

Sun Pharma

Refer to important disclosures at the end of this report

SCD-044 Phase 2 trial for Psoriasis bodes well for specialty

- Sun Pharma's initiation of Phase 2 trials for SCD-044 in Plaque Psoriasis bodes well for its specialty aspiration as SCD-044 could broaden the company's offering for Plaque Psoriasis, effectively leveraging all the investment made till now for Ilumya.
- We estimate a risk-adjusted NPV of Rs15/share for SCD-044, assuming a very modest market share of low single digit given the competitive landscape. We assume pricing to be in line with Otezla and 12% WACC. We also adjust the base case NPV of Rs101/share for the success probability of ~15%, suggesting a risk-adjusted NPV of Rs15/share.
- We maintain Buy on the stock and raise the TP to Rs660, based on the SOTP value of Rs645/share and SCD-044 NPV of Rs15/share. The SOTP value of Rs645 implies a P/E multiple of 22x on FY23E EPS. Key Catalysts: Specialty sales growth, Halol plant resolution and recovery in the branded markets.

Sun Pharma initiated Phase 2 trial for SCD-044 in moderate to severe plaque psoriasis patients: The trial is a randomized, double-blind, placebo-controlled study to assess the efficacy and safety and will enroll ~240 subjects. The topline results are expected in 2022. SCD-044 is a novel, orally bioavailable S1P receptor 1 agonist for the treatment of inflammatory diseases such as atopic dermatitis and psoriasis.

Amgen's purchase of Otezla, an oral psoriasis drug, makes us positive: Last year, Amgen purchased Otezla for USD11.2bn to augment its inflammatory disease focused pipeline. Amgen's Otezla purchase came in at a steep valuation of ~6x FY1 sales. While the steep valuation was a function of strategic fit, Amgen sounded confident about the low double digit annual growth rate for Otezla in the medium term. This, in our view, highlights the need for orally effective psoriasis drugs with good side effect profile (**Exhibits 3-4**).

Risk-adjusted NPV of Rs15/share for SCD-044: Based on the incidence and prevalence, we estimate there are ~3mn people suffering from moderate-to-severe plaque psoriasis in the US and growing at a low single digit CAGR. We assume a very modest peak market share of ~2% for SCD-044, given a significant number of oral psoriasis treatments under development. Our analysis assumes pricing of ~USD43,000, in line with Otezla pricing, total R&D spend of USD150mn, WACC of 12%. We assume minimal other expenses given the existing front-end infrastructure the company has set up for Ilumya. We also adjust the NPV for success probability of 15% from Phase 1 to commercialization (**Exhibits 1-2**).

Maintain Buy and raise TP to Rs660: We modestly raise our FY21 and FY22 earnings estimates by 1% and 4%, respectively, to factor in better Absorica revenue due to delayed competition and QoQ recovery in Specialty and branded businesses. Our TP is based on the SOTP value of Rs645/share and SCD-044 NPV of Rs15/share (**Exhibit 5**).

Please see our sector model portfolio (Emkay Alpha Portfolio): [Pharmaceuticals \(page 7\)](#)

Financial Snapshot (Consolidated)

(Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	290,659	328,375	342,881	381,991	418,190
EBITDA	63,076	66,082	89,293	94,533	107,485
EBITDA Margin (%)	21.7	20.1	26.0	24.7	25.7
APAT	38,798	37,961	67,176	58,679	69,303
EPS (Rs)	16.2	15.8	28.0	24.5	28.9
EPS (% chg)	19.9	(2.1)	77.0	(12.6)	18.1
ROE (%)	9.8	8.8	14.4	11.7	12.5
P/E (x)	37.4	38.2	21.6	24.7	20.9
EV/EBITDA (x)	23.4	22.1	16.4	15.1	12.8
P/BV (x)	3.5	3.2	3.0	2.8	2.5

Source: Company, Emkay Research

CMP	Target Price
Rs 604	Rs 645 (▲)
as of (January 4, 2021)	12 months
Rating	Upside
BUY (■)	6.7 %

Change in Estimates

EPS Chg FY21E/FY22E (%)	-/-
Target Price change (%)	15.2
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

EPS Estimates		
	FY21E	FY22E
Emkay	28.0	24.5
Consensus	22.4	23.7
Mean Consensus TP (12M)	Rs 586	

Stock Details

Bloomberg Code	SUNP IN
Face Value (Rs)	1
Shares outstanding (mn)	2,399
52 Week H/L	610 / 312
M Cap (Rs bn/USD bn)	1,450 / 19.86
Daily Avg Volume (nos.)	10,243,480
Daily Avg Turnover (US\$ mn)	73.9

