

## Granules India

# Small deal for industry but a giant leap for Granules

<b>CMP</b> Rs142	<b>Target Price</b> Rs162 (■)
<b>Rating</b> ACCUMULATE (■)	<b>Upside</b> 14.4 %

### Event

- Granules announced an in-licensing deal with US pharma Windlas for 4 ANDA's awaiting approval in the US. Granules will make milestone payments and commit share of the profits from commercial sales to US pharma Windlas
- Granules expects to be a co-FTF for each of products, though eventually we expect intense generic competition once other Para IV's launch post exclusivity period
- In our view, recent in-licensing deals (gZegrid-OTC agreement with Par, gGilenya, gEffient, gMultaq and gLatuda) will help strengthen Granules' launch pipeline in the US and its eventual transition into a more 'pure-play' formulations player
- Granules also setting stage to move to next level of growth with ongoing investments in organically developing a generic ANDA pipeline
- We maintain our ACCUMULATE rating with target price of Rs 162/share, valuing Granules at 15x FY18E EPS of Rs10.8/share

### Impact

- In-licensing opportunity:** In-licensed pipeline consists of two CVS drugs (gMultaq and gEffient) and two CNS drugs (gGilenya and gLatuda). We expect the first ANDA (gLatuda) to be commercialized in the US only as early as July 2018 (FY2019). In-licensed innovator products had combined annual US revenues of ~USD4.4bn as per IMS.
- Competitive Intensity:** We expect Granules to be present on first day launch for all products with competitive intensity to vary. However post exclusivity expect intense generic competition. Prasugrel (gEffient) has seen 17 P-IV's being filed, while Dronedarone (gMultaq) has been confronted with 10 P-IV's. Competition is expected to be moderate in gGilenya and gLatuda (6 P-IV's each). A detailed assessment of the litigation landscape and competitive landscape for the 4 drugs is highlighted in **Exhibit 1**.
- Significant step in scaling up its US footprint:** Granules currently has 2 ANDA's approved in the US, namely Ibuprofen and Metformin HCL. We believe recent developments including the in licensing deals with Par and US pharma Windlas would help the company to expand its product offering and strengthen its customer footprint
- Valuation and Risk:** Maintain ACCUMULATE rating valuing the company 15x FY18E EPS of Rs 10.8/share which gives our target price of Rs 162/share. Expect next phase of growth to kick start in 2HFY17 driven by commissioning of capacity expansions in key APIs/PFIs. Omnicem JV to also provide the additional earning trigger over FY17E-18E. Scaling up ongoing expansions remains the biggest near term risk.

### Financial Snapshot (Consolidated)

(Rs mn)	FY14	FY15	FY16	FY17E	FY18E
Net Sales	10,959	12,929	14,295	17,048	23,924
EBITDA	1,584	2,116	2,767	3,410	5,024
EBITDA Margin (%)	14.5	16.4	19.4	20.0	21.0
APAT	753	939	1,185	1,573	2,468
EPS (Rs)	3.7	4.6	5.5	6.9	10.8
EPS (% chg)	122.2	23.8	18.9	26.1	56.9
ROE (%)	23.9	23.9	21.6	21.4	26.9
P/E (x)	38.1	30.8	25.9	20.5	13.1
EV/EBITDA (x)	20.6	15.6	12.3	10.8	7.2
P/BV (x)	8.1	6.7	4.6	4.0	3.1

Source: Company, Emkay Research

### Change in Estimates

EPS Chg FY17E/FY18E (%)	NA
Target Price change (%)	NA
Previous Reco	ACCUMULATE

### Emkay vs Consensus

EPS Estimates		
	FY17E	FY18E
Emkay	6.9	10.8
Consensus	7.5	9.8
Mean Consensus TP	Rs 163	

