

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
35,974	10,835
<b>Bloomberg</b>	<b>SANL IN</b>
Equity Shares (m)	23
M.Cap.(INRb)/(USDb)	139.8 / 2
52-Week Range (INR)	6840 / 4706
1, 6, 12 Rel. Per (%)	-4/4/19
12M Avg Val (INR M)	71
Free float (%)	39.6

**CMP: INR6,069 TP: INR7,000(+15%) Buy**

### Financials & Valuations(INR b)

Y/E Dec	2018	2019E	2020E
Net Sales	27.7	32.0	35.2
EBITDA	6.2	7.4	8.2
PAT	3.8	4.5	5.0
EPS (INR)	165.5	197.3	218.6
Gr. (%)	16.7	19.2	10.8
BV/Sh (INR)	964.7	1,064.6	1,191.9
RoE (%)	17.2	18.5	18.3
RoCE (%)	16.8	18.3	18.4
P/E (x)	36.7	30.8	27.8
P/BV (x)	6.3	5.7	5.1

Estimate change

TP change

Rating change

### Revenue blip a function of high base; traction in key therapies intact

**Higher RM cost hurts earnings:** 4QCY18 revenue growth was muted (~8% YoY to INR7.2b; our estimate: INR7.7b) relative to secondary sales (+12% YoY) due to a high base, with some support from Lantus (the largest brand) and the smaller brands (ranked 26-50). Gross margin shrank by ~200bp YoY (-140bp QoQ) to 57% due to increased RM cost. EBITDA margin contracted by ~110bp YoY to 18.9% (our est. 19.8%) due to higher employee cost (+60bp YoY to 14.2% of sales), partly offset by a decline in other expenses (-180bp YoY, 23.8%). Consequently, EBITDA improved ~2% YoY to INR1.3b (our estimate: INR1.5b). PAT grew ~4% YoY to INR793m (our estimate: INR885m). On a full-year basis, revenue/EBITDA/PAT grew 11%/16%/17% YoY to INR27.7b/INR6.2b/INR3.8b.

**Anti-diabetic and Gastro drive growth:** Growth was largely driven by volumes. Growth in Chronic segment (contributed around half of sales) exceeded that in Acute segment. SANL's secondary sales grew 12% YoY (industry growth: 9.5% YoY), led by the Anti-diabetic portfolio (+26% YoY; ~28% of sales). Lantus, its largest product, grew by ~32% YoY. Gastrointestinal portfolio (9% of sales) grew by ~61% YoY for the quarter. Enterogermina and Dulcoflex particularly grew sharply. Vaccines (~13% of sales)/Respiratory (~11% of sales) segments exhibited a decline, while Cardiac (~15% of sales) showed subdued growth.

**Valuation and view:** Secondary sales reflect the strong outperformance in Anti-diabetic portfolio and healthy growth in Respiratory portfolio. This implies that revenue blip in 4Q was only due to the high base and that growth in key therapies remains robust. Accordingly, we raise our CY19/20E EPS by ~1%/3%. We also roll to 32x (unchanged) 12M forward earnings to arrive at a price target of INR7,000 (prior: INR6,850). We remain positive on SANL on the back of volume-led better-than-industry growth in the domestic formulation segment. Also, core brands like Lantus, Allegra, Combiflam and Hexaxim continue commanding superior market shares in their respective categories. Maintain **Buy**.

