




# Alembic Pharma Ltd

Industry Pharmaceuticals  
Bloomberg ALPM IN  
BSE CODE 533573

## Sartan shortage in US led to robust revenue growth this quarter.

RATING	ACCUMULATE
CMP	547
Price Target	607
Potential Upside	11%

Rating Change	
Estimate Change	
Target Change	

### Stock Info

52wk Range H/L	637/435
Mkt Capital (Rs Cr)	10311
Free float (%)	27%
Avg. Vol 1M (,000)	37
No. of Shares (Cr)	19
Promoters Pledged %	0%

### Research Analyst

**J Madhavi**

j.madhavi@narnolia.com

+91-22-62701222

### 2QFY20 Result update

- ❑ The net sales for the quarter grew by 10% YoY to Rs. 1241 crs (vs our estimate of Rs.1061 crs) largely driven by robust growth in the US business and API sales.
- ❑ The International sales grew by 10% YoY to Rs.646 crs, US generics business grew by 28% YoY to US\$ 76 mn on account of supply opportunity due to drug shortage across all sartan drugs (i.e. Valsartan, Candesartan, and Losartan etc) and the launch of Febuxostat tablets.
- ❑ The India business was flat at Rs. 391 crs, the sales was impacted as the company decided to completely clamp down on the discounts offered to stockist from May 2019.
- ❑ Ex- US sales de-grew by 37% YoY to Rs. 107 crs as Europe stayed impacted on account of serialization, whereas API sales grew by 31% YoY to Rs. 204 crs on account of growth in the legacy portfolio.
- ❑ The gross margin and EBITDA margin grew by 217 bps and 102 bps YoY to 78% and 27.8% respectively. PAT increased by 23% YoY to Rs. 246 crs in Q2FY20.

### View and Valuation

APPLTD has posted a strong numbers this quarter driven by strong growth in the US generics business and API sales. The US sales reported a growth of 28% YoY to US\$ 76 mn on account of supply opportunity due to drug shortage across all sartan drugs (i.e. Valsartan, Candesartan, and Losartan etc) and the launch of Febuxostat tablets. For the full year, we expect the revenue growth of 13% as the sartan sales opportunity this quarter as well as the improvement in the Europe sales post the adverse impact of serialization in the previous quarters will drive the sales in FY20, though the increased trade receivables will be our key concern going ahead.

Going forward, we expect the US sales to drive revenue growth based on the healthy ANDA pipeline and nimble supply chain. On the margin front, we expect the margins to be under pressure in the medium term due to increase in R&D cost and operational cost on account of commissioning of the new facilities. Post result based on strong numbers posted this quarter; we have increased our PAT estimates for FY20/21E by 7% and 3% respectively. Therefore, we value the stock at 17x FY21E EPS with a target price of Rs.607 and maintain ACCUMULATE.

### Key Risks to our rating and target

- ❑ ANDA filings and approval from the new plants
- ❑ R&D investment

Fig in Rs Cr

KEY FINANCIAL/VALUATIONS	FY17	FY18	FY19	FY20E	FY21E
Net Sales	3135	3131	3935	4463	4913
EBITDA	615	643	874	1094	1056
EBIT	532	538	758	960	897
PAT	403	413	584	724	673
EPS (Rs)	21	22	31	38	36
EPS growth (%)	-44%	2%	42%	24%	-7%
ROE (%)	21.2%	18.6%	21.5%	21.8%	17.4%
ROCE (%)	28.0%	19.8%	23.6%	25.2%	20.5%
BV	36	47	85	101	118
P/B (X)	6.2	4.7	3.7	3.1	2.7
P/E (x)	29.2	25.1	17.1	14.2	15.3

The views expressed above accurately reflect the personal views of the authors about the subject companies and its(their) securities. The authors have not and will not receive any compensation for providing a specific recommendation or view. Narnolia Financial Advisors Ltd. does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision.

