ASIAMONEY Brokers Poll 2020 (India)

Market snapshot

Equities - India	Close	Chg .%	CYTD.%
Sensex	47,883	-3.4	0.3
Nifty-50	14,311	-3.5	2.4
Nifty-M 100	23,114	-5.7	10.9
Equities-Global	**Close**	**Chg .%**	**CYTD.%**
S&P 500	4,128	0.0	9.9
Nasdaq	13,850	-0.4	7.5
FTSE 100	6,889	-0.4	6.6
DAX	15,215	-0.1	10.9
Hang Seng	10,875	-0.9	1.3
Nikkei 225	29,539	-0.8	7.6
Commodities	**Close**	**Chg .%**	**CYTD.%**
Brent (US$/Bbl)	63	0.1	22.6
Gold ($/OZ)	1,733	-0.6	-8.7
Cu (US$/MT)	8,864	-0.8	14.4
Almn (US$/MT)	2,246	-0.1	13.8
Currency	**Close**	**Chg .%**	**CYTD.%**
USD/INR	75.1	0.4	2.7
USD/EUR	1.2	0.1	-2.5
USD/JPY	109.4	-0.3	5.9
YIELD (%)	**Close**	**1MChg**	**CYTD chg**
10 Yrs G-Sec	6.0	-0.01	0.1
10 Yrs AAA Corp	6.7	0.00	0.1
Flows (USD b)	**12-Apr**	**MTD**	**CY21**
FIIs	-0.23	-0.19	7.33
DIIs	0.03	0.18	-3.17
Volumes (INRb)	**12-Apr**	**MTD***	**YTD***
Cash	900	744	787
F&O	35,355	46,365	41,705

Note: *Average

Today's top research idea

TCS: Strong FY21 exit rate and deal wins to drive growth in FY22

- TCS reported revenue growth of 4.2% QoQ CC in 4QFY21 (v/s our estimate of 3.4%). Deal wins in 4QFY21 stood at USD9.2b, the highest in its history.
- A good 4Q helped it report sales (USD)/EBIT/PAT growth of 0.6%/10%/0.4% in FY21. The management commentary on enterprise demand, especially on Cloud, implies a positive outlook.
- It also highlighted a robust pipeline, with a mix of small/midsized deals along with a few large ones, giving it confidence on client spends. Backed by strong deal wins in FY21 and continued momentum in Cloud and Data, we expect the company to deliver ~16% USD growth CAGR over FY21-23E.
- We keep our EPS estimates unchanged. While we continue to be positive on the company, we remain Neutral given the elevated multiples.

Research covered

Cos/Sector	Key Highlights
TCS	Strong FY21 exit rate and deal wins to drive growth in FY22
Dr Reddy's Lab.	Expert committee recommendation aides business visibility for Sputnik
Indigo	Post-COVID recovery hits an air pocket
Bandhan Bank	Collection efficiency recovers sharply; business growth remains strong
Coforge	SLK Global acquisition to help scale up BPS capability
EcoScope	How large was the global economic support in CY20?
	CPI inflation at four-month high in Mar'21; IIP contracts faster in Feb'21

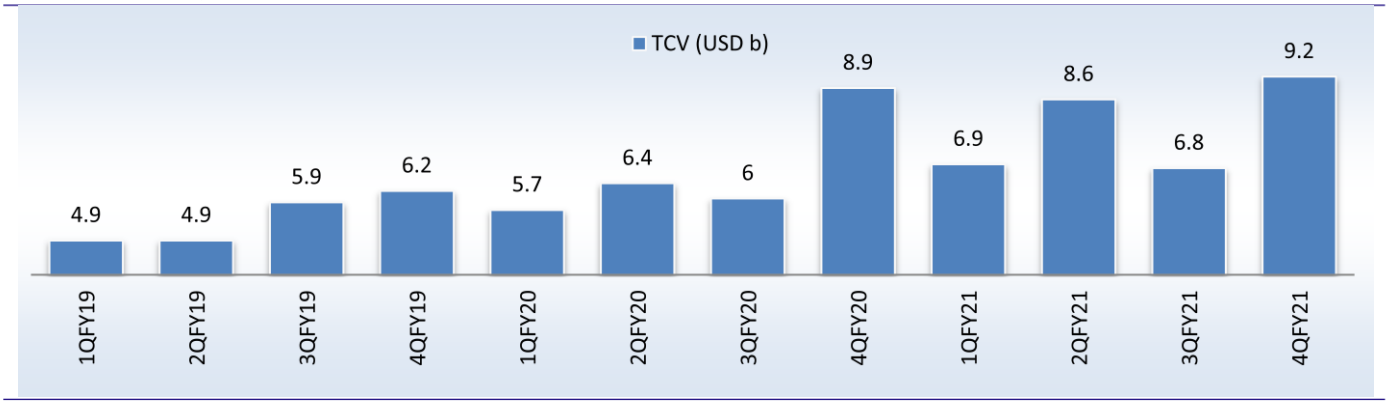
Piping hot news

India gets third Covid-19 vaccine as SEC clears Russia's Sputnik V

Amid vaccine shortage forcing many inoculation centres to shut down, Russia's Sputnik V has got the nod of the Subject Expert Committee (SEC) for emergency use.

Chart of the Day: TCS (Strong FY21 exit rate and deal wins to drive growth in FY22)

TCS reports the highest ever deal wins in 4QFY21



Source: Company, MOFSL

Research Team (Gautam.Duggad@MotilalOswal.com)

In the news today

Kindly click on textbox for the detailed news link

1

Dr Reddy's to submit more data on Covid-19 vaccine Sputnik V by July

The Russian vaccine Sputnik V, named after the Soviet era satellite Sputnik, got the nod from India's Covid-19 vaccine expert panel on Monday. However, more data has been sought from its Indian partner Dr Reddy's Laboratories (DRL) by the expert panel, which is expected by July…

2

Pune traders decide to support maha govt if full lockdown Imposed

Amid an alarming upsurge in Covid-19 cases across Maharashtra, an unbrella organisation of traders in Pune has decided to extend support to the state government if it imposes a complete lockdown to curb the spread of the virus…

3

Pandemic Long Way From Over - Warns WHO Chief

There have been now seven consecutive weeks of increasing Covid-19 cases and four weeks of increasing deaths globally, Tedros Adhanom Ghebreyesus, director-general of the World Health Organization, said on Monday adding that the coronavirus pandemic is 'long from over'…

4

Flight of labour: Covid resurgence triggers fear of another exodus of migrant workforce

A steep surge in Covid-19 cases and fears of lockdowns have triggered worries of another exodus of migrant workforce from cities…

5

IIP contracts 3.6% in February, retail inflation for March climbs up to 5.5%

Retail inflation climbed up for the month of March to 5.52% from 5.03% in February primarily led by jump in food inflation. The more worrying numbers came on the factor output front with IIP contracting 3.6 per cent in February compared to 1.6 per cent shrinkage witnessed in January. Mining output slipped 5.5 per cent, while power generation grew by 0.1 per cent in February…

6

Cabinet to take up divestment of 45.5% stake in debt-laden IDBI Bank soon

The Cabinet will soon consider the proposal to sell the government's 45.5 per cent stake in IDBI Bank, paving the way for strategic divestment in the lender…

7

Sebi slaps Rs 25 crore fine on Yes Bank in AT-1 bonds case

Markets regulator Sebi on Monday imposed a penalty of Rs 25 crore on Yes Bank in the matter of misselling the lender's AT-1 bonds few years ago…

TCS

Estimate change	⟷
TP change	⟷
Rating change	⟷

Bloomberg	TCS IN
Equity Shares (m)	3,752
M.Cap.(INRb)/(USDb)	11990.3 / 159.8
52-Week Range (INR)	3359 / 1678
1, 6, 12 Rel. Per (%)	12/-3/30
12M Avg Val (INR M)	10542
Free float (%)	28.0

Financials & Valuations (INR b)

