

Mahindra Logistics

Estimate change

TP change

Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2023 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	MAHLOG IN
Equity Shares (m)	72
M.Cap.(INRb)/(USD\$)	27.1 / 0.3
52-Week Range (INR)	567 / 350
1, 6, 12 Rel. Per (%)	-8/-30/-38
12M Avg Val (INR m)	92

Financial Snapshot (INR b)

Y/E MARCH	FY23	FY24E	FY25E
Sales	51.3	59.9	74.0
EBITDA	2.6	3.1	4.1
Adj. PAT	0.3	0.2	1.2
EBITDA Margin (%)	5.1	5.2	5.6
Adj. EPS (INR)	3.7	3.2	16.8
EPS Gr. (%)	49.7	-13.2	426.4
BV/Sh. (INR)	78.5	79.2	93.4

Ratios

Net D:E	0.5	0.7	0.2
RoE (%)	4.7	4.1	19.5
RoCE (%)	8.7	6.3	16.6
Payout (%)	68.1	78.4	14.9

Valuations

P/E (x)	102.7	118.2	22.5
P/BV (x)	4.8	4.8	4.0
EV/EBITDA(x)	11.4	9.2	6.3
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	3.7	0.7	9.8

Shareholding pattern (%)

As On	Jun-23	Mar-23	Jun-22
Promoter	58.0	58.1	58.1
DII	17.0	18.7	13.5
FII	11.5	11.6	20.1
Others	13.5	11.7	8.3

FII Includes depository receipts

CMP: INR377

TP: INR370 (-2%)

Neutral

Weakness in the Rivigo business mars performance

- Mahindra Logistics (MLL)'s 1QFY24 revenue grew ~8% YoY to INR12.9b and was in line with our estimate. EBITDA was flat YoY at INR666m (vs. est. of INR667m). EBITDA margin stood at 5.2% (vs. est. of 5.0%) in 1QFY24 (-30bp YoY and +15bp QoQ).
- The company reported a net loss of INR85.5m in 1QFY24 vs. APAT of INR135m in 1QFY23 (our est. of loss was at INR2m). PAT was hit by higher interest costs and tax outgo.
- MLL's EBITDA and PAT were hurt by the weak performance in Rivigo express business. The unit reported an EBITDA loss of INR185m during 1QFY24.
- The Supply Chain Management (SCM) segment posted a revenue of INR12.1b (+6% YoY) and EBIT of INR22m during the quarter. Although some end-markets experienced a slowdown, MLL witnessed positive traction in the 3PL, Mobility, and Last Mile businesses through increased order intake and expanding customer accounts.
- Enterprise Mobility Services (EMS) reported revenue of INR795m (+39% YoY) and operating loss of ~INR17m in 1QFY24. The mobility business is witnessing a spike in airport-based services, primarily driven by higher travel activities and a pick-up in employee transportation management.
- We expect MLL to clock a revenue/EBITDA CAGR of 20%/26% over FY23–25E. As volumes in the integrated B2B express business improve, we believe that losses will start to ebb as the focus of the management continues to be on cost optimization while increasing the scale of operations. We marginally cut our PAT estimate for FY25 and reiterate our **Neutral rating** with a revised TP of INR370 (premised on 22x FY25E EPS).

Improved demand of consumer durables, FMCG and automotive offsets the weak e-commerce demand

- In the contract logistics business, MLL is experiencing a positive momentum from the growth in Auto & Telecom business segments. Additionally, there is a strategic focus on increasing the share of business from existing accounts.
- For the B2B Express business, integration of Rivigo was completed in 4QFY23 and service levels have been restored to their normal track. Management is now concentrating on enhancing volumes from its existing customers.
- Freight Forwarding business revenue was hit by a correction in freight rates. Further, the global economic slowdown has had an adverse impact on volumes.
- The expansion of the quick commerce network has been sluggish due to a funding winter. However, the company is currently emphasizing on improving margins and achieving synergy with Whizzard.
- Management has indicated that the B2B express business (Rivigo) will achieve EBITDA breakeven by early-2HFY24. The integration has been completed and volumes could improve going ahead.

