

## Cadila Healthcare

ADD

Maintained

Rs388

Inline Q2, Moraiya clearance remains the key

Reason for report: Q2FY17 result review

**Cadila Healthcare (Cadila)** reported Q2FY17 results in line with our estimates as revenue grew 1.2% YoY to Rs23.7bn vs our estimate of Rs23.6bn. EBITDA margin surprised positively with 180bps QoQ expansion to 22.9% vs estimated 21.9%. We expect performance to improve from H2FY17 considering product approvals from non-Moraiya plants and recovery in India business. As ~40% of the company's pending ANDAs are from the Moraiya facility, clearance of warning letter remains the key to accelerate US sales growth momentum. We believe the site transfer of 13 ANDA filings (few are big) would help achieve 11.6% CAGR in US sales over FY16-19E. We maintain Cadila at ADD considering strong US pipeline, expected pickup in US sales with site transfer of 13 ANDAs and expected new approvals from non-Moraiya facilities, 16.6% adjusted net profit CAGR over FY16-19E and reasonable valuation of 16.7x FY19e earnings. Further, current valuations already factor approval delays from Moraiya plant to some extent in our view.

- **US surprised positively, India disappointed:** Revenue witnessed flattish growth of 1.2% YoY to Rs23.7bn mainly due to 1.5% decline in US revenue and just 8.8% YoY increase in India sales. US revenue grew 16.6% QoQ as it benefited from sales of *Asacol HD* (AG) despite price erosion in the base business and *HCQS*. India business grew just 8.8% YoY (estimated 14%) due to continued impact of NLEM and FDC ban. Animal health business reported strong performance with 52% YoY growth in revenue and Latam markets revenue grew 24.5% YoY.
- **Sequential improvement in margins on lower R&D:** The Company witnessed EBITDA margin decline of 200bps YoY to 22.9% (vs our estimated 21.9%) due to substantial decline in revenue from high margin product *HCQS*, and increase in personnel expenses (15.9% of sales up 210bps YoY). However, it improved 180bps QoQ and was above our estimate mainly due to lower R&D expenses and lower remediation costs. We expect EBITDA margins to sustain at current level for FY17 but improve FY18 onwards as sales in US pick up with new approvals and recovery in India business.
- **Outlook:** We expect revenue and adjusted PAT to see slow growth in FY17 due to muted US and India business. However, we expect revenue and net profit CAGR of 13.8% and 20.5% over FY17-19. Return ratios would also witness decline in FY17 and would grow FY18 onwards with RoE and RoCE reaching to 26.5% and 23.6% by FY19.
- **Valuations and risks:** We maintain ADD on the stock with a target price of Rs424/share based on 20x Sep'18E earnings. Key downside risks are delay in clearance of warning letter at Moraiya plant, delay in product approvals and forex volatility.

Market Cap	Rs397bn/US\$5.9bn
Reuters/Bloomberg	CADI.BO/CDH IN
Shares Outstanding (mn)	1,023.7
52-week Range (Rs)	443/297
Free Float (%)	25.2
FII (%)	10.1
Daily Volume (USD/'000)	4,590
Absolute Return 3m (%)	3.6
Absolute Return 12m (%)	(8.3)
Sensex Return 3m (%)	(0.2)
Sensex Return 12m (%)	3.2

Year to Mar	FY16	FY17E	FY18E	FY19E
Revenue (Rs mn)	98,037	102,195	115,487	132,383
Net Income (Rs mn)	15,009	16,379	19,654	23,766
EPS (Rs)	14.7	16.0	19.2	23.2
% Chg YoY	26.5	9.1	20.0	20.9
P/E (x)	26.5	24.3	20.2	16.7
CEPS (Rs)	89.1	96.4	113.5	134.8
EV/E (x)	17.7	17.8	14.8	12.0
Dividend Yield (%)	0.8	0.8	1.0	1.2
RoCE (%)	20.3	20.0	21.8	23.6
RoE (%)	31.3	27.4	26.8	26.5

