

## Ipca Labs – Takeaways from Conversation with Jt. MD

IPCA Laboratories (IPCA) has witnessed strong revival with 875bp margin expansion and 49% earnings CAGR over FY16-20. This was led by outperformance in the domestic formulation (DF) business, superior execution in branded-exports/API and improved cost efficiency. To get a detailed update on the company's growth outlook over the next 15-18 months, we interacted with Mr. AK Jain, Joint MD of IPCA. Key insights from the discussion highlighted below:

### Branded formulations/API and better operating leverage to boost growth and margins

- IPCA has not only garnered record high earnings but has also built multiple drivers to sustain growth momentum over the next 4-5 years. This, according to Mr. Jain, was possible due to IPCA's strategy of (a) MR led branded formulations in India/emerging markets, (b) increasing product offerings, (c) integrating the manufacturing value chain for focus products, and (d) gaining considerable market share based on economy of scale.
- For FY21, IPCA has guided for 14-17% YoY growth led by (a) 11% YoY growth in DF (40% of sales), (b) 19%+ YoY growth in API (25% of sales) and recovery in the institutional business (4% of sales), and (c) better-than-industry growth in promotional market sales (9% of sales). However, Mr. Jain expects some drag on overall growth due to the gradual introduction of own labeled products in the UK.
- Nevertheless, management is confident of achieving ~150bp EBITDA margin expansion in FY21 on account of (a) softening raw material prices, (b) lower promotional activity spends, (c) faster growth of the higher-margin formulations business, and (d) nil remediation expenses.

### DF biz to grow ~11-12% in FY21; HCQS supply to GOI a key growth trigger

- In FY20, IPCA's DF business registered 15% YoY growth (~500bp better than industry), driven by superior execution in Pain management, Cardio-Vascular/Anti-Diabetes and Anti-Malaria therapies.
- In the recent past, some slowdown was seen in Dermatology (~5% of DF sales) and Anti-Bacterials (6% of DF sales) due to the COVID-19 led disruption.
- Product-wise, Zerodol and HCQS have been recording healthy growth.
- Considering the adverse impact of COVID-19, IPCA expects the DF business to grow 11% in FY21. This should be led by (a) 2% growth from government orders for HCQS (to be supplied in 1QFY21), and (b) ~3-3.5%/~6% from pricing/volumes within branded DFs.
- Currently, IPCA has deferred new launches. According to Mr. Jain, the company is waiting for the lockdown to ease and the situation to turn favorable (in terms of better patient-doctor connect) before contemplating new launches.

### Outlook promising for branded exports business

- According to IPCA's branded exports' business model, manufacturing and promotion of products is done by the company while distribution is outsourced to a local partner. Thus, IPCA relies on its MRs to build relationships (IPCA's forte) and drive business in the branded exports segment.
- In FY20, IPCA saw strong traction in CIS/West Africa for branded exports; however, overall growth was subdued (at 6% YoY) due to delay in shipments and weak performance in Latin America/South East Asia.
- IPCA remains confident of achieving 12% YoY growth in branded exports for FY21 due to sustained outperformance in West Africa, improving business scenario in Latin America, and better off-take of HCQS. The YoY growth also includes sales of INR260m, which got deferred to FY21 on account of the lockdown.
- Notably, branded exports is IPCA's highest margin segment.

### Ipca Laboratories



**Mr. Ajit Kumar Jain**  
Joint Managing Director,  
Ipca Laboratories

Mr. AK Jain joined IPCA in 1981 as Financial Controller. He has ~39 years of experience in the pharmaceutical industry in the field of Finance, Accounts, Information Technology, Legal, R&D and General Administration. He is a Chartered Accountant and has a Bachelor's degree in Science.