### Stock Details

Bloomberg Code	GRAN IN
Face Value (Rs)	1
Shares outstanding (mn)	217
52 Week H/L	164 / 75
M Cap (Rs bn/USD bn)	31 / 0.46
Daily Avg Volume (nos.)	1,186,002
Daily Avg Turnover (US\$ mn)	2.5

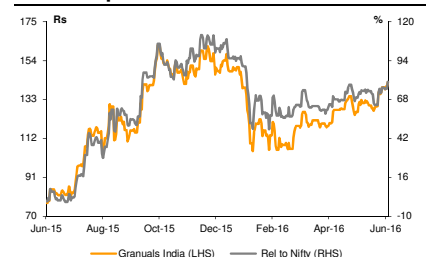
### Shareholding Pattern Mar '16

Promoters	51.2%
FII's	6.4%
DII's	1.2%
Public and Others	41.3%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	9	19	(3)	75
<b>Rel. to Nifty</b>	2	11	(10)	73

### Relative price chart



Source: Bloomberg

### Jatin Kotian

jatin.kotian@emkayglobal.com  
+91 22 66121254

### Gaurav Tinani

gaurav.tinani@emkayglobal.com  
+91 22 66242449

## Exhibit 1: Deep-dive into the in-licensed products

Brand	Generic	Patents	Dosage Form	Innovator	US Brand Sales (USD mn)	Generic Competitors	Para IV Filing	Anticipated Availability	Comments
Multaq	Dronedarone Hcl	Compound Patent: July 2016, Other Patents: Jun 2018, Apr 2029, Jun 2031	Tablet; Oral	Sanofi	\$327 mn	No	10 (First Time US generics (Granules partner), Alkem, Glenmark, Alembic, Sun Pharma, Unimark remedies, Lupin, Allergan, Amneal and Sandoz)	2018-19	<ul style="list-style-type: none"> <li>Allergan (Watson), Alkem labs and Glenmark have received tentative approval in Dec 2015. Only Alkem labs tentative approval letter available, which states that litigation against Alkem was dismissed (probably confidential settlement).</li> <li>Regulatory exclusivity expired. Compound patent expiring in Jul 2016. Other patents: 2 patents expiring in Jun 2018, 2 in Apr 2029 and 1 in Jun 2031.</li> <li>None of the ANDA filers have challenged the compound patent.</li> <li>For all para IV filers, litigation ongoing against patents expiring Jun 2018 and Apr 2029.</li> <li>Patents expiring 2031, probably not challenged by the innovator.</li> </ul>
Gilenya	Fingolimod Hcl	PTE: Feb 2019, Patent on formulation: Mar 2026, Patent on dose: Jun 2027. Other Sep 2017	Capsule; Oral	Novartis	\$1.5 bn	No	6 (Torrent Pharma, Allergan (Actavis), EZRA ventures, HEC pharma, Mylan, Apotex)	2018-19	<ul style="list-style-type: none"> <li>No Tentative approvals currently</li> <li>Compound patent has already expired in 2014.</li> <li>All para IV filers, litigation ongoing against patent expiring Feb 2019.</li> <li>Torrent Pharma's IPR had invalidated patent '283 (Exp Mar 2026) in Sep 2015. However the innovator was allowed to appeal the board decision. Apotex and Mylan had joined the case on Torrent's side, through a separate petition seeking review</li> <li>The earliest automatic 30-month stays preventing FDA approval will expire in March 2018.</li> </ul>
Effient	Prasugrel HCL	Compound Patent: Oct 2017, Other Patents: Jul 2023	Tablet; Oral	Eli Lilly and Co	\$418 mn	No	17 (First time US generics (Granules partner), Aurobindo, Lupin, Dr Reddy, Sun Pharma, Zydus Cadila, Mylan, Par, Accord, Apotex, Panacea, HEC pharma, Amneal, Glenmark, Hetero, Teva, Allergan)	2018-19	<ul style="list-style-type: none"> <li>Aurobindo (Jan 04, 2016) and Mylan (Jan 08, 2016) have received tentative approval. No tentative approval letter available</li> <li>Compound patent expiring in Oct 2017. Other patents : 2 patents expiring in Jul 2023</li> <li>Only Mylan has challenged the compound patent.</li> <li>All other para IV filers, litigation ongoing against the two patents expiring Jul 2023 (covering methods of using Effient with aspirin).</li> </ul>
Latuda	Lurasidone HCL	Jul 2018, June 2025, May 2026, June 2026, May 2031	Tablet; Oral	Sunovion Pharms (Sumitomo Dainippon Pharma)	\$1 bn	No	6 (Lupin, Sun Pharma, Invagen (Cipla), Emcure, MSN Labs, Teva)	2018-19	<ul style="list-style-type: none"> <li>Lupin, MSN, Sun Pharma (Jan 25, 2016) and Emcure (Feb 23, 2016) have received tentative approval. No tentative approval letter available.</li> <li>Regulatory exclusivity expired. Other patents: expiring in Jul 2018, Jun 2025, 2 patents expiring in May 2026, Jun 2026 and May 2031.</li> <li>All para IV filers, litigation ongoing against patent expiring Jul 2018</li> <li>Other patents, probably not challenged by the innovator.</li> </ul>

