

Ajanta Pharma

BSE SENSEX
39,746

S&P CNX
11,633



Stock Info

Bloomberg	AJP IN
Equity Shares (m)	88
M.Cap.(INRb)/(USDb)	122.1 / 1.7
52-Week Range (INR)	1485 / 840
1, 6, 12 Rel. Per (%)	23/31/30
12M Avg Val (INR M)	256
Free float (%)	29.5

Financials Snapshot (INR b)

Y/E MARCH	2020E	2021E	2022E
Sales	25.4	28.4	31.7
EBITDA	6.9	7.8	8.8
Adj. PAT	4.6	5.4	6.1
EBIT Margin (%)	23.5	23.9	24.4
Cons. Adj. EPS (INR)	51.5	60.7	69.5
EPS Gr. (%)	15.8	18.1	14.4
BV/Sh. (INR)	296.8	345.7	398.0

Ratios

Net D:E	0.0	-0.1	-0.1
RoE (%)	18.7	18.9	18.7
RoCE (%)	19.0	19.2	18.9
Payout (%)	16.3	19.5	24.7

Valuations

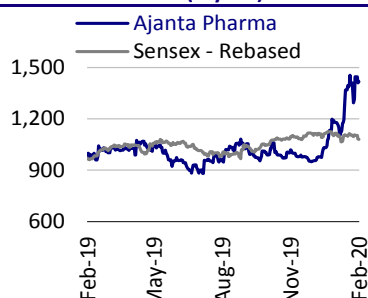
P/E (x)	27.2	23.1	20.2
EV/EBITDA (x)	17.9	15.6	13.6
Div. Yield (%)	0.6	0.8	1.2
FCF Yield (%)	-0.3	1.7	2.5
EV/Sales (x)	4.9	4.3	3.8

Shareholding pattern (%)

As On	Dec-19	Sep-19	Dec-18
Promoter	70.5	70.5	70.5
DII	12.3	12.5	9.6
FII	7.9	7.7	10.1
Others	9.3	9.4	9.8

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR1400 TP: INR1,655(+18%)

Buy

Revitalizing growth

US/branded generics to drive earnings delta

We recently met management of Ajanta Pharma (AJP) to understand the growth prospects in greater detail for its key markets of India, Asia, Africa and the US. Key takeaways:

- Earnings have been under pressure for the past two years (down 16% YoY) on account of (a) reduced Institutional Anti-malaria business, (b) moderate growth in Domestic Formulation (DF), (c) inventory rationalization in Africa and (d) increased operating cost associated with commissioning of new facilities.
- With (a) healthy momentum in US sales, (b) renewed focus on delivering results in the derma portfolio in DF, (c) domestic industry outperformance in cardiology/pain and (d) favorable macro scenario for branded Africa/Asia segment, we expect 16% earnings CAGR over FY19-22. Further, we also raise the P/E multiple to 22x (prior: 21x) to factor in superior profitability/return ratios and arrive at a target price of INR1,655. We reiterate our Buy rating.

Earnings back on track after bottoming out in FY19

After delivering phenomenal earnings CAGR of 44% and RoE of 35-40% over FY12-17, AJP appeared to lose momentum over FY17-19 with sales remaining flat and earnings declining from INR5b to INR4b. DF faced pressure from GST/demonetization/increased share of generic-generic segment and product-specific issues, while Institutional Anti-malaria business was hurt by reduced procurement from the global fund. Moreover, a sharp fall in crude oil prices impacted its branded generics segment of Asia/Africa, while supply side consolidation and intense competition on the manufacturer side affected growth in the US market to some extent.

Favorable macro scenario, superior execution to drive earnings

AJP remains confident of growing faster than industry in India. With stability in industry cash cycle, AJP has enhanced its business scope in the branded markets of Asia and Africa. For branded generics business (67% of sales), AJP has guided for 9-11% YoY growth for the next three years. With 7-8 annual ANDA launches and increased traction in existing products, AJP has guided for 30% CAGR over FY19-22.

