

May 7, 2021

## Strong overall performance...

Q4FY21 revenues grew 29.5% YoY to ₹ 279 crore. EBITDA margins improved 575 bps YoY to 30.7% due to lower gross margins in the base year due to certain one-offs. Subsequently, EBITDA grew 59.3% YoY to ₹ 86 crore. PAT grew 35.8% YoY to ₹ 66 crore due to lower other income. On a full year basis, revenues, EBITDA and PAT grew 23%, 26% and 13%, respectively.

## Robust growth in emerging markets likely to continue

Emerging markets (EM) account for 92% of revenues and consist of LatAm - 87% (both Central, South America) and Africa- 5%. Revenues grew at 29% CAGR over a decade mainly due to 1) early mover advantage in these untapped markets, 2) geographical expansion (starting with two countries to 12 currently), 3) ability to address market gaps, especially in generics space (via trading model) with a hold on end-to-end distribution channels. We expect growth momentum to persist mainly due to further expansion in front end, increasing product basket, change in product mix, launching of own brands. Also, entry into South American countries is likely to propel growth. We expect EM revenues to grow at ~18% CAGR in FY21-23E to ₹ 1312 crore.

## Foray into high risk-high return US injectable market

With a calculated approach to focus on injectables in the US, the company established an injectable plant in Tamil Nadu in 2014. Currently, the portfolio comprises 20 filed ANDAs, of which 15 have already been approved. At present, the company has 45+ products in the pipeline. In FY21, revenue contribution from the US increased to 8% from just 2% in FY19. We expect US revenues to grow at ~47% CAGR in FY21-23E to ₹ 198 crore on the back of incremental product launches.

## Valuation & Outlook

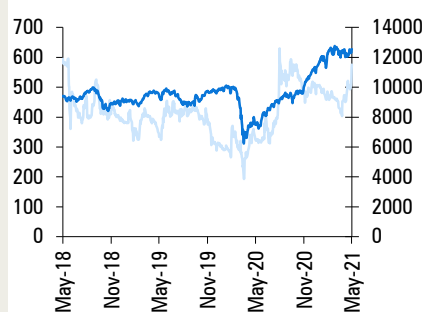
Caplin posted strong Q4FY21 and FY21 results. After scripting a unique story by growing in uncharted territories, it is looking at growth in known markets. These new markets of South America and the US are a big opportunity but fraught with new challenges. That said, we continue to believe in Caplin's capability to replicate the success story in new markets. Secondly, despite likely dent in margins, return ratios due to investment phase in new markets, these prints continue to demonstrate earnings, balance sheet strength. By thriving in lesser known CA markets and cracking the most difficult US generic pharma code of injectables, that too in different therapies, the company has created its own identity with long drawn plans on the back of significant capex lever. Caplin continues to present a compelling risk-reward scenario at current valuations. We maintain **BUY** rating and arrive at our target price of ₹ 695 (₹ 605 earlier) based on 15x FY23E EPS of ₹ 46.3.



### Particulars

Particular	Amount
Market Capitalisation	₹ 4387 crore
Debt (FY21)	₹ 18 crore
Cash (FY21)	₹ 460 crore
EV	₹ 3946 crore
52 week H/L	686/307
Equity capital	₹ 15.1 crore
Face value	₹ 2

### Price performance



Caplin Point (L.H.S) NSE500 (R.H.S)

### Key risks to our call

- Any potential USFDA regulatory hurdles
- Slower than expected expansion into larger LatAm markets

### Research Analyst

Siddhant Khandekar  
siddhant.khandekar@icicisecurities.com

Mitesh Shah  
mitesh.shah@icicisecurities.com

Sudarshan Agarwal  
sudarshan.agarwal@icicisecurities.com

## Key Financial Summary

₹ Crore	FY20	FY21	FY22E	FY23E	CAGR FY21-23E (%)
Revenues	863.2	1061.3	1308.4	1547.5	20.8
EBITDA	260.1	328.7	416.9	496.9	23.0
EBITDA Margins (%)	30.1	31.0	31.9	32.1	
Net Profit	215.0	242.3	299.0	350.2	20.2
EPS (Adjusted)	28.4	32.0	39.5	46.3	
PE (x)	20.4	18.1	14.7	12.5	
RoCE (%)	26.5	25.4	26.2	25.3	
RoE (%)	22.7	20.4	20.6	19.7	

