

JB Chemicals & Pharma (JBCP)

Pharmaceuticals

BUY

CMP(₹): 1,838

Fair Value(₹): 2,255

Sector View: **Neutral**

NIFTY-50: 26,179

September 30, 2024

UK NDR: Poised to deliver strong earnings growth

We hosted JB's CEO, Nikhil Chopra, for a roadshow in the UK. The company remains optimistic on its growth prospects across India, CMO, Russia and South Africa. With the current management team keen on running the business, the company does not expect any change in its business plan even if there is any ownership change. Having primarily grown organically until FY2022 and later on aided by benefits from acquired brands, JB has handsomely outperformed the IPM in the past decade by ~600 bps and currently ranks 21 in the IPM. Backed by improved MR productivity in India amid a healthy CMO order book and steady exports traction, we expect strong 19%/22% EBITDA/PAT CAGRs over FY2024-27E for JB. Retain our BUY rating with an unchanged FV of Rs2,255.

JB expects organic India volume growth of ~6% yoy, much higher than IPM

JB expects to organically grow at 12-14% yoy in India in FY2025E. Within this, volume contribution is expected to be ~600 bps. 65% of JB's domestic portfolio (used to be ~35% pre-KKR) is in segments, which are outpacing IPM growth. While JB is the 21st ranked company in the IPM by sales, it is the 15th largest in terms of prescriptions. The company aspires to be the 12th largest company by prescriptions in the next few years and then eventually enter the Top 10. Rather than just banking on scaling up new launches quickly, the management has focused on growing the existing power brands and in-licensing/acquiring brands. Accordingly, its base portfolio has been reporting a robust sales CAGR of ~17% over FY2015-24, with leading brand families posting 10-30% CAGRs over FY2015-21. The recent acquisitions would propel the topline growth further, and accordingly we bake in robust ~16% and ~14% overall and organic domestic sales CAGRs, respectively, over FY2024-27E.

With healthy traction across clients and markets, JB stays bullish on CMO

The company highlighted continued healthy traction across multiple clients, markets and dosage forms in the CMO segment. Led by improved traction from 2HFY25, as well a healthy order book and enhanced capacity, we expect the high-margin CMO vertical to report a ~14% CAGR, over FY2024-27E. Overall, we forecast 14% and 19% sales and EBITDA CAGRs, respectively, for JB over FY2024-27E. We expect a 310 bps expansion in JB's EBITDA margins over FY2024-27E, driven by higher domestic productivity and higher branded/CMO mix, despite factoring in compression due to the Novartis deal. In the absence of any meaningful capex, we expect JB to generate cumulative FCF of Rs13.9 bn over FY2024-27E, with healthy 21.9% RoAE and 25.0% RoIC in FY2027E.

A potent fusion; reiterate BUY with FV of Rs2,255

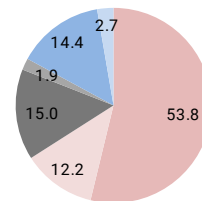
JB offers a healthy cocktail of a robust domestic franchise, niche CMO presence and measured exports strategy, aided by peerless execution. We keep our estimates and FV unchanged. Retain BUY. Key risks to our rating are any senior management exits, resurfacing of NDMA-related concerns for Rantac, high India business sales concentration and aggressive amortization policy of the acquired brands.

Company data and valuation summary

Stock data

CMP(Rs)/FV(Rs)/Rating	1,838/2,255/BUY
52-week range (Rs) (high-low)	2,030-1,244
Mcap (bn) (Rs/US\$)	285/3.4
ADTV-3M (mn) (Rs/US\$)	387/4.6

Shareholding pattern (%)



■ Promoters ■ FPIs ■ MFs ■ BFI ■ Retail ■ Others

Price performance (%)	1M	3M	12M
Absolute	(6)	9	30
Rel. to Nifty	(11)	0	(3)
Rel. to MSCI India	(10)	0	(11)

Forecasts/Valuations	2024	2025E	2026E
EPS (Rs)	35.3	43.8	55.3
EPS growth (%)	34.8	24.1	26.4
P/E (X)	52.1	42.0	33.2
P/B (X)	9.8	8.4	7.0
EV/EBITDA (X)	31.7	26.6	21.6
RoE (%)	20.5	21.5	22.9
Div. yield (%)	0.5	0.6	0.6
Sales (Rs bn)	35	40	46
EBITDA (Rs bn)	9	11	13
Net profits (Rs bn)	6	7	9

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of September 27, 2024

Related Research

- KIE Healthcare Forum: Strikes the right note
- Pharmaceuticals: Stay the course
- JB Chemicals & Pharma: A potent fusion

[Full sector coverage on KINSITE](#)

Alankar Garude, CFA

Samitinjoy Basak

Aniket Singh

Key takeaways:**FY2025E guidance:****▶ Revenues:**

- **Domestic business:** JB expects to grow at 12-14% yoy, on an organic basis. Within this, volume contribution will be ~600 bps.
- **International formulations:** JB expects growth in Russia and CIS business to continue in 2Q/3QFY25. It expects South Africa to demonstrate strong growth from 2HFY25.
- **CMO business:** JB expects CMO to report double-digit yoy sales growth by end-FY2025E.
- **Mix:** JB expects the combined share of India and CMO to rise to 75-80% of sales in the next 3-5 years from 67% in FY2024.