Valuation and view

We remain positive on AJP given the improving prospects of a revival in its earnings growth. Furthermore, capex is nearly complete and benefits are likely to accrue from end-FY20. We value AJP at 22x 12M forward earnings (superior profitability and return ratios) and arrive at a price target of INR1,655. Re-iterate **Buy**.

Tushar Manudhane – Research analyst (Tushar.Manudhane@MotilalOswal.com); +91 22 6129 1536

Hitakshi Chandrani – Research analyst (Hitakshi.chandrani@motilalosal.com); +91 22 6129 1557

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

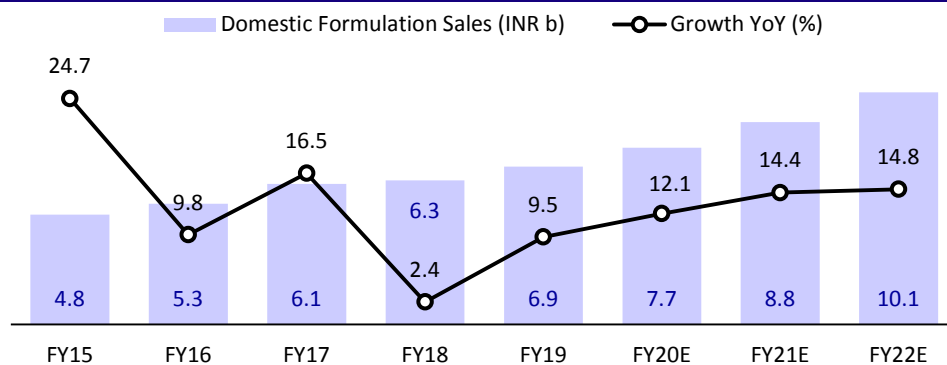
Motilal Oswal research is available on www.motilalosal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Key highlights of the meeting

India – Derma/Cardiology/Pain to drive growth

- AJP expects growth in DF sales to be led by Dermatology, Pain and Cardiology.
- Covered market growth in Dermatology for the past five years was 16%, while AJP grew at 8% due to a high base of Melacare range of products and higher attrition in MRs. Going forward, covered market growth is expected to be 9-10%. Compared to its subdued growth in the past, AJP expects to do better (11-12%) as (a) MR team being stabilized for this segment, (b) renewed interest in Melacare range of products and (c) new launches lined up in this segment.
- Considering covered market growth expectation at 7-8%, AJP intends to do better than industry at 10-11% in Cardiology.
- On a low base, new launches and better traction in existing products, AJP is confident to grow at 15-18% compared to covered market growth of 12-13% in Pain segment.
- With a market share of 10% in Ophthalmology and a market size of INR25b (as per AIOCD), there is limited scope to grow in this category. AJP intends to grow in line with industry at 7-8%.
- AJP would be maintaining its MR strength at ~3,000.
- The company also mentioned about a considerable increase in fees associated with approval for product from DCGI (Drug Controller General of India). Further, the scrutiny level has also increased, resulting in longer time for product approval.
- That said, AJP intends to launch 15-20 products with 7-8 being first to market.
- The company also is making inroads in the generic-generic segment. This segment partly led to 57% YoY growth in institutional sales to INR410m for FY19. AJP had sales of INR470m from generic-generic segment in 9MFY20. EBITDA margin remained the same as that of the branded formulation segment as there is no MR-led cost for driving this business.
- Channel holdings days were stable at 28-30.
- With increased capacity utilization at Dahej and Guwahati (which are primary for the India market), operating leverage would drive a further improvement in profitability of the DF segment.