Highlights from the management commentary

- Management is focusing on the recovery of volumes in the express business, which experienced a loss of 25-30% on baseline volume during integration. Volumes have already started to recover from Jul'23, and the aim is to achieve breakeven at EBITDA level by 2HFY24.
- The company's efforts to enhance margins yielded positive results in 2x2 Logistics, MLL Mobility, and Zip Zap Logistics.
- The mobility business outlook indicates growth in the airport business driven by in-airport growth and expanding universities, with an expected revenue growth of 15-20%. In 1QFY24, the bigger impact was from new accounts rather than people returning to offices, and the Mobility business is expected to be profitable on a full-year basis in FY24.
- The warehousing business of the company was hit during the quarter and reported revenue of INR2.4b (-11% YoY) primarily due to closure of the Bajaj Electricals Ltd account.

Valuation and view

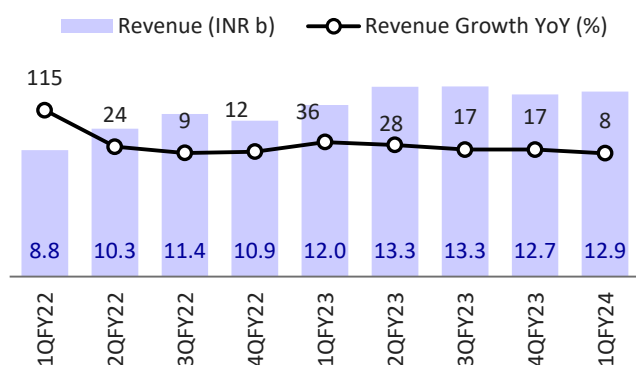
- MLL is expected to encounter margin challenges, primarily attributed to: a) the low volumes in the express logistics and freight forwarding services, and b) increasing competition in the 3PL business.
- Given headwinds in the express business and slowdown in some of the end-verticals, we have reduced our revenue/EBITDA/PAT estimates for FY25 by 2%/4%/4%. We estimate MLL to achieve a revenue/EBITDA CAGR of ~20%/ 26% over FY23-25. We reiterate our **Neutral rating** with a revised TP of INR370 (premised on 22x FY25E EPS).

Quarterly snapshot

Y/E March (INR m)	FY23				FY24E				FY23	FY24E	FY24	INR m Var. vs Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales	11,999	13,263	13,296	12,725	12,932	14,400	16,619	15,987	51,283	59,938	13,345	(3)
YoY Change (%)	35.9	28.4	17.0	16.9	7.8	8.6	25.0	25.6	23.8	16.9	11.2	
EBITDA	657	676	627	637	666	749	864	820	2,598	3,099	667	(0)
Margins (%)	5.5	5.1	4.7	5.0	5.2	5.2	5.2	5.1	5.1	5.2	5.0	
YoY Change (%)	61.8	43.8	38.4	23.8	1.4	10.8	37.7	28.6	41.0	19.3	1.5	
Depreciation	409	436	498	553	545	550	560	517	1,895	2,171	555	
Interest	89	107	150	169	178	171	170	201	516	720	157	
Other Income	31	34	56	38	62	48	50	46	159	206	42	
PBT	190	167	36	-46	6	76	184	148	345	414	-2	NA
Tax	53	47	19	-48	89	19	46	37	71	192	-1	
Rate (%)	28.1	28.5	53.0	104.3	1,556.1	25.2	25.2	25.2	20.6	46.3	25.2	
PAT before MI, Associates	136	119	17	2	-83	57	138	111	274	222.2	-1.9	
Share of associates/ MI	-1	3	-3	-10	-3	2	2	5	-11	6	0	
Reported PAT	135	122	14	-8.2	-85.5	59	140	115	263	228	-2	
Adj PAT	135	122	14	-8.2	-85.5	59	140	115	263	228	-2	NA
YoY Change (%)	310.9	132.2	-21.5	-111.1	NA	-51.9	905.7	LP	49.7	-13.2	NA	
Margins (%)	1.1	0.9	0.1	-0.1	-0.7	0.4	0.8	0.7	0.5	0.4	0.0	

