

Ipca Laboratories

Estimate change

TP change

Rating change



Bloomberg	IPCA IN
Equity Shares (m)	126
M.Cap.(INRb)/(USDb)	262.7 / 3.6
52-Week Range (INR)	2456 / 1467
1, 6, 12 Rel. Per (%)	-8/-23/-22
12M Avg Val (INR M)	806

Financials & Valuations (INR b)

Y/E MARCH	2021	2022E	2023E
Sales	54.2	59.0	66.1
EBITDA	15.4	15.1	17.4
Adj. PAT	11.3	11.4	12.6
EBIT Margin (%)	24.6	21.9	22.8
Cons. Adj. EPS (INR)	88.7	89.8	99.4
EPS Gr. (%)	73.6	1.2	10.8
BV/Sh. (INR)	370.6	447.0	531.5

Ratios

Net D:E	0.0	-0.1	-0.2
RoE (%)	27.1	22.0	20.3
RoCE (%)	25.4	21.3	19.8
Payout (%)	14.9	15.0	15.0

Valuations

P/E (x)	23.3	23.0	20.8
EV/EBITDA (x)	16.8	16.9	11.0
Div. Yield (%)	0.7	0.7	0.7
FCF Yield (%)	2.7	2.7	2.8
EV/Sales (x)	4.8	4.3	2.7

Shareholding pattern (%)

As On	Mar-21	Dec-20	Mar-20
Promoter	46.3	46.3	46.1
DII	25.1	24.5	26.7
FII	17.5	18.2	12.6
Others	11.1	11.0	14.6

FII Includes depository receipts

CMP: INR2,071

TP: INR2,400 (+16%)

Buy

4Q – an aberration; outlook remains intact

Well-placed to outperform in Branded Generics segment

- Ipca Laboratories (IPCA)'s 4QFY21 performance was below expectations, weighed by moderation in the Domestic Formulation (DF) segment and API sales. However, IPCA remains on track to deliver healthy mid-teen YoY growth in the Branded Generics segment. Increased business share from the integrated manufacturing value chain and better operating leverage in DF would drive improvement in profitability going forward – adjusted for one-time business from Hydroxychloroquine Sulfate (HCQS) in FY21.
- We lower our EPS estimate by 5%/2% for FY22/FY23E, reflecting a) sales growth constraints in the API/Generics segment and b) an increase in marketing and promotional cost with the easing of lockdown-related measures in the Branded Generics segment. We continue to value IPCA on 24x 12M forward earnings to arrive at TP of INR2,400. We remain positive on the stock owing to a) its outperformance of the industry in the DF segment, b) increasing cost efficiency on better backward integration, and c) its capacity enhancement program for the API business. **Maintain Buy.**

Exports, other income, lower tax drive 4Q earnings

- Sales rose 4% YoY to INR11.1b (est. INR13.4b) in 4QFY21, led by growth in exports (Institutional/Branded Formulations). Institutional exports grew 92% YoY to INR762m (7% of sales). Branded Formulations exports grew 32% YoY to INR1b (9% of sales).
- However, DF sales were almost flat YoY at INR4.3b (39% of sales). API sales declined 6% YoY to INR2.6b (23% of sales) in 4QFY21. Exports (Generic Formulation) declined 3% YoY to INR1.6b (14% of sales).
- The gross margin expanded 360bp YoY to 69.6% on a superior product mix.
- However, the EBITDA margin remained flat YoY at 20.5% (est. 24%) on lower operating leverage (other expenses up 300bp) and higher staff cost (+50bp).
- EBITDA grew 4% YoY to INR2.3b (est. INR3.2b).
- PAT stood at a higher rate of 19% YoY to INR1.6b (est. INR2.3b), led by lower depreciation, higher other income, and lower tax rate.
- FY21 sales/EBITDA/PAT grew 17%/61%/74% to INR54b/INR15b/INR11b.

Highlights from management commentary

- IPCA has guided for 9–10% YoY sales growth and an EBITDA margin of 25% for FY22.
- Particularly, DF sales are expected to grow 16–18% YoY and Branded export sales 13–15% YoY in FY22.
- Generic Formulation sales would grow 5% YoY in FY22; Institutional sales are expected to grow 5% YoY and overall API growth would be ~2% YoY in FY22.
- MR strength stands at ~4000. IPCA is looking to add a maximum of ~200 MRs in FY22 in smaller therapies such as Ophthalmic, Derma, and CNS.

