Ajanta Pharma Limited (AJAPHA)

CMP: ₹ 1550 | Target: ₹ 1950 (26%) | Target Period: 12 months | BUY

July 28, 2023

Base set for a HIGH-FIVE!

(Improving MR productivity, focus on key brands, cost control measures, limit US contribution and limited capex)

About the stock: Ajanta Pharma is a focused player in branded generics, which constitutes ~72% of overall sales, spread across geographies including India.

- As of FY23, overall exports: domestic formulations ratio was at 67:33
- Among exports, Asia accounts for ~41% of export formulations, Africa 26% and the US ~34%. The company also participates in anti-malarial tenders in Africa (included in Africa)

Key Investment Thesis:

- **Increased capital allocation towards the branded generics segment** (72% of the revenues): More numbers of product launches (including higher First to Market molecules) in various geographies, with differentiated delivery systems or combinations and doubling of international workforce (up 50%)
- **Reduced capital allocation to US business**: Inspite of mere 22% revenue contribution, 2/3rd of working capital tied to the business (overall 141 days in FY23). To counter increased erosion in the market, Ajanta aims to selectively launch products in lower competitive business and limit US revenues to 15% of consol revenues
- **Improving productivity of existing employees**: In FY23, employee costs jumped 170 bps due to expansion in international workforce. The management intends to improve productivity of entire 4500+ field team, by enabling them more digital tools and helping them to get most out of the growing product portfolio
- **EBITDA margins expected to rebound 400 bps in FY24**: Margins are likely to improve amid operational leverage, expected softening of raw material cost and incremental focus on branded business. Calculated focus, healthy margins, return profile and lighter balance sheet are some key differentiators for Ajanta
- **Revenues/EBITDA/PAT expected to grow at 11%/23%/25% FY23-25 CAGR.** Return ratios are expected to reach 25% levels (ROIC even higher)

Rating and Target Price

- We value Ajanta Pharma at ₹ 1950 based on 27x FY25E P/E multiple.

ajanta pharma

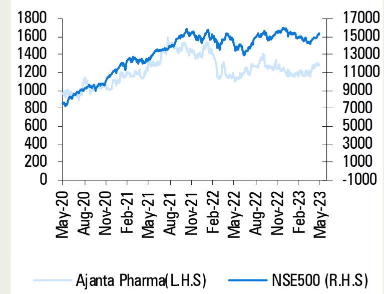
Particulars

Particular	Amount
Market Capitalisation	₹ 18560 crore
Debt (FY23)	₹ 1 crore
Cash (FY23)	₹ 330 crore
EV	₹ 18232 crore
52 week H/L	1428/1062
Equity capital	₹ 25.3 crore
Face value	₹ 2

Shareholding pattern

(in %)	Jun-22	Sep-22	Dec-22	Mar-23
Promoter	70.5	70.5	66.1	66.1
Others	29.5	29.5	33.9	33.9

Price Chart



Recent event & key risks

- New launches and registrations in newer markets.
- **Key Risks:** (i) Lower than expected growth in branded space (ii) Failure to maintain gross margins trajectory

Research Analyst

Harshal Mehta
harshal.mehta@icicisecurities.com

Karan Khona
karan.khona@icicisecurities.com

Key Financial Summary

Key Financials (₹ Crore)	FY21	FY22	FY23	5 year CAGR (FY18-23)	FY24E	FY25E	2 year CAGR (FY23-25E)
Revenues	2889.7	3341.0	3742.6	11.9	4138.7	4595.2	10.8
EBITDA	998.6	929.3	783.3	3.5	1051.2	1190.2	23.3
EBITDA margins (%)	34.6	27.8	20.9		25.4	25.9	
Net Profit	653.9	712.7	588.0	4.6	809.2	917.2	24.9
EPS (₹)	51.1	55.7	46.5		64.0	72.6	
PE (x)	30.3	27.8	33.3		24.2	21.4	
EV to EBITDA (x)	19.5	21.0	24.3		17.6	15.1	
RoCE (%)	29.0	27.0	21.3		26.5	25.7	
ROE (%)	21.8	21.8	17.4		21.6	20.8	

