

BSE SENSEX 82,560 S&P CNX 25,279

**CMP: INR6,074 TP: INR6,030 (-1%) Neutral**



### Stock Info

	ALKEM IN
Bloomberg	ALKEM IN
Equity Shares (m)	120
M.Cap.(INRb)/(USD\$b)	726.2 / 8.7
52-Week Range (INR)	6203 / 3440
1, 6, 12 Rel. Per (%)	12/6/38
12M Avg Val (INR M)	1309
Free Float (%)	43.6

### Financials Snapshot (INR b)

Y/E March	FY24	FY25E	FY26E
Sales	126.7	133.6	147.8
EBITDA	22.5	25.8	30.0
Adj. PAT	19.1	21.3	24.3
EBIT Margin (%)	15.4	16.8	18.0
Cons. Adj. EPS (INR)	159.7	178.1	202.9
EPS Gr. (%)	50.6	11.6	13.9
BV/Sh. (INR)	862.6	1,000.6	1,157.8

### Ratios

Net D:E	0.0	-0.1	-0.1
RoE (%)	19.7	19.1	18.8
RoCE (%)	18.3	17.8	17.6
Payout (%)	22.5	22.5	22.5

### Valuations

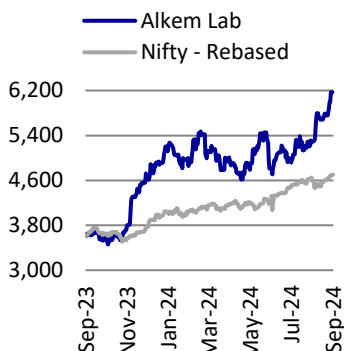
P/E (x)	38.0	34.1	29.9
EV/EBITDA (x)	32.3	27.8	23.7
Div. Yield (%)	0.5	0.6	0.6
FCF Yield (%)	2.4	1.3	1.4
EV/Sales (x)	5.7	5.4	4.8

### Shareholding Pattern (%)

As On	Jun-24	Mar-24	Jun-23
Promoter	56.4	56.7	57.2
DII	18.6	15.6	16.3
FII	8.7	9.1	5.6
Others	16.4	18.5	20.9

FII includes depository receipts.

### Stock Performance (One-year)



## Focusing on profitable growth across segments

We met with the ALKEM management to gain a deeper understanding of the business outlook:

- With an established presence in the Domestic Formulation (DF) segment and exports, ALKEM is boosting its growth prospects in the bio-CDMO and med-tech segments. The overall investment in the bio-CDMO segment is expected to be ~INR14b.
- ALKEM's revamped strategy for the DF segment is yielding improved results with potential for higher growth in the chronic space and reduction in MR attrition.
- Considering a) the extended benefit of lower API prices, b) improved productivity, and c) investments in other initiatives (CDMO/Med-tech), we value ALKEM at 27x 12M forward earnings to arrive at a TP of INR6,030.
- Having said that, we believe the current valuation adequately reflects a 13% earnings CAGR for FY24-FY26E. Maintain Neutral.

## New initiatives (CDMO/med-tech) into investment mode

- After establishing R&D/manufacturing capabilities for biosimilars in India, ALKEM seeks to set up a manufacturing plant in the US to provide CDMO services.
- The investment will be ~INR4b-INR4.5b and the plant is expected to be operational by 4QFY25.
- Besides, ALKEM has invested INR10b to date in Enzene.
- The company has implemented appropriate measures to cater to innovator customers for biologics as well as biosimilars.
- Its biologics segment records annual sales of around INR2.6b (largely domestic) and has recently achieved EBITDA break-even. Semaglutide is expected to be the focus product for ALKEM.
- Its med-tech venture is expected to be asset-light with less than INR2b investment over the medium term.
- The products are in-licensed and manufacturing is outsourced in the med-tech segment. The overall annual Opex is expected to be INR350m-INR400m.
- Given ALKEM's surgery-related portfolio in the anti-infective space, the investment in this segment is expected to enhance the overall hospital offerings.