Research Analyst: Tushar Manudhane (Tushar.Manudhane@motilaloswal.com)

Bharat Hegde, CFA (Bharat.Hegde@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, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuation and view

- We reduce our earnings estimate by 4%/2% for FY22/FY23, factoring in a) slower growth in the API business due to capacity constraints, b) lockdown-related impact in the Branded export segment, and c) higher opex in the DF segment in FY22.
- Adjusted for one-time business from HCQS in FY21, we expect an earnings CAGR of 15% (FY21–23) – led by a superior performance from DF and ongoing manufacturing efficiency on account of increased backward integration and cost containment measures.
- We continue to value IPCA on a 24x 12M forward earnings basis to arrive at TP of INR2,400.
- We remain positive on IPCA on the back of a) its outperformance of the industry in the DF/Branded export segment, b) better profitability on improving manufacturing efficiency, and c) capacity expansion in the API segment. Reiterate **Buy**.

Quarterly Performance

Y/E March	FY20				FY21				FY20	FY21	(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			Est. 4QE	% Chg
Net Revenues (Core)	10,782	12,839	12,129	10,738	15,344	13,611	14,098	11,147	46,487	54,200	13,423	-17.0
YoY Change (%)	23.2	26.9	20.5	22.1	42.3	6.0	16.2	3.8	23.2	16.6	25.0	
EBITDA	1,987	2,659	2,737	2,197	5,883	3,602	3,669	2,289	9,580	15,444	3,224	-29.0
YoY Change (%)	40.4	29.8	32.8	33.5	196.1	35.5	34.1	4.2	33.6	61.2	46.7	
Margins (%)	18.4	20.7	22.6	20.5	38.3	26.5	26.0	20.5	20.6	28.5	24.0	
Depreciation	461	496	508	639	510	521	535	525	2,105	2,092	565	
EBIT	1,526	2,162	2,228	1,558	5,373	3,081	3,134	1,764	7,475	13,352	2,659	-33.7
YoY Change (%)	60.7	35.6	39.0	30.0	252.0	42.5	40.7	13.2	39.8	78.6	70.7	
Margins (%)	14.2	16.8	18.4	14.5	35.0	22.6	22.2	15.8	16.1	24.6	19.8	
Interest	46	42	40	37	27	23	23	17	165	90	55	
Other Income	112	148	181	137	121	-16	154	199	578	457	122	
PBT before EO Expense	1,592	2,268	2,369	1,658	5,466	3,041	3,265	1,946	7,888	13,719	2,725	
One-off (gain)/ Expense	-91	0	0	536	0	-171	0	0	445	-171	0	
PBT after EO Expense	1,683	2,268	2,369	1,123	5,466	3,212	3,265	1,947	7,442	13,890	2,726	
Tax	374	319	369	292	999	526	567	309	1,353	2,401	445	
Rate (%)	23.5	14.1	15.6	17.6	18.3	17.3	17.4	15.9	17.2	17.5	16.3	
Reported PAT	1,310	1,949	2,001	830	4,468	2,686	2,698	1,637	6,090	11,488	2,281	-28.2
Minority Interest	-11	-18	-25	-23	-7	-16	-43	-25	-78	-91	-5	
Adj PAT after Minority Int	1,227	1,931	1,975	1,352	4,461	2,528	2,655	1,612	6,485	11,255	2,276	-29.2
YoY Change (%)	44.7	37.2	47.2	37.6	263.5	30.9	34.4	19.3	41.6	73.6	68.4	
Margins (%)	11.4	15.0	16.3	12.6	29.1	18.6	18.8	14.5	14.0	20.8	17.0	

Key performance Indicators (Consolidated)

