28 April 2023

Update | Sector: Consumer

Godrej Consumer Products

BSE SENSEX	S&P CNX
61,112	18,065

Bloomberg	GCPL IN
Equity Shares (m)	1022
M.Cap.(INRb)/(USDb)	926.8 / 11.3
52-Week Range (INR)	994 / 709
1, 6, 12 Rel. Per (%)	-12/8/8
12M Avg Val (INR M)	1091
Free float (%)	36.8

Valuation snapshot

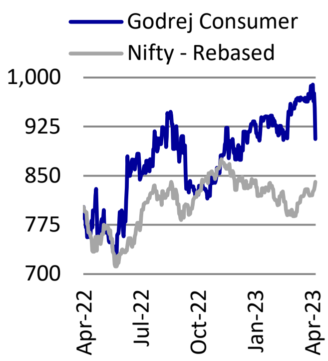
Y/E March	2023E	2024E	2025E
Sales	132.9	155.8	176.2
Sales Gr. (%)	8.2	17.2	13.1
EBITDA	25.0	31.7	38.8
EBITDA mrg. (%)	18.8	20.4	22.0
Adj. PAT	16.7	22.3	27.4
Adj. EPS (INR)	16.3	21.8	26.7
EPS Gr. (%)	-7.1	33.6	22.9
BV/Sh.(INR)	121.3	133.1	144.8
Ratios			
RoE (%)	13.9	17.1	19.3
RoCE (%)	14.9	17.1	18.9
Payout (%)	49.1	45.9	56.1
Valuations			
P/E (x)	55.6	41.6	33.9
P/BV (x)	7.5	6.8	6.3
EV/EBITDA (x)	36.8	28.7	23.2
Div. Yield (%)	0.9	1.1	1.7

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	63.2	63.2	63.2
DII	7.1	6.7	5.9
FII	23.7	24.0	24.2
Others	5.9	6.0	6.7

FII Includes depository receipts

Stock's performance (one-year)



CMP: INR906 **TP: INR1,050 (+16%)** **Buy**

GCPL forays into Deodorants and Sexual wellness category

GCPL acquires the FMCG business of Raymond Consumer Care Ltd

About the deal:

- **Brief about the company:** Established in 1969, RCCL specializes in the production and distribution of personal care and hygiene products. The company, based in Thane, Maharashtra, India, is primarily engaged in the manufacturing and marketing of personal care and grooming products, including deodorants, perfumes, and shaving products, under various brand names such as Park Avenue, KamaSutra. RCCL holds a dominant position as a leader in the Indian markets for deodorants and condoms, and also maintains a strong competitive presence in several other product categories. With a reach spanning over 6.5 lac point of sales in India, RCCL's growth trajectory continues to rise steadily.
- **Consideration to be paid**: INR28.25b
- **Period**: Acquisition expected to be completed by 10 May'23.
- **Turnover in the last three years**: INR62.2m/INR52.2m/INR41.1m in FY23/FY22/FY21.
- The FMCG business of RCCL was acquired for a total consideration of INR28.25b. RCCL's business has demonstrated an impressive CAGR of 23% over FY21-23 with FY23 sales at INR6.22b. This suggests a valuation of **4.5x RCCL's FY23 sales**.
- However, the management highlighted that it would also be acquiring INR1b cash and would get INR4b tax break due to the acquisition, hence, the effective cost of acquisition would amount to INR23.25b, implying valuation of **3.7x FY23 sales**.

Management conference call highlights

- The total addressable market of deodorants and sexual wellness category is ~INR50b and ~INR12b, respectively. Park Avenue is number 2 brand in deodorants category in India and Kama Sutra is number 3.
- Despite new entrants in the category, Park Avenue has held its market share steady at ~18-19% over the past few years.
- Deodorants and sexual wellness category is currently underpenetrated, meaning that there is significant scope for growth. Through market development activities, GCPL would increase penetration and drive growth within the category.
- GCPL would focus on rationalizing non-core and low margin SKUs and reduce the MRP to NSP leakage.
- The deal would be EPS dilutive in FY24 and neutral in FY25.