Source: ICICI Direct Research; Company

Exhibit 1: Variance Analysis

	Q4FY21	Q4FY20	Q3FY21	YoY (%)	QoQ (%)	Comments
Revenue	278.7	215.2	274.4	29.5	1.6	YoY growth on the back of strong growth across geographies driven by incremental launches and pandemic induced supplies
Raw Material Expenses	118.7	111.4	123.9	6.5	-4.2	
Gross margins (%)	57.4	48.2	54.8	919 bps	257 bps	Improved amid launches of value added products
Employee Expenses	25.9	18.5	25.5	39.6	1.4	
Other Expenditure	48.5	31.5	41.1	54.1	18.1	
Total Operating Expenditure	193.0	161.4	190.5	19.6	1.3	
EBITDA	85.7	53.8	83.9	59.3	2.1	
EBITDA (%)	30.7	25.0	30.6	575 bps	16 bps	Strong improvement in gross margins was partially offset by higher employee cost and other expenditure
Interest	0.3	0.2	0.3	92.0	14.3	
Depreciation	9.9	8.4	9.3	17.3	6.4	
Other income	9.5	19.6	5.8	-51.8	62.5	
PBT before EO	85.0	64.9	80.2	31.0	5.9	
Less: Exceptional Items	0.0	0.0	0.0	0.0	0.0	
PBT	85.0	64.9	80.2	31.0	5.9	
Tax	17.1	16.0	14.1	6.5	21.3	
MI & Share of loss/ (gain) asso.	1.5	0.0	1.7	LP	NM	
Adj. Net Profit	66.4	48.9	64.5	35.8	3.0	Delta vis-à-vis EBITDA mainly due to lower other income

Source: ICICI Direct Research

Exhibit 2: Change in Estimates

(₹ Crore)	FY22E			FY23E			Comments
	Old	New	% Change	Old	New	% Change	
Revenue	1,366.4	1,308.4	-4.2	1,588.8	1,547.5	-2.6	
EBITDA	419.6	416.9	-0.7	491.7	496.9	1.1	
EBITDA Margin (%)	30.7	31.9	115 bps	30.9	32.1	117 bps	
PAT	330.3	299.0	-9.5	382.9	350.2	-8.5	Declined mainly due to decline in other income and increase in depreciation
EPS (₹)	43.7	39.5	-9.5	50.6	46.3	-8.5	

Source: ICICI Direct Research

## Conference Call Highlights

- Geographical breakup of Sales: Latin America at 87%; Africa at 5% and US at 8%
- Cash - ₹ 470 crore as of FY21
  - Cash flow from operations (CFO) at ₹ 269 crore in FY21
  - FCF ₹ 195 crore as of FY21
- Target is to achieve a cash surplus of ₹ 1000-1500 crore in the next five years
- Caplin Steriles aims to achieve US\$100 million sales by FY26; FY21 was ~₹ 90 crore with FY22 expected to be ~₹ 130 crore
- Forex gain in FY21 - ₹ 72 lakh
- R&D for FY21: ₹ 63 crore (6% of sales)
- Inventory was at ₹ 179 crore, receivables stable at 95 days
- Total 75% sales through generic, 25% through branded generics

### Capex updates - ₹ ~250-300 crore over the next 24 months

- Greenfield/ acquisition (₹ 160-165 crore): Oncology plant for injectable and OSD: tablets and capsules section likely to start in 12-15 months, rest to take ~18 months
  - Phase 2 capex of ₹ 110 crore of Injectable plant to add
    - two more vial lines, 1 Lyophilizer Line, 1 PFS line and provision for 1 pre-mix bag line
- Backward Integration (₹ 70-100 crore): API plant (includes US injectable API, OSD API and oncology API): for complete backward integration from KSM to intermediates/API; tender for construction in process
  - API backward integration: target of backward integration with own APIs for 70% of all filings in US by 2024
    - Deciding between on own (to take two years) or through inorganic route (faster)
- Capacity expansion/ maintenance (₹ 30-35 crore): Pre-mix injectable bag line ready for installation with Filing Batches planned in Oct-Nov 2021