Y/E March	FY20				FY21				FY20	FY21	Est. 4QE
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
INR m											
Domestic formulations	4,528	5,432	4,856	4,310	4,894	5,355	5,232	4,336	19,126	19,817	4,793
YoY Change (%)	12.9	15.9	16.0	21.2	8.1	(1.4)	7.7	0.6	16.1	3.6	11.2
Exports formulations	2,448	3,408	3,534	2,825	4,636	3,644	4,312	3,380	12,216	15,972	4,106
YoY Change (%)	9.3	18.2	25.2	11.4	89.4	6.9	22.0	19.7	16.5	30.8	45.4
API sales	2,983	3,144	2,854	2,751	5,133	3,810	3,521	2,599	11,731	15,063	3,487
YoY Change (%)	37.0	39.6	24.0	30.0	72.1	21.2	23.4	(5.5)	32.6	28.4	26.8
Cost Break-up											
RM Cost (% of Sales)	37.7	35.0	34.9	34.0	28.1	32.5	36.6	30.4	35.4	31.9	35.7
Staff Cost (% of Sales)	20.0	18.1	19.1	22.6	16.7	18.7	17.4	23.1	19.8	18.7	18.6
Other Cost (% of Sales)	23.9	26.2	23.4	23.0	16.8	22.3	20.0	26.0	24.2	20.9	21.7
Gross Margins(%)	62.3	65.0	65.1	66.0	71.9	67.5	63.4	69.6	64.6	68.1	64.3
EBITDA Margins(%)	18.4	20.7	22.6	20.5	38.3	26.5	26.0	20.5	20.6	28.5	24.0
EBIT Margins(%)	14.2	16.8	18.4	14.5	35.0	22.6	22.2	15.8	16.1	24.6	19.8



Highlights from management commentary

- While a considerable increase is seen in KSM/intermediates prices at the industry level, IPCA is favorably placed with sufficient inventory at lower prices over the medium term. Thus, this would have minimal impact on the API business profitability.
- Sartans API prices have declined, impacting growth in the near term. This has been offset, to some extent, by an increase in the API prices of other products.
- COVID has delayed work on the Dewas API facility by some months. Accordingly, installation work is scheduled to commence in 3Q/4QFY22. Subsequently, the validation and regulatory inspection would require an additional 9–12M.
- While IPCA is operating at 90% capacity utilization, the debottlenecking exercise would enable some growth in the API segment until the capacity expansion program is completed.
- Capex is expected to stand at INR2.8b for Dewas and INR5.5–6b overall for FY22.
- R&D expense is expected to be 50bp higher as a percentage of sales in FY22.
- Gross margin expansion is attributable to a better therapy mix, with lower share of therapies such as Anti-Malaria, Anti-Bacterial, and Cough & Cold.

DF/Branded exports to be key drivers

DF – steady outperformance in Chronic therapies / Pain and recovery in Acute therapies key catalysts for FY22

- IPCA reported 4% YoY growth in DF sales in FY21. While 1Q HCQS sales were a one-off, no one-off revenues were reported in subsequent quarters in DF.
- FY21 growth was aided by continued performances from key therapies such as Pain, Cardio, and Gastro, with recovery in some Acute therapies such as CNS, Derma, and Ophthal in 4QFY21. However, the benefit was offset, to some extent, by subdued performances from Acute therapies such as Cough & Cold, Anti-Malarial, and Anti-Bacterial due to COVID.
- With a reduction in the number of active COVID cases, restrictions are expected to ease gradually over the near term, driving better MR-doctor-patient connect. This, along with seasonal changes, would improve the outlook for Acute therapies. It also intends to add ~200MRs for smaller therapies, which would aid growth prospects in the DF segment.
- IPCA remains on track to perform better than the industry in the Pain segment and Chronic therapies, led by new launches and enhanced marketing efforts.
- Accordingly, we expect IPCA to deliver a 15% sales CAGR to INR26.4b in DF over FY21–23E.

API – capacity expansions / backward integration – future growth levers

- The API segment posted growth of 28% YoY in FY21, led by robust demand in the base portfolio and one-time COVID-led offtake of HCQS of ~INR1.8b. Growth in 4QFY21 was marginally dented by decline in Sartans API prices. IPCA has a strong API product portfolio focused on CVS, Anti-Malarial, and Pain, with products in these segments accounting for >75% of sales. It is seeing strong demand in the API segment.
- IPCA is not only expanding API capacity (at Dewas/Ratlam) but also working on backward integration as well as debottlenecking (at Ratlam).

- On a high base of FY21 and some delay in the capacity expansion program, we expect a 3% sales CAGR to INR16b in the API segment over FY21–23E.