## 2QFY20 Results

Fig in Rs Cr										
Financials	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	YoY %	QoQ%	FY18	FY19	YoY %
Net Sales	1,127	1,018	927	949	1,241	10.1%	30.8%	3,131	3,935	25.7%
Other Income	2	4	3	3	0			7	9	33.4%
COGS	272	248	217	204	273	0.2%	33.4%	886	993	12.1%
Gross Margin	75.9%	75.6%	76.6%	78.5%	78.0%	2.2%	-0.4%	71.7%	74.8%	3.1%
Employee Cost	183	198	201	215	218	19.2%	1.3%	623	747	19.9%
Other Expen.	370	329	331	305	405	9.4%	32.9%	979	1,322	35.0%
EBITDA	302	242	178	225	346	14.3%	53.6%	643	874	35.8%
EBITDA Mar.	26.8%	23.8%	19.2%	23.7%	27.8%	1.0%	4.1%	20.5%	22.2%	1.7%
Depreciation	29	29	30	35	36	25.6%	1.6%	105	115	9.3%
EBIT	274	213	148	190	310	13%	63.4%	538	758	41.1%
Interest	6	6	5	5	7			3	18	441.5%
PBT	270	211	146	188	303	12.1%	61.3%	541	749	38%
Exceptional										
Tax	70	40	15	36	52	-25.3%	46.0%	120	157	30%
PAT	200	170	124	123	246	23.0%	100.3%	413	584	42%
PAT Margin	17.8%	16.7%	13.4%	13.0%	19.8%	2.1%	6.9%	13.2%	14.9%	2%

**Strong US growth partly offset by weak Europe and India sales.**

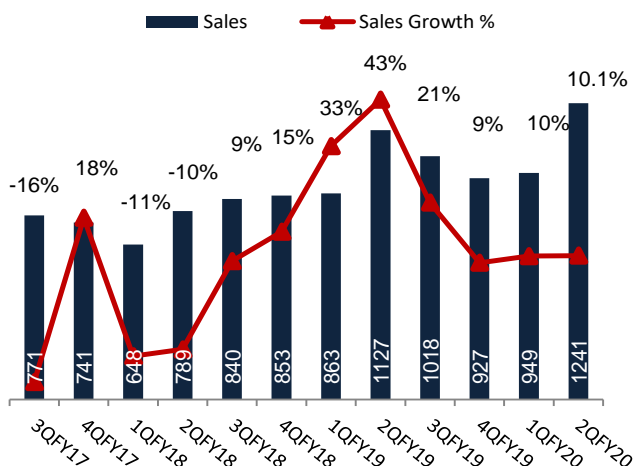
The strong numbers this quarter was majorly on account of major revenue traction from the US business, the US sales increased by 28% YoY to US\$ 76 mn due to the drug shortage in Sartans. Ex- US sales declined by 37% YoY to Rs.107 crs as Europe stayed impacted due to serialization this quarter. India sales were impacted as the company decided to withdraw the discounts offered to the stockist from May 2019, though the margins for the India business has improved. As per the management commentary, we will be able to see traction in the Europe business from the next quarter onwards as for the India business; we will see growth back on track after 2-3 quarters.

**Concall Highlights**

- The International sales grew by 10% YoY to Rs.646 crs, US generics business grew by 28% YoY to US\$ 76 mn on account of sales opportunity for the sartan (across board opportunity including all sartan i.e., Valsartan, losartan, Olmesartan, Candesartan etc.) and launch of Febuxostat Tablets.
- 6 ANDA approvals received during the quarter; 5 ANDA filings during the quarter and 7 products launched in Q2FY20. The management has guided for 7-8 launches in the second half of the year.
- The top 5 products in US contribute 30%-40% of the total US revenue.
- The India business was flat at Rs. 391 crs, the sales was impacted as the company decided to completely clamp down on the discounts offered to stockist from May 2019. The management expects that in the next 2-3 quarter, India business will be back of growth track.
- For the India business, though the revenues have been impacted on account of withdrawal of discounts to stockist but the margins have rather improved for this geography.
- The API sales grew by 31% YoY to Rs. 204 crs on account of growth in the legacy portfolio. The management expects the API business to grow by 10% going ahead.
- Ex- US sales de-grew by 37% YoY to Rs. 107 crs as Europe stayed impacted on account of serialization. The management has guided for improvement in the Europe sales from Q3FY20 onwards.
- R&D for the quarter grew by 20% YoY to Rs. 174 crs; Capex including the capital advances for the quarter was at Rs. 197 crs (54 crs funded to Aleor Derma).The management has guided for Rs.600crs+ R&D in FY20.
- The Exhibit batches for Oncology and general injectables facility were taken in this quarter. The filing from Oncology injectable plant is expected by the end of this year and for general injectable plant, it is expected from the next year.
- The management has guided for the base business run rate in US to at US\$ 50 mn per quarter.