Y/E Mar	2021	2022E	2023E
Sales	1,642	1,902	2,180
EBIT Margin (%)	25.9	26.4	26.4
PAT	335	405	464
EPS (INR)	86.7	109.0	124.9
EPS Gr. (%)	0.6	25.7	14.6
BV/Sh. (INR)	234	249	265
Ratios			
RoE (%)	38.0	45.4	49.1
RoCE (%)	33.2	38.1	41.3
Payout (%)	112.1	75.0	75.0
Valuations			
P/E (x)	37.5	29.8	26.0
P/BV (x)	13.9	13.0	12.3
EV/EBITDA (x)	25.9	21.8	19.0
Div Yield (%)	3.0	2.5	2.9

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	72.1	72.1	72.1
DII	7.8	7.9	8.1
FII	15.9	16.0	15.9
Others	4.3	4.0	4.0

FII Includes depository receipts

CMP: INR3,241 TP: INR3,250 Neutral

Strong FY21 exit rate and deal wins to drive growth in FY22

Valuation continues to factor in growth

- Tata Consultancy Services (TCS) reported revenue growth of 4.2% QoQ CC in 4QFY21 (v/s our estimate of 3.4%), delivering its third consecutive quarter of broad based (over 4% QoQ) growth. It marginally improved its EBIT margin to 26.8% (+20bp QoQ/+170bp YoY). The same was below our estimate (27.2%) on ramp up of large deals. Deal wins in 4QFY21 stood at USD9.2b, the highest in its history, with a book-to-bill ratio of 1.5x. **A good 4Q helped it report sales (USD)/EBIT/PAT growth of 0.6%/10%/0.4% in FY21.**
- Strong recovery from TCS, post the initial phases of the COVID-19 pandemic, indicates continued strength in the tech spending environment, along with its ability to capture outsized market share. The management commentary on enterprise demand, especially on Cloud, implies a positive outlook for peers as well. It also highlighted a robust pipeline, with a mix of small/mid-sized deals along with a few large ones, giving it confidence on client spends.
- TCS continued to positively surprise with its ability to manage attrition (7.2%, record low). Despite higher demand for talent in the market, the management feels it won't face much pressure given its ability to train employees in Digital skills. TCS added 19.4k employees in 4QFY21, the highest in its history.
- We expect TCS to be relatively better positioned (v/s the sector) to leverage the acceleration in large deals as clients increase spends on Cloud. Backed by strong deal wins in FY21 and continued momentum in Cloud and Data, we expect the company to deliver ~16% USD growth CAGR over FY21-23E.
- It reported an OCF/PAT of 100% and FCF/PAT of 87% on good working capital management. The total cost of the buyback (including expenses) was INR197.6b, resulting in 4QFY21 cash of INR504b (v/s INR654b in 3QFY21).
- We keep our EPS estimates unchanged. While we continue to be positive on the company, we remain **Neutral** given the elevated multiples. The stock currently trades ~25x FY23E EPS.

Good exit to FY21, deal wins at record highs

- In CC terms, revenue was up 4.2% QoQ, above our estimate of 3.4%. On a YoY basis, revenue grew by 5.9% YoY CC.
- USD revenue was up 5% QoQ v/s our estimate of 4%. On a YoY basis, USD revenue was up 10% v/s our estimate of 8.8%.
- Overall TCV of deals won during 4QFY21 was at a record high of USD9.2b compared to USD8.9b in 4QFY20.
- EBIT margin stood at 26.8% (v/s our estimate of 27.2%), up 20bp QoQ and 180bp YoY.
- PAT grew 14.7% YoY to INR93b, 3% miss, on account of higher ETR at 25.9% v/s our estimate of 23.5%.
- Growth was broad-based across verticals with BFSI (+7% QoQ, +13.3% YoY), Retail and CPG (+4% QoQ, -0.9% YoY), Life Sciences and Healthcare (+3.8% QoQ, +19.3% YoY), Manufacturing (+3.9% QoQ, +1.3% YoY), Technology and Services (+2.8% QoQ, +3.9% YoY), and Communications and Media (+1.8% QoQ, -4% YoY). 4QFY21 BFSI growth benefitted from scaling up of Postbank and Prudential captive deals.

- On a full-year basis, Life Sciences and Healthcare (+17.1%), BFSI (+2.4%), and Technology and Services (+0.2%) grew, while the rest continued to be below prior year levels.
- Growth was dominated by Continental Europe (+8.5% QoQ CC). North America and the UK also saw healthy growth (3.9%/3.4% QoQ CC).
- 4QFY21 saw the highest net addition of employees at 19.4k QoQ at 488,649. This was further complimented by lowest ever LTM attrition of 7.2%.
- During 4QFY21, subcontracting cost increased by 80bp YoY.
- CFO/FCF was 100%/87% of PAT. Total cash and cash equivalents at the end of FY21 stood at INR504b.

Key highlights from the management commentary

- TCS reported the highest ever TCV at USD9.2b in 4QFY21. Of this, USD3.9b/USD1.4b was in BFSI/Retail, while North America reported USD4.2b. The company had many wins around Digital transformation, with Cloud migration at the core of it. TCS has a strong order book and pipeline, which will result in strong growth momentum in FY22.
- Margin expanded despite an increase in subcontracting expenses, which was more on the tactical side. The management remains confident of managing supply constraints in the longer term, given its ability to train employees in Digital skills. It alluded that supply-side constraints in the short term may lead to higher subcontracting expenses.
- Employee addition of 19.8k was at a fresh record high, with attrition at 7.2% (record low). The management expects attrition to increase as growth returns to the industry. In terms of salary hikes, the management stated that it would be on the same level as previous hikes.

Valuation and view – rich multiples justified

- IT Services has entered into a technology upcycle, with Cloud- and Data-driven deals coming into the market.
- Given TCS' size, capabilities, and portfolio stretch, it is rightly positioned to leverage expected industry growth.
- The company has consistently maintained its market leadership and shown best-in-class execution. This gives the company continued room to increase its margin, while demonstrating industry-leading return ratios.
- We have left our estimates unchanged as we have factored in double- digit growth for the company in FY22E.
- Our TP implies 26x FY23E EPS. While we remain positive on the company, we remain Neutral given its rich multiples.

Quarterly perf. (IFRS)

(INR b)

Y/E March	FY20				FY21				FY20	FY21	4Q	Vari.
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			FY21E	(%/bp)
IT Services Revenue (USD m)	**5,485**	**5,517**	**5,586**	**5,444**	**5,059**	**5,424**	**5,702**	**5,989**	**22,032**	**22,174**	**5,927**	**1.0**
QoQ (%)	1.6	0.6	1.3	-2.5	-7.1	7.2	5.1	5.0	5.4	0.6	4.0	108bp
Overall Revenue (INR b)	**382**	**390**	**399**	**399**	**383**	**401**	**420**	**437**	**1,569**	**1,642**	**432**	**1.1**
QoQ (%)	0.4	2.1	2.3	0.2	-4.1	4.7	4.7	4.0			2.8	118bp
YoY (%)	11.4	5.8	6.7	5.1	0.4	3.0	5.4	9.4	7.2	4.6	8.2	124bp
GPM (%)	**40.5**	**40.8**	**41.4**	**42.0**	**39.4**	**40.9**	**41.6**	**41.2**	**41.2**	**40.8**	**42.3**	**-106bp**
SGA (%)	16.3	16.8	16.3	16.9	15.8	14.7	15.0	14.4	16.6	15.0	15.1	-71bp
EBITDA	**100**	**102**	**109**	**110**	**100**	**115**	**122**	**128**	**421**	**465**	**128**	**-0.3**
EBITDA Margin (%)	26.3	26.2	27.3	27.5	26.2	28.7	29.1	29.3	26.8	28.4	29.7	-43bp
EBIT	**92**	**94**	**100**	**100**	**90**	**105**	**112**	**117**	**386**	**425**	**118**	**-0.2**
EBIT Margin (%)	24.2	24.0	25.0	25.1	23.6	26.2	26.6	26.8	24.6	25.9	27.2	-35bp
Other income	14	12	6	5	5	7	5	8	37	25	7	6.0
PBT	**106**	**105**	**106**	**105**	**95**	**113**	**117**	**125**	**422**	**450**	**125**	**0.2**
ETR (%)	23.4	23.5	23.0	23.0	25.8	24.8	25.4	25.9	23.2	25.5	23.5	240bp
Adj. PAT	**82**	**81**	**81**	**81**	**70**	**85**	**87**	**93**	**324**	**335**	**96**	**-2.9**
Exceptional items	**0**	**0**	**0**	**0**	**0**	**-10**	**0**	**0**	**0**	**-10**	**0**	
Reported PAT	**82**	**81**	**81**	**81**	**70**	**75**	**87**	**93**	**324**	**326**	**96**	**-2.9**
QoQ (%)	0.0	-1.2	1.1	-0.6	-12.9	6.5	16.3	6.4			9.6	-323bp
YoY (%)	10.7	1.7	0.3	-0.7	-13.5	-6.9	7.2	14.7	2.8	0.4	18.2	-348bp
EPS (INR)	21.7	21.4	21.7	21.5	18.7	19.9	23.2	25.0	86.2	86.7	25.4	-1.8

