MOTILAL OSWAL
FINANCIAL SERVICES

17 December 2024

Update | Sector: Automobiles

CIE India

BSE SENSEX	S&P CNX
80,684	24,336

CIE India

Stock Info

Bloomberg	CIEINDIA IN
Equity Shares (m)	379
M.Cap.(INRb)/(USDb)	184.3 / 2.2
52-Week Range (INR)	628 / 401
1, 6, 12 Rel. Per (%)	0/-18/-12
12M Avg Val (INR M)	259
Free float (%)	34.3

Financials Snapshot (INR b)

INR b	CY24E	CY25E	CY26E
Sales	89.0	96.2	104.9
EBITDA (%)	15.3	15.2	15.7
Adj. PAT	8.3	9.2	10.7
EPS (INR)	21.8	24.4	28.4
EPS Growth (%)	3.5	11.5	16.7
BV/Share (INR)	175	193	214
Ratio			
RoE (%)	13.1	13.2	14.0
RoCE (%)	12.0	12.5	13.5
Payout (%)	20.0	20.0	20.0
Valuations			
P/E (x)	22.2	19.9	17.1
P/BV (x)	2.8	2.5	2.3
Div. Yield (%)	0.9	1.0	1.2
FCF Yield (%)	2.2	3.3	4.0

Shareholding Pattern (%)

As On	Sep-24	Jun-24	Sep-23
Promoter	65.7	65.7	65.7
DII	20.4	19.5	15.4
FII	4.3	5.0	6.6
Others	9.6	9.8	12.3

FII includes depository receipts

CMP: INR486 TP: INR575 (+18%) Buy

Indian business to remain the growth driver

Europe business unlikely to recover soon

We recently met with the management of CIE Automotive India (CIEINDIA), and following are the KTAs from the discussion. For YTDCY24, India business has grown in line with industry trends – underperforming management's guidance of target to outperform the industry by 5-10%, largely due to the underperformance of its end segments/OEMs that it is exposed to. Going forward, we expect the Indian business to post much better growth, led by: 1) an expected pick-up in CVs and PVs in FY26 post the correction seen in FY25; and 2) a positive rural sentiment, which is expected to drive healthy growth in tractors in CY25. Additionally, the ramp-up of some of the delayed orders and focus on non-anchor customers would also drive growth. Europe's demand outlook, however, remains weak even for CY25E. Demand at Metalcastello is likely to have bottomed out and should see an uptick from H2CY25 onwards. While the management aims to sustain the margins of its European business at current levels, it is targeting to expand margins of the Indian business to 19% over the next 2-3 years. In order to factor in continued weakness in Europe's auto demand, we have lowered our estimates for CY25-26E by 4%/5%. CIE possesses some financial attributes which are unique to a global ancillary player, and include: being net debt-free, having strict capex/inorganic expansion guidelines, generating positive FCF, and tracking an improving return trajectory. The stock trades at 19.9x/17.1x CY25E/CY26E consolidated EPS. We reiterate BUY with a revised TP of INR575 (based on ~21x Sep'26E consol. EPS).

India's growth lagging behind management guidance

- One of the key queries on investors' minds has been that while CIEINDIA management has guided for outperformance over core industry growth, its growth in the last few quarters has been largely in line with industry trends at 5% for 9MCY24. However, it is crucial to understand that the company's slower growth in India is a function of overall weak demand trends in its core segments as highlighted in the table below:

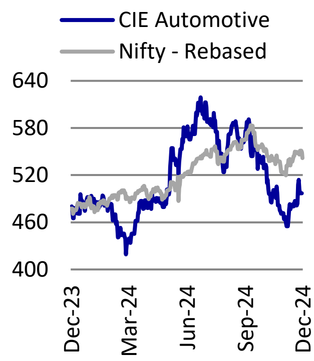
CIEINDIA's core segments witnessed slower growth for 9M CY24

	Industry growth (%)	Contribution in mix (%)
PVs + LCVs	4.5	52
2Ws	19	21
Tractors	-3.5	18
MHCV	-5.8	9
Blended Industry growth (%)	5.2	
CIE growth (%)	5.3	

Source: Company, MOFSL

Aniket Mhatre - Research analyst (Aniket.Mhatre@MotilalOswal.com)
Amber Shukla - Research analyst (Amber.Shukla@MotilalOswal.com)

Stock Performance (1-year)