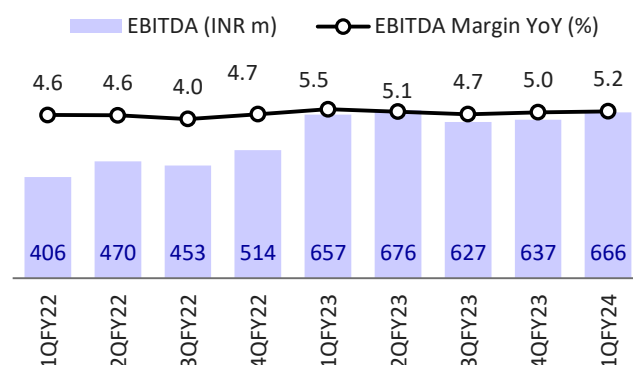
Result in charts: 1QFY24

Exhibit 1: Revenue grew 8% YoY



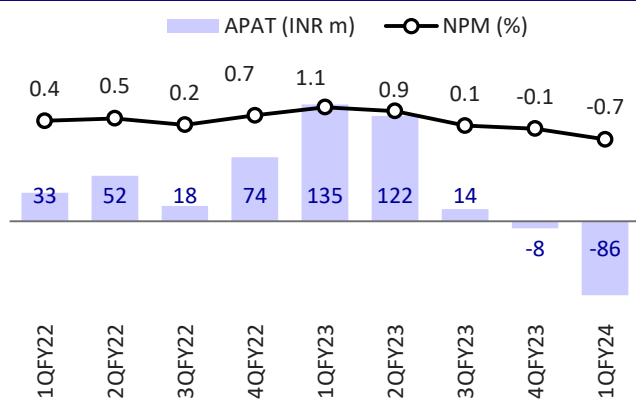
Source: Company, MOFSL

Exhibit 2: EBITDA margin trend



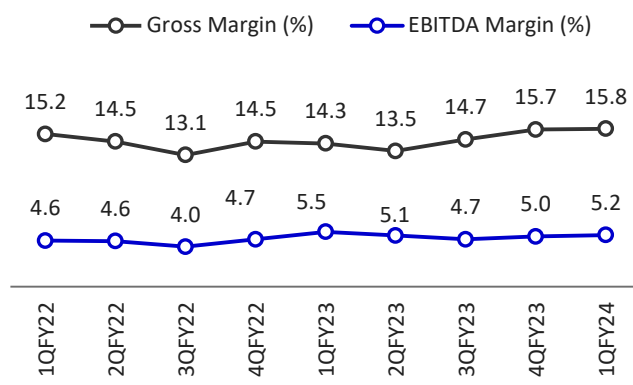
Source: Company, MOFSL

Exhibit 3: Higher interest cost and tax outgo drag profitability



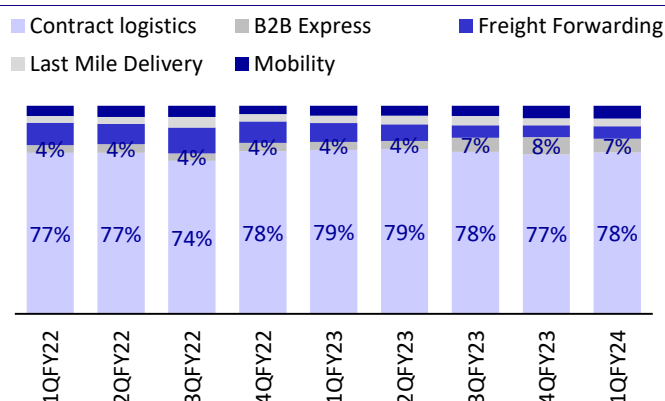
Source: Company, MOFSL

Exhibit 4: Gross margin expanded YoY



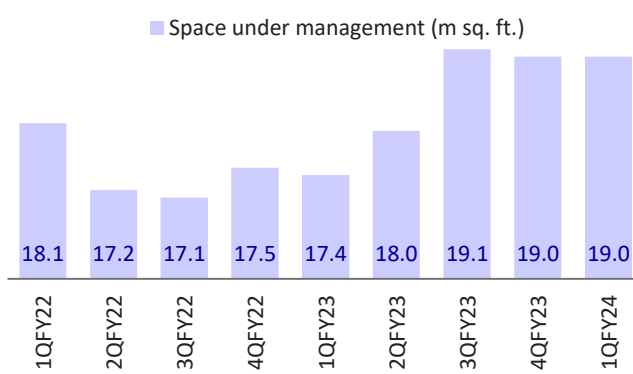
Source: Company, MOFSL

Exhibit 5: 3PL Services contributed ~95% to revenue



Source: Company, MOFSL

Exhibit 6: Space under management remained stable QoQ



Source: Company, MOFSL



Highlights from the management commentary

Operational highlights

Industry overview

- PVs/EVs continue to show strength, although certain segments of auto sales are experiencing softness. Demand in the 2W segment remained subdued.
- There has been a demand slowdown for specific categories in the automotive segment such as LCV vehicles, attributed to high inflation.
- For the FMCG industry, the stress in demand in semi-urban and rural areas appears to have reached its lowest point.
- The long-term prospects for e-commerce remain very positive, though there might be an increase in competitive intensity in the short term. Due to demand moderation in the short term, capacity utilization is likely to remain low with high inventory levels.

Business update

- SCM posted revenue of INR12.1b (+6% YoY) and EBIT of INR22m in the quarter.
- During 1QFY24, Freight Forwarding reported revenue of INR770m (-29% YoY); Express Logistics posted revenue of INR850m (+81% YoY), and Last Mile clocked revenue of INR480m (+14% YoY).
- MLL Express faced challenges due to the integration of Rivigo's business and high transportation costs for the B2B business. This resulted in a loss during the quarter.
- During 1QFY24, the Contract Logistics business grew 6% YoY driven by strong demand from the consumer durables, FMCG and select auto segments. There is a potential to increase revenue further in the Contract Logistics business, primarily driven by growth in the automotive and manufacturing segments. The order intake in 4QFY23 was INR1.0b, and order intake in 1QFY24 is likely to be INR1.30-1.4b, with revenue from these orders likely to kick in during 2HFY24.
