

Estimate change

TP change

Rating change



Motilal Oswal values your support in the Asiamoney Brokers Poll 2022 for India Research, Sales, Corporate Access and Trading team. We [request your ballot](#).



Bloomberg	CIPLA IN
Equity Shares (m)	805
M.Cap.(INRb)/(USD\$b)	789.4 / 10
52-Week Range (INR)	1083 / 850
1, 6, 12 Rel. Per (%)	-5/4/2
12M Avg Val (INR M)	2441

Financials & Valuations (INR b)

Y/E MARCH	2022	2023E	2024E
Sales	217.1	231.4	257.9
EBITDA	47.0	52.3	60.6
Adj. PAT	28.4	31.7	37.3
EBIT Margin (%)	16.8	17.9	18.8
Cons. Adj. EPS (INR)	35.3	39.5	46.5
EPS Gr. (%)	18.0	11.8	17.7
BV/Sh. (INR)	258.1	288.1	329.7

Ratios

Net D:E	0.0	-0.1	-0.2
RoE (%)	13.6	13.7	14.1
RoCE (%)	13.7	14.0	14.7
Payout (%)	11.5	9.1	10.4

Valuations

P/E (x)	27.7	24.8	21.1
EV/EBITDA (x)	16.5	14.7	12.2
Div. Yield (%)	0.3	0.3	0.4
FCF Yield (%)	2.9	2.4	3.7
EV/Sales (x)	3.6	3.3	2.9

Shareholding pattern (%)

As On	Jun-22	Mar-22	Jun-21
Promoter	33.4	33.4	36.7
DII	21.2	21.9	16.2
FII	28.1	27.1	25.0
Others	17.3	17.6	22.2

FII Includes depository receipts

CMP: INR978
TP: INR950 (-3%)
Neutral

Pipeline build-up on track in the Respiratory and Peptide space

One-India strategy driving steady industry outperformance

- CIPLA delivered a better-than-expected 1QFY23 performance, led by healthy traction in the US and emerging markets, and controlled cost. The strategy of 'One-India' (prescription, trade generics, and consumer health) as well as building a Complex Respiratory and Peptide pipeline in the US Generics is progressing well to cater to better business prospects over the next three-to-five years.
- We tweak our FY23/FY24 estimate by +3%/+2%, factoring in: a) healthy outperformance in the Domestic Formulation (DF) segment, and b) steady momentum in the US portfolio. We continue to value CIPLA on a SoTP basis (23x 12M forward earnings for the base business and NPV of INR40 for g-Revlimid) to arrive at our TP of INR950. Even though the outlook remains interesting, with 15% earnings CAGR over FY22-24, we maintain our Neutral rating as the current valuation adequately factors in this earnings upside.

Elevated costs dragged margin on a YoY basis in 1QFY23

- Revenue was stable YoY at INR54b (est. INR54b) in 1QFY23.
- Sales from North America grew 13% YoY to INR11.5b (USD155m; up 10% in CC terms; 22% of sales) due to steady momentum in the Core Formulation business, led by contribution from Respiratory and Peptide assets.
- SAGA/EM sales grew 8%/14% YoY to INR9b/INR7b (15%/13% of sales).
- DF sales declined by 9% YoY to INR25b (46% of sales) due to significant normalization in business from the COVID-19 pandemic. The same grew 9% YoY, excluding business from the pandemic.
- Gross margin was largely stable YoY at 62.3% in 1QFY23.
- EBITDA margin contracted by ~250bp to 21.3% (est. 18.8%) on higher OPEX (staff cost/other expenses up 150bp/100bp YoY as a percentage of sales).
- EBITDA declined by 12% YoY to INR11.4b (est. INR10.1b).
- Other income was higher by 60% YoY to INR1b (est. INR0.6b).
- Adjusted PAT declined by 13% YoY to INR7b (est. INR6b).

Highlights from management commentary

- The management guided at an EBITDA margin of 21-22% in FY23.
- The recently launched Peptide asset has been on track in terms of gaining market share in the US market (i.e. up to mid-teens by the end of CY23).
- It does not have any supply constraint for Lanreotide in the US market.
- Out of the five filings in the Peptide category, none are first-to-file. However, it sees limited competition products, if executed well. The same can provide a business opportunity of USD30-35m per product. The management expects one launch in FY23 and two in the latter part of FY24.
- It expects a USFDA inspection for g-Abraxane soon.
- Adjusting for the forex headwind, and escalated procurement and freight cost, which grew 170bp as a percentage of sales, EBITDA margin stood at 23% in 1QFY23.

