

BSE SENSEX
57,990

S&P CNX
17,100

CMP: INR2,790

TP: INR2,620 (-6%)

Neutral



Bloomberg	DIVI IN
Equity Shares (m)	265
M.Cap.(INRb)/(USDb)	740.7 / 9
52-Week Range (INR)	4641 / 2730
1, 6, 12 Rel. Per (%)	3/-19/-37
12M Avg Val (INR M)	1966

Financials & Valuations (INR b)

Y/E MARCH	FY23E	FY24E	FY25E
Sales	75.8	79.1	87.5
EBITDA	23.2	22.8	29.0
Adj. PAT	17.1	17.3	22.5
EBIT Margin (%)	26.1	24.3	29.0
Cons. Adj. EPS (INR)	64.5	65.2	84.9
EPS Gr. (%)	-41.6	1.2	30.1
BV/Sh. (INR)	487.1	532.1	590.7

Ratios

Net D:E	-0.3	-0.3	-0.3
RoE (%)	13.9	12.8	15.1
RoCE (%)	13.9	12.8	15.1
Payout (%)	28.1	31.0	31.0

Valuations

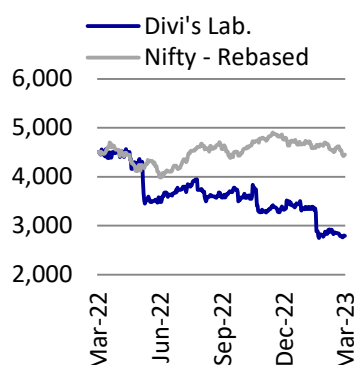
P/E (x)	43.3	42.8	32.9
EV/EBITDA (x)	30.1	30.4	23.8
Div. Yield (%)	0.6	0.6	0.8
FCF Yield (%)	1.7	0.6	0.7
EV/Sales (x)	9.2	8.8	7.9

Shareholding pattern (%)

As On	Dec-22	Sep-22	Dec-21
Promoter	51.9	51.9	52.0
DII	20.7	20.8	17.7
FII	15.2	15.4	19.3
Others	12.2	11.9	11.0

FII Includes depository receipts

Stock performance (one-year)



Work-in-progress for a better outlook

We recently met Divis Laboratories (DIVI) management to understand the business outlook. Below are the key takeaways:

- The cost pressures are easing across major factors, indicating improved profitability going forward.
- The outlook for contrast media segment remains encouraging, given DIVI's capability to have better Iodine recovery and limited investment by formulators to manufacture API.
- The green-field capital expenditure at Kakinada would not only cater to the company's growth requirements from FY25 onwards, but also, would reduce the concentration of DIVI business at Hyderabad/Vizag.
- While the improvement in outlook is encouraging, the valuations remain high, considering the flat earnings growth in FY24 (43x FY24E earnings/33x FY25E earnings). We have a Neutral rating on the stock.

Reducing cost pressure to drive profitability

- DIVI has witnessed reduction in raw material cost in the recent past. Also, it has largely consumed the higher-cost raw material. Further, there has been relaxation in power/fuel and freight cost as well.
- The inventory in the trade channel is returning to normalcy and is expected to lead to gradual recovery in demand (for API products in the base portfolio) at the industry level. This would further enable improvement in operating leverage.
- On an overall basis, easing cost pressures is expected to revive the profitability for DIVI going forward.

DIVI well placed to tap opportunities in contrast media space...

- The global market share of Iodine-based contrast media formulation remains with limited number of companies (~4-5). The formulation industry size is ~USD6-8b and the API industry size is about USD2b, growing at 10-15% per annum.
- The increased impetus toward diagnosis (X-ray/MRI scan) before medical treatment is driving the demand for contrast media products.
- Factors such as a) the lesser intent of formulators for captive API manufacturing, b) sharp rise in Iodine prices, and c) DIVI's capability to have 95%+ Iodine recovery/recycle provide strong boost for business opportunity in this segment. In fact, DIVI's process of high Iodine recovery has helped the company gain certain custom synthesis opportunities as well.
- Management is working on gadolinium-based compounds as well to expand the offerings in contrast media space.