- EM segment reported revenue of INR795m (+39% YoY) and operating loss of ~INR17m in 1QFY24. The mobility business is witnessing a significant increase in airport-based services, primarily driven by higher travel activities and a moderate pick-up in employee transportation management.
- SCM segment contributed 94% and Enterprise mobility segment contributed 6% to the revenue in 1Q FY24.
- The warehousing business of the company was hit during the quarter and reported revenue of INR2.4b (-11% YoY) primarily due to closure of the Bajaj Electricals Ltd account. Warehouse space under management stood at 19m sq. ft. including all service lines.
- Mahindra & Mahindra (M&M) accounted for 53% of SCM revenue and 51% of overall revenue.
- The auto/farm business from M&M represented ~50-51% of the contract logistics business, while 35% of the business originated from non-M&M auto volumes.

Other highlights

- The aviation traffic volume is expected to grow by 17%, which will positively impact the company's airport service business.

- Management is focusing on the recovery of volumes in the express business, which experienced a loss of 25-30% on baseline volume during integration. Volumes have already started to recover from Jul'23, and the aim is to achieve breakeven at EBITDA level by 2HFY24.
- The mobility business outlook indicates growth in the airport business driven by in-airport growth and expanding universities, with an expected revenue growth of 15-20%. In 1QFY24, the bigger impact was from new accounts rather than people returning to offices, and the Mobility business is expected to be profitable on a full-year basis in FY24.

Future growth

- The B2B Express business experienced a drop in volumes. Management is focused on cost reduction, and expects volumes to start recovering from 2HFY24, particularly benefiting during the festive period. Volumes have already started to rebound in Jul'23.
- With headwinds in industry growth, management plans to increase volumes through larger exposure to high-end PV vehicles (both Mahindra and non-Mahindra brands) and robust demand in MCV, trucks, and buses. The company also expects positive contributions from e-commerce, consumer durables, and FMCG segments.
- Management expects the e-commerce segment to grow in the range of 25-27% in the near term with faster growth likely from the smart grocery segment.
- MLL aims for an ROE of 18% by FY26, with a focus on growing the 3PL business in the mid-teens. This involves generating INR65b of revenue from the 3PL business and rapidly expanding its network services.

