

BSE SENSEX

35,963

S&P CNX

10,805



Stock Info

Bloomberg	MRCO IN
Equity Shares (m)	1,290
M.Cap.(INRb)/(USD\$b)	481.3 / 6.7
52-Week Range (INR)	388 / 284
1, 6, 12 Rel. Per (%)	8/9/13
12M Avg Val (INR M)	572
Free float (%)	40.3

Financials Snapshot (INR b)

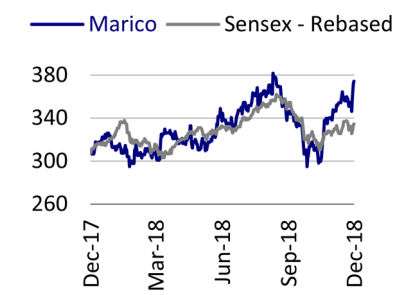
Y/E March	2018	2019E	2020E
Sales	63.2	73.5	84.0
EBITDA	11.4	13.1	15.5
Adj. PAT	8.3	9.6	11.3
Adj. EPS (INR)	6.4	7.4	8.8
EPS Gr. (%)	2.0	15.5	18.8
BV/Sh.(INR)	19.7	22.6	24.6
RoE (%)	34.0	35.0	37.3
RoCE (%)	30.8	31.5	33.4
P/E (x)	58.2	50.4	42.4
P/BV (x)	18.9	16.5	15.2

Shareholding pattern (%)

As On	Sep-18	Jun-18	Sep-17
Promoter	59.7	59.7	59.7
FII	7.4	7.7	5.6
DII	25.3	25.7	28.0
Others	7.7	6.9	6.6

FII Includes depository receipts

Stock Performance (1-year)



CMP: INR373

TP: INR465 (+25%)

Buy

New products traction picking up...

...promising to boost medium-term earnings growth prospects

Over the past few years, one of the disappointments investors harbored for Marico was regarding the subdued performance of its new launches. Except for Saffola Masala oats (launched over six years ago) none of the new launches have contributed significantly to the sales growth. However, over the past 18 months, Marico has pulled up its socks and now has a strong product pipeline with a few initial successes. We recently met Marico's management to understand reasons for the new improved pipeline and to gauge the company's growth targets, going forward.

Our view on Marico's current position and the role of new products

- Parachute- Growth in both 1QFY19 and 2QFY19 (despite a challenging base) was extremely encouraging. We believe it is possible for Marico to grow higher than its historical average in a segment that is still important for Marico.
- There has been an evident step-up in the pace of new launches over the past 18 months. There have been a couple of notable successes (still small, but fairly scalable) too. The recent pipeline and successes so far could enable a new era of growth for Marico if all goes according to plan.
- The problems for VAHO seem to be temporary. Of late, performance of the youth portfolio has been encouraging and international business also seems to be back on the growth path. It is only Saffola where growth may be a concern in the near-term (possibly with recovery taking a longer period than management's expectations of a revival in 1HFY20).
- **Valuation & View:** Its stock price has been flattish for about over 2 years before our upgrade post 2QFY19 results, after which the stock rallied 17%. We still believe there is further room for stock price appreciation, both from a near-term as well as medium-term perspective. Three factors reinforce our confidence in Marico's earnings prospects; these include (a) likely benign raw material environment over the next 18-24 months (Copra accounts for 40-50% of material costs and is in a deflationary period), (b) strong performance of Parachute volumes in recent quarters and healthy growth prospects in the VAHO segment, and (c) good traction being witnessed in new product development. Crucially, at a time when both sector multiples, as well as ability of peers to pass on emerging material cost pressures are under question, Marico provides far higher visibility compared to peers. Moreover, with over 30% sales coming from rural (management is targeting 40%), and particularly with its [technological edge](#) over peers, Marico is emerging as an interesting play on rural growth. Targeting 46x December 2020 EPS (10% premium to 3-year average), we get a target price of INR465, 25% upside to the CMP. From a medium-term perspective, particularly if the targeted 7-8% sales come from new products, we believe Marico is one of the few companies, which can give 60-70% returns over the next 2-3 years. Maintain **Buy**.