Valuation and view

- We have incorporated RCCL financials in our estimates. Changes to the model have resulted in a ~3% decrease in EPS estimates for FY24 and no material change for FY25.
- The acquisition would provide GCPL entry into newer categories (deodorants and sexual wellness); however, we need to keep a close track on the efforts taken by management to increase the market penetration and drive growth in these categories.
- We reiterate our BUY rating with a **TP of INR1,050** (based on SoTP valuation: 50x domestic business, 20x Indonesia business, 15x GAUM, other business and RCCL).

Aditya Kasat – Research analyst (Aditya.Kasat@MotilalOswal.com)

CONFERENCE CALL

Concall takeaways

RCCL Business:

- Sales mix: 60% deodorants, 20% condoms, 20% others.
- Deodorants have a higher gross margin compared to sexual wellness category.
- 75% of the Indian deodorants market is Men's Deodorants.
- Despite new entrants in the category, Park Avenue is a strong brand in deodorants and has held its market share at ~18-19% over the past few years. This shows stickiness of customers towards the Park Avenue brand. The market size for deodorants is ~INR50b. The top five brands hold 60-65% of the market share.
- Deodorants as a category is underpenetrated (~20% in urban markets). This is due to the fact that deodorants, in India, deodorants are often viewed as a luxury item rather than a necessity as compared to other countries. GCPL aims to address this by engaging in category development activities and changing the consumer mindset regarding the importance of deodorants as a daily necessity.
- 'Good Morning' and 'Voyage' are two Park Avenue deodorant brands, which account for 75% of the total deodorant business and has a huge customer loyalty.
- Park Avenue is number 2 in men's deodorant urban market.
- Average MRP of a deodorant bottle is around INR200-220, whereas the NSP is ~INR120-130. GCPL aims to narrow down this this gap.
- Sexual wellness business – 2/3rd of the market is non-commercial, 25% is mass commercial (less than INR10), and the rest is premium commercial (INR10 and above). TAM is ~INR12b.
- GCPL would be focusing on premiumization of its products in the sexual wellness category.
- ~3.2b condoms are being sold in India.
- RCCL is the number 3 player in the sexual wellness category

Cost and synergies

- Gross margin is in-line with GCPL gross margins.
- Advertisements and publicity expenses are in low-mid single digit and is the lowest among the top five players. GCPL plans to increase its A&P spends.
- Employee costs and other expenses are in late 30s percentage-wise, which is significantly higher than GCPL's current rate of around 18%. GCPL aims to improve efficiency in these areas and reduce costs accordingly.
- EBITDA margin is in high single digits and is expected to remain in the same range in FY24. FY25 onwards, GCPL expects the margin to rise to mid-twenties.
- The deal would be EPS dilutive in FY24 and neutral in FY25.
- Cash tax outflow will be lower for the next four to five years. This is because of depreciation allowed on brands in the tax books. The total tax break would be ~INR400crs.
- GCPL would leverage the chemist distribution channel of RCCL.
- GCPL would now be in a better negotiation position for aerosols and palm oil derivatives.
- GCPL would focus on rationalizing non-core and low margin SKUs.
- The company would also focus on reducing the MRP to NSP leakage.

Valuation and other points regarding the deal:

- The acquisition of RCCL's FMCG business is an all-cash deal, with a purchase price of INR28.25b.
- However, as part of the acquisition, GCPL will receive INR 1b in cash and a tax break of INR4b. Hence, the effective cost of acquisition would reduce to INR23.25b.
- RCCL's revenue for FY23 stood at INR6.22b, hence, the implied EV/Sales turns out to be 3.75x.
- Condoms manufacturing facility is not a part of the deal and RCCL would manufacture it for GCPL on contract manufacturing basis.
- There is no royalty arrangement framework for Park Avenue brand (FMCG would be with GCPL and lifestyle with RCL).

Acquisition thesis:

- Deodorants and sexual wellness category is currently underpenetrated, meaning that there is significant scope for growth. Through market development activities, GCPL increase penetration and drive growth within the category.
- Per capita consumption of deodorants in India is lower than other emerging countries, resulting in a huge consumption gap.
- Consumers have a good mind share of Park Avenue/Kamasutra brand in deodorant category.
- The condom market is premiumizing at a rapid rate and Kama Sutra lies in the lower range of the premium segment.
- Management believes that RCCL has strong but underleveraged brands.

