

Container Corporation

Estimate change	↔
TP change	↔
Rating change	↔

CMP: INR378
TP: INR442 (+17%)
Buy

Margins remain under pressure on higher LLF

Clarity on LLF key for stock performance

- Container Corporation (CCRI)'s 2QFY21 EBITDA declined 26% YoY due to the impact of COVID-19 on volumes and realization, as well as an increase in land licensing fee (LLF) by the Railways.
- While volumes are seen improving in 3QFY21, clarity on the final LLF to be charged by the Railways remains key for near-term stock performance.
- We maintain our FY21/FY22 estimates and **Buy** rating on expected longer term volumes and margin benefits from the commissioning of the Dedicated Freight Corridor (DFC) project.

Lower volumes and margins lead to 26% YoY EBITDA decline

- Total volumes declined 9% YoY to 885,673 TEUs – EXIM declined 10% YoY to 744,788 TEUs and domestic declined 2% YoY to 140,885 TEUs.
- Realization fell 5% YoY to INR16,967/TEU on 8% YoY decline in EXIM realization to INR15,172/TEU (due to higher competition).
- As a result, revenue declined 14% YoY to INR15.0b (est. INR14.7b).
- The EBITDA margin fell 365bps YoY to 20.8% (est. 16.6%) on lower realization and at least a 3x increase in LLF.
- As a result, EBITDA declined 26% YoY to INR3.1b (est. INR2.4b).
- Reported PAT declined 26% YoY to INR1.9b (est. INR1.3b).
- 1HFY21 rev/EBITDA/PAT was at INR26.9b/INR4.7b/INR2.5b (v/s INR33.8b/INR8.3b/INR2.5b in 1HFY20), weighed by ~15% decline in volumes.
- 1HFY21 OCF/FCF was at INR5.2b/INR2.5b (v/s INR24.8b/INR22.8b in 1HFY20). 1HFY21 capex stood at INR2.6b (v/s INR1.9b in 1HFY20).
- The company declared an interim dividend of INR3/per share for FY21.

Highlights from management commentary

- Management reaffirmed that based on the new formula of 6% of land value, LLF for FY21 (as per calculation) stood at INR4.5b. The Ministry of Railways has, however, demanded INR12.8b (incl. GST). The company has represented the matter before the ministry and expects a resolution by FY21-end.
- Management has raised its volume guidance for FY21. It expects volume decline of <10% v/s earlier guidance of 20% decline.
- The company is focused on maintaining margins. The rail freight margin increased 100bps YoY to 29.9% in 2QFY21 (v/s 28.66% in 1QFY21).
- The company has deferred price hikes indefinitely for now.
- Capex spend for FY21 is guided at INR5.0b.
- CCRI expects DFC to be commissioned by FY21-end.

Bloomberg	CCRI IN
Equity Shares (m)	609
M.Cap.(INRb)/(USDb)	230.3 / 3.3
52-Week Range (INR)	605 / 263
1, 6, 12 Rel. Per (%)	-1/-25/-38
12M Avg Val (INR M)	838

Financial Snapshot (INR bn)

Y/E MARCH	2020	2021E	2022E
Sales	64.7	57.9	67.7
EBITDA	16.7	11.0	13.6
Adj. PAT	10.1	6.1	7.6
EBITDA Margin (%)	25.9	19.0	20.1
Adj. EPS (INR)	16.6	9.9	12.4
EPS Gr. (%)	(16.7)	(40.2)	25.0
BV/Sh. (INR)	165	171	177

Ratios

Net D:E	(0.4)	(0.3)	(0.3)
RoE (%)	9.9	5.9	7.1
RoCE (%)	9.7	6.1	7.3
Payout (%)	60.7	45.0	45.0

Valuations

P/E (x)	22.76	38.04	30.43
P/BV (x)	2.29	2.22	2.13
EV/EBITDA(x)	11.6	17.7	14.2
Div. Yield (%)	0.95	1.18	1.48
FCF Yield (%)	14.24	(0.40)	1.08

Shareholding pattern (%)

As On	Sep-20	Jun-20	Sep-19
Promoter	54.8	54.8	54.8
DII	15.8	14.4	12.5
FII	24.5	26.7	28.3
Others	4.9	4.2	4.4

FII Includes depository receipts

Valuation and view

- CCRI is a direct play on the upcoming large rail freight infrastructure (DFC).
- FY21 would be weak due to COVID-19 and higher LLF. Nonetheless, we expect a 30% EBITDA CAGR over FY21–25E, led by healthy volume growth from DFC and margin improvement on operating leverage benefits.
- The stock trades at 14x FY22E EV/EBITDA. We derive a DCF-based Target Price of INR442/share.