### Emerging Markets

- Institutional sales to contribute marginally higher in coming quarters, as tender orders worth US\$18 million received in two markets
- Plans to launch products shortly in Peru, Chile, Bolivia and Columbia
- Sales breakup: Private market sales to distributors – 60%; sales to pharmacies/retail – 20%; institutional sales – 20%
- Exports to Mexico & Brazil: supplying Injectable/products as part of emergency procurement
  - Actual sales to start later post Covid situation normalizes
- Amaris CRO – USFDA audit in near future for two partner ANDAs

### US/Regulated markets

- US sales has increased 31% YoY, despite pandemic leading to drop in OPD footfall and delay of second vial line
- US front end presence in 2023, by which time 30+ ANDAs are likely to be approved/under review
- US cash flow breakeven expected in FY22 with sales of ~₹ 125-135 crore

- Caplin Steriles
  - Export revenue: 58% and profit share: 42%
  - FY21 PAT: -₹ 22.8 crore; EBITDA: -₹ 24 crore
- Total ANDAs approved is 15 (five through partners)
  - launched eight products in the US, with four products ready for launch in coming weeks and the balance three planned before October 2021
- Revenues expected from Canada, Australia and Brazil in the next 18 to 24 months with registration agreements in place
- Pipeline - 45+ ANDAs under development

**Exhibit 3: Quarterly Financials**

(₹ crore)	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY (%)	QoQ (%)
Total Operating Income	146.5	155.9	159.0	187.3	192.6	227.2	228.2	215.2	240.1	268.1	274.4	278.7	29.5	1.6
Raw Material Expenses	64.1	70.3	68.2	86.2	85.2	109.4	107.1	111.4	108.8	120.4	123.9	118.7	6.5	-4.2
% of Revenue	43.8	45.1	42.9	46.0	44.2	48.2	46.9	51.8	45.3	44.9	45.2	42.6	-919 bps	-257 bps
Gross Profit	82.4	85.6	90.8	101.1	107.4	117.8	121.1	103.8	131.3	147.8	150.5	160.0	54.2	6.3
Gross Profit Margin (%)	56.2	54.9	57.1	54.0	55.8	51.8	53.1	48.2	54.7	55.1	54.8	57.4	919 bps	257 bps
Employee Expenses	11.5	11.5	11.7	12.4	15.6	16.0	17.7	18.5	25.9	25.3	25.5	25.9	39.6	1.4
% of Revenue	7.9	7.4	7.4	6.6	8.1	7.0	7.7	8.6	10.8	9.4	9.3	9.3	67 bps	-1 bps
Other Expenditure	17.8	18.3	21.3	24.0	24.4	30.7	35.6	31.5	33.8	35.1	41.1	48.5	54.1	18.1
% of Revenue	12.2	11.8	13.4	12.8	12.7	13.5	15.6	14.6	14.1	13.1	15.0	17.4	277 bps	243 bps
Total Expenditure	93.4	100.1	101.3	122.6	125.2	156.1	160.4	161.4	168.5	180.7	190.5	193.0	19.6	1.3
% of Revenue	63.8	64.2	63.7	65.4	65.0	68.7	70.3	75.0	70.2	67.4	69.4	69.3	-575 bps	-16 bps
EBITDA	53.0	55.8	57.8	64.8	67.4	71.1	67.8	53.8	71.6	87.4	83.9	85.7	59.3	2.1
EBITDA Margin (%)	36.2	35.8	36.3	34.6	35.0	31.3	29.7	25.0	29.8	32.6	30.6	30.7	575 bps	16 bps
Other Income	1.6	7.0	7.7	2.7	4.5	6.9	10.3	19.6	6.5	1.8	5.8	9.5	-51.8	62.5
Interest	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.2	0.5	0.5	0.3	0.3	92.0	14.3
Depreciation	5.5	5.6	5.7	6.7	7.4	7.4	8.4	8.4	9.0	8.9	9.3	9.9	17.3	6.4
PBT	49.2	57.2	59.8	60.7	64.5	70.5	69.6	64.9	68.6	79.8	80.2	85.0	31.0	5.9
Total Tax	11.8	13.7	14.0	10.8	14.4	13.3	10.7	16.0	14.1	17.0	14.1	17.1	6.5	21.3
Tax rate (%)	24.0	24.0	23.4	17.9	22.3	18.8	15.4	24.7	20.5	21.3	17.5	20.1	-461 bps	253 bps
PAT	37.4	43.5	45.8	49.8	50.2	57.3	58.6	48.9	54.5	56.9	64.5	66.4	35.8	3.0
PAT Margin (%)	25.6	27.9	28.8	26.6	26.1	25.2	25.7	22.7	22.7	21.2	23.5	23.8	110 bps	32 bps