Source: Company, ICICI Direct Research

Company Background

Established in 1973, Ajanta Pharma (APL) is mainly engaged in exports as well as domestic formulations. As of FY14, the exports-domestic formulation ratio stood at 67:33. The company owns five manufacturing facilities - four in Aurangabad (Maharashtra) and one in Mauritius. Of these five facilities, only one in Aurangabad is an API facility while the rest are all formulations. Consolidated revenues, EBITDA and PAT have grown at a CAGR of 31%, 35% and 48%, respectively, in FY10-14. APL had come out with a maiden IPO in March 2000. The company raised ₹ 68 crore, which was earmarked for capacity expansion and debt repayment.

Domestic formulations constitute 33% of the total consolidated turnover (FY14). This segment has been further segregated into two sub-segments- 1) branded formulations and 2) institutional business. Initially, the company was catering to the institutional business. The institutional sub-segment accounts for ~17% of domestic formulations and is mainly confined to government and institutional tenders. It is only in the last 10 years that the focus shifted to the branded formulations business, which now accounts for ~83% of domestic formulations.

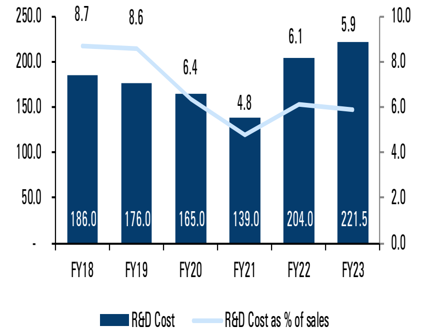
The company focuses on only a few so-called specialty therapies – ophthalmology, dermatology, cardiology, etc. Together, these therapies constitute ~75% of domestic branded formulations. APL invested heavily in the technology and field force, especially in the first five years after the changed focus. The focus was also on offering a novel delivery system. From ₹ 17 crore in FY05, branded formulations have grown at a CAGR of 34% to ₹ 319 crore in FY14. Till date, the company has launched 160 products out of which 119 are first time launches. The current MR strength is ~2500. Overall, domestic formulations have grown at a CAGR of 27% in FY10-14 to ₹ 385 crore. The company has only one product under the National List of Essential Medicines (NLEM) 2011.

Export formulations constitute 67% of the total consolidated turnover (FY14). Exports are mainly confined to emerging markets and constitute branded generics. APL exports its products in ~35 emerging markets with a significant presence in Franco-African countries and Philippines.

Africa accounts for ~56% of export formulations followed by Asia. The company also participates in anti-malarial tenders in Africa. APL operates through 450+ MRs in these emerging markets and owns a portfolio of 1443 registered brands in these markets encompassing major therapies such as anti-infectives, anti-malarials, ophthalmic, dermatology, cardiovascular, GI, etc. The company also has a marginal presence in Latin America. APL has also forayed into regulated markets such as the US where it filed 25 ANDAs, received approvals for two and launched one product. Overall, export formulations have grown at a CAGR of 32% in FY10-14 to ₹ 793 crore.

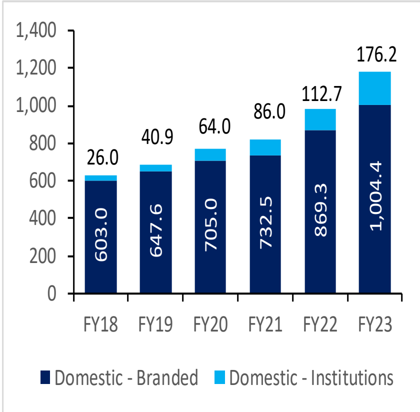
APL has five subsidiaries in the Philippines, the US and one step-down subsidiary in Mauritius. The Mauritius subsidiary, with an independent manufacturing base, mainly caters to the Franco-African markets. The subsidiary in Philippines, which is a marketing arm, caters to the Philippines market. The US subsidiary is an administrative office to facilitate US operations.