▶ **Gross margin:** Gross margins are expected to remain in the range of 65-66% (including dilution due to Novartis portfolio).

▶ **EBITDA margin:** JB reiterated its operating EBITDA margin guidance of 26-28% (more toward the higher end). The only downside risk to margins is rising freight cost (JB has been building higher inventory as a precaution), which has also been baked into the EBITDA margin guidance. EBITDA margins in CMO and India are better than the corporate margins.

Ownership change: The current management remains keen on running the business. JB does not expect any change in the business plan even if there is any ownership change. As per the ESOP plan, if KKR completely exits prior to Aug 2027, vesting of ESOPs for the management will happen earlier. Majority of the ESOPs are primarily linked to performance parameters, which will be triggered in Aug 2027 or if KKR completely exits upon the management meeting the performance criteria. 85% of the ESOP cost has already been charged to the P&L.

Domestic business:

- ▶ **Relative to IPM:** 65% of JB's domestic portfolio (used to be ~35% pre-KKR) is in segments, which are outpacing IPM growth.
- ▶ **Ranking:** While JB is the 21st ranked company in the IPM by sales, it is 15th largest in terms of prescriptions. The company aspires to be the 12th largest company by prescriptions in the next few years and then eventually enter the Top 10 companies by prescription volumes.
- ▶ **Chronic:** The chronic portfolio continues to do well for JB.
- ▶ **New launches:** JB plans to launch products in pediatrics, GI and probiotics. It plans to launch 1-2 products every month. As per JB, new launches would contribute 200-300 bps to India sales growth in FY2025E.
- ▶ **Top brands:** Cilacar, Nocardia and Metrogyl gained rank, as per IQVIA MAT Jun 2024.
- ▶ **Cilacar:** Cilacar's volumes have been growing at ~13% yoy.
- ▶ **Cardiac:** JB's cardiac segment is growing at 16% yoy, compared to IPM's growth of 14%. Apart from hypertension and lipids, the company is looking at other segments like blood thinners, diuretics, etc.
- ▶ **Rantac:**
 - **NDMA:** JB does not expect any issues related to the NDMA impurity issue. Rantac's shelf life has been reduced from 24 to 18 months.
 - **Strategy:** JB plans to continue to work on life cycle management of Rantac. It intends to gain incremental market share by mainly focusing on the combinations.
 - **Prescribers:** Both consulting physicians and GPs prescribe Rantac.

- **Shift from PPI market:** Although people are aware about the side effects of proton pump inhibitors (PPIs), there has not been a significant shift from the PPI market to the Ranitidine segment.
- ▶ **Metrogyl:** JB has witnessed a good offtake in Metrogyl's volumes, which are now growing in high single digits.
- ▶ **Azmarda:** Over the past four months, JB's monthly volumes have been increasing from 110k units to 120k units. As per JB, demand has reached a steady state of 120-125k units. It expects double-digit volume growth, hereon. JB expects to continue to be a dominant player in this category. It is among the top 3 players in this market.
- ▶ **Sporlac:** Sporlac has reported a ~20% sales CAGR over the past 3 years. The total probiotics market in India is ~Rs20 bn, out of which JB's sales are only ~Rs1 bn.
- ▶ **Novartis' ophthalmology portfolio:**
 - **Outlook:** JB remains positive on the prospects of this portfolio. It expects this portfolio to grow at mid-teens yoy in FY2025E. Accordingly, JB expects this portfolio to generate FY2025E sales of ~Rs1.8 bn (~Rs1.6 bn in FY2024). It is also looking to launch some new line extensions in this portfolio.
 - **Sales force:** JB has been investing incrementally in the sales force, and has increased the MR count to ~100 (~70 earlier).
 - **Gross margins:** From significantly lower levels currently, gross margins for this portfolio will increase to 75-80% from January 2027.
- ▶ **Pediatrics:** JB's pediatric franchise has reached ~Rs1.5 bn.
- ▶ **Anti-diabetic:** JB had three products in this segment, namely, Vildagliptin, Sitagliptin and Dapagliflozin. While Vildagliptin and Sitagliptin have not done well due to intense competition and have been discontinued, Dapagliflozin's annual sales run rate remains at ~Rs150 mn.
- ▶ **GLP-1s:** As of now, JB does not have any visibility of launching GLP-1s in India.
- ▶ **In-licensing deal with Novartis for Inclisiran:** Couple of months back, JB has signed an in-licensing deal with Novartis for Inclisiran, a long-acting small interfering RNA (siRNA) that works to lower plasma LCL-cholesterol levels. This drug will complement JB's Razel franchise.
- ▶ **PCPM:** JB has ~2,300 MRs currently. There is no real significant change in the MR count, except for the ophthalmology team. PCPM has improved in the past five years as JB has been frugal in adding MRs, revised MR incentive structure and product extensions. From Rs0.7 mn currently, JB expects to reach a PCPM of Rs0.85 mn in the next 18-20 months. JB's salary structure is similar across acute and chronic. While attrition is slightly high in acute for JB, it is low in chronic.
- ▶ **Trade generics:** Rs1 bn sales for JB.
- ▶ **NLEM:** 12-14% of JB's domestic sales.
- ▶ **M&A:** JB continues to evaluate assets, particularly within chronic therapeutic areas, in India. JB targets an EBITDA payback of 7-8 years for any acquisition.

