

L&T Technology

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR5,350

TP: INR6,220 (+16%)

Buy

Strong deal wins and commentary indicate good FY25

In-line 3Q performance

Bloomberg	LTTS IN
Equity Shares (m)	106
M.Cap.(INRb)/(USDb)	565.7 / 6.8
52-Week Range (INR)	5568 / 3216
1, 6, 12 Rel. Per (%)	-1/18/33
12M Avg Val (INR M)	1011

Financials & Valuations (INR b)

Y/E Mar	2024E	2025E	2026E
Sales	96.6	111.4	127.7
EBIT Margin (%)	17.3	17.8	18.3
PAT	13.2	16.0	18.8
EPS (INR)	125.0	151.1	177.7
EPS Gr. (%)	13.1	20.9	17.6
BV/Sh. (INR)	496.6	575.6	668.4

Ratios

RoE (%)	25.9	28.2	28.6
RoCE (%)	21.0	22.0	22.4
Payout (%)	40.0	40.0	40.0

Valuations

P/E (x)	42.8	35.4	30.1
P/BV (x)	10.8	9.3	8.0
EV/EBITDA (x)	27.6	23.1	19.5
Div Yield (%)	0.9	1.1	1.3

Shareholding pattern (%)

As On	Dec-23	Sep-23	Dec-22
Promoter	73.8	73.8	73.9
DII	11.6	11.0	7.9
FII	5.6	5.9	7.2
Others	9.1	10.3	11.0

FII Includes depository receipts

- L&T Technology (LTTS) posted revenue of USD291m in 3QFY24, up 0.9% QoQ CC and slightly below our estimate. Revenue performance was broad based, led by Medical Devices (+2.4% QoQ). Despite 3Q seasonality, deal-signing was strong, as LTTS signed six large deals with USD10m+ TCv. The management maintained its FY24 revenue growth guidance at 17.5-18.5%, which implies a strong exit to FY24 (+4.0-7.0% QoQ CC), aided by SWC seasonality.
- EBIT margin was flat at 17.2% (up 10bp QoQ), missing our estimate of a 60bp QoQ improvement. Despite the net headcount reduction of ~600, the margin improvement was muted in 3Q as utilization was low due to furloughs and higher SG&A costs.
- While the 3Q delivery was modest and in line, management commentary on the demand environment was relatively more positive in the recent quarters as LTTS is seeing a good business environment across sectors. With deal activity and deal pipeline continuing to improve, the company is likely to gain incremental business from the scale-up in new accounts. Moreover, while 4Q will benefit from seasonal tailwinds in the recently acquired SWC business, the upper end of the guidance indicates an improving near-term outlook, a ramp-up in recent empanelment, and potential large deal wins.
- We factor in a gradual margin expansion over the next two years, with LTTS reaching its 18%+ EBIT margin target by 4QFY25. With good revenue growth over the next two years, we expect the company to post a CAGR of 16%/17% in USD revenue/INR PAT over FY23-26.
- We keep our FY24/FY25 EPS estimates broadly unchanged after the 3QFY24 results. **We retain our BUY rating on LTTS with a TP of INR6,220 (based on 35x FY26E EPS)**, considering 1) a better outlook for the ER&D services industry compared to the broader IT services universe, and 2) the growing penetration of outsourced ER&D services.

In-line 3Q, revenue guidance maintained

- **LTTS reported 3QFY24 USD revenues of USD291m, up 0.9% CC QoQ and marginally below our estimate (40bp).**
- The growth was balanced across verticals, with 0.9% QoQ growth each for Trans/Telecom/Plant. Medical was up 1.9% QoQ.
- **EBIT margin at 17.2% (up 10bp QoQ) was below our estimate of 17.7% on account of higher SG&A % rev (up 100bp QoQ).**
- PAT came in at INR3.4b, up 6.6% QoQ and in line with our estimate.
- Net employee reductions stood at ~600 QoQ. Attrition further declined to 15.8% (down 90bp QoQ).
- Deal-signing activity remained robust, with LTTS signing six deals worth more than USD10m, including one USD40m+ deal and one USD20m+.
- For 9MFY24, revenue (inc. SWC) came in at USD858.8m (+7.2% YoY), operating margin stood at 17.1% (flat YoY), and net profit was INR9,627m (+10.4% YoY).

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

Pritesh Thakkar - Research analyst (Pritesh.Thakkar@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.