## Strategic reset yielding improved results in the DF segment

- The DF segment has implemented a new strategy that includes a) changes in the MR incentive scheme, b) focus on top 50-100 brands, c) day-1 launches in the chronic space, and d) digital intervention to improve the efficiency of MRs and enhance service offerings.
- Notably, the attrition rate has reduced by 5% post the implementation of the revised strategy.

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

Research Analyst - Akash Manish Dobhada (Akash.Dobhada@MotilalOswal.com) | Viraj Shah (Viraj.Shah@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](http://www.motilaloswal.com/Institutional-Equities), Bloomberg, Thomson Reuters, Factset and S&P Capital.

- The gross margin of chronic/acute portfolio is typically 72-80%/55%-65%. While investment continues to remain higher in the chronic space, the profitability is not dilutive in the DF segment.
- The trade generics segment has experienced a slowdown at the industry level, leading to relatively lower growth prospects.

#### Reassessing the US generics segment with a greater focus on profitability

- The portfolio selection strategy has been revised with enhanced focus on product-specific economics. The near-term growth may be impacted due to increased efforts toward margin improvement.

#### Other key highlights

- ALKEM expects 100bp margin expansion in the base business. This would be offset by higher Opex toward new initiatives. As a result, ALKEM is likely to reiterate its significant EBITDA margin of 18% for FY25.
- The company has experienced an increase in Pen-G prices in the recent past.

#### Valuation and view

- ALKEM has recorded 18% CAGR earnings over FY18-FY24 and is further expected to deliver healthy growth of 13% over FY24-FY26, led by the 260bp margin expansion. Although ALKEM has a strong presence in the DF and exports markets, it is further investing in biosimilar/CDMO/Med-tech segments. Additionally, it is exploring inorganic opportunities with surplus cash of INR38.5b.
- We value ALKEM at 27x 12M forward earnings to arrive at a price target of INR6,030. We maintain a neutral stance on the stock due to limited upside potential from current levels.

#### Exhibit 1: Valuation snapshot

Company	Reco	MCap (USD B)	EPS (INR)			EPS Gr. YoY (%)		PE (x)		EV/EBITDA (x)		RoE (%)		
			FY24E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY25E	FY26E	FY24E	FY25E	FY26E
Ajanta Pharma	Buy	4.9	62.3	75.8	88.1	21.7	16.0	42.2	36.3	30.2	26.2	22.7	24.5	23.8
Alembic Pharma	Neutral	2.4	31.5	37.6	41.5	19.7	10.3	28.4	25.8	17.1	15.3	13.5	14.3	13.9
<b>Alkem Lab</b>	<b>Neutral</b>	<b>8.8</b>	<b>159.7</b>	<b>178.1</b>	<b>202.9</b>	<b>11.6</b>	<b>13.9</b>	<b>34.1</b>	<b>29.9</b>	<b>29.5</b>	<b>25.6</b>	<b>19.7</b>	<b>19.1</b>	<b>18.8</b>
Aurobindo Pharma	Neutral	11.0	56.0	66.3	73.8	18.3	11.3	23.4	21.0	12.6	11.5	11.6	12.3	12.2
Biocon	Neutral	5.1	1.8	5.0	10.4	180.0	106.1	71.9	34.9	16.1	12.5	1.1	3.0	5.9
Cipla	Buy	15.9	52.5	58.7	65.6	11.9	11.7	28.0	25.1	18.4	16.0	15.9	15.4	14.9
Divi's Lab	Neutral	16.1	60.0	77.7	95.1	29.6	22.4	64.8	52.9	45.9	38.3	12.1	14.4	15.9
Dr Reddy's Labs	Neutral	13.9	317.1	353.8	389.0	11.6	9.9	19.4	17.7	11.8	9.9	20.7	19.1	17.7
Eris Lifescience	Neutral	2.3	29.2	30.4	42.0	4.0	38.0	46.6	33.8	17.6	15.3	16.8	15.2	18.2
Gland Pharma	Buy	3.6	47.6	56.1	67.8	17.8	20.9	32.7	27.0	18.5	15.3	9.4	10.1	10.9
Glenmark Pharma	Buy	5.8	2.5	47.5	59.2	1812.8	24.6	35.5	28.5	19.2	15.9	0.8	15.8	16.8
Glaxosmit Pharma	Neutral	5.5	43.3	47.3	51.5	9.2	8.9	58.8	54.0	43.4	39.4	41.3	38.0	34.7
Granules India	Buy	2.1	17.4	24.0	31.9	38.5	32.5	28.4	21.5	16.9	13.7	13.9	16.6	18.6
Ipca Labs	Neutral	4.2	20.8	33.5	44.4	61.3	32.6	41.2	31.0	21.8	18.3	8.7	12.7	15.0
Laurus Labs	Buy	3.0	3.0	7.2	12.9	139.9	78.2	63.9	35.9	24.3	18.4	4.0	9.1	14.7
Lupin	Neutral	12.1	41.5	59.2	69.9	42.4	18.2	37.7	31.9	22.1	18.6	14.1	17.3	17.4
Mankind Pharma	Buy	11.9	47.8	54.5	62.4	14.1	14.6	43.9	38.3	32.0	27.2	22.8	21.4	20.9
Piramal Pharma	Buy	3.0	0.4	2.5	5.1	497.1	103.1	77.1	38.0	19.4	14.7	0.8	4.1	7.9
Sun Pharma.Inds.	Buy	52.0	41.4	49.3	58.4	19.1	18.4	36.8	31.1	29.3	24.8	16.7	17.3	17.6
Torrent Pharma	Neutral	14.1	47.1	63.4	82.0	34.6	29.3	54.1	41.8	29.6	24.8	24.4	28.5	30.5
Zydus LifeScience	Neutral	13.5	37.6	43.9	47.3	16.5	7.9	25.3	23.5	17.0	15.4	20.3	19.6	17.4

