

# Strides Shasun

<b>BSE SENSEX</b>	<b>S&amp;P CNX</b>
33,213	10,335
<b>Bloomberg</b>	<b>STR IN</b>
Equity Shares (m)	89.5
M.Cap.(INRb)/(USDb)	73.9 / 1.2
52-Week Range (INR)	1259 / 803
1, 6, 12 Rel. Per (%)	-13/-31/-40
Avg Val, INRm/ Vol m	423
Free float (%)	68.9

**CMP: INR827 TP: INR1,201(+45%) Buy**

## Gradual sequential improvement in operating performance

**Strides Shasun's (STR) 2QFY18 sales of INR10b were better than our estimate of INR8.9b. EBITDA margin of 13.2% missed our estimate of 14.5%. Adjusted PAT of INR253m too was lower than our estimate of INR439m.**

- **Regulated market and branded generics drive sales growth:** Sales grew 4.4% YoY (+18.2% QoQ) to INR10b for the quarter. With a trough formed in 1QFY18, there has been increased business from the regulated market, and also from branded generics in the emerging market. Weak institutional business in the emerging market affected overall growth for the quarter.
- **Sequential improvement in financial performance:** Gross margin improved 120bp QoQ to 51.4% due to a superior product mix. In addition, higher operating leverage led to a sequential 280bp improvement in EBITDA margin. Accordingly, adjusted PAT improved from INR69m in 1QFY18 to INR253m in 2QFY18. EBITDA margin remained lower on a YoY basis. Lower other income and a higher tax rate led to a further YoY fall in PAT for 2QFY18.

**Valuation view:** For FY18/19/20, we reduce sales estimates by 5.6%/4.7%/4.1% and PAT estimate by 12%/8.7%/8.9% to factor in a delay in key ANDA approvals, postponement of institutional anti-malaria tender business, and increased cost associated with marketing spend in the consumer healthcare segment. Accordingly, we revise our SOTP-based TP to INR1,201. We continue to like STR due to its differentiated product pipeline for the US, consistent compliance track record, and better-than-industry growth in the Australia business and also the branded generics business in the emerging market. Maintain **Buy**.

### Financials & Valuations (INR b)

Y/E Mar	2017	2018E	2019E
Net Sales	34.8	41.5	51.9
EBITDA	6.4	7.8	10.3
PAT	2.9	3.7	6.1
EPS (INR)	32.3	41.7	68.3
Gr. (%)	77.6	29.2	63.7
BV/Sh (INR)	303.1	344.5	412.8
RoE (%)	10.8	12.9	18.0
RoCE (%)	8.3	9.1	11.5
P/E (x)	25.6	19.8	12.1
P/BV (x)	2.7	2.4	2.0

<b>Estimate change</b>	↔
<b>TP change</b>	↔
<b>Rating change</b>	↔

### Consolidated - Quarterly Earning Model

Y/E March	FY17				FY18				FY17	FY18E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	7,895	9,535	9,335	8,884	8,418	9,956	11,317	11,763	34,834	41,455
YoY Change (%)	28.8	33.3	7.6	-3.9	6.6	4.4	21.2	32.4	11.6	19.0
Total Expenditure	6,573	8,101	7,338	7,315	7,545	8,644	8,635	8,879	28,406	33,703
EBITDA	1,323	1,434	1,997	1,569	873	1,312	2,682	2,884	6,428	7,752
Margins (%)	16.8	15.0	21.4	17.7	10.4	13.2	23.7	24.5	18.5	18.7
Depreciation	424	468	475	529	511	543	528	517	1,872	2,099
Interest	559	617	538	592	640	619	440	414	2,269	2,113
Other Income	208	658	202	731	361	223	350	518	1,686	1,451
PBT before EO expense	547	1,008	1,185	1,179	82	373	2,064	2,471	3,973	4,991
Extra-Ord expense	60	0	805	17	58	139	0	0	1,006	196
PBT	487	1,008	380	1,162	24	234	2,064	2,471	2,967	4,795
Tax	88	152	78	175	-33	42	351	400	470	759
Rate (%)	18.1	15.1	20.6	15.0	-136.9	17.8	17.0	16.2	15.8	15.8
MI & Profit/Loss of Asso. Cos.	65	114	1	-7	0	53	210	210	458	472
Reported PAT from Continuing Ops.	334	741	300	994	58	139	1,504	1,861	2,039	3,564
Adj. PAT from Continuing Ops.	383	741	940	1,009	69	253	1,504	1,861	2,886	3,730
YoY Change (%)	260.9	106.9	59.6	471.5	-73.6	137.1	2,424.4	294.8	136.9	29.3
Margins (%)	4.9	7.8	10.1	11.4	0.8	2.5	13.3	15.8	8.3	9.0
Discontinued Operations	0	0	1,661	325	0	-32	0	0	0	-32
Reported Profit for the year	334	741	1,962	1,319	58	107	1,504	1,861	2,039	3,532

