

UltraTech Cement

BSE SENSEX

39,593

S&P CNX

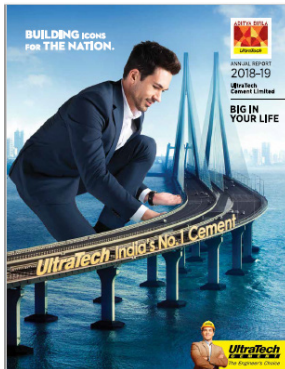
11,848

CMP: INR4,590

TP: INR 5,280 (+15%)

Buy

Motilal Oswal values your support in the Asiamoney Brokers Poll 2019 for India Research, Sales and Trading team. We request your ballot.



Stock Info

	UTCEM IN
Bloomberg	UTCEM IN
Equity Shares (m)	274
M.Cap.(INRb)/(USD)	1261.5 / 18.2
52-Week Range (INR)	4904 / 3264
1, 6, 12 Rel. Per (%)	-4/5/11
12M Avg Val (INR M)	1685
Free float (%)	38.3

Financials Snapshot (INR b)

Y/E Mar	2019	2020E	2021E
Net Sales	357.0	428.0	495.9
EBITDA	65.2	80.0	98.6
Net Profit	24.6	32.3	44.0
EPS (INR)	89.4	111.9	152.4
EPS Gr. (%)	4.3	31.5	36.2
BV/Sh. (INR)	1,018	1,262	1,399
RoE (%)	9.1	10.0	11.4
RoCE (%)	7.7	8.5	9.6
P/E (x)	51.3	41.0	30.1
P/BV (x)	4.5	3.6	3.3
EV/EBITDA(x)	20.9	17.7	14.0
EV/Ton(USD)	220	199	186

Shareholding pattern (%)

As On	Mar-19	Dec-18	Mar-18
Promoter	61.7	61.7	62.0
DII	7.8	7.6	5.8
FII	20.1	20.5	22.3
Others	10.4	10.2	9.9

FII Includes depository receipts

Profitability impacted by cost pressure

Increase in leverage on account of capacity expansion

Our analysis of UTCEM's FY19 annual report highlights healthy cement volume growth led by expansion and acquisitions of the company. However, margins suffered due to cost pressures. While operating cash flows remained healthy, net debt/EBITDA increased from 2.3 in FY18 to 2.9 in FY19.

Industry sees 12mt capacity addition in FY19; utilization improves 5pp

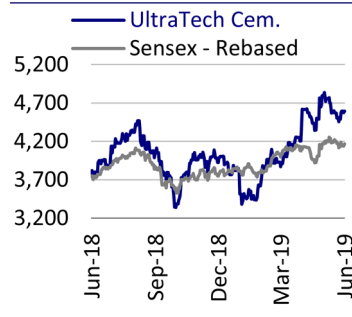
- According to UTCEM's management, in FY19, India's total cement capacity stood at 480mt; of this, ~12mt was added during the year. Demand in FY19 increased 13%, the highest growth since FY10.
- Demand growth from infrastructure was healthy driven by the government's focus on roads, metro rail projects, airports renovation, irrigation projects, etc. While, there has been significant improvement in low-cost houses constructed under the Pradhan Mantri Awas Yozana (PMAY) in rural areas, the affordable housing segment in urban areas is also gaining momentum.
- As a result, the industry witnessed utilization improvement of 5pp over the previous year, reaching a utilization of 71%.
- The company expects further improvement in utilizations on likely sustained demand growth with incremental new supplies at a slower pace vis-à-vis the increment demand.

Capacity expansions resulting in healthy volume growth

- UTCEM's total cement capacity reached 94.75mt in India due to the green-field expansion at Dhar (3.5mt) and the acquisition of Binani's assets (6.25mt). Along with its other subsidiary, Star Cement, the company's total capacity stands at 98.75mt currently.
- Cement production jumped 17%— from 57.23mt in the previous year to 67.20mt currently. The increase in production was on account of healthy cement demand growth and benefits from increased utilization of the capacities acquired (JPA) in FY18, where utilization improved from 53% in the previous year to 72%.
- Domestic sales volume registered a 20% growth, which is higher as compared to the industry growth of ~13%.

