

Sun Pharma

Refer to important disclosures at the end of this report

In-line quarter, valuations keep us on sidelines; downgrade to Hold

- We downgrade Sun Pharma to Hold as we believe current valuations amply captures all the upside related to specialty. The stock is trading at 1-year fwd PE of 28x. We value it at 24x PE on our FY23E EPS and add SCD044 NPV of Rs15 to arrive at a TP of Rs720 (Rs660 earlier)
- Q4 revenue of Rs85.2bn was largely in line with our estimates. EBITDA came in at Rs20.6bn, marginally missing our estimates by 3%. EBITDA margin of 24.2% came in line with our estimate. Adj. PAT of Rs13.4bn was also in line.
- Global specialty revenue of US\$139mn in Q4 was in line with our expectations. Global Ilumya sales of US\$143mn for FY21 puts Q4 Ilumya sales at ~US\$45-47mn, a tad lower than expectations. The qoq softness was attributed to seasonally higher sales in Q3.
- We largely maintain FY22/23 estimates. We expect yoy margin compression in FY22 due to an increase in promotional and R&D expenses. We introduce FY24 estimates with revenue, EBITDA and EPS of Rs440bn, Rs120bn and Rs35, respectively.

Mixed segmental performance: Taro's qoq growth partially offset the weakness in North America generic business. India business was a bright spot with 13% yoy growth and beat our estimates by 7%. RoW and EM posted strong yoy growth of 44% but missed our estimates by 7%. API business decreased by 10% yoy.

Positive growth outlook but costs to inch up: Management expects all the businesses to grow in FY22. On the specialty front, management sounded positive about Cequa for the coming year. Management has outlined three growth drivers for Ilumya: 1) getting more Rx from existing prescribers and 2) continued endorsement from key opinion leaders and HCPs. Promotional and marketing expenses are expected to inch up across geographies although some savings will be sustainable. R&D expense is also expected to inch up as clinical trial activity increases. Surprisingly, management also shared its interest for the biosimilar space. The company will focus on products losing patents beyond FY28.

Specialty franchise build up to continue: We estimate global specialty sales to ramp up to US\$600mn in FY22 and US\$725mn in FY23, primarily led by Ilumya and Cequa, offset in part by genericisation of Absoica. We estimate global Ilumya sales approaching US\$250mn mark in FY22, scaling to US\$400mn in FY24. For Cequa, we expect peak sales of ~US\$75mn in FY23.

Margins to compress before expansion: EBITDA margin at 24.2% declined ~225bps qoq due to normalization of other expenses and employee cost. We expect a reversal of Covid-related savings to continue, leading to 50-60bps EBITDA margin compression in FY22E. However, continued specialty ramp-up is expected to lift EBITDA margin higher to ~26% in FY23E.

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

Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	328,375	334,981	370,611	406,119	439,645
EBITDA	70,559	84,677	91,510	105,138	120,736
EBITDA Margin (%)	21.5	25.3	24.7	25.9	27.5
APAT	42,438	59,318	58,451	70,300	84,360
EPS (Rs)	17.7	24.7	24.4	29.3	35.2
EPS (% chg)	9.4	39.8	(1.5)	20.3	20.0
ROE (%)	9.8	12.9	11.9	12.9	13.8
P/E (x)	39.5	28.3	28.7	23.9	19.9
EV/EBITDA (x)	23.9	19.4	17.7	14.9	12.5
P/BV (x)	3.7	3.6	3.3	2.9	2.6

Source: Company, Emkay Research

CMP	Target Price
Rs 700 as of (January 31, 2021)	Rs 720 (▲) 12 months
Rating	Upside
HOLD (▼)	(0.1) %

Change in Estimates

EPS Chg FY22E/FY23E (%)	-2%/-
Target Price change (%)	5.9
Target Period (Months)	12
Previous Reco	BUY

Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	24.4	29.3
Consensus	25.7	29.4
Mean Consensus TP (12M)	Rs 687	

Stock Details

Bloomberg Code	SUNP IN
Face Value (Rs)	1
Shares outstanding (mn)	2,399
52 Week H/L	722 / 443
M Cap (Rs bn/USD bn)	1,678 / 23.12
Daily Avg Volume (nos.)	7,816,816
Daily Avg Turnover (US\$ mn)	69.1