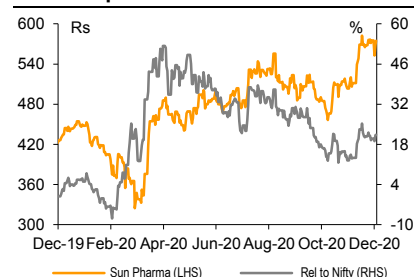
Shareholding Pattern Sep '20

Promoters	54.7%
FIIIs	12.4%
DIIIs	20.5%
Public and Others	12.5%

Price Performance

(%)	1M	3M	6M	12M
Absolute	6	19	27	36
Rel. to Nifty	-	(4)	(5)	18

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: SCD-044 risk-adjusted NPV of Rs15 per share

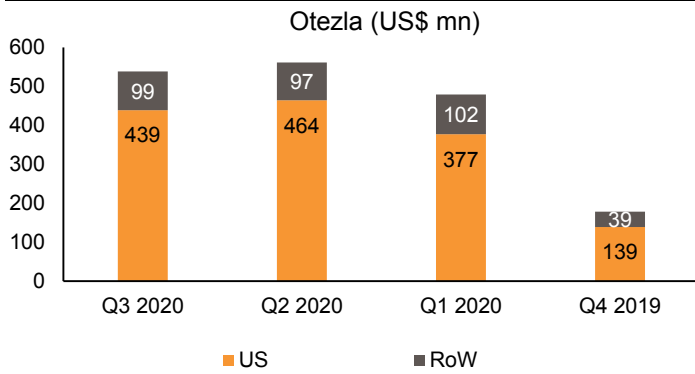
	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34	FY35	FY36
Psoriasis prevalence	8,033,599	8,126,054	8,214,255	8,298,400	8,378,673	8,455,254	8,528,312	8,598,010	8,664,502	8,727,935	8,788,450
Plaque psoriasis prevalence	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
Plaque psoriasis patients	6,426,879	6,500,843	6,571,404	6,638,720	6,702,939	6,764,203	6,822,650	6,878,408	6,931,601	6,982,348	7,030,760
Moderate-to-sever plaque psoriasis	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Moderate-to-sever plaque psoriasis patients	3,213,440	3,250,421	3,285,702	3,319,360	3,351,469	3,382,102	3,411,325	3,439,204	3,465,801	3,491,174	3,515,380
Market share	0.25%	0.50%	0.8%	1.0%	1.3%	1.5%	1.8%	2.0%	2.1%	2.2%	2.3%
Patients on SCD-044	8,034	16,252	24,643	33,194	41,893	50,732	59,698	68,784	72,782	76,806	80,854
Otezla annual WAC (US\$)	43,099	43,961	44,840	45,737	46,652	47,585	48,537	49,507	50,498	51,508	52,538
Gross to Net	35%	45%	55%	65%	70%	70%	70%	70%	70%	70%	70%
Potential revenue (US\$mn)	121	322	608	987	1,368	1,690	2,028	2,384	2,573	2,769	2,974
Gross profit (US\$mn)	84	254	541	977	1,423	1,757	2,109	2,479	2,676	2,880	3,092
Other expense (US\$mn)	48	113	182	247	274	338	406	477	515	554	595
FV of R&D expense (US\$mn)	209	0	0	0	0	0	0	0	0	0	0
EBITDA (US\$mn)	-174	141	359	730	1,149	1,419	1,704	2,002	2,161	2,326	2,498
EBITDA (1-t) (US\$mn)	-137	112	283	577	908	1,121	1,346	1,582	1,707	1,838	1,973
Working capital change (US\$mn)	46	76	109	144	145	122	129	135	72	75	78
FCF (US\$mn)	-183	36	174	433	763	999	1,217	1,447	1,635	1,763	1,896
Discount rate	12%										
PV of FCF (US\$mn)	-131	23	99	219	345	404	439	466	470	453	434
NPV per share (Rs)	101										
Success probability	15%										
Risk adjusted NPV (Rs)	15										

Source: Company reports, Emkay research

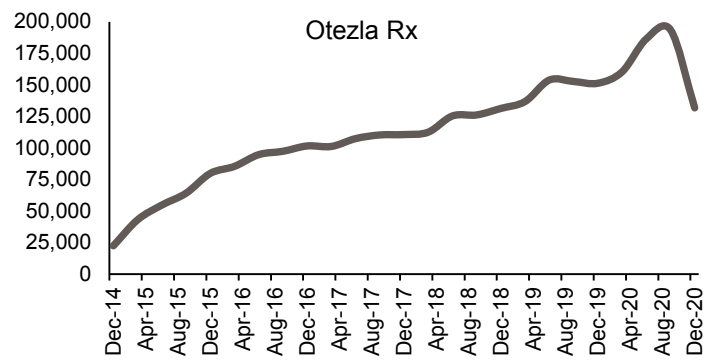
Exhibit 2: Competition is expected to keep the market share in check for SCD-044