Container Corp of India

(INR m)

Y/E March	FY20				FY21				FY20	FY21E	FY21	Variance
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE			2QE	vs Est
Net Sales	16,389	17,387	15,276	15,686	11,891	15,027	14,907	16,060	64,738	57,886	14,716	2
YoY Change (%)	9.4	1.0	-2.9	-10.4	-27.4	-13.6	-2.4	2.4	-1.1	-10.6	-15.4	
EBITDA	4,033	4,255	3,717	4,744	1,590	3,129	2,951	3,348	16,749	11,020	2,437	28
Margins (%)	24.6	24.5	24.3	30.2	13.4	20.8	19.8	20.8	25.9	19.0	16.6	
YoY Change (%)	25.9	5.3	11.3	23.9	-60.6	-26.5	-20.6	-29.4	16.3	-34.2	-42.7	
Depreciation	1,253	1,278	1,263	1,336	1,260	1,272	1,309	1,396	5,130	5,237	1,363	
Interest	112	81	60	108	85	85	75	55	361	300	8	
Other Income	583	637	626	952	588	713	650	749	2,797	2,700	637	
PBT before EO expense	3,250	3,532	3,021	4,253	833	2,486	2,217	2,646	14,056	8,182	1,703	46
Extra-Ord expense	0	8,611	0	206	0	0	0	0	8,816	0	0	
PBT	3,250	-5,079	3,021	4,047	833	2,486	2,217	2,646	5,240	8,182	1,703	46
Tax	971	-1,858	1,266	1,102	217	610	576	724	1,482	2,127	443	
Rate (%)	29.9	36.6	41.9	27.2	26.0	24.5	26.0	27.4	28.3	26.0	26.0	
Reported PAT	2,278	-3,220	1,755	2,945	616	1,876	1,640	1,922	3,758	6,055	1,260	49
Adj PAT	2,340	2,543	2,175	3,062	616	1,876	1,640	1,922	10,120	6,055	1,274	47
YoY Change (%)	-7.3	-24.3	-20.8	-13.1	-73.7	-26.2	-24.6	-37.2	-16.7	-40.2	-49.9	
Margins (%)	14.3	14.6	14.2	19.5	5.2	12.5	11.0	12.0	15.6	10.5	8.7	

**Highlights from management commentary****Key highlights – volume guidance raised; price hikes deferred**

- Management reaffirmed that based on the new formula of 6% of land value, LLF, as per its calculation, stands at INR4.5b for FY21. The Ministry of Railways (MoR) has, however, demanded INR12.8b (incl. GST). The company has represented the matter before the ministry and expects a resolution by FY21-end.
- Management has raised its volume guidance for FY21. It expects volume decline of <10% v/s earlier guidance of 20% decline.
- The company is focused on maintaining margins. The rail freight margin increased 100bps YoY to 29.9% in 2QFY21 (28.66% in 1QFY21).
- The company has deferred price hikes, and no timelines are ascertained for price hikes currently.
- Capex spend for FY21 is guided at INR5.0b.
- CCRI expects DFC to be commissioned by FY21-end.

CCRI attempts to limit LLF to INR4.5b v/s INR12.8b demand raised by Railways

- The Ministry of Railways (MoR), Government of India, vide its order no.2015/LML-11/13/4 dated 19.03.2020, communicated that the land license fee (LLF) applicable on the Railways land leased to CCRI shall w. e. f. 01.04.2020 be charged as per the extant policy of the Railways – i.e., @6% of the value of land, which would be further increased 7% annually. Based on this order, CCRI received a demand of INR12.8b as LLF from the MoR for FY21. LLF in FY20 was

paid on the basis of volumes handled at the rate of INR1175/TEU of loaded containers, with total cost of INR1.4b in FY20.