**Exhibit 1: Pace of new launches accelerated significantly over the past 18 months**

Year	Quarter	Product	Category
FY14	3QFY14	Livon conditioning cream color	Hair color
	4QFY14	Set Wet Infinity	Deodorant
FY15	3QFY15	Livon Moroccan Silk Serum	Hair serum
	4QFY15	Parachute Aromatherapy	
FY16	2QFY16	Livon Hair Gain for women	Hair tonic
	3QFY16	Nihar Naturals Sarson Kesh Tel	Value added mustard oil
	4QFY16	Parachute Advanced Ayurvedic Gold Hair oil	Hair fall control oil
FY17	3QFY17	Parachute Advanced Aloe Vera Hair oil	Aloe Vera Hair oil
	4QFY17	Saffola Aura	Super premium edible olive & flaxseed oil
		Saffola Multigrain Flakes	Breakfast cereal
FY18	1QFY18	Parachute Advanced Men classic cream	Hair cream
		Parachute Advanced Men anti-dandruff cream	Hair cream
		Parachute Advanced Men anti-hairfall cream	Hair cream
		Parachute Advanced Men hair oil	Hair oil
		Hair & Care Fruit Oils	Fruit based hair oils
	2QFY18	Saffola Slimming Nutrik-Shake	Neutraceutical
	3QFY18	Saffola Active Soups	Soups
	4QFY18	Set Wet Hair waxes	Wax
FY19	1QFY19	Set Wet Blast	Pocket deodorant spray
		Nihar Naturals Shanti jasmine Coconut hair oil	Coconut hair oil
		Parachute Advanced crème oil Pre Wash Hair Nourisher	Hair shampoo
		Parachute Advanced Coconut crème shampoo	
	2QFY19	Parachute Advanced crème serum	Hair serum
		Livon Hair Gain Shampoo	Shampoo
		Set Wet Studio X range	Male grooming range
		Nihar Naturals Extra Care Hair Fall Control oil	Hair fall shampoo
		True roots	Hair tonic
		Virgin coconut oil	Hair tonic

Source: Company, MOSL

- New products according to the company's classification are:
  - a) Brand extensions of existing categories- three years
  - b) In case of entry into a new category altogether (e.g. oats where the company did not have a presence earlier, or *Parachute Advanced Coconut Crème Oil* and *True Roots* more recently) - five years

**Exhibit 2: Parachute Advanced Coconut Crème Oil range launched in 1QFY19**

Source: Company, MOSL

- SKUs are not considered as new products. Similarly, variants of products past the NPD stage are not considered as new products.
- Both in terms of pipeline and in terms of success of these products, Marico had a fairly disappointing tenure between FY13-17.

**What has the company done?**

- Subsequently, around two years ago Marico took the following measures:
  - a) **Innovation council:** It set up a full-fledged innovation council, with the managing director as its head. It also comprises functional heads. This council enables a structured review and scrutiny of all new products in each of the five stages that each new product goes through, also called the five gate process:
    - 1) Pre-ideation and Ideation
    - 2) Feasibility
    - 3) Capability
    - 4) Prototyping
    - 5) National scale-up
 Introduction of new variants of existing products, however, are not required to go through the Innovation Council and are rolled out faster.

**Exhibit 3: Marico’s five gate process for new launches**



Source: Company, MOSL

- b) **Category Focus:** NPD efforts will be focused on premiumization of Hair Nourishment, Healthy Foods and Male Grooming.
- c) **Introduction through prototyping:** All products are now launched through the prototyping route. The prototyping could be region specific or channel specific depending on the product or brand mix. For e.g., *Nihar Extra Care Hairfall Control* was launched in East India. The new, super-premium *True Roots* (9x the price of Parachute) was prototyped only on Flipkart.