Shareholding Pattern Mar '21

Promoters	54.5%
FIIIs	11.7%
DIIIs	21.6%
Public and Others	12.2%

Price Performance

(%)	1M	3M	6M	12M
Absolute	9	18	37	55
Rel. to Nifty	5	11	16	(6)

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

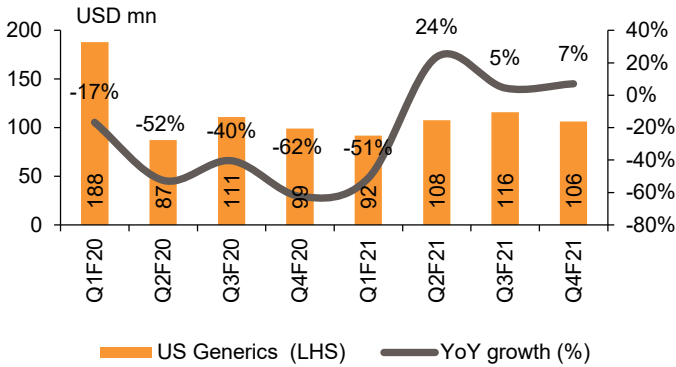
kunal.dhamesha@emkayglobal.com
+91 22 6612 1254

Anas Dadarkar

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

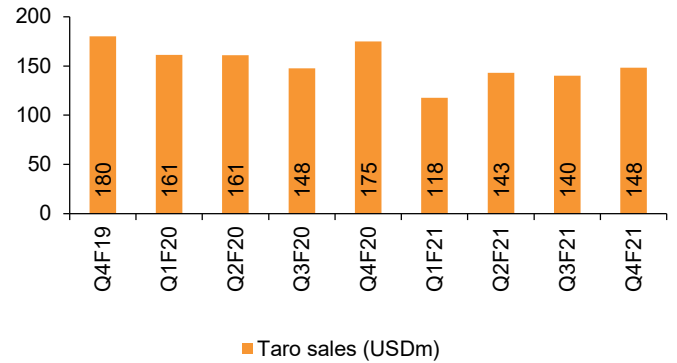
Story in Charts

Exhibit 1: US generics revenue (ex-Taro) declined sequentially



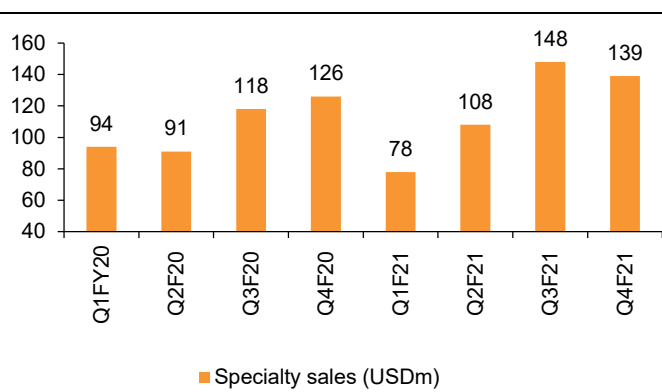
Source: Company, Emkay Research

Exhibit 2: Taro sales grew 6% sequentially



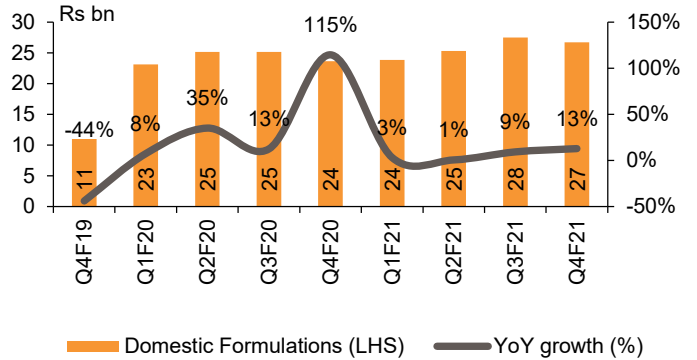
Source: Company, Emkay Research

Exhibit 3: Specialty sales was softer



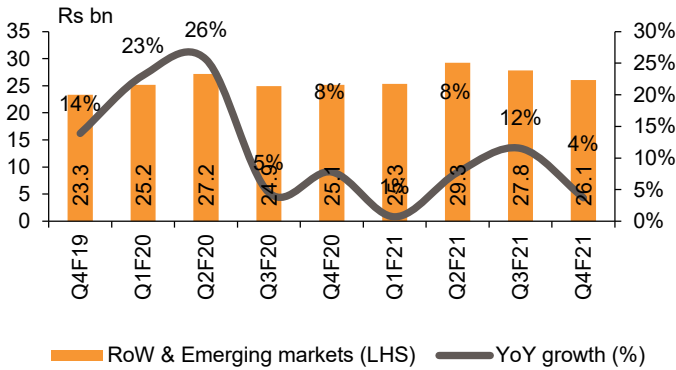
Source: Company, Emkay Research

Exhibit 4: India business grew 13% YoY led by steady growth in chronic segment



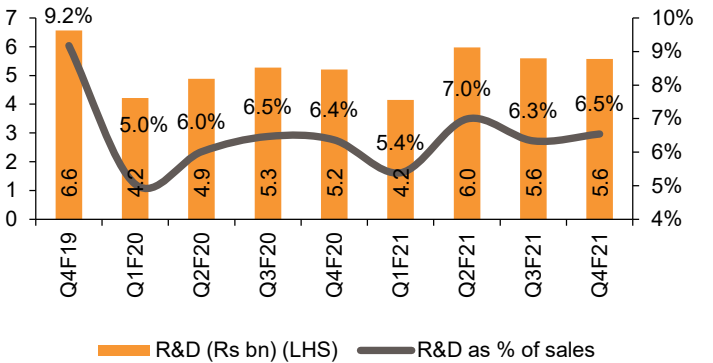
Source: Company, Emkay Research

Exhibit 5: RoW and EM revenues grew at 4% YoY



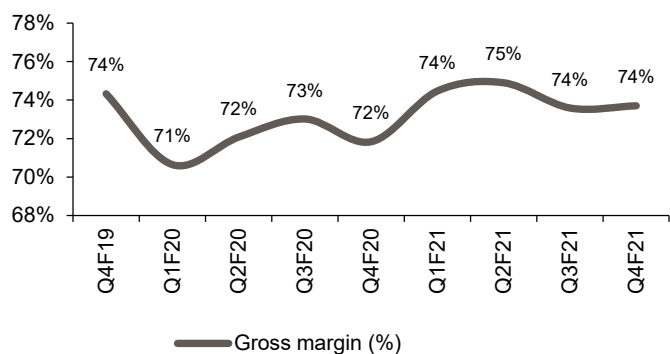
Source: Company, Emkay Research

Exhibit 6: R&D expense came in at 6.5% of revenue



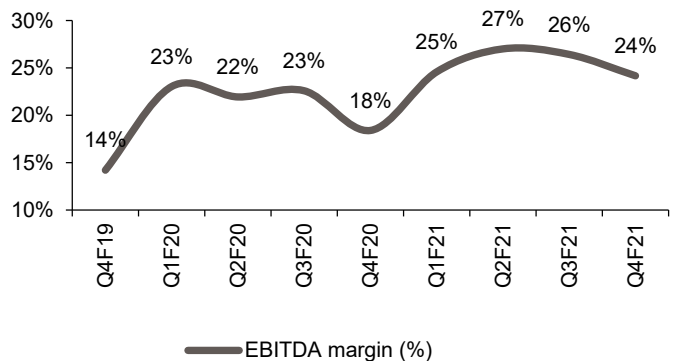