Key highlights from the management commentary

- In CY24, the spending outlook from customers should either improve slightly or remain unchanged. However, given its engineering and designing capabilities, LTTS is confident of sustaining growth from potential accounts as it has a major play on contractual work vs. project-based work.
- The deal velocity remains as strong as it was in 2Q, and even the pipeline remains healthy. The management expects revenue growth to rebound in 4Q and is confident of achieving its FY24 guidance
- The momentum continues within transportation segment, and the clients continue to engage in new technologies. LTTS is partnering with AWS, auto OEMs, and Tier-1 suppliers for SDV and embedded engineering, while also helping them with integration and software architecture.
- The headcount reduction in 3Q was done to drive productivity and bring efficiency; otherwise, the company has a strong recruitment program for fresh hiring. The company has already rolled out offers to 1,200 freshers and is actively evaluating further resources as it pursues large deals.

Valuation and view

- Digitization is driving the accelerated spending in ER&D, and LTTS should benefit due to its strong capabilities, multi-vertical presence, and solid wallet share. We expect the company to deliver strong revenue growth over the coming years.
- Our TP of INR6,220 implies 35x FY26E EPS. We expect industry spending to improve vs. the preceding five years. **We retain our BUY rating on the stock.**

Quarterly performance (INR m)

Y/E March	FY23				FY24E				FY23	FY24E	Est. 3QFY24	Var. (%/ bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
Revenue (USD m)	240	247	248	255	280	288	291	307	990	1,166	292	-0.3
QoQ (%)	3.2	3.2	0.4	2.9	9.8	2.9	0.9	5.8	12.4	17.8	1.2	-33bp
Revenue (INR m)	18,737	19,951	20,486	20,962	23,014	23,865	24,218	25,519	80,136	96,616	24,295	-0.3
YoY (%)	23.4	24.1	21.4	19.4	22.8	19.6	18.2	21.7	22.0	20.6	18.6	-38bp
GPM (%)	33.0	32.1	33.0	32.5	30.0	28.0	29.2	29.6	32.6	29.2	29.0	22bp
SGA (%)	11.6	11.0	11.5	11.0	10.4	8.1	9.1	9.0	11.3	9.1	8.8	28bp
EBITDA	4,010	4,218	4,412	4,492	4,528	4,756	4,877	5,251	17,132	19,412	4,908	-0.6
EBITDA Margin (%)	21.4	21.1	21.5	21.4	19.7	19.9	20.1	20.6	21.4	20.1	20.2	-6bp
EBIT	3,434	3,628	3,829	3,927	3,954	4,075	4,162	4,486	14,818	16,677	4,300	-3.2
EBIT Margin (%)	18.3	18.2	18.7	18.7	17.2	17.1	17.2	17.6	18.5	17.3	17.7	-51bp
Other income	340	261	627	392	357	286	493	434	1,620	1,570	413	19.4
ETR (%)	27.1	27.2	31.6	28.0	27.6	27.6	27.6	26.5	28.6	27.3	26.5	115bp
PAT	2,742	2,824	3,036	3,096	3,111	3,154	3,362	3,616	11,698	13,243	3,462	-2.9
QoQ (%)	4.7	3.0	7.5	2.0	0.5	1.4	6.6	7.6			9.8	
YoY (%)	26.8	22.8	22.0	18.2	13.5	11.7	10.7	16.8	22.2	13.2	14.0	
EPS (INR)	26.0	26.7	28.7	29.2	29.4	29.8	31.7	34.1	110.5	125.0	32.7	-2.9

E: MOFSL estimates

Note: 1QFY23, 2QFY23, 3QFY23 and FY23 numbers have been restated by the company, however, the restatement is not covered in the table above. Hence, YoY comparison is irrelevant

Key performance indicators

Y/E March	FY23				FY24E				FY23	FY24E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Revenue (QoQ CC %)	4.7	4.5	0.0	2.2	-2.9	3.2	0.9	5.5		
Margins (%)										
Gross Margin	33.0	32.1	33.0	32.5	30.0	28.0	29.2	29.6	32.6	29.2
EBIT Margin	18.3	18.2	18.7	18.7	17.2	17.1	17.2	17.6	18.5	17.3
Net Margin	14.6	14.2	14.8	14.8	13.5	13.2	13.9	14.2	14.6	13.7
Operating metrics										
Headcount	21,433	21,474	21,649	22,233	23,392	23,880	23,298		22,233	
Attrition (%)	23.2	24.1	23.3	22.2	18.9	16.7	15.8		22.2	
Key Verticals (YoY %)										
Transportation	23.9	24.9	24.4	13.9	15.1	12.2	8.4		21.5	
Industrial Products	13.4	7.4	7.3	12.9	8.3	6.7	6.1		10.2	
Telecom & Hi-tech	7.4	4.5	-3.2	-0.5	46.9	52.7	58.4		1.9	
Key Geographies (YoY %)										
North America	17.6	14.6	10.5	6.3	5.0	1.7	2.1		12.0	
Europe	13.7	8.2	7.5	12.0	9.8	15.9	20.9		10.3	