**Exhibit 4: Nihar Naturals ExtraCare is currently being prototyped in East India**



Source: Company, MOSL

**Exhibit 5: Marico entered the anti-graying segment with its super premium botanical hair tonic True roots**



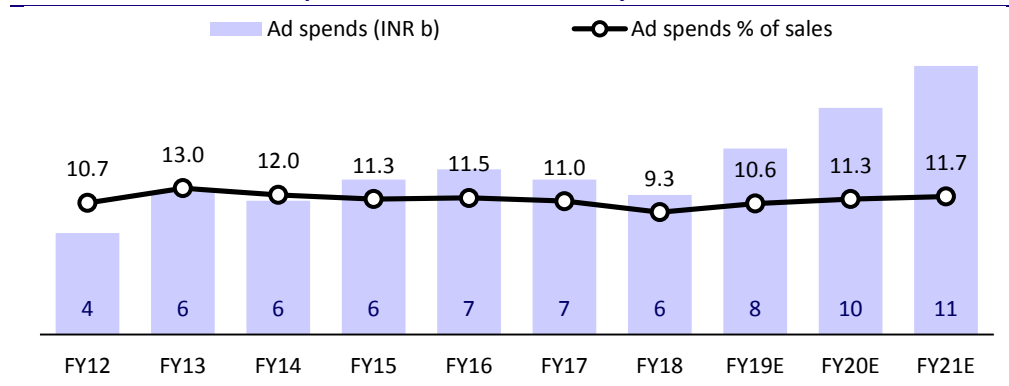
Source: Company, MOSL

- d) **Defining criteria for success:** The criteria for success are set with respect to turnover, reach, market- share and threshold profitability in 3-5 years. In case a new product does not meet profitability targets in the initial phase,

the company still continues to invest in it as long as there is a path to attain the desired level of profitability within a defined time frame as the product scales up (internally dubbed as P2P or “Path to Profitability”).

- e) **Bias towards potential for scale:** In case of a trade-off between EBITDA profitability in 3-5 years and potential to scale up the new product significantly with slightly delayed profitability, the bias will be towards scale.
- f) **Defining KRAs for performance management:** It has defined multi-year KRAs for the NPD task force, with a built-in safety net, encouraging a long-term mindset and building a culture that accepts failure and takes measured risks. Company believes this increases the probability of success.
- g) **Getting the mix right:** The R&D team works on getting the mix right in terms of new product development and is thus, focused on both big ticket ideas as well as extensions.
- h) **Planned Increased salience of new products:** New products comprise 3-4% of sales and the company is targeting to increase it to 7-8% in 3-4 years.
- i) **Raising share of advertising spends in NPD:** Management is ensuring not just a healthy product pipeline, but is also getting the market ready by sufficient advertising. A&P on new products has increased to ~25% of total A&P currently from around 15% of total A&P 3-4 years ago.

**Exhibit 6: We forecast ad spends to be 11.7% of sales by FY21**



Source: Company, MOSL

- j) **Reducing lead time:** The lead time from ideation to prototyping has definitely gone down in recent years for variants, but this reduction in case of new categories is a work in progress.

### About the R&D team

- The R&D team (constituted by 100-odd members) is headed by Dr. Sudhakar Mhaskar (Chief Technology Officer), who has been with the company for more than 14 years. His prior experience was with Hindustan Unilever.
- The R&D team is a mix of home-grown talent and lateral hires from best-in-class companies.
- Separate R&D teams are involved in Personal Care, Hair Oils and Foods; and work in close association with cross-functional counterparts in those segments.
- Customer testing is mostly done off-premises.
- Recent successes have been *Parachute Advanced Ayurvedic Hair Oil*, which was launched in South India (now has a market share of ~30% in the South in the

Anti-Hairfall category) and the *Parachute Advanced Aloe Vera Enriched Coconut Hair Oil* (introduced in Maharashtra in 2015, then extended to Southern states and now will be taken national).

**Exhibit 7: Parachute Advanced Ayurvedic hair oil launched in South India has a current market share of 30%**



Source: Company, MOSL

**Exhibit 8: Parachute Advanced Aloe Vera Enriched Coconut hair oil to see a national launch**



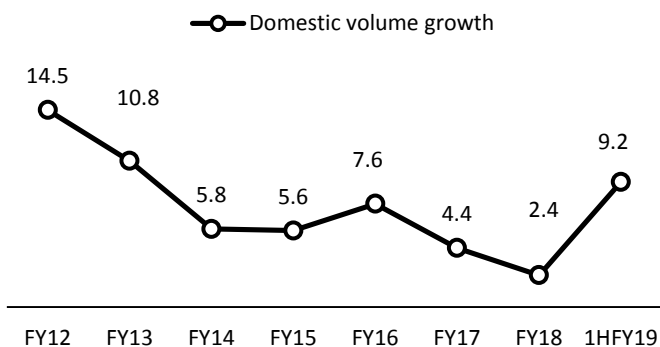
Source: Company, MOSL

### Disappointments, lessons learnt and cost optimization focus

- Aura, its olive oil product was a disappointment. The company erred in underestimating the Modern Trade (MT) dependence and the huge incentivization costs (given to MT players) borne by all players in the category, which left lower scope to build brand salience through quality and differentiation.
- Cost optimization is not the mandate of the R&D team. Marico has a separate 'MarVal' (Marico Value Enhancement) team that explores the potential for cost savings across all functions and processes, including new and existing products.

