279	-399	-326	-336	-479	-489	-559
Net Cash Flow	13	23	14	-18	56	-54	12	-1
Opening Cash Balance	41	54	77	91	73	130	76	88
Add: Net Cash	13	23	14	-18	56	-54	12	-1
Closing Cash Balance	54	77	91	73	130	76	88	87

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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, nor 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.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263;

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.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; 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.