Motilal Oswal values your support in the Asiamoney Brokers Poll 2020 for India Research, Sales and Trading team. We [request your ballot.](#)



### Generic exports' growth to remain muted due to disruptions in the UK

- While generic exports' growth was robust at 27% YoY in FY20 to INR6b, Mr. Jain expects its pace to slow down in FY21 to 2-3% YoY.
- The change in strategy of replacing distributor's label with IPCA's own and subsequent launches (14-15 in FY21) would impact the UK business in the near term. While this move is positive for margin expansion opportunities in the long run, Mr. Jain expects start-up costs and migration of business from the distributor to lead to short-term disruptions, which in turn would result in the UK business declining YoY in FY21.
- The Europe business (Excl. the UK) is on track and should sustain growth momentum in FY21 as well (42% YoY growth in FY20 to INR1.7b). This will be led by increased product offerings and better traction in existing products. IPCA has multiple distributors in other countries within Europe, and thus, is not likely to face the disruptions seen in the UK.
- Growth will also be supported by superior performance in countries like Canada, Australia and New Zealand on the back of elevated demand for HCQS (as prophylaxis/treatment in initial stages of COVID-19), new launches, increased market share and better reach.

### New molecule addition and higher off-take of existing molecules to strengthen API business in FY21 as well

- API business (25% of sales) registered growth of 33% YoY in FY20; export/domestic APIs grew 35%/24% YoY. IPCA is the global leader in Losartan APIs. The company is in the process of building Valsartan API supply, which would be one of the contributors to FY21 growth.
- IPCA is continuously trying to reduce production cost of APIs (including Valsartan). Thus, it remains in good stead to gain market share, thereby driving growth in the API segment, believes Mr. Jain.
- To meet future demand, IPCA is in the process of de-bottlenecking to increase API production capacities where plants are running at full capacities. It is also expanding its API capacity at Devas. Based on this, IPCA is expected to deliver 19%+ YoY growth in the API segment for FY21.

### Remediation related cost to minimize going forward

- IPCA has completed plant remediation measures related to issues highlighted by the USFDA. The company is awaiting the next course of action to get the 'Import Alert' lifted.
- Recently, the USFDA indicated that HCQS is no more under the shortage list. Following this, the USFDA removed the exemption clause for IPCA to supply HCQS to the US market.

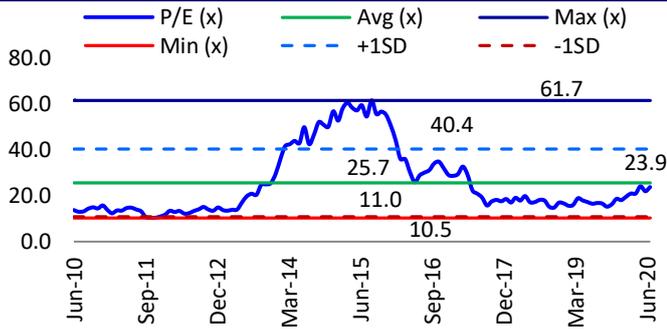
### Confident of clocking 25% revenue growth in Institutional Anti-Malaria business

- While one of the company's major customers (contributing 35-40% of the Institutional Anti-Malaria business) reduced intake in FY20, the order-book still looks robust for FY21. In fact, according to Mr. Jain, registration for injectable dosages is also in place and the business should grow 25% YoY to INR2.4b in FY21.

### Valuation and view

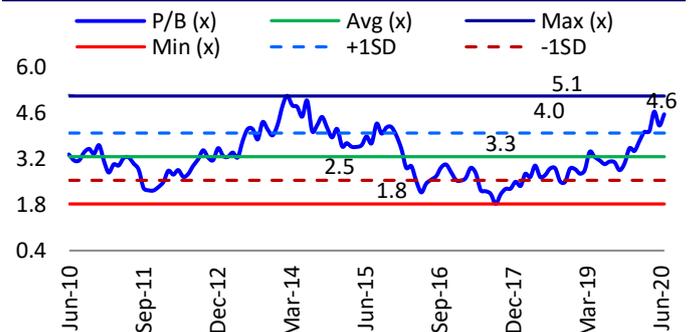
- We remain positive on IPCA and raise P/E multiple to 23x (from 22x earlier) on the back of (a) 22% earnings CAGR, supported by 22% sales CAGR in international generics and 16% sales CAGR in the API segment over FY20-22E, (b) healthy outperformance in DF, and (c) improved profitability on better capacity utilization.
- Additionally, faster growth of the branded exports' market will also strengthen margins going forward. Some of the top line growth should be offset by disruptions in the UK business in the near term. IPCA's structurally sound business performance will be supplemented by one-time/short-term opportunities like HCQS in the near future. We expect return ratios to sustain in high teens over the next 2-3 years.
- Accordingly, we revise our price target to INR1,955 and re-iterate **Buy**.