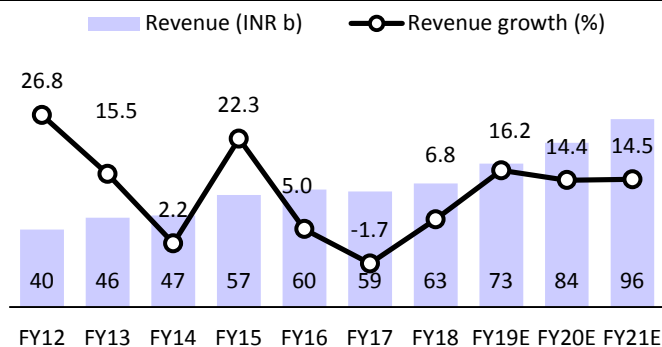
Story in charts

**Exhibit 9: Domestic volume growth to recover going forward**



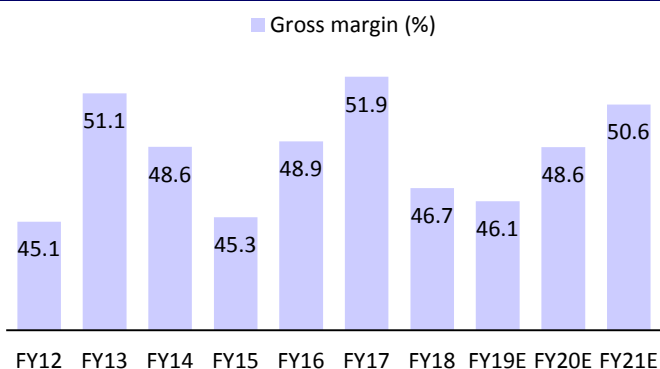
Source: Company, MOSL

**Exhibit 10: Revenue to see a CAGR of 15% over FY18-21E**



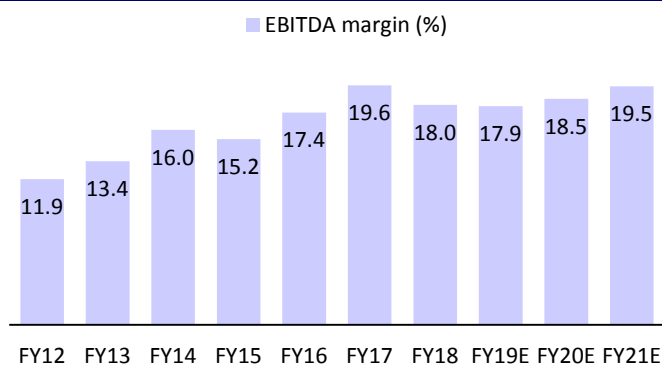
Source: Company, MOSL

**Exhibit 11: Gross margin to expand 390bp over FY18-21E**



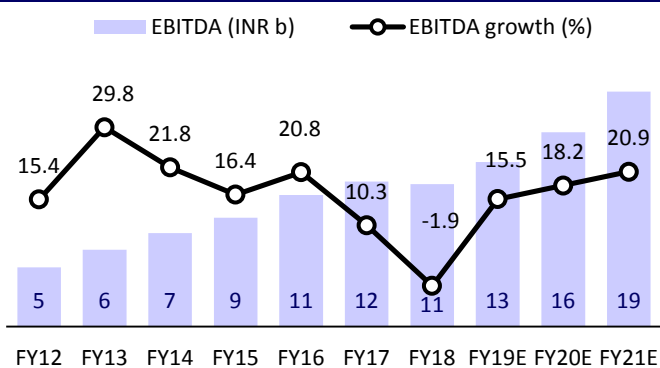
Source: Company, MOSL

**Exhibit 12: EBITDA margin expansion of 150bp is expected over FY18-21E**



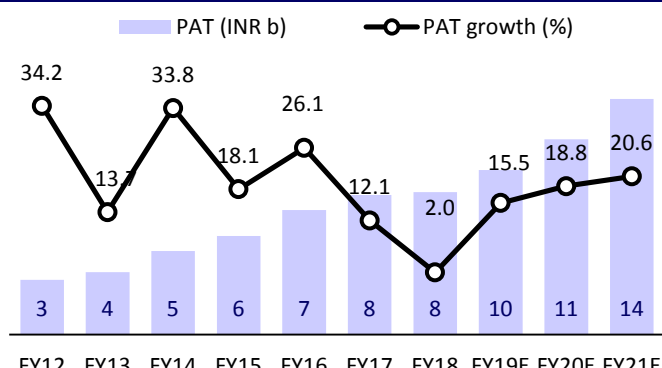
Source: Company, MOSL

**Exhibit 13: EBITDA to grow at a CAGR of 18% over FY18-21E**



Source: Company, MOSL

**Exhibit 14: Adj. PAT to see a similar CAGR of 18% over the same period**



Source: Company, MOSL

## Financials and Valuations

Income Statement						(INR Million)		
Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>Net Sales</b>	<b>46,865</b>	<b>57,330</b>	<b>60,173</b>	<b>59,178</b>	<b>63,222</b>	<b>73,482</b>	<b>84,036</b>	<b>96,236</b>
Change (%)	2.2	22.3	5.0	-1.7	6.8	16.2	14.4	14.5
COGS	24,088	31,356	30,887	28,472	33,719	39,643	43,210	47,556
<b>Gross Profit</b>	<b>22,778</b>	<b>25,974</b>	<b>29,286</b>	<b>30,706</b>	<b>29,503</b>	<b>33,839</b>	<b>40,826</b>	<b>48,680</b>
Margin (%)	48.6	45.3	48.7	51.9	46.7	46.1	48.6	50.6
Operating Expenses	15,301	17,274	18,773	19,113	18,125	20,702	25,300	29,905
<b>EBITDA</b>	<b>7,477</b>	<b>8,701</b>	<b>10,514</b>	<b>11,593</b>	<b>11,378</b>	<b>13,137</b>	<b>15,526</b>	<b>18,775</b>
Change (%)	21.8	16.4	20.8	10.3	-1.9	15.5	18.2	20.9
Margin (%)	16.0	15.2	17.5	19.6	18.0	17.9	18.5	19.5
Depreciation	769	843	949	903	891	899	903	1,009
Int. and Fin. Charges	345	230	206	166	162	184	194	217
Other Income - Recurring	582	589	933	973	846	862	910	957
<b>Profit before Taxes</b>	<b>6,946</b>	<b>8,217</b>	<b>10,292</b>	<b>11,497</b>	<b>11,172</b>	<b>12,915</b>	<b>15,339</b>	<b>18,506</b>
Change (%)	31.9	18.2	27.2	11.7	-2.8	15.6	18.8	20.6
Margin (%)	14.8	14.3	17.1	19.4	17.7	17.6	18.3	19.2
Current Tax (excl MAT Ent)	1,793	2,383	2,503	2,922	2,841	3,293	3,911	4,719
Deferred Tax	112	-15	551	455	55	65	77	93
Tax Rate (%)	27.4	28.8	29.7	29.4	25.9	26.0	26.0	26.0
Minority Interest	-187	-114	-5	-10	-1	-1	-1	-1
<b>Profit after Taxes</b>	<b>4,854</b>	<b>5,735</b>	<b>7,233</b>	<b>8,110</b>	<b>8,275</b>	<b>9,556</b>	<b>11,350</b>	<b>13,693</b>
Change (%)	33.8	18.1	26.1	12.1	2.0	15.5	18.8	20.6