- As per CCRI's assessment, the above demand is not as per the Railways' extant policy and the company has represented the same to MoR. By applying the extant policy of Railways, CCRI has estimated an amount of INR4.5b for FY21 as LLF for all of the terminals on Railways land. It accordingly provisioned INR2.33b for LLF in 1HFY21.
- As the Railways land was leased to CONCOR prior to 2006, CONCOR has also represented to the MoR to continue to charge LLF on the basis of the number of TEUs handled until the time that it remains a PSU. Response from the Railways is awaited on this representation.
- The company expects a resolution on the LLF matter by FY21-end.

2QFY21 insights

- The company is focused on maintaining margins. The rail freight margin increased 100bps YoY to 29.9% in 2QFY21 (28.66% in 1QFY21).
- Empty running losses were at INR512m for 2QFY21 (EXIM – INR219m and domestic – INR293m). There was higher empty container movement due to lower imports.
- Originating volume was at 540,623 TEUs, including 472,428 TEUs for EXIM and 68,195 TEUs for domestic.
- Lead distance declined to 752kms in 2QFY21 (v/s 786kms in 2QFY20) as the company executed few very short-distance movement orders due to on-road problems. Lead distance for EXIM stood at ~680kms (683kms in 1QFY21); domestic was at 1,390kms (1,262kms in 1QFY21).
- The number of double-stacking trains stood at 673 (v/s 674 in 2QFY20).
- The volume mix for JNPT and Mundra stands at 37.3% and 30.6%, respectively.

Key exhibits

Exhibit 1: Container Corp – 2QFY21 Financial Summary (INR m)

	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	YoY (%)	QoQ (%)
Net Sales	15,726	17,499	16,389	17,387	15,276	15,686	11,891	15,027	-14%	26%
Terminal & Service Charges	9,237	9,640	8,953	9,397	8,514	8,120	6,523	8,205	-13%	26%
Employee Expenses	768	1,097	806	829	898	602	796	842	2%	6%
Other Expenses	2,382	2,933	2,598	2,905	2,147	2,220	2,983	2,851	-2%	-4%
EBITDA	3,339	3,828	4,033	4,255	3,717	4,744	1,590	3,129	-26%	97%
EBITDA margin (%)	21%	22%	25%	24%	24%	30%	13%	21%		
Depreciation	1,059	1,117	1,253	1,278	1,263	1,336	1,260	1,272	-1%	1%
EBIT	2,280	2,711	2,779	2,977	2,454	3,409	330	1,858	-38%	463%
Interest	0	7	112	81	60	108	85	85	5%	0%
Other Income	1,586	2,132	583	637	626	952	588	713	12%	21%
PBT	3,866	4,836	3,250	3,532	3,021	4,253	833	2,486	-30%	198%
Total Tax	1,119	1,313	971	-1858	1,266	1,102	217	610	-133%	181%
Tax rate (%)	29%	27%	30%	-53%	42%	26%	26%	25%		
PAT	2,747	3,523	2,340	2,543	2,175	3,062	616	1,876	-26%	204%
EPS (INR)	4.5	5.8	3.8	4.2	3.6	5.0	1.0	3.1	-27%	208%

Exhibit 2: Container Corp – 2QFY21 Segmental Revenue and Profitability

	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	YoY (%)	QoQ (%)
Revenue (INR m)										
EXIM	12,161	13,171	12,704	13,577	11,713	11,307	9,007	11,300	-17%	25%
Domestic	3,566	4,328	3,685	3,810	3,562	4,380	2,885	3,727	-2%	29%
Total Segment Revenue	15,726	17,499	16,389	17,387	15,276	15,686	11,891	15,027	-14%	26%
Segmental EBIT										
EXIM	2,331	3,073	2,926	3,139	2,805	3,425	770	1,883	-40%	145%
Domestic	258	227	189	198	25	397	147	215	9%	46%
Total	2,589	3,300	3,114	3,337	2,830	3,822	917	2,099	-37%	129%
EBIT Margin (%)										
EXIM	19.2%	23.3%	23.0%	23.1%	23.9%	30.3%	8.6%	16.7%		
Domestic	7.2%	5.2%	5.1%	5.2%	0.7%	9.1%	5.1%	5.8%		
Total	16.5%	18.9%	19.0%	19.2%	18.5%	24.4%	7.7%	14.0%		