Oral Psoriasis drug under development			
Drug name	Phase	Indication	Mechanism
Upadacitinib (ABT-494)	3	Psoriatic Arthritis	JAK1 selective inhibitor
Serlopitant (VPD-737)	3	Psoriasis	NK1 Receptor Antagonist
LAS41008	3	Plaque Psoriasis	NA
CF101 (piclidenoson)	3	Psoriasis	Novel, first-in-class, A3 adenosine receptor agonist (A3AR) small molecule
BMS-986165	3	Plaque psoriasis	Novel, oral, selective tyrosine kinase 2 (TYK2) inhibitor
XP23829	2	Psoriasis	Novel, oral fumaric acid ester compound
Prurisol	2	Psoriasis	Acts through immune modulation
PF-06826647	2	Psoriasis	TYK2 inhibitor
KD025 (SLx-2119)	2	Psoriasis	-
JTE-451	2	Psoriasis	-
FP187	2	Psoriasis	-
BI 730357	2	Psoriasis	-
Apo805K1	2	Psoriasis	-
EDP1815	1	Psoriasis	-
EDP1066	1	Psoriasis	-
CC-92252	1	Psoriasis	-
ABBV-157	1	Psoriasis	-

Source: National Psoriasis foundation; Emkay research

Exhibit 3: Otezla generated LTM revenue of US\$1.8bn

Source: Company reports, Emkay research

Exhibit 4: Barring COVID-19, Otezla Rx has grown steadily

Source: Bloomberg, Emkay research

Exhibit 5: SOTP valuation suggests TP of Rs660 per share

Segment	FY23e Revenue	FY23e EPS	P/E multiple	Value based on P/E
US	127,476	11	15	169
Taro	46,288	4	14	54
US ex-Taro	81,188	7	16	114
India	129,246	11	30	322
RoW	137,543	7	22	145
API	23,925	1	16	9
Total		29	22	645
SCD-044 NPV				15
Target price				660

Source: Emkay research

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	290,659	328,375	342,881	381,991	418,190
Expenditure	227,583	262,293	253,588	287,458	310,705
EBITDA	63,076	66,082	89,293	94,533	107,485
Depreciation	17,533	20,528	20,073	20,622	21,109
EBIT	45,543	45,554	69,220	73,911	86,376
Other Income	10,255	5,662	5,190	2,100	3,775
Interest expenses	5,553	3,028	1,516	823	793
PBT	50,246	48,189	72,894	75,188	89,358
Tax	6,009	6,009	7,505	13,534	16,978
Extraordinary Items	(12,144)	(2,606)	(36,333)	0	0
Minority Int./Income from Assoc.	(5,439)	(4,219)	1,786	(2,975)	(3,077)
Reported Net Income	26,654	35,355	30,842	58,679	69,303
Adjusted PAT	38,798	37,961	67,176	58,679	69,303

Balance Sheet

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
Equity share capital	2,399	2,399	2,399	2,399	2,399
Reserves & surplus	411,691	450,245	474,936	524,046	583,677
Net worth	414,091	452,645	477,335	526,445	586,076
Minority Interest	33,135	38,602	36,816	39,791	42,869
Loan Funds	98,934	75,783	41,132	39,637	37,737
Other Liabilities	11,090	13,924	13,924	13,924	13,924
Total Liabilities	557,250	580,954	569,208	619,797	680,606
Net block	109,382	112,263	175,785	175,163	174,054
Investment	103,769	125,311	125,311	125,311	125,311
Current Assets	310,692	316,542	297,125	360,868	431,387
Cash & bank balance	72,756	64,876	26,250	62,916	113,563
Other Current Assets	70,234	78,704	82,291	91,678	100,366
Current liabilities & Provision	89,689	101,571	93,828	106,359	114,961
Net current assets	221,003	214,971	203,298	254,509	316,426
Misc. exp	0	0	0	0	0
Total Assets	557,250	580,954	569,208	619,797	680,606