## Pharmaceuticals

Target price Rs424

## I-Sec vs Bbg\* consensus

(%)	FY17E	FY18E	FY19E
Sales	(1.0)	(3.5)	(1.3)
Adj. PAT	2.8	0.2	3.4

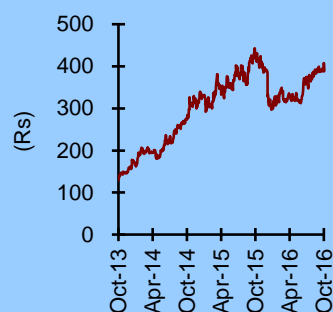
Source: \*Bloomberg, I-Sec research

## Shareholding pattern

	Mar '16	Jun '16	Sep '16
Promoters	74.8	74.8	74.8
Institutional investors	13.9	15.9	17.1
MFs and UTI	3.6	3.5	3.3
FIs and Banks	3.3	3.0	3.7
FII	6.7	9.4	10.1
Others	11.4	9.3	8.1

Source: BSE India

## Price chart



## Research Analysts:

Sriram Rath

Sriram.rathi@icicisecurities.com  
+91 22 6637 7574

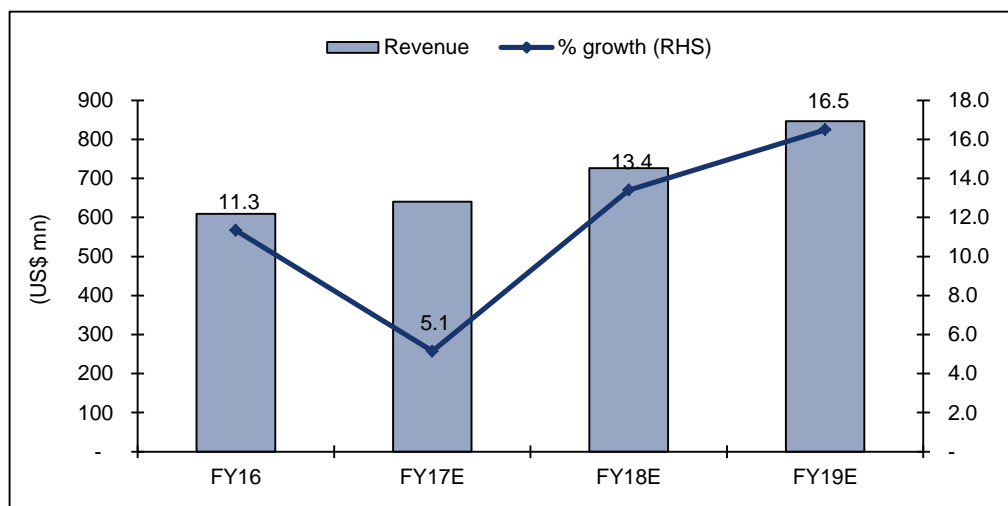
Vinay Bafna

vinay.bafna@icicisecurities.com  
+91 22 6637 7339

## US benefited by launch of *Asacol HD* (AG)

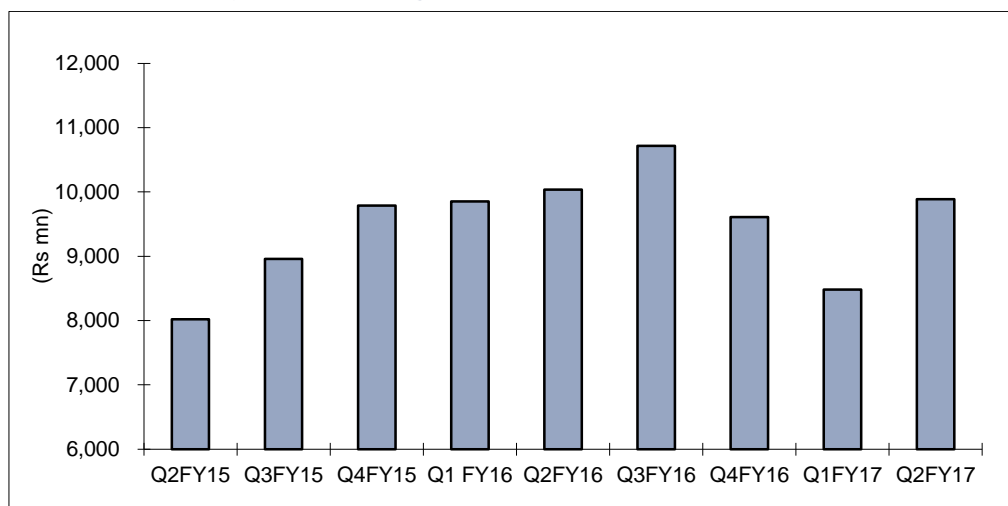
Cadila reported 16.6% increase in US revenue on QoQ basis mainly due to launch of *Asacol HD* (AG). We believe that Cadila generated revenue of over US\$20mn from *Asacol HD* (AG) in Q2FY17, which compensated for decline in *HCQS* sales. We believe Cadila's US generics business would pick up going forward led by several new launches expected over the next 12-18 months – such as generic *Toprol XL*, *Prevacid ODT*, etc. Approvals for Cadila are being delayed primarily due to the warning letter on its Moraiya facility and successful clearance of the same remains key for accelerating growth momentum. However, the company has done site transfers for ~13 products including some key products. This coupled with non-Moraiya plants would enable Cadila to launch 6-8 products in H2FY17. We expect some decent approvals in near to medium term, which would help the company achieve 11.6% revenue CAGR over FY16-19 in the US to US\$846mn.

