

# Aurobindo Pharma

**BSE SENSEX**  
40,146

**S&P CNX**  
11,768

**CMP: INR785 TP: INR985(+26%)**
**Buy**

**Stock Info**

Bloomberg	ARBP IN
Equity Shares (m)	586
M.Cap.(INRb)/(USDb)	459.8 / 6.2
52-Week Range (INR)	968 / 281
1, 6, 12 Rel. Per (%)	-6/-2/64
12M Avg Val (INR M)	3432
Free float (%)	48.0

**Financials Snapshot (INR b)**

Y/E MARCH	2020	2021E	2022E
Sales	231.0	252.3	260.1
EBITDA	48.6	54.5	58.5
Adj. PAT	28.8	33.1	36.4
EBIT Margin (%)	16.9	17.5	18.3
Cons. Adj. EPS (INR)	49.2	56.5	62.1
EPS Gr. (%)	13.9	15.0	9.9
BV/Sh. (INR)	286.9	340.4	399.1

**Ratios**

Net D:E	0.2	0.0	-0.1
RoE (%)	18.8	18.0	16.8
RoCE (%)	14.1	14.1	13.8
Payout (%)	5.2	4.5	5.6

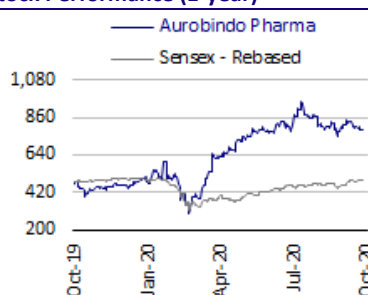
**Valuations**

P/E (x)	15.9	13.8	12.6
EV/EBITDA (x)	9.9	8.6	7.5
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	6.4	3.2	5.8
EV/Sales (x)	2.1	1.9	1.7

**Shareholding pattern (%)**

As On	Sep-20	Jun-20	Sep-19
Promoter	52.0	52.0	51.9
DII	13.7	12.6	13.0
FII	23.0	22.6	22.0
Others	11.3	12.8	13.2

FII Includes depository receipts

**Stock Performance (1-year)**


## Natrol divestment at attractive valuation

### To lower leverage and enable investment in portfolio development

- Aurobindo Pharma (ARBP) has announced the divestment of Natrol, a wholly-owned unit of its US-based subsidiary, for USD550m (~INR40b) as an all-cash deal. Considering Natrol's FY20 sales/PAT at USD157m/USD27m, the deal is attractive at valuation of 3.5x EV/Sales and 20x P/E on FY20 basis.
- ARPB is expected to use the funds to further reduce its debt and strengthen future product pipeline.
- We have reduced our FY22E EPS estimate by 2.5% to INR62.2 to factor in the Natrol divestment and revised our price target to INR985 (from INR1,015 earlier), based on 16x 12M forward earnings. Re-iterate Buy.

### Divestment deal offers financial leverage

ARBP has announced the divestment of its dietary supplement business in the US, Natrol. The all-cash transaction is valued at USD550m (INR40b at current exchange rate). Natrol accounted for 10%/5% of ARBP's US/total sales in FY20. Natrol had annual sales of USD157m (+22% YoY) and PAT of USD27m during FY20. Total assets of Natrol were ~INR10b (~USD139m) at end-FY20. Accordingly, the deal is valued at 3.5x EV/sales and 20x P/E on FY20 basis. The deal should be closed by Jan'21.

### Post-acquisition, Natrol showed strong turnaround under ARBP

ARBP acquired Natrol under the auction carried out by the United States Bankruptcy Court for consideration of USD132.5m (INR8.3b) in Dec'14. With this acquisition, ARBP entered the Nutraceutical segment in the US. With superior execution, ARBP delivered 13%/26% revenue/PAT CAGR of INR12b/INR2b over FY16-20. Through Natrol, ARBP offered branded products including vitamins, minerals, supplements, diet and weight management products, sports nutrition products, and products for hair, skin, and nails.

### Deal at attractive valuation

ARBP acquired Natrol at ~2x EV/sales in Dec'14. The value creation is remarkable given that ARBP has achieved valuation of 3.5x EV/sales for the Natrol sale. Moreover, this deal would further reduce the financial leverage of ARBP and aid funding for its complex product development.