Source: Company, Emkay Research

Exhibit 7: While gross margin was flat sequentially...



Source: Company, Emkay Research

Exhibit 8: ...EBITDA margin declined QoQ



Source: Company, Emkay Research

Exhibit 9: Quarterly Snapshot

Particulars (Rs mn)	4QFY21	4QFY20	YoY (%)	3QFY21	QoQ (%)	4QFY21E	Var (%)
Total revenue	85,230	81,849	4	88,368	(4)	86,710	(2)
COGS	22,408	23,048	(3)	23,334	(4)	23,125	(3)
% of revenues	26.3	28.2	(187)	26.4	-11	26.7	-38
Personnel exp & others	42,230	43,751	(3)	41,689	1	42,435	(0)
% of revenues	50	53	-390	47	237	49	61
EBITDA	20,592	15,050	37	23,345	(12)	21,150	(3)
EBITDAM (%)	24.2	18.4	577	26.4	(226)	24.4	(23)
Depreciation & Amortization	5,535	5,754	(4)	5,319	4	5,180	7
EBIT	15,057	9,296	62	18,026	(16)	15,970	(6)
EBITM (%)	17.7	11.4	631	20.4	-273	18.4	-75
Other income + FX gain/loss	1,002	-398	(352)	3,866	(74)	338	196
Interest cost	301	518	(42)	261	15	23	1,184
PBT	15,759	8,380	88	21,631	(27)	16,285	(3)
Tax	1,763	831	112	2,449	(28)	2,443	(28)
% Tax rate	11	10	-	11	-	15	-381
Minorities / Associates	(565)	(945)	-	(656)	-	(623)	(9)
Adjusted Net profit	13,431	6,604	103	18,525	(27)	13,219	2
Exceptional items	(4,489)	(2,606)	-	0	-	0	na
Reported Net profit	8,942	3,998	-	18,525	-	13,219	(32)