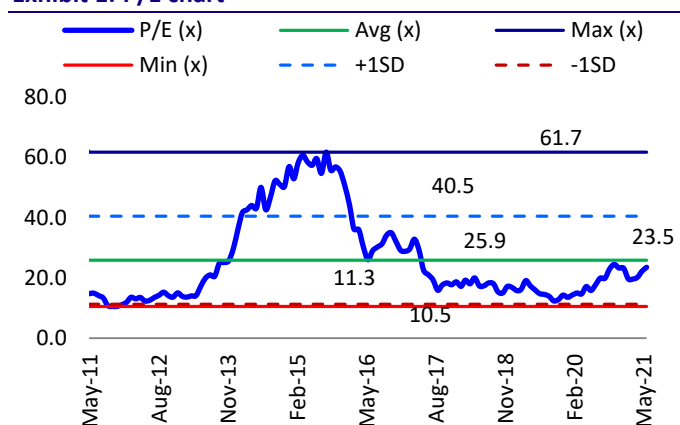
Faster growth in Branded market to aid margin expansion

- Promoted markets, primarily in Africa, the Middle East, and CIS countries, saw 6% YoY growth to INR4b in FY21. Growth in 1HFY21 was impacted by COVID-led lockdowns worldwide. With recovery in Franco African as well as CIS countries, IPCA posted 32% YoY growth in this segment in 4QFY21.
- IPCA offers better value to patients in terms of product pricing v/s competitors. Also, peer product pricing is at much higher levels, which providing further leeway for growth through favorable pricing and continuous marketing efforts.
- Continued COVID recovery, on-ground presence, and superior execution are expected to drive a 16% sales CAGR to INR5.5b over FY21–23E.

Adjusted for high base, we expect a 15% earnings CAGR over FY21–23E

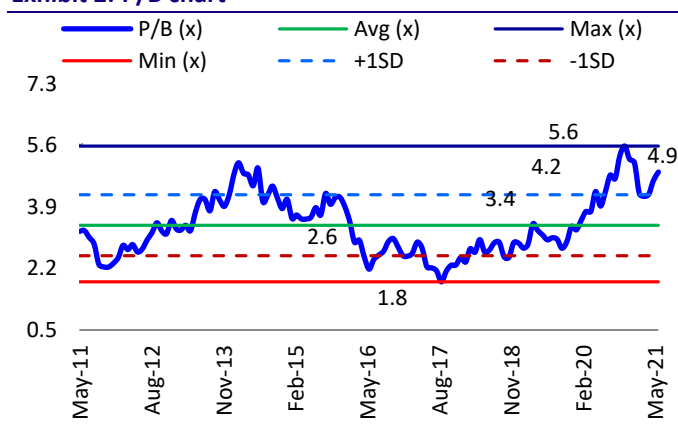
- We reduce our earnings estimate by 4%/2% for FY22/FY23, factoring in a) slower growth in the API business due to capacity constraints, b) lockdown-related impact in the Branded export segment, and c) higher opex in the DF segment in FY22.
- Adjusted for one-time business from HCQS in FY21, we expect an earnings CAGR of 15% (FY21–23) – led by a superior performance from DF and ongoing manufacturing efficiency on account of increased backward integration and cost containment measures.
- We continue to value IPCA on a 24x 12M forward earnings basis to arrive at TP of INR2,400.
- We remain positive on IPCA on the back of a) its outperformance of the industry in the DF/Branded export segment, b) better profitability on improving manufacturing efficiency, and c) capacity expansion in the API segment. Reiterate **Buy**.