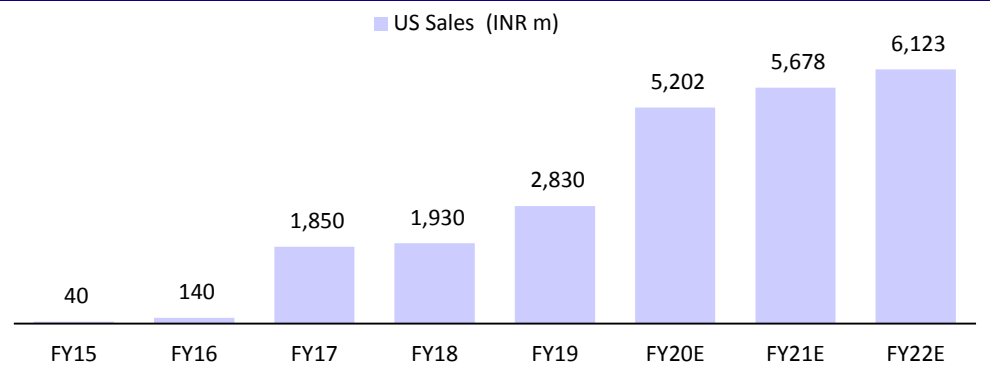
Exhibit 1: Expect India business CAGR of 13.7% over FY19-22



Source: MOFSL, Company

US – healthy product pipeline to support strong growth over 1-2 years

- AJP guided for 30% CAGR in the US business over the next 2-3 years on the back of new launches and increased market share in existing products.
- With its own front-end in place, strong focus on product quality and consistency in supply has given good recognition among major distributors in the US.
- FY19 sales of USD40m from commercialization of 25 products imply average per product revenue to the tune of USD1.5m. Further, the three approved ANDAs are yet to be commercialized.
- AJP has 7-8 ANDA launches over the next 12 months.
- The company has majority of base business from Paithan and considerable number of pending approvals from Dahej.
- Till date, it has successful compliance track record at both the facilities. Paithan was last inspected in July'19 and Dahej in Jun'19. EIR (establishment inspection report) were received for both the facilities in Aug'19. Post that, there has been approval from both the facilities, implying minimal regulatory risk over the medium term.

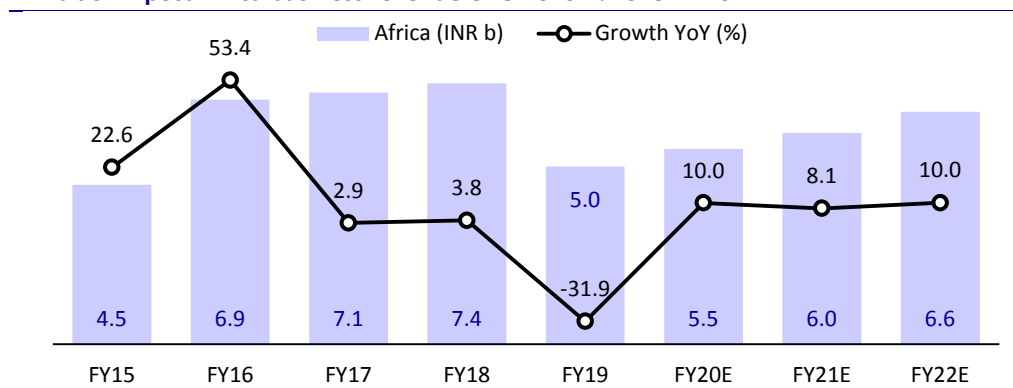
Exhibit 2: Expect US business revenue CAGR of 29.3% over FY19-22