Source: Company, Emkay Research

Exhibit 10: Segmental Breakdown

Particulars (Rs mn)	4QFY21	4QFY20	YoY (%)	3QFY21	QoQ (%)	4QFY21E	Var (%)
North America	16,306	21,486	(24)	17,455	(7)	17,602	(7)
RoW	26,075	18,141	44	27,816	(6)	27,880	(6)
India	26,709	23,650	13	27,530	(3)	25,069	7
API	4,357	4,830	(10)	4,500	(3)	4,830	(10)
Other operating income	916	1,069	(14)	549	67	1,123	(18)
Total ex-Taro revenue	74,363	69,176	7	77,851	(4)	76,504	(3)
Taro revenue	10,868	12,674	(14)	10,517	3	10,206	6
Total Revenue	85,230	81,849	4	88,368	(4)	86,710	(2)

Source: Company, Emkay Research

Exhibit 11: Actual vs. Estimates (Q4FY21)

(Rs mn)	Actual	Estimates		Variation		Comments
		Emkay	Consensus	Emkay	Consensus	
Revenues	85,230	86,710	87,164	-1.7%	-2.2%	Revenue largely in line
EBITDA	20,592	21,150	20,963	-2.6%	-1.8%	Marginal miss in EBITDA
EBITDA margin	24%	24%	24.0%	-23bps	11bps	
Adj. PAT	14,457	13,219	13,753	9.4%	5.1%	Higher other income drove PAT beat

Source: Company, Emkay Research

Changes in estimates

Exhibit 12: Revision in earnings estimates

Y/E, Mar (Rs mn)	FY22E			FY23E			FY24E
	Earlier	Revised	% Change	Earlier	Revised	% Change	Revised
Revenues	378,501	370,611	-2%	416,936	406,119	-3%	439,645
EBITDA	94,382	91,510	-3%	107,622	105,138	-2%	120,736
EBITDAM (%)	24.7%	24.7%	-5bps	25.7%	25.9%	19bps	27.5%
APAT	59,554	58,451	-2%	70,298	70,300	0%	84,360
EPS (Rs)	24.8	24.4	-2%	29.3	29.3	0%	35.2

Source: Emkay Research

Exhibit 13: Emkay vs. Consensus

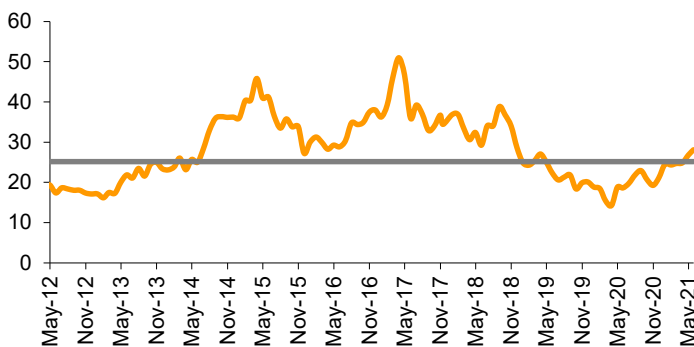
Y/E, Mar (Rs mn)	FY22E			FY23E		
	Emkay	Consensus	% Variation	Emkay	Consensus	% Variation
Revenues	370,611	374,698	-1%	406,119	408,642	-1%
EBITDA	91,510	95,566	-4%	105,138	106,213	-1%
EBITDAM (%)	24.7%	25.5%	-81bps	25.9%	26.0%	-10bps
APAT	58,451	61,601	-5%	70,300	70,387	0%
EPS (Rs)	24.4	25.7	-5%	29.3	29.4	0%