### Quarterly Performance

Y/E December	CY17			CY18			CY17	CY18	Est. 4QE	Var. vs Est		
	1Q	2Q	3Q	4Q	1Q	2Q					3Q	4Q
Net Sales	5,529	6,006	6,675	6,704	6,177	6,836	7,438	7,264	24,914	27,715	7,761	-6.4%
YoY Change (%)	1.6	-1.2	6.9	13.2	11.7	13.8	11.4	8.4	5.2	11.2		
EBITDA	1,015	1,154	1,837	1,344	1,344	1,645	1,873	1,373	5,372	6,235	1,538	-10.7%
Margins (%)	18.4	19.2	27.5	20.0	21.8	24.1	25.2	18.9	21.6	22.5		
Depreciation	253	255	257	257	254	254	260	259	1,022	1,027	328	
Interest	4	0	0	11	0	0	0	7	11	7	11	
Other Income	159	284	208	182	226	208	262	201	807	897	150	
PBT before EO Items	917	1,183	1,788	1,258	1,316	1,599	1,875	1,308	5,146	6,098	1,348	-3.0%
Extra-Ord Expense	0	0	0	0	0	0	0	0	0	0	0	
PBT after EO Items	917	1,183	1,788	1,258	1,316	1,599	1,875	1,308	5,146	6,098	1,348	-3.0%
Tax	317	446	625	498	491	603	683	515	1,886	2,292	464	
Effective tax Rate (%)	34.6	37.7	35.0	39.6	37.3	37.7	36.4	39.4	36.6	37.6	34.4	
Reported PAT	600	737	1,163	760	825	996	1,192	793	3,260	3,806	885	-10.4%
Adj PAT	600	737	1,163	760	825	996	1,192	793	3,260	3,806	885	-10.4%
YoY Change (%)	-25.6	-13.6	44.3	50.5	37.5	35.1	2.5	4.3	9.8	16.7		
Margins (%)	10.9	12.3	17.4	11.3	13.4	14.6	16.0	10.9	13.1	13.7	11.4	

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

Rajat Srivastava – Research Analyst (Rajat.Srivastava@motilalosal.com); +91 22 6129 1557

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

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



Sanofi's secondary sales grew by a healthy 14.3% YoY in Dec-18 (+11.2% in Nov-18).

Sanofi's largest portfolio of Anti-diabetic continued growing at a faster rate by 28.6% YoY in Dec-18 (+25% in Nov-18). Gastro continued reporting highest growth among therapies (60.6% YoY in Dec-18 v/s 55% in Nov-18).

Prices remained largely muted in Dec-18. Volumes grew by 4.2% YoY in Dec-18 (+3.9% in Nov-18).

## Sanofi India

Exhibit 1: Top 10 Drugs

Drug	Therapy	MAT Dec 18			Growth (%)	
		Value (INR m)	Growth (%)	Mkt Sh. (%)	Last 3M	Dec-18
<b>Sanofi India</b>		<b>28,162</b>	<b>6.6</b>	<b>100.0</b>	<b>12.1</b>	<b>14.3</b>
Lantus	Anti Diabetic	4,312	18.7	15.3	32.3	28.7
Allegra	Respiratory	1,621	7.7	5.8	6.7	14.6
Hexaxim	Vaccines	1,536	(8.6)	5.5	(25.2)	(13.9)
Combiflam	Pain / Analgesics	1,504	(15.4)	5.3	(5.9)	0.2
Amaryl M	Anti Diabetic	1,344	(0.6)	4.8	13.2	24.4
Avil	Respiratory	982	(6.0)	3.5	(28.0)	(41.8)
Clexane	Cardiac	974	(11.3)	3.5	(6.9)	(5.6)
Cardace	Cardiac	945	12.7	3.4	10.6	8.3
Enterogermina	Gastro Intestinal	904	1.6	3.2	9.4	21.3
Dulcoflex	Gastro Intestinal	805	98.8	2.9	102.3	82.7

Source: AIOCD, MOSL

Exhibit 2: Therapy Mix (%)

	Share	MAT Gr. (%)	3M*	Dec 18 Gr. (%)
<b>Total</b>	<b>100.0</b>	<b>6.6</b>	<b>12.1</b>	<b>14.3</b>
Anti Diabetic	28.2	13.6	26.2	28.6
Cardiac	15.1	0.7	6.6	7.5
Vaccines	12.5	(4.1)	(8.0)	(6.0)
Respiratory	10.5	3.4	(3.7)	(7.3)
Gastro Intestinal	8.9	45.1	60.8	60.6
Pain / Analgesics	8.0	(10.4)	(3.0)	0.7

