

Eris Lifesciences

| | |
|-----------------|---|
| Estimate change | ↔ |
| TP change | ↑ |
| Rating change | ↔ |

| | |
|-----------------------|-------------|
| Bloomberg | ERIS IN |
| Equity Shares (m) | 136 |
| M.Cap.(INRb)/(USDb) | 123.5 / 1.5 |
| 52-Week Range (INR) | 972 / 605 |
| 1, 6, 12 Rel. Per (%) | 2/-16/22 |
| 12M Avg Val (INR M) | 164 |

Financials & valuations (INR b)

| Y/E MARCH | FY24 | FY25E | FY26E |
|----------------------|-------|-------|-------|
| Sales | 20.1 | 31.0 | 35.5 |
| EBITDA | 7.0 | 10.8 | 12.5 |
| Adj. PAT | 4.0 | 4.5 | 6.1 |
| EBIT Margin (%) | 25.5 | 25.7 | 26.5 |
| Cons. Adj. EPS (INR) | 29.2 | 33.1 | 44.4 |
| EPS Gr. (%) | 5.2 | 13.1 | 34.1 |
| BV/Sh. (INR) | 188.1 | 215.7 | 254.5 |

Ratios

| | | | |
|------------|------|------|------|
| Net D:E | 1.0 | 1.7 | 1.3 |
| RoE (%) | 16.8 | 16.4 | 18.9 |
| RoCE (%) | 11.8 | 10.4 | 10.9 |
| Payout (%) | 19.3 | 16.6 | 12.4 |

Valuations

| | | | |
|----------------|------|-------|------|
| P/E (x) | 31.1 | 27.5 | 20.5 |
| EV/EBITDA (x) | 21.7 | 16.2 | 13.7 |
| Div. Yield (%) | 0.6 | 0.6 | 0.6 |
| FCF Yield (%) | -1.7 | -17.3 | 5.0 |
| EV/Sales (x) | 7.5 | 5.7 | 4.8 |

Shareholding pattern (%)

| As On | Mar-24 | Dec-23 | Mar-23 |
|----------|--------|--------|--------|
| Promoter | 54.9 | 54.9 | 52.9 |
| DII | 15.6 | 14.6 | 10.0 |
| FII | 14.3 | 13.1 | 14.9 |
| Others | 15.2 | 17.4 | 22.3 |

FII includes depository receipts

CMP: INR908 TP: INR950 (+5%) Neutral

Healthy execution and addition of business drive 4Q

Efforts towards integrating the acquired business and reduce debt

- Eris Lifesciences (ERIS) delivered better-than-expected revenue, while it missed on earnings due to a lower-than-expected EBITDA margin and a higher interest outgo. ERIS clocked organic revenue growth of 15%/10% YoY in 4QFY24/FY24.
- We maintain our estimates for FY25/FY26. We value ERIS at 23x 12M forward earnings to arrive at our TP of INR950.
- We factor in 21% earnings growth over FY24-26, led by: 1) an improving traction in dermatology, anti-diabetes, and women healthcare, 2) integration of the recently acquired business (Swiss Parenterals/Biocon's branded formulation business), and c) reduction in financial leverage from operating cash flows. However, the current valuation adequately factors in the upside in earnings. **Reiterate Neutral.**

Improved operating profit offset by higher interest/depreciation

- ERIS's 4QFY24 revenues grew 36.8% YoY to INR5.5b (vs. our est.: INR5.1b).
- Gross margin dipped 340bp YoY to 78.5% due to a change in product mix.
- There was a one-time expense of INR210m related to SAP implementation, deal-related expenses, and some donations.
- Adjusting for the same, EBITDA margin expanded 130bp YoY to 30.8% (our est. 34.6%), due to lower employee expenses/other expenses (-270bp/-200bp as a % of sales).
- Likewise, EBITDA increased 42.8% YoY to INR1.7b (in line).
- Adj. PAT grew 25% YoY to INR815m (vs. our est.: INR974m); PAT growth was lower than EBITDA growth due to higher interest and depreciation.
- **During FY24**, revenue/EBITDA/Adj. PAT grew 19%/30%/5.3% YoY to INR20b/INR7b/INR4b.