...as well as Peptides space

- The global peptide-based therapeutics industry size is about USD43.5b (CY22) with 6.5% CAGR expected over the next five years.
- Most of the peptides are delivered intravenously or subcutaneously due to degradation and limited absorption in gastro-intestinal tract.

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

Research Analyst-Sumit Gupta (sumit.g@motilaloswal.com) **Akash Manish Dobhada-** (Akash.Dobhada@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.

- With a lot of development work happening to change the delivery mode to oral mode, there is renewed interest in peptide class of drugs. DIVI's strong capability in peptides, provides the company with large opportunities in peptide-based Custom synthesis segment.

Lower levels of impurities puts DIVI ahead of competition in Sartans

- The company's strong backward integration measures and its ability to manufacture sartans with lower impurity levels than peers puts DIVI in a good stead across custom synthesis as well as generics segment.
- DIVI continues to invest in base API portfolio to maintain/improve leadership position.
- While DIVI has shown phenomenal capabilities in small molecule/large volume products, it also has the capability to manufacture small molecule/small volume products as well. For instance, it produces Capecitabine to the tune of ~60T per year. It has small volume multi-stage reactors to cater to such growth opportunities as well.
- Strong backward integration measures till petrochemical levels enable DIVI to minimize manufacturing cost pressures and places it in a better position than its peers.

All-set for starting CAPEX at Kakinada

- With all clearance in place, DIVI is kick-starting its capex at Kakinada. It would start with an investment of INR10b over the next 12M and has scope of investing up to INR30b at Kakinada.
- While INR28b capital expenditure incurred at its existing sites would cater to the company's growth requirements over the next 12-24M, investment at Kakinada would drive growth beyond FY25.
- Given the fungible nature of manufacturing facility, which was used to produce Molnupiravir, DIVI can utilize the site for alternate products as well.

Valuation and view

- We factor 260bp margin expansion over FY23-FY25, led by reducing cost drag, scale-up of custom synthesis business in contrast media/peptide category as well as sartans/other new molecules in API business.
- We expect 15% earnings CAGR over FY23-25, with ~30% YoY growth in FY25. We expect earnings to be flat YoY in FY24, partly due to Molnupiravir-related benefits accrued in 1HFY23 and partly due to gradual improvement in profitability/outlook in the API generics segment.
- We value DIVI at 30x 12M forward earnings to arrive at a price target of INR2,620.
- We have a Neutral rating on the stock.