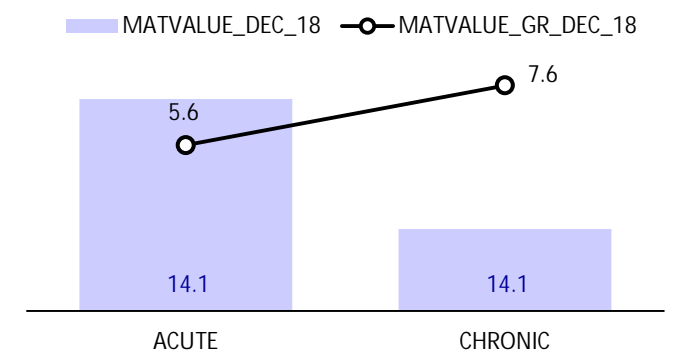
Source: AIOCD, MOSL

Exhibit 3: Brand-wise growth distribution

	% of sales	MAT growth (%)	Gr. Contribution (%)
<b>Total</b>	<b>100.0</b>	<b>6.6</b>	<b>100.0</b>
Top 10 Brands	53.0	4.9	40.6
11 to 25 Brands	25.0	6.6	25.3
26 to 50 Brands	15.5	18.9	40.2
Above 50 Brands	6.4	(5.5)	(6.1)

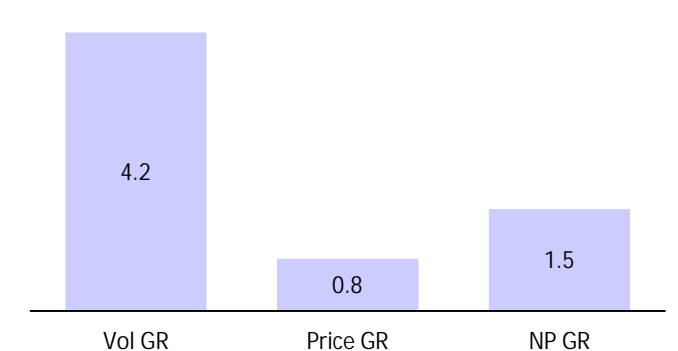
Source: AIOCD, MOSL

Exhibit 4: Acute v/s Chronic (MAT growth)



Source: AIOCD, MOSL

Exhibit 5: Growth Distribution (%) (MAT Dec 18)



Source: AIOCD, MOSL

## Operating metrics

Exhibit 6: Key operating metrics

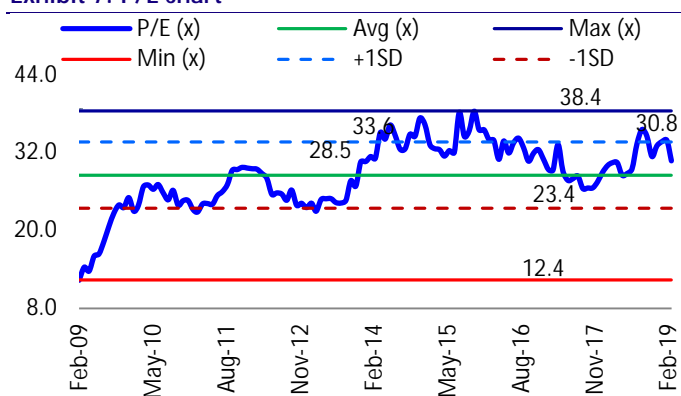
	4QCY15	1QCY16	2QCY16	3QCY16	4QCY16	1QCY17	2QCY17	3QCY17	4QCY17	1QCY18	2QCY18	3QCY18	4QCY18
Revenue Gr. (%)	8.6	10.1	9.9	5.4	5.6	1.3	-1.7	7.5	14.5	12.7	15.1	11.8	7.1
<b>As % of sales</b>													
Raw material	48.5	44.6	46.1	46.9	42.2	42.4	41.1	37.3	40.8	40.4	40.2	41.6	43.1
Staff cost	18.1	15.4	14.1	15.2	16.3	16.0	15.8	14.5	13.6	15.5	14.7	14.1	14.2
Other expenses	20.7	16.3	15.8	14.8	23.4	23.2	23.8	20.7	25.6	22.3	21.1	19.2	23.8
Tax Rate	33.0	32.5	35.1	37.6	37.6	34.6	37.7	35.0	39.6	37.3	37.7	36.4	39.4
<b>Margins (%)</b>													
EBITDA Margins	19.9	23.7	24.0	23.2	18.1	18.4	19.2	27.5	20.0	21.8	24.1	25.2	18.9
EBIT Margins	15.9	19.6	20.5	19.7	12.0	14.9	16.2	25.2	17.2	18.9	21.8	23.0	16.5
PAT margins	23.0	15.9	15.1	13.8	9.2	11.7	13.3	18.6	12.0	14.3	15.6	17.0	11.7