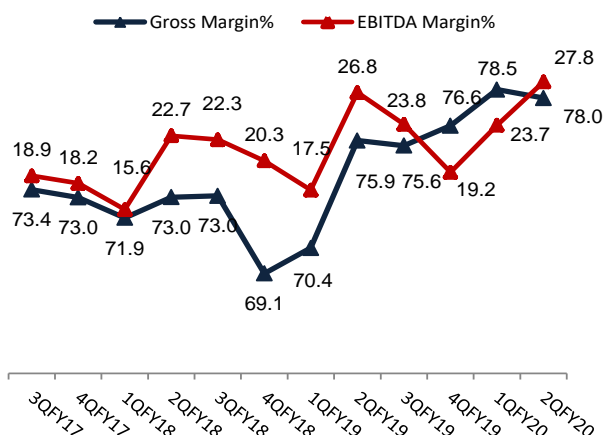
## Exhibit: Sales and Sales Growth

Sales for the quarter grew by 10% YoY to Rs.1241 crores (vs our expectation of Rs. 1061 crores)



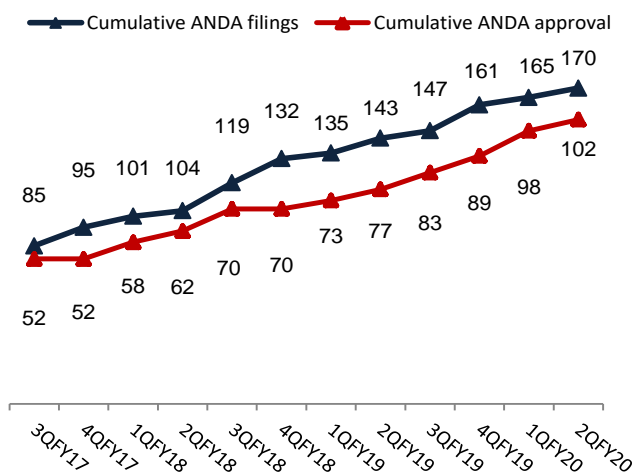
## Exhibit: Gross and EBITDA margin

The gross margin and EBITDA margin grew by 217 bps and 102 bps YoY to 78% and 27.8% respectively.



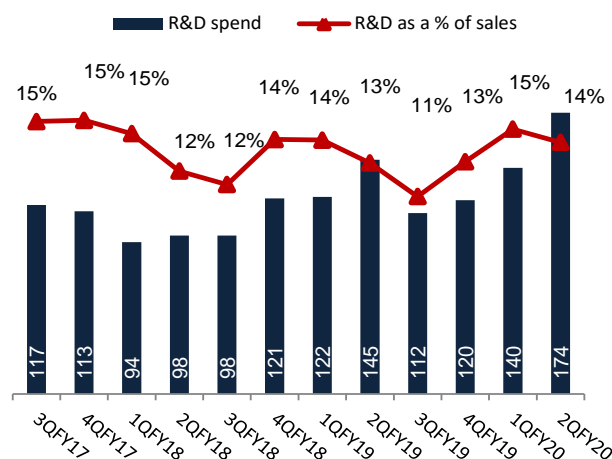
## Exhibit: Cumulative ANDA filings and approvals

The company filed 5 ANDA and received 6 ANDA approvals in Q2FY20 and expects to launch 7 products in H2FY20.