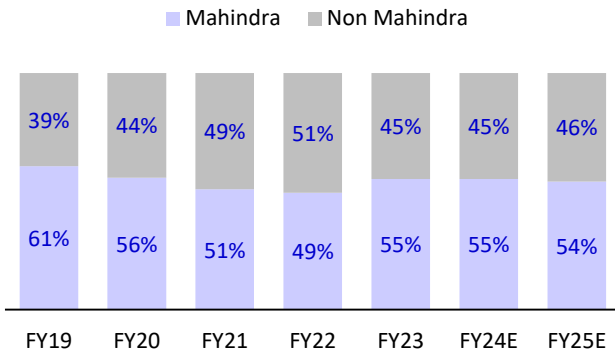
Exhibit 7: Our revised forecasts

(INR m)	FY24E			FY25E		
	Rev	Old	Chg(%)	Rev	Old	Chg(%)
Net Sales	59,938	61,382	-2	73,997	75,467	-2
EBITDA	3,099	3,307	-6	4,143	4,319	-4
EBITDA Margin (%)	5.2	5.4	-22	5.6	5.7	-12
PAT	228	476	-52	1,201	1,254	-4
EPS (INR)	3.2	6.6	-52	16.8	17.5	-4

Source: Company, MOFSL

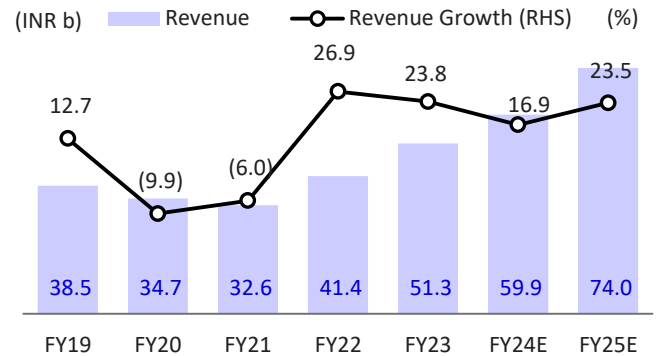
Financial story in charts

Exhibit 8: Non-MM's share to increase gradually



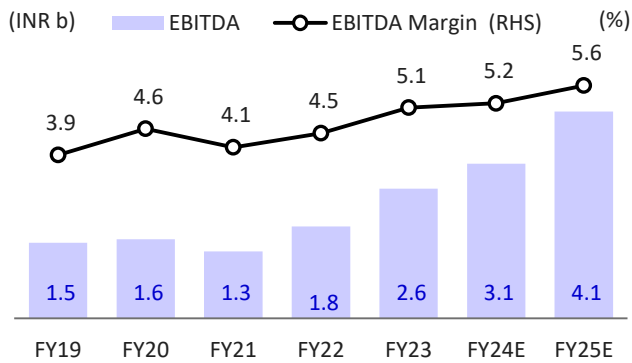
Source: Company, MOFSL

Exhibit 9: Revenue growth to be driven by SCM segment



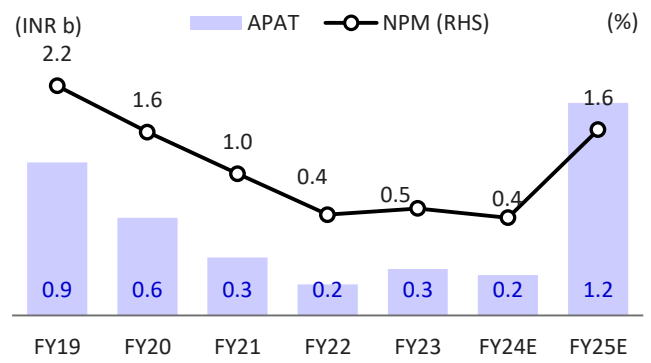
Source: Company, MOFSL

Exhibit 10: Higher share of Non-MM to drive margins



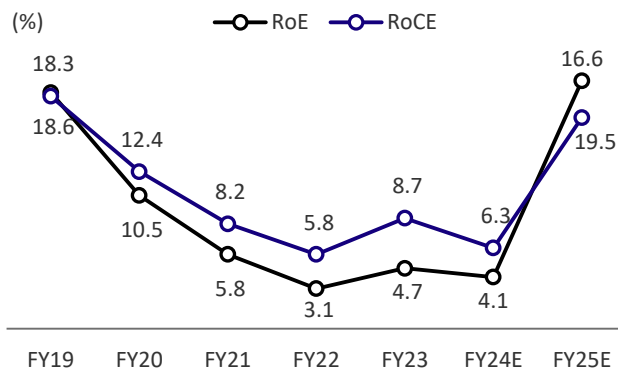
Source: Company, MOFSL

Exhibit 11: PAT to improve with increasing margins



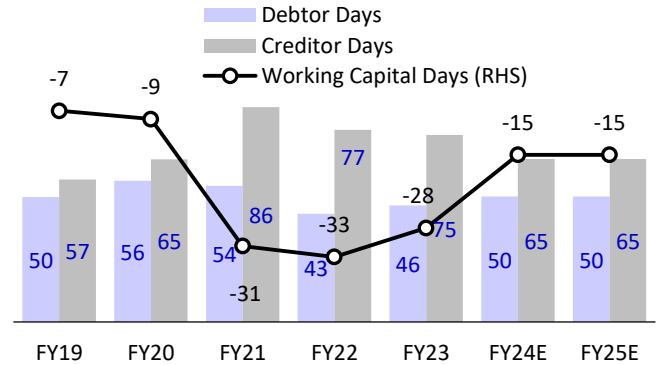
Source: Company, MOFSL

Exhibit 12: Return ratios to improve as earnings pick-up



Source: Company, MOFSL

Exhibit 13: Comfortable working capital position



Source: Company, MOFSL

Financials and valuations

Consolidated – Income Statement

Y/E March (INR m)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Sales	38,513	34,711	32,637	41,408	51,283	59,938	73,997
Change (%)	12.7	-9.9	-6.0	26.9	23.8	16.9	23.5
Gross Margin (%)	12.4	15.5	15.3	14.3	14.5	13.8	13.6
EBITDA	1,512	1,583	1,342	1,843	2,598	3,099	4,143
Margin (%)	3.9	4.6	4.1	4.5	5.1	5.2	5.6
Depreciation	220	734	897	1,417	1,895	2,171	2,143
EBIT	1,293	848	446	426	703	928	2,000
Int. and Finance Charges	35	176	201	298	516	720	619
Other Income	76	140	175	136	159	206	216
PBT	1,334	812	420	263	345	414	1,597
Tax	468	257	100	113	71	192	402
Effective Tax Rate (%)	35.1	31.7	25.6	42.8	20.6	46.3	25.2