Exhibit 1: P/E chart

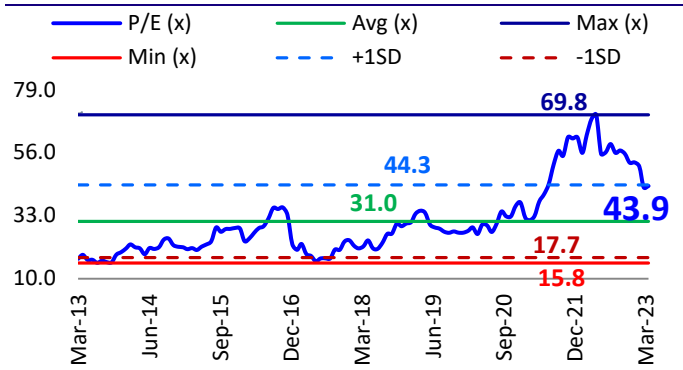


Exhibit 2: EV/EBITDA chart

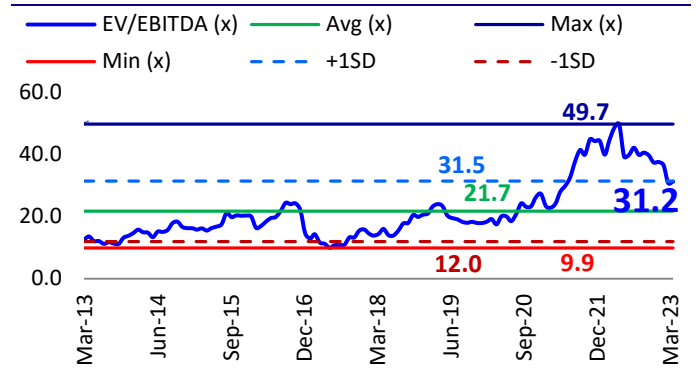


Exhibit 3: Rising power and fuel cost post pandemic on absolute basis

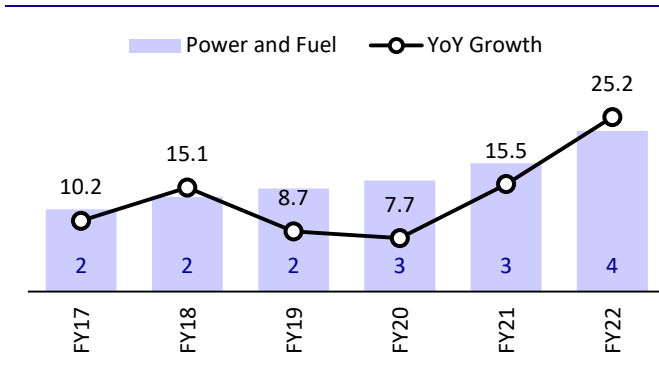


Exhibit 4: Power and fuel cost as a % of sales is constant

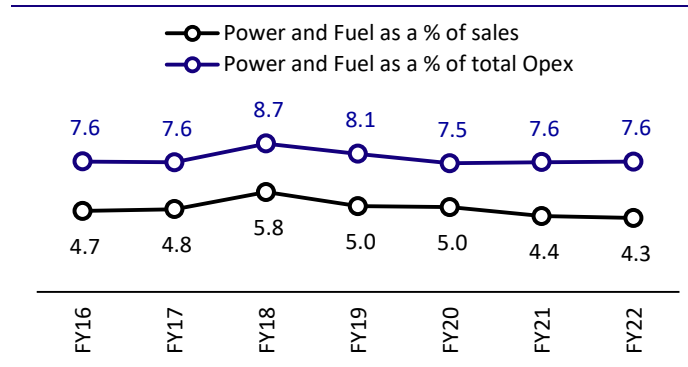


Exhibit 5: Increased carriage outward cost post pandemic

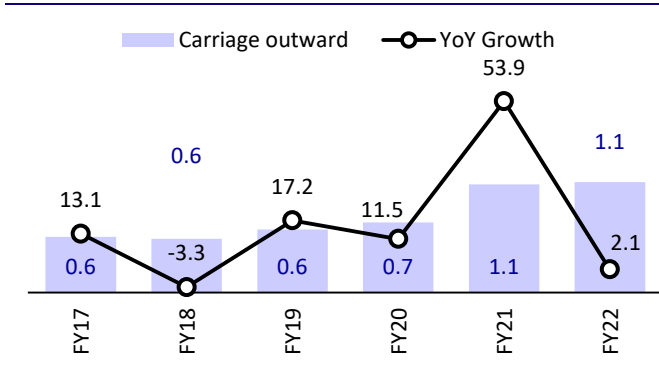


Exhibit 6: Carriage outward cost as a % of sales is stable

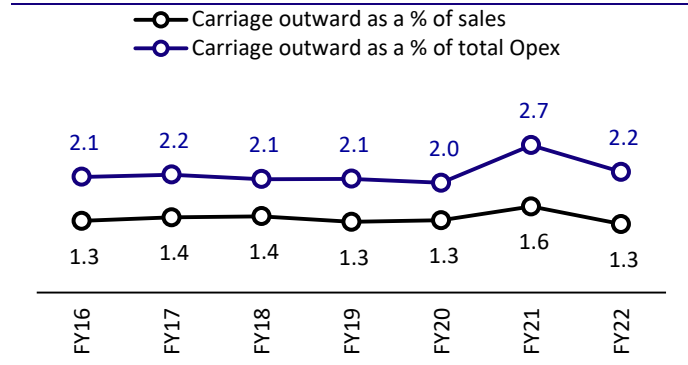


Exhibit 7: Sharp rise in RM cost in 9MFY23...