E: MOFSL estimates

Key performance indicators

Y/E March	FY20				FY21				FY20	FY21
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Revenue (QoQ CC %)	2.0	1.4	0.3	-1.8	-6.3	4.8	4.1	4.2	7.1	-0.8
Costs (% of revenue)										
COGS	59.5	59.2	58.6	58.0	60.6	59.1	58.4	58.8	58.8	59.2
SGA	16.3	16.8	16.3	16.9	15.8	14.7	15.0	14.4	16.6	15.0
Margins										
Gross Margin	40.5	40.8	41.4	42.0	39.4	40.9	41.6	41.2	41.2	40.8
EBIT Margin	24.2	24.0	25.0	25.1	23.6	26.2	26.6	26.8	24.6	25.9
Net Margin	21.4	20.7	20.4	20.3	18.4	21.1	20.8	21.2	20.7	20.4
Operating metrics										
Headcount (k)	437	451	447	448	444	454	469	489	448	489
Attrition (%)	11.5	11.6	12.2	12.1	11.1	8.9	7.6	7.2	12.1	7.2
Deal Win TCV (USD b)	5.7	6.4	6	8.9	6.9	8.6	6.8	9.2	27	31.5
Key Verticals (YoY CC %)										
BFSI	9.2	8.0	5.3	-1.3	-4.9	-1.1	2.4	13.3	5.2	2.4
Retail	7.9	4.8	5.1	4.2	-12.9	-5.7	-5.1	-0.9	5.5	-6.2
Key Geographies (YoY CC %)										
North America	7.8	5.3	4.1	0.2	-6.1	-3.0	-0.2	5.9	4.3	-0.9
UK	16.0	13.3	7.5	5.4	-8.5	-8.1	-1.6	1.0	10.4	-4.3
Continental Europe	15.0	16.0	15.9	11.9	2.7	3.7	3.6	11.7	14.6	5.5

Dr Reddy's Lab

BSE SENSEX	S&P CNX
47,883	14,311

Dr.Reddy's

Stock Info

Bloomberg	DRRD IN
Equity Shares (m)	166
M.Cap.(INRb)/(USDb)	829.7 / 11.1
52-Week Range (INR)	5515 / 3611
1, 6, 12 Rel. Per (%)	18/-22/-16
12M Avg Val (INR M)	7400
Free float (%)	73.3

Financials Snapshot (INR b)

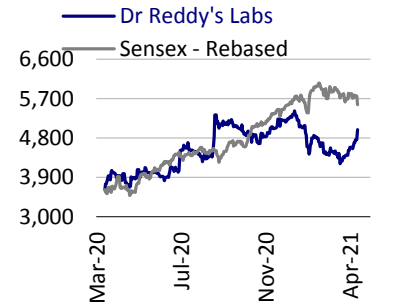
Y/E MARCH	2021E	2022E	2023E
Sales	190.5	226.5	262.9
EBITDA	44.4	53.0	62.8
Adj. PAT	25.5	30.3	35.5
EBIT Margin (%)	23.3	23.4	23.9
Cons. Adj. EPS (INR)	153.7	182.6	213.6
EPS Gr. (%)	17.0	18.8	17.0
BV/Sh. (INR)	1,071	1,230	1,420
Ratios			
Net D:E	-0.2	-0.2	-0.4
RoE (%)	15.3	15.9	16.1
RoCE (%)	12.9	15.4	15.9
Payout (%)	18.9	13.1	11.2
Valuations			
P/E (x)	33.2	27.9	23.9
EV/EBITDA (x)	18.4	15.3	12.6
Div. Yield (%)	0.4	0.4	0.4
FCF Yield (%)	2.6	0.6	2.7
EV/Sales (x)	4.3	3.6	3.0

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	26.7	26.7	26.8
DII	14.7	13.9	15.1
FII	29.4	29.8	30.3
Others	29.2	29.5	27.9

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR 4,989 TP: INR5,410 (+8%) Neutral

Expert committee recommendation aides business visibility for Sputnik

- **The government's Subject Expert Committee (SEC) of the Central Drugs Standard Control Organization (CDSCO) has recently recommended RDIF's Sputnik V COVID vaccine for Emergency Use Authorization (EUA) in India.**
- **Dr Reddy's (DRRD) has exclusive marketing and distribution rights for the first 250m doses of Sputnik V vaccines in India.**
- **Considering the base case scenario of a pricing cap of USD2 per dose for the vaccine, we believe the upside potential for revenues is ~USD300m for DRRD for the duration of the contract.**
- **Accordingly, we raise our EPS estimate for DRRD by 5%/2% for FY22/FY23, factoring in the opportunity in the Vaccine business. We continue to value DRRD at 25x 12M forward earnings to arrive at Target Price of INR5,410. We maintain Neutral on a limited upside from current levels.**

Details of the recommendation

- Per the news reports, SEC of the CDSCO has recommended the EUA of RDIF's Sputnik V COVID vaccine in India. Considering the recommendations, the Drugs Controller General of India (DCGI) would take the final call on the vaccine's approval. Subsequently, the vaccine would be available for marketing in India.
- DRRD has exclusive marketing and distribution rights for the first 250m doses of the Sputnik vaccine in India. While the pricing is capped and distribution is also controlled by the government authority for COVID vaccines, the opening up of vaccine distribution to the private market may lead to better pricing and margins for DRRD. Many manufacturers have already been contracted with producing the vaccine for global as well as Indian use.
- Assuming a current pricing cap of USD2 per dose for the vaccine, we believe the upside potential to sales is ~USD300m for DRRD for the duration of the contract.

Clinically effective, but slow pace of vaccination in home country (Russia)

- The Sputnik V vaccine is based on the adenovirus viral vector platform, and interim results of the phase 3 trials published in The Lancet indicate the Sputnik V is 91.6% effective in preventing symptomatic COVID. Phase 3 trials for the vaccine have been conducted in India, the UAE, Venezuela, and Belarus. Particularly for India, data related to the bridging trial is awaited and expected to be submitted by end-Apr'21.
- While Sputnik V is registered in 55 countries, interestingly, per Bloomberg, Russia has vaccinated only ~4.6m people (~3.2% of its population).
- Other countries that have administered this vaccine are the UAE, Turkmenistan, Kazakhstan, Algeria, Iran, Palestine, Argentina, and Serbia. Some countries such as Mexico, San Marino, Slovakia, Paraguay, Montenegro, Venezuela, and Bolivia have received deliveries of the Sputnik V vaccine.
- Trials are also underway for a Sputnik V and Oxford combined vaccine to study the immunogenicity and efficacy of the combined use of the two vaccines.

Evolving landscape for COVID vaccine development/manufacturing

- The competitive landscape of COVID vaccines is evolving with country-specific approvals for vaccines. Companies such as Pfizer and Moderna continue to explore more opportunities for vaccine supply. Furthermore, other vaccines such as Novavax (which has shown 96.4% efficacy) and Bharat Biotech's nasal vaccine could disrupt the market. Protection from the different strains of COVID, with minimal side effects, plays a critical role in determining which vaccine (s) would dominate the global markets.

Valuation and view

- We have raised our EPS estimates for FY22/FY23E by 5%/2%, accounting for an upside from the Sputnik V vaccine distribution contract. We expect an 18% earnings CAGR over FY21–23E, led by a sales CAGR of 11%/27%/21% in North America / Domestic Formulation / Pharmaceutical Services and Ingredients (PSAI), supported by a 360bp margin expansion.
- We continue to value DRRD at 25x 12M forward earnings and arrive at TP of INR5,410. We maintain Neutral on a limited upside from current levels.

