

Estimate change



TP change



Rating change



CMP: INR1778

TP: INR2100 (+18%)

Buy

Decent quarter, but uncertainties remain

2H execution is pivotal for guided FY25 exit

■ DET business reported 2QFY25 revenues of USD173m, up 1.3% QoQ in CC vs. our estimate of 1.0% growth. Cyient reported broad-based growth in revenues across verticals, except Sustainability (down 6.45 QoQ cc). EBIT margin of the DET business was up 75bp QoQ/down 232bp YoY at 14.2%, above our estimates of 12.7%. Service order intake was muted at USD156.8m, down 14.7% YoY. DET PAT grew 24.9% QoQ/2.2% YoY to INR1,768m (est. INR1,427m). For 1HFY25, DET revenue/EBIT/PAT declined 2.3%/17.0%/7.3% vs. 1HFY24. In 2HFY25, we expect DET revenue/PAT to grow by 2.8%/4.9% and EBIT to decline 2.3% YoY. Our SOTP-based TP of INR2,100 implies an upside of 18%.

Our view: Worst is behind for FY25

- **2H to be better than 1H but our base case assumes guidance miss:** Cyient anticipates improved performance in 3Q, driven by the completion of some project-based work and reversal of furloughs in sustainability. The management has re-iterated its guidance of flat revenue growth for FY25.
- That said, industry-wide aerospace weakness, seasonal furloughs and soft order intake put the guidance at risk, and at 4.5% QoQ cc CQGR, it looks like a tall ask. Nonetheless, we believe, with its alignment to the right verticals and exposure to high-growth sectors (such as sem-con, sustainability, defense), Cyient has the potential to return to a double-digit growth rate over the medium term.
- **Sem-con investment encouraging:** Its investments in new growth areas (such as healthcare, autos) should ideally have led to a much smoother revenue runway. We find the strategic focus on the sem-con business as encouraging. The company established a subsidiary to handle turnkey semiconductor projects, positioning it as the next growth engine. However, it is too early to call out its material impact on overall business.
- **Margins:** We expect Cyient to gradually ramp up its margins from current levels, and we build 15.6% EBIT margin by 4QFY25. The company is targeting a 16% margin by 4Q, driven by growth leverage, and operational efficiency. However, we believe that order intake/revenue growth, and execution in 2H will be crucial factors to watch for Cyient to meet its yearly guidance.

Valuation and change in estimates

- Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 25x Sep'26E EPS (27x earlier). We cut our target multiple largely on account of industry-wide uncertainties for key growth areas such as aerospace and sustainability, despite communication recovering. We largely maintained our estimates for FY25/FY26/FY27.
- We maintain our BUY rating on the stock, mainly owing to undemanding valuations and exposure to structurally strong verticals such as aerospace and sustainability. Our SOTP-based TP of INR2,100 implies an 18% upside.

Bloomberg	CYL IN
Equity Shares (m)	111
M.Cap.(INRb)/(USD\$b)	197.2 / 2.3
52-Week Range (INR)	2459 / 1542
1, 6, 12 Rel. Per (%)	-5/-15/-16
12M Avg Val (INR M)	919

Financials & Valuations (INR b)

Y/E Mar	FY25E	FY26E	FY27E
Sales	74.1	82.7	93.2
EBIT Margin (%)	13.9	15.4	15.5
PAT	7.7	9.6	10.9
EPS (INR)	69.1	86.2	97.8
EPS Gr. (%)	3.3	24.8	13.4
BV/Sh. (INR)	414.2	449.0	488.4
Ratios			
RoE (%)	16.3	19.0	19.9
RoCE (%)	13.8	16.0	16.8
Payout (%)	60.0	60.0	60.0
Valuations			
P/E (x)	25.7	20.6	18.2
P/BV (x)	4.3	4.0	3.6
EV/EBITDA (x)	14.3	11.6	10.1
Div Yield (%)	2.3	2.9	3.3

Shareholding pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	23.2	23.2	23.2
DII	29.7	27.1	21.6
FII	29.2	30.3	36.6
Others	17.9	19.4	18.6