**Chart 1: US revenues to pickup**



Source: Company data, I-Sec research

**Chart 2: Quarterly trend in US generics revenue**



Source: Company data, I-Sec research

## Q2FY17 result and concall highlights

- **Net sales** remained flattish with a growth of 1.2% YoY to Rs23.7bn during the quarter due to modest domestic, US and emerging market performance.
  - **India formulation sales** grew 8.8% YoY to Rs8.2bn during the quarter. The growth in domestic formulations was impacted by NLEM and FDC ban. Excluding the impact of NLEM and FDC ban, growth stood at 13.3% YoY. The company launched 15 new products during Q2FY17 including line extensions, of which four were launched in India for the first time.
  - **US formulation sales** declined 1.5% YoY to Rs9.9bn during the quarter. The decline was mainly because of price erosion in HCQS and continued pricing pressure in the base product portfolio. However, the company launched generic *Asacol HD (AG)* that offset some of the losses due to pricing pressure. During the quarter, the company filed four ANDAs, received one approval and launched 4 products including *Asacol HD*.  
 Cadila has already received EIR (Establishment Inspection Report) for its Moraiya facility pertaining to inspection carried out in Sep'14. Regarding the USFDA's warning letter on the Moraiya facility, the company has completed the remediation measures and has invited USFDA for re-inspection.
  - **Europe formulation sales** degrew 14.2% YoY to Rs557mn in Q2FY17.
  - **Latam** business grew 24.5% YoY in revenue led by volume growth and price increase. The company received approval for one product and also filed one new product in Brazil. In Mexico, the company launched three products.
  - **Emerging Market sales** degrew 3.2% YoY to Rs1.1bn.
  - **Sales from Animal Health business** grew strong 52% YoY to Rs1.2bn during the quarter, excluding Zydus portfolio growth stood at 16% YoY.
- **Gross margin** declined 140bps to 64.6% during the quarter due to lower US and India sales. **EBITDA margin** (including other operating income) declined 200bps YoY to 22.9%, primarily due to decline in US sales from high margin products and increased personnel expenses.
- **R&D spends** stood at 6.5% of net sales in Q2FY17 compared to 7.6% in Q2FY16 and 7.3% in Q1FY17. The company expects R&D spends to be about 7-8% of sales in FY17 (flattish as in FY16). Cadila is also progressing well on its biosimilar programmes and continues to invest in new technologies like transdermals, injectables and vaccines.
- **Forex loss** stood at Rs283mn for the quarter that we have considered as exceptional item and adjusted in different heads.
- **Adjusted PAT** declined 20.7% YoY to Rs3.6bn during the quarter due to flattish revenue and margin erosion. Depreciation charge also increased 19.2% YoY.
- **Capex** guidance for the year stands at Rs10bn, of which Rs7bn has already been spent in H1FY17.