Source: MOFSL, Company

Branded generics (Asia & Africa) – hurdles now behind; readying for growth

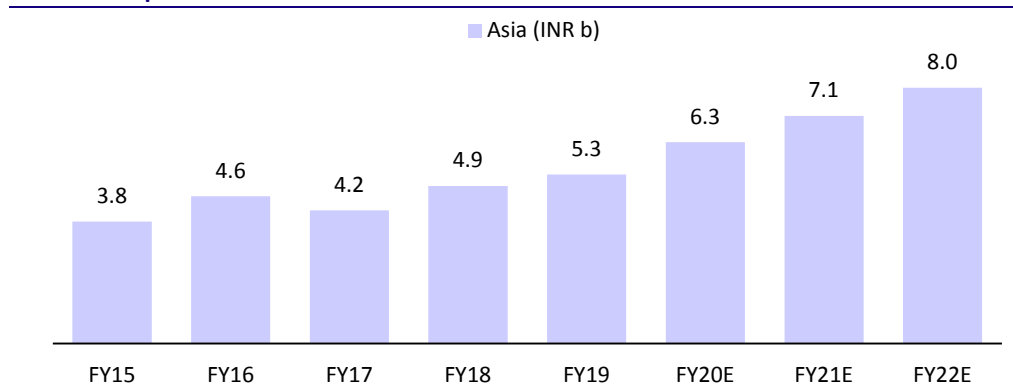
- Africa branded generics segment was impacted by rationalization of pipeline as crude debacle had led to squeezing of payment by customers in that region. As a result, AJP has lowered its exposure to this region. This was the major cause of decreased business in west/east Africa, which forms about 75%/25% of Africa branded generic segment.
- Similarly, AJP had reduced its business in east, west and central Asia, which formed ~42/45/13% of Asia sales. With an improvement in market dynamics, AJP has started focusing on south-east Asia, followed by west Asia. Central Asia remains low focus area due to ongoing currency headwinds.
- Thus, with a favorable business scenario re-emerging in those markets, AJP intends to get aggressive in these markets.
- Covered market growth in Africa and Asia is expected to be 4-5% and 7-8%, respectively, over next one year.
- AJP intends to launch about 25-30 products with 40-45% to be first to market over the next one year. Further increased traction in existing products would facilitate better-than-industry growth for AJP in these markets.
- The company would maintain its field force strength in both Asia/Africa branded generics market.

Exhibit 3: Expect Africa business revenue CAGR of 9.4% over FY19-22



Source: MOFSL, Company

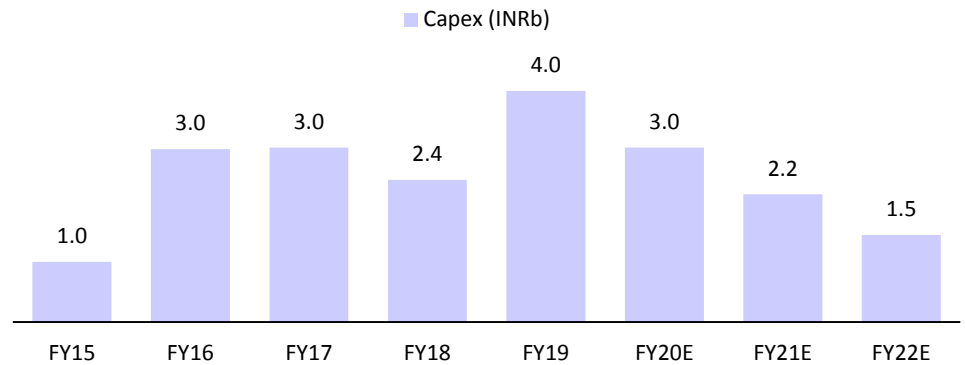
Exhibit 4: Expect Asia business revenue CAGR of 14.8% over FY19-22



Source: MOFSL, Company

Other highlights

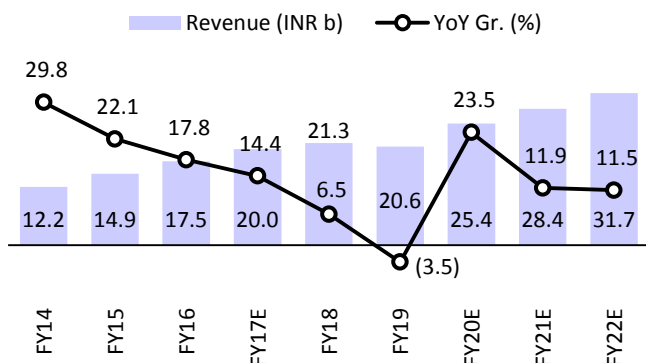
- AJP would be incurring capex of INR1.5-2b in FY21, which would be largely toward Guwahati (INR250-350m) and maintenance capex of INR1-1.25b. Capex thereafter (INR1b for FY22) would be mainly incurred toward maintenance.
- With capex largely done, the aim would be to improve asset utilization and thus operating leverage.
- Opex associated with third/fourth phase of Guwahati and Pithampur would kick in from FY21. Accordingly, overall opex would rise by INR300-400m annually.