### Valuation and view

- ARBP's strategy has not only led to minimal price erosion in its base business but also enabled it to build a complex portfolio in the Injectables/Biosimilars/Inhaler space. Further, it has established presence across the manufacturing value chain aiding cost efficiency. It remains on track to improve profitability in the EU market.
- Overall, we expect 12% earnings CAGR over FY20-22E, led by new launches, increased market share in key markets (the US/EU) and lower financial leverage.
- We value ARBP at 16x 12M forward earnings to arrive at a target price of INR985. Re-iterate Buy.

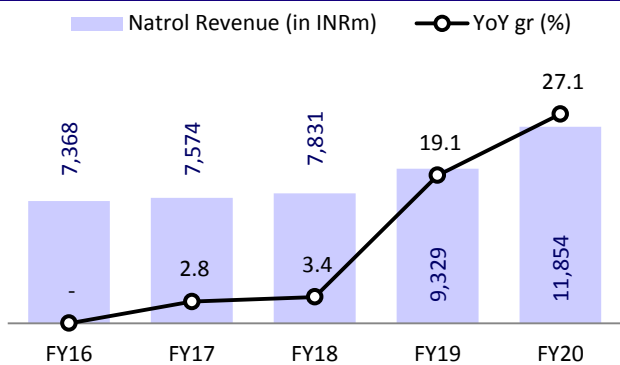
**Tushar Manudhane - Research Analyst** (Tushar.Manudhane@MotilalOswal.com)

**Bharat Hegde, CFA** - (Bharat.hegde@MotilalOswal.com); **Hitakshi Chandrani** - (Hitakshi.Chandrani@MotilalOswal.com);

**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

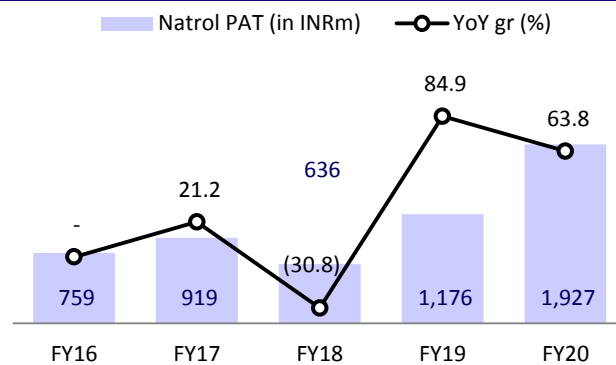
 Motilal Oswal research is available on [www.motilaloswal.com/Institutional-Equities](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

**Exhibit 1: Consistent growth in Natrol revenues**



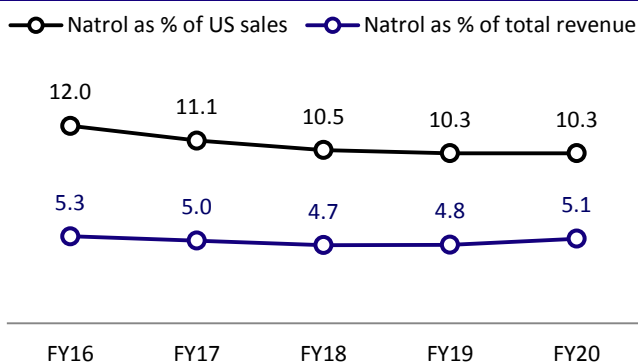
Source: MOFSL, Company

**Exhibit 2: PAT almost 2.5x over FY16-20**



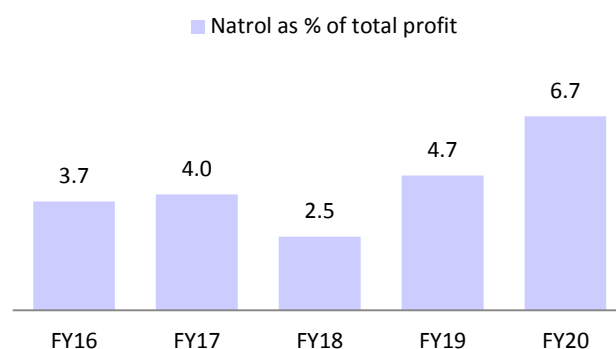
Source: MOFSL, Company

**Exhibit 3: Natrol has consistently contributed ~5% of total revenue**



Source: MOFSL, Company

**Exhibit 4: Natrol's contribution in total profits was 7% in FY20**



Source: MOFSL, Company

## Valuation and view

### US: Strong product pipeline with good mix of complex products

We believe ARBP is well placed to deliver healthy growth in the US on the back of a strong product pipeline with 166 ANDAs pending approval. In addition, elective surgeries have shown some recovery, driving gradual pickup in injectables business.