Source: ICICI Direct Research, Company

## Company Background

Established in 1990 by first generation entrepreneur CC Paarthipan, the company, as a matter of strategy, focused on emerging markets of LatAm (Central and South America), Francophone and Southern Africa to cash in on the early mover advantage in the then untapped markets.

Over the years, Caplin has established a strong as well as deeper presence in semi-regulated markets of Central America (CA) such as Guatemala, El Salvador, Nicaragua, Ecuador and Honduras among others. It is also one of the leading formulation suppliers in these regions.

Another peculiarity is the focus on supply chain efficiencies by reducing intermediaries. For emerging market (mainly comprising CA countries), it procures finished goods from China and supplies them to these geographies by leveraging the trade agreements between China and some of these countries. Thus, besides in-house manufacturing (40%), it outsources ~40% of its products directly from China [and from some Indian vendors (20%)]. To further expand the horizon, the company is now entering South American (Latin America or LatAm consists of Central American markets and South American markets) countries like Chile, Columbia, Brazil and Mexico. The company has also forayed into the US injectable market and has plans to venture into other regulated markets such as Canada and Australia.

The company derives entire revenues through exports with 92% of revenues coming from Emerging Markets (LatAm + Africa) where it has established an end-to-end business model through last mile logistical solutions for its exclusive distributors. The company employs 340 scientists and has 4000+ internationally registered products.

Caplin has a total annual product capacity of 1500 million tablets, 400 million capsules, 65 million vials of liquid injections, 20 million liquid injection ampoules, 220 million soft gels, 30 million suppositories, 6 million bottles of liquids, 12 million pre-filled syringes, 12 million pre-mix bags, 1 million bottles of dry syrup, 12 million ophthalmic units and 1.2 million lyophilized vials.

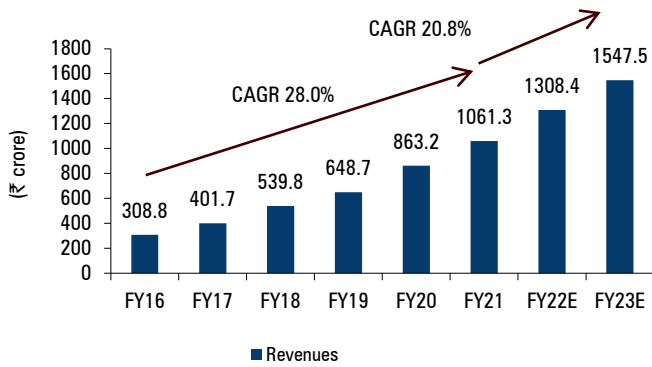
The company launched its first product in the US market in FY18. The process for setting up a dedicated US focused injectable plant began in FY14. In the US, the company filed 20 ANDAs on its own and with partners till date with 15 approvals from the USFDA (five with partners). Caplin is also working on a portfolio of 45+ simple and complex injectable and ophthalmic products, to be filed over the next three-four years.

The company has also set up Amaris Clinical, a clinical research division for BE/BA studies, which will be targeting the regulatory approvals for the US, China, Brazil, Chile and Colombia.