E: MOSL Estimates

**Tushar Manudhane – Research Analyst** (Tushar.Manudhane@MotilalOswal.com); +91 022 6129 1536

**Rajat Srivastava – Research Analyst** (Rajat.Srivastava@motilalosal.com); +91 22 3010 2511

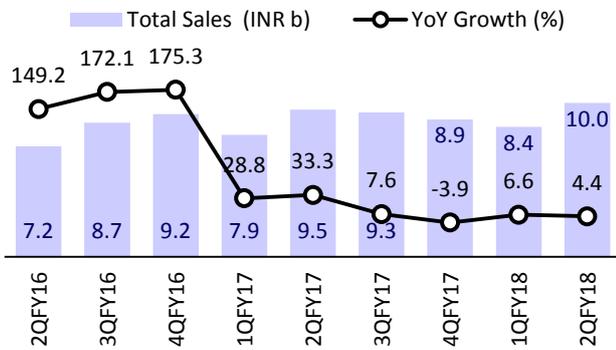
**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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.

**North America, Australia and branded generics lead growth for the quarter**

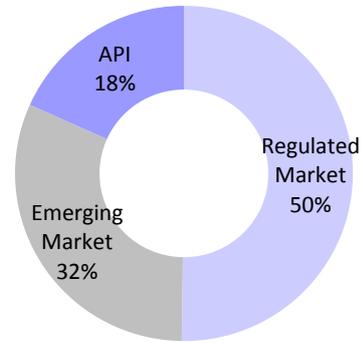
On high base of past year, sales grew at 4% YoY, to INR8.4b for the quarter. The YoY growth was led by strong growth in regulated market, comprising US, Australia and some European market and rebound in branded generic business in emerging market. Weak institutional business adversely affected YoY growth for the quarter.

**Exhibit 1: High base affects yoy growth for the quarter**



Source: MOSL, Company

**Exhibit 2: Sales breakdown (2QFY18)**



Source: MOSL, Company

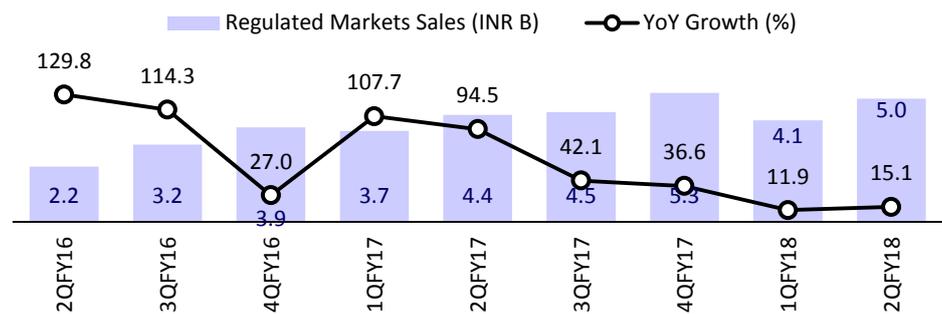
**North America picks up pace**

Regulated market sales at INR5b were up 15% YoY for the quarter. Within regulated market, STR’s revenue in North America market was led by organic growth in US portfolio. STR, now has considerable market share in products like Ranitidine (27%), Dutasteride (34%), Ergocalciferol (44%), Lamivudine Zidovudine (19%) and Methoxsalen (34%). STR performed well in Australia market with low double digit growth in value and volume terms, where industry growth is at 4-5%. We expect increased business in North America from niche product approvals in recent past. Management has guided for exit run-rate in North America to be USD45-50m in Q4FY18.