- Further, while the 2W industry posted 19% growth, CIEINDIA's largest 2W customer, BJAUT, has actually underperformed the 2W industry on a YTD basis. Even in PVs, while M&M is its largest customer, one needs to be cognizant that only M&M's UV segment performed significantly well for 9MCY24. Besides, MM tractor (-3%) and pick-ups (-9%) witnessed very weak demand trends during the same period. MSIL, which is its third-largest customer, also grew only 5% during this period. Apart from this, there have been delays in the ramp-up of some of its new order wins, which include the Stellantis order at CIE Hosur and certain EV orders from domestic OEMs. Additionally, given the weak demand in Europe, its exports offtake has lagged expectations. As a result, exports contribution has come down to 10-11% for Q3 from 14% in CY23.
- While the management's focus is to outperform core industry growth, the abovementioned factors led to its growth being capped at industry levels for 9MCY24.

India likely to remain the key growth driver going forward

- The domestic 2W industry posted a strong 15% YoY growth on a YTD basis and is likely to end FY25 with around 12% growth. Even after that, the industry is likely to be about 7% lower than its previous peak achieved in FY19. We expect the domestic 2W industry to post a high single-digit growth even in FY26E.
- Further, the PV industry witnessed only under 1% YoY growth for YTDFY25 and is likely to experience flat growth for FY25E. Given this demand moderation in Fy25E, we expect the PV industry to post mid-single-digit growth for FY26E.
- We have witnessed a healthy pick-up in demand from the tractor segment from Oct onwards on the back of positive rural sentiments, with most industry experts indicating a mid-single-digit growth for FY25E (translating into double-digit growth for H2). Given healthy reservoir levels, industry experts are optimistic about the continued growth momentum in the industry, even for FY26E.
- Further, the CV industry is currently experiencing a weak demand macro and has posted a 4% YoY decline for H1FY25. With elections now behind us, we expect the government to resume its focus on capex spending going forward. Moreover, it is important to note that the industry enjoys favorable demand tailwinds that include: 1) average fleet age has now increased to over nine years; 2) healthy fleet operator profitability; and 3) an expected decline in interest rates going forward. Given these and a corrected base for FY25, we expect the domestic CV industry to post a 6-7% YoY growth for FY26E.
- While the core industry demand is likely to pick up in FY26, we also expect some of its delayed orders to start ramping up from next year. Further, the company continues to focus on growing from some of the non-anchor customers, such as Toyota, Hyundai, and VW. It has several projects in the pipeline from both Hyundai and TTMT. Thus, given the expected demand revival in most of its key segments and ramp-up of new orders, we expect CIEINDIA to post a much better performance in CY25. Overall, we factor in its Indian business to post a 9% revenue CAGR over CY24-26E.

EU headline numbers hurt by sharper weakness at Metalcastello

- In Europe, revenues for 9MCY24 were down almost 12% YoY, relative to the Europe LV market decline of 5% in the same period. While it may seem from headline numbers that CIEINDIA's Europe business has underperformed broader industry growth, it is crucial to note that this underperformance has largely been a function of demand weakness at Metalcastello. Additionally, the management has indicated that the revenue decline is largely in line with the weighted average decline in the LV market in Europe and the OHV market in the US.
- European OEMs continue to experience a very weak production offtake: 1) the single most important reason cited by most European OEMs for the weak offtake is the sharp decline in China's demand; 2) weak demand in Europe; 3) regulatory push toward EV transition in Europe, wherein European OEMs are losing to Chinese counterparts. Apart from this, European OEMs are also wary of the risk of the new Trump administration levying duties on European goods.
- On the other hand, the off highway market in the US is witnessing a sharp decline in demand as customers are shying away from discretionary purchases. Additionally, Metalcastello had won USD 30m worth of orders for EV pick-up applications for US-based OEMs, which has also not taken off as yet. Each of these factors led to a slower-than-expected ramp-up in the Europe business revenues in CY24.

EU business unlikely to recover soon but Metalcastello likely to have bottomed out

- While CY24 has been a challenging year in Europe, most industry estimates seem to suggest that CY25 is also likely to be weak in Europe. We tabulate below comments from leading European OEMs who have largely put out profit warnings for 2024 and are looking to sharply reduce costs given the lack of demand visibility for CY25.