**Exhibit 1: One-year forward P/E (x)**



Source: MOFSL

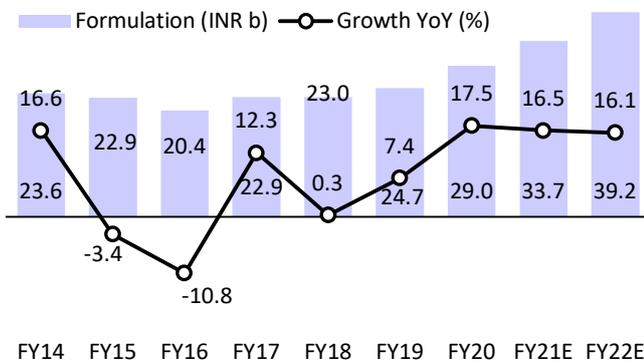
**Exhibit 2: One-year forward P/B (x)**



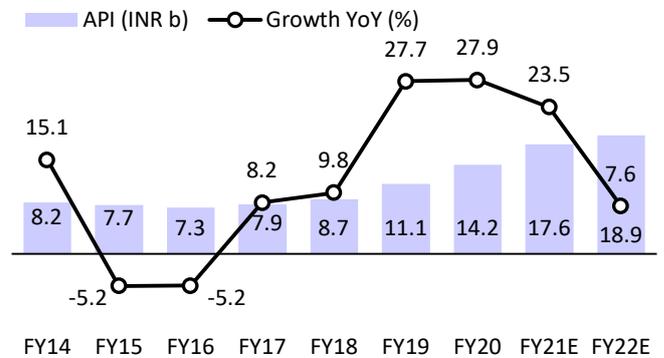
Source: MOFSL

## Story in charts

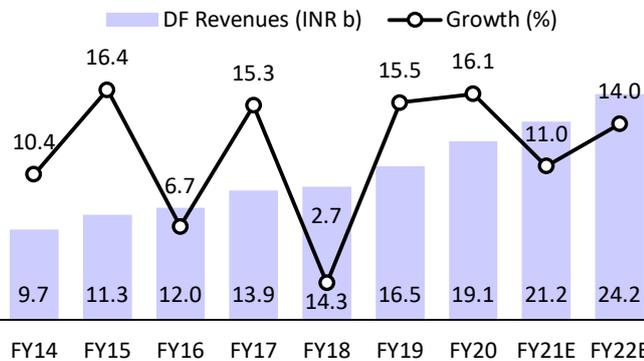
**Exhibit 3: Formulations estimated at 16% CAGR over FY20-22E**



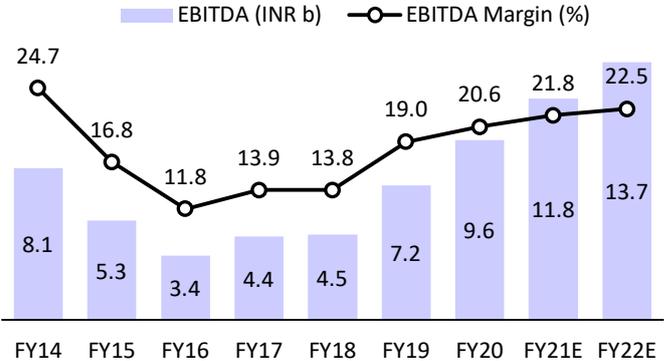
**Exhibit 4: APIs estimated at 16% CAGR over FY20-22E**