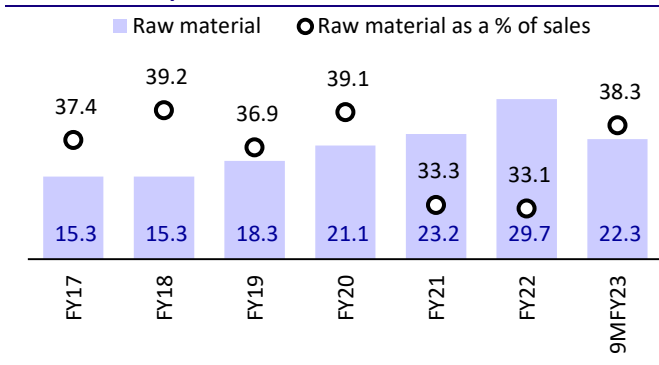
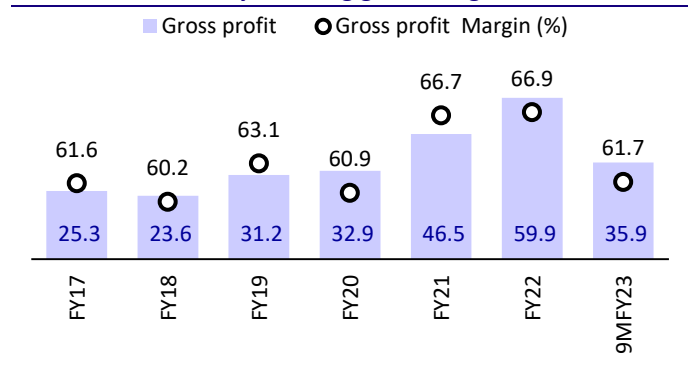