feedback from EU OEMs seems to suggest a continued slowdown

OEM	Management commentary
Volkswagen	❖ The demand in Europe has not recovered since the pandemic, with industry-wide auto deliveries in the region around 2m short of peak.
	❖ In CY23, VW sold about 9m vehicles vs its capacity of 14m, which hurt its profitability, creating an urgency to increase productivity and reduce costs.
	❖ VW is considering shutting down a few German plants, slashing salaries by 10%, and freezing salary hikes for 2025-26.
Stellantis	❖ In September, Stellantis issued a profit warning due to waning demand and increased competition from Chinese rivals, particularly in EVs. It slashed operating profit margin guidance to 5.5-7% from the double-digit guidance earlier.
	❖ Stellantis plans to shut down its Vauxhall plant in England, putting more than 1k jobs at risk.
Ford Motor Co.	❖ Ford decided to lay off 14% of its Europe workforce, amid weak EV demand, poor government support for the EV shift, and tough competition from subsidized Chinese rivals.
	❖ It is expected to cut 4000 jobs (2.3% of its workforce), primarily in Germany and Britain. The company mentioned that the layoffs would happen by the end of 2027, pending union discussions.
Mercedes Benz	❖ Mercedes Benz cut its 2024 profit margin for CY24 to 7.5%-8.5% (from 10-11% earlier) for the second time in less than two months in September, due to weak demand in China and Europe.
Volvo	❖ Volvo has lowered its volume growth forecast for 2024 to 8% from 15% earlier.
	❖ Management said: "This is a confirmation that the next 12 months will be incredibly challenging as the impacts of the EU-China tariff and rising competition from lower-priced EV models come in."
Paccar	❖ Much softer conditions in Central and Eastern Europe took a heavy toll on overall European deliveries for Paccar's DAF brand of trucks.
Daimler truck	❖ Daimler Truck Holding AG lowered its outlook for 2024, cutting its EBIT guidance by 15% YoY, led by softening sales as demand in Europe and Asia weakens.

Source: Company, MOFSL

- Even CIEINDIA management expects the European industry to remain flat in CY25E. However, it is important to note that despite weak demand trends, the business of CIE Auto Europe continues to sustain healthy profitability. Given the ongoing challenging macro environment, it expects to witness industry consolidation, which is likely to benefit financially sound players such as CIEINDIA in the long run.
- Further, post the sharp correction, revenue at Metalcastello is likely to remain stable for the next couple of quarters. To put things in perspective, the monthly revenue run-rate at Metalcastello has dropped to EUR4-4.5m from around EUR6-6.5m earlier, which is about a 30% decline. Management has indicated that it expects demand at Metalcastello to revive in H2CY25 (expects Metalcastello to start hitting EUR5-5.5m monthly run-rate in Q3-Q4CY25), once the new government policies come into effect. By then, some of its new order wins would also start seeing a gradual ramp-up.
- Overall, for its Europe business, we factor in CIEINDIA to post a 7% revenue CAGR over CY24-26E.

Europe demonstrates margin resilience; India expects to focus on further improvement

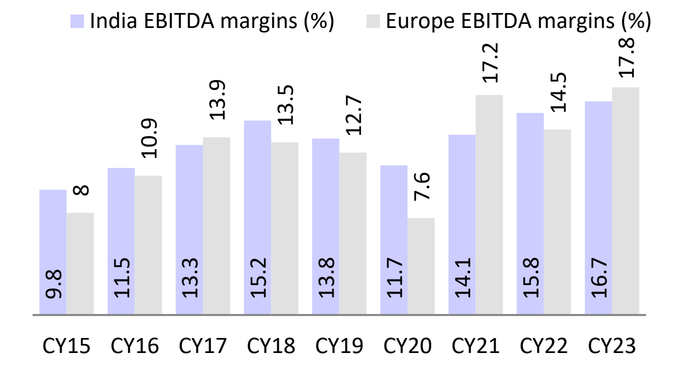
India business

- On the back of the guiding principles of CIEINDIA's parent company, Indian business margins witnessed a significant recovery to 16.7% in CY23 from 11.5% in CY16. Given that CIEINDIA is largely a build-to-print company, such significant margin expansion is commendable, especially since it has achieved most of this by improving operational efficiencies. CIEINDIA's parent company specializes in automation/digitization initiatives globally. It incentivizes production managers and measures their performance, not only on the production output but also on the ROI delivered from their respective plants. CIEINDIA's management targets to expand the Indian business margins to about 19% in the next 2-3 years by continuing to focus on operational efficiencies. However, management has also indicated that it will not pursue growth without ensuring a requisite level of profitability. In addition, it is crucial to note that subsidy at CACIL is expected to end by Jan'25, which will have some impact on India business overall financials (estimated at ~40bp).