E: MOFSL estimates

Note: 1QFY23, 2QFY23, 3QFY23 and FY23 numbers have been restated by the company, however, the restatement is not covered in the table above. Hence, YoY comparison is irrelevant

**Key highlights from the management commentary****Demand and industry outlook**

- **Transportation** – The momentum continues within the segment, and the clients continue to engage in new technologies. LTTS is partnering with AWS, auto OEMs, and Tier-1 suppliers for SDV and embedded engineering, while also helping them with integration and software architecture. Avionics is also gaining pace, and overall it won three large deals in the Transportation segment.
- **Plant Engineering** – It is witnessing significant traction for all three sub-segments (FMCG, O&G, Chemical). LTTS has partnered with BP for low-carbon emission and green-energy initiatives. The pipeline within the space remains healthy and growth momentum in the segment is expected to continue in the coming quarters.
- **Industrial** – Building automation remains a challenge within the space; instead, clients are more interested in higher productivity and efficiency-related activities. Optimizing supply chain is another area in which demand is emerging.
- **Telecom** – It is witnessing early signs of a recovery for semicon, as demand is picking up slowly. LTTS won a large deal for semicon (VLSI chip set), and another deal for cybersecurity (jointly with SWC), which is the second largest deal in the global market. Telcos are actively looking for cost take-out initiatives, and LTTS sees a strong pipeline in the space.
- **Medical** – Growth was aided by large deal ramp-ups in 3Q. Digital manufacturing and supply chain automation are gaining pace. It is also witnessing strong traction for AI embedding into medical devices with active participation by customers. However, for medical, the budget is a constraint and the momentum in deal signing should help LTTS deliver growth in the medium term.
- In CY24, the spending outlook from customers should either improve slightly or remain unchanged. However, given its engineering and designing capabilities, LTTS is confident of sustaining growth from potential accounts as it has a major play on contractual work vs. project-based work.

- The deal velocity remains as strong as it was in 2Q, and even the pipeline remains healthy. The management expects revenue growth to rebound in 4Q and is confident of achieving its FY24 guidance, given (1) the existing ramp-up of large deals; (2) absence of furlough impact, and (3) expectations of the closure of few large deals and immediate ramp-ups from such deals. The current growth guidance translates to an ask rate of 4-7% QoQ CC growth in 4Q

Margin performance

- The headcount reduction in 3Q was done to drive productivity and bring efficiency; otherwise, the company has a strong recruitment program for fresh hiring. The company has already rolled out offers to 1,200 freshers and is actively evaluating further resources as it pursues large deals.
- The company is boasting multiple margin levers: utilization, offshoring, pyramid optimization through freshers, and productivity improvement. The management reiterated its target for 18% margin by H1FY26.

Exhibit 1: Muted growth across regions

Geographies	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
North America	54.6	(0.4)	2.1
Europe	16.6	6.4	21.1
India	21.5	0.4	33.4
RoW	7.3	0.5	11.7

Source: Company, MOFSL

Exhibit 2: Growth was muted due to furloughs with extended impact in Plant Engineering

Verticals	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Transportation	33.2	0.9	8.3
Industrial Products	17.2	0.1	5.6
Telecom and Hi-Tech	25.4	1.0	23.4
Plant Engineering	14.0	0.7	5.7
Medical Devices	10.2	2.4	12.1