**Table 1: Q2FY17 performance***(Rs mn, year ending March 31)*

	Q2FY17	Q2FY16	YoY % Chg	Q1FY17	QoQ % Chg
<b>Net Sales</b>	<b>23,675</b>	<b>23,384</b>	<b>1.2</b>	<b>22,640</b>	<b>4.6</b>
EBITDA	5,424	5,817	(6.8)	4,771	13.7
Other income	236	200	18.0	153	54.2
PBIDT	<b>5,660</b>	<b>6,017</b>	<b>(5.9)</b>	<b>4,924</b>	<b>14.9</b>
Depreciation	864	725	19.2	843	2.5
Interest	168	106	58.5	122	37.7
<b>PBT</b>	<b>4,628</b>	<b>5,186</b>	<b>(10.8)</b>	<b>3,959</b>	<b>16.9</b>
Exceptional / Forex items	(283)	263	(207.6)	448	(163.2)
PBT after exceptional	<b>4,345</b>	<b>5,449</b>	<b>(20.3)</b>	<b>4,407</b>	<b>(1.4)</b>
Tax	1,068	778	37.3	966	10.6
Minority Interest	91	99	(8.2)	61	49.2
Share of profit in associates	190	178	6.7	182	NA
<b>Reported PAT</b>	<b>3,376</b>	<b>4,750</b>	<b>(28.9)</b>	<b>3,562</b>	<b>(5.2)</b>
Adjusted PAT	<b>3,589</b>	<b>4,524</b>	<b>(20.7)</b>	<b>3,212</b>	<b>11.7</b>
<b>EBITDA margins (%)</b>	<b>22.9</b>	<b>24.9</b>	<b>(200)bps</b>	<b>21.1</b>	<b>180bps</b>

Source: Company data, I-Sec research

**Table 2: Sales mix***(Rs mn, year ending March 31)*

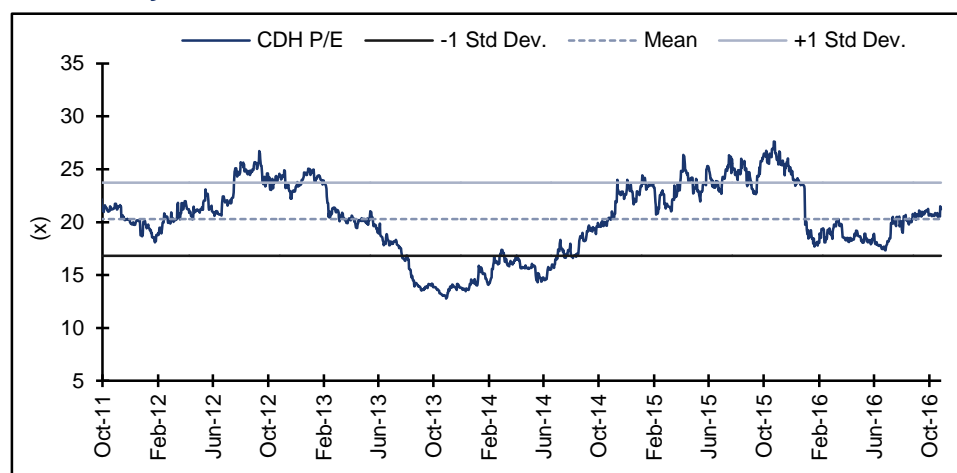
	Q2FY17	Q2FY16	YoY % Chg	Q1FY17	QoQ % Chg
US Formulations	9,888	10,038	(1.5)	8,483	16.6
India Formulations	8,209	7,543	8.8	7,862	4.4
Emerging Markets Formulations	1,130	1,167	(3.2)	1,336	(15.4)
Europe Formulations	557	649	(14.2)	792	(29.7)
Latin America Formulations	656	527	24.5	527	24.5
Consumer Wellness	1,119	1,040	7.6	1,161	(3.6)
Animal Health & Others	1,225	806	52.0	1,097	11.7
APIs	832	898	(7.3)	976	(14.8)
JVs and Alliances	252	438	(42.5)	390	(35.4)
Other Op. Income	312	720	(56.7)	476	(34.5)
<b>Total</b>	<b>24,180</b>	<b>23,826</b>	<b>1.5</b>	<b>23,100</b>	<b>4.7</b>
Less Excise	504	441	14.3	460	9.6
<b>Net Sales</b>	<b>23,675</b>	<b>23,384</b>	<b>1.2</b>	<b>22,640</b>	<b>4.6</b>

Source: Company data, I-Sec research

## Valuations

The stock currently trades at reasonable valuations of 20.2x FY18E and 16.7x FY19E earnings and EV/EBITDA multiples of 14.8x FY18E and 12x FY19E. We maintain the stock at **ADD** considering: 1) the expected pickup in US sales with site transfer of 13 products including some major filings, 2) new approvals from non-Moraiya plants, 3) 16.6% adjusted net profit CAGR over FY16-19, and 4) reasonable valuation of 16.7x FY19E earnings. The stock has traded at an average P/E of 21x 1-year forward earnings over the past five years. We value the stock at 20x Sep'18E EPS and arrive at a target price of Rs424/share. Any positive development related to the warning letter on Moraiya facility would provide upside to our estimates and valuation.

