

Cadila Healthcare

Refer to important disclosures at the end of this report

Steady quarter; innovation pipeline build-up continues

- We reiterate Buy on Cadila with an unchanged TP of Rs655 post a steady Q3. We also maintain our FY22/23 estimates, which includes upside from Covid-19 vaccine Zycov-D, partially offset by higher R&D expenses related to Saroglitazar trials in US.
- Revenue of Rs37.9bn and EBITDA of Rs8.1bn were largely in line with our estimates. PAT of Rs5.3bn beat our estimates, aided by lower-than-expected tax expenses and higher than expected other income.
- Core business is expected to gain momentum as launches in US and India accelerate in FY22. Cadila reaffirms cost efficiency guidance of ~100bps. Surprisingly, R&D expenses are likely to be in the range of 8-9% despite Saroglitazar clinical trial progress in US.
- In our SOTP, the core business contributes 80% (Rs520/share, valued by us at 20x forward P/E), PBC & NASH add 14% (Rs90, NPV) and ZyCov-D accounts for the remaining 7% (Rs45, NPV).

Steady Q3: Revenue grew 4% yoy to Rs37.9bn, driven by strong growth across segments, except US and API. India formulations business grew 21% yoy, aided by improved demand after the easing of lockdown restrictions. Europe posted strong revenue growth of 24%, albeit on a low base. Other segments such as EM + LATAM and Consumer & Animal health grew 11 and 17%, respectively. US business fell 4% yoy. EBITDA grew 16% yoy and EBITDA margin improved ~200bps yoy to 21.3%. EBITDAM expansion was driven by lower other expenses as promotion expenses in branded markets remained low due the pandemic. PAT grew 41% yoy to Rs5.3bn on higher EBITDA and lower tax expenses.

Guidance represents upside to our base case estimates: Management guided for ~40 generic launches per annum in US, including certain limited competition products. Cadila's new chemical entities (NCEs) will likely drive significant growth in India with the lead molecule, Saroglitazar, expected to be Rs2.5bn (~6% of current India revenue) brand and 4-5 additional products with potential to become Rs0.5bn brands each. R&D expense is expected to be in the range of 8-9% despite the US clinical trials related to Saroglitazar (vs. our initial estimate of 10-12%). On Covid-19 vaccine, management believes that it could be a long-term opportunity as even the most successful vaccine programs historically have taken at least 10 years. Additionally, vaccine demand from Emerging markets already exceeds the company's supply capacity. All these factors provide an upside to our base case estimates.

Reiterate Buy: The stock is trading at a 1-year forward P/E of 16.4x on our consolidated forecast, and 21x on core earnings in line with the historical average. Our Rs655 TP includes core business value of Rs520 (20x forward P/E), Saroglitazar NPV of Rs90 and ZyCoV-D upside of Rs45. Key downside risks are 1) higher-than-expected competition in Mesalamine franchise; 2) adverse regulatory outcome on plants; 3) failure to get FDA approval for Saroglitazar.

Please see our sector model portfolio (Emkay Alpha Portfolio): [Pharmaceuticals \(Page 9\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	131,656	142,531	150,930	203,188	224,371
EBITDA	29,731	27,420	33,108	46,927	51,389
EBITDA Margin (%)	22.6	19.2	21.9	23.1	22.9
APAT	18,488	14,406	20,939	30,604	34,849
EPS (Rs)	18.1	14.1	20.5	29.9	34.0
EPS (% chg)	3.0	(22.1)	45.3	46.2	13.9
ROE (%)	17.9	12.3	16.7	20.8	19.9
P/E (x)	26.3	33.7	23.2	15.9	13.9
EV/EBITDA (x)	18.4	19.8	15.9	10.8	9.3
P/BV (x)	4.7	4.7	4.0	3.3	2.7

Source: Company, Emkay Research

CMP	Target Price
Rs 475 as of (February 7, 2021)	Rs 655 (■) 12 months
Rating	Upside
BUY (■)	38.0 %

Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	-
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY21E	FY22E
Emkay	20.5	29.9
Consensus	18.8	20.3
Mean Consensus TP (12M)	Rs 483	

Stock Details

Bloomberg Code	CDH IN
Face Value (Rs)	1
Shares outstanding (mn)	1,024
52 Week H/L	509 / 202
M Cap (Rs bn/USD bn)	486 / 6.67
Daily Avg Volume (nos.)	4,267,562
Daily Avg Turnover (US\$ mn)	26.9

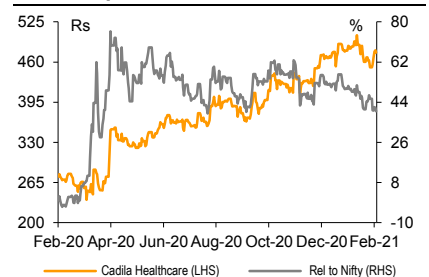
Shareholding Pattern Dec '20

Promoters	74.9%
FIIIs	5.2%
DIIIs	11.7%
Public and Others	8.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	(2)	7	20	75
Rel. to Nifty	(7)	(13)	(11)	42

Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

Kunal Dhamesha

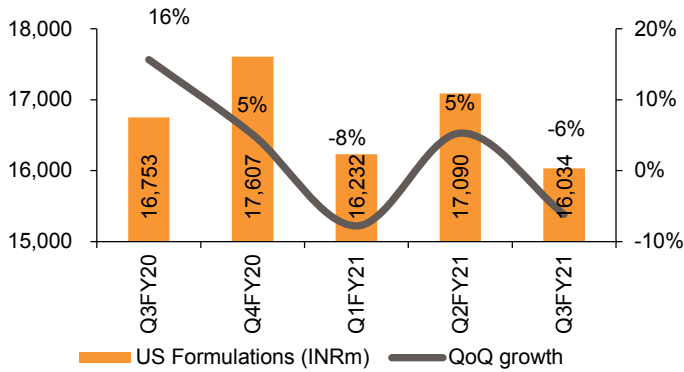
kunal.dhamesha@emkayglobal.com
+91 22 6612 1254

