

# Gland Pharma

Refer to important disclosures at the end of this report

## NDR takeaways: The 'flywheel effect' in motion

- We hosted Gland Pharma management for a two-day non-deal roadshow in Mumbai to meet investors. Management commentary boosted our confidence in its unique business model, which is expected to benefit from increasing competition in generic injectables.
- While the company steadily increases its portfolio offerings to existing customers such as Apotex, Fresenius Kabi and Pfizer (Hospira), it is also gaining traction with recent entrants into the US generic injectables market such as Alembic Pharma.
- Management views the biologics business as a natural extension of its injectables capabilities. While the company might have to depend on parent Fosun Pharma initially, it expects to leverage its current client relationships to build an accretive business.
- We remain positive on Gland Pharma on the back of strong growth and visibility into profitability. We estimate revenue/EBITDA/net profit CAGRs of 25%/25%/27% (FY21-24e). Strong growth should also boost Gland's industry-leading return ratios further.

**Volume growth in existing products a differentiator:** Management expects to maintain high single-digit volume growth in existing products in the US market as it onboards new partners. For example, the company has onboarded Fresenius Kabi for Enoxaparin and added a couple of partners for penems. The sheer focus on the injectables business helps the company attain cost leadership through economies of scale and operational efficiencies.

**Solid growth and profitability visibility:** The company retained its soft growth guidance (CAGR in mid-twenties), driven by mid to high-teens growth in the US. US growth will be driven by new products and existing products equally. RoW is expected to grow faster than US as the company enters new markets and expands its portfolio in existing markets. EBITDA margin is expected to remain at current levels. Strong growth visibility is fueling capex, with a total planned capex of ~Rs8bn in FY22 and FY23. This includes additional Lyophilizers in the Penem facility, and hormones, suspension and microsphere lines at Parshamaylaram.

**Biologics foray makes the company future ready:** Biologics CDMO market is growing at a 13-15% CAGR with limited growth in capacities. The company remains upbeat about utilizing its initial capacity of 10KL in collaboration with Fosun's subsidiary Shanghai Henlius, which has 19 biosimilars under development. A manufacturing contract for 2-3 biosimilars is expected in the next 12-18 months. The company is already planning for a 50KL capacity expansion. The operating margin in this business is expected to be in mid-thirties.

**Reiterate Buy at a TP of Rs5,000:** Our DCF-based valuation suggests a TP of Rs5,000. Our TP includes base business value of Rs4,150/share, biologics value of Rs780/share and Sputnik upside of Rs70/share. Link to our initiation report: [Injectables wheelhouse with a moat](#)

Please see our sector model portfolio (Emkay Alpha Portfolio): [Pharmaceuticals \(page 7\)](#)

### Financial Snapshot (Consolidated)

(Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Net Sales	26,332	34,629	43,909	55,798	68,427
EBITDA	9,555	13,022	15,670	20,206	25,217
EBITDA Margin (%)	36.3	37.6	35.7	36.2	36.9
APAT	7,729	9,970	12,617	16,101	20,361
EPS (Rs)	49.9	60.9	76.8	98.0	124.0
EPS (% chg)	63.8	22.2	26.1	27.6	26.5
ROE (%)	23.7	20.9	19.3	20.2	20.8
P/E (x)	72.3	59.2	47.0	36.8	29.1
EV/EBITDA (x)	57.1	43.0	35.7	27.2	21.2
P/BV (x)	15.3	10.0	8.3	6.8	5.5

Source: Company, Emkay Research

<b>CMP</b>	<b>Target Price</b>
<b>Rs 3,608</b> as of (November 29, 2021)	<b>Rs 5,000 (■)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>38.6 %</b>

### Change in Estimates

EPS Chg FY22E/FY23E (%)	(21.6)/
Target Price change (%)	NA
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY22E	FY23E
Emkay	76.8	98.0
Consensus	79.6	99.7
Mean Consensus TP (12M)	Rs 4,108	

### Stock Details

Bloomberg Code	GLAND IN
Face Value (Rs)	1
Shares outstanding (mn)	164
52 Week H/L	4,350 / 2,050
M Cap (Rs bn/USD bn)	593 / 7.89
Daily Avg Volume (nos.)	2,11,028
Daily Avg Turnover (US\$ mn)	10.5

### Shareholding Pattern Sep '21

Promoters	58.0%
FII's	11.0%
DII's	11.8%
Public and Others	19.2%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	(3)	(8)	12	71
<b>Rel. to Nifty</b>	1	(10)	1	30

### Relative price chart



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

#### Kunal Dhamesha

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

#### Anas Dadarkar

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

## Management commentary

### Business model benefit

Gland Pharma will benefit from higher volumes in existing products. Apart from some existing Indian players such as DRL and Lupin, new entrants in the injectables space such as Alembic are also becoming Gland Pharma's customers. The sheer focus on the injectables business helps the company maintain cost leadership through economies of scale and operational efficiencies. For example, Gland Pharma has the flexibility to choose a high-capacity or low-capacity line based on demand in order to keep the production cost minimum. Small injectable players do not have this flexibility.