Source: MOFSL, Company

**Exhibit 2: PAN/AtoZN's/Pipzol/Uprise D3 growing faster despite their high base**

Drug	Therapy	MAT Jul'24			Growth (%)	
		Value (INR m)	Growth (%)	Market Share (%)	Last 3M	Jul'24
<b>Total</b>		<b>88,896</b>	<b>6.5</b>	<b>100</b>	<b>7.6</b>	<b>8.0</b>
Pan	Gastro Intestinal	6,379	12.3	44.0	13.4	9.1
Clavam	Anti-infectives	6,069	-0.9	13.9	5.5	3.5
Pan-D	Gastro Intestinal	5,633	17.8	33.9	25.5	23.6
Taxim-O	Anti-infectives	3,268	5.4	18.3	18.1	18.6
A To Z Ns	VMN	2,993	12.4	11.8	18.6	18.6
Xone	Anti-infectives	2,696	5.3	16.1	7.5	-0.2
Pipzo	Anti-infectives	2,123	26.8	23.4	30.1	30.5
Uprise-D3	VMN	1,929	31.7	17.8	26.8	43.0
Gemcal	VMN	1,807	-0.4	18.6	-2.6	-4.6
Taxim	VMN	1,783	-2.2	80.3	9.9	18.0

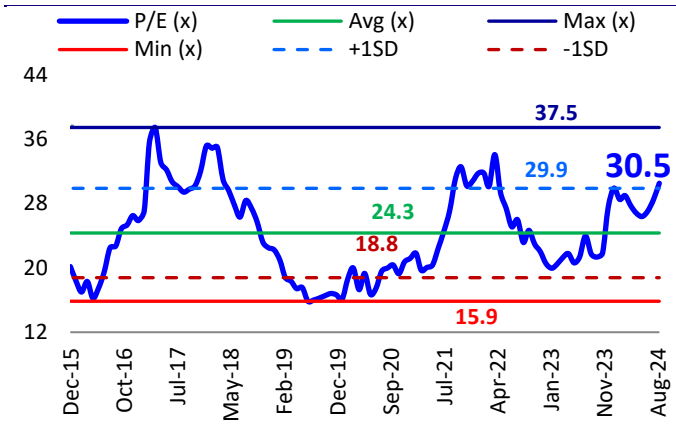
Source: MOFSL, Company, IQVIA

**Exhibit 3: Gastro/VMN/Anti-diabetic driving the overall growth for ALKEM**

	Share	MAT Growth (%)	3M*	Jul'24
<b>Total</b>	<b>100.0</b>	<b>6.5</b>	<b>7.6</b>	<b>8.0</b>
Anti-infectives	35.5	1.8	3.7	4.4
Gastro Intestinal	19.5	11.5	14.1	12.0
Vitamins/Minerals/Nutrients	10.9	12.4	13.4	16.7
Pain/Analgesics	10.6	3.6	2.5	1.6
Anti-diabetic	4.6	15.4	7.7	13.5
Gynaec.	3.9	4.8	6.9	3.4