**Chart 3: 1-year forward P/E**



Source: Company data, I-Sec research

## Summary financials (Consolidated)

Table 3: Profit &amp; Loss statement

(Rs mn, year ending March 31)

	FY16	FY17E	FY18E	FY19E
India	29,732	33,300	37,962	43,276
US	40,215	42,923	48,675	56,701
Latam	2,177	2,286	2,514	2,816
Europe	2,956	3,104	3,569	4,105
ROW	4,760	5,474	6,295	7,239
<b>Total formulations</b>	<b>79,840</b>	<b>87,087</b>	<b>99,015</b>	<b>114,137</b>
Consumer Wellness	4,570	5,027	5,530	6,359
Animal health	3,199	3,999	4,599	5,288
APIs	3,647	3,829	4,021	4,222
JV & Alliances	5,342	1,716	1,802	1,892
Other operating income	3,342	2,570	2,820	3,122
<b>Total Gross Sales</b>	<b>99,940</b>	<b>104,228</b>	<b>117,786</b>	<b>135,021</b>
<b>Excise</b>	<b>1,903</b>	<b>2,033</b>	<b>2,299</b>	<b>2,638</b>
<b>Total Net Revenue</b>	<b>98,037</b>	<b>102,195</b>	<b>115,487</b>	<b>132,383</b>
YoY Growth%	13.3%	4.2%	13.0%	14.6%
<b>Total Op. Exp.</b>	<b>74,547</b>	<b>79,202</b>	<b>88,444</b>	<b>100,177</b>
<b>EBITDA</b>	<b>23,490</b>	<b>22,993</b>	<b>27,044</b>	<b>32,206</b>
Margins %	24.0%	22.5%	23.4%	24.3%
YoY Growth%	31.7%	-2.1%	17.6%	19.1%
Depreciation	3,022	3,368	3,582	3,832
<b>EBIT</b>	<b>20,468</b>	<b>19,626</b>	<b>23,461</b>	<b>28,374</b>
Other Income	941	912	1,041	1,151
Interest	463	438	308	178
<b>PBT</b>	<b>20,946</b>	<b>20,099</b>	<b>24,194</b>	<b>29,346</b>
Tax	5,637	4,221	5,081	6,163
Tax Rate (%)	26.9%	21.0%	21.0%	21.0%
Minority Interest/JV profit	300	(501)	(541)	(583)
<b>Adj PAT</b>	<b>15,009</b>	<b>16,379</b>	<b>19,654</b>	<b>23,766</b>
Net Margins (%)	15.3%	16.0%	17.0%	18.0%
EO Items	218	0	0	0
<b>Reported PAT</b>	<b>15,227</b>	<b>16,379</b>	<b>19,654</b>	<b>23,766</b>

Source: Company data, I-Sec research

Table 4: Balance sheet

(Rs mn, year ending March 31)

	FY16	FY17E	FY18E	FY19E
Paid-up Capital	1,024	1,024	1,024	1,024
Reserves & Surplus	52,495	64,850	79,675	97,601
<b>Total Equity</b>	<b>53,519</b>	<b>65,874</b>	<b>80,699</b>	<b>98,625</b>
Minority Interest	1,354	1,654	1,954	2,254
<b>Total Debt</b>	<b>24,420</b>	<b>19,420</b>	<b>11,420</b>	<b>6,420</b>
Deferred Liabilities	611	611	611	611
<b>Capital Employed</b>	<b>79,904</b>	<b>87,559</b>	<b>94,684</b>	<b>107,910</b>
Current Liabilities	20,259	21,756	24,802	28,671
<b>Total Liabilities</b>	<b>100,163</b>	<b>109,315</b>	<b>119,486</b>	<b>136,581</b>
<b>Net Fixed Assets</b>	<b>47,896</b>	<b>54,528</b>	<b>55,946</b>	<b>57,114</b>
Investments	332	332	332	332
Inventory	14,512	15,418	17,217	19,501
Debtors	16,804	17,517	19,795	22,691
Other Current Assets	11,335	12,629	14,445	16,595
Cash and Equivalents	9,284	8,890	11,750	20,347
<b>Total Cur. Assets</b>	<b>52,267</b>	<b>54,786</b>	<b>63,539</b>	<b>79,467</b>
<b>Total Assets</b>	<b>100,163</b>	<b>109,315</b>	<b>119,486</b>	<b>136,581</b>