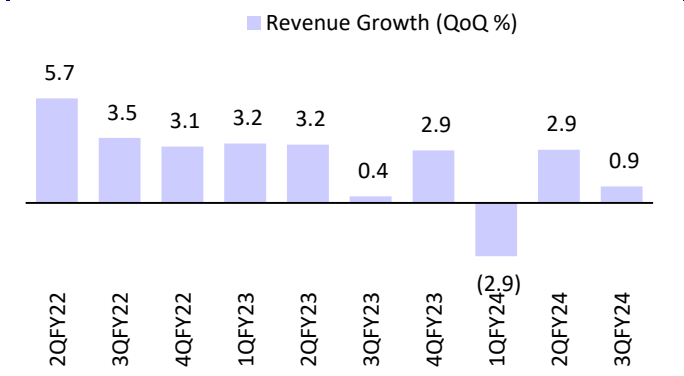
Source: MOFSL, Company

Valuation and view

- Digitization is driving the accelerated spending in ER&D, and LTTS should benefit due to its strong capabilities, multi-vertical presence, and solid wallet share. We expect the company to deliver strong revenue growth over the coming years.
- Our TP of INR6,220 implies 35x FY26E EPS. We expect industry spending to improve vs. the preceding five years. **We retain our BUY rating on the stock.**