Cash Flow

Y/E Mar (Rs mn)	FY19	FY20	FY21E	FY22E	FY23E
PBT (Ex-Other income)	39,991	42,526	67,704	73,088	85,584
Depreciation & Amortisation	17,533	20,528	20,073	20,622	21,109
Chg in working cap	(26,960)	8,986	(26,953)	(14,545)	(11,270)
Operating Cashflow	30,107	41,338	7,523	19,344	31,482
Capital expenditure	31,623	14,500	20,000	20,000	20,000
Free Cash Flow	61,730	55,838	27,523	39,344	51,482
Investments	(12,301)	(21,541)	0	0	0
Other Investing Cash Flow	9,453	0	0	0	0
Investing Cashflow	39,031	(1,379)	25,190	22,100	23,775
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	8,902	(33,419)	(34,651)	(1,496)	(1,900)
Dividend paid (incl tax)	(5,787)	10,957	(7,937)	(6,595)	(6,595)
Other Financing Cash Flow	(775)	(28,336)	(31,143)	2,100	3,775
Financing Cashflow	(2,266)	(53,516)	(75,247)	(6,813)	(5,512)
Net chg in cash	66,872	(13,557)	(42,534)	34,631	49,744
Opening cash position	79,065	149,648	136,091	93,557	128,188
Closing cash position	72,756	64,876	26,250	62,916	113,563

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY19	FY20	FY21E	FY22E	FY23E
EBITDA Margin	21.7	20.1	26.0	24.7	25.7
EBIT Margin	15.7	13.9	20.2	19.3	20.7
Effective Tax Rate	12.0	12.5	10.3	18.0	19.0
Net Margin	15.2	12.8	19.1	16.1	17.3
ROCE	9.0	8.2	12.3	12.7	13.6
ROE	9.8	8.8	14.4	11.7	12.5
RoIC	17.2	17.5	22.5	20.5	23.2

Per Share Data (Rs)	FY19	FY20	FY21E	FY22E	FY23E
EPS	16.2	15.8	28.0	24.5	28.9
CEPS	23.5	24.4	36.4	33.1	37.7
BVPS	172.6	188.8	199.1	219.5	244.4
DPS	1.3	1.6	1.6	1.6	1.6

Valuations (x)	FY19	FY20	FY21E	FY22E	FY23E
PER	37.4	38.2	21.6	24.7	20.9
P/CEPS	25.7	24.8	16.6	18.3	16.0
P/BV	3.5	3.2	3.0	2.8	2.5
EV / Sales	5.1	4.4	4.3	3.7	3.3
EV / EBITDA	23.4	22.1	16.4	15.1	12.8
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3

Gearing Ratio (x)	FY19	FY20	FY21E	FY22E	FY23E
Net Debt/ Equity	0.1	0.0	0.0	0.0	(0.1)
Net Debt/EBIDTA	0.4	0.1	0.1	(0.3)	(0.7)
Working Cap Cycle (days)	186.2	166.8	188.5	183.1	177.1

Growth (%)	FY19	FY20	FY21E	FY22E	FY23E
Revenue	10.3	13.0	4.4	11.4	9.5
EBITDA	15.1	4.8	35.1	5.9	13.7
EBIT	14.5	0.0	52.0	6.8	16.9
PAT	(17.6)	32.6	(12.8)	90.3	18.1

Quarterly (Rs mn)	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21
Revenue	81,234	81,549	81,849	75,853	85,531
EBITDA	17,897	18,414	13,630	18,435	23,096
EBITDA Margin (%)	22.0	22.6	16.7	24.3	27.0
PAT	10,641	9,135	3,998	(16,556)	18,128
EPS (Rs)	4.4	3.8	1.7	(6.9)	7.6

Source: Company, Emkay Research

Shareholding Pattern (%)	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20
Promoters	54.6	54.6	54.7	54.7	54.7
FIIIs	14.7	13.9	12.8	12.7	12.4
DIIIs	18.5	19.1	19.6	20.1	20.5
Public and Others	12.2	12.5	12.9	12.5	12.5