Exhibit 8: ...adversely affecting gross margin



Source: MOFSL, Company

Source: MOFSL, Company

Story in charts

Exhibit 9: Expect sales CAGR of ~7.4% over FY23–25

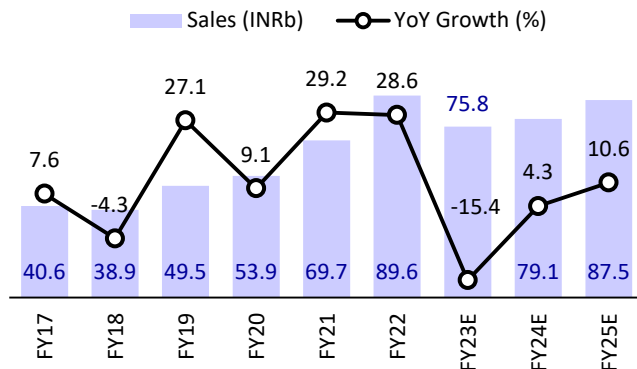


Exhibit 10: Generic API to see ~13.7% CAGR over FY23–25

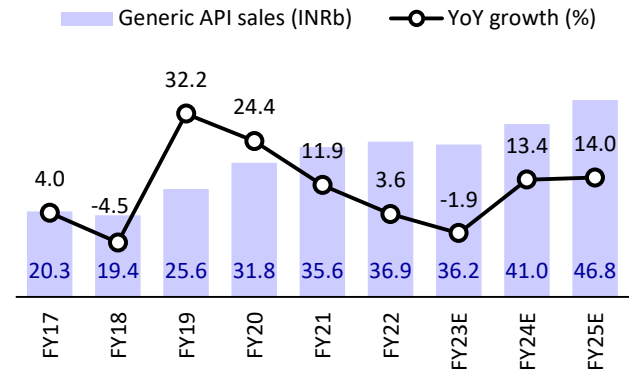


Exhibit 11: CS sales to decline at 1.2% CAGR over FY23–25

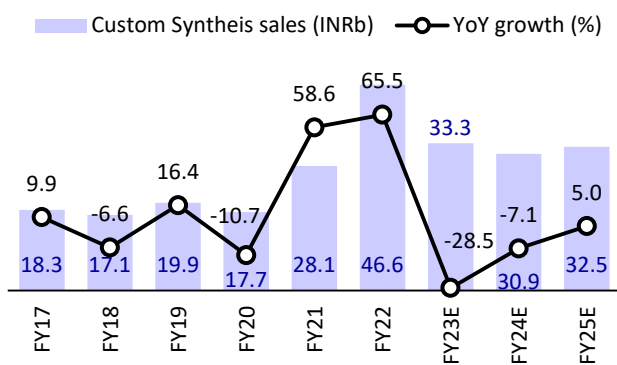


Exhibit 12: EBITDA to register a 11.9% CAGR over FY23–25

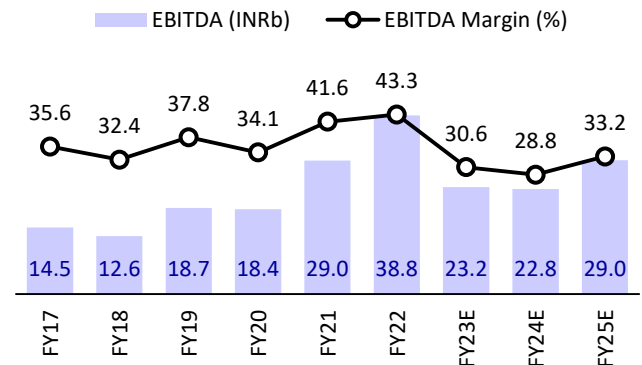
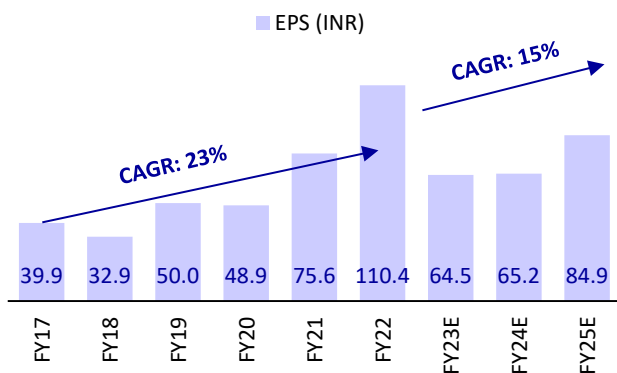
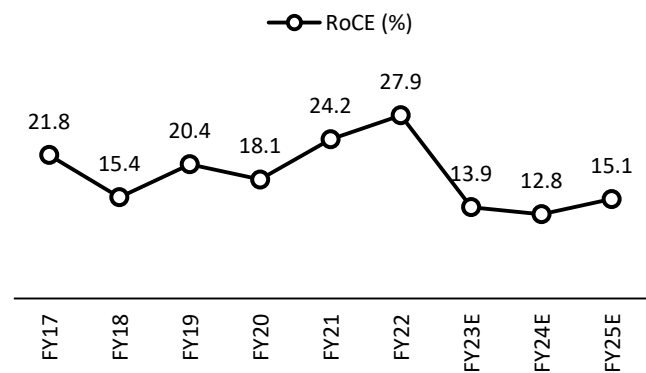


Exhibit 13: EPS to register a 15% CAGR over FY23–25



Source: Company, MOFSL

Exhibit 14: FY25 ROCE to still remain below pre-covid levels



Source: Company, MOFSL

Financials and valuations

Income Statement									(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Total Income from Operations	40,643	38,915	49,463	53,944	69,694	89,598	75,836	79,127	87,492
Change (%)	7.6	-4.3	27.1	9.1	29.2	28.6	-15.4	4.3	10.6
Total Expenditure	26,183	26,298	30,744	35,523	40,711	50,779	52,630	56,338	58,445
% of Sales	64.4	67.6	62.2	65.9	58.4	56.7	69.4	71.2	66.8
EBITDA	14,460	12,617	18,719	18,422	28,983	38,819	23,206	22,789	29,047
Margin (%)	35.6	32.4	37.8	34.1	41.6	43.3	30.6	28.8	33.2
Depreciation	1,233	1,425	1,689	1,862	2,556	3,115	3,431	3,535	3,636
EBIT	13,227	11,192	17,030	16,559	26,427	35,704	19,774	19,254	25,411
Int. and Finance Charges	23	13	35	61	9	8	0	0	0
Other Income	737	1,090	1,220	1,075	626	733	2,161	2,809	3,106
PBT bef. EO Exp.	13,942	12,269	18,215	17,573	27,044	36,429	21,936	22,063	28,517
EO Items	12	44	336	-621	-384	406	1,339	0	0
PBT after EO Exp.	13,953	12,313	18,551	16,952	26,660	36,835	23,275	22,063	28,517
Total Tax	3,349	3,543	5,023	4,429	6,818	7,231	5,120	4,744	5,989
Tax Rate (%)	24.0	28.8	27.1	26.1	25.6	19.6	22.0	21.5	21.0
Reported PAT	10,604	8,770	13,527	12,523	19,843	29,605	18,154	17,319	22,528
Adjusted PAT	10,595	8,739	13,282	12,991	20,062	29,303	17,113	17,319	22,528
Change (%)	-5.7	-17.5	52.0	-2.2	54.4	46.1	-41.6	1.2	30.1
Margin (%)	25.6	21.8	26.2	23.6	28.5	32.4	21.9	21.9	25.7