Source: Emkay Research

Con-call takeaways

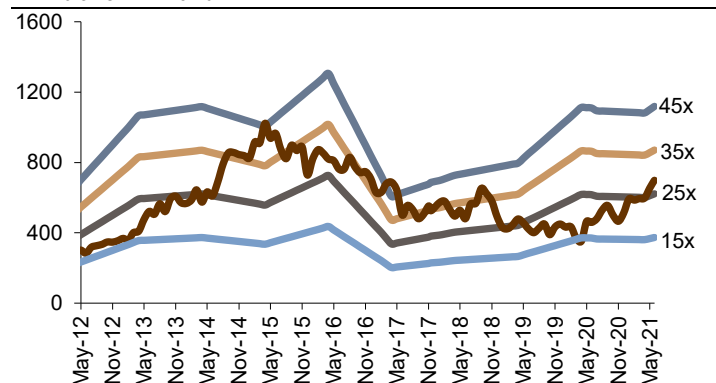
- In India business, chronic segment continued to show steady growth. While sub-chronic segment saw some recovery, acute is still facing challenges due to lower incidence of infection and less patient flow to clinics. The company launched 31 products in Q4.
- The company expanded its field force by ~1,000 people bringing its total field force to more than 10,000. Although, PCPM for FY21 was marginally lower than FY20, management expects PCPM to improve in FY22.
- Investment in ABCD Technologies was made with the objective of making drug distribution in India efficient and for better inventory management.
- While Sun Pharma has inked pacts with Eli Lilly for Bortezomib and with MSD for Molnupiravir for treatment of Covid, current contribution from Covid portfolio is minimal. However, in Q1FY22, the contribution could be meaningful.
- Global specialty revenue for the quarter stood US\$139mn, increase of US\$13mn yoy but down US\$9mn qoq. On a yoy basis, specialty sales grew driven by products viz. Ilumya, Cequa and Absorica LD. Sequential decline in revenue is on account of higher buying in December in the US.
- Cequa will continue to grow as doctors have accepted the product. Management expects an increase in market share of Cequa in the coming months. Levulan saw an uptick in Q4 and it should see further pick-up going forward.
- Generic of Absorica entered the market in April. Sun Pharma has also launched its authorized generic for the product.
- The current generic pipeline for the US market includes 94 ANDAs and 9 NDAs awaiting USFDA approval. Despite Halol not being inspected, 18 new products were launched in FY21.
- Management saw normalizing trend in other expenses in Q4 as pharmaceutical companies had started spending on branding and promotions. In addition, travel cost for MRs increased in Q4.
- Consolidated R&D investments for Q4 were at Rs5.6bn or ~6.6% of sales. Specialty R&D accounted for ~23% of total R&D spend for the quarter.

Exhibit 14: 1-year forward PE



Source: Bloomberg

Exhibit 15: PE Band



Source: Bloomberg

Key Financials (Consolidated)**Income Statement**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	328,375	334,981	370,611	406,119	439,645
Expenditure	257,816	250,304	279,101	300,981	318,909
EBITDA	70,559	84,677	91,510	105,138	120,736
Depreciation	20,528	20,800	21,042	20,919	20,870
EBIT	50,031	63,878	70,468	84,219	99,867
Other Income	5,662	8,592	3,867	4,705	7,318
Interest expenses	3,028	1,414	1,003	1,148	1,099
PBT	52,666	71,055	73,332	87,777	106,086
Tax	6,009	8,582	12,466	14,922	19,095
Extraordinary Items	(2,606)	(30,280)	0	0	0
Minority Int./Income from Assoc.	(4,219)	(3,155)	(2,414)	(2,554)	(2,630)
Reported Net Income	39,832	29,038	58,451	70,300	84,360
Adjusted PAT	42,438	59,318	58,451	70,300	84,360

Balance Sheet

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	2,399	2,399	2,399	2,399	2,399
Reserves & surplus	450,245	462,229	511,671	572,822	647,358
Net worth	452,645	464,628	514,070	575,222	649,757
Minority Interest	38,602	30,171	32,585	35,139	37,770
Loan Funds	75,783	33,430	38,266	36,622	34,376
Other Liabilities	13,924	11,431	11,431	11,431	11,431
Total Liabilities	580,954	539,660	596,352	658,414	733,334
Net block	112,263	111,715	167,280	166,361	166,491
Investment	125,311	141,048	141,048	141,048	141,048
Current Assets	316,542	304,421	353,534	426,579	509,617
Cash & bank balance	64,876	64,455	94,106	146,357	206,261
Other Current Assets	78,704	59,382	63,004	69,040	74,740
Current liabilities & Provision	101,571	137,007	128,387	138,451	146,698
Net current assets	214,971	167,414	225,148	288,128	362,918
Misc. exp	0	0	0	0	0
Total Assets	580,954	539,660	596,352	658,414	733,334