R&D Cost



Source: Company

Sales break-up: Branded & tender business



Source: ICICI Direct Research; Company

Investment Rationale

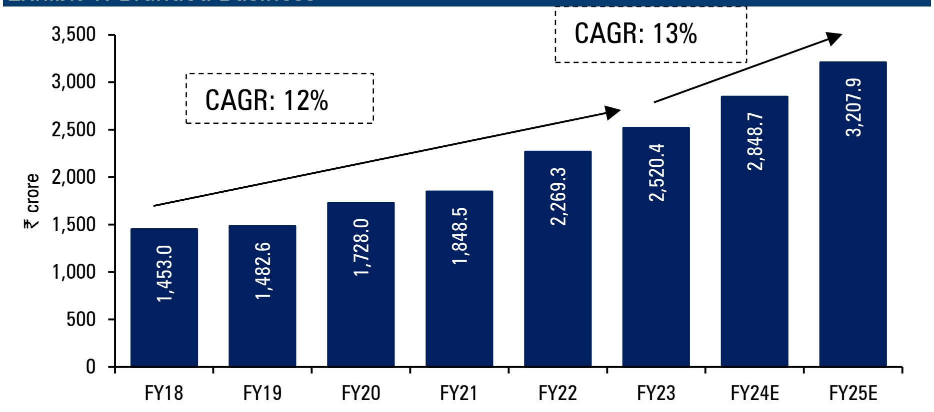
Increased capital allocation to branded generics

In FY23, branded generics accounted for 72% of Ajanta revenues, with India/Rest of Asia/Africa accounting for 31%/26%/15% respectively. The strategic intent of the management is to increase product filings by 3x and increase the team size in rest of Asia and Africa by 50% (as evident in FY23). The company has a diverse suite of 500+ brands and its aim is to grow faster than the market by launching first to market products. Also, Ajanta product portfolio has presence in various areas such as Cardiac, Opthal, Diabetes, Derma, Anti-Malarial, Pain Management etc, with higher focus on chronic therapies across the markets, which has helped the company to build a basket of strong brands.

In India, Ajanta was ranked 4th largest in covered markets, while ranked 27th in overall India IPM. It has 9 brands in ₹25+ crore category and had 58% concentration from top 10 brands in India (FY23). It launched 23 molecules in FY23 (6 were FTF). In Rest of Asia, the company business has spread to over 10 countries in the Middle East, SE Asia and Central Asia (Philippines and Middle East are key markets) and has grown at 12% revenues CAGR (FY20-23). Ajanta launched 38 new products in FY23, across these geographies. In Africa, revenues have grown at 16% CAGR (8 new launches in FY23) and the business is spread in 20 countries.

We expect the branded generics division to grow at 13% FY23-25E CAGR

Exhibit 1: Branded Business



Source: ICICI Direct Research, Company

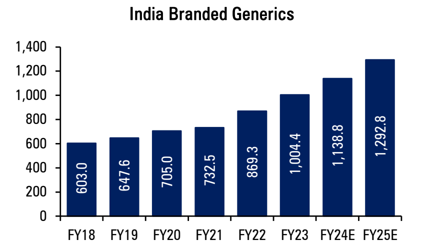
Reduce capital allocation to US business

The US generics business (22% of rev) has been growing strongly at 17% CAGR (FY20-23). The company also filed 5 ANDA applications in FY23 and received 4 final and 1 tentative approval. Overall, the company has 46 final ANDA approvals, 3 tentative approvals and 21 pending approvals. The management expects the flow of ANDA to accelerate going forward. On the launch front, Ajanta has launched a new product in FY23 and expects around 5-6 new launches in FY24. Overall, it has 40 products on shelf. The company has invested ~₹400 crore in the US plant and its Dahej and Aurangabad facilities are also USFDA approved.