Exhibit 5: Capex to come down going forward

Source: MOFSL, Company

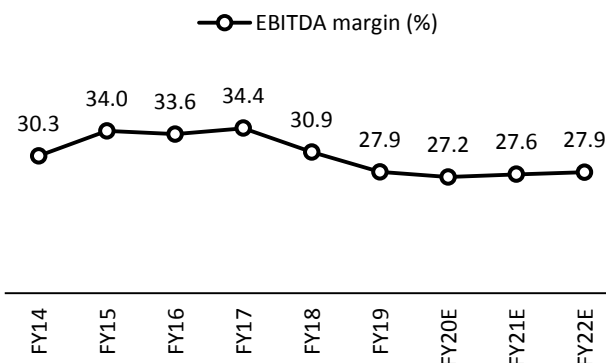
Story in charts

Exhibit 6: Expect revenue CAGR of 15.5% over FY19-22



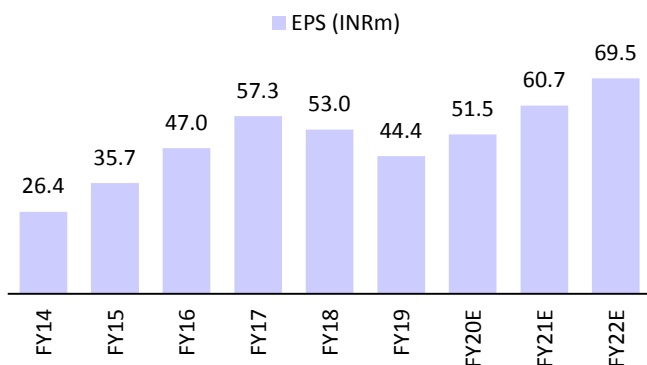
Source: MOFSL, Company

Exhibit 7: EBITDA margin on gradual recovery



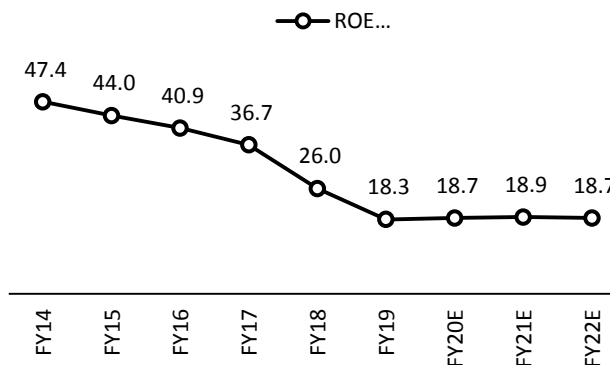
Source: MOFSL, Company

Exhibit 8: Expect earnings CAGR of 16% over FY19-22



Source: MOFSL, Company

Exhibit 9: RoEs to stabilize in the range of 18.5-19%



Source: MOFSL, Company

Exhibit 10: Inspection at major sites in past one year

Company	Site	Inspection timeline	Type	Remarks	Business commentary
Ajanta Pharma	Dahej	Jun-19	Formulation	VAI issued	
	Paithan	Jun-19	API & Formulation	VAI issued; Has received ANDA approval post inspection	Base business largely from Aurangabad. New filings from Bharuch

Source: MOFSL, Company

Financials and Valuations

Consolidated - Income Statement

(INR M)