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

Research Analyst - Gaurang Sakare (Gaurang.Sakare@MotilalOswal.com) / **Sumit Gupta** (Sumit.G@MotilalOswal.com)

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

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

Quarterly Performance (Consolidated)

Y/E March (INRb)	FY22				FY23E				FY22	FY23E	Est.	% Var
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Revenues	54.5	55.2	54.8	52.6	53.8	55.8	61.1	60.8	217.1	231.4	53.8	-0.1
YoY Change (%)	25.5	9.6	6.0	14.2	-1.4	1.1	11.5	15.6	13.3	6.6	-1.3	
Total Expenditure	41.6	42.9	42.5	43.1	42.3	43.7	46.9	46.2	170.1	179.1	43.7	
EBITDA	12.9	12.3	12.3	9.5	11.4	12.1	14.2	14.7	47.0	52.3	10.1	13.0
YoY Change (%)	23.4	4.2	0.0	19.3	-11.7	-1.7	15.1	54.3	10.6	11.3	-21.9	
Margins (%)	23.7	22.2	22.5	18.1	21.3	21.6	23.2	24.1	21.7	22.6	18.8	
Depreciation	2.6	2.5	2.5	2.9	2.5	2.6	2.8	3.1	10.5	11.0	2.7	
EBIT	10.3	9.7	9.8	6.6	8.9	9.5	11.4	11.6	36.5	41.3	7.4	
YoY Change (%)	32.5	6.8	0.1	29.0	-14.0	-2.9	16.1	75.6	14.6	13.3	-28.2	
Margins (%)	19.0	17.6	18.0	12.5	16.5	16.9	18.7	19.0	16.8	17.9	13.8	
Interest	0.3	0.4	0.2	0.2	0.2	0.2	0.2	0.2	1.1	0.8	0.2	
Other Income	0.6	0.6	0.9	0.6	1.0	0.6	0.6	0.7	2.8	2.9	0.6	
Profit before Tax	10.7	10.0	10.5	7.1	9.7	9.8	11.8	12.0	38.2	43.4	7.9	
One-time (expense)/income	-0.7	0.0	0.0	-2.6	0.0	0.0	0.0	0.0	-3.3	0.0	0.0	
PBT after EO expense	10.0	10.0	10.5	4.5	9.7	9.8	11.8	12.0	34.9	43.4	7.9	23.3
Tax	2.8	2.8	3.0	0.7	2.7	2.6	3.2	3.5	9.3	11.9	2.0	
Rate (%)	26.5	28.5	28.0	10.1	27.5	26.5	27.0	28.8	24.4	27.5	25.0	
Minority Interest	0.0	0.0	0.3	0.1	0.2	-0.1	-0.1	-0.4	0.4	-0.3	-0.1	
Reported PAT	7.1	7.1	7.3	3.6	6.9	7.3	8.7	8.9	25.2	31.7	6.0	14.6
Adj PAT	7.9	7.1	7.3	6.1	6.9	7.3	8.7	8.9	28.4	31.7	6.0	14.6
YoY Change (%)	36.4	6.9	-2.6	47.6	-12.9	2.4	19.3	45.8	18.0	11.8	-24.0	

E: MOFSL Estimates;

Key performance Indicators (Consolidated)