Anas Dadarkar

anas.dadarkar@emkayglobal.com
+91 22 6612 1235

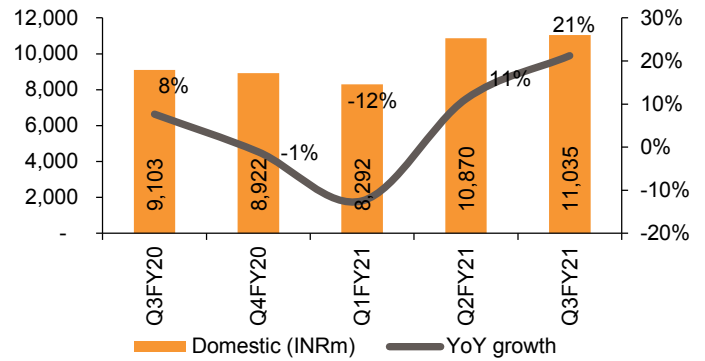
Story in Charts

Exhibit 1: US business saw a dip in revenue sequentially



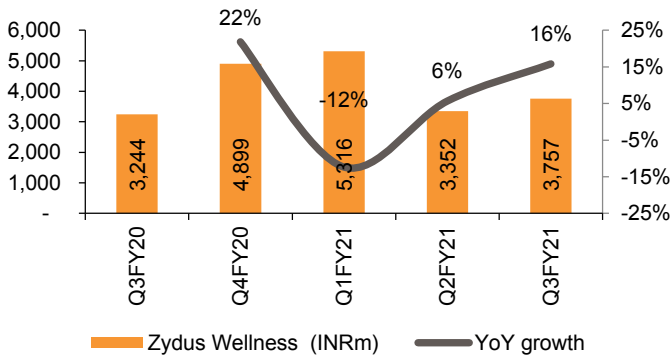
Source: Company, Emkay Research

Exhibit 2: Domestic revenue grew 21% yoy



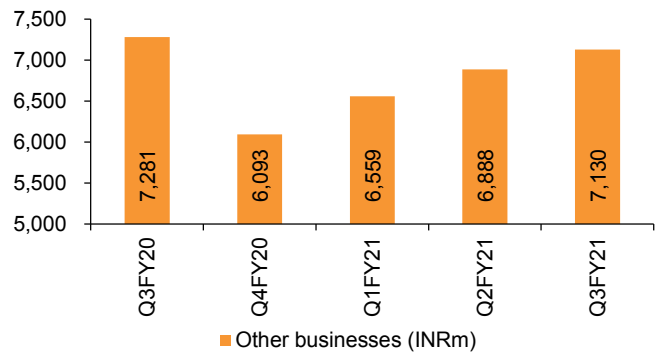
Source: Company, Emkay Research

Exhibit 3: Consumer business grew 16% yoy



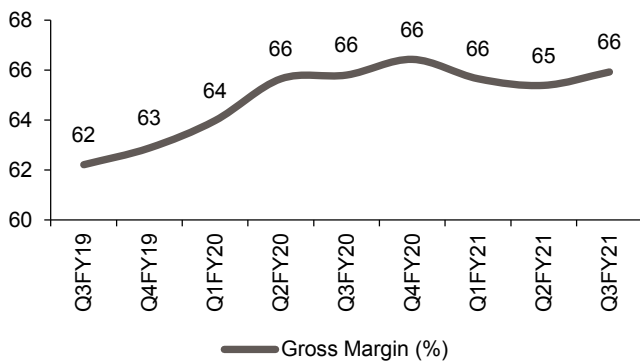
Source: Company, Emkay Research

Exhibit 4: Cadila's other businesses were down marginally yoy



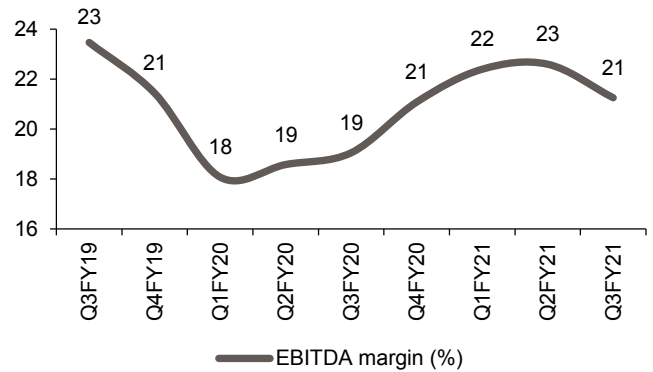
Source: Company, Emkay Research

Exhibit 5: Gross margins steady at 66%



Source: Company, Emkay Research

Exhibit 6: EBITDA margins have come off due to withdrawal of MEIS scheme



Source: Company, Emkay Research

Exhibit 7: Quarterly Snapshot

Particulars (Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	3QFY21e	Var (%)
Total revenue	37,956	36,381	4	38,200	(1)	38,776	(2)
COGS	12,935	12,443	4	13,223	(2)	13,765	(6)
% of revenues	34.1	34.2	(12)	34.6	(54)	35.5	(142)
Personnel exp	6,286	6,142	2	6,165	2	6,204	1
% of revenues	16.6	16.9	(32)	16.1	42	16.0	56
Other & R&D	10,666	10,818	(1)	10,178	5	10,663	0
% of revenues	28.1	29.7	(163)	26.6	146	27.5	60
EBITDA	8,069	6,978	16	8,634	(7)	8,143	(1)
EBITDAM (%)	21.3	19.2	208	22.6	(134)	21.0	26
D&A	1,804	1,741	4	1,790	1	1,732	4
EBIT	6,265	5,237	20	6,844	(8)	6,410	(2)
EBITM (%)	16.5	14.4	211	17.9	(141)	16.5	(3)
Other income	275	201	37	275	-	136	102
Interest cost	268	805	(67)	457	(41)	489	(45)
PBT	6,272	4,633	35	6,662	(6)	6,057	4
Tax	1,147	927	24	1,106	4	1,333	(14)
% Tax rate	18.3	20.0		16.6		22.0	(371)
Minorities / Associates	147	95	55	498		121	21
Adjusted Net profit	5,272	3,801	39	6,054	(13)	4,846	9
Exceptional items		-62		-1,320		0	na
Reported Net profit	5,272	3,739	41	4,734	11	4,846	9