Further, ARBP's future pipeline comprises differentiated and margin-accretive products in Oncology, Depot Injections, Inhalers, Biosimilars, Vaccines, Topicals and Patches. While it has already filed for one Metered Dose Inhaler (MDI) and onenasal spray, it is expected to file its first Transdermal with the USFDA in FY21. Overall, it has 6 MDIs, 2 Dry Powder Inhalers (DPIs), 14 Biosimilars, 26 Topicals, 8 Transdermals, 3 Depot Injections and 2 Vaccines under development.

ARBP has completed the corrective and preventive action (CAPA) at Units 1, 9, 11, and Aurolife. It is awaiting feedback from the USFDA on desktop reviews. ARBP should complete the CAPA at Unit 7 soon. Considering 3-5% price erosion in the base business and a healthy product pipeline, we expect ARBP to deliver 6% sales CAGR (in constant currency terms and Ex-Natrol) over FY20-22E.

**EU business: COVID – A near-term dampener; Outlook remains positive**

While there has been COVID-led slowdown in the EU business, ARBP remains on track to expand its product offerings, adding newer markets and increasing penetration in existing markets. We expect ARBP to deliver 6% sales CAGR in the EU business over FY20-22E.

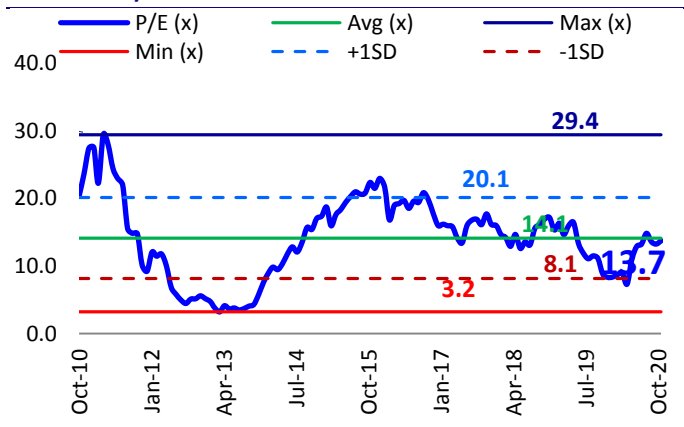
**Financial leverage declines further**

ARBP has drastically reduced its net debt to USD191m at end-1QFY21 (from USD724m at end-FY19). It has guided to be debt free by FY22E and the sale of Natrol augments well with this plan; thus, providing comfort from a financial leverage perspective.

**Valuation and view**

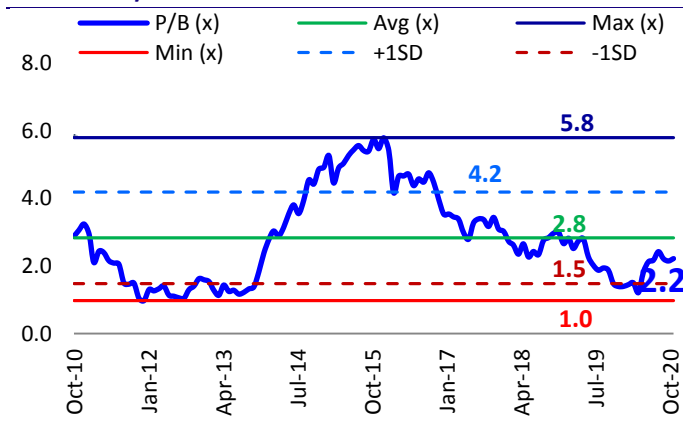
- We expect 12% earnings CAGR over FY20-22E, led by new launches, increased market share in key markets (the US/EU) and lower financial leverage.
- We value ARBP at 16x 12M forward earnings to arrive at a target price of INR985.
- We remain positive on ARBP’s (a) capability to build a niche portfolio in Injectables/Biosimilars/Inhaler space, (b) established presence across the manufacturing value chain in the US market, and (c) improving trajectory of profitability in the EU market. Maintain **Buy**.