Exhibit 3: Container Corp – Realization Snapshot

	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	YoY (%)	QoQ (%)
Volumes (TEU)										
EXIM	785,873	816,396	786,442	826,013	766,822	775,319	627,905	744,788	-10%	19%
Domestic	140,233	162,534	140,481	143,145	143,585	165,951	104,806	140,885	-2%	34%
Total	926,106	978,930	926,923	969,158	910,407	941,270	732,711	885,673	-9%	21%
Realizations (INR / TEU)										
EXIM	15,474	16,134	16,154	16,437	15,275	14,583	14,344	15,172	-8%	6%
Domestic	25,426	26,627	26,232	26,614	24,810	26,390	27,524	26,456	-1%	-4%
Total	16,981	17,876	17,681	17,940	16,779	16,665	16,229	16,967	-5%	5%
EBIT (INR/TEU)										
EXIM	2,966	3,764	3,720	3,800	3,658	4,417	1,227	2,529	-33%	106%
Domestic	1,840	1,397	1,342	1,383	171	2394.6828	1,403	1,528	10%	9%
Total	2,796	3,371	3,360	3,443	3,108	4,060	1,252	2,369	-31%	89%

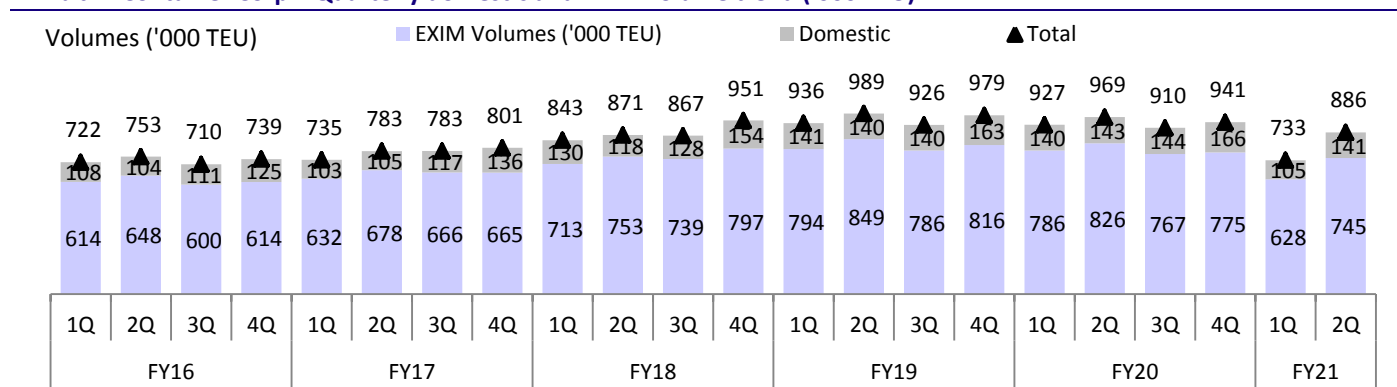
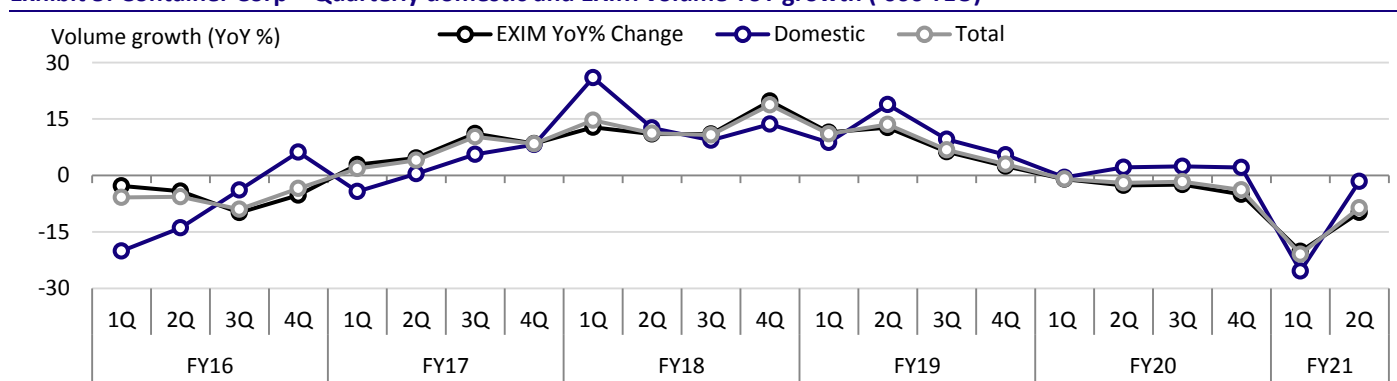
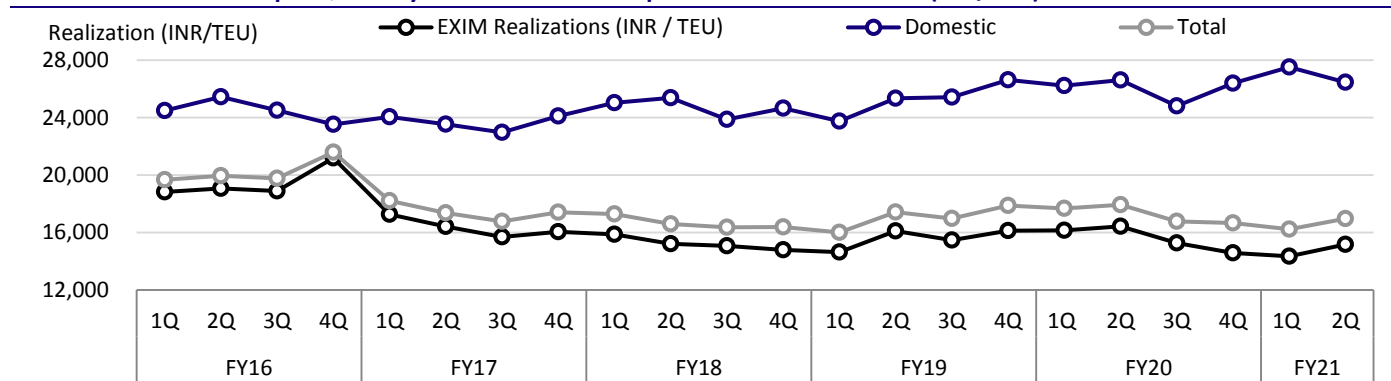
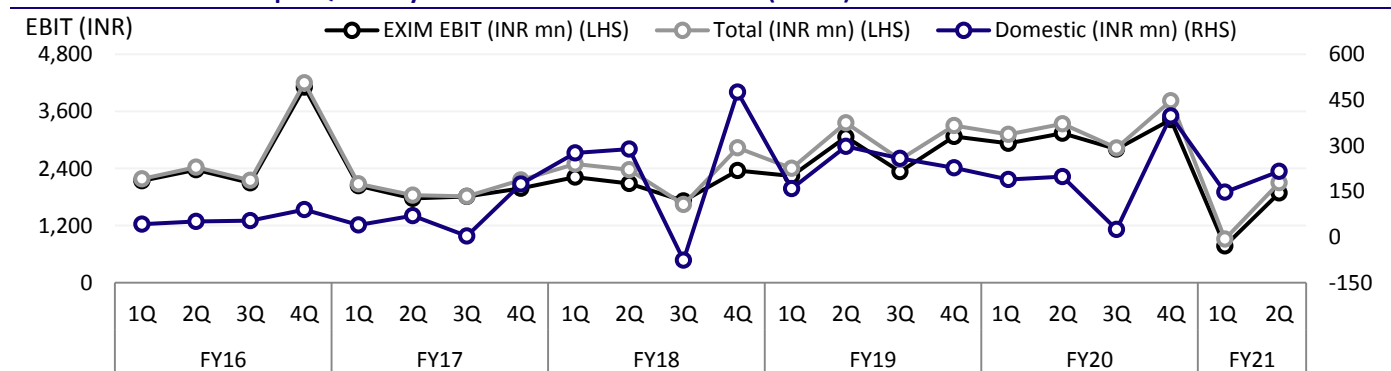
Exhibit 4: Container Corp – Quarterly domestic and EXIM volume trend ('000 TEU)**Exhibit 5: Container Corp – Quarterly domestic and EXIM volume YoY growth ('000 TEU)**

Exhibit 6: Container Corp – Quarterly domestic and EXIM per TEU realization trend (INR/TEU)**Exhibit 7: Container Corp – Quarterly domestic and EXIM EBIT trend (INR m)**