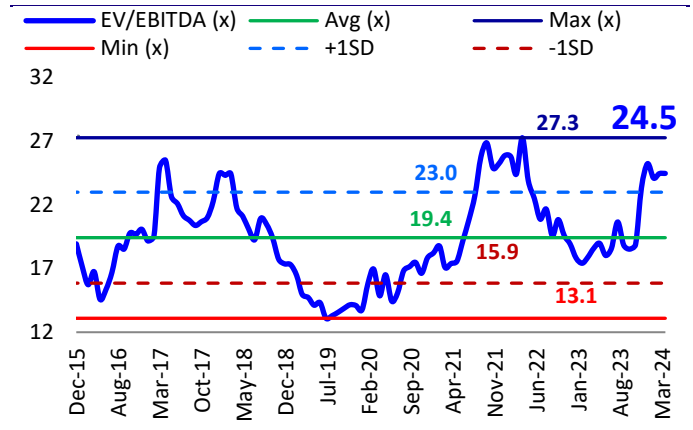
Source: MOFSL, Company

**Exhibit 4: PE Chart**



Source: MOFSL, Company

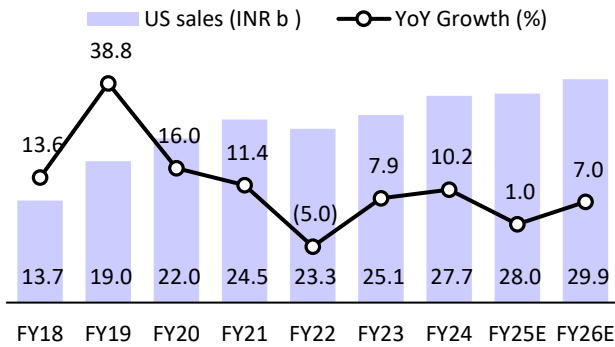
**Exhibit 5: EV/EBITDA Chart**



Source: MOFSL, Company

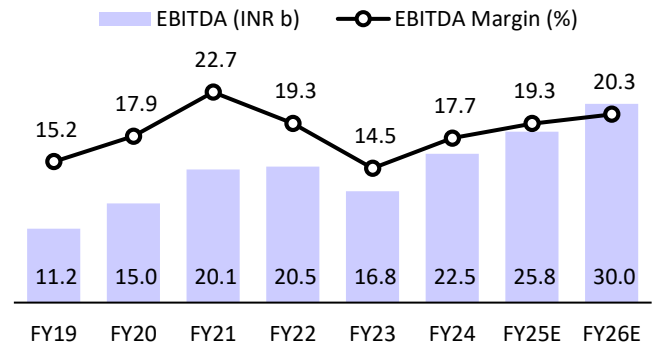
Story in charts

Exhibit 6: Expected 4% sales CAGR in the US over FY24-FY26E



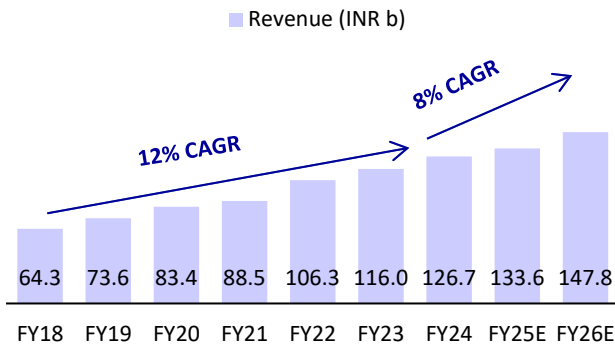
Source: Company, MOFSL

Exhibit 7: EBITDA margin to expand 260bp over FY24-26



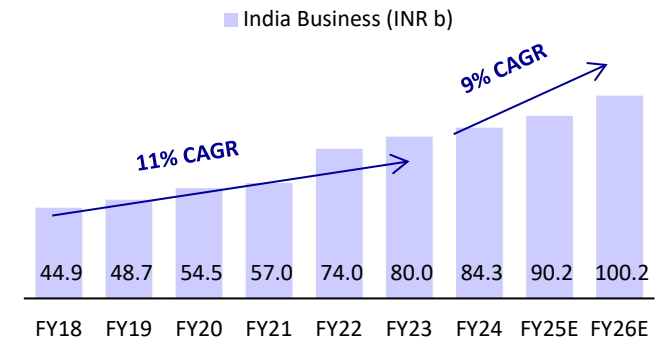
Source: Company, MOFSL

Exhibit 8: Expected revenue CAGR of 8% over FY24-26



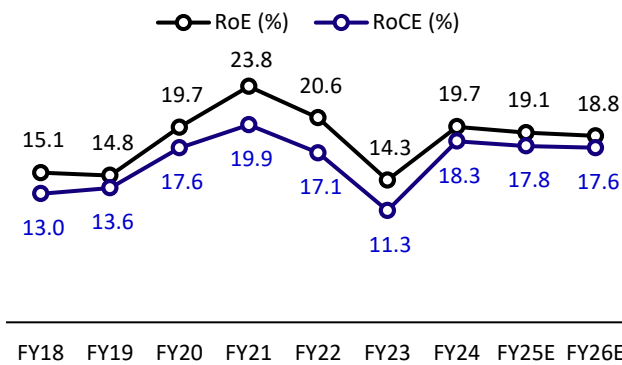
Source: Company, MOFSL

Exhibit 9: Expected India sales CAGR of 9% over FY24-FY26



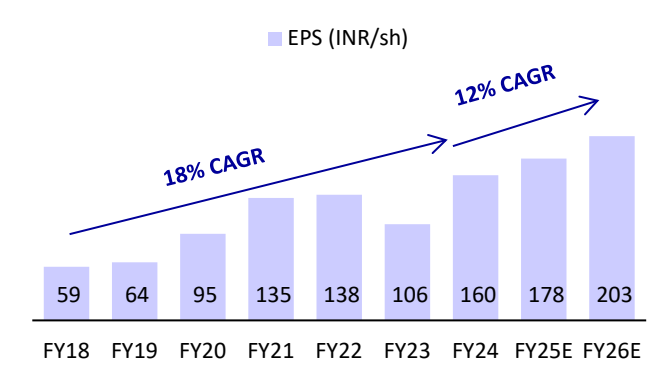
Source: Company, MOFSL

Exhibit 10: Return ratios to decrease going forward



Source: Company, MOFSL

Exhibit 11: Expected earnings CAGR of 12% over FY24-FY26



Source: Company, MOFSL

## Financials and valuations

Consolidated - Income Statement								INR m
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Total Income from Operations</b>	<b>73,572</b>	<b>83,444</b>	<b>88,505</b>	<b>1,06,342</b>	<b>1,15,993</b>	<b>1,26,676</b>	<b>1,33,585</b>	<b>1,47,776</b>
Change (%)	14.4	13.4	6.1	20.2	9.1	9.2	5.5	10.6
<b>Total Expenditure</b>	<b>62,401</b>	<b>68,484</b>	<b>68,426</b>	<b>85,813</b>	<b>99,198</b>	<b>1,04,221</b>	<b>1,07,803</b>	<b>1,17,778</b>
% of Sales	84.8	82.1	77.3	80.7	85.5	82.3	80.7	79.7
<b>EBITDA</b>	<b>11,171</b>	<b>14,960</b>	<b>20,079</b>	<b>20,529</b>	<b>16,795</b>	<b>22,455</b>	<b>25,782</b>	<b>29,999</b>
Margin (%)	15.2	17.9	22.7	19.3	14.5	17.7	19.3	20.3
Depreciation	1,932	2,348	2,746	3,040	3,104	2,993	3,313	3,455