Even in Australia, STR launched seven new products, expanded distribution footprints by 50 stores and had healthy momentum in consumer healthcare ‘Chemist Own’ brand.

In addition, the acquisition of Amneal Australia business is expected to add to the Australia revenue of STR. STR has guided for incremental annual revenue of AUD25m from this acquisition. In addition, STR is expected to have synergy benefit as there are about 100 molecules being common with Arrow portfolio.

**Exhibit 3: Increased market share in existing products led yoy growth for the quarter**



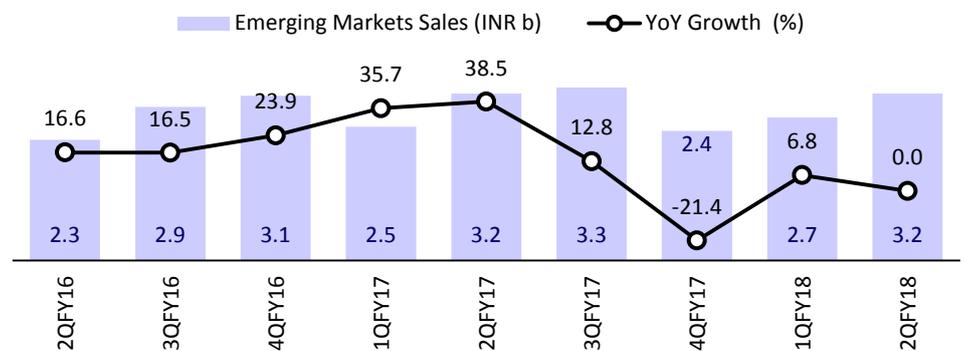
Source: MOSL, Company

### Growth in branded generics offset by weak institutional business in emerging market

Emerging market sales, comprising India and Africa branded generics and Institutional sales, remained flat to INR3.2b, for the quarter. There has been growth in branded generics business in India as well as Africa. The YoY growth in Africa was led by better sales force effectiveness, with expansion to East Africa using UCL platform. Channel restocking, post implementation of GST and increase in sales productivity led increased business in India branded generics. However, the overall growth in emerging market business was flat due to weak Institutional business. This is mainly on account of low procurement from global agencies. We expect institutional business to pick-up as procurement picks up and anti-malaria tender from global fund is awarded.

During the quarter, STR invested about INR161m in marketing and media spend to build consumer healthcare franchise in US and India.

#### Exhibit 4: Emerging markets was flat for the quarter

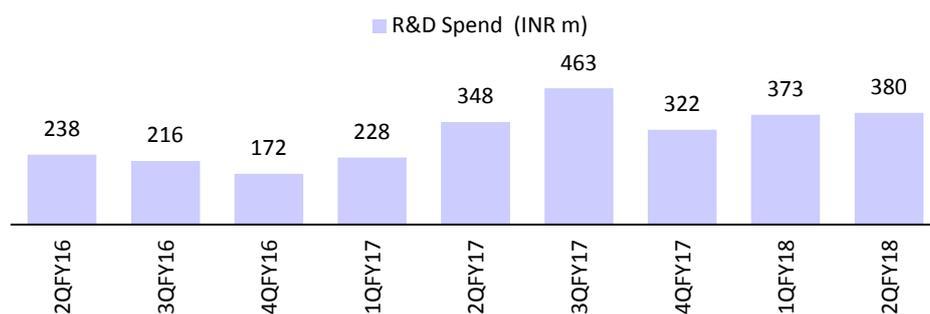


Source: MOSL, Company

With successful completion of WHO regulatory inspection at Kenya facility (UCL), STR remains in good stead of procuring business with regulatory approved local manufacturing facility. STR continues to expand product portfolio in ARV as well as anti-malaria and transfer existing institutional business to UCL. The supplies from UCL are expected to commence from 2HFY18.