Margin (%)	10.4	10.0	12.0	13.7	13.1	13.0	13.5	14.2
<b>Reported PAT</b>	<b>4,854</b>	<b>5,735</b>	<b>7,228</b>	<b>8,110</b>	<b>8,275</b>	<b>9,556</b>	<b>11,350</b>	<b>13,693</b>
Balance Sheet						(INR Million)		
Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
Share Capital	1,290	1,290	1,290	1,291	1,291	1,291	1,291	1,291
Reserves	12,317	16,958	18,884	21,966	24,138	27,890	30,401	31,257
<b>Net Worth</b>	<b>13,606</b>	<b>18,248</b>	<b>20,174</b>	<b>23,257</b>	<b>25,429</b>	<b>29,181</b>	<b>31,692</b>	<b>32,548</b>
Minority Interest	358	137	143	133	125	125	125	125
Loans	6,798	4,279	3,313	2,388	3,127	3,577	4,027	4,477
<b>Capital Employed</b>	<b>20,762</b>	<b>22,664</b>	<b>23,630</b>	<b>25,778</b>	<b>28,681</b>	<b>32,883</b>	<b>35,844</b>	<b>37,150</b>
Gross Fixed Assets	8,614	8,807	6,119	7,440	8,119	9,369	10,619	11,869
Intangibles	1,020	1,034	328	361	716	605	605	605
Less: Accum. Deprn.	-3,301	-3,973	-917	-1,749	-2,589	-3,489	-4,391	-5,400
<b>Net Fixed Assets</b>	<b>6,333</b>	<b>5,868</b>	<b>5,531</b>	<b>6,053</b>	<b>6,245</b>	<b>6,485</b>	<b>6,833</b>	<b>7,074</b>
Capital WIP	44	30	367	112	268	268	268	268
Goodwill	2,543	4,892	4,974	4,795	4,858	4,858	4,858	4,858
<b>Investments</b>	<b>3,105</b>	<b>2,838</b>	<b>5,439</b>	<b>6,082</b>	<b>5,428</b>	<b>6,242</b>	<b>6,866</b>	<b>7,553</b>
<b>Curr. Assets, L&amp;A</b>	<b>17,624</b>	<b>17,625</b>	<b>16,852</b>	<b>19,191</b>	<b>23,923</b>	<b>28,536</b>	<b>32,744</b>	<b>34,812</b>
Inventory	7,962	9,947	9,256	12,534	15,109	16,113	18,488	19,247
Account Receivables	2,232	1,768	2,521	2,470	3,406	5,493	6,303	7,218
Cash and Bank Balance	4,064	2,049	3,171	2,360	2,001	2,841	3,047	2,950
Others	3,366	3,861	1,904	1,828	3,407	4,089	4,907	5,397
<b>Curr. Liab. and Prov.</b>	<b>8,791</b>	<b>8,511</b>	<b>9,953</b>	<b>10,329</b>	<b>11,840</b>	<b>13,282</b>	<b>15,467</b>	<b>17,107</b>
Current Liabilities	7,934	7,471	8,395	9,040	10,517	11,899	13,900	15,443
Accounts Payable	5,025	5,643	6,690	6,966	8,217	9,413	11,217	12,547
Provisions	857	1,040	1,558	1,289	1,323	1,383	1,567	1,664
<b>Net Current Assets</b>	<b>8,833</b>	<b>9,115</b>	<b>6,899</b>	<b>8,862</b>	<b>12,083</b>	<b>15,253</b>	<b>17,277</b>	<b>17,705</b>
Deferred Tax Liability	-96	-79	421	-125	-202	-224	-258	-308
<b>Application of Funds</b>	<b>20,762</b>	<b>22,664</b>	<b>23,630</b>	<b>25,778</b>	<b>28,681</b>	<b>32,883</b>	<b>35,845</b>	<b>37,150</b>