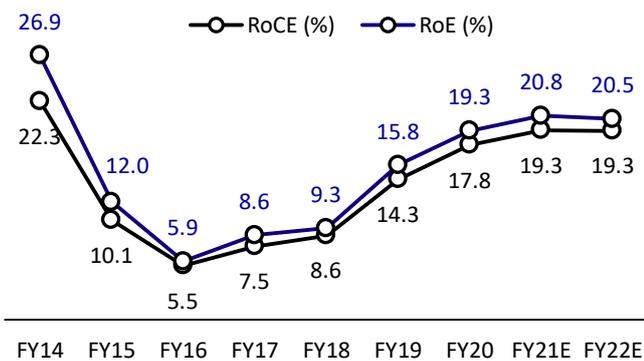
**Exhibit 5: Expect DF CAGR at 12.5% over FY20-22E**



**Exhibit 6: Margins to improve gradually**

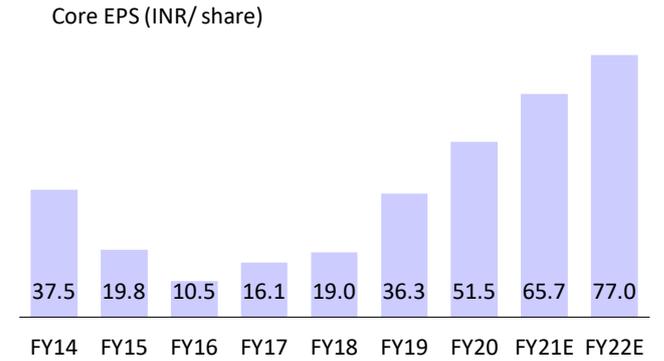


**Exhibit 7: Return ratios to be on an uptrend**



Source: Company, MOFSL

**Exhibit 8: Expect EPS CAGR of 22% over FY20-22E**



Source: Company, MOFSL

## Financials and Valuations

Income Statement								(INR M)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>Net Revenues</b>	<b>31,418</b>	<b>28,850</b>	<b>32,106</b>	<b>32,836</b>	<b>37,732</b>	<b>46,487</b>	<b>54,094</b>	<b>61,018</b>
Change (%)	-4.3	-8.2	11.3	2.3	14.9	23.2	16.4	12.8
<b>EBITDA</b>	<b>5,291</b>	<b>3,417</b>	<b>4,448</b>	<b>4,547</b>	<b>7,170</b>	<b>9,580</b>	<b>11,792</b>	<b>13,729</b>
Margin (%)	16.8	11.8	13.9	13.8	19.0	20.6	21.8	22.5
Depreciation	1,796	1,722	1,730	1,777	1,824	2,105	2,083	2,165
<b>EBIT</b>	<b>3,495</b>	<b>1,695</b>	<b>2,718</b>	<b>2,770</b>	<b>5,346</b>	<b>7,475</b>	<b>9,709</b>	<b>11,564</b>
Int. and Finance Charges	284	316	241	240	189	165	170	163
Other Income - Rec.	358	169	226	418	483	578	510	525
<b>PBT before EO Expense</b>	<b>3,569</b>	<b>1,548</b>	<b>2,703</b>	<b>2,948</b>	<b>5,640</b>	<b>7,888</b>	<b>10,049</b>	<b>11,925</b>
EO Expense/(Income)	-42	395	0	0	157	445	0	0
<b>PBT after EO Expense</b>	<b>3,611</b>	<b>1,153</b>	<b>2,703</b>	<b>2,948</b>	<b>5,483</b>	<b>7,442</b>	<b>10,049</b>	<b>11,925</b>
Current Tax	747	228	533	614	1,218	1,406	1,558	1,968
Deferred Tax	272	-42	142	-102	-176	-53	201	239
Tax	1,019	186	675	511	1,042	1,353	1,759	2,206
Tax Rate (%)	28.6	12.0	25.0	17.3	18.5	17.2	17.5	18.5
<b>Reported PAT</b>	<b>2,592</b>	<b>967</b>	<b>2,028</b>	<b>2,436</b>	<b>4,441</b>	<b>6,090</b>	<b>8,290</b>	<b>9,718</b>
Less: Minority Interest	49	35	0	42	18	78	0	0
<b>Adj PAT</b>	<b>2,501</b>	<b>1,328</b>	<b>2,028</b>	<b>2,394</b>	<b>4,580</b>	<b>6,505</b>	<b>8,290</b>	<b>9,719</b>
Adj PAT growth (%)	-47.2	-46.9	52.8	18.1	91.3	42.0	27.4	17.2