Highlights from the management commentary

- On an organic basis, management expects 12-14% YoY revenue growth and focuses on maintaining the EBITDA margin at 36% in FY25.
- The outstanding debt, including funding for acquisition, is INR30b at the end of FY24. Eris intended to reduce the net debt by INR4b in FY25.
- Eris would implement a capex of INR700-800m annually for FY25/FY26, largely towards fill-finish blocks of hormones and Insulins.
- The excess operational cost at the Ahmedabad plant will be normalized by the end of 4QFY25.
- Eris has good visibility of 20+ first-in-market launches through the R&D pipeline.

Consolidated - Quarterly Earnings Model

(INR m)

| Y/E March | FY23 | | | | FY24 | | | | FY23 | FY24 | Estimate | Var % |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|---------------|--------------|-------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | | | 4QE | |
| Gross Sales | 3,986 | 4,605 | 4,233 | 4,028 | 4,666 | 5,053 | 4,863 | 5,509 | 16,851 | 20,091 | 5,139 | 7.2 |
| YoY Change (%) | 14.1 | 28.0 | 27.4 | 31.7 | 17.1 | 9.7 | 14.9 | 36.8 | 25.1 | 19.2 | 27.6 | |
| Total Expenditure | 2,694 | 3,091 | 2,861 | 2,839 | 2,969 | 3,242 | 3,108 | 3,811 | 11,484 | 13,129 | 3,362 | |
| EBITDA | 1,292 | 1,514 | 1,372 | 1,189 | 1,697 | 1,811 | 1,755 | 1,698 | 5,368 | 6,962 | 1,777 | -4.4 |
| Margins (%) | 32.4 | 32.9 | 32.4 | 29.5 | 36.4 | 35.8 | 36.1 | 30.8 | 31.9 | 34.7 | 34.6 | |
| Depreciation | 234 | 286 | 299 | 351 | 409 | 421 | 457 | 539 | 1,171 | 1,830 | 522 | |
| Interest | 72 | 71 | 30 | 89 | 174 | 163 | 181 | 330 | 262 | 848 | 153 | |
| Other Income | 27 | 52 | 22 | 10 | 10 | 35 | 42 | 151 | 112 | 238 | 12 | |
| PBT before EO expense | 1,013 | 1,209 | 1,065 | 759 | 1,125 | 1,262 | 1,159 | 980 | 4,046 | 4,522 | 1,114 | -12.0 |
| Extra-Ord expense | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 214 | 0 | 214 | 0 | |
| PBT | 1,013 | 1,209 | 1,065 | 759 | 1,125 | 1,262 | 1,159 | 766 | 4,046 | 4,308 | 1,114 | |
| Tax | 82 | 16 | 63 | 144 | 188 | 39 | 144 | -30 | 305 | 342 | 187 | |
| Rate (%) | 8.1 | 1.3 | 5.9 | 19.0 | 16.7 | 3.1 | 12.4 | -3.9 | 7.5 | 7.9 | 16.8 | |
| Minority Interest & Profit/Loss of Asso. Cos. | 15 | 13 | 13 | 39 | 12 | 11 | 13 | -87 | 80 | -51 | 48.0 | |
| Reported PAT | 946 | 1,207 | 1,015 | 654 | 948 | 1,234 | 1,027 | 710 | 3,822 | 3,916 | 974 | -27.2 |
| Adj PAT | 946 | 1,207 | 1,015 | 654 | 948 | 1,234 | 1,027 | 815 | 3,822 | 4,021 | 974 | -16.3 |
| YoY Change (%) | -11.3 | 1.9 | 0.8 | -18.2 | 0.3 | 2.3 | 1.2 | 24.6 | -5.8 | 5.2 | 48.9 | |
| Margins (%) | 23.7 | 26.2 | 24.0 | 16.2 | 20.3 | 24.4 | 21.1 | 14.8 | 22.7 | 20.0 | 19.0 | |