Europe business has shown significant resilience

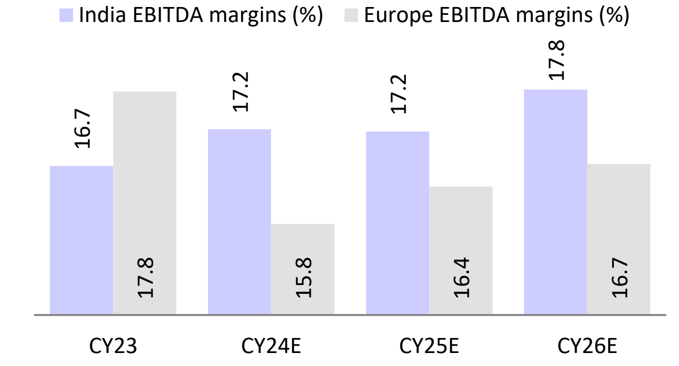
- As highlighted above, despite a 12% decline in revenue for 9MCY24, European business margins are down just 170bp YoY to 16.3%, commendable given the rising costs and the high fixed cost nature of the business. Management has indicated that it would strive to sustain margins at current levels in the coming quarters. We understand that there are very few companies in Europe that would continue to post double-digit margins in this tough macro. This resilience is expected to position the company favorably, as large OEMs are likely to seek partnerships with vendors who demonstrate resilience in tough times. Moreover, once the Europe demand revives, it is expected to post a much stronger performance compared to the past.
- Overall, we factor in the consolidated margins to expand ~40bp over CY24-26E to 15.7%, led by a steady revival in demand in India and Europe as well as the company's consistent focus on improving operational efficiencies across all plants.

Exhibit 1: Historical EBITDA margins



Source: Company, MOFSL
Note: EBITDA margin consists of other income

Exhibit 2: Estimated margins



Source: Company, MOFSL
Note: EBITDA margins consist of other income

Valuation and view

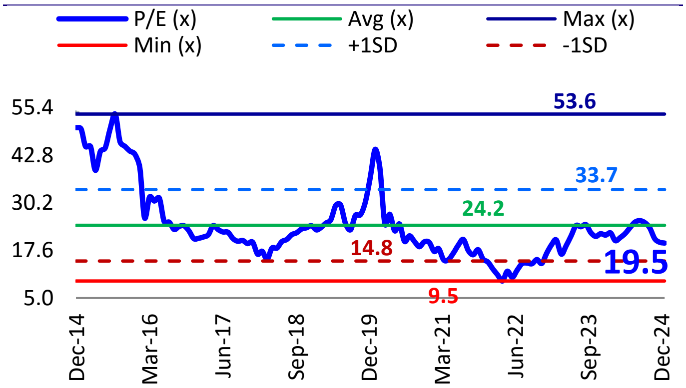
- We expect the Indian business to be the primary growth driver for the company in the near future. However, the weak outlook for its EU business and Metalcastello is likely to weigh on the overall performance in the near term. In order to factor in continued weakness in Europe's auto demand, we have lowered our estimates for CY25-26E by 4%/5%. The company will continue to strive to enhance efficiencies in the coming years. CIE possesses some financial attributes which are unique to a global ancillary player, and include: being net debt-free, having strict capex/inorganic expansion guidelines, generating positive FCF, and tracking an improving return trajectory. The stock trades at 19.9x/17.1x CY25E/CY26E consolidated EPS. We reiterate BUY with a revised TP of INR575 (based on ~21x Sep'26E consol. EPS).

Exhibit 3: Our revised estimates

(INR M)	CY24E			CY25E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	89,046	89,689	(0.7)	96,160	99,471	(3.3)
EBITDA	13,623	13,722	(0.7)	14,654	15,463	(5.2)
EBITDA margin %	15.3	15.3	0bp	15.2	15.5	-30bp
Adj. PAT	8,257	8,306	(0.6)	9,211	9,625	(4.3)
EPS	21.8	22.0	(0.6)	24.4	25.5	(4.3)