Other point:

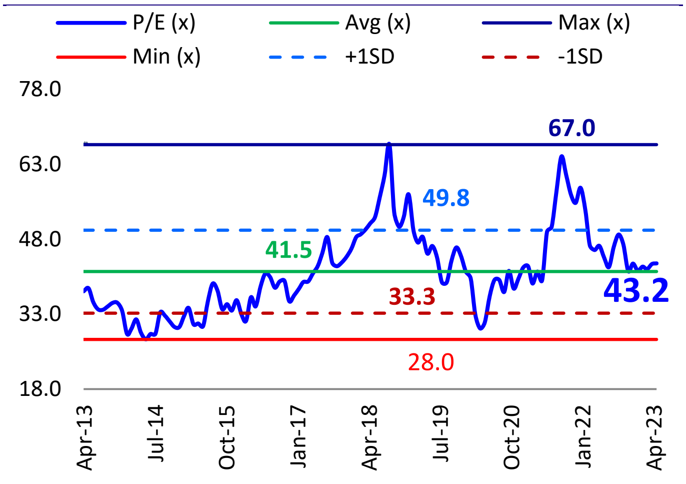
- GCPL would like to increase its TAM because of its capability to serve the market. It would continue evaluating opportunities both organically and inorganically. GCPL is interested in pursuing underpenetrated/disruptive categories for growth opportunities. However, the company generally avoids categories that are penetrated less than 5%.

Exhibit 1: There are no material changes to our model

INR b	Old			New			Change (%)		
	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E	FY23E	FY24E	FY25E
Sales	132.9	150.3	169.4	132.9	155.8	176.2	0.0	3.7	4.0
EBITDA	25.0	31.6	38.2	25.0	31.7	38.8	0.0	0.6	1.6
PAT	16.7	23.0	27.4	16.7	22.3	27.4	0.0	-3.2	-0.3