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Total Income from Operations	12,160	14,852	17,494	20,016	21,309	20,554	25,387	28,412	31,666
Change (%)	29.8	22.1	17.8	14.4	6.5	-3.5	23.5	11.9	11.5
EBITDA	3,688	5,052	5,871	6,890	6,584	5,744	6,905	7,842	8,835
Margin (%)	30.3	34.0	33.6	34.4	30.9	27.9	27.2	27.6	27.9
Depreciation	439	516	444	612	596	721	942	1,043	1,109
EBIT	3,249	4,536	5,426	6,278	5,988	5,024	5,963	6,799	7,726
Int. and Finance Charges	87	59	49	35	4	12	99	99	99
Other Income	137	168	212	239	242	211	457	511	570
PBT bef. EO Exp.	3,299	4,645	5,589	6,482	6,226	5,223	6,321	7,212	8,197
EO Items	0	-85	0	0	0	-80	-14	0	0
PBT after EO Exp.	3,299	4,560	5,589	6,482	6,226	5,143	6,307	7,212	8,197
Total Tax	960	1,462	1,433	1,413	1,539	1,273	1,766	1,839	2,049
Tax Rate (%)	29.1	32.0	25.6	21.8	24.7	24.8	28.0	25.5	25.0
Reported PAT	2,339	3,099	4,156	5,068	4,686	3,870	4,541	5,373	6,148
Adjusted PAT	2,339	3,156	4,156	5,068	4,686	3,930	4,551	5,373	6,148
Change (%)	108.6	34.9	31.7	21.9	-7.5	-16.1	15.8	18.1	14.4
Margin (%)	19.2	21.3	23.8	25.3	22.0	19.1	17.9	18.9	19.4

Consolidated - Balance Sheet

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
Equity Share Capital	177	177	177	177	175	175	175	175	175
Total Reserves	5,756	8,234	11,732	15,500	20,237	22,277	26,077	30,402	35,032
Net Worth	5,933	8,411	11,909	15,677	20,412	22,452	26,253	30,578	35,207
Total Loans	1,305	724	814	10	11	7	7	7	7
Deferred Tax Liabilities	230	152	107	29	244	271	271	271	271
Capital Employed	7,468	9,286	12,829	15,716	20,667	22,730	26,530	30,855	35,484
Gross Block	4,903	5,499	7,157	8,949	14,172	16,152	19,742	22,810	25,394
Less: Accum. Deprn.	2,109	2,618	2,650	3,058	3,646	4,366	5,309	6,351	7,460
Net Fixed Assets	2,794	2,881	4,507	5,892	10,527	11,786	14,434	16,459	17,934
Capital WIP	936	1,702	2,398	3,393	613	2,613	2,023	1,855	1,471
Total Investments	635	595	860	1,909	2,044	888	888	888	888
Curr. Assets, Loans&Adv.	5,130	6,286	7,028	7,039	11,077	11,357	14,048	17,078	21,223
Inventory	1,554	1,590	2,046	2,110	3,506	4,357	6,177	6,481	7,381
Account Receivables	2,022	2,588	3,724	3,232	4,920	4,595	5,912	7,006	7,982
Cash and Bank Balance	604	1,368	434	713	932	1,005	230	1,656	3,704
Loans and Advances	949	740	825	985	1,719	1,400	1,729	1,935	2,157
Curr. Liability & Prov.	2,026	2,177	1,965	2,516	3,592	3,913	4,863	5,426	6,033
Account Payables	1,245	1,298	1,650	1,781	2,852	2,251	2,810	3,128	3,472
Other Current Liabilities	325	188	176	562	321	1,278	1,579	1,767	1,969
Provisions	455	691	139	173	419	384	474	531	592
Net Current Assets	3,104	4,108	5,063	4,524	7,485	7,444	9,185	11,653	15,191
Appl. of Funds	7,468	9,286	12,829	15,716	20,667	22,730	26,530	30,855	35,484