Contracts in place to make ~1.7b doses of Sputnik V

Partner Company	Doses (m)
Korean consortium (seven manufacturers)	650
Gland Pharma	252
Strides/Stelis	200
Virchow Biotech	200
Panacea Biotech	100
Hetero Drugs	100
União Quimica	96
Factory in Iran	40
Laxisam	35
Karaganda Pharmaceutical Complex (KPC)	2
Tibet Rhodiola Pharma	NA

Source: MOSL, RDIF

Indigo

BSE SENSEX	S&P CNX
47,883	14,311

Bloomberg	INDIGO IN
Equity Shares (m)	384
M.Cap.(INRb)/(USDb)	611.5 / 8.1
52-Week Range (INR)	1822 / 850
1, 6, 12 Rel. Per (%)	1/-3/-1
12M Avg Val (INR M)	2950
Free float (%)	25.2

Financials & Valuations (INR b)

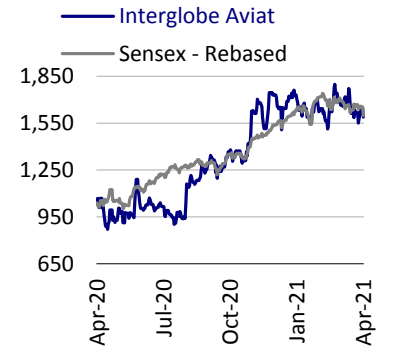
Y/E March	2021E	2022E	2023E
Sales	143.4	345.5	422.3
EBITDAR	3.8	78.9	103.0
NP	-55.2	17.3	36.8
EPS (INR)	-143.5	45.1	95.6
BV/Sh (INR)	9.0	48.6	132.7
Ratios			
Net D:E	21.3	-3.1	-3.2
RoE (%)	-177.8	156.5	105.4
RoCE (%)	-17.7	19.6	36.4
Payout (%)	0.0	12.0	12.0
Valuations			
P/E (x)	-11.1	35.5	16.7
P/BV (x)	178.5	32.9	12.1
Adj.EV/EBITDAR(x)	186.8	7.4	4.7
Div. Yield (%)	0.0	0.3	0.6

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	74.9	74.9	74.9
DII	5.6	7.7	5.7
FII	17.3	14.8	15.3
Others	2.2	2.7	4.2

FII Includes depository receipts

Performance (1-year)



CMP: INR1,589 TP: INR1,530 (-4%) Neutral

Post-COVID recovery hits an air pocket

- **The recent spike in COVID-19 cases in India weighs heavily on the Aviation sector, with flyers confidence tanking, leading to further delays in the recovery of demand. Daily passenger demand dropped by ~13% to ~246,600 passengers in the last week of Mar'21 (v/s the last week of Feb'21 – when the peak was recorded), resulting in no MoM improvement in traffic (still down ~37% to pre-COVID levels). In Apr'21, demand further fell by ~5% from the last week's average of Mar'21 to ~233,000 passengers per day.**
- **As per our airfare tracker, yields in Mar'21 increased by 2-5% MoM, but down 13-14% QoQ in 4QFY21. This is despite the upward revisions in the floor of airfare bands in Feb'21 by 10% and again in Mar'21 by 5%.**
- **The aforementioned two anomalies are in line with our Jan'21 report (Deep-dive analysis – airfares and passenger demand) and could be answered with rapid vaccination in the country, reviving confidence and thus demand. A spike in crude oil prices during 4QFY21 has further added to the negative sentiment.**
- **Currently, around one-third of total states in India have imposed further lockdowns/restrictions – but operations in the sector have not been curbed. We keep our assumptions unchanged for now, with estimates of traffic recovering to pre-COVID levels by end of 3QFY22E. We reiterate our neutral stance on INDIGO – with the possibility of further delays in the recovery to pre-COVID levels.**

Non-metro routes are leading the recovery

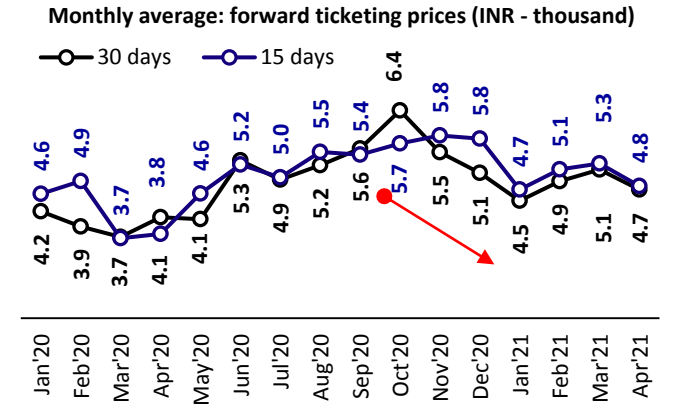
- As per the recently concluded winter CY20-21 schedule (exhibit 6), **North and East India is leading the recovery (back to 58-62% of pre-COVID levels), while West and South lag behind (47-52% of pre-COVID levels). The share of metro-to-metro routes has fallen to 20% (from 23% last year)**, while the share of connectivity to non-metro routes has increased (exhibit 5).
- As highlighted in Exhibit 3-4, the percentage mix of flights and passengers has moved away from dominant Western and Southern region to the North and Eastern region of India. **Share of aircraft movement in the Western and Southern region decreased to ~53% in FY21 v/s ~57% in FY20, while passenger share fell to ~50% from ~56% respectively.**

Yields to improve as more regional airports are connected

- Airfares in India peaked at the end of Oct'20 (up ~50% v/s Jan'20), led by imposition of airfare bands by MoCA as airline operations restarted after the lifting of COVID-related lockdown norms. Since then, fares have failed to sustain (as soon as passenger demand touched ~50% YoY in Nov'20). **That said, airlines have formulated a plan to cope with falling yields and have expanded their connectivity to Tier II, III and RCS routes in last 3 months.**
  - INDIGO to start 22 new flights (Feb) 14 new flights under RCS (Mar)
  - SJET to launch 21 new routes (Jan) 24 new domestic routes (Feb)
- **In Jan'21, INDIGO had announced to set up seven new regional bases (at Leh, Darbhanga, Kurnool, Agra, Bareily, Durgapur, and Rajkot).** These new flights would aid better yields for the airline as it further diversifies the route mix away from metro-to-metro routes (where the fares have already peaked). Factoring in the aforementioned, our INDIGO model builds in yields of INR3.9 for FY22-23E (at ~5% premium to FY16-20 average).

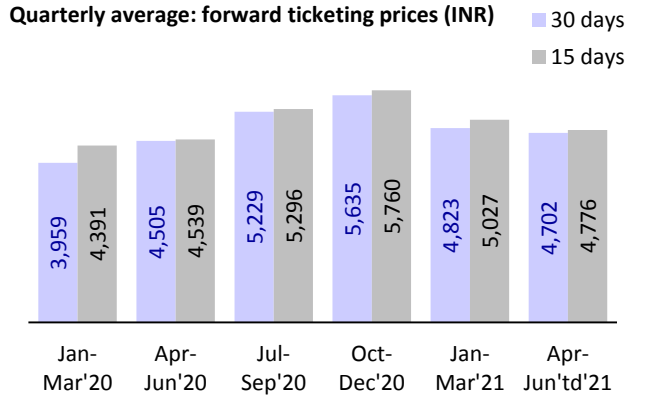
- For the summer schedule of CY21, the ministry has connected four new regional airports (Bareily, Bilaspur, Kurnool and Rupasai). In the last week, it inaugurated 22 new routes under the RCS. **That said, only ~40% of the total RCS routes awarded (in the last four years) has commenced operations, providing a huge opportunity for the airlines**.