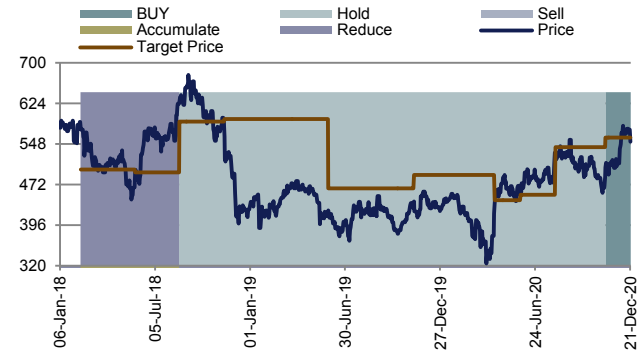
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
16-Dec-20	577	560	12m	Buy	Kunal Dhamesha
04-Nov-20	505	560	12m	Buy	Kunal Dhamesha
01-Aug-20	532	542	12m	Hold	Praful Bohra
27-May-20	451	453	12m	Hold	Praful Bohra
08-Apr-20	437	443	12m	Hold	Praful Bohra
07-Feb-20	431	490	12m	Hold	Praful Bohra
20-Dec-19	430	490	12m	Hold	Praful Bohra
16-Dec-19	435	490	12m	Hold	Praful Bohra
07-Nov-19	441	490	12m	Hold	Praful Bohra
19-Aug-19	426	465	12m	Hold	Praful Bohra
13-Aug-19	439	465	12m	Hold	Praful Bohra
29-May-19	424	465	12m	Hold	Praful Bohra
13-Nov-18	562	595	12m	Hold	Jatin Kotian
19-Sep-18	649	590	12m	Hold	Jatin Kotian
03-Sep-18	656	590	12m	Hold	Jatin Kotian
20-Aug-18	626	590	12m	Hold	Jatin Kotian
11-Jul-18	561	495	12m	Reduce	Jatin Kotian
10-Jul-18	564	495	12m	Reduce	Jatin Kotian
29-Jun-18	564	495	12m	Reduce	Jatin Kotian
28-May-18	500	495	12m	Reduce	Jatin Kotian
10-May-18	497	500	12m	Reduce	Jatin Kotian
26-Apr-18	513	500	12m	Reduce	Jatin Kotian
14-Feb-18	575	500	12m	Reduce	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	4.07	3.87	-5%	-21	100.00
Aurobindo Pharma	0.33	0.39	17%	6	9.65
Cadila Healthcare	0.16	0.16	3%	0	3.96
Cipla	0.54	0.72	34%	18	17.73
Divi's Lab	0.63	0.00	-100%	-63	0.00
Dr. Reddy's Lab	0.82	1.15	41%	34	28.31
Glenmark Pharma	0.10	0.00	-100%	-10	0.00
Granules India	0.00	0.00	NA	0	0.00
Ipca Lab	0.19	0.20	2%	0	4.81
Lupin	0.31	0.39	27%	8	9.61
Sun Pharma	0.83	0.85	3%	2	20.80
Suven Life Sciences*	0.00	0.00	NA	0	0.00
Torrent Pharma	0.18	0.00	-100%	-18	0.00
Cash	0.00	0.21	NA	21	5.14

Source: Emkay Research

* Not under coverage: Equal Weight

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

Sector portfolio NAV

	Base					Latest
	01-Apr-19	02-Jan-20	01-Jul-20	01-Oct-20	01-Dec-20	01-Jan-21
EAP - Pharmaceuticals	100.0	94.2	123.6	156.1	157.6	169.3
BSE200 Neutral Weighted Portfolio (ETF)	100.0	91.9	116.4	140.4	143.5	154.0

*Performance measurement base date 1st April 2019

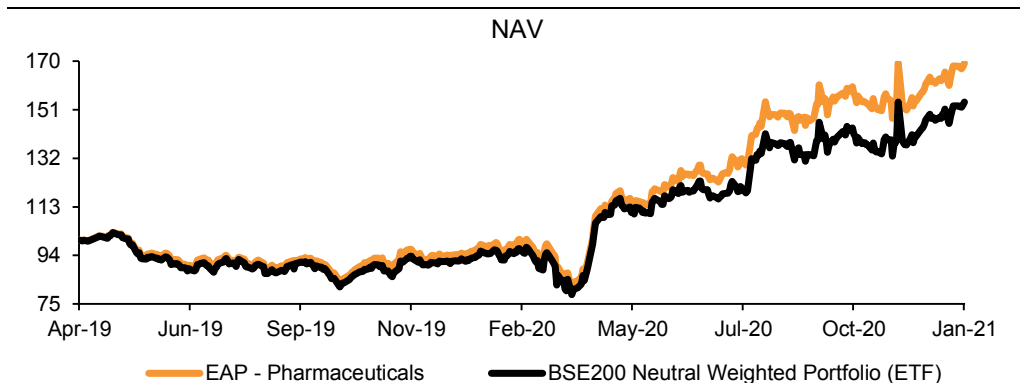
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Pharmaceuticals	7.4%	8.4%	36.9%	79.7%
BSE200 Neutral Weighted Portfolio (ETF)	7.3%	9.7%	32.2%	67.5%

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: 05 Jan 2021 10:29:54 (SGT)

Dissemination Date: 05 Jan 2021 10:30:54 (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 January 4, 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 January 4, 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 January 4, 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 January 4, 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