PAT before MI, Associates, and EO Items	867	555	319	151	274	222	1,195
Share of profit/(loss) of Associates and JVs	-3	-3	8	0	-28	6	6
Extraordinary Items	0	0	28	0	0	0	0
Reported PAT	864	552	300	176	263	228	1,201
Adjusted PAT	864	552	328	176	263	228	1,201
Change (%)	32.4	-36.1	-40.7	-46.4	49.7	-13.2	426.4
Margin (%)	2.2	1.6	1.0	0.4	0.5	0.4	1.6

Consolidated – Balance Sheet

Y/E March (INR m)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Equity Share Capital	715	715	717	719	720	720	720
Total Reserves	4,268	4,731	4,964	4,746	4,897	4,946	5,968
Net Worth	4,982	5,447	5,681	5,465	5,617	5,666	6,688
Minority Interest	57	54	28	3	-14	-14	-14
Deferred Tax Liabilities	-187	-200	0	0	0	0	0
Total Loans	377	359	292	405	4,014	4,114	3,614
Capital Employed	5,229	5,660	6,000	5,873	9,617	9,766	10,289
Gross Block	1,361	3,594	5,520	8,252	12,704	13,204	13,704
Less: Accum. Deprn.	648	1,285	1,903	3,113	4,402	6,573	8,716
Net Fixed Assets	713	2,310	3,617	5,139	8,302	6,631	4,988
Capital WIP	26	150	21	4	33	33	33
Total Investments	813	31	0	0	0	2,250	2,250
Curr. Assets, Loans, and Adv.	10,312	11,527	13,149	14,611	17,195	17,863	24,002
Inventory	0	0	0	14	4	0	0
Account Receivables	5,251	5,356	4,856	4,889	6,525	8,211	10,137
Cash and Bank Balances	700	995	1,978	1,343	1,262	361	2,395
Cash	550	995	1,978	1,343	1,262	361	2,395
Bank Balance	150	0	0	0	0	0	0
Loans and Advances	150	150	0	0	0	0	0
Others	4,212	5,026	6,315	8,364	9,404	9,292	11,471
Current Liab. and Prov.	6,635	8,359	10,787	13,882	15,912	17,011	20,985
Account Payables	6,001	6,172	7,661	8,684	10,481	10,674	13,177
Other Current Liabilities	419	1,974	3,065	5,126	5,363	6,268	7,738
Provisions	215	213	61	72	69	69	69
Net Current Assets	3,677	3,169	2,362	729	1,282	853	3,018
Application of Funds	5,229	5,660	6,000	5,873	9,617	9,766	10,288