Y/E March	FY22				FY23E				FY22	FY23E	Est.
INRb	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE
Domestic formulation	27.1	24.2	25.2	21.8	24.7	25.4	27.4	24.2	98.3	101.7	23.0
YoY Change (%)	68.5	15.6	12.9	20.8	-8.8	5.0	9.0	10.8	27.0	3.5	-15.0
North America	10.5	10.6	11.5	12.1	11.8	12.2	13.4	16.1	44.3	53.5	12.7
YoY Change (%)	2.4	1.9	11.0	20.7	13.1	5.7	10.9	35.9	8.3	20.6	20.0
Europe	2.7	2.8	3.0	2.9	2.9	3.0	3.3	3.4	11.3	12.6	2.9
YoY Change (%)	11.0	11.0	18.0	15.8	10.0	8.0	10.0	19.7	14.0	12.0	10.0
South Africa	8.3	9.9	8.8	9.5	8.1	8.4	9.6	10.6	36.8	36.8	8.9
YoY Change (%)	8.2	7.7	9.0	12.4	8.0	-15.0	10.0	11.4	6.6	0.0	8.0
Emerging market	6.1	8.2	7.1	7.3	7.0	7.3	7.8	8.1	28.7	30.3	7.1
YoY Change (%)	-13.1	13.7	-3.7	7.6	15.4	-10.6	10.0	10.7	1.2	5.3	16.7
API	2.2	1.7	1.6	1.4	1.6	1.7	1.9	2.0	7.6	7.2	1.6
YoY Change (%)	21.7	-9.0	0.0	-38.8	-30.0	0.0	15.0	45.8	-4.8	-5.0	-30.0
Cost Break-up											
RM Cost (% of Sales)	37.9	38.7	39.1	37.8	37.7	38.0	36.9	35.6	38.6	38.6	39.0
Staff Cost (% of Sales)	16.3	15.9	15.9	17.0	17.8	17.4	16.5	16.4	16.3	16.3	16.7
R&D Expenses(% of Sales)	4.8	5.0	5.6	6.1	5.1	5.5	6.4	6.9	4.5	4.3	6.1
Other Cost (% of Sales)	17.2	18.2	17.8	21.1	18.2	17.5	17.0	17.0	17.2	17.0	19.4
Gross Margins (%)	62.1	61.3	60.9	62.2	62.3	62.0	63.1	64.4	61.4	61.4	61.0
EBITDA Margins (%)	23.7	22.2	22.5	18.1	21.3	21.6	23.2	24.1	21.7	22.6	18.8
EBIT Margins(%)	19.0	17.6	18.0	12.5	16.5	16.9	18.7	19.0	16.8	17.9	13.8

E: MOFSL Estimates



Highlights from management commentary

- The overall sales grew 6% YoY, adjusting for COVID related sales in 1QFY22. Particularly, India business grew 9% YoY (Ex-COVID).
- Global Consumer business now forms 9% of sales in 1QFY23 and grew 17% on YoY basis.
- The partnered inhalation asset filed in 3QFY17 is getting delayed for approval as partner is in process to address the queries raised by USFDA.
- CIPLA expects approval for g-Revlimid nearer to market formation.
- R&D cost is likely to be 5.5-6% of sales for FY23.

New US launches to speed up growth from 2HFY23

US: Respiratory assets on the growth path; Peptide – additional category of complex molecules

- Cipla has 71 ANDAs pending approval. The growth was led by steady momentum in core formulation business led by contribution from respiratory and peptide assets amongst others.
- CIPLA's respiratory franchise has been strengthening over past five years. The recent key drivers of the growth are Albuterol (16.5% market share) and Arfermoterol (~33.4% market share). CIPLA's DTM Respiratory franchise grew by 22% in 1QFY23. CIPLA is accelerating the pace of clinical trials in Respiratory products in the US. CIPLA continues its efforts to expand its respiratory portfolio with gAdvair and gAbraxane in the pipeline.
- CIPLA is working on further unlocking the Peptide portfolio as well. The recently launched peptide asset is on track to gain market share upto mid-teens by the end of CY23. It does not have any supply constraint for g-lanreotide in US.
- Although it expects a further ramp-up in g-Albuterol and some meaningful launches over the next 2–3 quarters, the fillip to the US business hinges on big launches from 2HFY23E. Based on this, we expect a 18.5% US sales CAGR to USD834m over FY22–24.

DF: Healthy growth on Ex-COVID basis

- CIPLA domestic sales declined by 9% YoY to INR24.7b in India in 1QFY23, driven by a normalization of COVID-19 business but core portfolio continued momentum driven by new launches.
- The branded prescription business continues to grow at a good rate driven by sustained growth momentum across core therapies led by pricing and new products. The Consumer Health business, supported by the product shift from the Trade Generics business, continues to enjoy strong growth momentum in anchor brands as well as shifted brands. Products such as Cofsils, Nicotex and Omnigel delivered over 22% YoY growth in 1QFY23.
- The trade generics business witnessed healthy traction across the flagship brands with steady order flow across regions with continued channel engagement and governance.
- Acquisitions such as Achira, EnduraMass and GoApptiv are expected to drive growth in the mid-to-long-term. Achira will help CIPLA entry in the PoC diagnostics and AMR space through the design, development, and manufacturing of microfluidics-based technologies. EnduraMass will help to expand CIPLA's wellness portfolio by foraying into new category nutritional

supplements for weight gain while GoApptiv deal will help CIPLA to reach tier2 towns by leveraging GoApptiv's digital business.