Enoxaparin is a good example of how volume in existing therapies grows. The market size of Enoxaparin in the US is ~US\$250mn. Current partner Apotex has a ~5% market share and Kabi has ~15%. So, with the Kabi contract coming to Gland, volumes are roughly going to triple. Moreover, the company now has an end-to-end supply chain starting from Crude heparin to Enoxaparin. While Gland's competitor Nanjing King Friend (NPF) has relatively lower production costs due to its backward integration into a slaughter house, NKF's direct selling through its front-end arm Meitheal limits its ability to onboard other B2C players and helps Gland Pharma.

Another example of volume growth in existing products is Penems. The company had set up the penem facility with a gross block of 700-720mn with 2 Lyophilizers. However, the company has onboarded two more B2C partners and secured orders for the next two years. It might also need to add Lyophilizers.

### Outlook

Soft guidance of a revenue CAGR in mid-twenties was reaffirmed. EBITDA margin is expected to remain around the current levels.

### US business

The company expects a mid to high-teens CAGR in the near term. Half of growth will be driven by new product launches and the other half by volume and pricing growth in the existing products. Historically, pricing growth for the company in the US has been in low single digits.

### Complex injectables

The company is working on 15 products of the total 40-45 complex injectables universe. Initially, the company will file four products in FY23, with a total addressable market size of ~US\$850mn. These are hormones and suspension products. The company is investing in setting up capacity for hormones, suspension and microsphere tech. Assuming a 30-50% price erosion and a 10-15% market share in each products will be a good start. However, one needs to factor in that Gland is a B2B supplier, so the addressable market needs to be discounted by 30-40%. The remaining 11 projects have an addressable market size of US\$9-10bn. This will include some peptides as well. Apart from inhouse development of complex injectables, the company is also evaluating a couple of M&A opportunities.

### RoW business

New markets, such as Saudi Arabia, have opened up for the company due to Covid. The company remains selective about product launches in RoW. It can flood the market, but it is not doing so to maintain profitability. Given that the company produces the products in the same facility as US, the cost of production is higher vs. producing them in a separate facility. The company is actively planning to enter the Africa market with the help of parent Fosun Pharma. Overall, the CAGR is expected to be in the range of forties. Pricing in some RoW geographies is lower, but sustaining a 36-38% margin is not an issue, thanks to opex leverage.

### China injectables market

China's generic injectables market offers a large addressable market, second only to the US market. The company has set up a separate team for China. It expects revenue from China to be 8-10% of total revenue by FY25E. China margin would be similar to overall margin as product selection is key here and the company has selected products with limited competition. A couple of products require production from the Chinese facility where the company has done tech transfer to Fosun and taken exhibit batches.

**API backward integration**

The company's current backward integration into API stands at ~30%. It only focuses on APIs, which are low volume and critical. It never focuses on high-volume APIs where oral formulation is also available. The company derives 30% of its revenue from Anti-infective but doesn't have fermentation capability, and hence not backward integrated. The company is looking to acquire a fermentation plant in China or Europe, as those are more suitable for fermentation. This is expected to boost profitability of these products further.

**Capacity utilization and Capex**

Current total capacity utilization is ~60%. However, format-wise capacity utilization may vary. For example, Lyophilizers are at 80% utilization, while the Ampoules line is utilized only 30%.

The company has budgeted a total capex of ~Rs8bn in FY22 and FY23. Of this, the company has already spent ~Rs3bn capex on setting up a 10KL biologics facility. The remaining Rs5bn will be spent on the generic injectables business, which will make the company good on the capacity front for the next 2-3 years. This capex includes 1) set-up of lines for hormones, suspension and microsphere, 2) additional investments in Lyophilizer in Penem facility, and 2) increase in API capacity. Capex for an additional 50KL biologics capacity will be over and above the budgeted spend.