Source: Company, Emkay Research

**Exhibit 2: Financial Assumptions Snapshot**

Earnings Calculation	FY15	FY16	YoY		YoY		YoY		Comments
			Growth	FY17E	Growth	FY18E	Growth		
<b>Revenues</b>									
<b>Molecule Segmentation</b>									
Paracetamol	5,301	5,289	0%	5,460	3%	5,678	4%	Growth in line with industry demand growth of 4%	
Ibuprofen	2,069	2,430	17%	2,869	18%	3,069	7%	Growth to be driven by Ibuprofen Rx sales	
Metformin	2,974	3,574	20%	4,096	15%	8,577	109%	3,500 TPA expansion to be completed by 2HFY17, validation of batches to commence from Q3FY17	
Guaifenesin	646	715	11%	929	30%	2,168	133%	2,000 TPA expansion to be completed by 2HFY17	
Others	1,939	2,287	18%	3,695	62%	4,432	20%	Sales from Omnicem CRAMS JV, Abacavir, Auctus, gZegrid OTC to drive growth	
Total Revenues	12,929	14,295	11%	17,048	19%	23,924	40%	Revenues to exhibit a CAGR of c29% over FY16-18E	
EBITDA	2,116	2,767		3,410		5,024		EBITDA to exhibit a CAGR of c34% over FY16-18E	
EBITDA margins	16%	19%		20%		21%		Margins to improve with increasing utilization and move up the value chain	
Depreciation and amortization	527	643		737		1,034			
Interest Expenses	323	399		440		440		Rs 500 mn capex shortfall to be funded through debt and rest through equity warrants	
Non-operating Income	43	77		80		80			
PBT	1,310	1,801		2,312		3,629			
Tax Expenses	371	617		740		1,161			
Tax Rate	28%	34%		32%		32%			
PAT before extra ordinaries	939	1,185		1,572		2,468			
PAT Margin	7%	8%		9%		10%			
No of Shares	204	217		228		228		Warrants Issued to promoter/promoter group to primarily fund capex	
EPS	4.6	5.5		6.9		10.8		EPS to exhibit a CAGR of c40% over FY16-18E	

Source: Company, Emkay Research

**Exhibit 3: Forward integration to FD's to increase revenue and profitability**

Business Segment	EBITDA Margins (%)	Revenue Mix						
		FY11	FY12	FY13	FY14	FY15	FY16	FY20E
API	~10%	45%	40%	44%	39%	44%	15%	15%
PFI	15%-20%	33%	31%	29%	29%	24%	20%	20%
Formulation	>20%	22%	29%	27%	32%	32%	65%	65%