<b>EBIT</b>	<b>9,239</b>	<b>12,612</b>	<b>17,333</b>	<b>17,490</b>	<b>13,690</b>	<b>19,462</b>	<b>22,469</b>	<b>26,544</b>
Int. and Finance Charges	546	651	589	524	1,074	1,124	968	898
Other Income	877	1,042	1,867	1,627	2,161	3,108	3,470	4,175
<b>PBT bef. EO Exp.</b>	<b>9,570</b>	<b>13,004</b>	<b>18,611</b>	<b>18,592</b>	<b>14,778</b>	<b>21,446</b>	<b>24,971</b>	<b>29,821</b>
EO Items	-23	-406	-190	-150	-1,730	-1,215	0	0
<b>PBT after EO Exp.</b>	<b>9,547</b>	<b>12,598</b>	<b>18,421</b>	<b>18,443</b>	<b>13,048</b>	<b>20,231</b>	<b>24,971</b>	<b>29,821</b>
Current Tax	1,810	1,105	2,243	1,640	2,980	2,117	3,496	5,368
Deferred Tax	0	0	0	0	0	0	0	0
Tax Rate (%)	19.0	8.8	12.2	8.9	22.8	10.5	14.0	18.0
Less: Minority Interest	131	222	328	300	226	157	177	200
<b>Reported PAT</b>	<b>7,606</b>	<b>11,271</b>	<b>15,850</b>	<b>16,503</b>	<b>9,842</b>	<b>17,958</b>	<b>21,297</b>	<b>24,253</b>
<b>Adjusted PAT</b>	<b>7,629</b>	<b>11,407</b>	<b>16,100</b>	<b>16,516</b>	<b>12,678</b>	<b>19,091</b>	<b>21,297</b>	<b>24,253</b>
Change (%)	8.4	49.5	41.1	2.6	-23.2	50.6	11.6	13.9
Margin (%)	10.4	13.7	18.2	15.5	10.9	15.1	15.9	16.4

Consolidated - Balance Sheet								INR m
Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity Share Capital	239	239	239	239	239	239	239	239
Total Reserves	54,154	61,368	73,528	86,140	90,214	1,02,882	1,19,384	1,38,176
<b>Net Worth</b>	<b>54,393</b>	<b>61,607</b>	<b>73,767</b>	<b>86,379</b>	<b>90,453</b>	<b>1,03,121</b>	<b>1,19,623</b>	<b>1,38,415</b>
Minority Interest	1,326	1,483	1,813	2,094	3,897	4,023	4,023	4,023
Deferred Tax Liabilities	3	0	0	0	0	0	0	0
Total Loans	9,026	16,628	17,336	26,466	13,775	14,032	14,032	14,032
<b>Capital Employed</b>	<b>64,748</b>	<b>79,717</b>	<b>92,916</b>	<b>1,14,939</b>	<b>1,08,125</b>	<b>1,21,176</b>	<b>1,37,679</b>	<b>1,56,471</b>