Source: Company data, I-Sec research

Table 5: Cashflow statement

(Rs mn, year ending March 31)

	FY16	FY17E	FY18E	FY19E
PBT (Adj. for Extraordinary)	21,237	20,900	25,035	30,229
Depreciation	3,022	3,368	3,582	3,832
Net Chg in WC	(807)	(1,416)	(2,847)	(3,462)
Others	(5,639)	(4,221)	(5,081)	(6,163)
<b>CFO</b>	<b>17,813</b>	<b>18,630</b>	<b>20,689</b>	<b>24,436</b>
Capex	(9,486)	(10,000)	(5,000)	(5,000)
Net Investments made	(1,119)	-	-	-
<b>CFI</b>	<b>(10,605)</b>	<b>(10,000)</b>	<b>(5,000)</b>	<b>(5,000)</b>
Change in Share capital	-	-	-	-
Change in Debts	(2,093)	(5,000)	(8,000)	(5,000)
Div. & Div Tax	(3,943)	(4,024)	(4,829)	(5,839)
Others	(918)	-	-	-
<b>CFF</b>	<b>(6,954)</b>	<b>(9,024)</b>	<b>(12,829)</b>	<b>(10,839)</b>
<b>Total Cash Generated</b>	<b>254</b>	<b>(394)</b>	<b>2,860</b>	<b>8,597</b>
<b>Cash Opening Balance</b>	<b>6,699</b>	<b>6,953</b>	<b>6,559</b>	<b>9,419</b>
<b>Cash Closing Balance</b>	<b>6,953</b>	<b>6,559</b>	<b>9,419</b>	<b>18,016</b>

Source: Company data, I-Sec research

Table 6: Key ratios

(Year ending March 31)

	FY16	FY17E	FY18E	FY19E
Adj EPS	14.7	16.0	19.2	23.2
YoY Growth%	26.5	9.1	20.0	20.9
Cash EPS	89.1	96.4	113.5	134.8
EBITDA - Core (%)	24.0	22.5	23.4	24.3
NPM (%)	15.3	16.0	17.0	18.0
Net Debt to Equity (x)	0.3	0.2	(0.0)	(0.1)
P/E (x)	26.5	24.3	20.2	16.7
EV/EBITDA Core (x)	17.7	17.8	14.8	12.0
P/BV (x)	1.5	1.2	1.0	0.8
EV/Sales (x)	4.2	4.0	3.5	2.9
RoCE (%)	20.3	20.0	21.8	23.6
RoE (%)	31.3	27.4	26.8	26.5
RoIC (%)	22.2	21.7	23.9	27.3
Book Value (Rs)	261	322	394	482
DPS (Rs)	3.2	3.4	4.0	4.9
Dividend Payout (%)	21.5	21.0	21.0	21.0
Div Yield (%)	0.8	0.8	1.0	1.2
Asset Turnover Ratio (sales/ invested capital)	1.2	1.1	1.2	1.2
Avg Collection days	61	61	59	59
Avg Inventory days (on opex.)	56	53	52	51

Source: Company data, I-Sec research

This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #37-16 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet\_babbar@icicisecuritiesinc.com, Rishi\_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)  
**BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return**

#### ANALYST CERTIFICATION

We I/, **Sriiram Rath, CA; Vinay Bafna, MBA**; 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. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc.

#### 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 Limited is a SEBI registered Research Analyst with SEBI Registration Number – INH000000990. ICICI Securities is a wholly-owned 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.

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 generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

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 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 have any material conflict of interest at the time of publication of this report.

It is confirmed that **Sriiram Rath, CA; Vinay Bafna, MBA**; Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months.

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 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 are engaged in various financial service businesses, they might have financial interests or beneficial ownership in various companies including the subject company/companies mentioned in this report.

It is confirmed that **Sriiram Rath, CA; Vinay Bafna, MBA**; Research Analysts do not serve as an officer, director or employee of the companies mentioned in the 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.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.