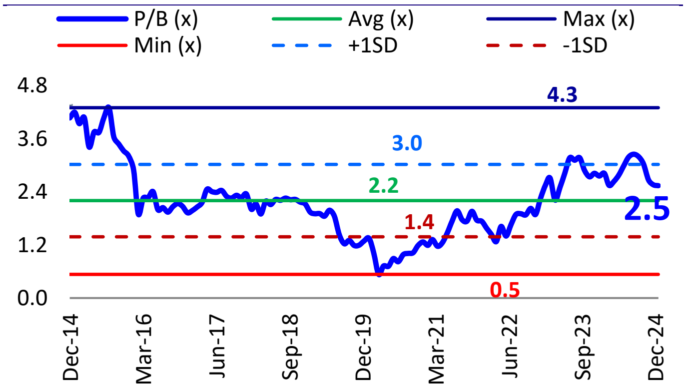
Source: MOFSL

Exhibit 4: P/E ratio charts



Source: Company, MOFSL

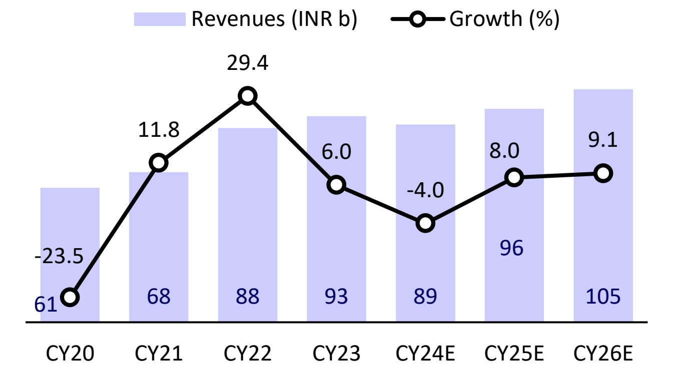
Exhibit 5: P/B ratio charts



Source: Company, MOFSL

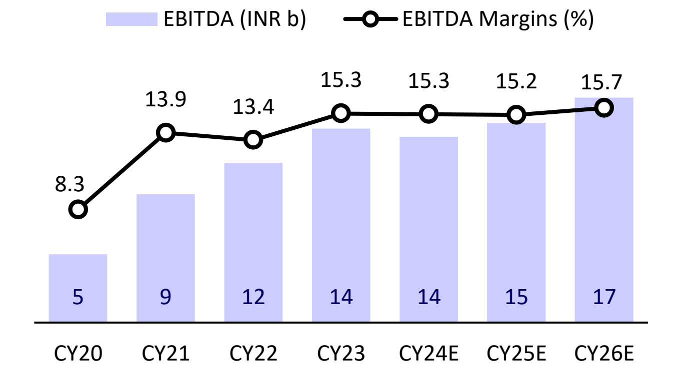
Key operating indicators

Exhibit 6: Expect consolidated revenue to recover



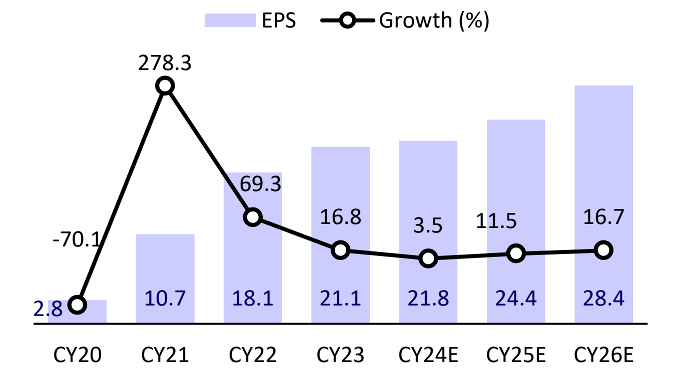
Source: Company, MOFSL

Exhibit 7: Expect EBITDA margin to expand in CY25/CY26



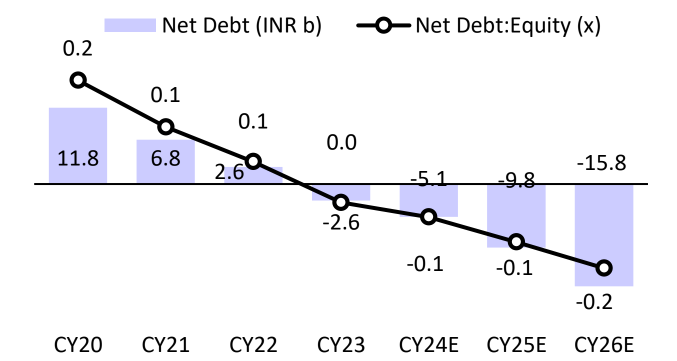
Source: Company, MOFSL

Exhibit 8: EPS and EPS growth



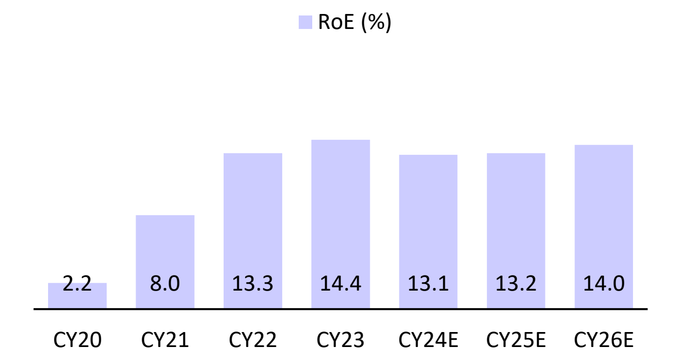
Source: Company, MOFSL

Exhibit 9: Turned net cash positive from CY23



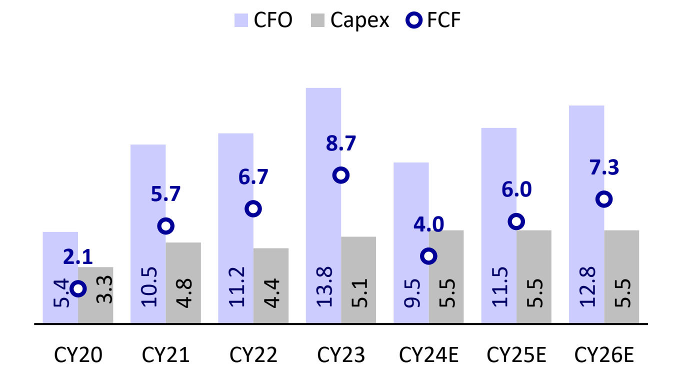
Source: Company, MOFSL

Exhibit 10: Expect RoE to continue to improve



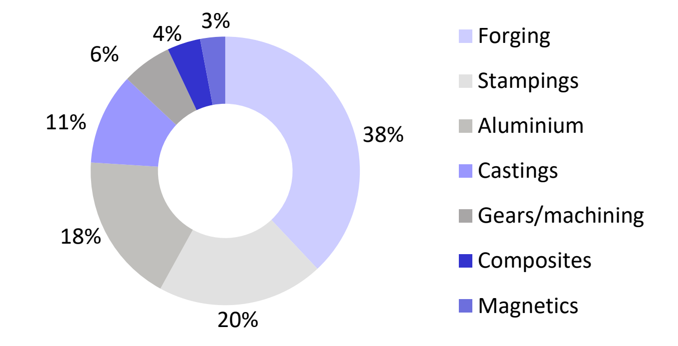
Source: Company, MOFSL

Exhibit 11: FCF to remain at healthy levels



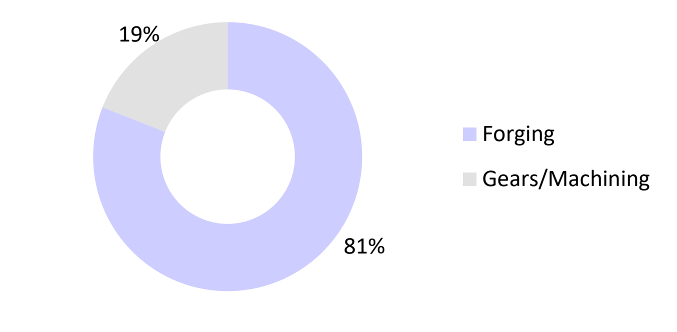
Source: Company, MOFSL

Exhibit 12: India business (63% of overall CY23 sales) mix



Source: Company, MOFSL

Exhibit 13: Europe business (37% of overall CY23 sales) mix



Source: Company, MOFSL

Financials and valuations

Consolidated - Income Statement							(INR Million)
Y/E December	**CY20**	**CY21**	**CY22**	**CY23**	**CY24E**	**CY25E**	**CY26E**