**Exhibit 5: P/E chart**



Source: MOFSL, Company, Bloomberg

**Exhibit 6: P/B chart**



Source: MOFSL, Company, Bloomberg

## Financials and Valuations

Consolidated - Income Statement								(INR M)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	
<b>Total Income from Operations</b>	<b>1,21,205</b>	<b>1,39,553</b>	<b>1,50,897</b>	<b>1,64,998</b>	<b>1,95,636</b>	<b>2,30,985</b>	<b>2,52,255</b>	<b>2,60,104</b>	
Change (%)	49.6	15.1	8.1	9.3	18.6	18.1	9.2	3.1	
<b>Total Expenditure</b>	<b>95,569</b>	<b>1,07,671</b>	<b>1,16,556</b>	<b>1,27,113</b>	<b>1,55,416</b>	<b>1,82,342</b>	<b>1,97,768</b>	<b>2,01,580</b>	
<b>EBITDA</b>	<b>25,636</b>	<b>31,882</b>	<b>34,341</b>	<b>37,885</b>	<b>40,219</b>	<b>48,643</b>	<b>54,487</b>	<b>58,523</b>	
Margin (%)	21.2	22.8	22.8	23.0	20.6	21.1	21.6	22.5	
Depreciation	3,326	3,924	4,276	5,580	6,680	9,667	10,362	10,866	
<b>EBIT</b>	<b>22,310</b>	<b>27,958</b>	<b>30,065</b>	<b>32,305</b>	<b>33,540</b>	<b>38,976</b>	<b>44,125</b>	<b>47,658</b>	
Int. and Finance Charges	843	927	667	777	1,627	1,598	1,056	1,001	
Other Income	808	701	538	1,020	1,157	862	1,400	1,790	
<b>PBT bef. EO Exp.</b>	<b>22,275</b>	<b>27,733</b>	<b>29,936</b>	<b>32,548</b>	<b>33,070</b>	<b>38,240</b>	<b>44,469</b>	<b>48,447</b>	
EO Items	-596	-304	621	-168	-2,183	-658	-378	0	
<b>PBT after EO Exp.</b>	<b>21,679</b>	<b>27,429</b>	<b>30,557</b>	<b>32,380</b>	<b>30,887</b>	<b>37,582</b>	<b>44,091</b>	<b>48,447</b>	
Current Tax	5,966	7,207	7,596	8,183	7,269	9,135	11,464	12,112	
Tax Rate (%)	27.5	26.3	24.9	25.3	23.5	24.3	26.0	25.0	
Less: Mionrity Interest	-45	-30	-55	-34	-29	143	-200	-55	
<b>Reported PAT</b>	<b>15,758</b>	<b>20,252</b>	<b>23,015</b>	<b>24,231</b>	<b>23,647</b>	<b>28,304</b>	<b>32,827</b>	<b>36,389</b>	
<b>Adjusted PAT</b>	<b>15,758</b>	<b>20,251</b>	<b>23,015</b>	<b>25,021</b>	<b>25,288</b>	<b>28,798</b>	<b>33,107</b>	<b>36,389</b>	
Change (%)	19.1	28.5	13.6	8.7	1.1	13.9	15.0	9.9	
Margin (%)	13.0	14.5	15.3	15.2	12.9	12.5	13.1	14.0	