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

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>Net Sales</b>	<b>26,332</b>	<b>34,629</b>	<b>43,909</b>	<b>55,798</b>	<b>68,427</b>
<b>Expenditure</b>	<b>16,778</b>	<b>21,607</b>	<b>28,239</b>	<b>35,592</b>	<b>43,211</b>
<b>EBITDA</b>	<b>9,555</b>	<b>13,022</b>	<b>15,670</b>	<b>20,206</b>	<b>25,217</b>
Depreciation	946	988	1,048	1,178	1,280
<b>EBIT</b>	<b>8,609</b>	<b>12,034</b>	<b>14,622</b>	<b>19,028</b>	<b>23,936</b>
Other Income	1,392	1,348	2,254	2,469	3,242
Interest expenses	72	34	31	29	31
<b>PBT</b>	<b>9,929</b>	<b>13,348</b>	<b>16,845</b>	<b>21,468</b>	<b>27,148</b>
Tax	2,200	3,378	4,229	5,367	6,787
Extraordinary Items	0	0	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>7,729</b>	<b>9,970</b>	<b>12,617</b>	<b>16,101</b>	<b>20,361</b>
<b>Adjusted PAT</b>	<b>7,729</b>	<b>9,970</b>	<b>12,617</b>	<b>16,101</b>	<b>20,361</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
Equity share capital	155	164	164	164	164
Reserves & surplus	36,307	58,869	71,485	87,587	1,07,948
<b>Net worth</b>	<b>36,462</b>	<b>59,032</b>	<b>71,649</b>	<b>87,750</b>	<b>1,08,111</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>41</b>	<b>39</b>	<b>72</b>	<b>88</b>	<b>108</b>
Other Liabilities	0	0	0	0	0
<b>Total Liabilities</b>	<b>36,503</b>	<b>59,072</b>	<b>71,721</b>	<b>87,838</b>	<b>1,08,220</b>
<b>Net block</b>	<b>11,566</b>	<b>12,922</b>	<b>16,874</b>	<b>18,196</b>	<b>19,916</b>
<b>Investment</b>	<b>832</b>	<b>802</b>	<b>802</b>	<b>802</b>	<b>802</b>
<b>Current Assets</b>	<b>28,463</b>	<b>51,236</b>	<b>60,146</b>	<b>76,710</b>	<b>97,457</b>
Cash & bank balance	13,252	30,058	32,922	43,232	59,138
Other Current Assets	1,630	1,718	2,195	2,790	3,421
<b>Current liabilities &amp; Provision</b>	<b>4,357</b>	<b>5,889</b>	<b>6,101</b>	<b>7,871</b>	<b>9,955</b>
<b>Net current assets</b>	<b>24,106</b>	<b>45,347</b>	<b>54,044</b>	<b>68,840</b>	<b>87,502</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>36,503</b>	<b>59,072</b>	<b>71,721</b>	<b>87,838</b>	<b>1,08,220</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY20	FY21	FY22E	FY23E	FY24E
<b>PBT (Ex-Other income)</b>	<b>9,929</b>	<b>13,348</b>	<b>16,845</b>	<b>21,468</b>	<b>27,148</b>
Depreciation & Amortisation	946	988	1,048	1,178	1,280
Chg in working cap	(799)	(4,358)	(5,833)	(4,486)	(2,756)
<b>Operating Cashflow</b>	<b>7,009</b>	<b>6,049</b>	<b>5,609</b>	<b>10,353</b>	<b>15,674</b>
Capital expenditure	(1,708)	(2,283)	(4,100)	(2,500)	(3,000)
<b>Free Cash Flow</b>	<b>5,302</b>	<b>3,766</b>	<b>1,509</b>	<b>7,853</b>	<b>12,674</b>
Investments	0	0	0	0	0
Other Investing Cash Flow	(5,953)	(12,957)	1,354	2,469	3,242
<b>Investing Cashflow</b>	<b>(7,661)</b>	<b>(15,240)</b>	<b>(2,746)</b>	<b>(31)</b>	<b>242</b>
Equity Capital Raised	0	12,418	0	0	0
Loans Taken / (Repaid)	(5)	(9)	32	16	20
Dividend paid (incl tax)	0	0	0	0	0
Other Financing Cash Flow	(2)	(2)	0	0	0
<b>Financing Cashflow</b>	<b>(69)</b>	<b>12,385</b>	<b>1</b>	<b>(13)</b>	<b>(10)</b>
<b>Net chg in cash</b>	<b>(720)</b>	<b>3,194</b>	<b>2,864</b>	<b>10,310</b>	<b>15,906</b>
Opening cash position	13,972	26,864	30,058	32,922	43,232
<b>Closing cash position</b>	<b>13,252</b>	<b>30,058</b>	<b>32,922</b>	<b>43,232</b>	<b>59,138</b>