Cost pressure due to higher raw material; fuel prices impact margins

- UTCEM's raw material cost/t increased 4% from INR819/t to 854/t due to higher slag, iron ore, aluminous clay and fly-ash prices. Also, it faced additional limestone costs due to transfer of limestone mines.
- Power and fuel cost/t increased 12% YoY as imported pet coke prices increased 6% from USD96/t to USD102/t. Also, there was 8% currency depreciation over the previous year.

Stock Performance (1-year)

- The increase in freight cost due to higher diesel prices was partially negated with optimization of lead distance, realization of synergy benefits from the acquisition and the commissioning of 3.5mt capacity in Madhya Pradesh. During the year, company reduced the overall lead distance by ~5% over the previous year (10% since Jun'17).
- As a result of the increase in costs, the company's consolidated EBITDA/t decreased by 7% YoY to INR888. Consol. EBITDA grew 10% to INR68b in FY19.
- Over FY13-19, while EBITDA CAGR stood at 7%, PAT remained almost stable due to higher interest cost. Over FY17-19 too, EBITDA CAGR stood at 14% due to the JPA acquisition, but PAT CAGR was -5%.

Cost optimization measures in place

- The company made several efforts to reduce the impact of rising costs. Total share of renewable energy (WHRS, Solar and Wind power) was 100bp higher over the previous year, increasing to 8.5%. During the year, the company commissioned 26MW WHRS capacity, which is still under ramp-up; its full benefit should be realized FY20 onwards. Also, UTCEM is setting up 46MW WHRS capacity, which should get commissioned in FY21. This would cater to ~12% of the company's current total power requirement.
- UTCEM has also entered into agreements with third parties for procuring solar power under the 'Group captive scheme', which is under implementation. The overall capacity of such tie-ups will increase from 62.5MW to over 500MW by end-FY21 and will cater to ~10% of the company's total power requirement.

Bara expansion and Century acquisition on track...

- Work on the 4.0 MTPA Bara Grinding unit is progressing satisfactorily and is expected to be commissioned by 2QFY20.
- Further, the company has plans to spend ~INR20b in FY20, on the remaining work at Bara, WHRS projects, development of coal blocks at Bicharpur, packaging terminal at Mumbai, wall care putty projects and other normal maintenance capex.
- Moreover, the Century deal has received approval from the stock exchanges, the Competition Commission of India and shareholders. The deal now awaits approval of the National Company Law Tribunal, the Mumbai Bench and other regulatory authorities.

Increase in leverage on account of various expansions

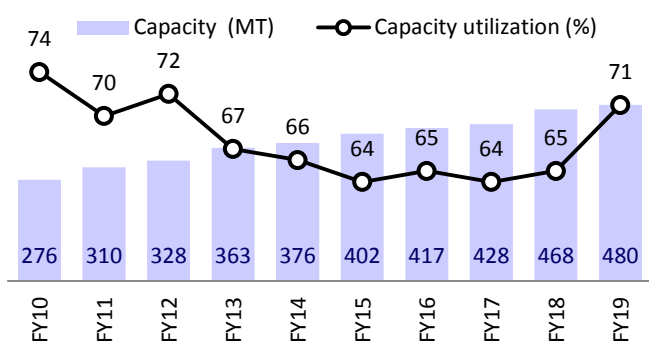
- At the consol level, the cash flow from operations after working capital changes grew by 33% to INR52b. Also, working capital increased by INR9.3b in FY19 as compared to an increase of INR12.5b in the previous year. Capex for the year stood at INR 15b as against INR 19b in FY18. As a result, free cash flow increased by 82% YoY to INR 36.5b.
- At the standalone level, cash flow from operations grew 48% to INR 53b. Working capital increased by INR4.6b in FY19 as compared to an increase of INR12.6b in the previous year.
- Consolidated gross debt for the company increased to INR 228b in FY19 (INR 194b in FY18). Net debt for the company as of FY19 stands at INR196b. Net debt/EBITDA for the company increased from 2.3 to 2.9 in FY19.
- At the standalone level, investments increased as the Company infused funds to the extent of INR34b for the acquisition of UNCL.