Gross Block	26,000	30,354	32,376	35,948	36,835	43,260	46,280	49,685
Less: Accum. Deprn.	4,944	7,291	10,037	13,077	16,181	19,174	22,487	25,941
<b>Net Fixed Assets</b>	<b>21,056</b>	<b>23,063</b>	<b>22,339</b>	<b>22,871</b>	<b>20,654</b>	<b>24,086</b>	<b>23,793</b>	<b>23,744</b>
Goodwill on Consolidation	4,248	6,017	5,591	6,146	4,796	4,642	4,642	4,642
Capital WIP	4,930	3,630	3,933	3,395	3,103	1,586	2,068	2,165
<b>Total Investments</b>	<b>3,236</b>	<b>2,614</b>	<b>3,328</b>	<b>3,710</b>	<b>6,218</b>	<b>4,838</b>	<b>4,838</b>	<b>4,838</b>
<b>Curr. Assets, Loans &amp; Adv.</b>	<b>41,535</b>	<b>54,784</b>	<b>68,923</b>	<b>91,477</b>	<b>89,770</b>	<b>1,05,449</b>	<b>1,22,052</b>	<b>1,44,440</b>
Inventory	14,999	18,188	23,124	30,055	26,075	26,612	30,421	33,236
Account Receivables	12,484	16,494	16,072	18,846	21,322	22,528	26,351	33,604
Cash and Bank Balance	6,616	10,922	19,905	25,786	25,786	15,694	22,449	30,219
Loans and Advances	7,437	9,180	9,822	16,790	16,587	40,616	42,831	47,381
<b>Curr. Liability &amp; Prov.</b>	<b>17,334</b>	<b>19,716</b>	<b>22,277</b>	<b>25,753</b>	<b>29,442</b>	<b>34,572</b>	<b>34,862</b>	<b>38,505</b>
Account Payables	9,623	9,541	10,694	11,734	11,650	17,481	13,882	15,166
Other Current Liabilities	4,436	6,108	6,709	7,955	10,370	12,824	13,523	14,960
Provisions	3,275	4,067	4,874	6,064	7,421	4,267	7,457	8,379
<b>Net Current Assets</b>	<b>24,202</b>	<b>35,068</b>	<b>46,647</b>	<b>65,725</b>	<b>60,329</b>	<b>70,877</b>	<b>87,190</b>	<b>1,05,935</b>
Deferred Tax assets	7,076	9,326	11,079	13,093	13,025	15,148	15,148	15,148
<b>Appl. of Funds</b>	<b>64,748</b>	<b>79,717</b>	<b>92,916</b>	<b>1,14,939</b>	<b>1,08,125</b>	<b>1,21,177</b>	<b>1,37,679</b>	<b>1,56,471</b>