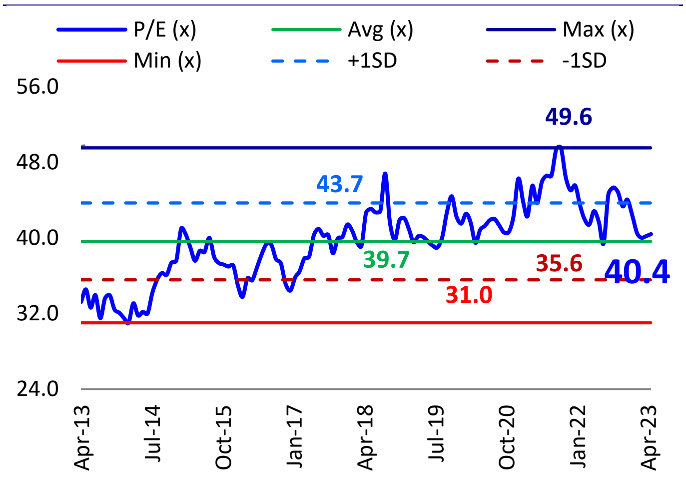
Source: MOFSL

Exhibit 2: P/E ratio (x) for GCPL



Source: Company, MOFSL

Exhibit 3: P/E ratio (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Income Statement								(INR b)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Net Sales	**98.5**	**103.1**	**99.1**	**110.3**	**122.8**	**132.9**	**155.8**	**176.2**
Change (%)	6.3	4.7	-3.9	11.3	11.3	8.2	17.2	13.1
Gross Profit	**55.7**	**58.1**	**56.5**	**61.0**	**62.0**	**65.7**	**84.2**	**97.0**
Margin (%)	56.6	56.3	57.0	55.3	50.5	49.4	54.1	55.0
Total Expenditure	77.8	81.5	77.7	86.4	98.8	107.9	124.1	137.4
EBITDA	**20.7**	**21.7**	**21.4**	**23.9**	**24.0**	**25.0**	**31.7**	**38.8**
Change (%)	8.9	4.9	-1.2	11.4	0.3	4.4	26.9	22.4
Margin (%)	21.0	21.0	21.6	21.7	19.5	18.8	20.4	22.0
Depreciation	1.6	1.7	2.0	2.0	2.1	2.3	2.5	2.7
Int. and Fin. Charges	1.6	2.2	2.2	1.3	1.1	1.7	2.0	1.6
Interest Income	0.7	0.9	0.8	0.4	0.6	1.1	1.0	1.2
Other Income-rec.	0.4	0.2	0.4	0.3	0.3	0.5	0.6	0.6
PBT	**18.6**	**18.8**	**18.4**	**21.2**	**21.6**	**21.4**	**28.8**	**36.5**
Change (%)	10.2	1.4	-2.3	15.4	1.9	-1.3	35.0	26.5
Margin (%)	18.9	18.3	18.6	19.3	17.6	16.1	18.5	20.7
Total tax	4.0	3.9	3.9	3.6	3.7	4.7	6.6	9.1
Tax Rate (%)	21.8	20.9	21.4	16.9	17.2	22.0	22.8	25.0
PAT	**14.5**	**14.9**	**14.5**	**17.7**	**17.9**	**16.7**	**22.3**	**27.4**
Change (%)	11.2	2.5	-2.9	22.0	1.6	-7.1	33.6	22.9
Margin (%)	14.8	14.4	14.6	16.0	14.6	12.5	14.3	15.5
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Group Adjusted PAT	**14.4**	**14.9**	**14.5**	**17.7**	**17.9**	**16.7**	**22.3**	**27.4**
Non-rec. (Exp.)/Income	1.8	8.5	0.5	-0.4	-0.1	0.0	0.0	0.0
Reported PAT	**16.3**	**23.4**	**15.0**	**17.2**	**17.8**	**16.7**	**22.3**	**27.4**

Balance Sheet								(INR b)
Y/E March	**2018**	**2019**	**2020**	**2021**	**2022**	**2023E**	**2024E**	**2025E**
Share Capital	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Reserves	61.9	71.6	78.0	93.4	114.5	123.0	135.0	147.1
Minority Int	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Networth	**62.6**	**72.7**	**79.0**	**94.4**	**115.6**	**124.0**	**136.1**	**148.1**
Loans	35.1	33.8	35.2	7.6	17.0	11.9	19.9	11.9
Deferred Liability	1.9	-4.7	-5.7	-6.4	-6.8	-6.8	-6.8	-6.8
Capital Employed	**99.6**	**101.8**	**108.5**	**95.6**	**125.8**	**129.2**	**149.1**	**153.2**
Gross Block	39.6	42.1	45.2	46.3	49.4	52.9	56.4	59.6
Less: Accum. Depn.	3.6	4.6	6.3	8.6	11.0	13.2	15.7	18.4
Net Fixed Assets	**36.0**	**37.5**	**38.9**	**37.7**	**38.4**	**39.7**	**40.6**	**41.2**
Capital WIP	0.8	0.5	0.6	0.6	1.2	1.2	1.2	1.2
Goodwill	47.2	49.2	53.4	51.3	53.8	53.8	53.8	53.8
Non Curr Investments	1.4	0.3	0.3	0.2	1.7	1.5	29.6	28.2
Current Investments	8.6	4.8	6.4	6.6	8.4	9.3	10.2	11.2
Currents Assets	**44.7**	**43.8**	**43.5**	**39.6**	**50.5**	**56.1**	**50.8**	**59.0**
Inventory	15.8	15.6	17.0	17.2	21.3	20.0	22.6	27.5
Account Receivables	12.5	12.9	11.6	10.0	11.2	12.0	14.1	15.9
Cash and Bank Balance	9.6	8.9	7.7	6.7	11.1	17.1	7.0	8.4
Loans and Advances	6.8	6.3	7.1	5.6	6.8	6.8	6.8	6.8
Other Current Assets	0.1	0.1	0.1	0.1	0.1	0.2	0.2	0.2
Curr. Liab. & Prov.	**39.0**	**34.4**	**34.6**	**40.5**	**28.2**	**32.3**	**37.1**	**41.3**
Account Payables	23.5	25.4	24.8	21.6	21.6	25.5	29.9	33.8
Other Liabilities	15.3	8.7	9.3	18.3	6.4	6.6	7.0	7.3
Net Current Assets	**5.6**	**9.4**	**8.9**	**-0.8**	**22.3**	**23.8**	**13.7**	**17.6**
Net Assets	**99.6**	**101.8**	**108.5**	**95.6**	**125.8**	**129.2**	**149.1**	**153.2**