Valuation and view

The acquisition of Century’s cement asset and Binani has led to UTCEM increasing its capacity market share and take its pan-India capacity market share to 20%. The acquisition of Binani’s asset by UTCEM is attractive as it provides scope for further brownfield expansion by 4-5mt. The ramp-up of Binani’s assets and the INR740/t improvement in profitability has been attractive. The company trades at 17.7x/14x EV on FY20/21E EBITDA. We value UTCEM at 14.5x Sept' 21 EV/EBITDA and arrive at a TP of INR5,280 (implied EV/t of USD 215 on FY21 capacity).

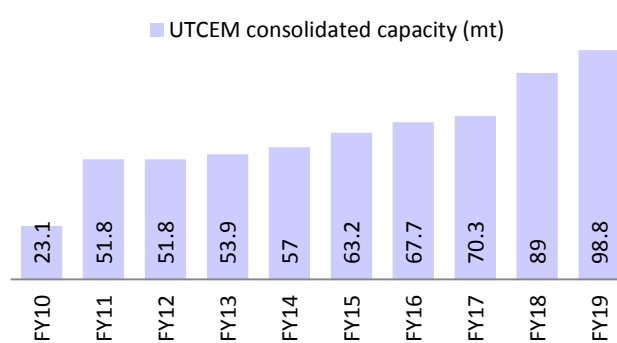
Story in charts

Exhibit 1: Industry utilizations grew 5pp in FY19 to 71%



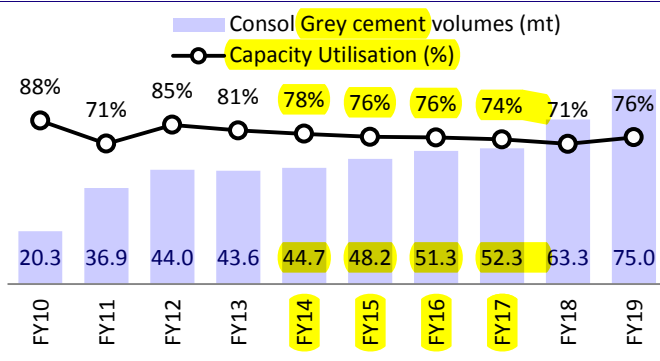
Source: MOFSL, Company

Exhibit 2: Expansion at Dhar and acquisition of Binani’s assets boosted capacity to 98.8mt



Source: MOFSL, Company

Exhibit 3: Utilizations improved due to better utilizations of acquired assets and healthy demand growth



Source: MOFSL, Company

Exhibit 4: Well diversified market mix and significant market share across regions

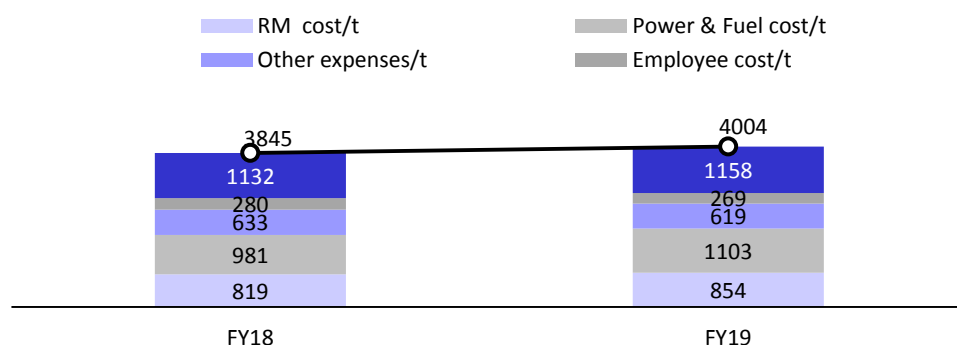
Zonal presence

Zones	Zonal capacity (MTPA)			
	UTCL capacity	UTCL market mix	Industry capacity ^a	UTCL share in Industry
North	23.8	24%	102	23%
Central	21.1*	21%	62	32%
East	11.7	12%	92	13%
West	21.7	22%	64	34%
South	20.5	21%	159	13%
All India	98.8	100%	480	20%
Overseas	4.0			
Total	102.8			