E: MOFSL Estimates

Exhibit 1: Dermatology deals by ERIS

| Period | Target | Consideration (INR m) | Sales of target company/ brands at the time of acquisition (INR m) | Multiple (EV/Sales) | Deal structure | Comments |
|---|--|--------------------------|---|------------------------|---|---|
| 4QFY24 | Biocon Biologics Indian formulation business | 12,420 | 3,600 | 3.5x | Funded through debt at 8.65% cost | ❖ Branded injectable business spanning across insulins, critical care and oncology |
| 3QFY24 | Swiss Parenterals | 6,375 | 2,803 | 2.3x | Funded through debt at 8% cost + NCD issuance | ❖ Augments the capability of Eris in the generics/specialty injectables segment |
| 2QFY24 | Biocon Biologics | 3,660 | 1,000 | 3.7x | Funded through debt and internal accruals | ❖ Branded Formulations' India (BFI) business units of Nephro/Derma |
| 4QFY23 | Dr. Reddy's Labs | 2,750 | 621 | 4.4x | Funded through debt at 8% cost | ❖ 9 Derma brands of DRRD. Enhance presence in the cosmetic derma segment. Top brands are HydroHeal/Cris ODT/Avarta had MAT sales of INR200m/130m/60m respectively. |
| 3QFY23 | Glenmark Pharma | 3,400 | 850 | 4.0x | Funded through debt at 8% cost | ❖ 9 Derma brands of GNP. Enhance presence in the anti-fungal and anti-psoriasis segments. The top brands – Onabet/Halobate registered sales of INR300m/220m for the past 12M. The gross margin for this portfolio is about 78%. |
| 1QFY23 | Oaknet | 6,500 | 1,950 | 3.3x | Mix of internal accruals (INR3,000m) and borrowings | ❖ Marked ERIS' foray into the Dermatology space. It enhanced ERIS' prospects in Cosmetology and Women Healthcare. |
| FY22 | MJ Biopharm | | | | JV at 70:30 with Eris holding a 70 per cent stake | ❖ JV to engage in marketing and distribution of human and analogue insulin including, Aspart and Glargine. |
| Total Consideration Paid (INR m) | | 35,105 | 10,824 | 3.2x | | |

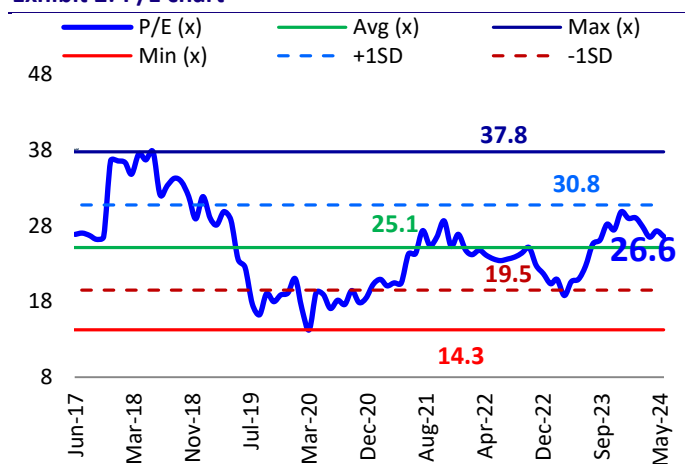
Source: MOFSL, Company



Highlights from the management interaction

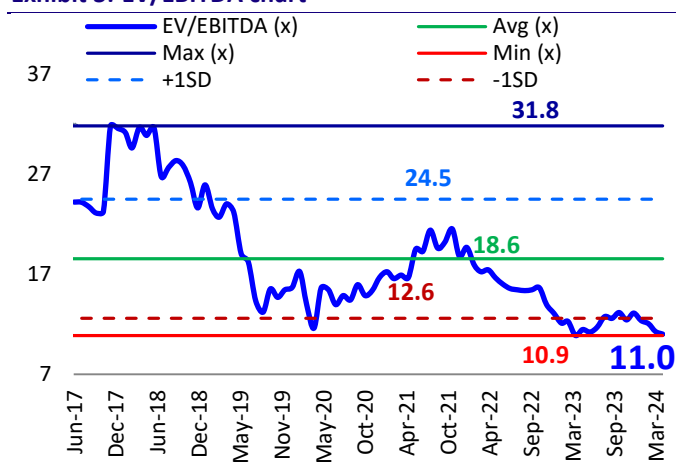
- Eris would have an interest expense of INR2.4b for FY25. The cash tax rate would be 17% for FY25. Operating cash flow would be 70-75% of EBITDA in FY25.
- The current MR productivity is INR5.5Lacs PCPM. The company has no plans to increase the MR count.
- Eris would share the outlook on Swiss Parenterals and business acquired from Biocon post-completion of 1QFY25.
- Initiated the manufacturing of products acquired from Biocon at Swiss Parenterals' manufacturing facility.
- About 58% of domestic branded formulation revenue in FY24 was used for in-house manufacturing.
- Swiss Parenterals' revenue was INR550m in 4QFY24.
- Eris is nearing EBITDA break-even in the Eris- MJ business in 4QFY24.