CMO:

- ▶ **Outlook:** While JB's 1QFY25 CMO performance was impacted by a muted cough and cold season, across the globe, it expects uptick from 2HFY25. JB has a healthy order book in place for this business.
- ▶ **Scale:** Within lozenges, volume-wise, JB is the fifth largest CMO globally. From 80% currently, JB expects contribution of lozenges to overall sales to gradually reduce to 60% over the next 3-5 years as it adds further dosage forms. The new dosage forms will not be margin dilutive.
- ▶ **White-label:** JB only works with brands and does not do any white-label sales (due to low margins in white-label).

- ▶ **Immunity and wellness lozenges:** JB has started to supply immunity and wellness lozenges to four countries in the EU, through its partner, and expects them to be available across more regions of the EU by January 2025.
- ▶ **Melatonin-based lozenges:** JB expects to supply these lozenges in the markets of Middle East and South East Asia by end-FY2025E.
- ▶ **Branded lozenges:** JB also expects its US partner to make its branded lozenges available in the US by end-FY2025E.
- ▶ **Gestation period:** The gestation period for any new CMO contract is 12-18 months.

International formulations business:

- ▶ **South Africa:** The annual sales run rate for the South Africa business is ~Rs2.5 bn. Post the haircut in FY2024, the share of tenders in the revenue mix has reduced from 65% to 35%.
- ▶ **Russia:** Growth rates in Russia are strong, with healthy margins (aided by price hikes due to high inflation). JB has ~40 employees based out of Moscow, with most being key account managers.
- ▶ **US:** Similar to FY2024, JB plans to file 3 ANDAs each in FY2025E and FY2026E in the US. The company intends to continue with its B2B strategy in the US.

Others:

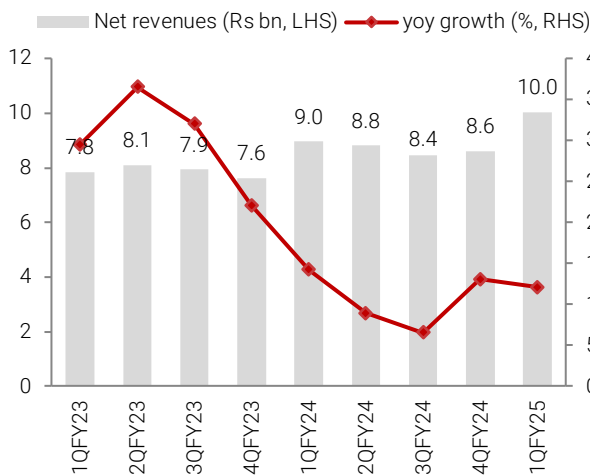
- ▶ **R&D:** JB spends Rs400-500 mn on R&D annually.
- ▶ **API sourcing:** ~60% of APIs are manufactured in-house. Out of 15 ANDAs filed till now, APIs for 8 ANDAs are manufactured in-house.

Financials:

- ▶ **Gross margins:** For its domestic business, JB expects gross margins to be better in 1HFY25, compared to 2HFY25.
- ▶ **Debt:** JB expects ~Rs30 mn interest costs in 2QFY25, which is expected to come down every quarter. It plans to repay the entire debt by end-FY2025E.

JB – quarterly sales

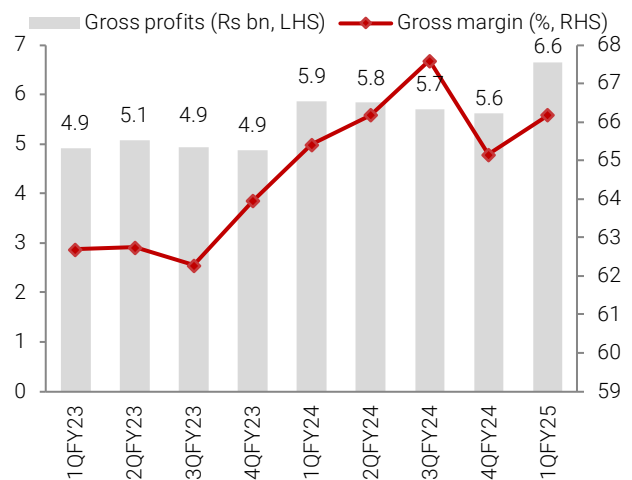
Exhibit 1: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly gross profits

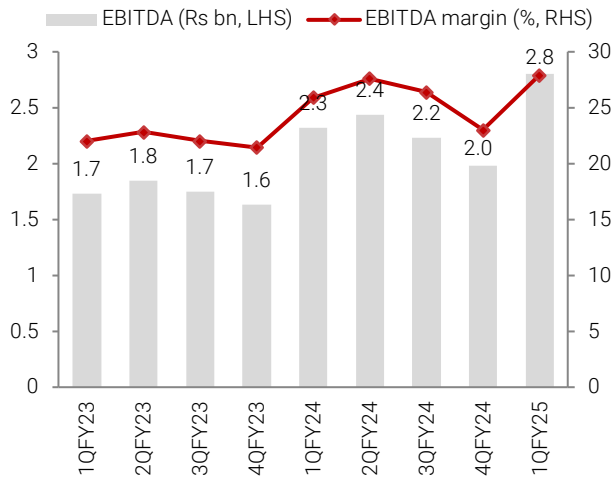
Exhibit 2: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly EBITDA