*Including 4.0 mtpa under commissioning

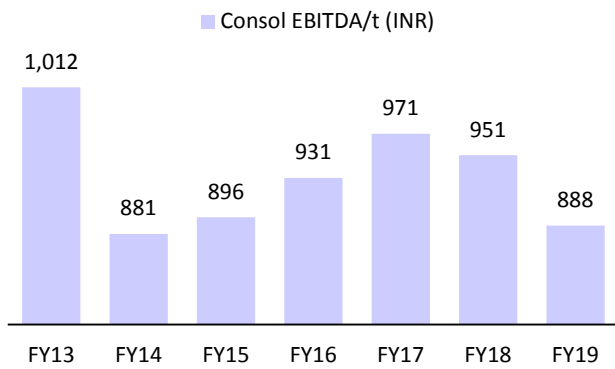
Source: MOFSL, Company

Exhibit 5: UTCEM’s total cost/t increased by 4% YoY, led by a rise of 4%, 12% and 2% in raw material cost/t, power and fuel cost/t and freight cost/t, respectively



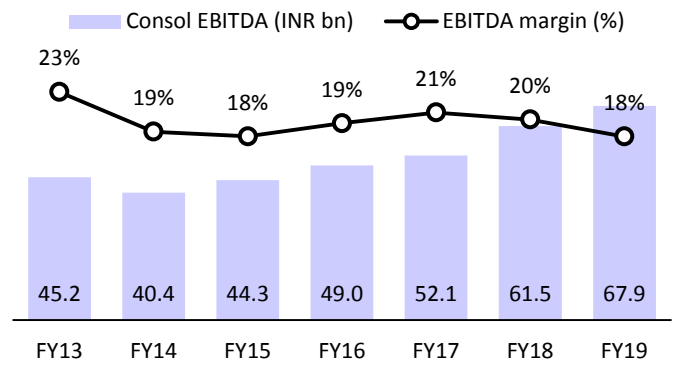
Source: Company, MOFSL

Exhibit 6: EBITDA/t declined 7% in FY19



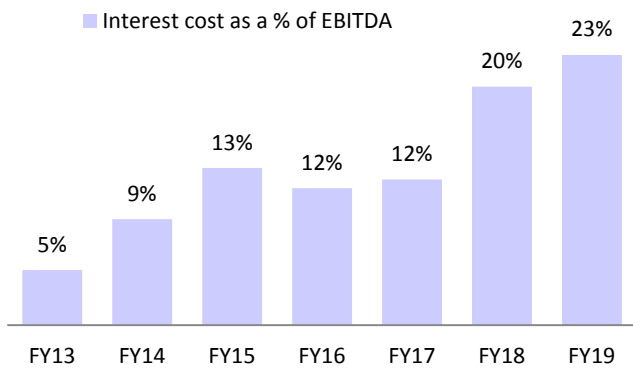
Source: MOFSL, Company

Exhibit 7: Margins impacted by cost push



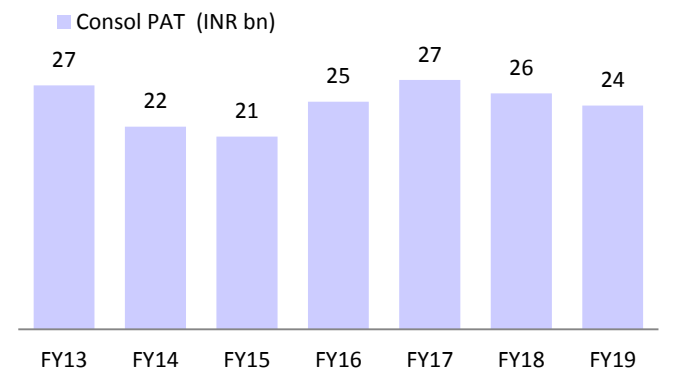
Source: MOFSL, Company

Exhibit 8: Interest cost as percentage of EBITDA has been on a rise



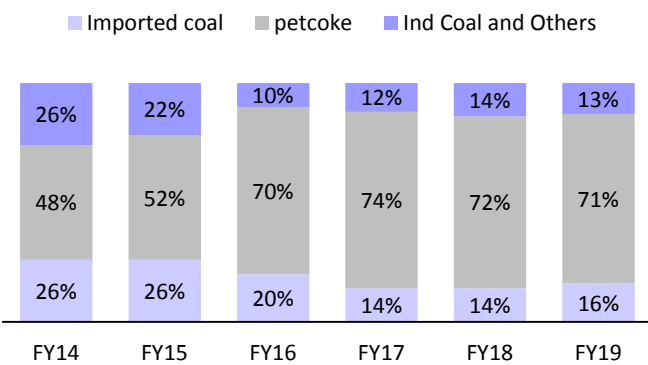
Source: MOFSL, Company

Exhibit 9: PAT declined over FY13-19 despite an increase in EBITDA due to higher interest costs