Source: MOFSL, Company

Financials and valuations

Standalone - Income Statement

	(INR m)							
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Total Income from Operations	61,493	59,217	53,946	58,893	65,427	64,738	57,886	67,678
Change (%)	15.7	-3.7	-8.9	9.2	11.1	-1.1	-10.6	16.9
Total Expenditure	47,474	45,834	43,593	46,814	51,019	47,989	46,866	54,052
% of Sales	77.2	77.4	80.8	79.5	78.0	74.1	81.0	79.9
EBITDA	14,019	13,384	10,354	12,079	14,408	16,749	11,020	13,626
Margin (%)	22.8	22.6	19.2	20.5	22.0	25.9	19.0	20.1
Depreciation	4,108	3,478	3,518	3,927	4,246	5,130	5,237	5,898
EBIT	9,911	9,906	6,835	8,152	10,162	11,619	5,782	7,728
Int. and Finance Charges	183	2	37	1	7	361	300	300
Other Income	3,470	3,175	2,892	5,705	6,735	2,797	2,700	2,800
PBT bef. EO Exp.	13,198	13,080	9,691	13,856	16,889	14,056	8,182	10,228
EO Items	0	0	1,250	-129	0	-8,816	0	0
PBT	13,198	13,080	10,941	13,727	16,889	5,240	8,182	10,228
Current Tax	3,189	2,843	3,206	3,862	4,841	3,208	2,127	2,659
Deferred Tax	-551	728	-845	-579	-107	-1,726	0	0
Tax	2,638	3,571	2,361	3,283	4,735	1,482	2,127	2,659
Tax Rate (%)	20.0	27.3	21.6	23.9	28.0	28.3	26.0	26.0
Reported PAT	10,546	9,508	8,580	10,445	12,154	3,758	6,055	7,569
Adjusted PAT	10,546	9,508	7,331	10,574	12,154	10,120	6,055	7,569
Change (%)	11.7	-9.8	-22.9	44.2	14.9	-16.7	-40.2	25.0
Margin (%)	17.1	16.1	13.6	18.0	18.6	15.6	10.5	11.2

Standalone - Balance Sheet

	(INR m)							
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	1,950	1,950	1,950	2,437	3,047	3,047	3,047	3,047
Total Reserves	74,407	81,507	86,512	91,574	1,00,632	97,601	1,00,931	1,05,094
Net Worth	76,357	83,457	88,462	94,011	1,03,679	1,00,647	1,03,978	1,08,141
Deferred Liabilities	2,292	3,546	2,769	2,533	1,616	0	0	0
Total Loans	0	0	0	0	7,007	0	0	0
Capital Employed	78,649	87,002	91,231	96,544	1,12,301	1,00,647	1,03,978	1,08,141
Gross Block	51,918	31,473	40,676	47,332	57,041	70,379	79,254	89,254
Less: Accum. Deprn.	19,499	3,474	6,978	10,848	15,094	20,686	25,923	31,821
Net Fixed Assets	32,419	28,000	33,698	36,484	41,947	49,694	53,332	57,434
Capital WIP	3,006	5,133	5,071	6,710	6,247	9,375	7,000	7,000
Total Investments	11,548	13,576	13,737	13,890	14,029	14,441	14,441	14,441
Curr. Assets, Loans&Adv.	39,935	47,591	46,904	49,395	63,845	42,013	39,951	41,713
Inventory	176	180	229	275	233	261	255	294
Account Receivables	366	493	425	604	884	1,591	793	927
Cash and Bank Balance	25,879	7,999	16,835	19,817	1,704	21,686	20,428	22,017
Loans and Advances	13,514	38,921	29,415	28,699	61,025	18,475	18,475	18,475
Curr. Liability & Prov.	8,483	7,579	8,546	10,592	13,767	15,020	10,891	12,593
Account Payables	2,065	1,868	2,415	2,542	3,504	1,553	1,517	1,749
Other Current Liabilities	4,614	5,202	5,441	7,344	9,544	12,776	8,683	10,152
Provisions	1,804	510	690	705	719	692	692	692
Net Current Assets	31,452	40,012	38,357	38,804	50,078	26,992	29,059	29,120
Appl. of Funds	78,649	87,002	91,231	96,544	1,12,301	1,00,647	1,03,978	1,08,141