### STR maintains guidance of filing 15-20 ANDAs in FY18

STR spent INR380m towards product development during the quarter. STR maintained its momentum of filing ANDAs with 6 filings in YTD. It maintained its guidance of filing 15-20 ANDAs in FY18. STR has about 68 cumulative ANDA filings till date. It received 8 new products (2 in 2QFY18), taking ANDAs pending for approval to 28. All approvals in the pipeline are under the time bound GDUFA regime.

**Exhibit 5: Quarterly R&D spend to remain stable**

Source: MOSL, Company

**Other key highlights**

- STR's flagship manufacturing facility at Bangalore which was inspected in May 2017 has now received Establishment Inspection Report (EIR), closing form 483 with 3 procedural observations issued earlier.
- Universal Corp, Kenya a subsidiary of STR has received the GMP status for its Kenyan Facility from WHO. The company has initiated site transfer for its ARV portfolio to this facility and will participate in global donor funding & local government programs.

**Valuation and view**

We reduce our sales estimates for FY18/19/20 by 5.6%/4.7%/4.1% and PAT estimate by 12%/8.7%/8.9% to factor delay in key ANDA approvals, postponement of institutional anti-malaria tender business and increased cost associated with marketing spend in consumer healthcare segment.

Accordingly, we revise our price target to INR1,201 (SOTP basis). We value STR on sum-of-the-parts (SOTP), valuing the pharma business at 18x FY19E earnings (industry average P/E multiple for midcap pharma) and Solara at an EV of 13x FY19E EBITDA to arrive at a price target of INR1,201.

We continue to like STR on differentiated product pipeline for US market, consistent compliance track record, better than industry growth in Australia business and branded generics business in emerging market. Maintain Buy on the stock.

**Exhibit 6: Key changes in estimates**

INR mn	Old estimates			New estimates			Change (%)		
	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E	FY18E	FY19E	FY20E
	43,898	54,479	62,414	41,455	51,927	59,855	(5.6)	(4.7)	(4.1)
EBITDA	8,341	11,032	12,857	7,752	10,333	12,151	(7.1)	(6.3)	(5.5)
EBITDA Margin (%)	19.0	20.3	20.6	18.7	19.9	20.3			
PAT	4,236	6,687	8,225	3,729	6,103	7,490	(12.0)	(8.7)	(8.9)
EPS (INR)	47.4	74.8	92.1	41.7	68.3	83.8	(12.0)	(8.7)	(8.9)
<b>TP</b>		<b>1300</b>			<b>1,201</b>			<b>(7.6)</b>	

Source: MOSL

**Exhibit 7: Revised SOTP based price target of INR1,201**

<b>Particulars</b>	<b>FY19E</b>
<b>Valuation of Strides Pharma</b>	
Strides Pharma PAT (INR m)	4,941
PE multiple (x)	18
<b>Target Mkt Cap (INR m)</b>	<b>88,936</b>
<b>Valuation of Solara</b>	
API business EBITDA (INR m)	2,671
EV/EBITDA multiple	13
EV of API business	34,724
Net Debt of API business (INR m)	4500
Stake of Strides Pharma (%)	60
<b>Target Mkt Cap (INR m)</b>	<b>18,135</b>
<b>Total target Mkt Cap (INR m)</b>	<b>107,071</b>
No. of shares	89.4
<b>Target Price (INR)</b>	<b>1,201</b>
<b>% Upside</b>	<b>41.3</b>