Exhibit 2: P/E chart



Source: MOFSL, Company, Bloomberg

Exhibit 3: EV/EBITDA chart



Source: MOFSL, Company, Bloomberg

Working on multiple fronts to enhance business prospects

Acquisitions to improve growth over the medium term

- Over the past few quarters, ERIS has been on an acquisition spree to enhance its product offerings. The latest ones are Swiss Parenterals and Biocon's injectable business.
- With the acquisition of Swiss Parenterals, ERIS has an opportunity to enter the RoW market. Further, the business' product range comprises more than 1,000 active dossiers across 190+ molecules. Interestingly, the pipeline is robust, with 90+ products under development.
- Moreover, with the acquisition of Biocon's injectable business, ERIS has gained access to the insulin, critical care, and oncology segments.
- Additionally, the recent acquisitions of the nephrology and dermatology businesses from Biocon Biologics (BBL), the derma portfolio from DRRD, and others have started to contribute to the growth of ERIS.

ERIS working on 20+ first-to-market launches

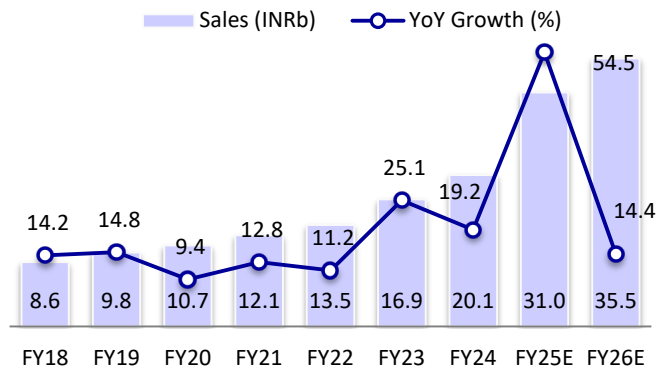
- In FY24, its revenue grew 19% YoY to INR20b. The robust performance in Anti-diabetic/Gynae/VMN segments led to superior growth.
- The revenue contribution of top-3 therapies was 63%, while the emerging therapies (Derma, CNS, and Gynae) now account for 30% of revenue.
- It has expanded its own R&D pipeline. Management has a good visibility of 20+ products to be launched, which are to be the "first in market". Moreover, the launch of Glargine and Liraglutide from MJ's pipeline remains on track, leading to a promising growth outlook.
- We expect ERIS to outperform the industry over the medium term, as it has established its presence in the cardiac/antidiabetic segments. Additionally, the new product pipeline and patent expiries in its focus therapies provide growth visibility. We expect ERIS to post an overall sales CAGR of 33% over FY24-26.

Valuation and view

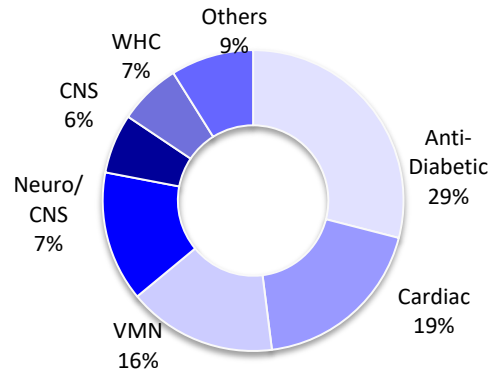
- We maintain our estimates for FY25/FY26. We value ERIS at 23x 12M forward earnings to arrive at our TP of INR950.
- We factor in 21% earnings growth over FY24-26, led by: 1) an improving traction in dermatology, anti-diabetes, and women healthcare, 2) integration of the recently acquired business (Swiss Parenterals/Biocon's branded formulation business), and c) reduction in financial leverage from operating cash flows. However, the current valuation adequately factors in the upside in earnings.