Exhibit 1: P/E chart



Source: MOFSL, Company, Bloomberg

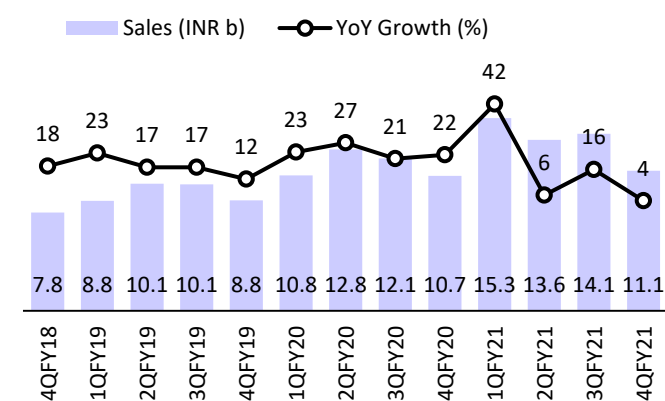
Exhibit 2: P/B chart



Source: MOFSL, Company, Bloomberg

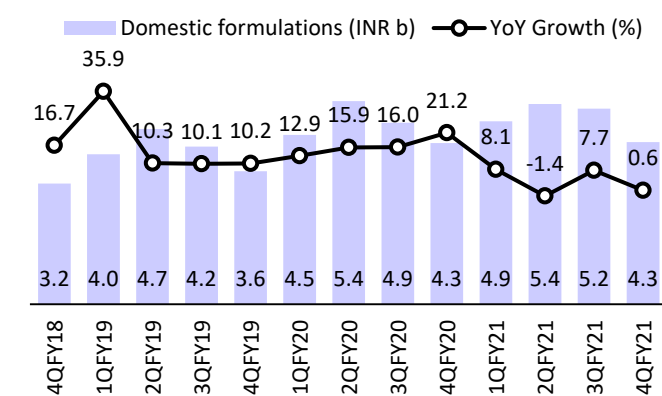
Story in charts

Exhibit 3: Total sales up 4% YoY in 4QFY21



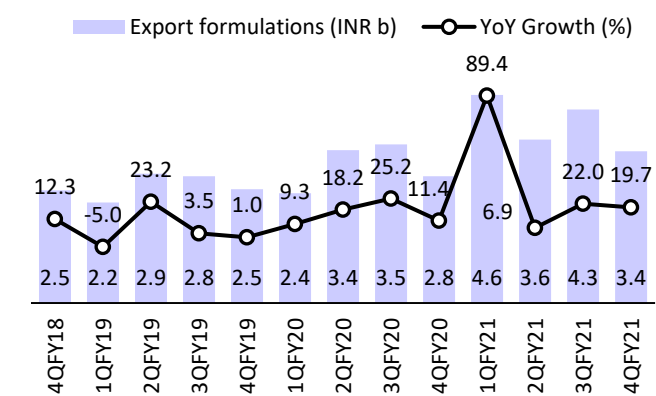
Source: Company, MOFSL

Exhibit 4: DF sales almost flat YoY



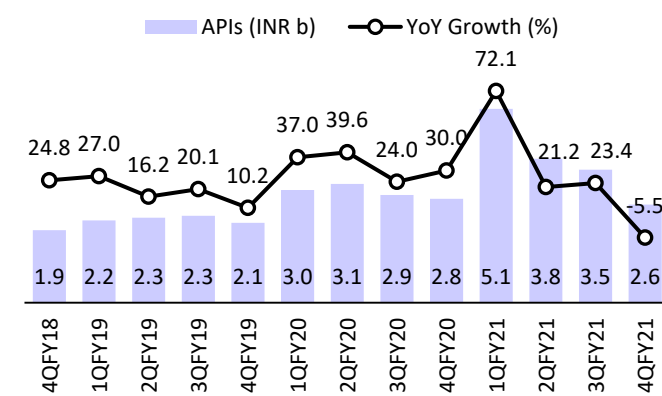
Source: Company, MOFSL