Airfares have failed to sustain and tanked at the end of Mar'21…



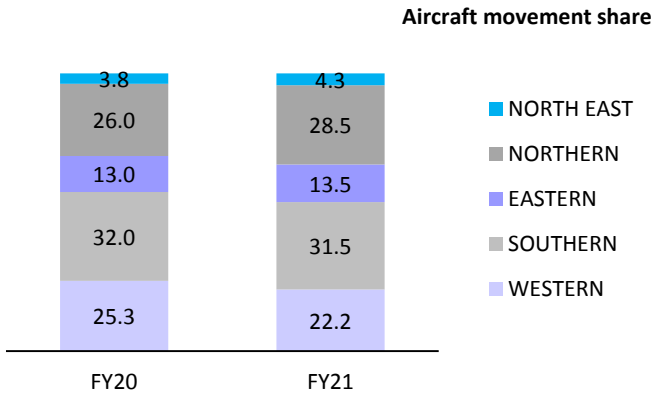
Source: MOFSL

…resulting in a 13% QoQ decline, despite MoCA revising airfare floors upwards twice in 4QFY21



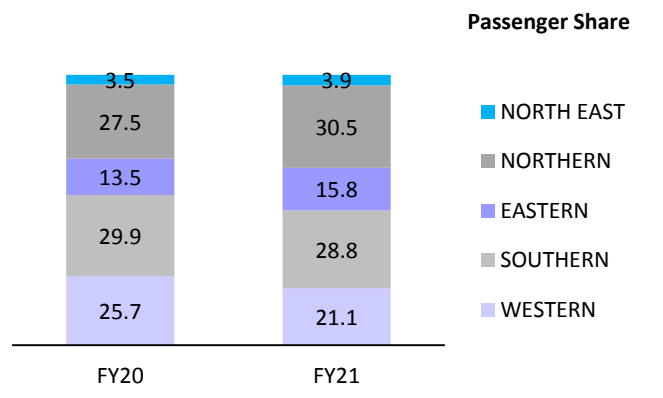
Source: MOFSL

In FY21, there has been a clear YoY shift to Northern and Eastern regions…



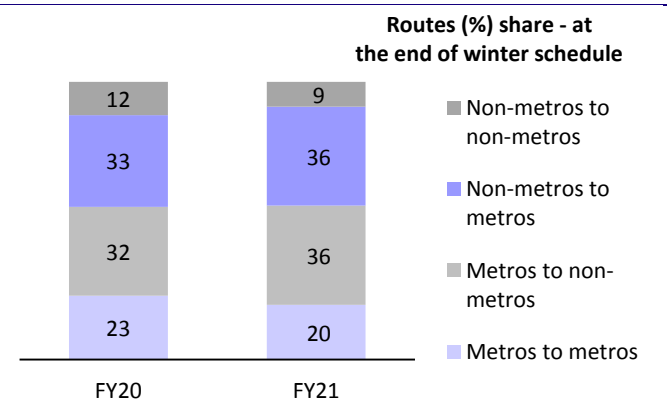
Source: AAI, MOFSL

…and away from Western and Southern regions both for aircraft movement and passenger demand



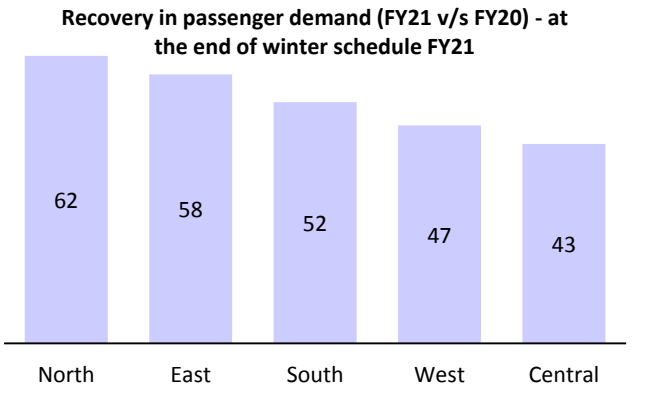
Source: AAI, MOFSL

Post the lifting of COVID-related lockdown curbs, share of traffic on non-metro routes have increased…



Source: Industry, MOFSL

…with the recovery in demand, led by North and East regions of India



Source: Industry, MOFSL

Bandhan Bank

BSE SENSEX	S&P CNX
47,883	47,883

Stock Info

Bloomberg	BANDHAN IN
Equity Shares (m)	1,610
M.Cap.(INRb)/(USDb)	527.4 / 7
52-Week Range (INR)	430 / 174
1, 6, 12 Rel. Per (%)	0/-18/17
12M Avg Val (INR M)	4948
Free float (%)	60.0

Financials Snapshot (INR b)

Y/E March	FY21E	FY22E	FY23E
NII	79.4	97.0	120.1
OP	70.8	84.3	101.4
NP	25.5	40.0	58.8
NIM (%)	8.3	8.4	8.4
EPS (INR)	15.8	24.8	36.5
EPS Gr. (%)	-26.7	57.1	47.1
BV/Sh. (INR)	105	124	154
ABV/Sh. (INR)	95	114	145
Ratios			
RoE (%)	15.8	21.6	26.3
RoA (%)	2.5	3.3	3.9
Valuations			
P/E(X)	20.7	13.2	9.0
P/BV (X)	3.1	2.6	2.1
P/ABV (X)	3.4	2.9	2.3

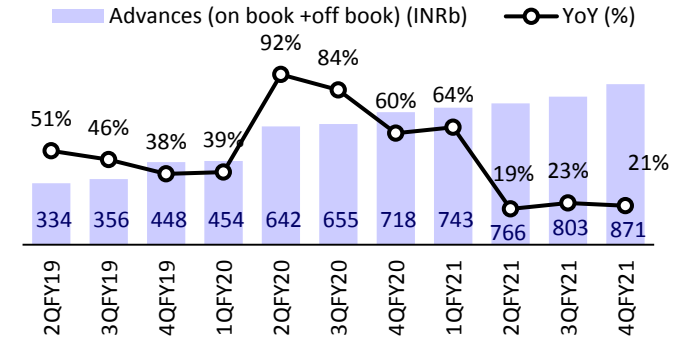
CMP: INR327 TP: INR370(+13%) Neutral

Collection efficiency recovers sharply; business growth remains strong

Bandhan Bank released its quarterly business update highlighting the trends for 4QFY21. Below are the key highlights:

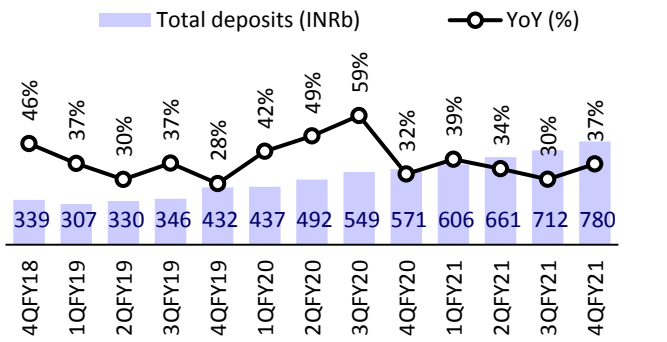
- Advances (on book + off book + TLTRO investments) grew by 21.2% YoY (8.5% QoQ). This growth would have been enabled by both the MFI and HFC book as economic activity is recovering.
- BANDHAN continues to report strong (36.6% YoY/9.5% QoQ) deposit growth of ~INR780b, led by robust (~61% YoY/~11% QoQ) growth in CASA deposits. The CASA ratio improved by ~50bp QoQ to 43.4%.
- The proportion of Retail deposits stood at 79% v/s 81% in 3QFY21 and 78% in FY20. The LCR ratio stood ~122% as of FY21.
- BANDHAN's collection efficiency in the MFI portfolio has recovered to 95% for Mar'21 (v/s 90% as on 16th Jan'21 and 92% in Dec'20). **Improvement in MFI collection trends is in line with other MFI players. Credit Access Grameen's collection efficiency (excluding Maharashtra) recovered to 96% v/s 93% in Dec'20 while Satin Creditcare collection trends (including arrears) improved to 105% v/s 98.2% in Dec'20.** On the other hand, collection efficiency in the non-micro portfolio stood stable at 98% (in line with past trends). Collection trends in the total portfolio improved to ~96%.
- **Valuation and view:** BANDHAN has reported strong improvements in collection efficiency despite ongoing macro challenges and election-related uncertainties. On the business front, it reported healthy loan growth, supported by the underlying recovery trends, and is well placed to better its growth trajectory. The bank continues to demonstrate strong traction in liability accretion led by CASA, with the mix improving to ~43.4% in total deposits. With rising COVID-19 cases and fears of another lockdown we remain watchful on the asset quality of MFI players. However, BANDHAN has limited exposure to key COVID-19 impacted states (it has only 5% of its branches and 4% of DSCs in Maharashtra). **We maintain our Neutral rating with TP of INR370 per share (2.4x FY23E BV).**