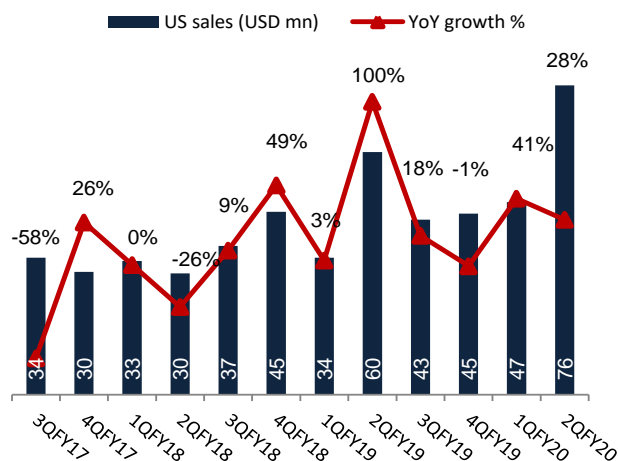
## Exhibit: R&D cost and R&D as a % of sales

R&D spend for Q2FY20 was Rs174 crs (14% of sales). For FY20E, the mgmt has guided for R&D of 600crs+



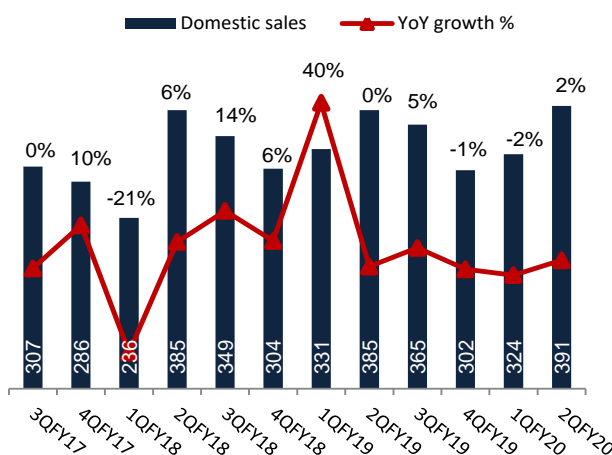
## Exhibit: US sales and YoY growth

The sartan shortage in US led to robust growth of US sales.



## Exhibit: Domestic sales and YoY growth

Domestic sales for the quarter was impacted on account of completed withdrawal of discounts to stockists.



## Operational Details

Fig in Rs Cr

<b>Geography</b>	<b>2QFY18</b>	<b>3QFY18</b>	<b>4QFY18</b>	<b>1QFY19</b>	<b>2QFY19</b>	<b>3QFY19</b>	<b>4QFY19</b>	<b>1QFY20</b>	<b>2QFY20</b>
<i>India Formulation</i>	385	349	304	331	385	365	302	324	391
<i>US</i>	191	236	289	225	417	308	313	345	539
<i>ROW</i>	71	75	63	127	170	140	82	108	107
<i>API</i>	142	180	198	179	155	205	230	172	204

<b>Revenue gr. %</b>	<b>2QFY18</b>	<b>3QFY18</b>	<b>4QFY18</b>	<b>1QFY19</b>	<b>2QFY19</b>	<b>3QFY19</b>	<b>4QFY19</b>	<b>1QFY20</b>	<b>2QFY20</b>
<i>India Formulation</i>	6%	14%	6%	40%	0%	5%	-1%	-2%	2%
<i>US</i>	-29%	5%	43%	7%	118%	30%	8%	53%	29%
<i>ROW</i>	-14%	-3%	-11%	80%	141%	88%	29%	-15%	-37%
<i>API</i>	-14%	8%	9%	38%	9%	14%	16%	-4%	32%

<b>Revenue Mix %</b>	<b>2QFY18</b>	<b>3QFY18</b>	<b>4QFY18</b>	<b>1QFY19</b>	<b>2QFY19</b>	<b>3QFY19</b>	<b>4QFY19</b>	<b>1QFY20</b>	<b>2QFY20</b>
<i>India Formulation</i>	49%	42%	36%	38%	34%	36%	33%	34%	32%
<i>US</i>	24%	28%	34%	26%	37%	30%	34%	36%	43%
<i>ROW</i>	9%	9%	7%	15%	15%	14%	9%	11%	9%
<i>API</i>	18%	21%	23%	21%	14%	20%	25%	18%	16%