E: MOSL Estimates

## Financials and Valuations

### Ratios

Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>3.8</b>	<b>4.4</b>	<b>5.6</b>	<b>6.3</b>	<b>6.4</b>	<b>7.4</b>	<b>8.8</b>	<b>10.6</b>
Cash EPS	4.3	5.0	6.3	6.8	7.1	8.1	9.5	11.4
BV/Share	10.5	14.1	15.6	18.0	19.7	22.6	24.6	25.2
DPS	2.0	1.2	3.5	4.3	5.0	6.5	8.5	8.5
Payout %	53.1	28.1	62.4	67.6	78.6	87.8	96.7	80.1
<b>Valuation (x)</b>								
P/E	99.1	83.9	66.5	59.4	58.2	50.4	42.4	35.2
Cash P/E	87.2	74.6	58.8	54.5	52.5	46.1	39.3	32.8
EV/Sales	10.3	8.4	7.9	8.0	7.5	6.5	5.7	4.9
EV/EBITDA	64.3	55.2	45.3	41.0	41.9	36.2	30.6	25.3
P/BV	35.4	26.4	23.9	20.7	18.9	16.5	15.2	14.8
Dividend Yield (%)	0.5	0.3	0.9	1.1	1.4	1.7	2.3	2.3
<b>Return Ratios (%)</b>								
RoE	29.0	36.0	37.7	37.3	34.0	35.0	37.3	42.6
RoCE	21.3	27.7	31.9	33.3	30.8	31.5	33.4	38.0
RoIC	26.5	35.7	41.5	47.4	40.7	40.7	44.0	50.5
<b>Leverage Ratio</b>								
Debt/Equity (x)	0.5	0.2	0.2	0.1	0.1	0.1	0.1	0.1