FII Includes depository receipts

Beat on revenues and margins, muted order intake

- DET revenue stood at USD173m, up 1.3% QoQ CC vs. our estimate of 1.0% growth. Consolidated revenue came in at USD214m, up +2.8% YoY CC.
- Connectivity revenue was up 3.9% QoQ in CC terms. Transportation and new growth areas were also up 3.4%/9.7% QoQ CC, while Sustainability revenue declined 6.4% QoQ CC.
- DET margins came in at 14.2% (est. 12.7%), up 75bp QoQ/down 232bp YoY.
- The order intake came in at USD156.8mn, down 14.7% YoY.
- DET PAT was up 24.9% QoQ/2.2% YoY at INR1768m (est. INR1427m).
- Declared interim dividend of INR12 per share.

Key highlights from the management commentary

- The Semiconductor business is crucial and is at an inflection point. Cyient is making strong and continued progress toward unlocking the potential of this business. A subsidiary has been established for the Semcon business to implement turnkey projects, which will serve as the next growth engine.
- Significant proceeds from the DLM divestment will be allocated to the Semcon business. Design and supply of chips involve different cost structures. The business is now operated independently, and the management expects to deliver good results in Semcon.
- Outlook: Cyient maintained its outlook for FY25 and expects 4Q-exit EBIT margins of 16%. Revenue growth for FY25 is expected to be flat YoY.
- Order intake declined QoQ. Due to macroeconomic factors, deals are being constructed for short durations. Cyient expects a stronger intake in 2H.
- The company is focused on sustainability in the energy sector. A dedicated entity has been established in the UAE to cater to the Middle East region, the world's largest energy market.

Valuation and view

Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 25x Sep'26E EPS (27x earlier). We cut our target multiple largely on account of industry-wide uncertainties for key growth areas such as aerospace and sustainability, despite communication recovering. We largely maintained our estimates for FY25/FY26/FY27. We maintain our BUY rating on the stock, mainly owing to undemanding valuations and exposure to structurally strong verticals such as aerospace and sustainability. Our SOTP-based TP of INR2,100 implies an upside of 18%.

Consolidated Quarterly Performance

(INR M)

Y/E March	FY24				FY25				FY24	FY25E	Est. 2QFY25	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenue (USD m)	205	214	219	224	205	221	224	239	862	889	204	8.4
QoQ (%)	-3.6	4.4	2.1	2.4	-8.3	7.5	1.4	6.8	15.5	3.0	-0.8	831bp
Revenue (INR m)	16,865	17,785	18,215	18,607	16,757	18,491	18,794	20,067	71,472	74,109	17,061	8.4
YoY (%)	34.9	27.4	12.6	6.2	-0.6	4.0	3.2	7.8	18.8	3.7	-4.1	804bp
GPM (%)	36.6	35.7	35.4	35.2	35.7	34.2	37.5	38.0	35.7	36.4	37.0	-283bp
SGA (%)	17.9	17.4	17.5	17.2	19.9	18.1	18.4	18.4	17.5	18.7	18.4	-26bp
EBITDA	3,156	3,258	3,261	3,353	2,651	2,965	3,590	3,933	13,028	13,139	3,173	-6.6
EBITDA Margin (%)	18.7	18.3	17.9	18.0	15.8	16.0	19.1	19.6	18.2	17.6	18.6	-257bp
EBIT	2,480	2,600	2,600	2,682	1,993	2,305	2,838	3,130	10,362	10,266	2,491	-7.5
EBIT Margin (%)	14.7	14.6	14.3	14.4	11.9	12.5	15.1	15.6	14.5	13.8	14.6	-213bp
Other income	-176	-134	-100	-89	-46	237	38	40	-499	269	34	594.6
ETR (%)	22.9	23.6	23.3	24.0	24.2	26.6	26.6	26.6	23.4	26.0	22.9	
Adj. PAT	1,777	1,884	1,918	1,970	1,476	1,866	2,111	2,328	7,549	7,780	1,948	-4.2
QoQ (%)	0.9	6.0	1.8	2.7	-25.1	26.4	13.1	10.3			32.0	-553bp
YoY (%)	53.1	54.7	17.8	11.8	-16.9	-1.0	10.1	18.1	30.9	3.1	3.4	-433bp
EPS (INR)	16	17	17	17	13	16	19	21	67	70	17.6	-7.5