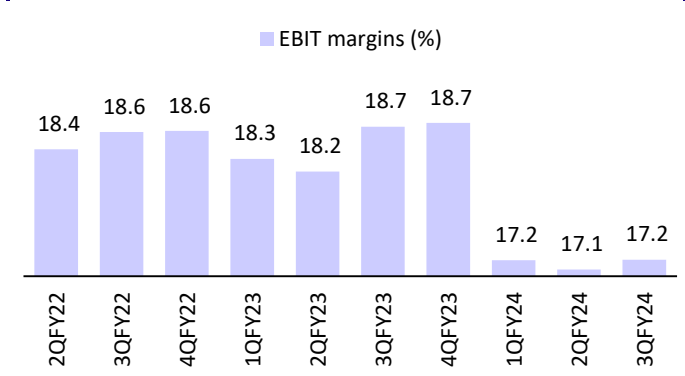
Story in charts

Exhibit 4: Muted growth in 3Q due to furloughs



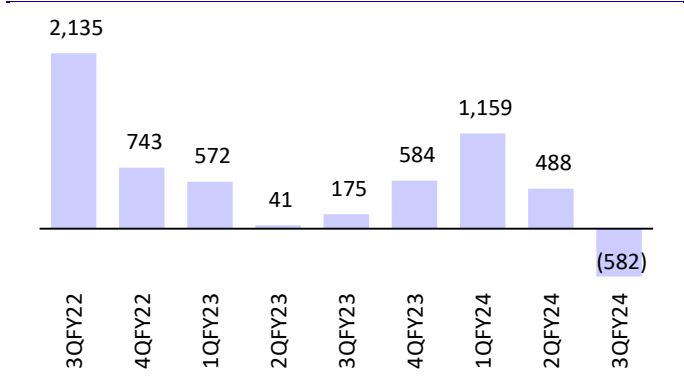
Source: Company, MOFSL

Exhibit 3: EBIT margin was flat QoQ in 3Q



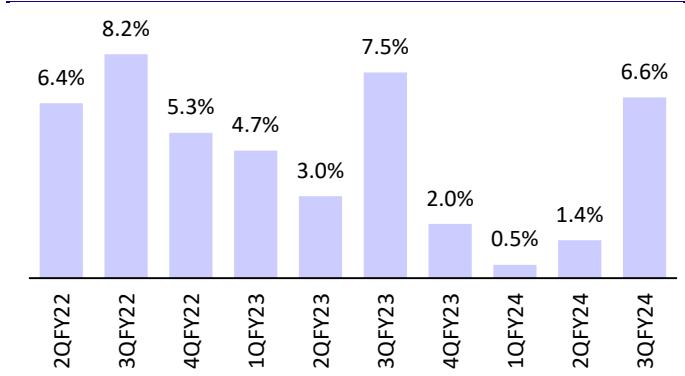
Source: Company, MOFSL

Exhibit 4: Net employee reduction was ~600 QoQ in 3Q



Source: Company, MOFSL

Exhibit 5: PAT growth was at 6.6% QoQ



Source: Company, MOFSL

Prior 1QFY24 numbers are not restated, for the charts above

Operating metrics

Exhibit 6: Operating metrics

	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
Revenue by verticals (%)									
Transportation	31.8	33.3	33.2	34.5	35.9	34.5	32.7	33.2	33.2
Industrial Products	19.5	18.8	19.0	18.9	19.0	19.3	17.6	17.3	17.2
Telecom and Hi-Tech	21.4	21.0	20.3	19.4	18.8	19.0	25.5	25.4	25.4
Plant Engineering	15.4	15.4	16.0	16.3	15.5	16.0	13.9	14.0	14.0
Medical Devices	11.9	11.5	11.5	10.9	10.7	11.2	10.3	10.1	10.2
Revenue by geographies (%)									
North America	62.5	62.3	62.9	63.4	62.7	60.2	56.5	55.3	54.6
Europe	16.5	16.1	16.4	15.9	16.1	16.4	15.4	15.8	16.6
India	13.7	14.5	13.2	12.8	13.6	15.2	20.7	21.6	21.5
RoW	7.3	7.1	7.5	7.9	7.6	8.2	7.4	7.3	7.3
Client metrics									
Top five clients	17.3	17.2	16.7	16.4	16.0	15.9	14.7	14.9	15.7
Top 10 clients	28.5	28.3	27.6	26.9	26.6	26.6	25.9	26.1	26.6
Top 20 clients	43.8	43.5	43.2	42.4	42.1	42.0	41.4	41.7	41.7
Clients (USD m)									
Over USD30m	2	2	2	3	2	1	3	4	4
Over USD20m	6	6	7	8	8	9	12	12	14
Over USD10m	22	22	23	24	25	24	32	31	31
Over USD5m	44	48	51	49	50	52	56	55	56
Over USD1m	126	136	142	150	158	169	181	177	175
Employee metrics									
Billable	18,975	19,534	20,082	20,189	20,346	20,878	21,933	22,366	21,887
Sales and support	1,143	1,327	1,351	1,285	1,303	1,355	1,459	1,514	1,411
Total employees	20,118	20,861	21,433	21,474	21,649	22,233	23,392	23,880	23,298
Attrition (%)	17.5	20.4	23.2	24.1	23.3	22.2	18.9	16.7	15.8

Source: Company, MOFSL

Note: 1QFY23, 2QFY23, 3QFY23 and FY23 numbers have been restated by the company, however, the restatement is not covered in the table above. Hence, YoY comparison is irrelevant

Financials and valuations

Consolidated Income Statement							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Total Income from Operations	56,192	54,497	65,697	80,136	96,616	1,11,405	1,27,741
Change (%)	10.7	-3.0	20.6	22.0	20.6	15.3	14.7
Employees Cost	32,747	33,550	36,505	45,639	50,280	57,326	65,074
Other Expenses	12,340	10,873	15,043	17,365	26,923	31,174	36,023
Total Expenditure	45,087	44,423	51,548	63,004	77,203	88,500	1,01,097
As a percentage of Sales	80.2	81.5	78.5	78.6	79.9	79.4	79.1
EBITDA	11,105	10,074	14,149	17,132	19,412	22,904	26,644
Margin (%)	19.8	18.5	21.5	21.4	20.1	20.6	20.9
Depreciation	1,829	2,183	2,144	2,314	2,736	3,119	3,321
EBIT	9,276	7,891	12,005	14,818	16,677	19,785	23,323
Other Income	1,727	1,082	1,087	1,620	1,570	2,005	2,299
PBT	11,003	8,973	13,092	16,438	18,247	21,790	25,622
Total Tax	2,779	2,307	3,486	4,697	4,983	5,774	6,790
Tax Rate (%)	25.3	25.7	26.6	28.6	27.3	26.5	26.5
Reported PAT	8,224	6,666	9,606	11,741	13,264	16,016	18,833
Change (%)	7.0	-18.9	44.1	22.2	13.0	20.7	17.6
Margin (%)	14.6	12.2	14.6	14.7	13.7	14.4	14.7
Minority Interest	-38	-32	-36	-43	-21	0	0
PAT to shareholders	8,186	6,634	9,570	11,698	13,243	16,016	18,833