## Financials and Valuations

<b>Consolidated - Income Statement</b>							(INR Million)
Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
<b>Total Income from Operations</b>	<b>13,410</b>	<b>11,959</b>	<b>28,622</b>	<b>34,834</b>	<b>41,455</b>	<b>51,927</b>	<b>59,855</b>
Change (%)	39.4	-10.8	139.3	21.7	19.0	25.3	15.3
Raw Materials	7,147	5,605	15,023	15,362	18,199	22,640	25,977
Employees Cost	1,572	1,721	3,577	5,881	6,882	8,464	9,696
Other Expenses	2,457	2,345	5,882	7,163	8,623	10,489	12,031
<b>Total Expenditure</b>	<b>11,175</b>	<b>9,670</b>	<b>24,482</b>	<b>28,406</b>	<b>33,703</b>	<b>41,594</b>	<b>47,704</b>
% of Sales	83.3	80.9	85.5	81.5	81.3	80.1	79.7
<b>EBITDA</b>	<b>2,235</b>	<b>2,288</b>	<b>4,140</b>	<b>6,428</b>	<b>7,752</b>	<b>10,333</b>	<b>12,151</b>
Margin (%)	16.7	19.1	14.5	18.5	18.7	19.9	20.3
Depreciation	565	640	1,313	1,872	2,099	2,465	2,613
<b>EBIT</b>	<b>1,670</b>	<b>1,648</b>	<b>2,827</b>	<b>4,557</b>	<b>5,653</b>	<b>7,869</b>	<b>9,538</b>
Int. and Finance Charges	1,089	474	1,682	2,269	2,113	1,586	1,517
Other Income	602	386	921	1,686	1,451	1,558	1,496
<b>PBT bef. EO Exp.</b>	<b>1,183</b>	<b>1,560</b>	<b>2,067</b>	<b>3,973</b>	<b>4,991</b>	<b>7,841</b>	<b>9,517</b>
EO Items	-266	-74	-414	-1,006	-197	0	0
<b>PBT after EO Exp.</b>	<b>918</b>	<b>1,486</b>	<b>1,653</b>	<b>2,967</b>	<b>4,794</b>	<b>7,841</b>	<b>9,517</b>
Total Tax	409	532	425	470	759	1,242	1,507
Tax Rate (%)	44.5	35.8	25.7	15.8	15.8	15.8	15.8
Minority Interest	6	-6	-88	458	472	496	521
<b>Reported PAT from Continuing Ops.</b>	<b>-2,333</b>	<b>16</b>	<b>1,317</b>	<b>2,039</b>	<b>3,563</b>	<b>6,103</b>	<b>7,490</b>
<b>Adj. PAT from Continuing Ops.</b>	<b>651</b>	<b>1,007</b>	<b>1,624</b>	<b>2,886</b>	<b>3,729</b>	<b>6,103</b>	<b>7,490</b>
Change (%)	182.9	54.7	61.3	77.6	29.2	63.7	22.7
Margin (%)	4.9	8.4	5.7	8.3	9.0	11.8	12.5

<b>Consolidated - Balance Sheet</b>							(INR Million)
Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
Equity Share Capital	596	596	894	894	894	894	894
Total Reserves	9,473	10,853	25,685	26,210	29,912	36,015	43,505
<b>Net Worth</b>	<b>10,068</b>	<b>11,449</b>	<b>26,579</b>	<b>27,104</b>	<b>30,806</b>	<b>36,910</b>	<b>44,399</b>
Minority Interest	757	187	502	1,640	1,640	1,640	1,640
Total Loans	5,466	8,917	35,418	36,997	35,872	34,597	32,822
Deferred Tax Liabilities	17	-54	-502	89	89	89	89
<b>Capital Employed</b>	<b>16,308</b>	<b>20,500</b>	<b>61,997</b>	<b>65,829</b>	<b>68,406</b>	<b>73,234</b>	<b>78,949</b>
Gross Block	8,039	9,437	18,987	22,233	28,954	31,163	32,558
Less: Accum. Deprn.	3,528	3,792	1,468	2,771	4,870	7,334	9,947
<b>Net Fixed Assets</b>	<b>4,511</b>	<b>5,645</b>	<b>17,520</b>	<b>19,462</b>	<b>24,085</b>	<b>23,828</b>	<b>22,611</b>
Goodwill on Consolidation	1,034	1,368	9,267	9,670	9,670	9,670	9,670
Capital WIP	995	1,712	8,149	7,802	2,040	984	805
<b>Total Investments</b>	<b>4,430</b>	<b>6,300</b>	<b>13,409</b>	<b>15,952</b>	<b>15,952</b>	<b>15,052</b>	<b>15,052</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>9,993</b>	<b>9,668</b>	<b>25,256</b>	<b>27,582</b>	<b>34,053</b>	<b>45,322</b>	<b>55,671</b>
Inventory	1,760	2,077	6,131	7,380	8,756	10,806	12,394
Account Receivables	3,640	3,900	10,330	9,971	11,866	14,863	17,132
Cash and Bank Balance	2,312	1,469	3,116	3,295	5,176	9,313	14,226
Loans and Advances	2,281	2,223	5,679	6,936	8,255	10,340	11,918
<b>Curr. Liability &amp; Prov.</b>	<b>4,655</b>	<b>4,194</b>	<b>11,605</b>	<b>14,638</b>	<b>17,393</b>	<b>21,622</b>	<b>24,859</b>
Account Payables	2,679	2,065	7,836	7,521	8,923	11,012	12,630
Other Current Liabilities	879	1,268	2,943	5,986	7,124	8,924	10,286
Provisions	1,098	861	826	1,131	1,346	1,686	1,943
<b>Net Current Assets</b>	<b>5,338</b>	<b>5,474</b>	<b>13,652</b>	<b>12,944</b>	<b>16,659</b>	<b>23,701</b>	<b>30,812</b>
<b>Appl. of Funds</b>	<b>16,308</b>	<b>20,500</b>	<b>61,997</b>	<b>65,829</b>	<b>68,406</b>	<b>73,234</b>	<b>78,949</b>