DET Quarterly Performance

(INR M)

Y/E March	FY24				FY25				FY24	FY25E	Est. 2QFY25	Var. (% / bp)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
Revenue (USD m)	177	178	179	179	170	173	179	186	714	708	173	0.2
QoQ (%)	0.5	0.7	0.4	0.1	-5.4	2.0	3.7	3.5	12.9	-0.9	1.8	24bp
Revenue (INR m)	14,546	14,762	14,914	14,892	14,144	14,496	15,063	15,590	59,114	59,293	14,460	0.2
YoY (%)	37.2	22.5	8.1	2.8	-2.8	-1.8	1.0	4.7	16.1	0.3	-2.0	20bp
GPM (%)	39.8	40.2	40.0	39.8	39.5	39.7	39.5	38.8	39.9	39.4	37.6	208bp
SGA (%)	19.5	19.7	20.0	19.7	21.9	21.5	20.8	19.3	19.7	20.9	21.0	45bp
EBITDA	2,956	3,036	2,981	2,987	2,487	2,642	2,817	3,040	11,960	10,986	2,400	10.1
EBITDA Margin (%)	20.3	20.6	20.0	20.1	17.6	18.2	18.7	19.5	20.2	18.5	16.6	163bp
EBIT	2,336	2,439	2,385	2,385	1,903	2,058	2,229	2,432	9,545	8,622	1,836	12.1
EBIT Margin (%)	16.1	16.5	16.0	16.0	13.5	14.2	14.8	15.6	16.1	14.5	12.7	150bp
Other income	-122	-180	-139	-107	-54	282	75	78	-548	381	29	872.4
ETR (%)	23.1	23.5	23.1	23.8	23.5	24.5	24.5	24.5	23.4	24.3	23.5	
Adj. PAT	1,703	1,728	1,727	1,735	1,414	1,766	1,739	1,894	6,893	6,813	1,427	23.8
QoQ (%)	6.1	1.5	-0.1	0.5	-18.5	24.9	-1.5	8.9			0.9	2399bp
YoY (%)	56.4	60.4	17.3	8.1	-17.0	2.2	0.7	9.2	31.5	-1.2	-17.4	1960bp
EPS (INR)	15	16	16	16	13	16	16	17	63	62	12.9	24.6

Key Performance Indicators (Consol)

Y/E March	FY24				FY25		FY24
	1Q	2Q	3Q	4Q	1Q	2Q	
Margins (%)							
Gross Margin	36.6	35.7	35.4	35.2	35.7	34.2	35.7
EBIT Margin	14.7	14.6	14.3	14.4	11.9	12.5	14.5
Net Margin	10.5	10.3	10.2	10.2	8.6	9.7	10.3
Operating metrics							
Headcount	15,306	15,438	15,678	15,461	15,083	14,799	15,461
Attrition (%)	23.0	20.4	18.4	17.1	23.0	15.0	17.1
Key Geographies (YoY %)							
North America	5.3%	0.1%	-2.6%	-3.3%	4.2%	8.9%	-0.3%
Europe	104%	41%	14%	7%	-9%	-13%	32%



Key highlights from the management commentary

Commentary on verticals

- **Transportation:** The segment saw growth of 3.4% QoQ CC. As guided earlier, the Aerospace segment witnessed a recovery.
- **Connectivity:** North America led the growth, while Europe is recovering; communication sector is expected to grow for the rest of the year.
- **Sustainability:** The vertical saw a sequential decline due to acquired seasonality from Citec business. Improvement is expected in 2H and sequentially. There is softness in the consulting business. The acquisition of Citec business has introduced seasonal variations in 2Q due to holidays in Finland, Norway, and Germany during July-August. Cyient will have an acquired seasonality in 2Q due to Citec business going forward.
- **New growth areas:** Growth in this segment was driven by healthcare & life sciences, automotive, and semiconductor. The three sub segments are expected to post growth going forward as well. In automotive sector, German companies may face pressure due to competition from China, with potential softness expected over the next 3-4 quarters. The management is making progress in silicon and digital front as guided earlier while software is likely to have impact in the medium term.