Caplin currently has four subsidiaries: Caplin Steriles Ltd, Argus SaludPharma LLP, Caplin Point Far East Ltd – Hong Kong, Caplin Point Laboratories Colombia SAS Colombia. Also, Caplin has step down subsidiaries in El Salvador, Nicaragua and Honduras, which are held through its wholly owned subsidiary in Hong Kong.

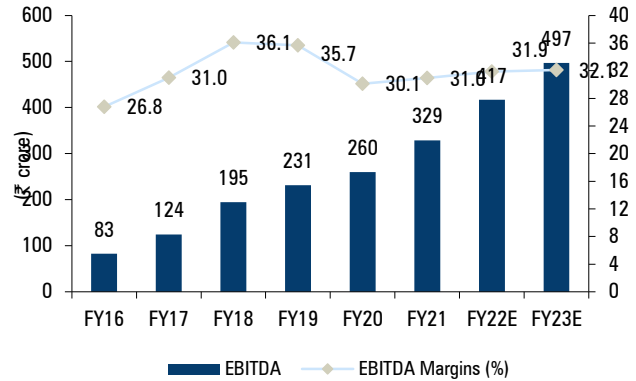
It also started a JV with a large Chinese distribution firm, 'Hainan Jointown Pharmaceuticals' for entry into China for intermediates, API and formulations. In FY19, the company had raised ₹ 218 crore from Fidelity by issuing preferential shares for the injectable business earmarked for the US. The funds will be utilised for operational expenditure, R&D and potential future capex.

Exhibit 4: Revenues to grow at ~21% CAGR in FY21-23E



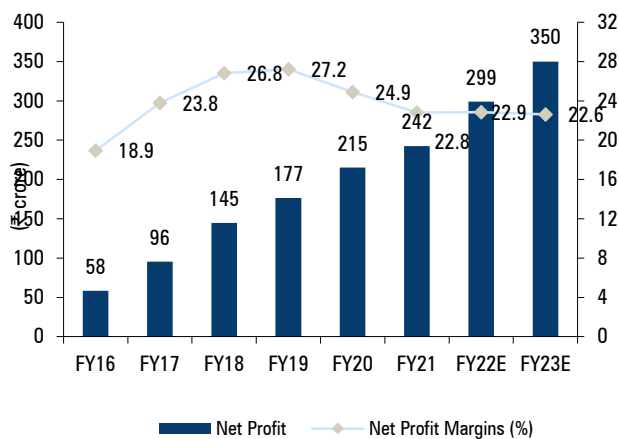
Source: ICICI Direct Research, Company

Exhibit 5: EBITDA & EBITDA margins trend



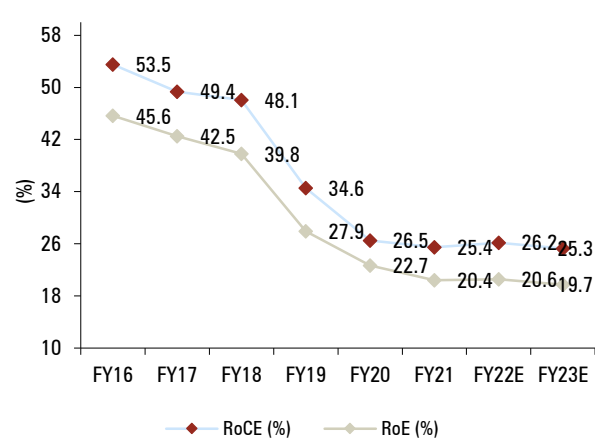
Source: ICICI Direct Research, Company

Exhibit 6: PAT & PAT margins trend



Source: ICICI Direct Research, Company

Exhibit 7: RoE & RoCE trend



Source: ICICI Direct Research, Company

Exhibit 8: Valuation

	Revenues	Growth	EPS	Growth	P/E	EV/EBITDA	RoE	RoCE
	(₹ crore)	(%)	(₹)	(%)	(x)	(X)	(%)	(%)
FY20	863	33.1	28.4	21.8	20.4	15.9	22.7	26.5
FY21	1061	22.9	32.0	12.7	18.1	12.0	20.4	25.4
FY22E	1308	23.3	39.5	23.4	14.7	9.4	20.6	26.2
FY23E	1547	18.3	46.3	17.1	12.5	7.6	19.7	25.3