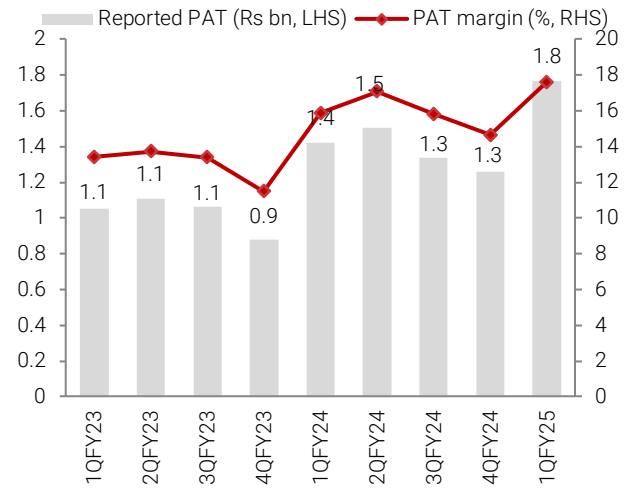
Exhibit 3: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly reported PAT

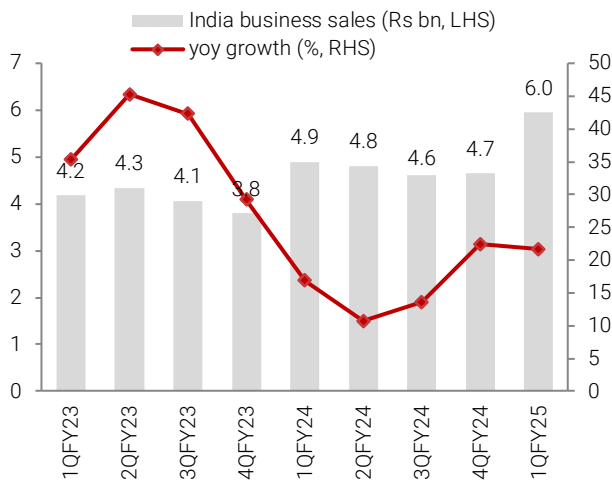
Exhibit 4: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly domestic business sales

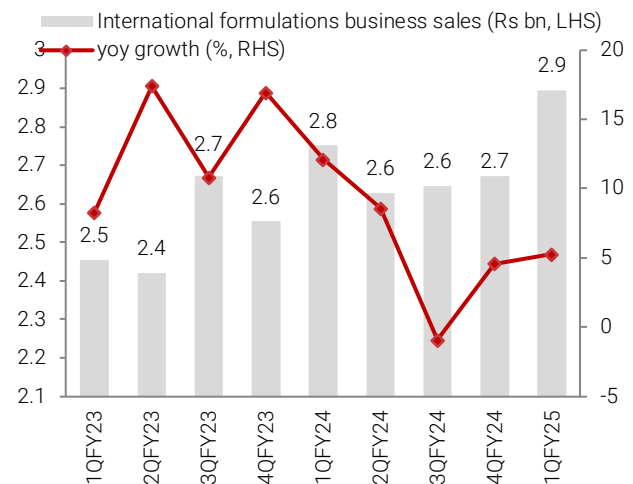
Exhibit 5: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly international formulations business sales

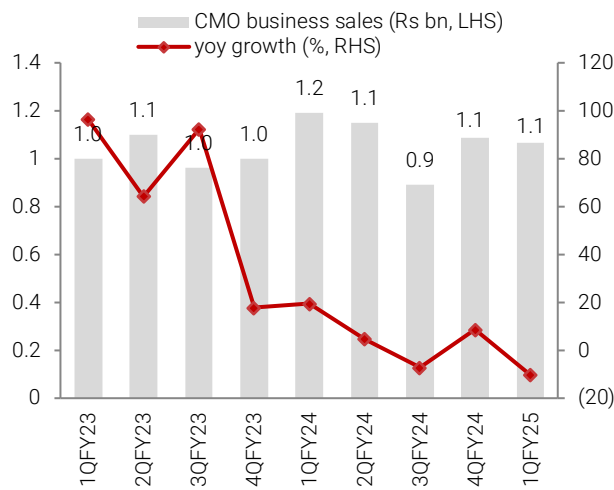
Exhibit 6: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly CMO business sales

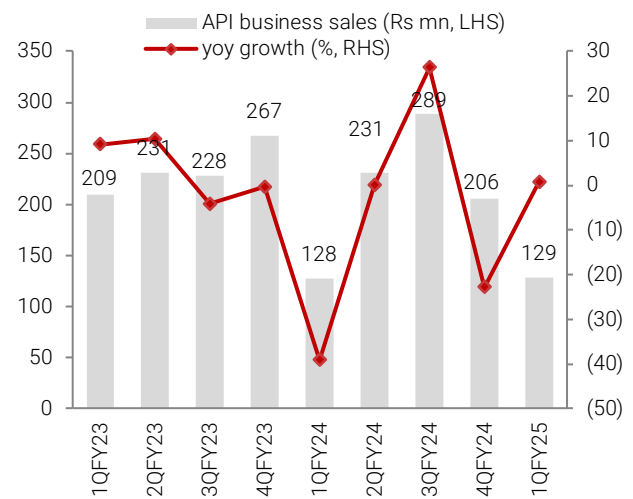
Exhibit 7: March fiscal year-ends, 2023-25E (Rs bn, %)