Cash Flow

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
PBT (Ex-Other income)	47,004	62,463	69,465	83,071	98,768
Depreciation & Amortisation	20,528	20,800	21,042	20,919	20,870
Chg in working cap	8,986	25,641	(28,083)	(10,730)	(14,886)
Operating Cashflow	45,816	54,424	3,851	31,731	39,000
Capital expenditure	14,500	10,730	20,000	20,000	21,000
Free Cash Flow	60,315	65,154	23,851	51,731	60,000
Investments	(21,541)	(15,738)	0	0	0
Other Investing Cash Flow	0	0	0	0	0
Investing Cashflow	(1,379)	3,584	23,867	24,705	28,318
Equity Capital Raised	0	0	0	0	0
Loans Taken / (Repaid)	(33,419)	(44,896)	4,836	(1,644)	(2,245)
Dividend paid (incl tax)	10,957	(15,862)	(6,595)	(6,595)	(7,194)
Other Financing Cash Flow	(28,336)	18,488	3,867	4,705	7,318
Financing Cashflow	(53,516)	(43,712)	1,105	(4,681)	(3,220)
Net chg in cash	(9,080)	14,296	28,823	51,755	64,097
Opening cash position	149,648	0	0	0	0
Closing cash position	64,876	64,455	94,106	146,357	206,261

Source: Company, Emkay Research

Key Ratios

Profitability (%)	FY20	FY21	FY22E	FY23E	FY24E
EBITDA Margin	21.5	25.3	24.7	25.9	27.5
EBIT Margin	15.2	19.1	19.0	20.7	22.7
Effective Tax Rate	11.4	12.1	17.0	17.0	18.0
Net Margin	14.2	18.6	16.4	17.9	19.8
ROCE	9.0	11.7	12.7	13.7	14.6
ROE	9.8	12.9	11.9	12.9	13.8
RoIC	19.2	26.8	27.5	27.8	31.6

Per Share Data (Rs)	FY20	FY21	FY22E	FY23E	FY24E
EPS	17.7	24.7	24.4	29.3	35.2
CEPS	26.3	33.4	33.1	38.0	43.9
BVPS	188.8	193.8	214.4	239.9	271.0
DPS	1.6	1.6	1.6	1.6	1.6

Valuations (x)	FY20	FY21	FY22E	FY23E	FY24E
PER	39.5	28.3	28.7	23.9	19.9
P/CEPS	26.6	20.9	21.1	18.4	15.9
P/BV	3.7	3.6	3.3	2.9	2.6
EV / Sales	5.1	4.9	4.4	3.9	3.4
EV / EBITDA	23.9	19.4	17.7	14.9	12.5
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2

Gearing Ratio (x)	FY20	FY21	FY22E	FY23E	FY24E
Net Debt/ Equity	0.0	(0.1)	(0.1)	(0.2)	(0.3)
Net Debt/EBIDTA	0.1	(0.4)	(0.6)	(1.1)	(1.4)
Working Cap Cycle (days)	166.8	112.2	129.1	127.4	130.1

Growth (%)	FY20	FY21	FY22E	FY23E	FY24E
Revenue	13.0	2.0	10.6	9.6	8.3
EBITDA	11.9	20.0	8.1	14.9	14.8
EBIT	9.9	27.7	10.3	19.5	18.6
PAT	49.4	(27.1)	101.3	20.3	20.0

Quarterly (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Revenue	81,849	75,853	85,531	88,368	85,230
EBITDA	13,630	18,435	23,096	23,345	20,592
EBITDA Margin (%)	16.7	24.3	27.0	26.4	24.2
PAT	3,998	(16,556)	18,128	18,525	8,942
EPS (Rs)	1.7	(6.9)	7.6	7.7	3.7

Source: Company, Emkay Research

Shareholding Pattern (%)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoters	54.7	54.7	54.7	54.5	54.5
FIs	12.8	12.7	12.4	12.2	11.7
DIs	19.6	20.1	20.5	20.9	21.6
Public and Others	12.9	12.5	12.5	12.5	12.2