<i>R&amp;D spend</i>	98	98	121	122	145	112	120	140	174
----------------------	----	----	-----	-----	-----	-----	-----	-----	-----

<i>ANDA filings</i>	3	4	12	3	8	4	14	4	5
<i>ANDA approvals</i>	4	1	2	3	0	7	6	9	6

## Financial Details

## Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	38	38	38	38	38	38	38	38
Reserves	638	847	1,560	1,865	2,182	2,681	3,279	3,828
<b>Networth</b>	<b>676</b>	<b>885</b>	<b>1,597</b>	<b>1,902</b>	<b>2,220</b>	<b>2,719</b>	<b>3,317</b>	<b>3,865</b>
Debt	78	238	114	89	708	928	878	799
Other Non Current Liab	42	54	84	94	97	71	74	78
<b>Total Capital Employed</b>	<b>690</b>	<b>866</b>	<b>1,560</b>	<b>1,865</b>	<b>2,682</b>	<b>3,180</b>	<b>3,779</b>	<b>4,327</b>
Net Fixed Assets (incl CWIP)	418	595	801	1,196	2,000	2,706	2,573	2,828
Non Current Investments	3	2	0	0	0	49	49	49
Other Non Current Assets	-	-	30	71	71	62	70	77
<b>Non Current Assets</b>	<b>516</b>	<b>750</b>	<b>917</b>	<b>1,317</b>	<b>2,116</b>	<b>2,820</b>	<b>2,695</b>	<b>2,957</b>
Inventory	311	383	570	633	734	967	1,284	1,413
Debtors	273	361	350	339	526	489	734	808
Cash & Bank	24	27	439	153	84	199	152	242
Other Current Assets	-	-	127	227	441	287	446	491
<b>Current Assets</b>	<b>701</b>	<b>891</b>	<b>1,511</b>	<b>1,372</b>	<b>1,825</b>	<b>1,958</b>	<b>2,633</b>	<b>2,972</b>
Creditors	288	325	566	501	759	702	844	929
Provisions	73	95	7	12	14	32	32	32
Other Current Liabilities	61	45	61	91	143	326	182	225
<b>Curr Liabilities</b>	<b>422</b>	<b>464</b>	<b>633</b>	<b>604</b>	<b>916</b>	<b>1,061</b>	<b>1,058</b>	<b>1,186</b>
<b>Net Current Assets</b>	<b>280</b>	<b>426</b>	<b>878</b>	<b>768</b>	<b>909</b>	<b>897</b>	<b>1,575</b>	<b>1,786</b>
<b>Total Assets</b>	<b>1,217</b>	<b>1,641</b>	<b>2,429</b>	<b>2,689</b>	<b>3,941</b>	<b>4,778</b>	<b>5,328</b>	<b>5,929</b>

## Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Revenue from Operation	1,863	2,056	3,166	3,135	3,131	3,935	4,463	4,913
Change (%)	25%	10%	54%	-1%	0%	26%	13%	10%
<b>EBITDA</b>	358	403	1007	615	643	874	1094	1056
Change (%)	0	0	1	0	0	0	0	0
Margin (%)	19.2%	19.6%	31.8%	19.6%	20.5%	22.2%	24.5%	21.5%
Depr & Amor.	40	44	72	83	105	115	133	159
<b>EBIT</b>	317	359	934	532	538	758	960	897
Int. & other fin. Cost	10	2	5	5	3	18	26	40
Other Income	3	2	7	2	7	9	13	19
<b>EBT</b>	311	359	936	529	541	749	947	876
<i>Exp Item</i>								
Tax	75	76	216	122	120	157	180	193
Minority Int & P/L share of Ass.	-	0	(0)	(4)	(8)	(8)	(10)	(10)
Reported PAT	236	283	720	407	421	593	767	683
<b>Adjusted PAT</b>	236	283	720	403	413	584	724	673
Change (%)	50%	20%	155%	-44%	2%	42%	24%	-7%
Margin(%)	12.6%	13.8%	22.7%	12.9%	13.2%	14.9%	16.2%	13.7%