Reiterate Neutral.

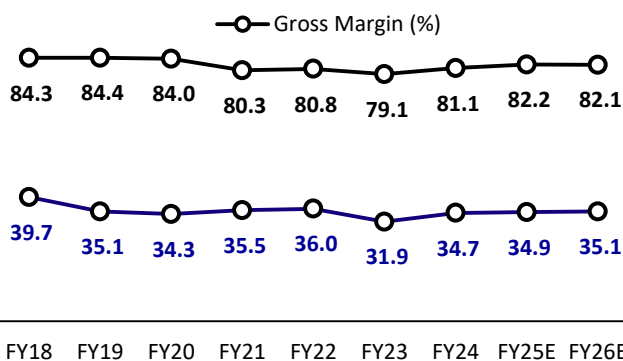
Story in Charts

Exhibit 4: Expect 33% revenue CAGR over FY24-26


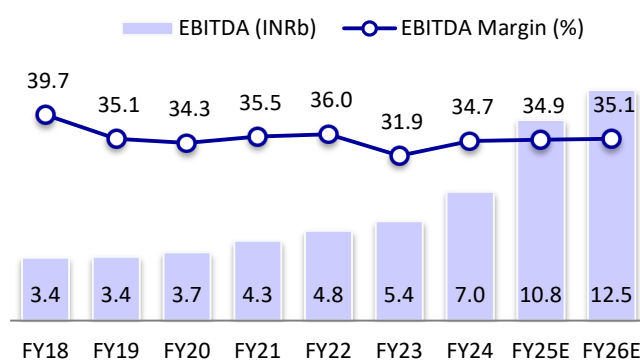
Source: MOFSL, Company

Exhibit 5: Therapy-wise chart MAT Apr'24


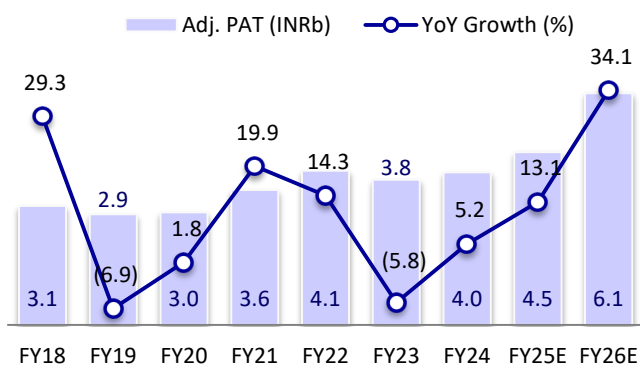
Source: MOFSL, Company

Exhibit 6: Gross margin to reach 82% by FY26E


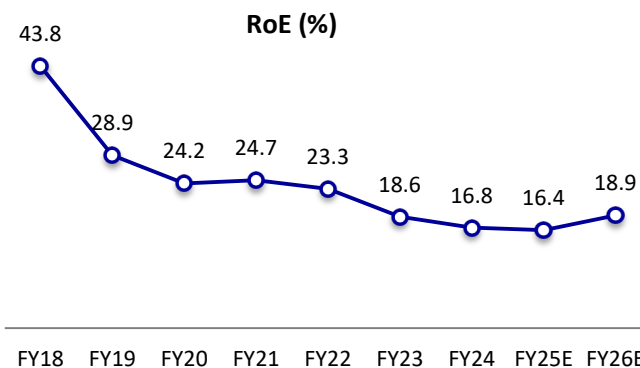
Source: MOFSL, Company

Exhibit 7: EBITDA margin to expand 50bp over FY24-26E


Source: MOFSL, Company

Exhibit 8: PAT to exhibit 23% CAGR over FY24-26E


Source: MOFSL, Company

Exhibit 9: RoE to stabilize at 19% over FY24-26E


Source: MOFSL, Company

Financial and valuations

Consolidated - Income Statement

(INRm)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|-------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Income from Operations | 9,822 | 10,741 | 12,119 | 13,470 | 16,851 | 20,091 | 31,047 | 35,514 |
| Change (%) | 14.8 | 9.4 | 12.8 | 11.2 | 25.1 | 19.2 | 54.5 | 14.4 |
| Total Expenditure | 6,372 | 7,057 | 7,813 | 8,621 | 11,484 | 13,129 | 20,211 | 23,048 |
| EBITDA | 3,449 | 3,684 | 4,306 | 4,850 | 5,368 | 6,962 | 10,835 | 12,465 |
| Margin (%) | 35.1 | 34.3 | 35.5 | 36.0 | 31.9 | 34.7 | 34.9 | 35.1 |
| Depreciation | 364 | 502 | 430 | 647 | 1,171 | 1,830 | 2,851 | 3,046 |
| EBIT | 3,086 | 3,182 | 3,876 | 4,203 | 4,197 | 5,132 | 7,984 | 9,420 |
| Int. and Finance Charges | 229 | 22 | 18 | 41 | 262 | 848 | 2,283 | 1,721 |
| Other Income | 317 | 154 | 87 | 261 | 112 | 238 | 559 | 639 |
| PBT bef. EO Exp. | 3,174 | 3,314 | 3,945 | 4,422 | 4,046 | 4,522 | 6,260 | 8,338 |
| EO Items | 0 | 0 | 0 | 0 | 0 | -214 | 0 | 0 |
| PBT after EO Exp. | 3,174 | 3,314 | 3,945 | 4,422 | 4,046 | 4,308 | 6,260 | 8,338 |
| Total Tax | 262 | 351 | 394 | 364 | 305 | 342 | 1,565 | 2,085 |
| Tax Rate (%) | 8.3 | 10.6 | 10.0 | 8.2 | 7.5 | 7.9 | 25.0 | 25.0 |
| Minority Interest | 0 | 0 | 0 | 0 | 80 | -51 | 147 | 154 |
| Reported PAT | 2,912 | 2,963 | 3,551 | 4,058 | 3,822 | 3,916 | 4,548 | 6,100 |
| Adjusted PAT | 2,912 | 2,963 | 3,551 | 4,058 | 3,822 | 4,021 | 4,548 | 6,100 |
| Change (%) | -6.9 | 1.8 | 19.9 | 14.3 | -5.8 | 5.2 | 13.1 | 34.1 |
| Margin (%) | 29.6 | 27.6 | 29.3 | 30.1 | 22.7 | 20.0 | 14.6 | 17.2 |