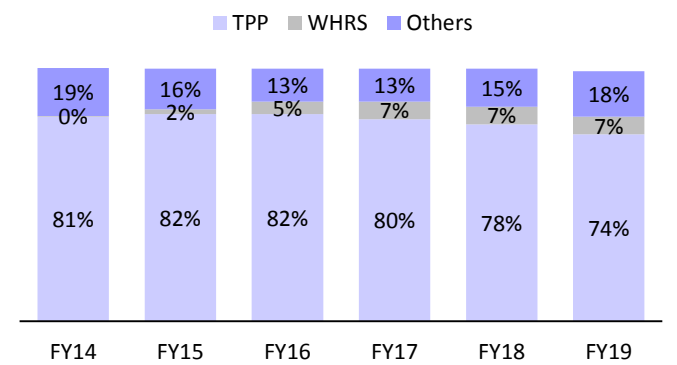
Source: MOFSL, Company

Exhibit 10: Fuel Mix for Kiln



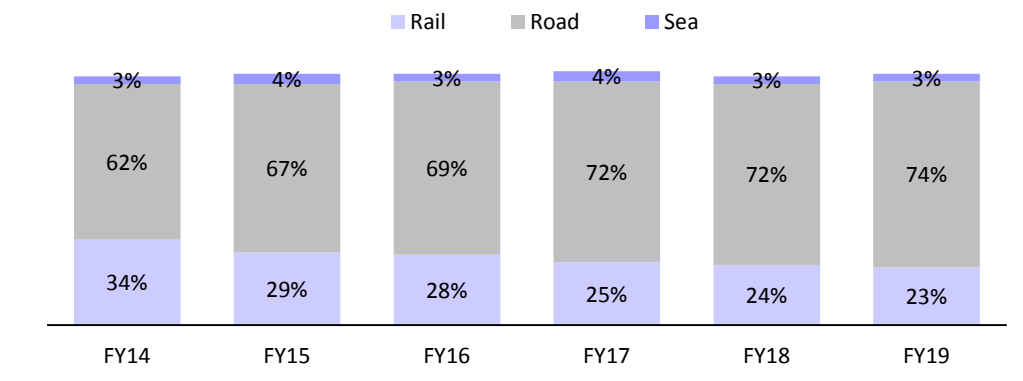
Source: MOFSL, Company

Exhibit 11: Power mix



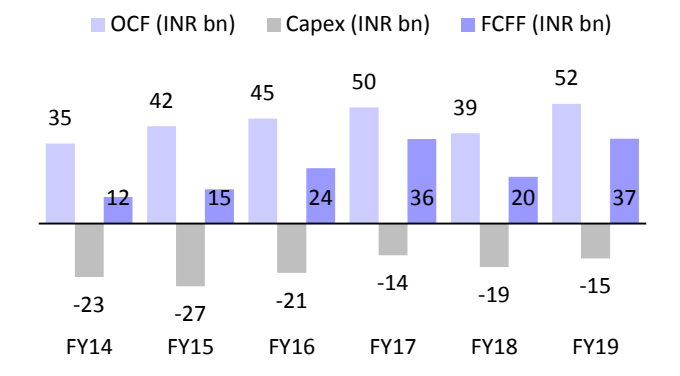
Source: MOFSL, Company

Exhibit 12: Freight Mix



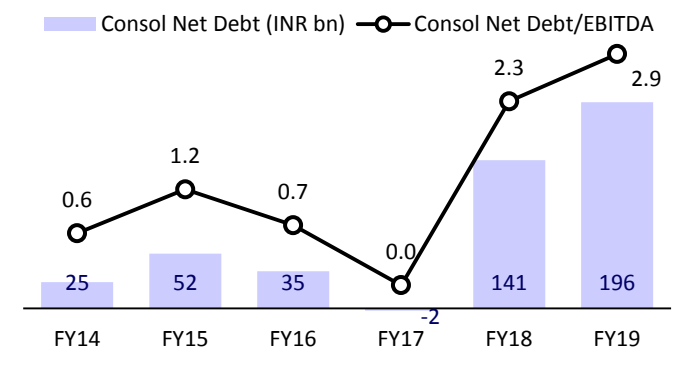
Source: MOFSL, Company

Exhibit 13: Consol. OCF in FY19 increased 30% YoY to INR52b



Source: MOFSL, Company

Exhibit 14: Increase in leverage to fund expansions



Source: MOFSL, Company

Financials and Valuations

Income Statement S/A								(INR Million)	
Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E	
Net Sales	2,02,798	2,29,272	2,37,088	2,38,914	2,93,579	3,57,035	4,28,050	4,95,910	
Change (%)	0.5	13.1	3.4	0.8	22.9	21.6	19.9	15.9	
EBITDA	38,179	41,950	46,266	49,690	58,833	65,203	79,959	98,614	