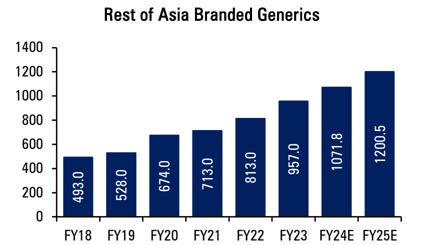
However, US has been experiencing severe price erosion, which has now stabilised at mid to high single digits. The company also saw gross margin erosion in FY23 (contracted 315 bps) and had 2/3rd of its working capital tied to the US business. The management intends to selectively play in the US market with the launch of limited competition products and keep revenue exposure to 15% in the market, which may improve working capital days

We expect the US division to grow at 34% FY23-25E CAGR

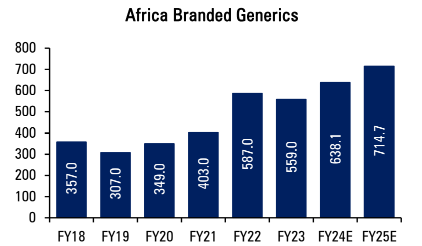
Branded generics segmental (₹ crore)



Source: ICICI Direct Research; Company

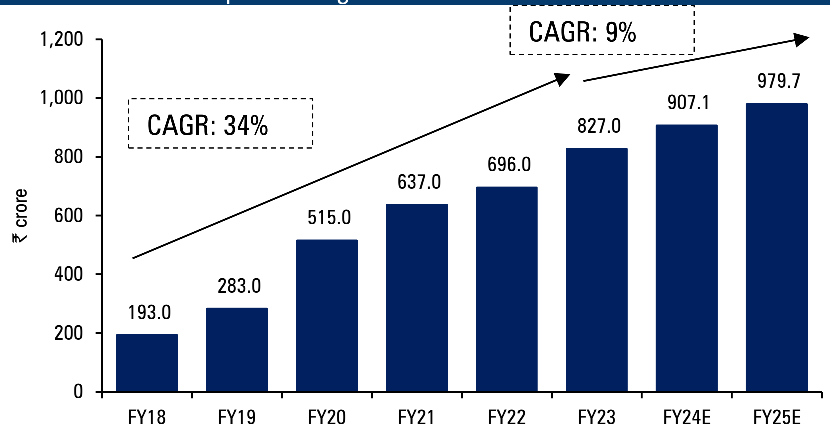


Source: ICICI Direct Research; Company



Source: ICICI Direct Research; Company

Exhibit 2: US Business expected to grow at 9% CAGR



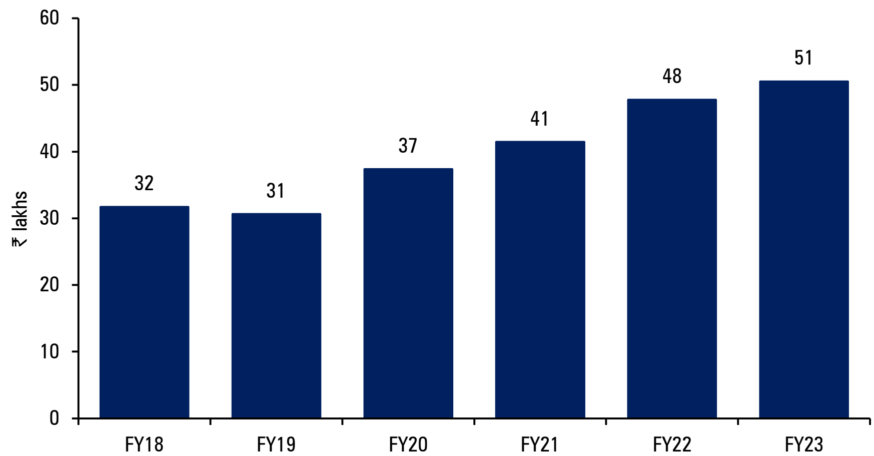
Source: Company, ICICI Direct Research

Increase productivity of existing employees

Employee expense in FY23 jumped to 21% of the revenues from earlier 19%. The increase has been mainly due to expansion in Rest of Asia and Africa field force by 50% and smaller additions in the production and R&D. The company has 2800+ MR in India (strength maintained since last four years) which cover 2.8 lakhs doctors (productivity up 20% YoY) and have led to the domestic branded segment to grow at 12% CAGR (FY19-23), thereby consistently improving employee productivity

The management intends to improve productivity of entire 4500+ field team spread across India and RoW markets, by enabling them more digital tools and helping them to get most out of the growing product portfolio (via training, communications etc).