Consolidated - Balance Sheet

(INRm)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Equity Share Capital | 138 | 138 | 136 | 136 | 136 | 136 | 136 | 136 |
| Total Reserves | 11,368 | 12,828 | 15,628 | 18,947 | 21,824 | 25,725 | 29,517 | 34,860 |
| Net Worth | 11,505 | 12,965 | 15,764 | 19,083 | 21,960 | 25,861 | 29,653 | 34,996 |
| Minority Interest | 183 | 0 | 0 | -1 | 247 | 6,359 | 6,359 | 6,359 |
| Total Loans | 3 | 0 | 0 | 450 | 8,300 | 27,353 | 40,773 | 32,773 |
| Deferred Tax Liabilities | -931 | -1,203 | -1,511 | -1,970 | -163 | 2,359 | 2,359 | 2,359 |
| Capital Employed | 10,760 | 11,762 | 14,253 | 17,562 | 30,344 | 61,931 | 79,143 | 76,487 |
| Gross Block | 1,097 | 1,584 | 1,757 | 2,506 | 4,634 | 6,726 | 10,093 | 12,758 |
| Less: Accum. Deprn. | 544 | 711 | 978 | 1,294 | 1,594 | 2,164 | 2,769 | 3,569 |
| Net Fixed Assets | 553 | 873 | 779 | 1,212 | 3,040 | 4,562 | 7,324 | 9,189 |
| Gross intangible asset | 6,350 | 7,320 | 7,366 | 7,439 | 20,546 | 32,621 | 47,281 | 47,281 |
| Accumulated amortization | 233 | 379 | 541 | 873 | 1,744 | 3,004 | 5,249 | 7,495 |
| Net intangible asset | 6,116 | 6,941 | 6,825 | 6,566 | 18,803 | 29,617 | 42,031 | 39,785 |
| Goodwill on Consolidation | 936 | 935 | 935 | 935 | 3,318 | 8,612 | 8,612 | 8,612 |
| Capital WIP | 7 | 44 | 16 | 270 | 217 | 197 | 3,249 | 715 |
| Total Investments | 3,765 | 780 | 2,940 | 5,204 | 367 | 155 | 155 | 155 |
| Curr. Assets, Loans&Adv. | 2,711 | 4,244 | 4,847 | 6,103 | 8,189 | 24,276 | 26,235 | 27,698 |
| Inventory | 827 | 695 | 945 | 1,179 | 1,314 | 1,890 | 2,910 | 3,318 |
| Account Receivables | 840 | 1,569 | 1,405 | 1,610 | 2,927 | 4,220 | 6,521 | 7,459 |
| Cash and Bank Balance | 75 | 673 | 383 | 523 | 560 | 942 | -9,810 | -13,524 |
| Loans and Advances | 970 | 1,307 | 2,114 | 2,791 | 3,387 | 17,224 | 26,615 | 30,445 |
| Curr. Liability & Prov. | 3,328 | 2,054 | 2,088 | 2,728 | 3,590 | 5,487 | 8,464 | 9,667 |
