

Industry  
Bloomberg  
BSE CODE

Pharmaceuticals  
CIPLA IN  
500087

## Strong domestic branded business partly offset by price erosion in gSensipar.

RATING	ACCUMULATE
CMP	451
Price Target	499
Potential Upside	11%

Rating Change	↑
Estimate Change	↑
Target Change	↑

STOCK INFO	
52wk Range H/L	586/390
Mkt Capital (Rs Cr)	35549
Free float (%)	63%
Avg. Vol 1M (,000)	4157
No. of Shares (Crs)	81
Promoters Pledged %	0%

### 2QFY20 Result Update

- Overall revenue grew by 10% YoY to Rs. 4396 crs (vs our estimate of Rs. 4198 crs) in this quarter majorly on account of strong prescription business growth in the domestic business and increased base in US sales on the back of Cinacalcet.
- For the Domestic business, both prescription and trade generic businesses grew strongly to deliver 29% sequential growth in the quarter; prescription business grew 13% year on year and the trade business grew by 61% sequentially.
- US business grew by 25% YoY to US\$135 mn, though sequentially declined by 16%. The company continues to retain share in Cinacalcet despite multiple competitors launching the product; contribution in value terms substantially normalized.
- Overall South Africa business grew strongly at 12% on a YoY basis in local currency; private market business (Including Mirren) recovered strongly from Q1 to drive 13% YoY growth. Mirren contributes around US\$ 15 mn on a full year basis.
- Loan of US\$ 110mn repaid during the quarter, one year ahead of schedule. Total debt of the company as on 31 Sept 2019 stands at 3557 crs.

### View and Valuation

With the strong ramp up in the domestic trade generics business this quarter, we expect a normalized growth in the next two quarters for the year though would be offset by weak US business as the significant contribution of gSensipar will come off due to increased competition. During the quarter, the loan of US\$ 110 mn was repaid which has strengthened the balance sheet of the company and improved the ROCE.

Going ahead, the medium term triggers looks quite attractive with the launch of Albuterol expected in the first half of FY21 and gAdvair filings by early 2020 and launch by FY22. On specialty front, the company is targeting for submission of IV Tramadol NDA later in the year via Avenue Therapeutics and expects its approval by the end of next year or January 2021. Therefore, we change our rating from NETRUAL to ACCUMULATE with a target price of Rs. 499 (20x FY21E EPS).

### Key Risks to our rating and target

- 12 483s for Goa manufacturing plant.
- Delay in Albuterol Launch.

### RESEARCH ANALYST

**J MADHAVI**

j.madhavi@narnolia.com

Fig in Rs Cr

KEY FINANCIAL/VALUATIONS	FY17	FY18	FY19	FY20E	FY21E
Net Sales	14630	15219	16362	16831	18701
EBITDA	2476	2826	3097	3261	3675
EBIT	1153	1504	1771	2166	2567
PAT	1035	1417	1528	1662	2008
EPS (Rs)	15	18	19	21	24.96
EPS growth (%)	-16%	21%	8%	9%	21%
ROE (%)	8.3%	10.0%	10.2%	10.1%	11.1%
ROCE (%)	7.1%	8.4%	9.4%	11.1%	13.0%
BV	156	177	187	204	225
P/B (X)	3.8	3.1	2.8	2.2	2.0
P/E (x)	40.8	31.0	27.9	21.8	18.1