Source: Company, MOSL

## Valuation and view

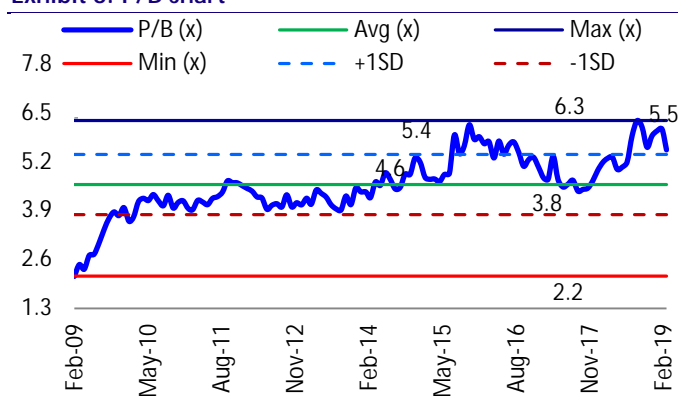
Secondary sales reflect the strong outperformance in Anti-diabetic portfolio and healthy growth in Respiratory portfolio. This implies that revenue blip in 4Q was only due to the high base and that growth in key therapies remains robust. Accordingly, we raise our CY19/20E EPS by ~1%/3%. We also roll to 32x (unchanged) 12M forward earnings to arrive at a price target of INR7,000 (prior: INR6,850). We remain positive on SANL on the back of volume-led better-than-industry growth in the domestic formulation segment. Also, core brands like Lantus, Allegra, Combiflam and Hexaxim continue commanding superior market shares in their respective categories. Maintain **Buy**.

Exhibit 7: P/E chart



Source: Company, MOSL

Exhibit 8: P/B chart



Source: Company, MOSL

## Financials and Valuations

Income Statement							(INR m)
Y/E December	2014	2015	2016	2017	2018	2019E	2020E
<b>Net Sales</b>	<b>19,774</b>	<b>21,931</b>	<b>23,686</b>	<b>24,914</b>	<b>27,708</b>	<b>31,984</b>	<b>35,180</b>
Change (%)	9.9	9.3	7.7	5.5	11.5	14.5	9.8
<b>EBITDA</b>	<b>3,388</b>	<b>4,591</b>	<b>5,281</b>	<b>5,372</b>	<b>6,235</b>	<b>7,376</b>	<b>8,218</b>
Change (%)	-15.0	35.5	15.0	1.7	16.1	18.3	11.4
Margin (%)	17.1	20.9	22.3	21.6	22.5	23.1	23.4
Depreciation	966	1,130	1,313	1,022	1,027	1,168	1,251
<b>EBIT</b>	<b>2,422</b>	<b>3,461</b>	<b>3,968</b>	<b>4,350</b>	<b>5,208</b>	<b>6,207</b>	<b>6,967</b>
Int. and Finance Charges	5	4	15	11	7	7	7
Other Income - Rec.	643	514	708	807	897	945	956
<b>PBT &amp; EO Items</b>	<b>3,060</b>	<b>3,971</b>	<b>4,661</b>	<b>5,146</b>	<b>6,098</b>	<b>7,145</b>	<b>7,916</b>
Change (%)	-15.7	29.8	17.4	10.4	18.5	17.2	10.8
Extra Ordinary Income/(Exp)	666	838	0	0	0	0	0
<b>PBT after EO Items</b>	<b>3,726</b>	<b>4,809</b>	<b>4,661</b>	<b>5,146</b>	<b>6,098</b>	<b>7,145</b>	<b>7,916</b>
Tax	1,090	1,594	1,691	1,886	2,292	2,608	2,889
Tax Rate (%)	29.3	33.1	36.3	36.6	37.6	36.5	36.5
<b>Reported PAT</b>	<b>2,636</b>	<b>3,215</b>	<b>2,970</b>	<b>3,260</b>	<b>3,806</b>	<b>4,537</b>	<b>5,027</b>
<b>PAT Adj for EO Items</b>	<b>1,970</b>	<b>2,377</b>	<b>2,970</b>	<b>3,260</b>	<b>3,806</b>	<b>4,537</b>	<b>5,027</b>
Change (%)	-17.8	20.7	24.9	9.8	16.7	19.2	10.8
Margin (%)	10.0	10.8	12.5	13.1	13.7	14.2	14.3