Exhibit 3: Per employee productivity strengthening up



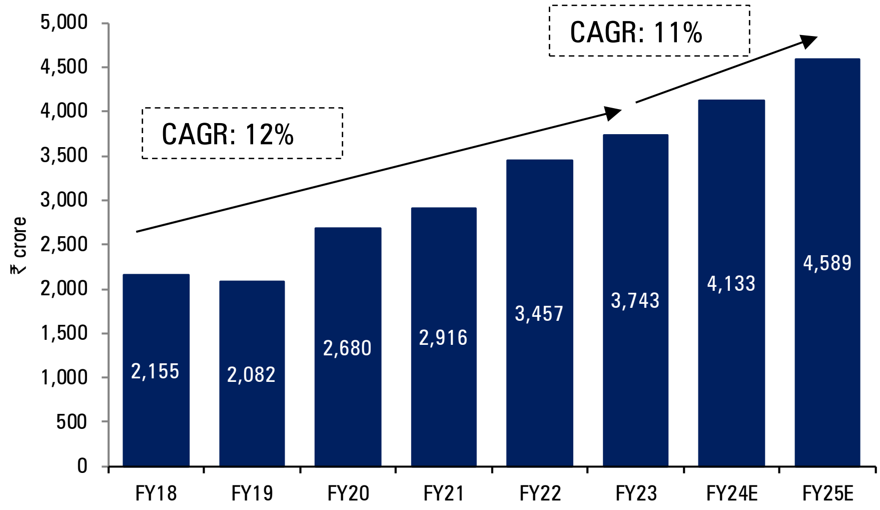
Source: ICICI Direct Research, Company

EBITDA margins expected to expand 400 bps in FY24

In FY23, the company saw contraction in gross margins to 71.9% in FY23, led by US price erosion, higher raw material prices and Euro appreciation vs INR. As per the management is witnessing US price erosion normalisation and appreciation in Euro-INR exchange rate would help gross margins to rebound 200 bps in FY24.

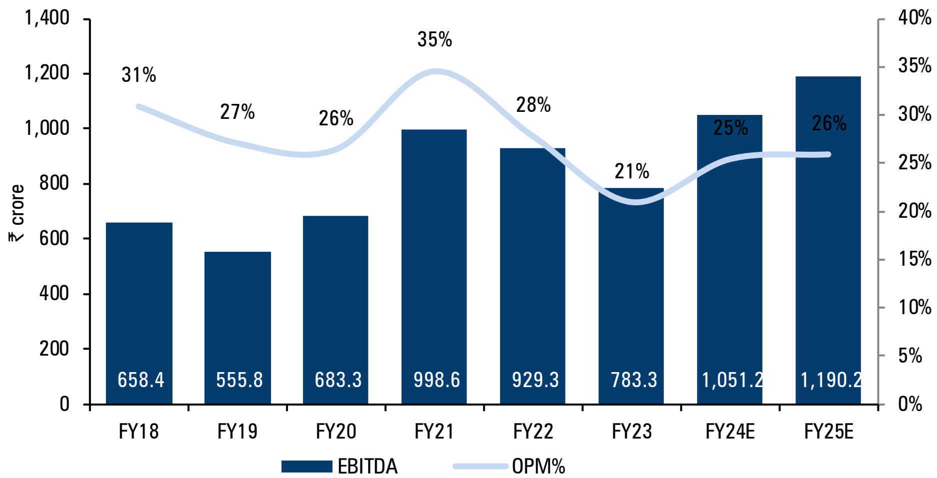
Also, logistics costs incrementally impacted 2% on EBITDA in FY23, which has normalised in FY24YTD. Thereby, 200 bps benefit from each gross margins and logistics costs would lift operational profitability in FY24.