- We expect the CIPLA to deliver 6.2% sales CAGR in DF to INR111b over FY22–24.

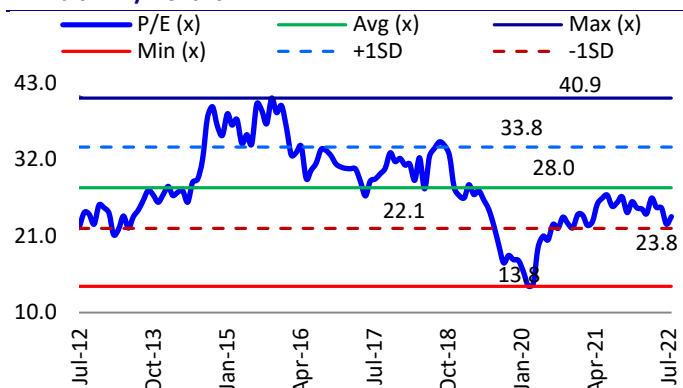
SAGA: SA private market driving SAGA business

- CIPLA achieved growth in the South Africa Private market by outperforming in the base business as well as new product portfolio. CIPLA maintained the growth momentum by launching 8 brands in the private market in 1QFY23. 4-in-1 fixed dose anti-retroviral treatment was launched in partnership with DNDi in 1QFY23.
- We expect CIPLA to deliver 5.4% sales CAGR in SAGA to INR40.8b over FY22–24 driven by CIPLA's focus on maintaining this market-beating growth in large branded and unbranded generic franchises.

Valuation adequately factors the earnings upside

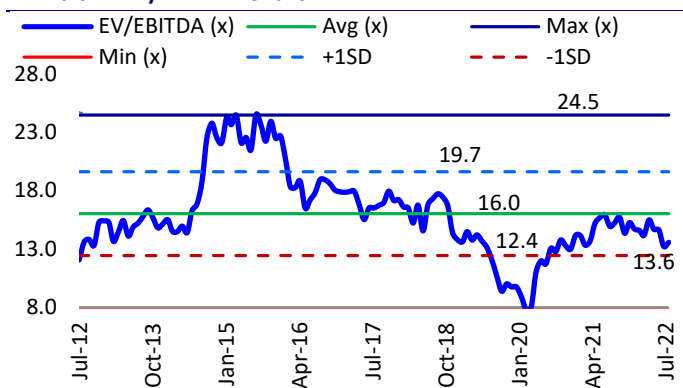
- We tweak our estimates (+3%/+2%) for FY23/FY24 factoring, a) healthy out-performance in domestic formulation (DF) segment and steady momentum in US portfolio. We expect a 15% earnings CAGR, led by a 18.5%/6.2%/5.4% sales CAGR in US Generics / DF / SAGA over FY22–24.
- We continue to value CIPLA on SOTP basis (23x 12M forward earnings of base business and NPV of INR40 for g-Revlimid). While the outlook remains interesting with 15% earnings CAGR over FY22-24, we maintain Neutral as current valuation adequately factors this earnings upside.