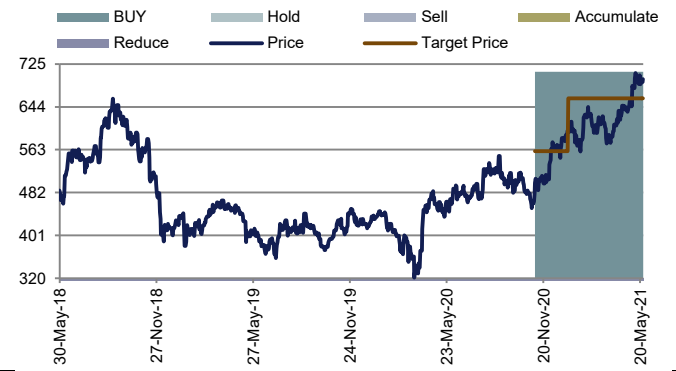
Source: Capitaline

RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
13-Apr-21	627	660	12m	Buy	Kunal Dhamesha
12-Mar-21	614	660	12m	Buy	Kunal Dhamesha
14-Feb-21	627	660	12m	Buy	Kunal Dhamesha
31-Jan-21	581	660	12m	Buy	Kunal Dhamesha
12-Jan-21	604	660	12m	Buy	Kunal Dhamesha
05-Jan-21	598	660	12m	Buy	Kunal Dhamesha
16-Dec-20	572	560	12m	Buy	Kunal Dhamesha
04-Nov-20	500	560	12m	Buy	Kunal Dhamesha

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	3.19	3.18	0%	0	100.00
Aurobindo Pharma	0.33	0.37	13%	4	11.71
Cadila Healthcare	0.18	0.31	66%	12	9.61
Cipla	0.55	0.63	14%	8	19.72
Dr. Reddy's Lab	0.74	0.79	7%	5	24.71
Ipca Lab	0.18	0.16	-9%	-2	5.04
Lupin	0.33	0.31	-6%	-2	9.74
Sun Pharma	0.87	0.62	-29%	-26	19.39
Cash	0.00	0.00	NA	0	0.07

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	29-May-20	25-Nov-20	24-Feb-21	26-Apr-21	26-May-21
EAP - Pharmaceuticals	100.0	121.7	152.5	156.7	176.4	189.1
BSE200 Neutral Weighted Portfolio (ETF)	100.0	117.4	138.2	146.5	163.1	175.4

*Performance measurement base date 1st April 2019

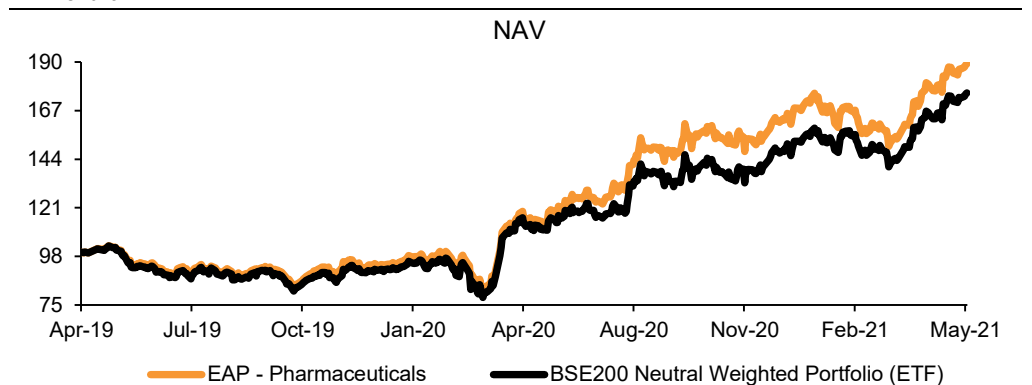
Source: Emkay Research

Price Performance (%)

	1m	3m	6m	12m
EAP - Pharmaceuticals	7.2%	20.7%	24.0%	55.4%
BSE200 Neutral Weighted Portfolio (ETF)	7.6%	19.7%	27.0%	49.4%

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: 28 May 2021 09:33:03 (SGT)

Dissemination Date: 28 May 2021 09:34:03 (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 May 28, 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 May 28, 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 May 28, 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 May 28, 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