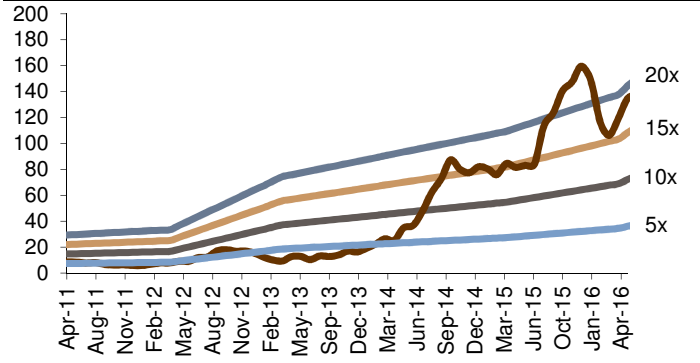
Source: Company, Emkay Research

**Exhibit 4: Manufacturing Capacities**

Molecule wise	Current Capacities	Comments
Paracetamol	14,400 TPA	Debottlenecking API capacity in Paracetamol will release capacity by about 3,000 TPA
Ibuprofen	4,800 TPA	No planned capex addition
Metformin	2,000 TPA	Rs 750 mn capex to increase capacities by 7000 TPA to 9000 TPA in phases. Phase 1 to be completed by 2HFY17
Methocarbamol	360 TPA	No planned capex addition
Guaifenesin	1,200 TPA	To increase capacities by 2000 TPA. Construction expected to be completed by 2HFY17