Balance Sheet								(INR M)
Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Equity Share Capital	252	252	252	252	252	252	252	252
Total Reserves	21,832	22,340	24,300	26,633	30,971	36,081	43,127	51,389
<b>Net Worth</b>	<b>22,084</b>	<b>22,592</b>	<b>24,553</b>	<b>26,886</b>	<b>31,224</b>	<b>36,333</b>	<b>43,380</b>	<b>51,641</b>
Deferred liabilities	1743	1565	1705	1580	1457	1405	1605	1844
Total Loans	8,286	6,691	5,290	4,731	3,505	3,820	3,748	3,514
<b>Capital Employed</b>	<b>32,113</b>	<b>30,848</b>	<b>31,548</b>	<b>33,196</b>	<b>36,342</b>	<b>41,557</b>	<b>48,733</b>	<b>56,999</b>
Gross Block	25,463	22,121	23,508	24,969	26,657	28,157	30,657	32,157
Less: Accum. Deprn.	7,459	1,628	3,350	5,127	6,951	9,056	11,139	13,305
<b>Net Fixed Assets</b>	<b>18,004</b>	<b>20,493</b>	<b>20,158</b>	<b>19,842</b>	<b>19,706</b>	<b>19,101</b>	<b>19,518</b>	<b>18,852</b>
Capital WIP	2,672	936	621	418	361	361	361	361
Investments	162	258	1,358	869	1,204	1,204	1,204	1,204
<b>Curr. Assets</b>	<b>17,285</b>	<b>17,230</b>	<b>17,458</b>	<b>20,027</b>	<b>24,217</b>	<b>32,133</b>	<b>41,026</b>	<b>51,463</b>
Inventory	9,266	8,374	8,822	8,806	10,725	13,464	15,961	18,848
Account Receivables	3,530	4,459	5,002	6,023	6,815	8,484	9,869	11,470
Cash and Bank Balance	1,248	1,755	359	1,506	2,823	5,943	10,262	15,578
Loans & Advances	3,242	2,641	3,276	3,693	3,854	4,242	4,934	5,566
<b>Curr. Liability &amp; Prov.</b>	<b>6,011</b>	<b>8,069</b>	<b>8,047</b>	<b>7,960</b>	<b>9,147</b>	<b>11,242</b>	<b>13,376</b>	<b>14,882</b>
Account Payables	5,471	7,245	7,141	7,029	8,190	10,342	12,329	13,701
Provisions	540	824	906	931	957	900	1,047	1,181
<b>Net Current Assets</b>	<b>11,275</b>	<b>9,160</b>	<b>9,410</b>	<b>12,068</b>	<b>15,070</b>	<b>20,891</b>	<b>27,650</b>	<b>36,581</b>
<b>Appl. of Funds</b>	<b>32,113</b>	<b>30,848</b>	<b>31,548</b>	<b>33,196</b>	<b>36,342</b>	<b>41,557</b>	<b>48,733</b>	<b>56,999</b>