Consolidated Balance Sheet							(INR m)
Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Equity Share Capital	209	210	211	211	211	211	211
Total Reserves	27,477	34,521	41,414	49,298	52,184	60,513	70,306
Net Worth	27,686	34,731	41,625	49,509	52,395	60,724	70,517
Minority Interest	69	101	137	180	201	201	201
Borrowings	303	0	0	0	0	0	0
Other Long term liabilities	4,890	4,915	5,359	4,293	8,714	10,047	11,521
Capital Employed	32,948	39,747	47,121	53,982	61,310	70,972	82,238
Net Fixed Assets	6,275	6,997	6,946	6,930	5,535	3,961	2,412
Goodwill	5,460	5,827	5,881	6,010	6,010	6,010	6,010
Capital WIP	87	119	99	65	65	65	65
Other Assets	2,109	2,760	4,733	4,758	5,238	5,612	6,024
Curr. Assets, Loans, and Adv.	29,102	35,026	43,251	51,410	59,030	70,403	83,434
Account Receivables	13,807	12,346	16,959	17,301	21,176	24,417	27,998
Cash and Bank Balance	2,179	1,751	2,347	5,346	4,304	8,980	14,876
Current Investments	6,370	15,725	18,313	22,641	25,141	27,641	30,141
Other Current Assets	6,746	5,204	5,632	6,122	8,409	9,364	10,419
Curr. Liability and Prov.	10,085	10,982	13,789	15,191	14,568	15,078	15,707
Account Payables	1,975	2,352	3,934	4,505	3,882	4,392	5,021
Other Current Liabilities	6,456	7,046	7,903	9,321	9,321	9,321	9,321
Provisions	1,654	1,584	1,952	1,365	1,365	1,365	1,365
Net Current Assets	19,017	24,044	29,462	36,219	44,462	55,324	67,727
Appl. of Funds	32,948	39,747	47,121	53,982	61,310	70,972	82,238

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Basic EPS (INR)	77.5	62.8	90.5	110.5	125.0	151.1	177.7
Cash EPS	94.9	83.5	110.8	132.4	150.8	180.5	209.0
BV/Share	264.9	330.8	394.5	469.3	496.6	575.6	668.4
DPS	21.0	22.0	35.0	45.0	50.0	60.4	71.1
Payout (%)	27.1	35.0	38.7	40.7	40.0	40.0	40.0
Valuation (x)							
P/E	69.0	85.1	59.1	48.4	42.8	35.4	30.1
Cash P/E	56.4	64.1	48.3	40.4	35.5	29.6	25.6
P/BV	20.2	16.2	13.6	11.4	10.8	9.3	8.0
EV/Sales	9.8	10.0	8.3	6.7	5.5	4.7	4.1
EV/EBITDA	49.5	53.9	38.3	31.3	27.6	23.1	19.5
Dividend Yield (%)	0.4	0.4	0.7	0.8	0.9	1.1	1.3
Return Ratios (%)							
RoE	31.1	21.2	25.0	25.6	25.9	28.2	28.6
RoCE	24.0	16.2	20.3	20.9	21.0	22.0	22.4

Consolidated Cash Flow Statement

(INR m)

Y/E March	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
OP/(Loss) before Tax	11,002	8,973	13,092	16,437	18,247	21,790	25,622
Depreciation	1,829	2,183	2,144	2,315	2,736	3,119	3,321
Interest and Finance Charges	365	455	437	435	0	0	0
Direct Taxes Paid	-2,119	-2,523	-3,563	-4,670	-4,983	-5,774	-6,790
(Inc.)/Dec. in WC	-4,287	4,245	-1,452	-1,188	-2,845	-2,726	-2,946
Others	-409	-60	-597	-177	0	0	0
CF from Operations	6,381	13,273	10,061	13,152	13,155	16,410	19,208
(Inc.)/Dec. in FA	-1,511	-756	-1,555	-1,726	-5,340	-1,545	-1,772
Free Cash Flow	4,870	12,517	8,506	11,426	7,814	14,864	17,436
(Pur.)/Sale of Investments	-1,039	-9,653	-3,393	-5,018	-2,500	-2,500	-2,500
Others	328	355	465	1,026	0	0	0
CF from Investments	-2,222	-10,054	-4,483	-5,718	-7,840	-4,045	-4,272
Issue of Shares	1	1	1	0	0	0	0
Inc./(Dec.) in Debt	-1,028	-995	-913	-833	0	0	0
Interest Paid	-365	-455	-437	-435	0	0	0
Dividend Paid	-2,636	-2,198	-3,633	-3,167	-6,357	-7,688	-9,040
CF from Fin. Activity	-4,028	-3,647	-4,982	-4,435	-6,357	-7,688	-9,040
Inc./Dec. in Cash	131	-428	596	2,999	-1,042	4,677	5,896
Forex Adjustment	0	0	0	0	0	0	0
Opening Balance	2,048	2,179	1,751	2,347	5,346	4,304	8,980
Closing Balance	2,179	1,751	2,347	5,346	4,304	8,980	14,876

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 Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

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

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, it does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. 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.