Demand and outlook

- The company is making strong and continued progress toward unlocking the potential of its Semiconductor business. A subsidiary has been established for the Semcon business to implement turnkey projects, which will serve as the next growth engine.
- Significant proceeds from the DLM divestment will be allocated to the Semcon business. The design and supply of chips involve different cost structures. Now that the business is now operated independently (isolated from Cyient DLM), the management expects to deliver good results in Semcon.
- Outlook: The company maintained its outlook for FY25 and expects to end 4Q with 16% EBIT margins. Revenue growth for FY25 is expected to be flat YoY.
- The **company reached an agreement to acquire a 27.3% stake in Azimuth AI, a fabless custom ASIC** company known for its expertise in energy and industrial applications across global markets, including India.
- The Cyient DLM divestment has been partially concluded, with proceeds being used for organic and inorganic growth initiatives in the semiconductor business and some allocated for long-term debt retirement.

Margin

- DET EBIT margin stood at 14.2%, up 75bp QoQ.
- Revenue growth and efficiency improvements helped offset wage hikes during the quarter. PAT growth is attributed to revenue growth and interest cost reduction. Proceeds from Cyient DLM divestment were utilized for debt reduction.
- Order intake decreased QoQ. Due to macroeconomic factors, deals are being constructed for shorter durations. Cyient expects a stronger intake in 2H.
- The company is focused on sustainability in the energy sector. A dedicated entity has been established in the UAE to cater to the Middle East region, the world's largest energy market.

Exhibit 1: Americas and Asia Pacific performed well in 2QFY25

Geographies	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Americas	48.3	4.8	8.9
Europe	30.1	(6.4)	(12.6)
Asia Pacific	21.6	9.6	(11.2)

Source: Company, MOFSL

Exhibit 2: Sustainability was weak due to seasonality in 2QFY25

Service Verticals	Contribution to revenue (%)	QoQ growth (%)	YoY growth (%)
Transportation	29.5	3.7	(7.3)
Connectivity	22.8	5.1	(5.2)
Sustainability	30.8	(5.3)	7.7
New Growth Areas	16.9	10.2	(8.8)

Source: Company, MOFSL

Valuation and view

Based on SOTP, we value the company's stake in DLM at a market valuation with a holding company discount of 20%. In our P/E-based valuation, we value the DET business at 25x Sep'26E EPS (27x earlier). We cut our target multiple largely on account of industry-wide uncertainties for key growth areas such as aerospace and sustainability, despite communication recovering. We largely maintained our estimates for FY25/FY26/FY27. We maintain our BUY rating on the stock, mainly owing to undemanding valuations and exposure to structurally strong verticals such as aerospace and sustainability. Our SOTP-based TP of INR2,100 implies an upside of 18%.

Exhibit 3: SOTP

	Valuation Metric	Tgt Multiple	Value (FY26E)
Cyient Service (INR m)	P/E	25	2,09,924
DLM (INR m)	Market Cap (20% holdco discount)		21,064
Total Market Cap (INR m)			2,30,988
O/S			111.0
Rounded Target Price (INR)			2,100
CMP (INR)			1,778
Upside %			18%

Source: MOFSL

Exhibit 4: Summary of our revised estimates

	Revised			Earlier			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
INR/USD	83.5	84.0	84.0	83.3	83.6	83.6	0.3%	0.5%	0.5%
USD Revenue (DET) - m	708	783	868	704	784	871	0.5%	-0.1%	-0.4%
Growth (%)	(0.9)	10.7	10.8	(1.4)	11.4	11.1	50bps	-70bps	-30bps
EBIT margin (DET, %)	14.5	16.0	16.2	14.5	15.9	16.1	0bps	10bps	10bps
PAT (DET, INR M)	6,813	8,184	8,938	6,555	8,107	8,878	3.9%	0.9%	0.7%
EPS - DET	61.4	73.8	80.5	59.3	73.3	80.3	3.6%	0.6%	0.3%