Balance Sheet									(INR m)
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Equity Share Capital	531	531	531	531	531	531	531	531	531
Total Reserves	53,043	58,717	69,041	72,568	92,415	1,16,751	1,28,764	1,40,715	1,56,261
Net Worth	53,574	59,248	69,572	73,099	92,946	1,17,282	1,29,295	1,41,246	1,56,792
Minority Interest	0	0	0	0	0	0	0	0	0
Total Loans	357	631	1,056	389	4	0	0	0	0
Deferred Tax Liabilities	1,228	1,917	2,188	2,696	3,348	4,069	4,069	4,069	4,069
Capital Employed	55,160	61,796	72,816	76,184	96,298	1,21,351	1,33,364	1,45,316	1,60,862
Gross Block	17,940	23,735	26,339	35,143	46,919	56,246	65,005	75,257	86,357
Less: Accum. Deprn.	2,348	3,773	5,462	7,324	9,880	12,995	16,426	19,961	23,597
Net Fixed Assets	15,592	19,962	20,878	27,819	37,039	43,251	48,579	55,296	62,760
Capital WIP	4,436	1,198	4,919	9,197	7,106	4,699	5,940	6,688	7,088
Total Investments	16,307	18,893	19,456	9,714	0	720	720	720	720
Curr. Assets, Loans&Adv.	25,215	27,796	35,106	38,584	63,563	84,933	90,702	95,358	1,04,897
Inventory	13,199	13,507	17,723	18,639	21,452	28,286	24,513	24,696	28,822
Account Receivables	9,009	10,144	11,634	14,134	16,765	24,239	19,738	19,944	21,334
Cash and Bank Balance	787	1,125	1,153	1,226	21,560	28,189	42,880	46,992	50,621
Loans and Advances	2,220	3,021	4,597	4,586	3,786	4,219	3,571	3,726	4,120
Curr. Liability & Prov.	6,390	6,053	7,543	9,130	11,411	12,251	12,575	12,745	14,601
Account Payables	4,713	4,327	5,320	6,626	7,632	7,957	8,940	8,952	10,408
Other Current Liabilities	1,511	1,540	2,039	2,174	3,501	3,986	3,374	3,520	3,892
Provisions	166	186	185	329	278	309	261	273	301
Net Current Assets	18,825	21,743	27,563	29,455	52,153	72,681	78,127	82,613	90,295
Appl. of Funds	55,160	61,796	72,816	76,184	96,298	1,21,351	1,33,364	1,45,316	1,60,862