E: MOSL Estimates

## Financials and Valuations

### Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
<b>Basic (INR)</b>							
<b>EPS</b>	<b>7.3</b>	<b>11.3</b>	<b>18.2</b>	<b>32.3</b>	<b>41.7</b>	<b>68.3</b>	<b>83.8</b>
Cash EPS	13.6	18.4	32.8	53.2	65.2	95.8	113.0
BV/Share	112.6	128.0	297.2	303.1	344.5	412.8	496.5
DPS	336.5	71.9	0.8	0.0	0.0	0.0	0.0
Payout (%)	-1,410.0	43,880.3	6.2	0.0	0.0	0.0	0.0
<b>Valuation (x)</b>							
P/E		73.5	45.5	25.6	19.8	12.1	9.9
Cash P/E		44.9	25.2	15.5	12.7	8.6	7.3
P/BV		6.5	2.8	2.7	2.4	2.0	1.7
EV/Sales		6.8	3.7	3.1	2.5	1.9	1.5
EV/EBITDA		35.6	25.7	16.7	13.5	9.6	7.6
Dividend Yield (%)	40.7	8.7	0.1	0.0	0.0	0.0	0.0
FCF per share	-82.3	-17.6	-32.7	-43.2	46.3	56.3	80.8
<b>Return Ratios (%)</b>							
RoE	4.3	9.4	8.5	10.8	12.9	18.0	18.4
RoCE	4.9	7.3	6.8	8.3	9.1	11.5	12.5
RoIC	4.4	10.8	8.7	10.1	11.3	14.2	16.6
<b>Working Capital Ratios</b>							
Fixed Asset Turnover (x)	1.7	1.3	1.5	1.6	1.4	1.7	1.8
Asset Turnover (x)	0.8	0.6	0.5	0.5	0.6	0.7	0.8
Inventory (Days)	48	63	78	77	77	76	76
Debtor (Days)	99	119	132	104	104	104	104
Creditor (Days)	73	63	100	79	79	77	77
<b>Leverage Ratio (x)</b>							
Current Ratio	2.1	2.3	2.2	1.9	2.0	2.1	2.2
Interest Cover Ratio	1.5	3.5	1.7	2.0	2.7	5.0	6.3
Net Debt/Equity	-0.1	0.1	0.7	0.7	0.5	0.3	0.1

### Consolidated - Cash Flow Statement

(INR Million)