## Financial Details

## Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
ROE	34.9%	32.0%	45.1%	21.2%	18.6%	21.5%	21.8%	17.4%
ROCE	43.6%	39.7%	58.5%	28.0%	19.8%	23.6%	25.2%	20.5%
Asset Turnover	2	1	1	1	1	1	1	1
Debtor Days	67	71	62	39	61	45	60	60
Inv Days	61	68	66	74	86	90	105	105
Payable Days	57	58	65	58	89	65	69	69
Int Coverage	32	201	172	102	158	41	36	22
P/E	22.7	30.2	15.7	29.2	25.1	17.1	14.2	15.3
Price / Book Value	7.9	9.7	7.1	6.2	4.7	3.7	3.1	2.7
EV/EBITDA	15	21	11	19	17	12	10	10
FCF per Share	8	(3)	34	(10)	(23)	8	8	18
Div Yield	1%	1%	1%	1%	1%	1%	1%	1%

## Cash Flow Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
PBT	311	359	936	529	541	749	904	866
(inc)/Dec in Working Capital	(72)	(163)	139	(166)	(181)	109	(729)	(125)
Non Cash Op Exp	40	44	72	83	105	115	133	159
Int Paid (+)	10	4	5	5	3	18	26	40
Tax Paid	(69)	(69)	(197)	(118)	(135)	(166)	(180)	(193)
others	19	(4)	(8)	(5)	(22)	(13)	-	-
<b>CF from Op. Activities</b>	<b>240</b>	<b>172</b>	<b>948</b>	<b>329</b>	<b>312</b>	<b>812</b>	<b>155</b>	<b>748</b>
(inc)/Dec in FA & CWIP	(82)	(224)	(301)	(510)	(749)	(654)	(0)	(415)
Free Cashflow	158	(52)	647	(182)	(437)	158	154	333
(Pur)/Sale of Inv	-	(34)	(8)	4	-	-	-	-
others	1	2	2	1	(149)	(106)	-	-
<b>CF from Inv. Activities</b>	<b>(81)</b>	<b>(256)</b>	<b>(307)</b>	<b>(486)</b>	<b>(884)</b>	<b>(756)</b>	<b>(0)</b>	<b>(415)</b>
inc/(dec) in NW								
inc/(dec) in Debt	(85)	157	(132)	(39)	619	221	(49)	(79)
Int. Paid	(11)	(5)	(5)	(5)	(26)	(70)	(26)	(40)
Div Paid (inc tax)	(55)	(65)	(79)	(90)	(91)	(91)	(125)	(125)
others	(0)	0	(8)	5	0	(0)	-	-
<b>CF from Fin. Activities</b>	<b>(151)</b>	<b>87</b>	<b>(224)</b>	<b>(129)</b>	<b>503</b>	<b>59</b>	<b>(200)</b>	<b>(244)</b>
Inc(Dec) in Cash	8	3	417	(286)	(69)	115	(46)	89
<b>Add: Opening Balance</b>	<b>16</b>	<b>24</b>	<b>23</b>	<b>439</b>	<b>153</b>	<b>84</b>	<b>206</b>	<b>159</b>
Closing Balance	24	27	439	153	84	199	160	248

Narnolia Financial Advisors Ltd. is a SEBI registered Research Analyst having SEBI Registration No. INH300006500. The Company/Analyst (s) does/do not have any holding in the stocks discussed but these stocks may have been recommended to clients in the past. Clients of Narnolia Financial Advisors Ltd. may be holding aforesaid stocks.

The stocks recommended are based on our analysis which 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.