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Basic (INR)									
EPS	39.9	32.9	50.0	48.9	75.6	110.4	64.5	65.2	84.9
Cash EPS	44.6	38.3	56.4	56.0	85.2	122.1	77.4	78.6	98.6
BV/Share	201.8	223.2	262.1	275.4	350.1	441.8	487.1	532.1	590.7
DPS	10.0	10.0	10.0	16.0	20.0	29.9	15.9	16.8	21.8
Payout (%)	30.1	36.4	23.7	40.9	32.3	32.3	28.1	31.0	31.0
Valuation (x)									
P/E	69.9	84.7	55.8	57.0	36.9	25.3	43.3	42.8	32.9
Cash P/E	62.6	72.9	49.5	49.9	32.7	22.8	36.0	35.5	28.3
P/BV	13.8	12.5	10.6	10.1	8.0	6.3	5.7	5.2	4.7
EV/Sales	18.2	19.0	15.0	13.7	10.3	8.0	9.2	8.8	7.9
EV/EBITDA	51.2	58.7	39.6	40.2	24.8	18.4	30.1	30.4	23.8
Dividend Yield (%)	0.4	0.4	0.4	0.6	0.7	1.1	0.6	0.6	0.8
FCF per share	29.1	18.9	8.3	1.2	39.1	45.2	70.3	25.1	28.3
Return Ratios (%)									
RoE	22.0	15.5	20.6	18.2	24.2	27.9	13.9	12.8	15.1
RoCE	21.8	15.4	20.4	18.1	24.2	27.9	13.9	12.8	15.1
RoIC	30.3	21.5	28.3	23.7	31.8	36.9	18.0	17.3	20.8
Working Capital Ratios									
Asset Turnover (x)	0.7	0.6	0.7	0.7	0.7	0.7	0.6	0.5	0.5
Inventory (Days)	119	127	131	123	112	115	118	114	120
Debtor (Days)	81	95	86	96	88	99	95	92	89
Creditor (Days)	42	41	39	45	40	32	43	41	43
Leverage Ratio (x)									
Net Debt/Equity	-0.3	-0.3	-0.3	-0.1	-0.2	-0.25	-0.3	-0.3	-0.3

Cash Flow Statement

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
(INR m)									
OP/(Loss) before Tax	13,953	12,313	18,551	16,952	26,660	36,835	23,275	22,063	28,517
Depreciation	1,233	1,425	1,689	1,862	2,556	3,115	3,431	3,535	3,636
Interest & Finance Charges	-32	-30	-40	-6	-564	4	-2,161	-2,809	-3,106
Direct Taxes Paid	-3,017	-2,686	-4,844	-4,452	-6,443	-6,410	-5,120	-4,744	-5,989
(Inc)/Dec in WC	-371	-2,191	-4,998	-2,183	-2,641	-13,705	9,245	-374	-4,053
CF from Operations	11,766	8,831	10,357	12,174	19,569	19,840	28,670	17,671	19,006
Others	-262	-1,073	-814	-14	-100	-722	0	0	0
CF from Operating incl EO	11,504	7,759	9,543	12,160	19,469	19,118	28,670	17,671	19,006
(Inc)/Dec in FA	-3,767	-2,738	-7,331	-11,829	-9,101	-7,132	-10,000	-11,000	-11,500
Free Cash Flow	7,737	5,021	2,213	331	10,368	11,986	18,670	6,671	7,506
(Pur)/Sale of Investments	-8,289	-2,559	-291	10,336	9,740	-15,990	0	0	0
Others	659	513	767	658	112	1,173	2,161	2,809	3,106
CF from Investments	-11,396	-4,784	-6,854	-835	751	-21,949	-7,839	-8,191	-8,394
Issue of Shares	0	0	0	0	0	0	0	0	0
Inc/(Dec) in Debt	0	0	776	-612	-333	-4	0	0	0
Interest Paid	-23	-13	-35	-61	-9	-4	0	0	0
Dividend Paid	0	-3,192	-3,200	-10,241	0	-5,309	-5,097	-5,368	-6,983
Others	46	64	0	0	-7	13,992	-1,043	0	0
CF from Fin. Activity	24	-3,142	-2,459	-10,914	-349	8,676	-6,140	-5,368	-6,983
Inc/Dec of Cash	132	-167	230	411	19,871	5,844	14,691	4,112	3,630
Opening Balance	734	787	1,124	1,153	1,227	21,560	28,189	42,880	46,992
Closing Balance	866	620	1,354	1,564	21,097	27,405	42,880	46,992	50,621
Forex and other adjustments	-79	504	-201	-337	463	784	0	0	0
Total Cash & Cash Eq	787	1,124	1,153	1,227	21,560	28,189	42,880	46,992	50,621

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 be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services 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 at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- 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.
- 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.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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 alterations 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.: 022-3980

4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products. Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp grievances@motilaloswal.com.