Y/E March	FY14	FY15	FY16	FY17	FY18E	FY19E	FY20E
OP/(Loss) before Tax	28,899	9,920	1,464	4,971	4,933	7,841	9,517
Depreciation	1,539	640	1,520	1,987	2,099	2,465	2,613
Interest & Finance Charges	1,835	163	998	1,521	662	28	21
Direct Taxes Paid	-1,259	-560	-770	-586	-759	-1,242	-1,507
(Inc)/Dec in WC	-2,607	-959	-3,417	-3,413	-1,835	-2,904	-2,198
<b>CF from Operations</b>	<b>28,407</b>	<b>9,205</b>	<b>-206</b>	<b>4,480</b>	<b>5,100</b>	<b>6,188</b>	<b>8,445</b>
Others	-31,124	-8,371	938	-1,599	0	0	0
<b>CF from Operating incl EO</b>	<b>-2,717</b>	<b>834</b>	<b>732</b>	<b>2,881</b>	<b>5,100</b>	<b>6,188</b>	<b>8,445</b>
(Inc)/Dec in FA	-4,639	-2,406	-3,658	-6,746	-960	-1,152	-1,216
<b>Free Cash Flow</b>	<b>-7,356</b>	<b>-1,572</b>	<b>-2,925</b>	<b>-3,865</b>	<b>4,140</b>	<b>5,036</b>	<b>7,229</b>
(Pur)/Sale of Investments	47,935	4,515	286	1,269	0	900	0
Others	-6,739	427	-25,153	-607	1,451	1,558	1,496
<b>CF from Investments</b>	<b>36,556</b>	<b>2,536</b>	<b>-28,525</b>	<b>-6,084</b>	<b>491</b>	<b>1,306</b>	<b>280</b>
Issue of Shares	259	31	12,264	165	0	0	0
Inc/(Dec) in Debt	1,430	3,208	18,789	5,962	-1,125	-1,275	-1,775
Interest Paid	-2,192	-381	-1,347	-2,370	-2,113	-1,586	-1,517
Dividend Paid	-32,683	-7,070	-251	-376	0	0	0
Others	0	0	-15	0	-472	-496	-521
<b>CF from Fin. Activity</b>	<b>-33,185</b>	<b>-4,213</b>	<b>29,439</b>	<b>3,382</b>	<b>-3,710</b>	<b>-3,356</b>	<b>-3,812</b>
<b>Inc/Dec of Cash</b>	<b>654</b>	<b>-843</b>	<b>1,647</b>	<b>179</b>	<b>1,881</b>	<b>4,137</b>	<b>4,913</b>
Opening Balance	1,657	2,312	1,469	3,116	3,295	5,176	9,313
<b>Closing Balance</b>	<b>2,312</b>	<b>1,469</b>	<b>3,116</b>	<b>3,295</b>	<b>5,176</b>	<b>9,313</b>	<b>14,226</b>

## 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), Metropolitan Stock Exchange Of India Ltd. (MSE) 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://online-reports.motilaloswal.com/Dormant/documents/Associate%20Details.pdf>

### Pending Regulatory Enquiries against Motilal Oswal Securities Limited by SEBI:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL requested SEBI to provide all documents, records, investigation report relied upon by SEBI which were referred in Show Cause Notice and also sought personal hearing. The matter is currently pending.

MOSL, its associates, Research Analyst or their relative may have any financial interest in the subject company. MOSL and/or its associates and/or Research Analyst may have 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. 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. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. MOSL and/or its associates may have received any compensation from the subject company in the past 12 months.

In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, MOSL or any of its associates may have:

- managed or co-managed public offering of securities from subject company of this research report,
- received compensation for investment banking or merchant banking or brokerage services from subject company of this research report,
- received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report.
- Subject Company may have been a client of MOSL or its associates during twelve months preceding the date of distribution of the research report.

MOSL and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report. To enhance transparency, MOSL has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the 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.

### 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.

### 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.

### Disclosure of Interest Statement

- Analyst ownership of the stock

Strides Shasun

No

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

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act (FAA) read with regulation 17(1)(d) of the Financial Advisers Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time. In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

### 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, nor 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, Rahimullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022-3980 4263; [www.motilaloswal.com](http://www.motilaloswal.com). Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 3080 1000. Compliance Officer: Neeraj Agarwal, Email Id: [na@motilaloswal.com](mailto:na@motilaloswal.com), Contact No.:022-30801085.

Registration details of group entities.: MOSL: NSE (Cash): INB231041238; NSE (F&O): INF231041238; NSE (CD): INE231041238; BSE (Cash): INB011041257; BSE(F&O): INF011041257; BSE(CD); MSE(Cash): INB261041231; MSE(F&O): INF261041231; MSE(CD): INE261041231; 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 Commodities Broker Pvt. Ltd. offers Commodities 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