Consolidated - Balance Sheet								(INR M)	
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E	
Equity Share Capital	584	585	586	586	586	586	586	586	
Total Reserves	50,975	72,288	93,133	1,16,218	1,38,322	1,67,518	1,98,880	2,33,219	
<b>Net Worth</b>	<b>51,559</b>	<b>72,873</b>	<b>93,719</b>	<b>1,16,804</b>	<b>1,38,908</b>	<b>1,68,104</b>	<b>1,99,466</b>	<b>2,33,805</b>	
Minority Interest	258	26	21	18	16	1	1	1	
Deferred Liabilities	2,058	-1,823	-1,185	765	980	1,393	1,421	1,449	
Total Loans	38,636	44,155	30,841	44,825	67,532	54,223	56,934	48,394	
<b>Capital Employed</b>	<b>92,511</b>	<b>1,15,230</b>	<b>1,23,397</b>	<b>1,62,413</b>	<b>2,07,436</b>	<b>2,23,721</b>	<b>2,57,822</b>	<b>2,83,649</b>	
Gross Block	53,821	41,312	53,650	70,719	97,987	1,16,412	1,27,412	1,34,412	
Less: Accum. Deprn.	17,405	3,455	7,168	11,843	18,298	27,965	38,328	49,193	
<b>Net Fixed Assets</b>	<b>36,416</b>	<b>37,856</b>	<b>46,482</b>	<b>58,876</b>	<b>79,689</b>	<b>88,447</b>	<b>89,084</b>	<b>85,218</b>	
Goodwill on Consolidation	640	4,063	4,063	8,165	8,325	9,159	9,159	9,159	
Capital WIP	4,196	8,359	12,374	13,995	13,419	16,218	16,218	16,218	
<b>Total Investments</b>	<b>198</b>	<b>1,230</b>	<b>2,459</b>	<b>3,115</b>	<b>3,602</b>	<b>5,547</b>	<b>5,547</b>	<b>5,547</b>	
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>87,647</b>	<b>1,05,631</b>	<b>95,439</b>	<b>1,25,312</b>	<b>1,57,675</b>	<b>1,68,260</b>	<b>2,02,092</b>	<b>2,26,693</b>	
Inventory	36,113	40,561	43,305	58,584	72,456	76,999	82,173	84,316	
Account Receivables	35,392	46,067	35,042	38,721	34,150	43,152	55,289	57,009	
Cash and Bank Balance	4,691	7,904	5,135	12,616	19,572	28,422	47,430	68,168	
Loans and Advances	11,451	11,099	11,957	15,390	31,498	19,689	17,200	17,200	
<b>Curr. Liability &amp; Prov.</b>	<b>36,587</b>	<b>41,909</b>	<b>37,420</b>	<b>47,051</b>	<b>55,275</b>	<b>63,911</b>	<b>64,278</b>	<b>59,188</b>	
Account Payables	20,511	24,570	24,883	26,274	25,522	25,450	33,653	28,562	
Other Current Liabilities	13,650	15,776	11,415	18,209	26,104	33,547	30,000	30,000	
Provisions	2,426	1,563	1,123	2,568	3,649	4,914	625	626	
<b>Net Current Assets</b>	<b>51,060</b>	<b>63,722</b>	<b>58,019</b>	<b>78,260</b>	<b>1,02,400</b>	<b>1,04,350</b>	<b>1,37,814</b>	<b>1,67,506</b>	
<b>Appl. of Funds</b>	<b>92,511</b>	<b>1,15,230</b>	<b>1,23,397</b>	<b>1,62,413</b>	<b>2,07,436</b>	<b>2,23,721</b>	<b>2,57,822</b>	<b>2,83,649</b>	

## Financials and Valuations

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>EPS</b>	<b>27.0</b>	<b>34.6</b>	<b>39.3</b>	<b>42.7</b>	<b>43.2</b>	<b>49.2</b>	<b>56.5</b>	<b>62.1</b>
Cash EPS	32.7	41.3	46.6	52.2	54.6	65.7	74.2	80.7
BV/Share	88.3	124.5	160.0	199.4	237.1	286.9	340.4	399.1
DPS	2.2	2.3	1.9	3.7	2.5	2.5	2.5	3.5
Payout (%)	9.9	8.0	6.0	10.9	6.8	5.2	4.5	5.6
<b>Valuation (x)</b>								
P/E	29.0	22.6	19.9	18.3	18.1	15.9	13.8	12.6
Cash P/E	23.9	18.9	16.8	15.0	14.3	11.9	10.5	9.7
P/BV	8.9	6.3	4.9	3.9	3.3	2.7	2.3	2.0
EV/Sales	4.1	3.5	3.2	3.0	2.6	2.1	1.9	1.7
EV/EBITDA	19.2	15.5	14.1	12.9	12.6	9.9	8.6	7.5
Dividend Yield (%)	0.3	0.3	0.2	0.5	0.3	0.3	0.3	0.4
FCF per share	-3.5	5.3	27.0	7.2	1.6	50.4	24.9	45.2
<b>Return Ratios (%)</b>								
RoE	35.4	32.5	27.6	23.8	19.8	18.8	18.0	16.8
RoCE	20.4	20.4	19.0	17.4	14.4	14.1	14.1	13.8
RoIC	20.9	22.8	22.5	20.4	16.9	17.1	18.0	18.7
<b>Working Capital Ratios</b>								
Inventory (Days)	198	227	238	275	277	280	281	286
Debtor (Days)	91	107	98	82	68	61	71	79
Creditor (Days)	113	134	140	138	109	96	104	107
Working Cap. (Days)	177	200	196	219	235	246	248	258
<b>Leverage Ratio (x)</b>								
Current Ratio	2.4	2.5	2.6	2.7	2.9	2.6	3.1	3.8
Interest Cover Ratio	26	30	45	42	21	24	42	48
Net Debt/Equity	0.7	0.5	0.3	0.3	0.3	0.2	0.0	-0.1