Advances grew ~21% YoY (~8.5% QoQ)



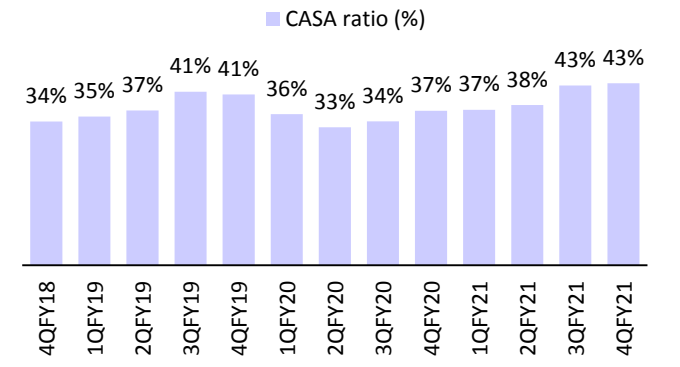
Source: MOFSL, Company

Deposits grew ~37% YoY (~9.5% QoQ)



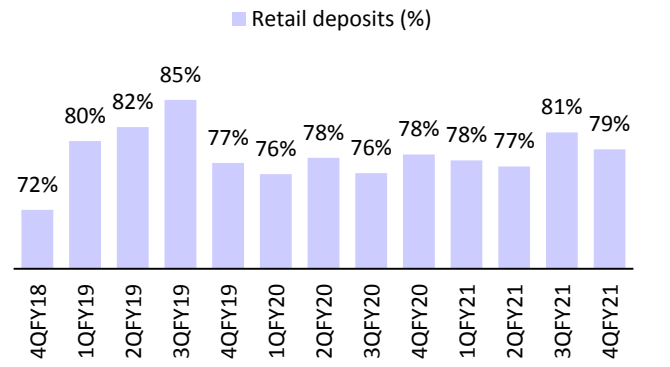
Source: MOFSL, Company

CASA ratio improves to 43.4% (~50bp QoQ)



Source: MOFSL, Company

Retail deposit mix stood at 79%



Source: MOFSL, Company

Most Banks reported 2-6% QoQ loan growth (barring CSBBANK which grew ~10%)

Loan growth trends for Banks over 4QFY21, business momentum picking up

INR b	Loans (4QFY21)	YoY	QoQ
HDFCB	11,320	13.9%	4.6%
IIB	2,130	3.0%	2.9%
YES	1,729	0.8%	1.8%
FB	1,349	8.6%	5.2%
IDFCFB	1,178	10.1%	6.6%
RBK	600	1.8%	5.1%
EQUITAS	179	16.5%	3.0%
CSBBANK	146	26.7%	10.2%
BANDHAN	871	21.2%	8.5%
Banking system	109,516	5.6%	2.4%

Note: IDFCFB includes total funded assets

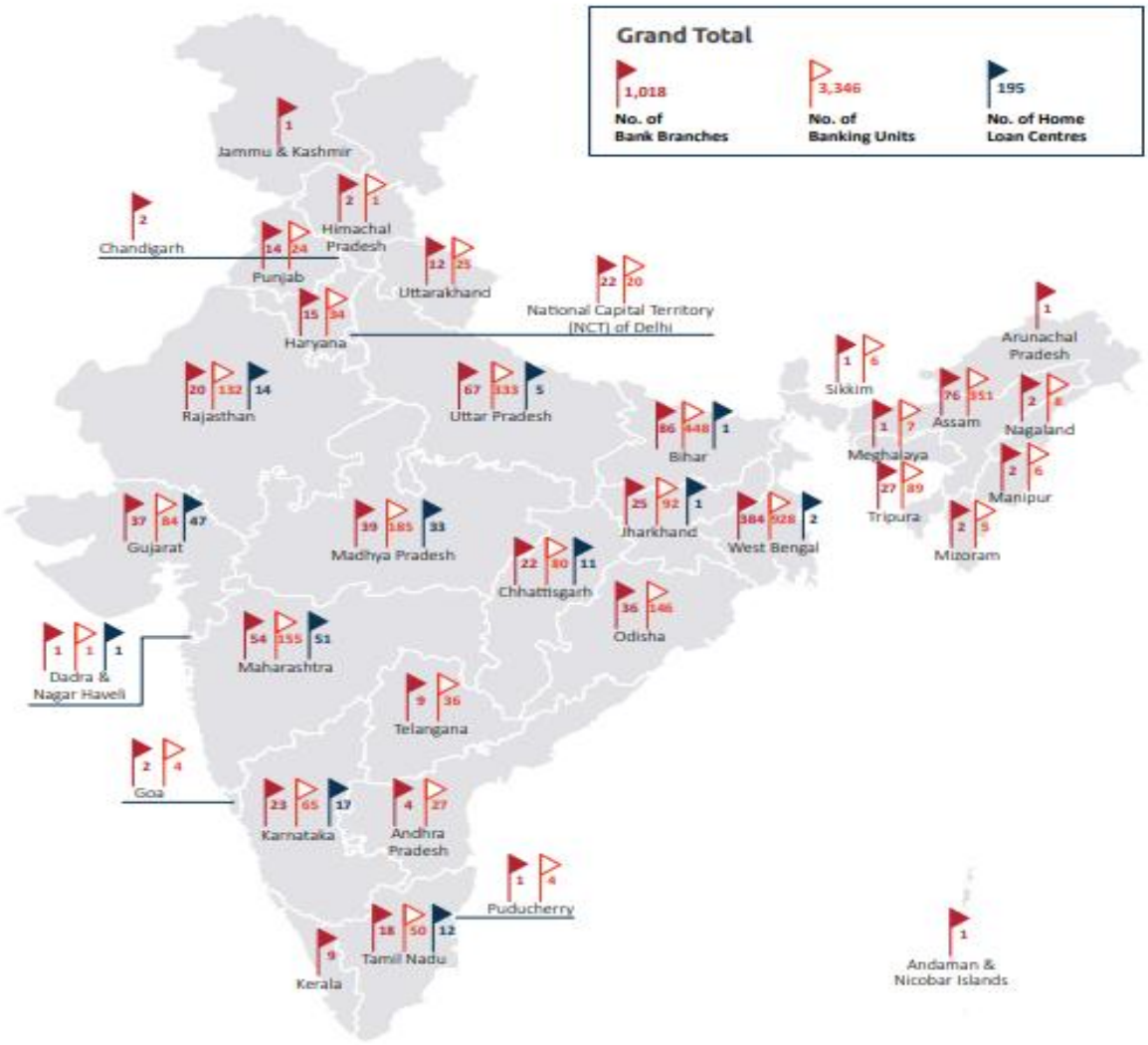
Source: MOFSL, Company

MFI credit market share in top 10 states

MFI credit market share (%)	3QFY21
West Bengal	15.0
Tamil Nadu	13.7
Bihar	10.9
Karnataka	8.2
Maharashtra	7.7
Uttar Pradesh	6.5
Madhya Pradesh	6.0
Odisha	5.9
Assam	5.3
Rajasthan	4.1

Source: MOFSL, CRIF Highmark

BANDHAN's presence



Source: MOFSL, Company

Coforge

BSE SENSEX	S&P CNX
47,883	14,311

Coforge

Stock Info

Bloomberg	COFORGE IN
Equity Shares (m)	61
M.Cap.(INRb)/(USDb)	188.8 / 2.5
52-Week Range (INR)	3196 / 1023
1, 6, 12 Rel. Per (%)	20/-1/127
12M Avg Val (INR M)	1328

Financials Snapshot (INR b)

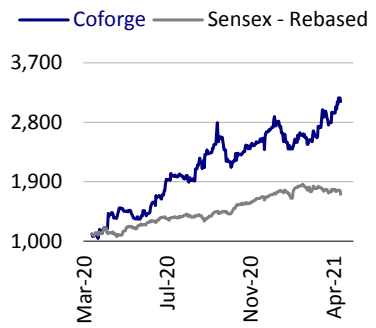
Y/E Mar	2021E	2022E	2023E
Sales	46.4	54.9	63.3
EBIT Margin (%)	12.9	13.8	13.8
PAT	4.7	6.0	6.9
EPS (INR)	77.2	98.7	113.9
EPS Gr. (%)	2.1	27.9	15.4
BV/Sh. (INR)	447.7	516.7	599.1
Ratios			
RoE (%)	18.2	20.3	20.3
RoCE (%)	16.8	18.4	18.3
Payout (%)	28.0	30.0	30.0
Valuations			
P/E (x)	40.4	31.6	27.4
P/BV (x)	7.0	6.0	5.2
EV/EBITDA (x)	22.5	17.6	14.8
Div Yield (%)	0.7	0.9	1.1

Shareholding pattern (%)

As On	Dec-20	Sep-20	Dec-19
Promoter	64.0	70.3	70.1
DII	12.2	7.6	7.7
FII	14.4	13.2	13.4
Others	9.4	9.0	8.8

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR3,116 TP: INR2,735 (-12%) Neutral

SLK Global acquisition to help scale up BPS capability

Coforge announced the acquisition of SLK Global, a BFSI-focused business process transformation enterprise, for USD195m on 12th Apr'21.