Source: MOFSL

Exhibit 5: DET P&L Statement (INR m)

Y/E March	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	37,544	50,936	59,114	59,293	65,791	72,878
Cost of Services	21,808	29,535	35,503	35,952	39,475	43,727
Gross Profit	15,736	21,401	23,611	23,341	26,316	29,151
EBITDA	7,470	9,309	11,960	10,986	13,091	14,576
% of Net Sales	19.9%	18.3%	20.2%	18.5%	19.9%	20.0%
EBIT	5,740	6,970	9,545	8,622	10,525	11,771
% of Net Sales	15.3%	13.7%	16.1%	14.5%	16.0%	16.2%
Net Income	4,696	5,243	6,893	6,813	8,184	8,938
Change (%)	44.3%	11.7%	31.5%	-1.2%	20.1%	9.2%

Source: MOFSL* FY23 and Previous year data are on a Pro Forma basis

Financials and valuations

Income Statement (Consol)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Sales	44,275	41,325	45,344	60,159	71,472	74,109	82,686	93,225
Change (%)	(4.1)	(6.7)	9.7	32.7	18.8	3.7	11.6	12.7
Cost of Services	28,964	27,162	28,453	37,415	45,944	47,133	51,551	58,079
Gross Profit	15,311	14,163	16,891	22,744	25,528	26,976	31,135	35,146
SG&A Expenses	9,352	8,056	8,675	12,501	12,500	13,837	15,060	16,967
EBITDA	5,959	6,107	8,216	10,243	13,028	13,139	16,075	18,179
% of Net Sales	13.5	14.8	18.1	17.0	18.2	17.7	19.4	19.5
Depreciation	1,878	1,944	1,923	2,566	2,666	2,872	3,310	3,729
EBIT	4,081	4,163	6,293	7,677	10,362	10,266	12,765	14,450
% of Net Sales	9.2	10.1	13.9	12.8	14.5	13.9	15.4	15.5
Other Income	734	684	687	-185	-499	269	165	186
PBT	4,815	4,847	6,980	7,492	9,863	10,535	12,930	14,636
Tax	1,076	1,133	1,761	1,723	2,314	2,755	3,359	3,785
Rate (%)	22.3	23.4	25.2	23.0	23.5	26.1	26.0	25.9
Minority interest	-13	0	0	0	-200	-112	0	0
Adjusted PAT	3,726	3,714	5,219	5,769	7,349	7,668	9,571	10,852
Change (%)	12.7	-0.3	40.5	10.5	27.4	4.3	24.8	13.4

Balance Sheet (Consol)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	(INR m)
Share Capital	550	550	552	553	555	555	555	555	555
Reserves	25,059	29,023	30,614	34,114	42,026	45,008	48,837	53,177	53,177
Net Worth	25,609	29,573	31,166	34,667	42,581	45,563	49,392	53,732	53,732
Other liabilities	4,194	3,812	4,061	5,644	8,091	8,279	8,892	9,644	9,644
Loan	3,738	2,755	3,264	9,336	4,526	4,526	4,526	4,526	4,526
Capital Employed	33,541	36,140	38,491	49,647	55,198	58,369	62,809	67,902	67,902
Applications									
Gross Block	17,388	18,558	19,223	21,776	24,924	27,924	31,924	35,924	35,924
Less : Depreciation	9,712	10,779	11,959	14,525	17,191	20,063	23,373	27,102	27,102
Net Block	6,909	7,181	6,787	7,251	7,733	7,861	8,551	8,822	8,822
CWIP	800	113	134	27	16	16	16	16	16
Intangibles	6,800	7,191	6,662	21,413	21,089	21,089	21,089	21,089	21,089
Other assets	2,638	1,925	5,318	4,877	5,607	5,654	5,807	5,996	5,996
Curr. Assets	24,650	28,518	28,972	31,913	35,591	43,136	48,230	54,704	54,704
Current Investments	0	0	866	1,718	758	2,258	3,758	5,258	5,258
Debtors	7,262	8,026	7,333	11,271	12,617	12,588	14,045	15,835	15,835
Cash & Bank Balance	8,995	14,408	12,157	6,215	4,848	10,281	10,334	10,956	10,956
Other Current Assets	8,393	6,084	8,616	12,709	17,368	18,009	20,093	22,654	22,654
Current Liab. & Prov	8,256	8,788	9,382	15,834	14,838	19,387	20,884	22,724	22,724
Trade payables	3,729	4,532	5,259	7,142	6,878	11,167	12,460	14,048	14,048
Other liabilities	4,150	3,872	3,709	7,555	6,816	7,034	7,101	7,184	7,184
Provisions	377	384	414	1,137	1,144	1,186	1,323	1,492	1,492
Net Current Assets	16,394	19,730	19,590	16,079	20,753	23,749	27,346	31,980	31,980
Application of Funds	33,541	36,140	38,491	49,647	55,198	58,369	62,809	67,902	67,902