Exhibit 4: Ajanta consol revenues expected to grow at 11% CAGR (FY23-25E)



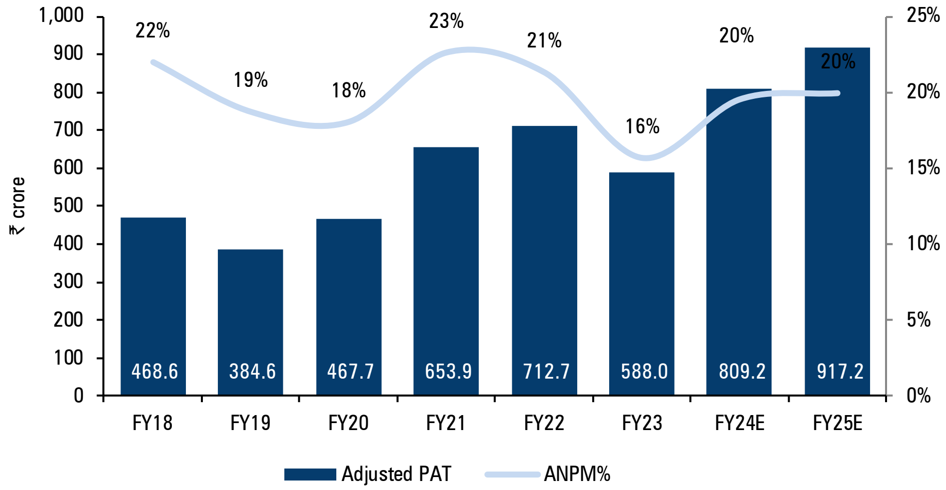
Source: ICICI Direct Research, Company

Exhibit 5: EBITDA expected to grow at 22% CAGR (FY23-25E)



Source: ICICI Direct Research, Company

Exhibit 6: PAT expected to grow at 24% CAGR (FY23-25E)



Source: ICICI Direct Research, Company

Key risks and Concerns

Government initiated price controls in some export markets

Branded exports constitute ~40% of revenues. Although most exports comprise branded generics, price controls or product tenderisation in any of the geographies may affect the margins. Philippines has already imposed price controls on some products in that country

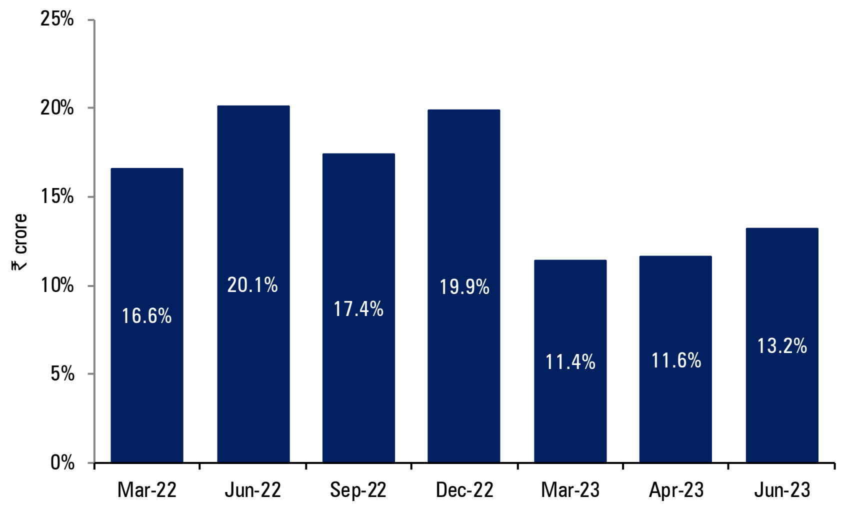
US a high reward but high-risk proposition

Although highly rewarding, the US market is a risky proposition as the benefits of scalability come at the cost of high inventory, frequent price erosions due to the influence of pharmacy chains and above all stringent USFDA requirements. Also, there is a significant increase in ANDA filing costs as well

Pledging of promoter's shares may give rise to share price volatility

In a bear market scenario, pledging of shares turns risky as falling of stock price leads to diminishing of collateral value. In June 2022, promoter's shares were pledged at 20.1% which was ultimately reduced to 11.4% in March 2023. In the last 3 months the pledged has increased to 13.2% from 11.4%. However, cash flow from operating activities remains strong over the years.