High growth and profitable business

- We view Coforge's aspiration to strengthen its BPS capability in the critical BFSI vertical (50% of revenue) as a positive, as this should boost its offerings.
- While we don't see a material impact on FY22E PAT from this acquisition (due to amortization costs), this deal should add to Coforge's revenue growth and profitability. It also adds a large client to its top five list.
- The management commentary of single-digit FY21E EV/EBITDA indicates a high margin profile in the 25-30% range. With SLK adding a significant workforce in recent months, it should continue to deliver strong YoY revenue and PAT growth in FY22E, which should further moderate the acquisition valuation.
- Coforge's ability to fund a large part of the acquisition from internal sources without changing its capital allocation policy should alleviate any near-term concerns on the large payout.

SLK Global to add to Coforge's BFSI capabilities

- SLK Global (incorporated in CY01) is a business process transformation enterprise offering BPM and Digital solutions to the Financial Services industry.
- It has deep domain expertise in the Banking and Insurance segments in North America. It enjoys multiple long-standing and scalable relationships with marquee clients including Fifth Third Bank, which is its largest customer and also a significant minority shareholder.
- Its global capabilities in the BFSI BPM space should provide synergies to Coforge and strengthen its position as well as accelerate growth in the latter's core vertical.
- This acquisition comes with a five-year minimum revenue commitment (MRC) from Fifth Third Bank and adds to the top five clients of Coforge.

Coforge to pay 2.6x revenue for the acquisition

- Coforge would acquire 80% of SLK Global for USD195m (using cash + debt). Of this, 60% would be acquired now and the balance would be acquired after two years, i.e. in CY23.
- The company acquired SLK Global at a reasonable valuation of 2.6x revenue.
- SLK Global posted a revenue of USD62m in FY20 and is expected to report a revenue of USD73m in FY21, indicating 15% growth despite the COVID-19 outbreak.
- The management stated that the acquisition would be EBITDA margin accretive from Day 1 of the integration. It is confident of FY22 EBITDA and PAT margins exceeding that of FY21.
- Coforge intends to raise USD40-50m via NCDs, subject to the board's approval.

Coforge to take on 7k employees of SLK Global

- Coforge will take on 7k employees of SLK Global as part of this acquisition. Except for the founding promoter, the rest of the team of SLK Global would continue alongside Coforge.
- This acquisition has enabled Coforge to tap supply from Tier III cities as well, with SLK Global having one of its delivery centers in Kolhapur. This has allowed the company to operate in a low-cost scenario.

Valuation and view

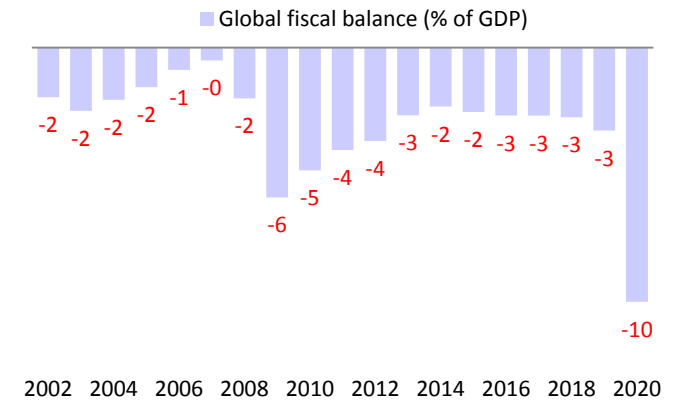
- Strong deal wins, a robust deal pipeline, and good consistency in deal wins, despite the COVID-19 pandemic, has been encouraging. This, coupled with the SLK Global acquisition, should ensure further strengthening of the company's core vertical.
- The recent rally in the stock price indicates industry-leading growth and margin have been priced into current valuations.
- The stock is currently trading at 27x FY23E earnings. We value the company at 24x FY23E EPS. We maintain our Neutral stance.

How large was the global economic support in CY20?

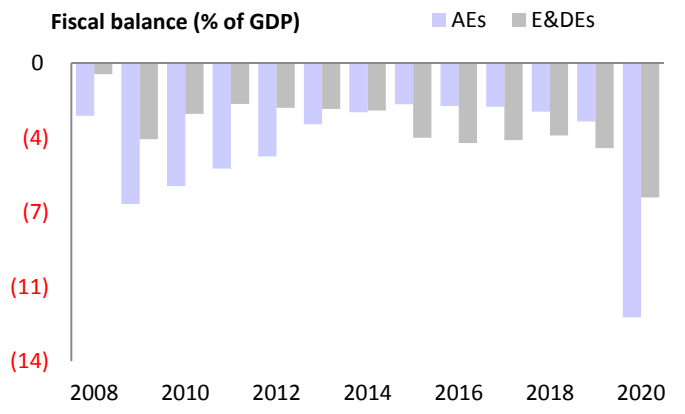
Large differences between advanced and developing economies to lead to a divergent recovery

- **CY20 was an extraordinary year. As COVID-19 spread across the world in early CY20, policymakers did whatever they could to mitigate its economic impact. In this note, we take stock of the global[1,2] fiscal stimulus announced in CY20, and how much of that was financed by central banks.**
- **Our calculations suggest that global fiscal deficit almost tripled to USD6.5t (or 9.8% of GDP) last year from USD2.2t (or 3.2% of GDP) in CY19. Although fiscal deficit expanded everywhere, the magnitude of response was divergent in advanced economies (AEs) and emerging and developing economies (E&DEs).**
- **There were three key differences: a) the stimulus in AEs was much bigger than E&DEs, b) excluding China, fiscal deficit in the remaining E&DEs (10 nations) jumped to 4.7% of GDP last year, higher than 2.9% of GDP in CY19, but similar to 4.5% of GDP in CY09, and c) while expansion in fiscal deficit in the former was due to higher spending, the expansion in deficit in E&DEs was attributed to a fall in fiscal receipts.**
- **As far as the central bank support[3] is concerned, the Bank of England (BoE) stood out as it bought almost four-fifth of the new debt issued by the UK government in CY20, followed by three-fourth by the European Central Bank (ECB), and slightly above half by the Bank of Japan (BoJ) and the US Federal Reserve (Fed). Among E&DEs, the central bank of Philippines (CBP) bought almost half of new government debt in CY20, while it was almost negligible in Indonesia and Russia. The Reserve Bank of India (RBI) also bought almost a fifth of new sovereign debt issued last year.**
- **There were large differences in the economic support provided by authorities (fiscal as well as monetary) in the AEs vis-à-vis E&DEs, with the former supporting much more than the latter.**
- **Going forward, these differences will certainly reflect in divergent recovery trends in the two sets of nations, with different challenges. The future of the real world economy will be entirely dependent on how quickly these stimuli (or fiscal transfers) get converted into spending (consumption/investments).**

Global fiscal deficit surged to ~10% of GDP in CY20 from 3.2% of GDP in CY19…



…with advanced nations quadrupling their deficit vis-à-vis 1.6x in E&DEs



Source: Various national sources, CEIC, MOFSL

[1] This report includes fiscal data on 24 nations, of which 13 are AEs [Australia (AU), Canada (CA), France (FR), Germany (DE), Hong Kong (HK), Italy (IT), Japan (JP), Singapore (SG), South Korea (SKr), Spain (ES), Taiwan (TW), The United Kingdom (UK) and the United States of America (USA)] and 11 are E&DEs [Brazil (BR), China (CN), India (IN), Indonesia (ID), Malaysia (MY), Mexico (MX), the Philippines (PH), Russian Federation (RU), South Africa (SAf), Thailand (TH) and Turkey (TR)]. Together these nations accounts for over 80% of global GDP. AEs account for over 90% of all AEs and E&DEs account for over 72% of all E&DEs.