Source: Company, Emkay Research

Exhibit 8: Segmental Breakdown

Particulars (Rs mn)	3QFY21	3QFY20	YoY (%)	2QFY21	QoQ (%)	3QFY21e	Var (%)
US formulations	16,034	16,753	(4)	17,090	(6)	17,701	(9)
Europe	614	494	24	546	12	606	1
Emerging markets + Lat Am	2,932	2,643	11	2,361	24	2,388	23
India	11,035	9,103	21	10,870	2	10,468	5
API	1,320	1,626	(19)	1,597	(17)	1,516	(13)
Consumer	3,757	3,244	16	3,352	12	3,439	9
Animal Health	1,634	1,397	17	1,611	1	1,537	6
Others	630	1,121	(44)	773	(18)	1,121	(44)
Total revenue	37,956	36,381	4	38,200	(1)	38,776	(2)

Source: Company, Emkay Research

Exhibit 9: Actual vs. Estimates

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Revenues	37,956	38,776	39,062	-2.1%	-2.8%	Marginally below estimates due to lower than expected US revenue
EBITDA	8,069	8,143	8,166	-0.9%	-1.2%	In-line EBITDA and margin
EBITDA margin	21%	21%	21%	26bps	35bps	
Adj. PAT	5,272	4,846	4,895	8.8%	7.7%	Lower ETR boosted PAT

Source: Company, Emkay Research

Change in Estimates

Exhibit 10: Revision in earnings estimates

Y/E, Mar (Rs. mn)	FY21E			FY22E			FY22E		
	Earlier	Revised	% Change	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	153,723	150,930	-2%	203,946	203,188	0%	223,303	224,371	0%
EBITDA	33,606	33,108	-1%	47,028	46,927	0%	51,145	51,389	0%
EBITDAM (%)	21.9%	21.9%	7bps	23.1%	23.1%	4bps	22.9%	22.9%	0bps
APAT	20,645	20,939	1%	30,625	30,604	0%	34,797	34,849	0%
EPS (Rs)	20.2	20.5	1%	29.9	29.9	0%	34.0	34.0	0%

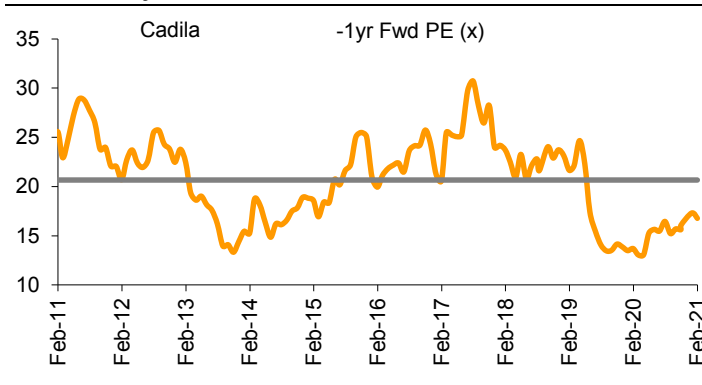
Source: Emkay Research

Exhibit 11: Emkay vs. Consensus

Y/E, Mar (Rs. mn)	FY21E			FY22E			FY22E		
	Emkay	Consensus	% Variation	Emkay	Consensus	% Variation	Emkay	Consensus	% Variation
Revenues	150,930	153,102	-1%	203,188	164,982	23%	224,371	178,736	26%
EBITDA	33,108	32,998	0%	46,927	35,487	32%	51,389	38,205	35%
EBITDAM (%)	21.9%	21.6%	38bps	23.1%	21.5%	159bps	22.9%	21.4%	153bps
APAT	20,939	19,273	9%	30,604	20,952	46%	34,849	22,909	52%
EPS (Rs)	20.5	18.8	9%	29.9	20.5	46%	34.0	22.4	52%