Exhibit 5: Export Formulation sales up 20% YoY



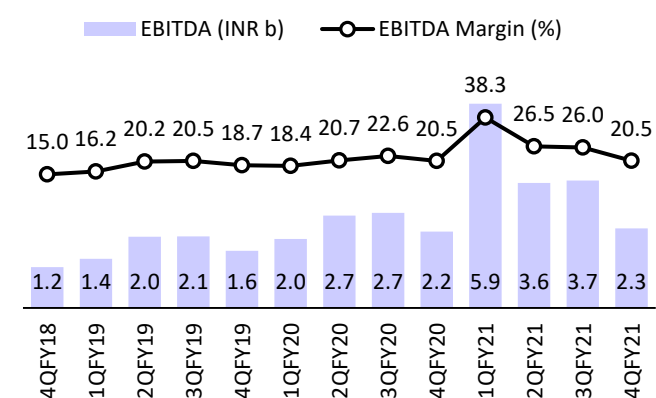
Source: Company, MOFSL

Exhibit 6: API sales down 6% YoY in 4QFY21



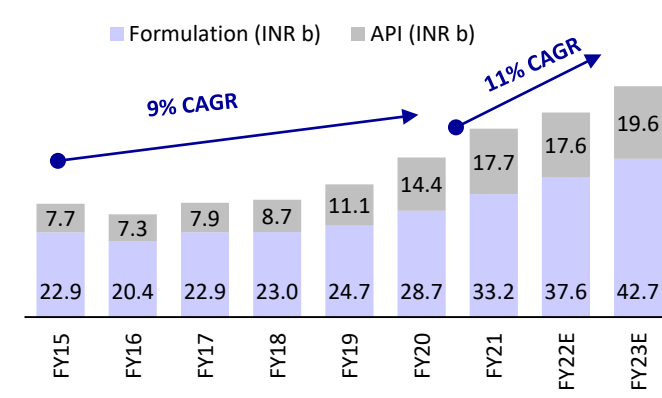
Source: Company, MOFSL

Exhibit 7: EBITDA margin flat at 20.5% in 4QFY21

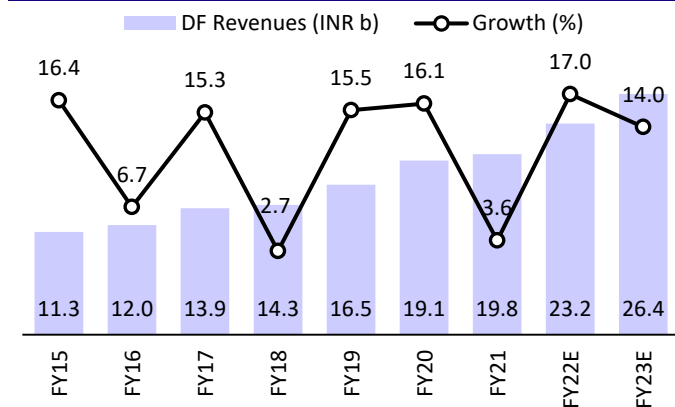


Source: Company, MOFSL

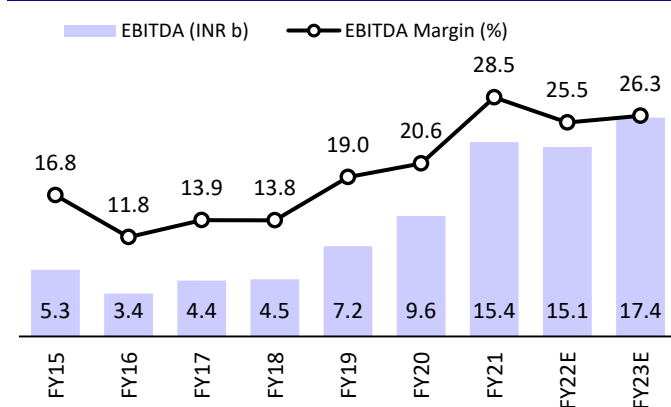
Exhibit 8: Expect sales CAGR of 11% over FY21–23