Financials and valuations

Ratios

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
Basic (INR)								
EPS	33.8	33.8	47.8	52.4	66.9	69.1	86.2	97.8
Cash EPS	50.8	51.5	65.3	75.6	91.1	95.0	116.1	131.4
Book Value	232.0	269.1	285.1	314.6	387.5	414.2	449.0	488.4
DPS	27.0	24.5	24.0	26.0	30.0	41.5	51.7	58.7
Payout %	80.0	72.5	50.3	49.7	44.9	60.0	60.0	60.0
Valuation (x)								
P/E	52.7	52.6	37.2	34.0	26.6	25.7	20.6	18.2
Cash P/E	35.0	34.5	27.2	23.5	19.5	18.7	15.3	13.5
EV/EBITDA	32.1	30.1	22.5	19.3	14.9	14.3	11.6	10.1
EV/Sales	4.3	4.4	4.1	3.3	2.7	2.5	2.2	2.0
Price/Book Value	7.7	6.6	6.2	5.7	4.6	4.3	4.0	3.6
Dividend Yield (%)	1.5	1.4	1.3	1.5	1.7	2.3	2.9	3.3
Profitability Ratios (%)								
RoE	14.6	13.5	17.2	17.5	18.3	16.3	19.0	19.9
RoCE	10.6	9.9	13.6	14.7	16.1	13.8	16.0	16.8
Turnover Ratios								
Debtors (Days)	63	68	62	68	64	62	62	62

Cash Flow Statement (Consol)

Y/E March	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E
(INR m)								
CF from Operations	5,496	5,872	7,318	9,024	9,869	10,653	12,881	14,581
Cash for Working Capital	328	2,686	-973	-3,485	-3,190	3,881	-1,585	-1,947
Net Operating CF	5,824	8,558	6,345	5,539	6,679	14,534	11,296	12,633
Net Purchase of FA	-2,138	-949	-626	-625	-782	-3,000	-4,000	-4,000
Free Cash Flow	3,686	7,609	5,719	4,914	5,897	11,534	7,296	8,633
Net Purchase of Invest.	568	-58	-3,197	-9,675	-4,545	-1,500	-1,500	-1,500
Net Cash from Invest.	-1,570	-1,007	-3,823	-10,300	-5,327	-4,500	-5,500	-5,500
Proc. from equity issues	17	37	121	79	146	0	0	0
Proceeds from LTB/STB	-916	-2,134	-1,994	1,458	237	0	0	0
Dividend Payments	-3,564	-10	-2,952	-2,630	-3,058	-4,601	-5,742	-6,511
Cash Flow from Fin.	-4,463	-2,107	-4,825	-1,093	-2,675	-4,601	-5,742	-6,511
Exchange difference	131	-31	52	-88	-44	0	0	0
Net Cash Flow	-78	5,413	-2,251	-5,942	-1,367	5,433	53	622
Opening Cash Bal.	9,073	8,995	14,408	12,157	6,215	4,848	10,281	10,334
Add: Net Cash	-78	5,413	-2,251	-5,942	-1,367	5,433	53	622
Closing Cash Bal.	8,995	14,408	12,157	6,215	4,848	10,281	10,334	10,956

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

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for 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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

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.

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.