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
Basic (INR)								
EPS	**14.1**	**14.6**	**14.2**	**17.3**	**17.5**	**16.3**	**21.8**	**26.7**
Cash EPS	23.4	16.2	16.1	19.3	19.6	18.5	24.2	29.3
BV/Share	91.9	71.1	77.3	92.3	113.0	121.3	133.1	144.8
DPS	9.0	12.0	8.0	0.0	0.0	8.0	10.0	15.0
Payout (%)	64.0	82.3	56.5	0.0	0.0	49.1	45.9	56.1
Valuation (x)								
P/E	64.4	62.2	64.0	52.5	51.7	55.6	41.6	33.9
Cash P/E	38.7	55.8	56.3	47.1	46.3	49.0	37.4	30.9
EV/Sales	6.5	9.2	9.6	8.4	7.6	6.9	5.8	5.1
EV/EBITDA	31.0	43.8	44.5	38.8	38.9	36.8	28.7	23.2
P/BV	9.9	12.7	11.7	9.8	8.0	7.5	6.8	6.3
Dividend Yield	1.0	1.3	0.9	0.0	0.0	0.9	1.1	1.7
Return Ratios (%)								
RoE	24.9	22.0	19.1	20.4	17.1	13.9	17.1	19.3
RoCE (Post-tax)	16.2	16.6	15.4	18.3	17.0	14.9	17.1	18.9
RoIC	19.3	19.0	16.9	20.7	19.6	17.4	22.4	26.4
Working Capital Ratios								
Debtor (Days)	46	46	43	33	33	33	33	33
Asset Turnover (x)	2.7	2.7	2.5	2.9	3.1	3.3	3.7	4.2
Leverage Ratio								
Debt/Equity (x)	0.6	0.5	0.4	0.1	0.1	0.1	0.1	0.1

Cash Flow Statement (INR b)

Y/E March	2018	2019	2020	2021	2022	2023E	2024E	2025E
OP/(Loss) before Tax	20.5	20.4	20.6	23.8	23.8	24.4	30.8	38.5
Net interest	0.9	1.4	1.4	0.9	0.5	0.6	1.0	0.3
Direct Taxes Paid	-4.1	-4.5	-3.6	-4.0	-4.5	-4.7	-6.6	-9.1
(Inc)/Dec in WC	-0.2	0.0	-2.6	-0.5	-5.4	4.5	0.0	-2.5
CF from Operations	**17.2**	**17.3**	**15.9**	**20.3**	**14.5**	**24.8**	**25.2**	**27.2**
Inc in FA	-3.1	-2.1	-1.5	-1.6	-2.8	-3.5	-3.5	-3.3
Free Cash Flow	**14.1**	**15.2**	**14.4**	**18.7**	**11.7**	**21.3**	**21.7**	**23.9**
Pur of Investments	0.4	2.9	-2.6	-0.1	-5.5	-0.7	-29.0	0.5
Others	-0.2	1.6	0.0	-1.3	1.9	0.4	1.6	1.9
CF from Investments	**-2.9**	**2.4**	**-4.2**	**-3.1**	**-6.4**	**-3.8**	**-30.9**	**-0.9**
Inc in Debt	0.0	0.0	-1.3	-16.2	-2.2	-5.1	7.9	-7.9
Dividend Paid	-6.1	-12.3	-8.2	0.0	0.0	-8.2	-10.2	-15.3
Interest Paid	-1.6	-2.1	-1.5	-1.6	-1.1	-1.7	-2.0	-1.6
Other Item	-6.1	-6.0	-2.0	-0.4	-0.5	0.0	0.0	0.0
CF from Fin. Activity	**-13.8**	**-20.4**	**-13.0**	**-18.2**	**-3.8**	**-15.0**	**-4.3**	**-24.8**
Inc/Dec of Cash	**0.5**	**-0.7**	**-1.2**	**-1.0**	**4.4**	**6.0**	**-10.1**	**1.4**
Add: Beginning Balance	9.1	9.6	8.9	7.7	6.7	11.1	17.1	7.0
Closing Balance	**9.6**	**8.9**	**7.7**	**6.7**	**11.1**	**17.1**	**7.0**	**8.4**

E: MOFSL Estimates

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 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.
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.
Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; 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.
Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; 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 dpgrievances@motilaloswal.com.