| Account Payables | 841 | 1,001 | 1,026 | 1,178 | 1,248 | 2,683 | 4,131 | 4,711 |
| Other Current Liabilities | 2,083 | 491 | 474 | 839 | 1,207 | 1,656 | 2,559 | 2,927 |
| Provisions | 404 | 562 | 588 | 712 | 1,136 | 1,148 | 1,774 | 2,029 |
| Net Current Assets | -617 | 2,190 | 2,759 | 3,375 | 4,599 | 18,789 | 17,772 | 18,031 |
| Appl. of Funds | 10,760 | 11,762 | 14,253 | 17,562 | 30,344 | 61,931 | 79,143 | 76,486 |

E: MOFSL Estimates

Financial and valuations

Ratios

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| EPS | 21.2 | 21.5 | 25.8 | 29.5 | 27.8 | 29.2 | 33.1 | 44.4 |
| Cash EPS | 23.8 | 25.2 | 29.0 | 34.2 | 36.3 | 42.6 | 53.8 | 66.5 |
| BV/Share | 83.7 | 94.3 | 114.6 | 138.8 | 159.7 | 188.1 | 215.7 | 254.5 |
| DPS | 0.0 | 2.9 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 | 5.5 |
| Payout (%) | 0.0 | 13.3 | 21.3 | 18.6 | 19.8 | 19.3 | 16.6 | 12.4 |
| Valuation (x) | | | | | | | | |
| P/E | 42.9 | 42.1 | 35.2 | 30.8 | 32.7 | 31.1 | 27.5 | 20.5 |
| Cash P/E | 38.1 | 36.0 | 31.4 | 26.5 | 25.0 | 21.3 | 16.9 | 13.7 |
| P/BV | 10.9 | 9.6 | 7.9 | 6.5 | 5.7 | 4.8 | 4.2 | 3.6 |
| EV/Sales | 12.7 | 11.6 | 10.3 | 9.3 | 7.9 | 7.5 | 5.7 | 4.8 |
| EV/EBITDA | 36.2 | 33.7 | 28.9 | 25.7 | 24.7 | 21.7 | 16.2 | 13.7 |
| Dividend Yield (%) | 0.0 | 0.3 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 | 0.6 |
| FCF per share | 14.1 | 9.1 | 25.4 | 18.8 | -40.0 | -15.3 | -156.7 | 45.7 |
| Return Ratios (%) | | | | | | | | |
| RoE | 28.9 | 24.2 | 24.7 | 23.3 | 18.6 | 16.8 | 16.4 | 18.9 |
| RoCE | 26.1 | 24.4 | 24.8 | 23.2 | 16.0 | 11.8 | 10.4 | 10.9 |
| RoIC | 37.4 | 33.1 | 32.9 | 34.3 | 19.0 | 10.5 | 8.2 | 8.1 |
| Working Capital Ratios | | | | | | | | |
| Inventory (Days) | 31 | 24 | 28 | 32 | 28 | 34 | 34 | 34 |
| Debtor (Days) | 31 | 53 | 42 | 44 | 63 | 77 | 77 | 77 |
| Creditor (Days) | 31 | 34 | 31 | 32 | 27 | 49 | 49 | 48 |
| Leverage Ratio (x) | | | | | | | | |
| Net Debt/Equity | -0.3 | -0.1 | -0.2 | -0.3 | 0.3 | 1.0 | 1.7 | 1.3 |