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Basic (INR)								
EPS	17.3	15.6	12.0	17.4	19.9	16.6	9.9	12.4
Cash EPS	24.1	21.3	17.8	23.8	26.9	25.0	18.5	22.1
BV/Share	125.3	137.0	145.2	154.3	170.2	165.2	170.7	177.5
DPS	4.3	4.3	6.3	6.9	8.5	3.6	4.5	5.6
Payout (%)	30.2	33.3	51.9	48.0	51.4	60.7	45.0	45.0
Valuation (x)								
P/E						22.8	38.0	30.4
Cash P/E						15.1	20.4	17.1
P/BV						2.3	2.2	2.1
EV/Sales						3.2	3.6	3.1
EV/EBITDA						11.6	17.7	14.2
Dividend Yield (%)						1.0	1.2	1.5
FCF per share						53.8	-1.5	4.1
Return Ratios (%)								
RoE	14.4	11.9	8.5	11.6	12.3	9.9	5.9	7.1
RoCE	14.1	11.5	8.6	11.2	11.6	9.7	6.1	7.3
RoIC	21.2	14.6	9.3	11.1	10.0	11.5	7.3	9.0
Working Capital Ratios								
Asset Turnover (x)	0.8	0.7	0.6	0.6	0.6	0.6	0.6	0.6
Inventory (Days)	1	1	2	2	1	1	2	2
Debtor (Days)	2	3	3	4	5	9	5	5
Creditor (Days)	18	19	26	26	34	16	18	17
Working Cap. Turnover (Days)	33	197	146	118	270	30	54	38
Leverage Ratio (x)								
Current Ratio	4.7	6.3	5.5	4.7	4.6	2.8	3.7	3.3
Net Debt/Equity	-0.3	-0.1	-0.2	-0.2	0.1	-0.2	-0.2	-0.2

Standalone - Cash Flow Statement

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
(INR m)								
OP/(Loss) before Tax	12,946	13,080	11,806	13,857	16,889	5,240	8,182	10,228
Depreciation	3,727	3,627	3,650	3,927	4,246	5,130	5,237	5,898
Interest & Finance Charges	0	-2,914	-2,514	-2,332	-2,247	-2,039	-2,400	-2,500
Direct Taxes Paid	-3,425	-3,192	-3,868	-3,360	-5,404	-1,382	-2,127	-2,659
(Inc)/Dec in WC	1,108	-21,026	9,575	1,169	-33,386	26,758	-3,325	1,528
CF from Operations	14,356	-10,426	18,650	13,260	-19,902	33,707	5,568	12,495
Others	-3,292	-27	-69	19	15	8,982	0	0
CF from Operating incl EO	11,064	-10,453	18,581	13,279	-19,887	42,689	5,568	12,495
(inc)/dec in FA	-8,011	-5,818	-9,143	-8,595	-7,040	-9,888	-6,500	-10,000
Free Cash Flow	3,054	-16,271	9,438	4,684	-26,927	32,801	-932	2,495
(Pur)/Sale of Investments	-2,905	0	0	-153	-139	-618	0	0
Others	3,360	1,537	2,978	3,451	21,639	-15,227	2,700	2,800
CF from Investments	-7,556	-4,281	-6,165	-5,297	14,461	-25,733	-3,800	-7,200
Issue of Shares	0	0	0	0	0	0	0	0
(Inc)/Dec in Debt	0	0	0	0	7,007	-7,007	0	0
Interest Paid	0	-2	-37	-1	-7	-81	-300	-300
Dividend Paid	-3,081	-2,613	-2,944	-4,168	-1,828	-5,666	-2,725	-3,406
Others	0	-532	-599	-831	-366	-1,714	0	0
CF from Fin. Activity	-3,081	-3,146	-3,580	-4,999	4,805	-14,467	-3,025	-3,706
Inc/Dec of Cash	428	-17,881	8,836	2,983	-621	2,489	-1,257	1,589
Opening Balance	25,451	25,879	7,999	16,835	19,817	19,196	21,685	20,428
Closing Balance	25,879	7,999	16,835	19,817	19,196	21,685	20,428	22,017

NOTES

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall 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, 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/List%20of%20Associate%20companies.pdf>

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

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

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

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.