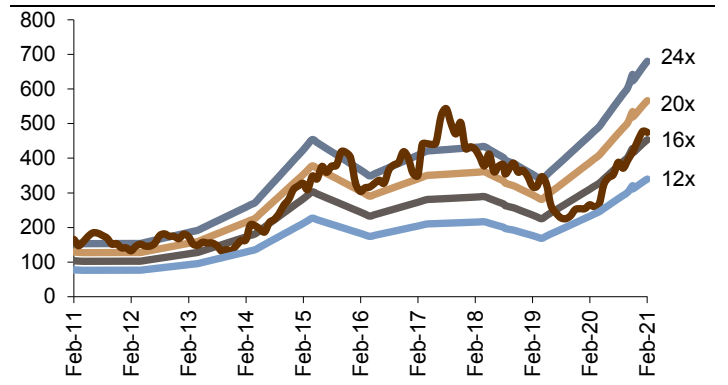
Source: Emkay Research

Exhibit 12: 1-year forward PE



Source: Emkay Research

Exhibit 13: PE Band



Source: Emkay Research

Con-call takeaways

- Cadila launched 7 new products during the quarter in the US, including the launch of Doxorubicin Liposomal injection - its first complex injectable developed in house. Management has guided for 40 product launches per year.
- Cadila received 9 approvals, including 4 tentative approvals, and filed 10 ANDAs with the US FDA.
- It received approvals for 38 new products, which is the 2nd highest no. of ANDA approvals received by a company in 2020.
- The company expects to launch 40 products in FY22, which will include some limited competition products.
- The company has also acquired 2 ANDAs, which are First-to-File and has 180-day exclusivity.
- The company is putting up a plant for the production of ZyCoV-D vaccine, which is expected to be commercialized by Q1FY22. Designated capacity of the plant is 120mn doses. Apart from that, the company could get another 50-70mn doses manufactured by a third party.
- The company will be enrolling 15,000+ volunteers in the trial in the next 10 days and expects all of them to receive at least the first dose. The company has defined the number of trial events at 158, which means once 158 participants will contract Covid-19, data will be unmasked and analyzed, which is expected to be in Q1FY22.
- Cadila has applied to the RCGM to carry out a preclinical study of its recombinant measles vector vaccine, ZyCOV-MV, which is the company's 2nd vaccine candidate for Covid-19. It is also a nasal vaccine.
- The company successfully completed Phase 2b trial of Desidustat for the treatment of hypoxia in Mexico.
- On the biologics front, Cadila has initiated a Phase 3 clinical trial in India for its Pegylated Interferon Alpha-2b in 250 patients and has recruited 115 patients so far. It has also submitted an IND application to the US FDA for Pegylated Interferon Alpha-2b for the treatment of Covid-19 patients.
- Cadila's Saroglitazar was granted orphan drug designation by the US FDA for the treatment of patients with PBC. Saroglitazar was also granted fast track designation for PBC in Dec'20.
- The company expects to launch Saroglitazar in PBC indication in US in 2023 as the Phase 3 trial will be completed within a year. The company plans to commercialize this drug on their own as it doesn't require significant sales force.
- Saroglitazar has also received an approval from DCGI for the treatment of NAFLD in India.
- Saroglitazar NASH trial primary endpoint in India and US is almost similar. However, US trial would require 2 liver biopsies, one pre treatment and one post treatment.
- On its 505 b(2) initiatives, Cadila has submitted an NDA for one product from its specialty portfolio. It has successfully in-licensed 16 products to build complex generics till date.
- On warning letter resolution for the Moraiya plant, the company has taken 2 major actions, 1) stopping the injectables supply from the plant and 2) addressing cross contamination through corrective actions. However, the inspection timeline is yet not clear.
- R&D expense in FY22 is expected to be ~8% of revenue with some volatility across quarters.
- Recent changes in Goodwill depreciation announced in the budget will not impact tax outgo for the company. ETR is expected to stay in the range of 20-21%.