## Financials and Valuations

### Ratios

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
<b>EPS (INR)</b>	<b>19.8</b>	<b>10.5</b>	<b>16.1</b>	<b>19.0</b>	<b>36.3</b>	<b>51.5</b>	<b>65.7</b>	<b>77.0</b>
Cash EPS	34.4	21.0	29.8	33.1	49.5	64.3	82.2	94.2
BV/Share	175.0	179.0	194.6	213.0	247.4	287.9	343.7	409.2
DPS	1.0	0.0	1.0	1.0	1.0	7.2	9.9	11.6
Payout (%)	4.9	0.0	6.2	5.2	2.8	14.8	15.0	15.0
<b>Valuation (x)</b>								
P/E	84.1	158.4	103.7	87.8	45.9	32.3	25.4	21.6
P/BV	9.5	9.3	8.6	7.8	6.7	5.8	4.8	4.1
EV/Sales	6.5	7.0	6.3	6.1	5.2	4.2	3.5	3.0
EV/EBITDA	38.4	58.9	45.3	43.9	27.5	20.3	16.1	13.4
Dividend Yield (%)	0.1	0.0	0.1	0.1	0.1	0.4	0.6	0.7
<b>Return Ratios (%)</b>								
RoE	12.0	5.9	8.6	9.3	15.8	19.3	20.8	20.5
RoCE	10.1	5.5	7.5	8.6	14.3	17.8	19.3	19.3
RoIC	9.8	5.3	7.1	7.7	14.0	18.8	22.6	24.6
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.0	1.5	1.6	1.6	1.9	2.4	2.8	3.2
Debtor (Days)	41	56	56	66	65	66	66	68
Inventory (Days)	108	106	100	98	104	106	108	113
Working Capital Turnover (Days)	116	94	103	117	118	117	117	126
<b>Leverage Ratio (x)</b>								
Interest Cover Ratio	12.3	5.4	11.3	11.5	28.3	45.3	57.0	70.8
Debt/Equity	0.3	0.2	0.2	0.1	0.0	-0.1	-0.2	-0.2

### Cash Flow Statement

(INR M)

Y/E March	FY15	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Oper. Profit/(Loss) before Tax	5,291	3,417	4,448	4,547	7,170	9,580	11,792	13,729
Interest/Dividends Recd.	358	169	226	418	483	578	510	525
Direct Taxes Paid	-747	-364	-535	-636	-1,165	-1,406	-1,558	-1,968
(Inc)/Dec in WC	-619	2,622	-1,647	-1,510	-1,686	-2,701	-2,440	-3,615
<b>CF from Operations</b>	<b>4,282</b>	<b>5,844</b>	<b>2,491</b>	<b>2,819</b>	<b>4,803</b>	<b>6,051</b>	<b>8,305</b>	<b>8,671</b>
<b>CF from Oper. incl EO Exp.</b>	<b>4,324</b>	<b>5,449</b>	<b>2,491</b>	<b>2,819</b>	<b>4,646</b>	<b>5,605</b>	<b>8,305</b>	<b>8,671</b>
(inc)/dec in FA	-7,166	5,079	-1,072	-1,258	-1,632	-1,500	-2,500	-1,500
<b>Free Cash Flow</b>	<b>-2,842</b>	<b>10,527</b>	<b>1,420</b>	<b>1,561</b>	<b>3,014</b>	<b>4,105</b>	<b>5,805</b>	<b>7,171</b>
(Pur)/Sale of Investments	-70	-96	-1,100	489	-336	0	0	0
<b>CF from Investments</b>	<b>-7,236</b>	<b>4,982</b>	<b>-2,172</b>	<b>-768</b>	<b>-1,967</b>	<b>-1,500</b>	<b>-2,500</b>	<b>-1,500</b>
(Inc)/Dec in Debt	3,906	-1,594	-1,401	-560	-1,070	159	-72	-234
Interest Paid	-284	-316	-241	-240	-189	-165	-170	-163
Dividend Paid	-126	0	-126	-126	-126	-902	-1,244	-1,458
Others	-73	-8,013	77	48	49	-78	0	0
<b>CF from Fin. Activity</b>	<b>3,424</b>	<b>-9,923</b>	<b>-1,691</b>	<b>-878</b>	<b>-1,335</b>	<b>-986</b>	<b>-1,486</b>	<b>-1,855</b>
<b>Inc/Dec of Cash</b>	<b>511</b>	<b>508</b>	<b>-1,371</b>	<b>1,173</b>	<b>1,343</b>	<b>3,120</b>	<b>4,319</b>	<b>5,316</b>
Add: Beginning Balance	763	1,248	1,755	359	1,506	2,823	5,943	10,262
<b>Closing Balance</b>	<b>1,274</b>	<b>1,756</b>	<b>384</b>	<b>1,531</b>	<b>2,849</b>	<b>5,943</b>	<b>10,262</b>	<b>15,578</b>

NOTES

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.motilalosal.com](http://www.motilalosal.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.motilalosal.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.motilalosal.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 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](http://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](mailto: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.