Source: Company, Kotak Institutional Equities

JB – quarterly API business sales

Exhibit 8: March fiscal year-ends, 2023-25E (Rs mn, %)



Source: Company, Kotak Institutional Equities

We keep our estimates for JB unchanged

Exhibit 9: JB – changes in estimates, March fiscal year-ends, 2025-27E (Rs mn, %)

Financial metrics (Rs mn)	New estimates			Old estimates			Change (%)		
	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E
Net revenues	40,214	45,847	51,821	40,214	45,847	51,821	-	-	-
Gross profits	26,080	30,201	34,616	26,080	30,201	34,616	-	-	-
Gross margin (%)	64.9	65.9	66.8	64.9	65.9	66.8	0 bps	0 bps	0 bps
EBITDA	10,553	12,690	14,928	10,553	12,690	14,928	-	-	-
EBITDA margin (%)	26.2	27.7	28.8	26.2	27.7	28.8	0 bps	0 bps	0 bps
Adjusted EBITDA	10,952	13,029	15,216	10,952	13,029	15,216	-	-	-
Adjusted EBITDA margin (%)	27.2	28.4	29.4	27.2	28.4	29.4	0 bps	0 bps	0 bps
Net income (reported)	6,858	8,667	9,933	6,858	8,667	9,933	-	-	-
EPS (reported) (Rs)	43.8	55.3	63.4	43.8	55.3	63.4	-	-	-

Source: Company, Kotak Institutional Equities estimates

We forecast 14% overall revenue CAGR over FY2024-27E for JB

Exhibit 10: JB – KPIs, March fiscal year-ends, 2020-27E (Rs mn, %)

	Units	2022	2023	2024	2025E	2026E	2027E
Overall							
Domestic business	Rs mn	11,883	16,397	18,973	22,971	26,259	29,729
<i>yoy growth</i>	%	29.8	38.0	15.7	21.1	14.3	13.2
International business	Rs mn	12,360	15,096	15,869	17,243	19,588	22,092
<i>yoy growth</i>	%	9.7	22.1	5.1	8.7	13.6	12.8
Net revenues	Rs mn	24,242	31,493	34,842	40,214	45,847	51,821
<i>yoy growth</i>	%	18.7	29.9	10.6	15.4	14.0	13.0
Domestic business							
Top brands revenues	Rs mn	9,094	10,875	12,365	14,075	16,136	18,340
<i>yoy growth</i>	%	40.3	19.6	13.7	13.8	14.6	13.7
Other brands revenues	Rs mn	2,789	2,456	2,576	2,911	3,260	3,619
<i>yoy growth</i>	%	165.5	(11.9)	4.9	13.0	12.0	11.0
Net revenues	Rs mn	11,883	16,397	18,973	22,971	26,259	29,729
<i>Gross margin</i>	%	73.8	69.1	72.2	70.0	71.0	72.0
International business							
International formulations revenues	Rs mn	8,925	10,103	10,698	11,795	13,184	14,720
<i>yoy growth</i>	%	9.3	13.2	5.9	10.3	11.8	11.7
CMO revenues	Rs mn	2,527	4,058	4,318	4,620	5,452	6,324
<i>yoy growth</i>	%	11.9	60.6	6.4	7.0	18.0	16.0
API revenues	Rs mn	908	936	854	828	952	1,048
<i>yoy growth</i>	%	7.4	3.1	(8.8)	(3.0)	15.0	10.0
Net revenues	Rs mn	12,360	15,096	15,869	17,243	19,588	22,092
<i>Gross margin</i>	%	54.4	56.2	58.8	58.0	59.0	59.8

Source: Company, Kotak Institutional Equities estimates

We forecast 22% EPS CAGR, over FY2024-27E for JB
Exhibit 11: JB – summary financials, March fiscal year-ends, 2020-27E (Rs mn)