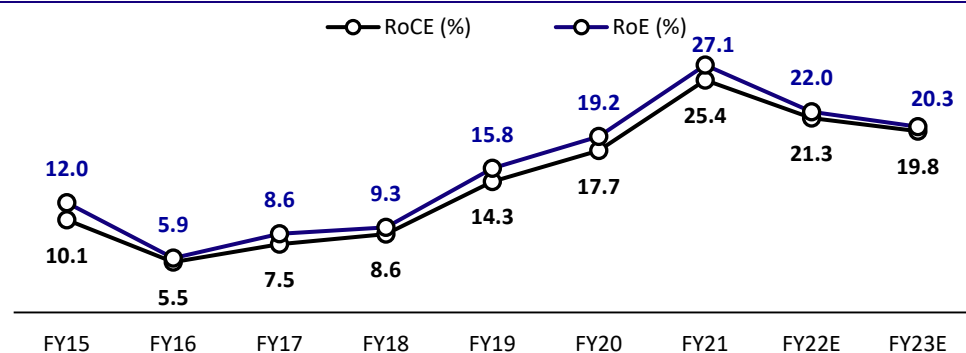
Source: Company, MOFSL

Exhibit 9: Expect DF CAGR of 15% over FY21–23

Source: Company, MOFSL

Exhibit 10: Margins to normalize in FY22

Source: Company, MOFSL

Exhibit 11: Return ratios to taper over FY21–23

Source: Company, MOFSL

Financials and valuations

Income Statement									(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Net Revenues	31,418	28,850	32,106	32,836	37,732	46,487	54,200	59,032	66,095
Change (%)	-4.3	-8.2	11.3	2.3	14.9	23.2	16.6	8.9	12.0
EBITDA	5,291	3,417	4,448	4,547	7,170	9,580	15,444	15,053	17,383
Margin (%)	16.8	11.8	13.9	13.8	19.0	20.6	28.5	25.5	26.3
Depreciation	1,796	1,722	1,730	1,777	1,824	2,105	2,092	2,139	2,314
EBIT	3,495	1,695	2,718	2,770	5,346	7,475	13,352	12,914	15,069
Int. and Finance Charges	284	316	241	240	189	165	90	57	51
Other Income - Rec.	358	169	226	418	483	578	457	700	750
PBT before EO Expense	3,569	1,548	2,703	2,948	5,640	7,888	13,719	13,557	15,768
EO Expense/(Income)	-42	395	0	0	157	445	-171	0	0
PBT after EO Expense	3,611	1,153	2,703	2,948	5,483	7,442	13,890	13,557	15,768
Current Tax	747	228	533	614	1,218	1,406	2,487	1,898	2,838
Deferred Tax	272	-42	142	-102	-176	-53	-85	271	315
Tax	1,019	186	675	511	1,042	1,353	2,401	2,169	3,154
Tax Rate (%)	28.6	12.0	25.0	17.3	18.5	17.2	17.5	16.0	20.0
Reported PAT	2,592	967	2,028	2,436	4,441	6,090	11,488	11,387	12,613
Less: Minority Interest	49	35	0	42	18	78	91	0	0
Net Profit	2,542	933	2,028	2,394	4,423	6,012	11,398	11,387	12,613
Adj PAT	2,501	1,328	2,028	2,394	4,580	6,485	11,255	11,388	12,614
Adj PAT growth (%)	-47.2	-46.9	52.8	18.1	91.3	41.6	73.6	1.2	10.8

Balance Sheet									(INR m)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Equity Share Capital	252	252	252	252	252	252	254	254	254
Total Reserves	21,832	22,340	24,300	26,633	30,971	35,903	46,763	56,442	67,165
Net Worth	22,084	22,592	24,553	26,886	31,224	36,275	47,017	56,696	67,418
Deferred liabilities	1743	1565	1705	1580	1457	1398	1316	1587	1902
Total Loans	8,286	6,691	5,290	4,731	3,505	4,328	1,988	1,834	1,695
Capital Employed	32,113	30,848	31,548	33,196	36,342	42,137	50,466	60,117	71,016
Gross Block	25,463	22,121	23,508	24,969	26,657	30,268	31,872	34,872	38,372
Less: Accum. Deprn.	7,459	1,628	3,350	5,127	6,951	9,056	11,148	13,287	15,601
Net Fixed Assets	18,004	20,493	20,158	19,842	19,706	21,212	20,724	21,585	22,771
Capital WIP	2,672	936	621	418	361	708	2,348	2,348	2,348
Investments	162	258	1,358	869	1,204	2,719	4,711	4,711	4,711
Curr. Assets	17,285	17,230	17,458	20,027	24,217	27,939	32,881	41,754	52,751
Inventory	9,266	8,374	8,822	8,806	10,725	13,231	15,948	18,267	21,466
Account Receivables	3,530	4,459	5,002	6,023	6,815	8,952	8,118	9,465	11,382
Cash and Bank Balance	1,248	1,755	359	1,506	2,823	1,809	3,651	8,637	13,845
Loans & Advances	3,242	2,641	3,276	3,693	3,854	3,947	5,164	5,385	6,058
Curr. Liability & Prov.	6,011	8,069	8,047	7,960	9,147	10,441	10,198	10,281	11,565
Account Payables	5,471	7,245	7,141	7,029	8,190	9,182	8,781	9,139	10,280
Provisions	540	824	906	931	957	1,259	1,417	1,142	1,285
Net Current Assets	11,275	9,160	9,410	12,068	15,070	17,498	22,682	31,473	41,185
Appl. of Funds	32,113	30,848	31,548	33,196	36,342	42,137	50,466	60,117	71,016