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	131,656	142,531	150,930	203,188	224,371
Expenditure	101,925	115,111	117,822	156,261	172,982
EBITDA	29,731	27,420	33,108	46,927	51,389
Depreciation	5,986	6,965	7,023	7,270	7,336
EBIT	23,745	20,455	26,085	39,657	44,053
Other Income	2,011	1,139	965	687	1,500
Interest expenses	1,935	3,418	1,760	1,605	1,440
PBT	23,821	18,176	25,289	38,739	44,113
Tax	5,303	3,780	4,901	8,523	9,705
Extraordinary Items	0	(2,640)	0	0	0
Minority Int./Income from Assoc.	(30)	10	550	387	441
Reported Net Income	18,488	11,766	20,939	30,604	34,849
Adjusted PAT	18,488	14,406	20,939	30,604	34,849

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	1,024	1,024	1,024	1,024	1,024
Reserves & surplus	102,839	102,733	119,910	146,588	177,566
Net worth	103,863	103,757	120,934	147,612	178,590
Minority Interest	12,929	13,347	12,797	12,409	11,968
Loan Funds	76,583	75,333	58,414	52,928	43,034
Other Liabilities	5,117	4,922	4,922	4,922	4,922
Total Liabilities	193,375	192,437	192,144	212,950	233,592
Net block	59,431	61,937	76,782	77,512	78,176
Investment	19,841	19,992	19,992	19,992	19,992
Current Assets	84,981	87,154	88,584	124,036	150,702
Cash & bank balance	6,493	9,649	8,591	21,426	40,760
Other Current Assets	12,100	12,983	13,584	17,271	17,950
Current liabilities & Provision	41,456	44,429	47,129	62,504	69,193
Net current assets	43,525	42,725	41,455	61,531	81,509
Misc. exp	0	0	0	0	0
Total Assets	193,375	192,437	192,144	212,950	233,592

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income)	21,810	17,037	24,325	38,052	42,613
Depreciation & Amortisation	5,986	6,965	7,023	7,270	7,336
Chg in working cap	6,378	1,294	212	(7,242)	(644)
Operating Cashflow	29,137	26,453	28,969	31,550	41,482
Capital expenditure	(10,464)	(8,888)	(8,000)	(8,000)	(8,000)
Free Cash Flow	18,673	17,565	20,969	23,550	33,482
Investments	(13,876)	0	0	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(24,340)	(8,888)	(8,000)	(8,000)	(8,000)
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	23,955	(3,489)	(16,919)	(5,486)	(9,895)
Dividend paid (incl tax)	(4,314)	(8,569)	(4,313)	(4,313)	(4,313)
Other Financing Cash Flow	(33,047)	(1,235)	965	687	1,500
Financing Cashflow	(14,201)	(14,409)	(22,027)	(10,716)	(14,148)
Net chg in cash	(9,404)	3,156	(1,058)	12,835	19,334
Opening cash position	15,897	6,493	9,649	8,591	21,426
Closing cash position	6,493	9,649	8,591	21,426	40,760

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	22.6	19.2	21.9	23.1	22.9
EBIT Margin	18.0	14.4	17.3	19.5	19.6
Effective Tax Rate	22.3	20.8	19.4	22.0	22.0
Net Margin	14.1	10.1	13.5	14.9	15.3
ROCE	14.4	10.9	13.9	20.1	20.2
ROE	17.9	12.3	16.7	20.8	19.9
RoIC	15.5	11.4	14.6	21.7	23.5