	2020	2021	2022	2023	2024	2025E	2026E	2027E
Profit and loss								
Net revenues	17,747	20,425	24,242	31,493	34,842	40,214	45,847	51,821
Gross profit	11,439	13,410	15,813	19,811	23,021	26,080	30,201	34,616
EBITDA	3,776	5,604	5,435	6,958	8,969	10,553	12,690	14,928
Depreciation & amortisation	(663)	(687)	(727)	(1,144)	(1,383)	(1,638)	(1,722)	(2,352)
EBIT	3,113	4,917	4,708	5,813	7,586	8,915	10,967	12,577
Interest expense	(30)	(72)	(51)	(361)	(443)	(148)	(49)	(52)
Profit before tax	3,489	5,969	5,049	5,552	7,515	9,253	11,618	13,291
Tax & deferred tax	(765)	(1,484)	(1,189)	(1,452)	(1,989)	(2,395)	(2,951)	(3,358)
Net income (reported)	2,799	4,480	3,853	4,100	5,526	6,858	8,667	9,933
EPS (reported) (Rs)	17.6	29.0	24.9	26.2	35.3	43.8	55.3	63.4
Balance sheet								
Fixed assets (incl. goodwill)	5,987	5,771	12,048	18,701	19,986	19,632	19,349	28,183
Cash & equivalents	290	287	565	769	882	2,144	3,579	515
Inventories	2,747	3,474	4,100	4,305	5,025	5,800	6,612	7,474
Total assets	18,206	22,381	26,074	35,539	39,941	44,923	50,061	58,999
Borrowings	295	326	263	5,482	3,571	2,585	-	-
Total liabilities	3,826	4,247	4,688	10,735	10,708	10,480	8,682	9,504
Shareholders' equity	14,355	18,097	21,341	24,804	29,233	34,443	41,380	49,495
Total liabilities and equity	18,206	22,381	26,074	35,539	39,941	44,923	50,061	58,999
Cash flow statement								
Operating cash flow before working capital changes	2,660	4,090	4,726	6,555	8,063	8,557	10,078	11,858
Changes in working capital	97	(942)	(3,024)	(299)	(56)	(1,358)	(1,425)	(1,511)
Capex	(730)	(478)	(629)	(726)	(1,269)	(1,250)	(1,400)	(1,500)
Acquisitions	-	(85)	(6,439)	(6,924)	(1,345)	-	-	(9,640)
Other income	37	15	9	22	41	486	700	767
Payment of lease liabilities	932	(1,759)	7,082	(1,990)	(1,466)	(1,960)	(1,774)	(825)
Free cash flow to firm	1,963	2,521	(5,438)	(1,469)	5,307	6,302	7,808	(182)
Free cash flow to equity	2,002	2,470	(5,480)	3,497	3,065	5,206	5,187	(221)
Ratios								
Gross margin (%)	64.5	65.7	65.2	62.9	66.1	64.9	65.9	66.8
EBITDA margin (%)	21.3	27.4	22.4	22.1	25.7	26.2	27.7	28.8
RoAE (%)	19.2	27.6	19.5	17.8	20.5	21.5	22.9	21.9
RoCE (%)	15.9	21.7	17.5	16.4	18.2	19.5	20.6	19.9
RoIC (%)	21.2	31.5	21.4	17.5	20.6	23.9	26.8	25.0
Net debt / EBITDA (X)	(0.9)	(0.9)	(0.6)	0.2	0.1	(0.3)	(0.6)	(0.6)

Source: Company, Kotak Institutional Equities estimates

Ratings and other definitions/identifiers

Definitions of ratings

BUY. We expect this stock to deliver more than 15% returns over the next 12 months.

ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5+5% returns over the next 12 months.

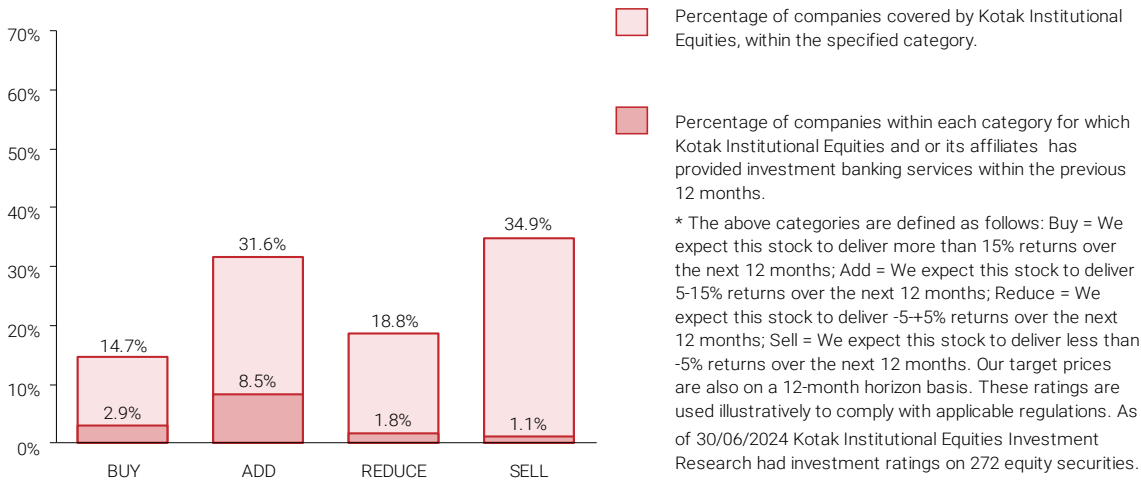
SELL. We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

Distribution of ratings/investment banking relationships

Kotak Institutional Equities Research coverage universe



Source: Kotak Institutional Equities

As of June 30, 2024

Coverage view

The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: **Attractive, Neutral, Cautious.**

Other ratings/identifiers

NR = Not Rated. The investment rating and fair value, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

CS = Coverage Suspended. Kotak Securities has suspended coverage of this company.

NC = Not Covered. Kotak Securities does not cover this company.

RS = Rating Suspended. Kotak Securities Research has suspended the investment rating and fair value, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or fair value. The previous investment rating and fair value, if any, are no longer in effect for this stock and should not be relied upon.

NA = Not Available or Not Applicable. The information is not available for display or is not applicable.

NM = Not Meaningful. The information is not meaningful and is therefore excluded.