Exhibit 1: P/E chart



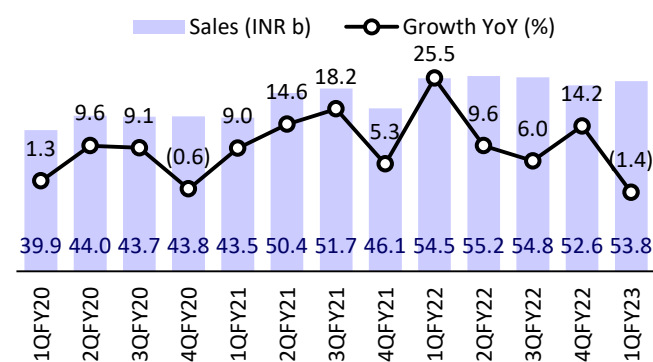
Source: MOFSL, Company, Bloomberg

Exhibit 2: EV/EBITDA chart

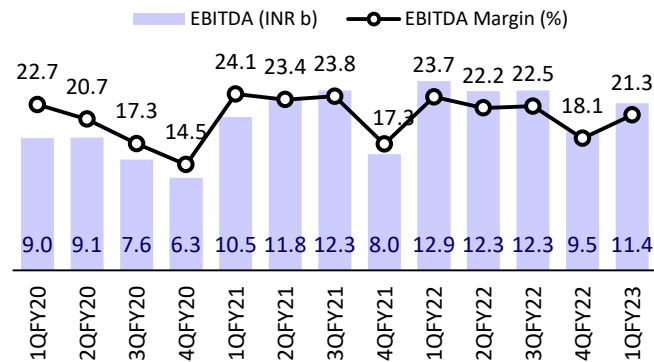


Source: MOFSL, Company, Bloomberg

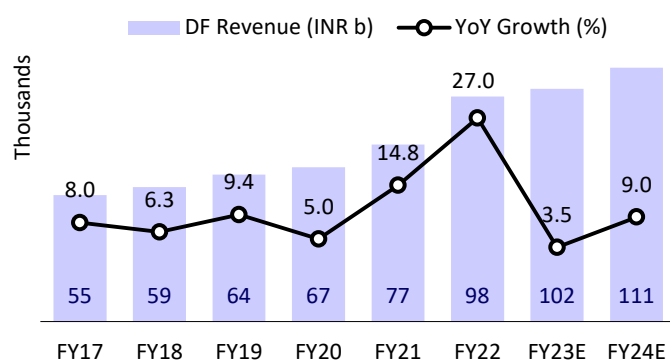
Story in charts

Exhibit 3: Revenue down ~1.4% YoY in 1QFY23


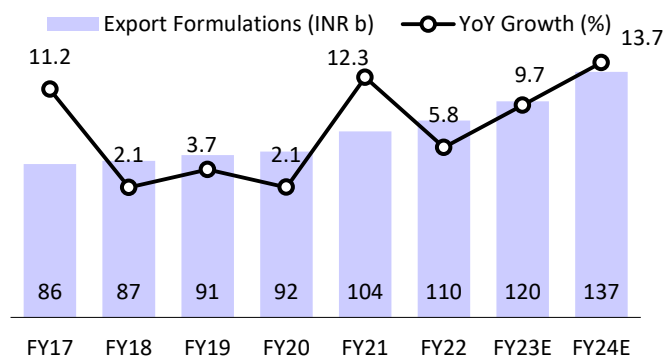
Source: MOFSL, Company

Exhibit 4: EBITDA margin contracts ~250bp YoY in 1QFY23


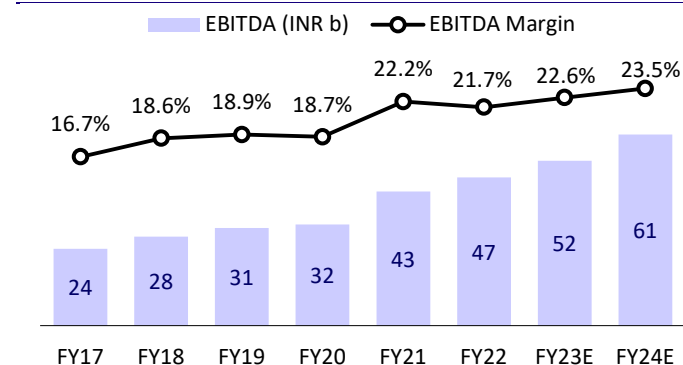
Source: MOFSL, Company

Exhibit 5: Expect 6% DF sales CAGR over FY22–24...