E: MOFSL Estimates

## Financials and valuations

### Ratios

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>63.8</b>	<b>95.4</b>	<b>134.7</b>	<b>138.1</b>	<b>106.0</b>	<b>159.7</b>	<b>178.1</b>	<b>202.9</b>
Cash EPS	80.0	115.1	157.6	163.6	132.0	184.7	205.9	231.8
BV/Share	455	515	617	723	757	863	1,001	1,158
DPS	15.0	17.9	27.8	27.6	16.5	28.5	33.8	38.5
Payout (%)	28.5	22.5	24.9	23.7	23.7	22.5	22.5	22.5
<b>Valuation (x)</b>								
P/E	95.2	63.7	45.1	44.0	57.3	38.0	34.1	29.9
Cash P/E	75.9	52.8	38.5	37.1	46.0	32.9	29.5	26.2
P/BV	13.3	11.8	9.8	8.4	8.0	7.0	6.1	5.2
EV/Sales	9.9	8.8	8.2	6.8	6.2	5.7	5.4	4.8
EV/EBITDA	65.2	48.9	36.0	35.4	42.5	32.3	27.8	23.7
Dividend Yield (%)	0.2	0.3	0.5	0.5	0.3	0.5	0.6	0.6
FCF per share	21.1	19.9	90.4	65.5	121.5	147.3	77.2	84.9
<b>Return Ratios (%)</b>								
RoE	14.8	19.7	23.8	20.6	14.3	19.7	19.1	18.8
RoCE	13.6	17.6	19.9	17.1	11.3	18.3	17.8	17.6
RoIC	15.8	20.5	23.7	21.6	13.6	20.3	18.6	19.1
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.8	2.7	2.7	3.0	3.1	2.9	2.9	3.0
Asset Turnover (x)	1.1	1.0	1.0	0.9	1.1	1.0	1.0	0.9
Inventory (Days)	74	80	95	103	82	77	83	82
Debtor (Days)	62	72	66	65	67	65	72	83
Creditor (Days)	48	42	44	40	37	50	38	37
Working Cap. Turnover (Days)	87	106	110	137	109	159	177	187
<b>Leverage Ratio (x)</b>								
Current Ratio	2.4	2.8	3.1	3.6	3.0	3.1	3.5	3.8
Interest Cover Ratio	16.9	19.4	29.4	33.4	12.8	17.3	23.2	29.6
Debt/Equity	0.0	0.1	0.0	0.0	-0.1	0.0	-0.1	-0.1