Exhibit 7:



Source: ICICI Direct Research

Financial Summary

Exhibit 8: Profit and loss statement (₹ crore)

(Year-end March)	FY22	FY23	FY24E	FY25E
Total Operating Income	3,341.0	3,742.6	4,138.7	4,595.2
Growth (%)	15.6	12.0	10.6	11.0
Raw Material Expenses	832.3	1,050.4	1,062.5	1,171.8
Gross Profit	2,508.7	2,692.2	3,076.2	3,423.4
Gross Profit Margins (%)	75.1	71.9	74.3	74.5
Employee Expenses	645.8	785.1	856.9	946.6
Other Expenditure	933.6	1,123.9	1,168.1	1,286.7
Total Operating Expenditure	2,411.7	2,959.4	3,087.5	3,405.0
EBITDA	**929.3**	**783.3**	**1,051.2**	**1,190.2**
Growth (%)	-6.9	-15.7	34.2	13.2
Interest	10.2	5.8	4.2	4.5
Depreciation	125.3	130.8	141.4	156.3
Other Income	115.7	98.6	125.3	139.1
PBT before Exceptional Items	**909.5**	**745.3**	**1,030.8**	**1,168.5**
Less: Exceptional Items	0.0	0.0	0.0	0.0
PBT after Exceptional Items	909.5	745.3	1,030.8	1,168.5
Total Tax	196.8	157.3	221.7	251.3
PAT before MI	712.7	588.0	809.2	917.2
PAT	**712.7**	**588.0**	**809.2**	**917.2**
Growth (%)	9.0	-17.5	37.6	13.4
EPS (Adjusted)	**55.7**	**46.5**	**64.0**	**72.6**

Source: Company, ICICI Direct Research

Exhibit 9: Cash flow statement (₹ crore)

(Year-end March)	FY22	FY23	FY24E	FY25E
Profit/(Loss) after taxation	670.4	588.0	809.2	917.2
Add: Depreciation & Amortization	125.3	130.8	141.4	156.3
Net Increase in Current Assets	-245.0	-3.5	504.4	-151.1
Net Increase in Current Liabilities	44.6	70.1	-288.4	27.0
Others	-33.2	0.5	4.2	4.5
CF from Operating activities	**562.1**	**785.9**	**1,170.8**	**953.8**
(Purchase)/Sale of Fixed Assets	-130.5	-173.8	-200.0	-150.0
Investments	56.4	-385.8	-500.0	-500.0
Others	-25.7	0.0	0.5	0.5
CF from Investing activities	**-99.8**	**-559.6**	**-699.5**	**-649.5**
(inc)/Dec in Loan	0.2	-0.5	0.0	0.0
Dividend & Dividend tax	-82.2	-89.7	-442.4	-252.8
Other	-378.1	-18.0	-4.2	-4.5
CF from Financing activities	-460.0	-108.2	-446.6	-257.3
Net Cash Flow	**2.2**	**118.1**	**24.7**	**47.0**
Cash and Cash Equivalent	209.6	211.8	329.9	354.6
Cash	**211.8**	**329.9**	**354.6**	**401.6**
Free Cash Flow	**431.6**	**612.1**	**970.8**	**803.8**

Source: Company, ICICI Direct Research

Exhibit 10: Balance Sheet (₹ crore)