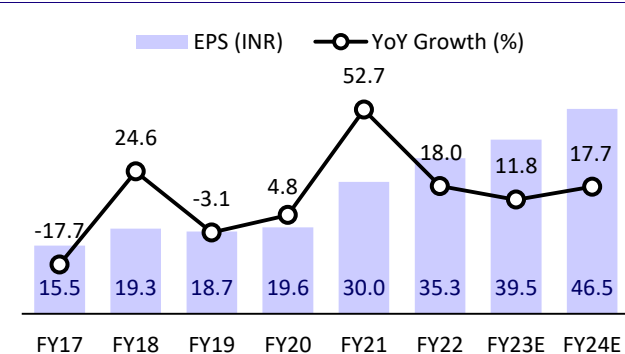
Source: MOFSL, Company

Exhibit 6: ...and 12% export sales CAGR over FY22–24


Source: MOFSL, Company

Exhibit 7: Expect EBITDA margin to grow to 23.5% by FY24


Source: MOFSL, Company

Exhibit 8: Expect 15% earnings CAGR over FY22–24


Source: MOFSL, Company

Financials and valuations

Income Statement							(INR Bn)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Net Income	146.0	152.2	163.6	171.3	191.6	217.1	231.4	257.9
Change (%)	6.7	4.3	7.5	4.7	11.8	13.3	6.6	11.4
EBITDA	24.4	28.3	31.0	32.1	42.5	47.0	52.3	60.6
Change (%)	-2.3	15.7	9.6	3.5	32.6	10.6	11.3	15.9
Margin (%)	16.7	18.6	18.9	18.7	22.2	21.7	22.6	23.5
Depreciation	9.2	11.5	11.2	11.4	10.7	10.5	11.0	12.1
EBIT	15.2	16.8	19.8	20.6	31.8	36.5	41.3	48.5
Int. and Finance Charges	1.6	1.1	1.7	2.0	1.6	1.1	0.8	0.8
Other Income - Rec.	2.3	3.6	2.8	3.4	2.7	2.8	2.9	3.0
PBT before EO Items	15.9	19.2	20.9	22.1	32.9	38.2	43.4	50.7
One-time (Expense)/Income	0.0	-2.5	-0.1	0.3	0.0	3.3	0.0	0.0
PBT but after EO Exp.	15.9	16.7	20.8	21.8	32.9	34.9	43.4	50.7
Tax	3.1	2.5	5.7	6.3	8.9	9.3	11.9	13.7
Tax Rate (%)	19.5	15.0	27.4	29.0	27.0	26.7	27.5	27.0
Minority Interest	0.3	0.1	-0.4	-0.5	-0.2	0.3	-0.4	-0.4
Income from associates	-0.1	0.0	-0.2	-0.5	-0.1	-0.1	-0.1	-0.1
Reported PAT	12.4	14.1	15.3	15.5	24.1	25.2	31.7	37.3
Adj PAT	12.4	15.5	15.0	15.8	24.1	28.4	31.7	37.3
Change (%)	-17.7	24.6	-3.1	4.8	52.7	18.0	11.8	17.7
Margin (%)	8.5	10.2	9.2	9.2	12.6	13.1	13.7	14.5

Balance Sheet							(INR Bn)	
Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Equity Share Capital	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Reserves	123.6	140.7	152.3	157.6	179.3	201.5	230.4	263.8
Net Worth	125.3	142.3	150.1	157.6	183.3	208.4	232.0	265.4
Loans	41.1	41.0	43.2	28.2	15.4	9.0	6.0	6.0
Deferred Liabilities	5.9	3.2	2.2	1.3	-0.2	-2.0	-2.0	-2.0
Minority Interst	4.4	3.5	3.3	2.9	2.6	2.8	2.8	2.8
Capital Employed	176.7	190.0	198.8	190.0	201.0	218.1	238.7	272.1
Gross Block	114.6	120.5	126.4	138.5	147.5	160.1	166.0	172.0
Less: Accum. Deprn.	10.2	16.3	27.4	38.9	49.5	60.1	71.0	83.1
Net Fixed Assets	104.4	104.2	98.9	99.6	97.9	100.1	95.0	89.0
Capital WIP	7.2	5.1	3.3	4.2	5.7	3.8	5.1	5.1
Investments	0.1	0.1	3.0	3.6	3.5	4.2	4.2	4.2
Curr. Assets	96.2	117.3	132.4	126.8	141.2	158.3	178.7	220.2
Inventory	34.9	40.4	39.6	43.8	46.7	53.5	56.5	64.7
Account Receivables	25.0	31.0	41.5	38.9	34.5	34.2	40.3	43.6
Cash and Bank Balance	6.2	9.7	6.2	10.0	14.0	19.3	26.6	51.7
Others	30.1	36.2	45.1	34.1	46.1	51.3	55.3	60.1
Curr. Liability & Prov.	31.2	36.8	38.8	44.2	47.3	48.4	44.3	46.3
Account Payables	28.0	30.5	31.4	34.8	36.5	36.2	32.1	34.1
Provisions	3.2	6.3	7.4	9.5	10.8	12.2	12.2	12.2
Net Current Assets	65.0	80.5	93.7	82.6	93.9	109.9	134.3	173.9
Appl. of Funds	176.6	190.0	198.8	190.0	201.0	218.1	238.7	272.1