Financials and Valuations

Ratios (INR M)									
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
EPS	26.4	35.7	47.0	57.3	53.0	44.4	51.5	60.7	69.5
Cash EPS	31.4	41.5	52.0	64.2	59.7	52.6	62.1	72.5	82.0
BV/Share	67.1	95.1	134.6	177.2	230.8	253.8	296.8	345.7	398.0
DPS	4.0	6.0	13.9	12.9	0.0	0.0	8.4	11.8	17.2
Payout (%)	17.6	18.9	29.6	22.6	0.0	0.0	16.3	19.5	24.7
Valuation (x)									
P/E	53.0	39.3	29.8	24.4	26.4	31.5	27.2	23.1	20.2
Cash P/E	44.6	33.7	26.9	21.8	23.5	26.6	22.6	19.3	17.1
P/BV	20.9	14.7	10.4	7.9	6.1	5.5	4.7	4.1	3.5
EV/Sales	10.2	8.3	7.1	6.2	5.8	6.0	4.9	4.3	3.8
EV/EBITDA	33.8	24.4	21.2	17.9	18.7	21.4	17.9	15.6	13.6
Dividend Yield (%)	0.3	0.4	1.0	0.9	0.0	0.0	0.6	0.8	1.2
FCF per share	2.8	19.9	3.2	34.8	-1.6	6.0	-4.4	23.3	35.0
Return Ratios (%)									
RoE	47.4	44.0	40.9	36.7	26.0	18.3	18.7	18.9	18.7
RoCE	38.7	39.0	38.4	35.9	26.0	18.4	19.0	19.2	18.9
RoIC	45.9	56.5	54.7	52.1	33.7	21.4	20.6	20.3	20.7
Working Capital Ratios									
Asset Turnover (x)	1.6	1.6	1.4	1.3	1.0	0.9	1.0	0.9	0.9
Inventory (Days)	47	39	43	38	60	77	76	83	85
Debtor (Days)	61	64	78	59	84	82	85	90	92
Creditor (Days)	37	32	34	32	49	40	40	40	40
Leverage Ratio (x)									
Net Debt/Equity	0.0	-0.1	0.0	-0.2	-0.1	-0.1	0.0	-0.1	-0.1

Consolidated - Cash Flow Statement (INR M)									
Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E	FY22E
OP/(Loss) before Tax	3,299	4,560	5,589	6,482	6,226	5,143	6,307	7,212	8,197
Depreciation	439	516	444	612	596	721	942	1,043	1,109
Interest & Finance Charges	87	59	49	35	-238	-199	-358	-412	-471
Direct Taxes Paid	-937	-1,461	-1,615	-1,428	-1,539	-1,273	-1,766	-1,839	-2,049
(Inc)/Dec in WC	-745	-817	-1,243	285	-2,742	115	-2,518	-1,041	-1,490
CF from Operations	2,142	2,858	3,224	5,986	2,302	4,507	2,607	4,962	5,295
Others	-18	-64	38	95	0	0	0	0	0
CF from Operating incl EO	2,124	2,794	3,262	6,081	2,302	4,507	2,607	4,962	5,295
(Inc)/Dec in FA	-1,878	-1,036	-2,975	-3,002	-2,444	-3,979	-3,000	-2,900	-2,200
Free Cash Flow	246	1,759	287	3,079	-141	528	-393	2,062	3,095
(Pur)/Sale of Investments	0	-45	-36	-914	-135	1,155	0	0	0
Others	97	102	-11	182	241	211	457	511	570
CF from Investments	-1,781	-979	-3,022	-3,734	-2,338	-2,613	-2,543	-2,389	-1,630
Inc/(Dec) in Debt	57	-581	218	-746	1	-5	0	0	0
Interest Paid	-87	-60	-49	-35	-4	-12	-99	-99	-99
Dividend Paid	-171	-411	-1,342	-1,287	b	0	-740	-1,048	-1,519
Others	0	0	0	0	258	-1,804	0	0	0
CF from Fin. Activity	-201	-1,052	-1,173	-2,068	253	-1,820	-839	-1,147	-1,618
Inc/Dec of Cash	142	764	-934	279	218	73	-775	1,426	2,048
Opening Balance	462	604	1,368	434	713	931	1,004	230	1,656
Closing Balance	604	1,368	434	713	930	1,004	230	1,656	3,704

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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

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

The associates of MOFSL may have:

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

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.