Financials and valuations

Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)							
EPS	12.1	7.7	4.6	2.5	3.7	3.2	16.8
EPS growth (%)	32.4	-36.1	-40.7	-46.4	49.7	-13.2	426.4
Cash EPS	15.1	18.0	17.1	22.3	30.1	33.5	46.7
BV/Share	69.6	76.1	79.4	76.4	78.5	79.2	93.4
DPS	1.8	1.5	2.5	2.0	2.5	2.5	2.5
Payout (incl. Div. Tax, %)	17.9	19.5	59.8	81.5	68.1	78.4	14.9
Valuation (x)							
P/E	31.2	48.9	82.4	153.7	102.7	118.2	22.5
Cash P/E	24.9	21.0	22.0	16.9	12.5	11.2	8.1
EV/EBITDA	17.1	16.6	18.8	14.1	11.4	9.2	6.3
EV/Sales	0.7	0.8	0.8	0.6	0.6	0.5	0.4
P/BV	5.4	5.0	4.8	4.9	4.8	4.8	4.0
Dividend Yield (%)	0.5	0.4	0.7	0.5	0.7	0.7	0.7
Return Ratios (%)							
RoE	18.6	10.5	5.8	3.1	4.7	4.1	19.5
RoCE	18.3	12.4	8.2	5.8	8.7	6.3	16.6
RoIC	24.0	14.2	7.8	5.7	8.7	6.5	23.5
Working Capital Ratios							
Fixed Asset Turnover (x)	31.0	14.0	7.2	6.0	4.9	4.6	5.5
Asset Turnover (x)	7.4	6.1	5.4	7.1	5.3	6.1	7.2
Inventory (Days)	0	0	0	0	0	0	0
Debtors (Days)	50	56	54	43	46	50	50
Creditors (Days)	57	65	86	77	75	65	65
Leverage Ratio (x)							
Net Debt/Equity	-0.1	-0.1	-0.3	-0.2	0.5	0.7	0.2

Consolidated – Cash Flow Statement

Y/E March (INR m)	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
OP/(Loss) before Tax	1,334	812	392	263	345	414	1,597
Depreciation	220	734	897	1,417	1,895	2,171	2,143
Direct Taxes Paid	-419	-325	515	-626	-738	-192	-402
(Inc.)/Dec. in WC	-265	-653	838	507	-883	-2,216	-604
Other Items	80	285	295	348	574	514	402
CF from Operations	950	854	2,937	1,910	1,194	692	3,136
(Inc.)/Dec. in FA	-342	-617	-690	-1,559	-195	-500	-500
Free Cash Flow	608	237	2,247	351	999	192	2,636
Change in Investments	-258	786	-588	0	-3,043	-2,250	0
Others	-347	186	198	161	138	1,375	-246
CF from Investments	-947	355	-1,080	-1,399	-3,100	-1,375	-746
Change in Equity	27	4	2	5	1	0	0
Inc./(Dec.) in Debt	23	-18	-67	77	3,609	100	-500
Dividends Paid	-155	-155	-107	-179	-144	-179	-179
Others	-8	-594	-702	-1,073	-1,641	-139	322
CF from Fin. Activity	-113	-763	-875	-1,171	1,825	-217	-357
Inc./(Dec.) in Cash	-111	446	982	-659	-81	-901	2,034
Opening Balance	660	550	995	2,002	1,343	1,262	361
Closing Balance	550	995	1,978	1,343	1,262	361	2,395

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

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

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

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, 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.

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): IN2000158836 (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.