Total Income from Operations	**60,501**	**67,652**	**87,530**	**92,803**	**89,046**	**96,160**	**1,04,916**
Change (%)	-23.5	11.8	29.4	6.0	-4.0	8.0	9.1
Total Expenditure	**55,485**	**58,234**	**75,810**	**78,565**	**75,423**	**81,506**	**88,396**
% of Sales	91.7	86.1	86.6	84.7	84.7	84.8	84.3
EBITDA	**5,016**	**9,417**	**11,720**	**14,239**	**13,623**	**14,654**	**16,521**
Margin (%)	8.3	13.9	13.4	15.3	15.3	15.2	15.7
Depreciation	3,064	2,733	2,962	3,222	3,310	3,594	3,784
EBIT	**1,952**	**6,684**	**8,758**	**11,017**	**10,312**	**11,060**	**12,737**
Int. and Finance Charges	548	348	227	1,074	723	605	466
Other Income	549	468	583	820	1,327	1,643	1,822
PBT bef. EO Exp.	**1,953**	**6,805**	**9,114**	**10,763**	**10,916**	**12,098**	**14,093**
EO Items	0	-128	379	0	0	0	0
PBT after EO Exp.	**1,953**	**6,677**	**9,492**	**10,763**	**10,916**	**12,098**	**14,093**
Total Tax	886	2,731	2,401	2,782	2,708	2,937	3,400
Tax Rate (%)	45.4	40.9	25.3	25.8	24.8	24.3	24.1
Share of profit from associate	0	12	22	-5	49	50	52
Reported PAT	**1,066**	**3,958**	**7,113**	**7,976**	**8,257**	**9,211**	**10,745**
Adj. PAT	**1,066**	**4,034**	**6,829**	**7,976**	**8,257**	**9,211**	**10,745**
Change (%)	-70.1	278.3	69.3	16.8	3.5	11.5	16.7
Margin (%)	1.8	6.0	7.8	8.6	9.3	9.6	10.2