Balance Sheet							(INR m)
Y/E December	2014	2015	2016	2017	2018	2019E	2020E
Equity Share Capital	230	230	230	230	230	230	230
Preference Share Capital							
Reserves	14,594	16,038	17,123	20,051	21,959	24,255	27,184
Revaluation Reserves	35	3	3	3	3	3	3
<b>Net Worth</b>	<b>14,858</b>	<b>16,271</b>	<b>17,356</b>	<b>20,284</b>	<b>22,192</b>	<b>24,488</b>	<b>27,417</b>
Deferred Tax Liabilities	539	1203	966	1496	1412	1412	1412
<b>Capital Employed</b>	<b>15,397</b>	<b>17,588</b>	<b>18,441</b>	<b>21,780</b>	<b>23,604</b>	<b>25,900</b>	<b>28,829</b>
Gross Block	5,997	9,218	9,767	9,216	9,872	10,622	11,372
Less: Accum. Deprn.	3,152	3,553	4,127	2,201	3,228	3,896	4,647
<b>Net Fixed Assets</b>	<b>2,846</b>	<b>5,665</b>	<b>5,640</b>	<b>7,015</b>	<b>6,644</b>	<b>6,726</b>	<b>6,725</b>
Capital WIP	2,099	221	336	244	164	164	164
Investments	2	2	2	2	2	2	2
Goodwill	3,638	3,106	2,458	731	731	231	-269
<b>Curr. Assets</b>	<b>13,691</b>	<b>15,052</b>	<b>16,964</b>	<b>19,777</b>	<b>22,298</b>	<b>27,731</b>	<b>31,953</b>
Inventory	4,781	4,792	4,931	4,156	4,831	6,023	6,706
Account Receivables	1,152	1,441	1,448	1,944	1,584	2,035	2,325
Cash and Bank Balance	4,688	5,715	5,585	7,299	8,319	12,814	15,802
Others	3,070	3,104	5,000	6,378	7,564	6,859	7,121
<b>Curr. Liability &amp; Prov.</b>	<b>6,879</b>	<b>6,458</b>	<b>6,959</b>	<b>6,010</b>	<b>6,235</b>	<b>8,954</b>	<b>9,746</b>
Account Payables	4,369	3,317	3,534	4,761	4,951	4,884	5,275
Provisions	2,510	3,141	3,425	1,249	1,284	4,070	4,470
<b>Net Current Assets</b>	<b>6,812</b>	<b>8,594</b>	<b>10,005</b>	<b>13,767</b>	<b>16,063</b>	<b>18,777</b>	<b>22,207</b>
<b>Appl. of Funds</b>	<b>15,397</b>	<b>17,588</b>	<b>18,441</b>	<b>21,780</b>	<b>23,604</b>	<b>25,900</b>	<b>28,829</b>

## Financials and Valuations

### Ratios

Y/E December	2014	2015	2016	2017	2018	2019E	2020E
<b>Basic (INR)</b>							
EPS	85.5	103.3	129.1	141.7	165.5	197.3	218.6
Cash EPS	127.5	152.5	186.2	186.2	210.1	248.1	272.9
BV/Share	643.7	707.3	754.5	881.8	964.7	1,064.6	1,191.9
DPS	45.0	65.1	68.1	68.1	84.0	84.0	84.0
Payout (%)	46.9	56.0	63.5	57.8	58.9	49.4	41.7

### Valuation (x)

P/E	70.9	58.7	47.0	42.8	36.7	30.8	27.8
Cash P/E	47.6	39.8	32.6	32.6	28.9	24.5	22.2
P/BV	9.4	8.6	8.0	6.9	6.3	5.7	5.1
EV/Sales	6.8	6.1	5.7	5.3	4.7	4.0	3.5
EV/EBITDA	39.8	29.2	25.4	24.6	21.1	17.2	15.1
Dividend Yield (%)	0.7	1.1	1.1	1.1	1.4	1.4	1.4