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 12/01/2021 03:39 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY&lt;GO&gt;. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

**Key Ratios**

<b>Profitability (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EBITDA Margin	36.3	37.6	35.7	36.2	36.9
EBIT Margin	32.7	34.8	33.3	34.1	35.0
Effective Tax Rate	22.2	25.3	25.1	25.0	25.0
Net Margin	29.4	28.8	28.7	28.9	29.8
ROCE	26.4	25.2	22.4	23.9	24.4
ROE	23.7	20.9	19.3	20.2	20.8
RoIC	40.2	47.5	44.2	46.5	52.0

<b>Per Share Data (Rs)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
EPS	49.9	60.9	76.8	98.0	124.0
CEPS	56.0	67.0	83.2	105.2	131.8
BVPS	235.3	360.8	436.3	534.3	658.3
DPS	0.0	0.0	0.0	0.0	0.0

<b>Valuations (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
PER	72.3	59.2	47.0	36.8	29.1
P/CEPS	63.0	52.6	42.4	33.5	26.8
P/BV	15.3	10.0	8.3	6.8	5.5
EV / Sales	20.7	16.2	12.7	9.8	7.8
EV / EBITDA	57.1	43.0	35.7	27.2	21.2
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

<b>Gearing Ratio (x)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Net Debt/ Equity	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)
Net Debt/EBIDTA	(1.4)	(2.3)	(2.1)	(2.1)	(2.3)
Working Cap Cycle (days)	150.4	161.2	175.6	167.5	151.3

<b>Growth (%)</b>	<b>FY20</b>	<b>FY21</b>	<b>FY22E</b>	<b>FY23E</b>	<b>FY24E</b>
Revenue	28.8	31.5	26.8	27.1	22.6
EBITDA	35.3	36.3	20.3	28.9	24.8
EBIT	37.9	39.8	21.5	30.1	25.8
PAT	71.0	29.0	26.6	27.6	26.5

<b>Quarterly (Rs mn)</b>	<b>Q2FY21</b>	<b>Q3FY21</b>	<b>Q4FY21</b>	<b>Q1FY22</b>	<b>Q2FY22</b>
Revenue	8,315	8,594	8,877	11,539	10,805
EBITDA	2,977	2,642	3,277	4,363	3,766
<b>EBITDA Margin (%)</b>	<b>35.8</b>	<b>30.7</b>	<b>36.9</b>	<b>37.8</b>	<b>34.9</b>
PAT	2,189	2,041	2,604	3,507	3,021
<b>EPS (Rs)</b>	<b>14.1</b>	<b>12.5</b>	<b>15.9</b>	<b>21.4</b>	<b>18.5</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Nov-20</b>	<b>Dec-20</b>	<b>Mar-21</b>	<b>Jun-21</b>	<b>Sep-21</b>
Promoters	58.4	58.4	58.3	58.1	58.0
FIs	12.7	12.7	11.9	10.4	11.0
DIs	9.8	10.8	11.3	12.1	11.8
Public and Others	19.1	18.1	18.6	19.3	19.2

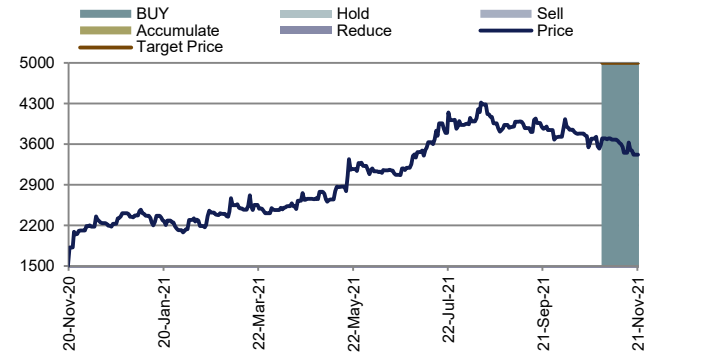
Source: Capitaline

## RECOMMENDATION HISTORY TABLE

Date	Closing Price	TP	Period (months)	Rating	Analyst
12-Nov-21	3,450	5,000	12m	Buy	Kunal Dhamesha
29-Oct-21	3,700	5,000	12m	Buy	Kunal Dhamesha

Source: Company, Emkay Research

## RECOMMENDATION HISTORY CHART



Source: Bloomberg, Company, Emkay Research

## Emkay Alpha Portfolio – Pharmaceuticals



### Analyst: Dr. Kunal Dhamesha

#### Contact Details

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

#### Sector

Pharmaceuticals

#### Analyst bio

Dr. Kunal Dhamesha is an MBBS and has completed his MBA from IIM Lucknow. As an equity analyst, he has tracked multiple healthcare verticals for 9+ years. His team currently covers 7 stocks.