### Consolidated - Cash Flow Statement

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
OP/(Loss) before Tax	22,310	27,443	30,608	32,412	30,914	37,430	44,125	47,658
Depreciation	3,326	3,924	4,276	5,580	6,680	9,667	10,362	10,866
Interest / Dividend received	808	689	384	509	1,370	1,207	1,400	1,790
Direct Taxes Paid	-5,966	-7,326	-7,737	-6,986	-7,698	-7,298	-11,464	-12,112
(Inc)/Dec in WC	-2,515	-10,794	5,341	-10,358	-14,845	2,769	-18,464	-14,692
<b>CF from Operations</b>	<b>17,963</b>	<b>13,936</b>	<b>32,872</b>	<b>21,157</b>	<b>16,420</b>	<b>43,775</b>	<b>25,960</b>	<b>33,509</b>
Others	-5,595	3,660	-86	-1,612	90	38	-378	0
<b>CF from Operating incl EO</b>	<b>12,368</b>	<b>17,595</b>	<b>32,786</b>	<b>19,545</b>	<b>16,510</b>	<b>43,813</b>	<b>25,582</b>	<b>33,509</b>
(inc)/dec in FA	-14,389	-14,475	-16,942	-15,299	-15,591	-14,311	-11,000	-7,000
<b>Free Cash Flow</b>	<b>-2,020</b>	<b>3,121</b>	<b>15,844</b>	<b>4,246</b>	<b>919</b>	<b>29,502</b>	<b>14,582</b>	<b>26,509</b>
(Pur)/Sale of Investments	-305	23	-929	-3,967	-13,435	-1,366	0	0
<b>CF from Investments</b>	<b>-14,085</b>	<b>-13,801</b>	<b>-17,870</b>	<b>-19,266</b>	<b>-29,026</b>	<b>-15,677</b>	<b>-11,000</b>	<b>-7,000</b>
Inc/(Dec) in Debt	2,298	6,033	-17,279	2,858	26,242	-13,130	2,711	-8,540
Interest Paid	-843	-835	-568	-742	-1,515	-1,266	-1,056	-1,001
Dividend Paid	-1,563	-1,616	-1,372	-2,641	-1,599	-1,884	-1,465	-2,051
Others	1,121	-3,391	1,537	7,745	-3,358	-2,773	4,236	5,820
<b>CF from Fin. Activity</b>	<b>1,013</b>	<b>191</b>	<b>-17,683</b>	<b>7,220</b>	<b>19,771</b>	<b>-19,053</b>	<b>4,426</b>	<b>-5,771</b>
<b>Inc/Dec of Cash</b>	<b>-705</b>	<b>3,986</b>	<b>-2,767</b>	<b>7,499</b>	<b>7,254</b>	<b>9,083</b>	<b>19,008</b>	<b>20,738</b>
Opening Balance	1,480	4,691	7,904	5,135	12,616	19,572	28,422	47,430
Others incl. impact of fx	3,915	-773	-2	-18	-299	-233		
<b>Closing Balance</b>	<b>4,691</b>	<b>7,904</b>	<b>5,135</b>	<b>12,616</b>	<b>19,572</b>	<b>28,422</b>	<b>47,430</b>	<b>68,168</b>

## 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](http://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](http://www.nseindia.com), [www.bseindia.com](http://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](http://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.: INP00000670); 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](mailto: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.