Margin (%)	18.8	18.3	19.5	20.8	20.0	18.3	18.7	19.9	
Depreciation	10,523	11,331	12,970	12,679	17,636	20,103	21,922	24,101	
EBIT	27,656	30,619	33,296	37,011	41,197	45,100	58,038	74,513	
Int. and Finance Charges	3,192	5,475	5,117	5,714	11,912	14,192	16,038	16,038	
Other Income - Rec.	3,290	3,718	4,807	6,600	4,958	4,715	4,800	4,800	
PBT	27,755	28,863	32,986	37,896	34,243	35,623	46,800	63,275	
EO Expense/(Income)	-956	0	0	137	1,225	0	0	0	
PBT after EO expense	28,710	28,863	32,986	37,760	33,018	35,623	46,800	63,275	
Tax	7,266	8,715	9,284	11,482	10,706	11,066	14,508	19,299	
Tax Rate (%)	25.3	30.2	28.1	30.4	32.4	31.1	31.0	30.5	
Reported PAT	21,444	20,148	23,702	26,277	22,313	24,557	32,292	43,976	
Adj PAT	20,489	20,148	23,702	26,414	23,538	24,557	32,292	43,976	
Change (%)	-22.8	-1.7	17.6	11.4	-10.9	4.3	31.5	36.2	