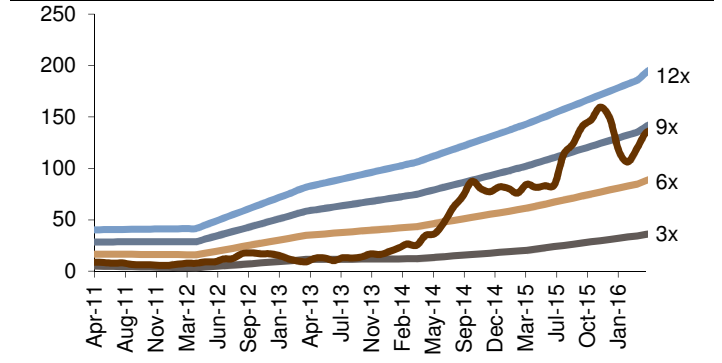
Source: Company, Emkay Research

**Exhibit 5: Forward P/E band – Significant re-rating**



Source: Company, Emkay Research

**Exhibit 6: Forward EV/EBITDA trajectory over the past 5 years**



Source: Company, Emkay Research

**Key Financials (Consolidated)****Income Statement**

Y/E Mar (Rs mn)	FY14	FY15	FY16	FY17E	FY18E
<b>Net Sales</b>	<b>10,959</b>	<b>12,929</b>	<b>14,295</b>	<b>17,048</b>	<b>23,924</b>
<b>Expenditure</b>	<b>9,374</b>	<b>10,813</b>	<b>11,528</b>	<b>13,638</b>	<b>18,900</b>
<b>EBITDA</b>	<b>1,584</b>	<b>2,116</b>	<b>2,767</b>	<b>3,410</b>	<b>5,024</b>
Depreciation	298	527	643	737	1,034
<b>EBIT</b>	<b>1,286</b>	<b>1,590</b>	<b>2,124</b>	<b>2,673</b>	<b>3,990</b>
Other Income	43	43	77	80	80
Interest expenses	204	323	399	440	440
<b>PBT</b>	<b>1,124</b>	<b>1,310</b>	<b>1,801</b>	<b>2,313</b>	<b>3,629</b>
Tax	371	371	617	740	1,161
Extraordinary Items	0	(30)	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>753</b>	<b>909</b>	<b>1,185</b>	<b>1,573</b>	<b>2,468</b>
<b>Adjusted PAT</b>	<b>753</b>	<b>939</b>	<b>1,185</b>	<b>1,573</b>	<b>2,468</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY14	FY15	FY16	FY17E	FY18E
Equity share capital	203	204	217	228	228
Reserves & surplus	3,357	4,107	6,444	7,824	10,086
<b>Net worth</b>	<b>3,560</b>	<b>4,312</b>	<b>6,660</b>	<b>8,052</b>	<b>10,314</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>4,404</b>	<b>4,824</b>	<b>4,674</b>	<b>5,158</b>	<b>5,158</b>
Net deferred tax liability	0	0	0	0	0
<b>Total Liabilities</b>	<b>7,964</b>	<b>9,136</b>	<b>11,335</b>	<b>13,211</b>	<b>15,473</b>
<b>Net block</b>	<b>4,730</b>	<b>6,166</b>	<b>6,681</b>	<b>7,944</b>	<b>8,909</b>
<b>Investment</b>	<b>132</b>	<b>30</b>	<b>16</b>	<b>16</b>	<b>16</b>
<b>Current Assets</b>	<b>3,812</b>	<b>5,155</b>	<b>7,066</b>	<b>8,286</b>	<b>11,082</b>
Cash & bank balance	418	653	1,419	506	1,281
Other Current Assets	382	676	103	1,168	522
<b>Current liabilities &amp; Provision</b>	<b>1,956</b>	<b>2,836</b>	<b>3,194</b>	<b>3,801</b>	<b>5,300</b>
<b>Net current assets</b>	<b>1,856</b>	<b>2,320</b>	<b>3,872</b>	<b>4,485</b>	<b>5,782</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>7,964</b>	<b>9,136</b>	<b>11,335</b>	<b>13,211</b>	<b>15,473</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY14	FY15	FY16	FY17E	FY18E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>1,082</b>	<b>1,266</b>	<b>1,725</b>	<b>2,233</b>	<b>3,549</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(34)	(228)	(786)	(1,526)	(522)
<b>Operating Cashflow</b>	<b>1,319</b>	<b>1,449</b>	<b>2,676</b>	<b>1,144</b>	<b>3,341</b>
Capital expenditure	(2,551)	(1,337)	(1,304)	(2,000)	(2,000)
<b>Free Cash Flow</b>	<b>(1,232)</b>	<b>112</b>	<b>1,371</b>	<b>(856)</b>	<b>1,341</b>
Investments	15	102	14	0	0
Other Investing Cash Flow	0	0	0	0	0
<b>Investing Cashflow</b>	<b>(2,494)</b>	<b>(1,192)</b>	<b>(1,214)</b>	<b>(1,920)</b>	<b>(1,920)</b>
Equity Capital Raised	2	1	12	11	0
Loans Taken / (Repaid)	1,550	420	(150)	484	0
Dividend paid (incl tax)	(83)	(119)	(160)	(192)	(206)
Other Financing Cash Flow	0	0	0	0	0
<b>Financing Cashflow</b>	<b>1,264</b>	<b>(22)</b>	<b>(696)</b>	<b>(137)</b>	<b>(646)</b>
<b>Net chg in cash</b>	<b>89</b>	<b>236</b>	<b>766</b>	<b>(913)</b>	<b>775</b>
Opening cash position	328	418	653	1,419	506
<b>Closing cash position</b>	<b>417</b>	<b>653</b>	<b>1,419</b>	<b>506</b>	<b>1,281</b>

**Key Ratios**

<b>Profitability (%)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>
EBITDA Margin	14.5	16.4	19.4	20.0	21.0
EBIT Margin	11.7	12.3	14.9	15.7	16.7
Effective Tax Rate	33.0	28.3	34.2	32.0	32.0
Net Margin	6.9	7.3	8.3	9.2	10.3
ROCE	19.6	19.1	21.5	22.4	28.4
ROE	23.9	23.9	21.6	21.4	26.9
RoIC	25.2	22.7	25.0	25.4	31.5