Source: ICICI Direct Research, Company

Exhibit 9: Shareholding Pattern

(in %)	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Promoter	69.0	69.0	69.0	69.0	69.0
Others	31.0	31.0	31.0	31.0	31.0

Source: ICICI Direct Research, Company

## Financial Summary

Exhibit 10: Profit & Loss (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Total Operating Income	863.2	1,061.3	1,308.4	1,547.5
Growth (%)	33.1	22.9	23.3	18.3
Raw Material Expenses	413.2	471.7	573.6	678.4
Gross Profit	450.0	589.6	734.7	869.0
Gross Profit Margins (%)	52.1	55.6	56.2	56.2
Employee Expenses	67.8	102.5	123.5	146.1
Other Expenditure	122.2	158.4	194.3	226.0
Total Operating Expenditure	603.1	732.7	891.5	1,050.5
<b>EBITDA</b>	<b>260.1</b>	<b>328.7</b>	<b>416.9</b>	<b>496.9</b>
Growth (%)	12.4	26.4	26.9	19.2
Interest	0.3	1.6	1.6	1.6
Depreciation	31.6	37.0	51.2	69.2
Other Income	41.3	23.5	29.0	34.3
<b>PBT before Exceptional Item:</b>	<b>269.5</b>	<b>313.6</b>	<b>393.1</b>	<b>460.4</b>
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	269.5	313.6	393.1	460.4
Total Tax	54.4	62.2	86.5	101.3
PAT before MI	215.1	251.4	306.6	359.1
Minority Interest	0.1	9.2	7.7	9.0
<b>PAT</b>	<b>215.0</b>	<b>242.3</b>	<b>299.0</b>	<b>350.2</b>
Growth (%)	21.8	12.7	23.4	17.1
<b>EPS (Adjusted)</b>	<b>28.4</b>	<b>32.0</b>	<b>39.5</b>	<b>46.3</b>

Source: ICICI Direct Research

Exhibit 11: Cash Flow Statement (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Profit/(Loss) after taxation	214.7	247.5	299.0	350.2
Add: Depreciation & Amortizat	31.6	37.0	51.2	69.2
Net Increase in Current Asset	-223.7	-21.5	-112.1	-108.9
Net Increase in Current Liabili	46.6	19.5	22.4	21.9
Others	-24.5	-13.9	1.6	1.6
<b>CF from Operating activities</b>	<b>44.7</b>	<b>268.6</b>	<b>262.1</b>	<b>333.9</b>
(Purchase)/Sale of Fixed Assu	-67.6	-73.3	-230.0	-150.0
Investments	9.7	45.2	-200.0	-200.0
Others	4.0	19.6	0.4	0.5
<b>CF from Investing activities</b>	<b>-54.0</b>	<b>-8.5</b>	<b>-429.6</b>	<b>-349.5</b>
Proceeds from Preference sh	113.0	0.0	0.0	0.0
(inc)/Dec in Loan	0.0	-19.4	0.0	0.0
Dividend & Dividend tax	-32.5	-3.0	-30.3	-30.3
Other	-0.7	-1.5	-1.6	-1.6
<b>CF from Financing activities</b>	<b>79.8</b>	<b>-24.0</b>	<b>-31.8</b>	<b>-31.8</b>
<b>Net Cash Flow</b>	<b>70.4</b>	<b>236.1</b>	<b>-199.3</b>	<b>-47.4</b>
Cash and Cash Equivalent	153.0	223.4	459.6	260.3
<b>Cash</b>	<b>223.4</b>	<b>459.6</b>	<b>260.3</b>	<b>212.8</b>
<b>Free Cash Flow</b>	<b>-23.0</b>	<b>195.3</b>	<b>32.1</b>	<b>183.9</b>