Consolidated - Balance Sheet							(INR Million)
Y/E December	**CY20**	**CY21**	**CY22**	**CY23**	**CY24E**	**CY25E**	**CY26E**
Equity Share Capital	3,790	3,791	3,793	3,794	3,794	3,794	3,794
Total Reserves	45,290	48,175	47,192	56,086	62,279	69,187	77,246
Net Worth	**49,080**	**51,966**	**50,985**	**59,880**	**66,073**	**72,981**	**81,040**
Total Loans	16,476	12,816	9,234	8,033	5,533	3,033	533
Deferred Tax Liabilities	1,236	2,459	3,199	3,238	3,238	3,238	3,238
Capital Employed	**66,792**	**67,241**	**63,418**	**71,151**	**74,844**	**79,252**	**84,811**
Gross Block	53,135	50,226	48,348	53,792	58,828	64,328	69,828
Less: Accum. Deprn.	23,204	20,624	20,921	24,228	27,538	31,133	34,917
Net Fixed Assets	**29,931**	**29,602**	**27,427**	**29,564**	**31,290**	**33,195**	**34,911**
Goodwill on Consolidation	37,554	36,265	28,040	28,540	28,540	28,540	28,540
Capital WIP	123	1,247	1,195	537	1,001	1,001	1,001
Total Investments	**2,340**	**4,380**	**5,756**	**8,206**	**8,206**	**11,206**	**15,206**
Curr. Assets, Loans&Adv.	**23,686**	**26,712**	**36,780**	**30,679**	**30,246**	**31,713**	**33,842**
Inventory	10,062	13,486	12,108	11,626	12,192	13,175	14,289
Account Receivables	7,054	6,687	8,608	6,331	8,539	9,221	10,060
Cash and Bank Balance	2,380	1,595	859	2,387	2,392	1,625	1,100
Loans and Advances	4,190	4,943	15,205	10,334	7,124	7,693	8,393
Curr. Liability & Prov.	**26,843**	**30,965**	**35,780**	**26,374**	**24,437**	**26,402**	**28,688**
Account Payables	14,590	19,385	21,350	19,341	16,738	18,088	19,617
Other Current Liabilities	7,909	7,605	12,876	5,505	6,233	6,731	7,344
Provisions	4,344	3,976	1,553	1,528	1,466	1,583	1,727
Net Current Assets	**-3,157**	**-4,253**	**1,000**	**4,305**	**5,809**	**5,311**	**5,154**
Appl. of Funds	**66,791**	**67,240**	**63,418**	**71,152**	**74,845**	**79,253**	**84,812**