<b>Per Share Data (Rs)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>
EPS	3.7	4.6	5.5	6.9	10.8
CEPS	5.2	7.2	8.4	10.1	15.4
BVPS	17.6	21.1	30.7	35.3	45.2
DPS	0.4	0.6	0.7	0.8	0.9

<b>Valuations (x)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>
PER	38.1	30.8	25.9	20.5	13.1
P/CEPS	26.0	18.8	16.0	13.3	8.8
P/BV	8.1	6.7	4.6	4.0	3.1
EV / Sales	3.0	2.6	2.4	2.2	1.5
EV / EBITDA	20.6	15.6	12.3	10.8	7.2
Dividend Yield (%)	0.3	0.4	0.5	0.6	0.6

<b>Gearing Ratio (x)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>
Net Debt/ Equity	1.1	1.0	0.5	0.6	0.4
Net Debt/EBIDTA	2.5	2.0	1.2	1.4	0.8
Working Cap Cycle (days)	47.9	47.1	62.6	85.2	68.7

<b>Growth (%)</b>	<b>FY14</b>	<b>FY15</b>	<b>FY16</b>	<b>FY17E</b>	<b>FY18E</b>
Revenue	43.4	18.0	10.6	19.3	40.3
EBITDA	84.0	33.6	30.8	23.2	47.3
EBIT	104.1	23.6	33.6	25.8	49.3
PAT	131.3	20.7	30.3	32.7	56.9

<b>Quarterly (Rs mn)</b>	<b>Q4FY15</b>	<b>Q1FY16</b>	<b>Q2FY16</b>	<b>Q3FY16</b>	<b>Q4FY16</b>
Revenue	3,546	3,459	3,664	3,449	3,723
EBITDA	520	618	689	677	783
<b>EBITDA Margin (%)</b>	<b>14.7</b>	<b>17.9</b>	<b>18.8</b>	<b>19.6</b>	<b>21.0</b>
PAT	254	271	310	272	332
<b>EPS (Rs)</b>	<b>1.2</b>	<b>1.3</b>	<b>1.5</b>	<b>1.3</b>	<b>1.6</b>

<b>Shareholding Pattern (%)</b>	<b>Mar-15</b>	<b>Jun-15</b>	<b>Sep-15</b>	<b>Dec-15</b>	<b>Mar-16</b>
Promoters	48.6	48.5	48.4	49.5	51.2
FIIIs	4.0	2.9	7.3	5.8	6.4
DIIIs	0.1	0.2	1.0	1.1	1.2
Public and Others	47.3	48.5	43.3	43.6	41.3

## Emkay Rating Distribution

BUY	Expected total return (%) (Stock price appreciation and dividend yield) of over 25% within the next 12-18 months.
ACCUMULATE	Expected total return (%) (Stock price appreciation and dividend yield) of over 10% within the next 12-18 months.
HOLD	Expected total return (%) (Stock price appreciation and dividend yield) of upto 10% within the next 12-18 months.
REDUCE	Expected total return (%) (Stock price depreciation) of upto (-) 10% within the next 12-18 months.
SELL	The stock is believed to underperform the broad market indices or its related universe within the next 12-18 months.

### 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](http://www.emkayglobal.com)

**DISCLAIMERS AND DISCLOSURES:** 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](http://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 or its associates may have financial interest in the subject company.

Research Analyst or his/her relative's financial interest in the subject company. (NO)

EGFSL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (EGFSL) have not been engaged in market making activity for the subject company.

EGFSL or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report.

Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: (NO)

EGFSL or its associates may have received any compensation including for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months. EGFSL or its associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of EGFSL or its associates during twelve months preceding the date of distribution of the research report and EGFSL may have co-managed public offering of securities for the subject company in the past twelve months.

The research Analyst has served as officer, director or employee of the subject company: (NO)

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 distributed in Canada or 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.