Source: ICICI Direct Research

Exhibit 12: Balance Sheet (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
Equity Capital	15.1	15.1	15.1	15.1
Reserve and Surplus	932.8	1,170.7	1,439.4	1,759.3
Total Shareholders funds	947.9	1,185.8	1,454.5	1,774.4
Total Debt	38.6	18.4	18.4	18.4
Minority Interest	0.0	17.5	17.5	17.5
Deferred Tax Liability	10.1	1.2	1.2	1.3
Other Non Current Liabilities	22.1	15.7	16.5	17.3
<b>Source of Funds</b>	<b>1,018.7</b>	<b>1,238.6</b>	<b>1,508.2</b>	<b>1,829.0</b>
Gross Block - Fixed Assets	354.8	424.7	654.7	804.7
Accumulated Depreciation	82.3	119.3	170.5	239.7
Net Block	272.5	305.4	484.2	565.0
Capital WIP	20.1	13.8	13.8	13.8
Fixed Assets	292.6	319.2	498.0	578.8
Investments	60.8	11.2	211.2	411.2
LT Loans and Advances	10.0	7.9	8.3	8.7
Inventory	238.2	179.0	220.7	261.0
Debtors	229.0	279.4	344.4	407.3
ST Loans and Advances	68.3	98.9	103.8	109.0
Other Current Assets	3.4	8.4	8.9	9.3
Cash	223.4	459.6	260.3	212.8
Total Current Assets	762.3	1,025.3	938.0	999.5
Creditors	64.1	88.5	109.1	129.0
Provisions	0.9	0.1	0.1	0.1
Other Current Liabilities	42.0	36.4	38.2	40.1
Total Current Liabilities	107.0	125.0	147.4	169.3
Net Current Assets	655.3	900.3	790.6	830.2
<b>Application of Funds</b>	<b>1,018.7</b>	<b>1,238.6</b>	<b>1,508.2</b>	<b>1,829.0</b>

Source: ICICI Direct Research

Exhibit 13: Key Ratios (₹ crore)

(Year-end March)	FY20	FY21	FY22E	FY23E
<b>Per share data (₹)</b>				
Reported EPS	28.4	32.0	39.5	46.3
Cash EPS	29.7	33.9	42.3	51.4
BV per share	125.3	156.8	192.3	234.6
Cash per Share	29.5	60.8	34.4	28.1
Dividend per share	2.9	3.0	4.0	4.0
<b>Operating Ratios (%)</b>				
Gross Profit Margins	52.1	55.6	56.2	56.2
EBITDA margins	30.1	31.0	31.9	32.1
PAT Margins	24.9	22.8	22.9	22.6
Cash Conversion Cycle	170.4	127.2	127.2	127.2
Asset Turnover	2.4	2.5	2.0	1.9
EBITDA conversion Rate	17.2	81.7	62.9	67.2
<b>Return Ratios (%)</b>				
RoE	22.7	20.4	20.6	19.7
RoCE	26.5	25.4	26.2	25.3
RoIC	32.0	38.6	35.7	35.9
<b>Valuation Ratios (x)</b>				
P/E	20.4	18.1	14.7	12.5
EV / EBITDA	15.9	12.0	9.4	7.6
EV / Net Sales	4.8	3.7	3.0	2.4
Market Cap / Sales	5.1	4.1	3.4	2.8
Price to Book Value	4.6	3.7	3.0	2.5
<b>Solvency Ratios</b>				
Debt / EBITDA	0.1	0.1	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	5.0	4.5	4.6	4.6

Source: ICICI Direct Research

## RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to its stocks according to their notional target price vs. current market price and then categorises them as Buy, Hold, Reduce and Sell. The performance horizon is two years unless specified and the notional target price is defined as the analysts' valuation for a stock

Buy: >15%;

Hold: -5% to 15%;

Reduce: -5% to -15%;

Sell: <-15%



Pankaj Pandey

Head – Research

pankaj.pandey@icicisecurities.com

ICICI Direct Research Desk,  
ICICI Securities Limited,  
1st Floor, Akruvi Trade Centre,  
Road No 7, MIDC,  
Andheri (East)  
Mumbai – 400 093  
research@icicidirect.com



## ANALYST CERTIFICATION

I/We, Siddhant Khandekar, Inter CA, Mitesh Shah, (cleared all 3 levels of CFA), Sudarshan Agarwal, PGDM (Finance), Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

## Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products.

ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject ICICI Securities and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.