(Year-end March)	FY22	FY23	FY24E	FY25E
Equity Capital	17.2	25.3	25.3	25.3
Reserve and Surplus	3,247.2	3,362.7	3,729.5	4,393.9
Total Shareholders funds	3,264.4	3,388.0	3,754.7	4,419.1
Total Debt	1.9	1.4	1.4	1.4
Deferred Tax Liability	101.9	87.3	89.1	90.8
Long-Term Provisions	19.3	24.2	24.6	25.1
Other Non Current Liabilities	21.0	28.6	29.2	29.8
Source of Funds	**3,408.5**	**3,529.5**	**3,899.1**	**4,566.3**
Gross Block - Fixed Assets	2,217.8	2,282.8	2,482.8	2,632.8
Accumulated Depreciation	705.8	786.4	927.8	1,084.1
Net Block	1,512.0	1,496.4	1,555.0	1,548.8
Capital WIP	152.9	209.5	209.5	209.5
Fixed Assets	1,664.9	1,705.9	1,764.5	1,758.2
Investments	147.0	535.4	1,035.4	1,535.4
Other non-Current Assets	101.2	114.0	116.3	118.6
Inventory	791.1	815.0	231.4	255.2
Debtors	1,019.8	1,056.9	1,133.9	1,259.0
Other Current Assets	119.9	111.5	113.7	116.0
Cash	211.8	329.9	354.6	401.6
Total Current Assets	2,142.6	2,313.3	1,833.6	2,031.7
Creditors	327.2	422.8	120.0	132.4
Provisions	10.8	14.0	14.3	14.6
Other Current Liabilities	309.1	702.3	716.4	730.7
Total Current Liabilities	647.1	1,139.1	850.7	877.6
Net Current Assets	1,495.5	1,174.2	982.9	1,154.1
Application of Funds	**3,408.5**	**3,529.5**	**3,899.0**	**4,566.3**

Source: Company, ICICI Direct Research

Exhibit 11: Key ratios

(Year-end March)	FY22	FY23	FY24E	FY25E
Per share data (₹)				
Reported EPS	55.7	46.5	64.0	72.6
Cash EPS	56.0	49.8	40.2	64.9
BV per share	255.0	268.0	297.1	349.6
Cash per Share	16.5	26.1	28.1	31.8
Dividend per share	9.5	7.1	35.0	20.0
Operating Ratios (%)				
Gross Profit Margins	75.1	71.9	74.3	74.5
EBITDA margins	27.8	20.9	25.4	25.9
PAT Margins	21.3	15.7	19.6	20.0
Cash Conversion Cycle	162.1	141.3	109.8	109.8
Asset Turnover	1.5	1.6	1.7	1.7
EBITDA conversion Rate	60.5	100.3	111.4	80.1
Return Ratios (%)				
RoE	21.8	17.4	21.6	20.8
RoCE	27.0	21.3	26.5	25.7
RoIC	27.5	26.3	39.1	42.3
Valuation Ratios (x)				
P/E	27.8	33.3	24.2	21.4
EV / EBITDA	21.0	24.3	17.6	15.1
EV / Net Sales	5.8	5.1	4.5	3.9
Market Cap / Sales	5.9	5.3	4.8	4.3
Price to Book Value	6.1	5.8	5.2	4.4
Solvency Ratios				
Debt / EBITDA	0.0	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0	0.0
Current Ratio	3.0	1.7	1.7	1.9
Quick Ratio	**1.8**	**1.0**	**1.5**	**1.6**

Source: Company, ICICI Direct Research

RATING RATIONALE

ICICI Direct endeavors 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 categorizes 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: -15% to -5%;

Sell: <-15%

Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICI Direct Research Desk,
ICICI Securities Limited,
Third Floor, Brillanto House,
Road No 13, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Harshal Mehta, MTech (Biotech), Karan Khona, CA, 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. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. 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.

Investments in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by Sebi and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk-free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agarwal
Contact number: 022-40701000 E-mail Address: complianceofficer@icicisecurities.com

For any queries or grievances: Mr. Prabodh Avadhoot Email address: headservicequality@icicidirect.com Contact Number: 18601231122

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 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 or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

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 actual/ beneficial ownership of one percent or more or other material conflict of interest 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.