Corporate Office

Kotak Securities Ltd.
27 BKC, Plot No. C-27, "G Block" Bandra Kurla
Complex, Bandra (E) Mumbai 400 051, India
Tel: +91-22-43360000

Overseas Affiliates

Kotak Mahindra (UK) Ltd
8th Floor, Portoken House
155-157 Minorities, London EC3N 1LS
Tel: +44-20-7977-6900

Kotak Mahindra Inc
PENN 1,1 Pennsylvania Plaza,
Suite 1720, New York, NY 10119, USA
Tel: +1-212-600-8858

Copyright 2024 Kotak Institutional Equities (Kotak Securities Limited). All rights reserved.

The Kotak Institutional Equities research report is solely a product of Kotak Securities Limited and may be used for general information only. The legal entity preparing this research report is not registered as a broker-dealer in the United States and, therefore, is not subject to US rules regarding the preparation of research reports and/or the independence of research analysts.

- Note that the research analysts contributing to this report are residents outside the United States and are not associates, employees, registered or qualified as research analysts with FINRA or a US-regulated broker dealer; and
- Such research analysts may not be associated persons of Kotak Mahindra Inc. and therefore, may not be subject to FINRA Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst.
- Kotak Mahindra Inc. does not accept or receive any compensation of any kind directly from US institutional investors for the dissemination of the Kotak Securities Limited research reports. However, Kotak Securities Limited has entered into an agreement with Kotak Mahindra Inc. which includes payment for sourcing new major US institutional investors and service existing clients based out of the US.
- In the United States, this research report is available solely for distribution to major US institutional investors, as defined in Rule 15a-6 under the Securities Exchange Act of 1934. This research report is distributed in the United States by Kotak Mahindra Inc., a US-registered broker and dealer and a member of FINRA. Kotak Mahindra Inc., a US-registered broker-dealer, accepts responsibility for this research report and its dissemination in the United States.
- This Kotak Securities Limited research report is not intended for any other persons in the United States. All major US institutional investors or persons outside the United States, having received this Kotak Securities Limited research report shall neither distribute the original nor a copy to any other person in the United States. Any US recipient of the research who wishes to effect a transaction in any security covered by the report should do so with or through Kotak Mahindra Inc. Please contact a US-registered representative; Gijo Joseph, Kotak Mahindra Inc., PENN 1,1 Pennsylvania Plaza, Suite 1720, New York, NY 10119, Direct +1 212 600 8858, gijo.joseph@kotak.com.
- This document does not constitute an offer of, or an invitation by or on behalf of Kotak Securities Limited or its affiliates or any other company to buy or sell any security. The information contained herein has been obtained from published information and other sources, which Kotak Securities Limited or its affiliates consider to be reliable. None of Kotak Securities Limited accepts any liability or responsibility whatsoever for the accuracy or completeness of any such information. All estimates, expressions of opinion and other subjective judgments contained herein are made as of the date of this document. Emerging securities markets may be subject to risks significantly higher than more established markets. In particular, the political and economic environment, company practices and market prices and volumes may be subject to significant variations. The ability to assess such risks may also be limited due to significantly lower information quantity and quality. By accepting this document, you agree to be bound by all the foregoing provisions.

This report is distributed in Singapore by Kotak Mahindra (UK) Limited (Singapore Branch) to institutional investors, accredited investors or expert investors only as defined under the Securities and Futures Act. Recipients of this analysis/report are to contact Kotak Mahindra (UK) Limited (Singapore Branch) (16 Raffles Quay, #35-02/03, Hong Leong Building, Singapore 048581) in respect of any matters arising from, or in connection with, this analysis/report. Kotak Mahindra (UK) Limited (Singapore Branch) is regulated by the Monetary Authority of Singapore.

Kotak Securities Limited and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We along with our affiliates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Investment Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that Kotak Securities Limited and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. Our research professionals are paid in part based on the profitability of Kotak Securities Limited, which includes earnings from investment banking and other businesses. Kotak Securities Limited generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, Kotak Securities Limited generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. 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 are 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. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein.

This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of Kotak Securities Limited. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, clients should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur. Kotak Securities Limited does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding any potential investment. Certain transactions – including those involving futures, options, and other derivatives as well as non-investment-grade securities – give rise to substantial risk and are not suitable for all investors. The material is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied on as such. Opinions expressed are our current opinions as of the date appearing on this material only. We endeavor to update on a reasonable basis the information discussed in this material, but regulatory, compliance, or other reasons may prevent us from doing so. We and our affiliates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Kotak Securities Limited and its non-US affiliates may, to the extent permissible under applicable laws, have acted on or used this research to the extent that it relates to non-US issuers, prior to or immediately following its publication. Foreign currency-denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies, affectively assume currency risk. In addition, options involve risks and are not suitable for all investors. Please ensure that you have read and understood the current derivatives risk disclosure document before entering into any derivative transactions.

Kotak Securities Limited established in 1994, is a subsidiary of Kotak Mahindra Bank Limited.

Kotak Securities Limited is a corporate trading and clearing member of BSE Limited (BSE), National Stock Exchange of India Limited (NSE), Metropolitan Stock Exchange of India Limited (MSE), National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX). Our businesses include stock broking, services rendered in connection with distribution of primary market issues and financial products like mutual funds and fixed deposits, depository services and portfolio management.

Kotak Securities Limited is also a Depository Participant with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Kotak Securities Limited is also registered with Insurance Regulatory and Development Authority and having composite license acts as Corporate Agent of Kotak Mahindra Life Insurance Company Limited and Zurich Kotak General Insurance Company (India) Limited (Formerly known as Kotak Mahindra General Insurance Company Limited) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI). Kotak Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014.