[2] Based on classification of the International Monetary Fund (IMF)

[3] In a very focused sense, related to the purchases of government securities. It does not consider support provided through purchases of non-sovereign securities, regulatory and compliance relaxation, and other measures.

CPI inflation at four-month high in Mar'21; IIP contracts faster in Feb'21

Base effect may drive CPI lower and IIP higher going forward

- **CPI-based retail inflation came in at a four-month high of 5.5% YoY in Mar'21 (v/s 5% in Feb'21 and 5.8% in Mar'20). This number is marginally higher than both our forecast and market consensus of 5.4%. With this, CPI inflation in FY21 came in at 6.2%, a seven-year high.**
- **The higher inflation was primarily attributable to higher food inflation (CPI weight: 39%), which also came in at a four-month high of 4.9% YoY in Mar'21. Worryingly, though, CPI inflation excluding food rose to a 29-month high of 5.9% YoY in Feb'21 (from 5.8% YoY in Jan'21).**
- **Inflation in core items (housing, clothing and footwear, and miscellaneous items – CPI weight: 44.9%) rose to a 27-month high of 5.7% YoY in Mar'21, from 5.3% in Feb'21, on account of higher inflation in all of its components. Within miscellaneous items – education, recreation and amusement, transport and communication, and household goods registered higher inflation in Mar'21 vis-à-vis Feb'21.**
- **Additionally, IIP declined 3.6% YoY in Feb'21 v/s a fall of 0.9% YoY in Jan'21. The number was worse than both our expectation and market consensus of (-)3% YoY in Feb'21. Notably, IIP numbers for Nov'20/Jan'21 were revised from -2.1%/-1.6% to -1.6%/-0.9% YoY.**
- **While both manufacturing (IIP weight: ~78%) and mining activity (IIP weight: ~14.4%) declined in Feb'21, power generation continued to grow (albeit moderately) in Feb'21. According to use-based classification, the production of capital goods and infrastructure/construction activity declined in Feb'21. However, the production of consumer goods was up 0.2% YoY in Feb'21, against decline of 3.3% YoY in Jan'21.**
- **Overall, there were no surprises in the spike in CPI inflation / fall in IIP data in Mar'21/Feb'21. We expect CPI to ease to less than 5% in Apr'21 and IIP to grow ~20% in Mar'21, primarily led by the very low bases of Apr'20 and Mar'20. On an annual basis, we expect CPI to average 4.7% YoY in FY22 (v/s 6.2% YoY in FY21) and IIP to grow 11% YoY in FY22 (v/s expected decline of 8.7% YoY in FY21).**

I. Retail inflation at four-month high in Mar'21

- **CPI inflation higher than expected…:** CPI-based retail inflation came in at a four-month high of 5.5% YoY in Mar'21 (v/s 5% in Feb'21 and 5.8% in Mar'20). This number is higher than both our forecast and market consensus of 5.4% *(Exhibit 1).* With this, CPI inflation in FY21 came in at 6.2%, a seven-year high *(Exhibit 2).*
- **…due to rise in food inflation:** Food inflation (CPI weight: 39.1%) came in at a four-month high of 4.9% YoY in Mar'21, against 3.9% YoY in Feb'21 and 8.8% YoY in Mar'20 *(Exhibits 3, 4)*. More worryingly, CPI excluding food came in at a 29-month high of 5.9% YoY in Feb'21. Within food, inflation in items such as 'pulses and products, 'oil and fats, 'meat and fish', and 'fruits' rose in Mar'21 vis-à-vis Feb'21. Other items such as 'cereals and products', 'eggs', 'milk and products', 'spices', 'vegetables', and 'sugar and confectionary' – accounting for ~27% weight in CPI – actually exhibited lower inflation or continued in the deflationary zone in Mar'21. Additionally, fuel and light inflation also rose to a one-year high of 4.5% YoY in Mar'21 v/s 3.5% YoY in Feb'21.
- **Core inflation up to 5.7% YoY in Mar'21:** Inflation in core items (housing, clothing and footwear, and miscellaneous items – CPI weight: 44.9%) rose to a 27-month high of 5.7% YoY in Mar'21, from 5.3% in Feb'21, on account of higher inflation in all of its components *(Exhibit 5)*. Within Miscellaneous items, education, recreation and amusement, transport and communication, and household goods registered higher inflation in Mar'21 v/s Feb'21.

JK Cement: Coronavirus curbs have impacted cement supply side; Rajnish Kapur, COO

- Lockdown has not impacted production this time
- Cement movement outside plants is impacted due to restrictions
- Raw material cost is a matter of concern; imported pet coke is going higher side of $126 per tonne
- Expect power cost to go up by Rs. 250-275 in coming quarters
- Not much concerned about industry demand at this point of time; country has got enough to work upon
- Looking at Rs. 5-10/ bag price increase in April

Read More

Indian Hotels: Ready to help BMC with beds for COVID patients; Puneet Chhatwal, MD & CEO

- If the BMC requires us to help with beds, we will co-operate
- Pick up has slowed down post March 15
- Trips, events and weddings are being cancelled, rescheduled
- Saw improvement in occupancy form mid November-mid March
- Domestic leisure is still resilient
- Business travel continues to be subdued
- Hotel corridors not ideal to convert into hospitals

Read More

Organisations putting hiring on hold due to COVID restrictions; Rituparna Chakraborty (Teamlease), Co-Founder & Executive VP and N Ravi Vishwanath (Quess Corp), Group CFO

- Most organisations prepared to deal (Teamlease)
- Employers are far better prepared to deal with labour migration (Teamlease)
- Most organisations already working on a lean staff (Teamlease)
- Saw hiring pick-up from Sep 2020, aided by festive season (Teamlease)
- Organisations putting hiring on hold due to COVID restrictions (Teamlease)
- There is still optimism amongst employers to hire (Teamlease)
- Highly skilled, niche employees continue to enjoy wage premium especially in tech sector (Teamlease)
- We are back to pre-COVID levels in terms of hiring, jobs prospects (Quess Corp)
- Hiring has not been impacted due to increased COVID restrictions (Quess Corp)
- Demand continues to be strong (Quess Corp)
- Strong hiring demand seen in e-Comm, BFSI, Manufacturing & Telecom sectors (Quess Corp)

Read More

Solara Active Pharma: Combined entity can file 25 new products every year in US; Bharath Sesha, MD & CEO

- Merger of 3 entities into company will be EPS accretive from year 1
- Strategic rationale includes there is no common products with Aurore
- Combined entity can file 25 new products every year in US
- Debt to equity will be 0.5 and do not see any further deterioration

Read More

SH Kelkar & Co: Looking at price hike of anywhere between 6-8% in coming quarter; Kedar Vaze, Group CEO

- Have grown both QoQ and YoY in Q4; expect QoQ improvement in Q1FY21
- Looking at a price increase of 6-8% in the coming quarter
- Have built up inventory in Q4
- Have a high level of inventory levels to offset RM price increase
- Continue to have a CAGR of 12-13%
- 3-4% QoQ is minimum growth that we target
- We have not seen any supply side problems so far
- International business remains strong

Read More

NOTES

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, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). 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/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 relative may have any financial interest in the subject company. MOFSL and/or its associates and/or Research Analyst may have actual/beneficial ownership of 1% or more securities in the subject company in the past 12 months. 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. Research Analyst may have served as director/officer, etc. in the subject company in the past 12 months. MOFSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the past 12 months , MOFSL or any of its associates may have:

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

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. 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. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. 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. 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.

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	Companies where there is interest
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, 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.

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.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.
CIN No.: L67190MH2005PLC153397.Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579 ;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs,Insurance Products and IPOs.Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.