### Consolidated - Cash Flow Statement

Y/E March	FY19	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
OP/(Loss) before Tax	9,547	12,598	18,421	18,443	13,048	20,231	24,971	29,821
Depreciation	1,932	2,528	2,746	3,040	3,104	2,993	3,313	3,455
Interest & Finance Charges	134	19	-312	-703	1,074	1,124	-2,502	-3,277
Direct Taxes Paid	-2,511	-2,834	-4,007	-3,969	-2,734	-4,069	-3,496	-5,368
(Inc)/Dec in WC	-1,403	-6,472	-3,412	-5,450	3,268	-516	-9,558	-10,974
<b>CF from Operations</b>	<b>7,698</b>	<b>5,839</b>	<b>13,436</b>	<b>11,361</b>	<b>17,759</b>	<b>19,763</b>	<b>12,728</b>	<b>13,656</b>
Others	98	12	-787	-250	-934	-281	0	0
<b>CF from Operating incl EO</b>	<b>7,797</b>	<b>5,851</b>	<b>12,649</b>	<b>11,110</b>	<b>16,825</b>	<b>19,482</b>	<b>12,728</b>	<b>13,656</b>
(Inc)/Dec in FA	-5,269	-3,477	-1,845	-3,280	-2,297	-1,868	-3,502	-3,502
<b>Free Cash Flow</b>	<b>2,527</b>	<b>2,374</b>	<b>10,805</b>	<b>7,830</b>	<b>14,528</b>	<b>17,614</b>	<b>9,226</b>	<b>10,154</b>
(Pur)/Sale of Investments	1,235	458	3	-12,051	1,955	-10,612	0	0
Others	871	-4,395	-8,144	980	1,471	2,395	3,470	4,175
<b>CF from Investments</b>	<b>-3,164</b>	<b>-7,414</b>	<b>-9,985</b>	<b>-14,351</b>	<b>1,128</b>	<b>-10,085</b>	<b>-32</b>	<b>673</b>
Inc/(Dec) in Debt	-1,057	6,031	1,397	8,628	-11,408	-5,132	0	0
Interest Paid	-546	-651	-536	-401	-905	-913	-968	-898
Dividend Paid	-2,186	-4,396	-3,348	-4,219	-5,295	-5,405	-4,795	-5,460
<b>CF from Fin. Activity</b>	<b>-3,789</b>	<b>791</b>	<b>-2,718</b>	<b>3,796</b>	<b>-16,388</b>	<b>-19,489</b>	<b>-5,941</b>	<b>-6,559</b>
<b>Inc/Dec of Cash</b>	<b>843</b>	<b>-771</b>	<b>-54</b>	<b>555</b>	<b>1,565</b>	<b>-10,093</b>	<b>6,755</b>	<b>7,770</b>
Opening Balance	1,667	2,490	1,759	1,705	2,297	3,862	-6,231	525
Add/(less) Forex diff in Cash and Cash eq	-20	40		37				
<b>Closing Cash and Cash Eq.</b>	<b>2,490</b>	<b>1,759</b>	<b>1,705</b>	<b>2,297</b>	<b>3,862</b>	<b>-6,231</b>	<b>525</b>	<b>8,295</b>
Bank Balances	4,126	9,163	18,199	23,489	21,924	21,924	21,924	21,924
<b>Total Cash and Cash Eq.</b>	<b>6,616</b>	<b>10,922</b>	<b>19,905</b>	<b>25,786</b>	<b>25,786</b>	<b>15,694</b>	<b>22,449</b>	<b>30,219</b>

INR m

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

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 the following 30 days, take appropriate measures to make the recommendation consistent with the investment rating legend.

#### Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://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](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. 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 of Singapore. Accordingly, if a Singapore person is not, or ceases to be, such an investor, they must immediately discontinue any use of this Report and inform MOCMSPL .

#### Specific Disclosures

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

The associates of MOFSL may have:

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

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

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

#### Analyst Certification

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

**Terms & Conditions:**

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

**Disclaimer:**

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

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.