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	18.1	14.1	20.5	29.9	34.0
CEPS	23.9	20.9	27.3	37.0	41.2
BVPS	101.5	101.4	118.1	144.2	174.4
DPS	3.1	3.6	3.6	3.6	3.6

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	26.3	33.7	23.2	15.9	13.9
P/CEPS	19.9	22.7	17.4	12.8	11.5
P/BV	4.7	4.7	4.0	3.3	2.7
EV / Sales	4.2	3.8	3.5	2.5	2.1
EV / EBITDA	18.4	19.8	15.9	10.8	9.3
Dividend Yield (%)	0.7	0.8	0.8	0.8	0.8

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.6	0.6	0.3	0.2	0.0
Net Debt/EBIDTA	2.1	2.1	1.3	0.5	(0.1)
Working Cap Cycle (days)	102.7	84.7	79.5	72.0	66.3

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	10.3	8.3	5.9	34.6	10.4
EBITDA	4.4	(7.8)	20.7	41.7	9.5
EBIT	2.9	(13.9)	27.5	52.0	11.1
PAT	4.1	(36.4)	78.0	46.2	13.9

Quarterly (Rs mn)	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Revenue	36,381	37,521	36,399	38,200	37,956
EBITDA	6,932	7,912	8,154	8,634	8,069
EBITDA Margin (%)	19.1	21.1	22.4	22.6	21.3
PAT	3,739	4,351	4,540	4,734	5,272
EPS (Rs)	3.7	4.2	4.4	4.6	5.1

Source: Company, Emkay Research

Shareholding Pattern (%)	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
Promoters	74.9	74.9	74.9	74.9	74.9
FIs	4.6	4.4	4.6	4.4	5.2
DIs	12.6	12.9	12.6	12.5	11.7
Public and Others	7.9	7.8	8.0	8.2	8.2

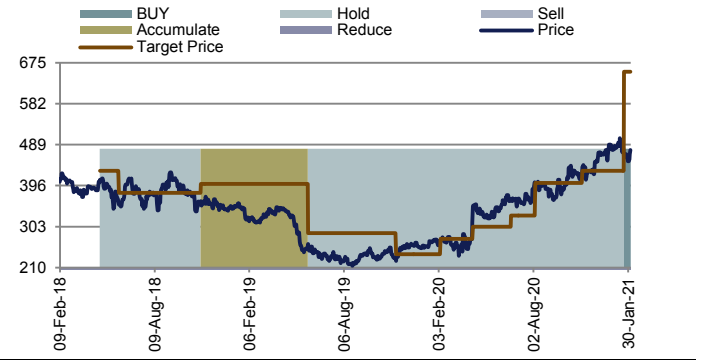
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
22-Jan-21	461	655	12m	Buy	Kunal Dhamesha
12-Jan-21	490	430	12m	Hold	Kunal Dhamesha
16-Dec-20	469	430	12m	Hold	Kunal Dhamesha
03-Nov-20	438	430	12m	Hold	Kunal Dhamesha
05-Aug-20	396	402	12m	Hold	Praful Bohra
20-Jun-20	362	328	12m	Hold	Praful Bohra
08-Apr-20	350	303	12m	Hold	Praful Bohra
06-Feb-20	273	275	12m	Hold	Praful Bohra
16-Dec-19	261	240	12m	Hold	Praful Bohra
14-Nov-19	234	240	12m	Hold	Praful Bohra
13-Nov-19	225	240	12m	Hold	Praful Bohra
19-Aug-19	219	288	12m	Hold	Praful Bohra
29-May-19	264	288	12m	Hold	Praful Bohra
05-Nov-18	360	400	12m	Accumulate	Jatin Kotian
19-Sep-18	408	380	12m	Hold	Jatin Kotian
11-Jul-18	371	380	12m	Hold	Jatin Kotian
10-Jul-18	381	380	12m	Hold	Jatin Kotian
29-Jun-18	377	380	12m	Hold	Jatin Kotian
01-Jun-18	353	380	12m	Hold	Jatin Kotian
10-May-18	399	430	12m	Hold	Jatin Kotian
26-Apr-18	409	430	12m	Hold	Jatin Kotian