E: MOFSL Estimates

Financials and valuations

Ratios							
Y/E December	**CY20**	**CY21**	**CY22**	**CY23**	**CY24E**	**CY25E**	**CY26E**
Basic (INR)							
EPS	**2.8**	**10.7**	**18.1**	**21.1**	**21.8**	**24.4**	**28.4**
Cash EPS	10.9	17.9	25.9	29.6	30.6	33.9	38.4
BV/Share	129.8	137.4	134.8	158.4	174.8	193.0	214.3
DPS	0.0	2.5	2.5	5.0	4.4	4.9	5.7
Payout (%)	0.0	23.9	13.3	23.8	20.0	20.0	20.0
Valuation (x)							
P/E	172.0	45.5	26.9	23.0	22.2	19.9	17.1
Cash P/E	44.4	27.1	18.7	16.4	15.9	14.3	12.6
P/BV	3.7	3.5	3.6	3.1	2.8	2.5	2.3
EV/Sales	3.3	2.9	2.2	2.0	2.1	1.9	1.7
EV/EBITDA	39.5	20.7	16.4	13.3	13.7	12.7	11.1
Dividend Yield (%)	0.0	0.5	0.5	1.0	0.9	1.0	1.2
FCF per share	5.4	15.1	17.8	23.0	10.5	15.8	19.3
Return Ratios (%)							
RoE	2.2	8.0	13.3	14.4	13.1	13.2	14.0
RoCE (Post-tax)	2.1	6.3	10.7	13.0	12.0	12.5	13.5
RoIC	1.8	6.5	11.3	14.1	12.6	13.0	14.5
Working Capital Ratios							
Fixed Asset Turnover (x)	1.1	1.3	1.8	1.7	1.5	1.5	1.5
Asset Turnover (x)	0.9	1.0	1.4	1.3	1.2	1.2	1.2
Inventory (Days)	61	73	50	46	50	50	50
Debtor (Days)	43	36	36	25	35	35	35
Creditor (Days)	88	105	89	76	69	69	68
Leverage Ratio (x)							
Net Debt/Equity	0.2	0.1	0.1	0.0	-0.1	-0.1	-0.2

Consolidated - Cash Flow Statement							(INR Million)
Y/E December	**CY20**	**CY21**	**CY22**	**CY23**	**CY24E**	**CY25E**	**CY26E**
OP/(Loss) before Tax	1,953	6,689	9,514	10,759	10,965	12,148	14,145
Depreciation	3,064	3,431	3,537	3,222	3,310	3,594	3,784
Interest & Finance Charges	548	533	454	1,074	-604	-1,038	-1,356
Direct Taxes Paid	-503	-1,053	-1,981	-3,579	-2,708	-2,937	-3,400
(Inc)/Dec in WC	761	1,364	-97	-309	-1,499	-270	-368
CF from Operations	**5,823**	**10,963**	**11,427**	**11,166**	**9,465**	**11,498**	**12,805**
Others	-430	-452	-245	2,667	0	0	0
CF from Operating incl EO	**5,393**	**10,511**	**11,182**	**13,833**	**9,465**	**11,498**	**12,805**
(Inc)/Dec in FA	-3,343	-4,778	-4,434	-5,122	-5,500	-5,500	-5,500
Free Cash Flow	**2,050**	**5,733**	**6,749**	**8,711**	**3,965**	**5,998**	**7,305**
(Pur)/Sale of Investments	-1,376	-1,880	-1,273	-2,213	0	-3,000	-4,000
Others	502	-967	-661	-1,714	1,327	1,643	1,822
CF from Investments	**-4,217**	**-7,625**	**-6,368**	**-9,049**	**-4,173**	**-6,857**	**-7,678**
Issue of Shares	0	10	36	7	0	0	0
Inc/(Dec) in Debt	506	-2,787	-3,936	396	-2,500	-2,500	-2,500
Interest Paid	-477	-465	-378	-1,035	-723	-605	-466
Dividend Paid	0	0	-948	-948	-1,651	-1,842	-2,149
Others	-409	-385	349	-2,691	0	0	0
CF from Fin. Activity	**-380**	**-3,627**	**-4,877**	**-4,272**	**-4,875**	**-4,947**	**-5,115**
Inc/Dec of Cash	**796**	**-740**	**-63**	**512**	**417**	**-306**	**12**
Opening Balance	1,590	2,386	1,646	1,583	2,095	2,512	2,206
Closing Balance	**2,386**	**1,646**	**1,583**	**2,095**	**2,512**	**2,206**	**2,218**

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 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 Ltd. are available on the website at http://onlinereports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf

Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx

MOFSL, it's associates, Research Analyst or their relatives may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst or their relatives may have 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. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may have any other potential conflict of interests at the time of publication of the research report or at the time of public appearance, 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.

In the past 12 months, MOFSL or any of its associates may have:
a) received any compensation/other benefits from the subject company of this report
b) managed or co-managed public offering of securities from subject company of this research report,
c) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
d) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.

- MOFSL and it's associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.
- Subject Company may have been a client of MOFSL or its associates during twelve months preceding the date of distribution of the research report.
- Research Analyst may have served as director/officer/employee in the subject company.
- MOFSL and research analyst may engage in market making activity for the subject company.

MOFSL and its associate company(ies), and Research Analyst and their relatives from time to time may have:
a) 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.
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.
To enhance transparency, MOFSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the 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.

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.

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.

Disclosure of Interest Statement	CIE India
Analyst ownership of the stock	No

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 Financial Services Limited (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. 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 of Singapore .Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL .

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.