Balance Sheet								(INR Million)	
Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E	
Equity Share Capital	2,742	2,744	2,744	2,745	2,746	2,746	2,886	2,886	
Reserves	1,68,233	1,92,659	2,13,574	2,36,665	2,56,484	2,76,731	3,61,403	4,00,981	
Net Worth	1,70,975	1,95,403	2,16,318	2,39,410	2,59,230	2,79,477	3,64,290	4,03,867	
Deferred liabilities	22958	27171	28100	27736	31741	35444	35444	35444	
Secured Loan	51,993	98,149	81,698	62,404	1,74,195	1,81,181	1,96,181	1,81,181	
Loans	51,993	98,149	81,698	62,404	1,74,195	1,81,181	1,96,181	1,81,181	
Capital Employed	2,45,927	3,20,723	3,26,116	3,29,550	4,65,166	4,96,102	5,95,915	6,20,492	
Gross Block	2,50,778	2,23,266	2,39,127	2,56,748	4,13,563	4,34,540	5,39,750	5,55,750	
Less: Accum. Deprn.	92,059	12,417	12,241	24,424	41,445	61,548	83,469	1,07,570	
Net Fixed Assets	1,58,718	2,10,849	2,26,886	2,32,324	3,72,118	3,72,992	4,56,280	4,48,179	
Capital WIP	20,384	20,689	14,145	8,778	14,730	10,759	13,759	13,759	
Investments	53,917	56,483	57,932	74,087	61,629	70,645	60,645	60,645	
Curr. Assets	64,489	66,237	83,020	77,623	95,254	1,29,969	1,71,048	2,02,526	
Inventory	23,684	26,428	22,776	22,250	31,015	32,736	39,247	54,346	
Debtors	12,810	12,032	14,149	12,762	17,142	20,976	25,148	29,890	
Cash & Bank Bal	2,775	2,006	22,352	22,177	1,993	6,240	37,176	61,225	
Others	25,220	25,771	23,743	20,434	45,104	70,017	69,477	57,064	
Curr. Liability & Prov.	51,614	33,535	55,867	63,261	78,564	88,262	1,05,817	1,04,617	
Creditors	41,884	29,638	51,721	58,959	72,343	82,515	98,927	95,106	
Provisions	9,730	3,898	4,146	4,302	6,221	5,747	6,890	9,511	
Net Current Assets	12,875	32,702	27,153	14,362	16,690	41,707	65,231	97,909	
Appl. of Funds	2,45,927	3,20,723	3,26,116	3,29,550	4,65,166	4,96,103	5,95,915	6,20,492	

E: MOFSL Estimates

Financials and Valuations

Ratios

Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E
Basic (INR)								
EPS	74.7	73.4	86.4	96.2	85.7	89.4	111.9	152.4
Cash EPS	113.1	114.7	133.6	142.4	149.9	162.6	187.8	235.9
BV/Share	623	712	788	872	944	1,018	1,262	1,399
DPS	9.0	9.0	9.0	10.0	10.5	11.5	11.0	13.0
Payout (%)	13.5	14.8	12.4	12.6	15.6	15.5	11.4	10.0
Valuation (x)								
P/E					53.6	51.3	41.0	30.1
Cash P/E					30.6	28.2	24.4	19.5
P/BV					4.9	4.5	3.6	3.3
EV/Sales					5	4	3.3	2.8
EV/EBITDA					23.2	20.9	17.7	14.0
EV/Ton (Cap-USD)					231	220	199	186
Return Ratios (%)								
RoIC	13.3	10.1	9.7	10.8	8.7	7.2	8.4	10.5
RoE	12.7	11.0	11.5	11.6	9.4	9.1	10.0	11.4
RoCE	10.8	9.3	9.3	10.1	8.5	7.7	8.5	9.6
Working Capital Ratios								
Fixed Asset Turnover (x)	1.2	1.0	1.0	1.1	1.4	1.2	1.3	1.1
Debtor (Days)	23	19	22	19	21.3	21.4	21.4	22
Creditor (Days)	75	47	80	90	89.9	84.4	84.4	70
Inventory (Days)	43	42	35	34	48.2	40.9	41.2	49.9
Wkg. Capital Turnover (Days)	23	52	42	22	20.7	42.6	55.6	72
Leverage Ratio								
Current Ratio	1.2	2.0	1.5	1.2	1.2	1.5	1.6	1.9
Interest Cover Ratio	8.7	5.6	6.5	6.5	3.5	3.2	3.6	4.6
Debt/Equity	0.3	0.5	0.4	0.3	0.7	0.6	0.5	0.4

Cash Flow Statement

(INR Million)