Source: Company, Emkay Research

RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

Emkay Alpha Portfolio – Pharmaceuticals

Analyst: Dr. Kunal Dhamesha

Contact Details

kunal.dhamesha@emkayglobal.com
+91-22-6612 1254

Sector

Pharmaceuticals

Analyst bio

Dr. Kunal Dhamesha holds an MBA from IIM Lucknow and completed his MBBS from B.J. Medical College. As an equity analyst he has tracked multiple healthcare verticals for 8+ years. His team currently covers 7 stocks.

EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
Pharmaceuticals	2.95	2.95	0%	0	100.00
Aurobindo Pharma	0.31	0.28	-10%	-3	9.58
Cadila Healthcare	0.15	0.59	300%	44	20.05
Cipla	0.51	0.58	14%	7	19.75
Dr. Reddy's Lab	0.68	0.59	-13%	-9	20.09
Ipca Lab	0.17	0.15	-9%	-2	5.10
Lupin	0.30	0.30	-2%	-1	10.14
Sun Pharma	0.82	0.45	-45%	-37	15.30
Cash	0.00	0.00	NA	0	0.00

Source: Emkay Research

* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

Sector portfolio NAV

	Base					Latest
	1-Apr-19	6-Feb-20	6-Aug-20	5-Nov-20	5-Jan-21	4-Feb-21
EAP - Pharmaceuticals	100.0	97.5	145.9	157.3	171.8	166.8
BSE200 Neutral Weighted Portfolio (ETF)	100.0	94.4	134.9	140.4	156.0	154.7

*Performance measurement base date 1st April 2019

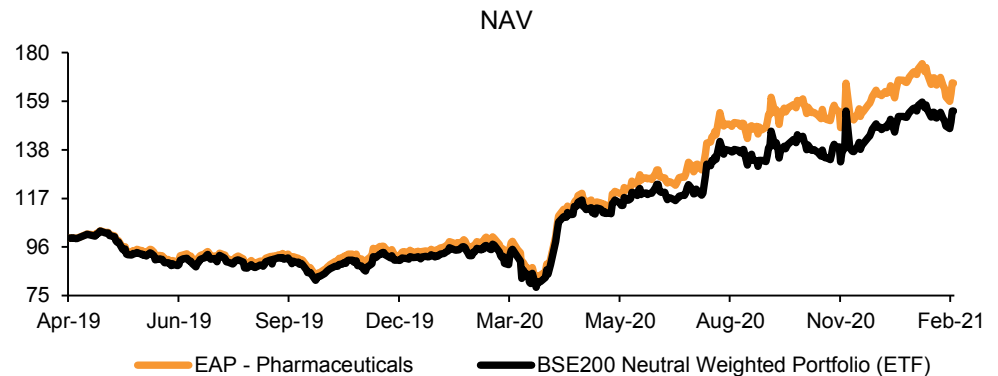
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Pharmaceuticals	-2.9%	6.0%	14.3%	71.1%
BSE200 Neutral Weighted Portfolio (ETF)	-0.8%	10.3%	14.7%	63.8%

Source: Emkay Research

NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”

Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 07 Feb 2021 19:17:07 (SGT)
Dissemination Date: 07 Feb 2021 19:18:07 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. www.emkayglobal.com

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, 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 or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

Disclaimer for U.S. persons only: This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.

ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate¹ does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests² in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

¹ An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

² Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of February 07, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report
Disclosure of previous investment recommendation produced:
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of February 07, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the February 07, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the February 07, 2021

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, 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 or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 th Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

Emkay Global Financial Services Ltd.

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com