### Cash Flow Statement

(INR Million)

Y/E March	2014	2015	2016	2017	2018	2019E	2020E	2021E
OP/(loss) before Tax	6,946	8,217	10,287	11,487	11,170	12,915	15,339	18,506
Int./Div. Received	-147	-185	-594	-43	-327	-862	-910	-957
Depreciation	769	843	949	903	891	899	903	1,009
Interest Paid	-30	39	206	-197	-174	184	194	217
Direct Taxes Paid	-1,811	-2,097	-2,474	-2,964	-2,949	-3,293	-3,911	-4,719
(Incr)/Decr in WC	878	-169	-197	-2,698	-3,065	-2,330	-1,818	-525
<b>CF from Operations</b>	<b>6,605</b>	<b>6,648</b>	<b>8,176</b>	<b>6,487</b>	<b>5,545</b>	<b>7,514</b>	<b>9,796</b>	<b>13,531</b>
(Incr)/Decr in FA	-723	-581	-864	-815	-1,231	-1,139	-1,250	-1,250
<b>Free Cash Flow</b>	<b>5,882</b>	<b>6,068</b>	<b>7,312</b>	<b>5,673</b>	<b>4,314</b>	<b>6,374</b>	<b>8,546</b>	<b>12,281</b>
(Pur)/Sale of Investments	-1,972	410	-1,180	15	697	-814	-624	-687
Others	879	-2,238	1,000	-760	305	1,717	1,001	69
<b>CF from Invest.</b>	<b>-1,815</b>	<b>-2,408</b>	<b>-1,044</b>	<b>-1,560</b>	<b>-229</b>	<b>-237</b>	<b>-873</b>	<b>-1,868</b>
Issue of Shares	0	6	5	0	0	0	0	0
(Incr)/Decr in Debt	-500	-437	0	0	0	450	450	450
Dividend Paid	-1,420	-3,001	-5,023	-5,088	-6,357	-7,548	-9,817	-12,838
Others	-1,473	-2,824	-992	-652	682	660	651	628
<b>CF from Fin. Activity</b>	<b>-3,393</b>	<b>-6,255</b>	<b>-6,010</b>	<b>-5,740</b>	<b>-5,675</b>	<b>-6,437</b>	<b>-8,717</b>	<b>-11,760</b>
<b>Incr/Decr of Cash</b>	<b>1,397</b>	<b>-2,015</b>	<b>1,122</b>	<b>-812</b>	<b>-358</b>	<b>840</b>	<b>206</b>	<b>-97</b>
Add: Opening Balance	2,668	4,064	2,049	3,171	2,360	2,001	2,841	3,047
<b>Closing Balance</b>	<b>4,064</b>	<b>2,049</b>	<b>3,171</b>	<b>2,360</b>	<b>2,001</b>	<b>2,841</b>	<b>3,047</b>	<b>2,950</b>

E: MOSL 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 becomes inconsistent with the investment rating legend, the Research Analyst shall within 28 days of the inconsistency, 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 Securities Ltd. (MOSL)\* is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, 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. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). 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 (MCX) & National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOSL 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 MOSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

MOSL 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 MOSL 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 Securities Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com). Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOSL 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 MOSL & 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 Securities Limited (MOSL) 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 MOSL 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 MOSL, 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., MOSL 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 MOSL, 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 MOSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOSL, 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 MOSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOSL has not engaged in market making activity for the subject company

The associates of MOSL 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 MOSL 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 MOSL 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 MOSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOSL 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 MOSL 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 MOSL. 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. MOSL 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. MOSL, 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 MOSL. 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 MOSL 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 MOSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOSL 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](http://www.motilaloswal.com).

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-38281085.

Registration details: MOSL: SEBI Registration: INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL: IN-DP-16-2015; NSDL: IN-DP-NSDL-152-2000; Research Analyst: INH000000412. AMFI: ARN 17397. Investment Adviser: INA000007100. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670) offers PMS and Mutual Funds products. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) offers wealth management solutions. \*Motilal Oswal Securities Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance and IPO products. \*Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. offers Real Estate products. \* Motilal Oswal Private Equity Investment Advisors Pvt. Ltd. offers Private Equity products.

\* 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. The existing registration no(s) of MOSL would be used until receipt of new MOFSL registration numbers.