Y/E March	2014	2015	2016	2017	2018	2019	2020E	2021E
OP/(Loss) before Tax	27,755	28,863	32,986	37,760	33,018	35,623	46,800	63,275
Depreciation	10,523	11,331	12,970	12,679	17,636	20,103	21,922	24,101
Interest & Finance Charges	3,192	4,872	4,322	5,015	11,912	14,192	16,038	16,038
Direct Taxes Paid	-6,584	-1,486	-8,355	-7,307	-8,391	-7,004	-14,508	-19,299
(Inc)/Dec in WC	689	91	5,211	5,013	-12,671	-4,632	7,413	-8,629
CF from Operations	35,574	43,671	47,134	53,160	41,504	58,281	77,664	75,486
Others	-3,155	-2,842	-3,590	-5,931	-5,327	-4,917	0	0
CF from Operating incl EO	32,420	40,829	43,544	47,229	36,177	53,365	77,664	75,486
(Inc)/Dec in FA	-22,187	-25,679	-20,595	-12,290	-18,296	-14,745	-1,08,210	-16,000
Free Cash Flow	10,233	15,151	22,949	34,939	17,881	38,620	-30,546	59,486
(Pur)/Sale of Investments	1,124	6,613	2,482	-11,483	16,140	26,564	10,000	0
Others	-1,037	135	739	196	809	-50,080	0	0
CF from Investments	-22,100	-18,931	-17,374	-23,577	-1,347	-38,261	-98,210	-16,000
Issue of Shares	44	16	27	66	157	52	56,210	0
Inc/(Dec) in Debt	-2,512	-14,729	2,463	-15,337	-40,274	6,284	15,000	-15,000
Interest Paid	-4,046	-5,495	-5,388	-5,470	-11,590	-13,732	-16,038	-16,038
Dividend Paid	-2,459	-2,460	-2,926	-3,085	-3,307	-3,462	-3,689	-4,399
Others	0	0	0	0	0	0	0	0
CF from Fin. Activity	-8,972	-22,668	-5,824	-23,826	-55,014	-10,858	51,483	-35,437
Inc/Dec of Cash	1,348	-769	20,346	-175	-20,184	4,246	30,937	24,050
Opening Balance	1,427	2,775	2,006	22,352	22,177	1,993	6,239	37,176
Closing Balance	2,775	2,006	22,352	22,177	1,993	6,239	37,176	61,225

E: MOFSL Estimates

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Investment Advisory Services, Depository participant services & distribution of various financial products. MOFSL is a subsidiary company of Passionate Investment Management Pvt. Ltd.. (PIMPL). MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

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

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

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

Regional Disclosures (outside India)

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

For Hong Kong:

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

For U.S.

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

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

For Singapore

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

Specific Disclosures

- 1 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 MOFSL may have:

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

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 71934200/ 022-71934263; Website www.motilaloswal.com.CIN no.: L67190MH2005PLC153397. Correspondence Office Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad(West), Mumbai- 400 064. Tel No: 022 7188 1000.

Registration Nos.: Motilal Oswal Financial Services Limited (MOFSL)*: INZ000158836(BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412. AMFI: ARN - 146822; Investment Adviser: INA000007100; Insurance Corporate Agent: CA0579;PMS:INP000006712. Motilal Oswal Asset Management Company Ltd. (MOAMC): PMS (Registration No.: INP000000670); PMS and Mutual Funds are offered through MOAMC which is group company of MOFSL. Motilal Oswal Wealth Management Ltd. (MOWML): PMS (Registration No.: INP000004409) is offered through MOWML, which is a group company of MOFSL. Motilal Oswal Financial Services Limited is a distributor of Mutual Funds, PMS, Fixed Deposit, Bond, NCDs, Insurance Products and IPOs. Real Estate is offered through Motilal Oswal Real Estate Investment Advisors II Pvt. Ltd. which is a group company of MOFSL. Private Equity is offered through Motilal Oswal Private Equity Investment Advisors Pvt. Ltd which is a group company of MOFSL. Research & Advisory services is backed by proper research. Please read the Risk Disclosure Document prescribed by the Stock Exchanges carefully before investing. There is no assurance or guarantee of the returns. Investment in securities market is subject to market risk, read all the related documents carefully before investing. Details of Compliance Officer: Name: Neeraj Agarwal, Email ID: na@motilaloswal.com, Contact No.:022-71881085.

* MOSL has been amalgamated with Motilal Oswal Financial Services Limited (MOFSL) w.e.f August 21, 2018 pursuant to order dated July 30, 2018 issued by Hon'ble National Company Law Tribunal, Mumbai Bench.