#### EAP sector portfolio

Company Name	BSE200 Weight	EAP Weight	OW/UW (%)	OW/UW (bps)	EAP Weight (Normalised)
<b>Pharmaceuticals</b>	<b>2.76</b>	<b>2.76</b>	<b>0%</b>	<b>0</b>	<b>100.00</b>
Aurobindo Pharma	0.19	0.19	-2%	0	6.86
Cadila Healthcare	0.12	-0.78	-735%	-90	-28.12
Cipla	0.50	0.50	1%	0	18.07
Dr. Reddy's Lab	0.58	0.70	20%	12	25.33
Gland Pharma	0.17	0.49	185%	32	17.95
Ipca Lab	0.14	0.21	51%	7	7.50
Lupin	0.22	0.49	121%	27	17.79
Sun Pharma	0.83	0.96	14%	12	34.63
<b>Cash</b>	<b>0.00</b>	<b>0.00</b>	<b>NA</b>	<b>0</b>	<b>0.00</b>

Source: Emkay Research

\* Not under coverage: Equal Weight

■ High Conviction/Strong Over Weight ■ High Conviction/Strong Under Weight

#### Sector portfolio NAV

	Base					Latest
	1-Apr-19	27-Nov-20	28-May-21	27-Aug-21	27-Oct-21	26-Nov-21
EAP - Pharmaceuticals	100.0	154.4	185.2	177.9	180.2	177.2
BSE200 Neutral Weighted Portfolio (ETF)	100.0	140.6	171.2	164.3	166.3	161.8

\*Performance measurement base date 1st April 2019

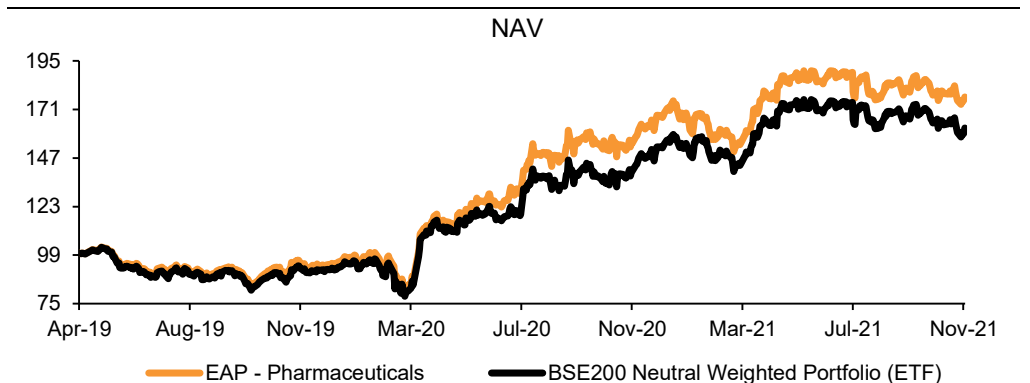
Source: Emkay Research

#### Price Performance (%)

	1m	3m	6m	12m
EAP - Pharmaceuticals	-1.7%	-0.4%	-4.4%	14.7%
BSE200 Neutral Weighted Portfolio (ETF)	-2.7%	-1.5%	-5.5%	15.1%

Source: Emkay Research

#### NAV chart



Source: Emkay Research

Please see our model portfolio (Emkay Alpha Portfolio): [Nifty](#)

Please see our model portfolio (Emkay Alpha Portfolio): [SMID](#)

“Emkay Alpha Portfolio – SMID and Nifty are a supporting document to the Emkay Alpha Portfolios Report and is updated on regular intervals”



## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 30 Nov 2021 00:23:10 (SGT)

Dissemination Date: 30 Nov 2021 00:24:10 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of Financial Institutions Regulatory Authority (FINRA) or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account. This report is intended for distribution to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors.



**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of November 29, 2021
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report  
**Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of November 29, 2021.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the November 29, 2021
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment services banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the November 29, 2021

**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com