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
Basic (INR)								
EPS	15.5	19.3	18.7	19.6	30.0	35.3	39.5	46.5
Cash EPS	26.9	33.5	32.5	33.7	43.1	48.2	53.0	61.4
BV/Share	155.7	176.7	186.3	195.5	227.2	258.1	288.1	329.7
DPS	2.0	2.0	3.0	2.5	2.5	3.0	3.0	4.0
Payout (%)	15.6	13.4	18.6	15.6	10.0	11.5	9.1	10.4
Valuation (x)								
P/E	63.2	50.7	52.3	49.9	32.7	27.7	24.8	21.1
Cash P/E	36.3	29.2	30.1	29.0	22.7	20.3	18.5	16.0
P/BV	6.3	5.5	5.3	5.0	4.3	3.8	3.4	3.0
EV/Sales	5.6	5.4	5.0	4.7	4.1	3.6	3.3	2.9
EV/EBITDA	33.7	29.0	26.6	25.1	18.6	16.5	14.7	12.2
Dividend Yield (%)	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4
FCF per Share	21.5	6.7	15.9	24.0	33.7	27.9	23.4	36.6
Return Ratios (%)								
RoE	9.9	10.9	10.0	10.0	13.1	13.6	13.7	14.1
RoCE	7.9	9.4	8.4	8.8	12.9	13.7	14.0	14.7
RoIC	7.5	8.4	8.0	8.2	13.3	14.5	15.2	17.1
Working Capital Ratios								
Fixed Asset Turnover (x)	1.4	1.5	1.6	1.7	1.9	2.2	2.4	2.8
Debtor (Days)	62	74	93	83	66	58	64	62
Inventory (Days)	87	97	88	93	89	90	89	92
Working Capital (Days)	162	193	209	176	179	183	210	243
Leverage Ratio (x)								
Current Ratio	3.1	3.2	3.4	2.9	3.0	3.3	4.0	4.8
Debt/Equity	0.3	0.2	0.2	0.1	0.0	0.0	-0.1	-0.2

Cash Flow Statement

(INR Bn)

Y/E March	FY17	FY18	FY19	FY20	FY21	FY22	FY23E	FY24E
EBITDA	24.4	28.3	31.0	32.1	42.5	47.0	52.3	60.6
Interest/Dividends Recd.	2.3	3.6	2.8	3.4	2.7	2.8	2.9	3.0
Direct Taxes Paid	-6.2	-5.2	-6.6	-7.3	-10.3	-11.2	-11.9	-13.7
(Inc)/Dec in WC	-3.9	-12.2	-16.6	14.9	-7.4	-10.7	-17.2	-14.4
CF from Operations	16.6	14.4	10.6	43.1	27.5	27.9	26.1	35.5
others	7.2	-2.3	6.2	-10.5	10.1	8.6	0.0	0.0
CF from Oper. incl EO Expense	23.8	14.6	16.9	32.3	37.6	33.3	26.1	35.5
(inc)/dec in FA	-6.5	-9.2	-4.1	-13.0	-10.5	-10.8	-7.2	-6.0
Free Cash Flow	17.3	5.4	12.8	19.3	27.1	22.5	18.8	29.5
(Pur)/Sale of Investments	1.6	0.0	-2.9	-0.6	0.1	-0.7	0.0	0.0
others	-8.2	0.7	-9.7	14.7	-13.5	-7.3	0.0	0.0
CF from Investments	-13.1	-8.5	-16.7	1.0	-23.9	-18.7	-7.2	-6.0
Inc/(Dec) in Debt	-10.8	-0.1	2.2	-15.0	-12.8	-6.4	-3.0	0.0
Interest Paid	-1.6	-1.1	-1.7	-2.0	-1.6	-1.1	-0.8	-0.8
Dividend Paid	-1.9	-1.9	-2.8	-2.4	-2.4	-2.9	-2.9	-3.9
Others	1.1	-0.7	-1.1	-11.7	3.5	-0.4	-6.3	-1.1
CF from Fin. Activity	-13.3	-3.9	-3.5	-31.1	-13.3	-10.7	-13.0	-5.8
Inc/Dec of Cash	-2.5	2.2	-3.3	2.2	0.4	3.8	5.8	23.7
Add: Beginning Balance	8.7	6.2	9.7	6.2	10.0	14.0	19.3	26.6
Bank balances	0.0	1.0	0.0	-1.1	3.6	1.5	1.5	1.5
Bank balances and FX impact	0.1	1.2	-0.2	1.6	3.6	1.5	1.5	1.5
Closing balance	6.2	9.7	6.2	10.0	14.0	19.3	26.6	51.7

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.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.