### Return Ratios (%)

RoE	13.3	14.6	17.1	16.1	17.2	18.5	18.3
RoCE	14.8	16.1	16.5	16.2	16.8	18.3	18.4
RoIC	18.6	22.8	20.9	20.6	22.1	28.1	34.3

### Working Capital Ratios

Fixed Asset Turnover (x)	7.0	5.2	4.2	3.9	4.1	4.8	5.2
Debtor (Days)	21	24	22	28	21	23	24
Inventory (Days)	88	80	76	61	64	69	70
Working Capital (Days)	39	48	68	95	102	68	66

### Leverage Ratio (x)

Debt/Equity	0.0	0.0	0.0	0.0	0.0	0.0	0.0
-------------	-----	-----	-----	-----	-----	-----	-----

### Cash Flow Statement

(INR m)

Y/E December	2014	2015	2016	2017	2018	2019E	2020E
OP/(Loss) before Tax	3,388	4,591	5,281	5,372	6,235	7,376	8,218
Interest/Dividends Recd.	643	514	708	807	897	945	956
Direct Taxes Paid	-918	-930	-1,928	-1,356	-2,376	-2,608	-2,889
(Inc)/Dec in WC	698	-755	-1,541	-2,048	-1,276	1,781	-442
<b>CF from Operations</b>	<b>3,811</b>	<b>3,420</b>	<b>2,520</b>	<b>2,775</b>	<b>3,480</b>	<b>7,493</b>	<b>5,843</b>
EO Items	666	838	0	0	0	0	0
<b>CF from Ope (EO items)</b>	<b>4,477</b>	<b>4,258</b>	<b>2,520</b>	<b>2,775</b>	<b>3,480</b>	<b>7,493</b>	<b>5,843</b>
(Inc)/Dec in FA	-1,243	-1,571	-755	-578	-576	-750	-750
<b>Free Cash Flow</b>	<b>3,233</b>	<b>2,687</b>	<b>1,765</b>	<b>2,197</b>	<b>2,904</b>	<b>6,743</b>	<b>5,093</b>
(Pur)/Sale of Investments	0	0	0	0	0	0	0
<b>CF from Investments</b>	<b>-1,243</b>	<b>-1,571</b>	<b>-755</b>	<b>-578</b>	<b>-576</b>	<b>-750</b>	<b>-750</b>
Interest Paid	-5	-4	-15	-11	-7	-7	-7
Dividend Paid	-1,237	-1,802	-1,885	-1,884	-2,241	-2,241	-2,098
<b>CF from Fin. Activity</b>	<b>-1,188</b>	<b>-1,661</b>	<b>-1,895</b>	<b>-462</b>	<b>-1,905</b>	<b>-2,248</b>	<b>-2,105</b>
<b>Inc/Dec of Cash</b>	<b>2,045</b>	<b>1,027</b>	<b>-130</b>	<b>1,735</b>	<b>999</b>	<b>4,495</b>	<b>2,988</b>
Add: Beginning Balance	2,644	4,688	5,715	5,585	7,299	8,319	12,814
<b>Closing Balance</b>	<b>4,689</b>	<b>5,715</b>	<b>5,585</b>	<b>7,299</b>	<b>8,319</b>	<b>12,814</b>	<b>15,802</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 Securities Ltd. (MOSL)\* is a SEBI Registered Research Analyst having registration no. INH000000412. MOSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOSL is a subsidiary company of Motilal Oswal Financial Service Ltd. (MOFSL). MOFSL is a listed public company, the details in respect of which are available on [www.motilaloswal.com](http://www.motilaloswal.com). MOSL is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India (MCX) & National Commodity & Derivatives Exchange Ltd. (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) & National Securities Depository Limited (NSDL) and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products. Details of associate entities of Motilal Oswal Securities Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

#### Regional Disclosures (outside India)

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

#### For Hong Kong:

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

#### For U.S.

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

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

#### For Singapore

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

#### Specific Disclosures

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



The associates of MOSL may have:

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

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

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

#### Analyst Certification

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

#### Terms & Conditions:

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

#### Disclaimer:

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; www.motilaloswal.com. Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-38281085.

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

\* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench. The existing registration no(s) of MOSL would be used until receipt of new MOFSL registration numbers.