**Disclosures:** Narnolia Financial Advisors Ltd. (NFAL) (Formerly Microsec Capital Ltd.) is a SEBI Registered Research Analyst having registration no. INH300006500. NFAL is engaged in the business of providing Stock Broking, Depository Participant, Merchant Banking, Portfolio Management & distribution of various financial products. Details of associate entities of NFAL is available on the website at [www.narnolia.com](http://www.narnolia.com)

No penalties have been levied on NFAL by any Regulatory/Statutory authority. NFAL, its associates, Research Analyst or their relative may have financial interest in the subject company. NFAL and/or its associates and/or Research Analyst may have beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report. NFAL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of NFAL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report. Research Analyst may have served as director/officer, etc. in the subject company in the last 12 month period. NFAL and/or its associates may have received compensation from the subject company in the past 12 months. In the last 12 months period ending on the last day of the month immediately preceding the date of publication of this research report, NFAL or any of its associates may have: a) managed or co-managed public offering of securities from subject company of this research report, b) received compensation for investment banking or merchant banking or brokerage services from subject company of this research report, c) received compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company of this research report. d) Subject Company may have been a client of NFAL or its associates during 12 months preceding the date of distribution of the research report. NFAL and its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. NFAL and / or its affiliates may do and seek to do business including Investment Banking with companies covered in the research reports. As a result, the recipients of this report should be aware that NFAL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific Merchant Banking, Investment Banking or Brokerage service transactions. Research Analyst's views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of NFAL or its associates maintains arm's length distance with Research Team as all the activities are segregated from NFAL research activity and therefore it can have an independent view with regards to subject company for which Research Team have expressed their views.

**Analyst Certification** The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

**Disclosure of Interest Statement-**

Analyst's ownership of the stocks mentioned in the Report	NIL
---	-----

A graph of daily closing prices of securities is available at [www.nseindia.com](http://www.nseindia.com), [www.bseindia.com](http://www.bseindia.com).

Correspondence Office Address: Arch Waterfront, 5<sup>th</sup> Floor, Block GP, Saltlake, Sector 5, Kolkata 700 091; Tel No.: 033-40541700; [www.narnolia.com](http://www.narnolia.com).

Registered Office Address: Marble Arch, Office 201, 2<sup>nd</sup> Floor, 236B, AIC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; [www.narnolia.com](http://www.narnolia.com)

Compliance Officer: Manish Kr Agarwal, Email Id: [mkagarwal@narnolia.com](mailto:mkagarwal@narnolia.com), Contact No.:033-40541700.

Registration details of Company: Narnolia Financial Advisors Ltd. (NFAL): SEBI Stock Broker Registration: INZ000166737 (NSE/BSE/MSEI); NSDL/CDSL: IN-DP-380-2018; Research Analyst: INH300006500, Merchant Banking: (Registration No.: INM000010791), PMS: (Registration No.: INP000002304), AMFI Registered Mutual Fund distributor: ARN 3087

Registration Details of Group entities: G. Raj & Company Consultants Ltd (G RAJ)-BSE Broker INZ260010731; NSDL DP: IN-DP-NSDL-371-2014 || Narnolia Commerze Limited (Formerly Microsec Commerze Ltd.)-MCX/NCDEX Commodities Broker: INZ000051636 || NarnoliaVeloX Advisory Ltd.- SEBI Registered PMS: INP000005109 || Eastwind Capital Advisors Pvt Ltd. (EASTWIND)-SEBI Registered Investment Adviser: INA300005439 || Narnolia Insurance Brokers Limited (Formerly Microsec Insurance Brokers Ltd.)-IRDA Licensed Direct Insurance Broker (Life & Non-Life) Certificate No. 134, License No. DB046/02 || Narnolia Securities Ltd. (NSL)-AMFI Registered Mutual Fund distributor: ARN 20558, PFRDA NPS POP: 27092018 || Narnolia Capital Advisors Pvt. Ltd. - RBI Registered NBFC:B.05.02568.

**Disclaimer:**

This report has been prepared by Narnolia Financial Advisors Ltd. (NFAL) and is meant for sole use by the recipient and not for public circulation. The report and information contained herein is strictly confidential 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 NFAL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. 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. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his/her/its own advisors to determine the merits and risks of such an investment. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. NFAL will not treat recipients as customers by virtue of their receiving this report. Neither the Company, nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits or lost opportunities that may arise from or in connection with the use of the information/report. The person accessing this information specifically agrees to exempt NFAL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold NFAL or any of its affiliates or employees responsible for any such misuse and further agrees to hold NFAL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject NFAL & its group companies to registration or licensing requirements within such jurisdictions.