Consolidated - Cash Flow Statement

(INRm)

| Y/E March | FY19 | FY20 | FY21 | FY22 | FY23 | FY24 | FY25E | FY26E |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| OP/(Loss) before Tax | 3,174 | 3,314 | 3,945 | 4,422 | 4,046 | 4,312 | 6,260 | 8,338 |
| Depreciation | 364 | 503 | 430 | 647 | 1,171 | 1,826 | 2,851 | 3,046 |
| Interest & Finance Charges | 218 | 6 | -5 | 41 | 262 | 848 | 1,724 | 1,081 |
| Direct Taxes Paid | -716 | -518 | -685 | -833 | -772 | -1,008 | -1,565 | -2,085 |
| (Inc)/Dec in WC | -532 | -527 | 53 | -299 | -1,755 | -987 | -9,736 | -3,973 |
| CF from Operations | 2,506 | 2,777 | 3,738 | 3,979 | 2,952 | 4,992 | -465 | 6,408 |
| Others | -277 | -66 | 16 | -196 | -34 | -131 | 0 | 0 |
| CF from Operating incl EO | 2,230 | 2,712 | 3,754 | 3,783 | 2,917 | 4,860 | -465 | 6,408 |
| (Inc)/Dec in FA | -293 | -1,458 | -257 | -1,203 | -8,413 | -6,960 | -21,080 | -130 |
| Free Cash Flow | 1,937 | 1,254 | 3,497 | 2,580 | -5,495 | -2,100 | -21,545 | 6,278 |
| (Pur)/Sale of Investments | 350 | 2,880 | -2,946 | -1,881 | 4,904 | -11,656 | 0 | 0 |
| Others | -108 | -189 | -17 | -112 | -6,313 | 70 | 559 | 639 |
| CF from Investments | -51 | 1,233 | -3,220 | -3,196 | -9,821 | -18,545 | -20,521 | 509 |
| Issue of Shares | 9 | 0 | 0 | 0 | 0 | 45 | 0 | 0 |
| Inc/(Dec) in Debt | -2,002 | -1,841 | -59 | 450 | 7,850 | 14,628 | 13,420 | -8,000 |
| Interest Paid | -217 | -18 | -18 | -39 | -234 | -773 | -2,283 | -1,721 |
| Dividend Paid | 0 | -470 | -747 | -816 | -999 | 0 | -756 | -756 |
| Others | 0 | -1,017 | 0 | -42 | 264 | 167 | -147 | -154 |
| CF from Fin. Activity | -2,211 | -3,346 | -824 | -447 | 6,880 | 14,068 | 10,234 | -10,631 |
| Inc/Dec of Cash | -31 | 598 | -291 | 140 | -23 | 383 | -10,753 | -3,714 |
| Opening Balance | 106 | 75 | 673 | 384 | 523 | 560 | 943 | -9,810 |
| Others | 0 | 0 | 0 | 0 | 60 | 0 | 0 | |
| Closing Balance | 75 | 673 | 383 | 523 | 560 | 943 | -9,810 | -13,524 |

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

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 be 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, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. 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://online.reports.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") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

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

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months

- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

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

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

Analyst Certification

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

Terms & Conditions:

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

Disclaimer:

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

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

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

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

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

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

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

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

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

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