We hereby declare that our activities were neither suspended nor we have defaulted with any stock exchange authority with whom we are registered in last five years. However, SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advise letters or levied minor penalty on KSL for certain operational deviations. We have not been debarred from doing business by any stock exchange/SEBI or any other authorities, nor has our certificate of registration been cancelled by SEBI at any point of time.

We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. Details of Associates are available on website, i.e. www.kotak.com and <https://www.kotak.com/en/investor-relations/governance/subsidiaries.html>.

Research Analyst has served as an officer, director or employee of subject company(ies): No.

We or our associates may have received compensation from the subject company(ies) in the past 12 months.

We or our associates have managed or co-managed public offering of securities for the subject company(ies) or acted as a market maker in the financial instruments of the subject company/company (ies) discussed herein in the past 12 months. YES. Visit our website for more details <https://kie.kotak.com>.

We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company(ies) in the past 12 months. We or our associates may have received compensation or other benefits from the subject company(ies) or third party in connection with the research report.

Our associates may have financial interest in the subject company(ies).

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

Kotak Securities Limited has financial interest in the subject company(ies) at the end of the week immediately preceding the date of publication of Research Report: NO. Nature of Financial Interest: Holding equity shares or derivatives of the subject company.

Our associates may have actual/beneficial ownership of 1% or more securities of the subject company(ies) 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(ies) at the end of the month immediately preceding the date of publication of Research Report: No.

Kotak Securities Limited has actual/beneficial ownership of 1% or more securities of the subject company(ies) at the end of the month immediately preceding the date of publication of Research Report: No

Subject company(ies) may have been client during twelve months preceding the date of distribution of the research report.

A graph of daily closing prices of securities is available at <https://www.moneycontrol.com/india/stockpricequote/> and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>. (Choose a company from the list on the browser and select the "three years" icon in the price chart).

First Cut notes published on this site are for information purposes only. They represent early notations and responses by analysts to recent events. Data in the notes may not have been verified by us and investors should not act upon any data or views in these notes. Most First Cut notes, but not necessarily all, will be followed by final research reports on the subject.

There could be variance between the First Cut note and the final research note on any subject, in which case the contents of the final research note would prevail. We accept no liability of the First Cut Notes.

Analyst Certification

The analyst(s) authoring this research report hereby certifies that the views expressed in this research report accurately reflect such research analyst's personal views about the subject securities and issuers and that no part of his or her compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in the research report.

This report or any portion hereof may not be reprinted, sold or redistributed without the written consent of Firm. Firm Research is disseminated and available primarily electronically, and, in some cases, in printed form.

Additional information on recommended securities is available on request.

Our research should not be considered as an advertisement or advice, professional or otherwise. The investor is requested to take into consideration all the risk factors including their financial condition, suitability to risk return profile and the like and take professional advice before investing.

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.

For more information related to investments in the securities market, please visit the SEBI Investor Website <https://investor.sebi.gov.in/> and the SEBI Saa'rthi Mobile App.

Derivatives are a sophisticated investment device. The investor is requested to take into consideration all the risk factors before actually trading in derivative contracts. Compliance Officer Details: Mr. Hiren Thakkar. Call: 022 - 4285 8484, or Email: ks.compliance@kotak.com.

Kotak Securities Limited. Registered Office: 27 BKC, C 27, G Block, Bandra Kurla Complex, Bandra (E), Mumbai 400051. CIN: U99999MH1994PLC134051, Telephone No.: +22 43360000, Fax No.: +22 67132430. Website: www.kotak.com / www.kotaksecurities.com. Correspondence Address: Infinity IT Park, Bldg. No 21, Opp. Film City Road, A K Vaidya Marg, Malad (East), Mumbai 400097. Telephone No: 42856825. SEBI Registration No: INZ000200137(Member of NSE, BSE, MSE, MCX & NCDEX), AMFI ARN 0164, PMS INP000000258 and Research Analyst INH000000586. NSDL/CDSL: IN-DP-629-2021. Compliance Officer Details: Mr. Hiren Thakkar. Call: 022 - 4285 8484, or Email: ks.compliance@kotak.com

Details of	Contact Person	Address	Contact No.	Email ID
Customer Care/ Complaints	Mr. Ritesh Shah	Kotak Towers, 8th Floor, Building No.21, Infinity Park, Off Western Express Highway, Malad (East), Mumbai, Maharashtra - 400097	18002099393	ks.escalation@kotak.com
Head of Customer Care	Mr. Tabrez Anwar		022-42858208	ks.servicehead@kotak.com
Compliance Officer	Mr. Hiren Thakkar		022-42858484	ks.compliance@kotak.com
CEO	Mr. Shripal Shah		022-42858301	ceo.ks@kotak.com

In absence of response/complaint not addressed to your satisfaction, you may lodge a complaint with SEBI at SEBI, NSE, BSE, Investor Service Center | NCDEX, MCX. Please quote your Service Ticket/Complaint Ref No. while raising your complaint at SEBI SCORES/Exchange portal at <https://scores.sebi.gov.in>. Kindly refer <https://www.kotaksecurities.com/contact-us/> and for online dispute Resolution platform - [Smart ODR](https://www.kotaksecurities.com/smart-odr/)