Financials and valuations

Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
EPS (INR)	19.7	10.5	16.0	18.9	36.1	51.1	88.7	89.8	99.4
Cash EPS	34.4	21.0	29.8	33.1	49.5	64.3	106.3	106.6	117.7
BV/Share	175.0	179.0	194.6	213.0	247.4	286.5	370.6	447.0	531.5
DPS	1.0	0.0	1.0	1.0	1.0	7.2	13.6	13.6	15.1
Payout (%)	4.9	0.0	6.2	5.2	2.8	14.8	14.9	15.0	15.0
Valuation (x)									
P/E	104.9	197.5	129.3	109.5	57.3	40.4	23.3	23.0	20.8
P/BV	11.8	11.5	10.6	9.7	8.4	7.2	5.6	4.6	3.9
EV/Sales	8.5	9.2	8.3	8.0	6.9	5.7	4.8	4.3	2.7
EV/EBITDA	50.6	77.8	59.8	58.1	36.5	27.5	16.8	16.9	11.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0	0.3	0.7	0.7	0.7
Return Ratios (%)									
RoE	12.0	5.9	8.6	9.3	15.8	19.2	27.1	22.0	20.3
RoCE	10.1	5.5	7.5	8.6	14.3	17.7	25.4	21.3	19.8
RoIC	9.8	5.3	7.1	7.7	14.0	18.0	28.7	25.8	25.5
Working Capital Ratios									
Fixed Asset Turnover (x)	2.0	1.5	1.6	1.6	1.9	2.3	2.6	2.8	3.0
Debtor (Days)	41	56	56	66	65	70	54	58	62
Inventory (Days)	108	106	100	98	104	104	107	113	119
Working Capital Turnover (Days)	116	94	103	117	118	123	128	141	151
Leverage Ratio (x)									
Interest Cover Ratio	12.3	5.4	11.3	11.5	28.3	45.3	147.7	225.3	294.5
Debt/Equity	0.3	0.2	0.2	0.1	0.0	0.1	0.0	-0.1	-0.2

Cash Flow Statement

(INR m)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22E	FY23E
Oper. Profit/(Loss) before Tax	5,291	3,417	4,448	4,547	7,170	9,580	15,444	15,053	17,383
Interest/Dividends Recd.	358	169	226	418	483	578	457	700	750
Direct Taxes Paid	-747	-364	-535	-636	-1,165	-1,412	-2,484	-1,898	-2,838
(Inc)/Dec in WC	-619	2,622	-1,647	-1,510	-1,686	-3,442	-3,343	-3,804	-4,505
CF from Operations	4,282	5,844	2,491	2,819	4,803	5,304	10,075	10,051	10,790
Others	358	1,638	328	592	365	784			
EO Expense / (Income)	-42	395	0	0	157	445	-171	0	0
CF from Oper. incl EO Exp.	4,682	7,087	2,819	3,411	5,010	5,643	10,246	10,051	10,790
(inc)/dec in FA	-7,166	5,079	-1,072	-1,258	-1,632	-3,958	-3,244	-3,000	-3,500
Free Cash Flow	-2,484	12,165	1,747	2,154	3,379	1,685	7,002	7,051	7,290
(Pur)/Sale of Investments	-70	-96	-1,100	489	-336	-1,515	-1,992	0	0
Others	343	-7,166	684	-586	317	376	0	0	0
CF from Investments	-6,893	-2,183	-1,488	-1,354	-1,651	-5,097	-5,236	-3,000	-3,500
Issue of shares	0	0	0	0	0	0	1	0	0
(Inc)/Dec in Debt	3,906	-1,594	-1,401	-560	-1,070	804	-2,331	-299	-139
Interest Paid	-284	-316	-241	-240	-189	-165	-90	-57	-51
Dividend Paid	-126	0	-126	-126	-126	-902	-1,710	-1,708	-1,892
Others	-991	-2,705	177	-378	-447	-1,042	961	0	0
CF from Fin. Activity	2,505	-4,615	-1,591	-1,304	-1,832	-1,305	-3,169	-2,065	-2,082
Inc/Dec of Cash	294	288	-260	753	1,528	-758	1,841	4,986	5,208
Add: Beginning Balance	743	1,037	1,689	1,428	2,181	3,709	2,954	4,795	9,781
Forex/ Business acquisition	0	364	0	0	0	3	0	0	0
Closing Balance	1,037	1,689	1,428	2,181	3,709	2,954	4,795	9,781	14,989
Bank balances / Mutual fund (gain)/ loss	211	67	-1,070	-676	-886	-1,145	-1,145	-1,145	-1,145
Closing Balance	1,248	1,755	359	1,506	2,823	1,809	3,650	8,636	13,845

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

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company
- 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.