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	4,012	4,008	4,404	3,989	4,396	9.6%	10.2%	15,219	16,362	7.5%
Other Income	133	79	95	78	101	-24.2%	28.3%	358	477	33.3%
COGS	1,412	1,463	1,486	1,196	1,461	3.5%	22.1%	5,438	5,784	6.4%
Gross Margin	64.8%	63.5%	66.3%	70.0%	66.8%	2.0%	-3.3%	64.3%	64.6%	0.4%
Employee Cost	712	718	712	756	762	6.9%	0.7%	2,690	2,857	6.2%
Other Expen.	1,185	1,119	1,245	1,132	1,263	6.6%	11.6%	4,264	4,624	8.4%
EBITDA	702	708	961	905	910	29.5%	0.5%	2,826	3,097	9.6%
EBITDA Mar.	17.5%	17.7%	21.8%	22.7%	20.7%	3.2%	-2.0%	18.6%	18.9%	0.4%
Depreciation	282	293	510	268	283	0.4%	5.6%	1,323	1,326	0.3%
EBIT	420	415	451	637	627	49%	-1.6%	1,504	1,771	17.8%
Interest	44	44	45	52	46	4%	-11.6%	114	168	47.4%
PBT	509	449	501	663	681	33.9%	2.7%	1,747	2,079	19%
Exceptional Item	-	-	-	-	-					
Tax	142	126	128	192	201	40.8%	4.3%	250	570	128%
PAT	377	332	367	478	471	25.0%	-1.4%	1,417	1,528	8%
PAT Margin	9.4%	8.3%	8.3%	12.0%	10.7%	1.3%	-1.3%	9.3%	9.3%	0%

### Strong domestic branded business partly offset by price erosion in gSensipar.

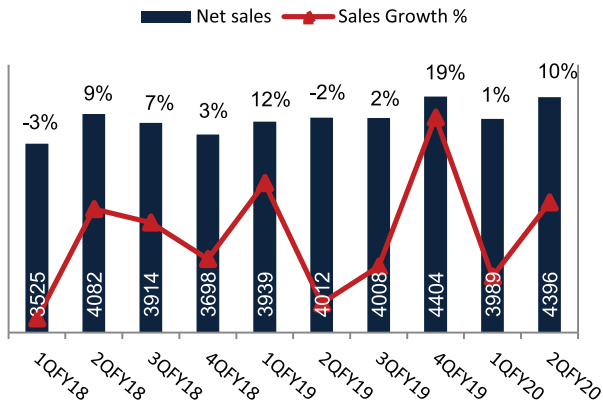
The domestic business grew by 6% YoY to Rs. 1745 crs driven by 13% YoY growth in the prescription business. On sequential basis trade generics has rebounded this quarter growing 61% post realignment of the distributors, therefore, the overall domestic business grew strongly by 29% sequentially. The South Africa Private market grew by 13% YoY. The US business declined significantly by 16% QoQ to US\$135 mn as a result of increased competition in gSensipar. The gross margin has grown by 196 bps to 66.8% on account of strong base of US business due to the presence of gSensipar in the portfolio, apart from that the strong growth in the prescription business in India, and growth in the South Africa Private market also contributed towards such improvement.

### Concall Highlights

- For the Domestic business, prescription business grew 13% year on year and the trade business grew by 61% sequentially.
- Chronic therapies continue to drive a significant share of growth for us and grew 15% as per IQVIA MAT Sept'19 vs 12% market growth
- Amongst our key therapies, in Respiratory, Cipla grew by 15% vs market growth of 10%, in Cardiology, Cipla grew 17% vs market growth of 12%, in Urology, Cipla grew 15% vs market growth of 14%.
- US business grew by 25% YoY to US\$135 mn, though sequentially declined by 16%. The company continues to retain share in Cinacalcet despite multiple competitors launching the product; contribution in value terms substantially normalized.
- The top 3 products of the US business contribute around 25-30% of the overall US revenues.
- The company launched Pregabalin and Daptomycin in Q2FY20, and is progressing well on trials for Respiratory products
- Patient randomization completed for Advair; Albuterol as a launch expected in the first half FY21 as per the management.
- On specialty front, the company is targeting for submission of IV Tramadol NDA later in the year via Avenue Therapeutics expects its approval by the end of next year or January 2021. The company has resumed supplies of Plazomicin in the US market.
- Overall South Africa business grew strongly at 12% on a YoY basis in local currency; private market business (Including Mirren) recovered strongly from Q1 to drive 13% YoY growth. Mirren contributes around US\$ 15 mn on a full year basis.
- For the Emerging market, the company has entered into a strategic partnership with Novartis for marketing and distribution of Ultibro Breezhaler in Sri Lanka.
- Signed a strategic partnership with Novartis, effective October 1, to market their Respiratory portfolio in Australia.
- The management expects the base business gross margin to be maintained at 65-66% going forward.
- R&D investments for the quarter stand at Rs. 295 crs (7% of sales).
- ETR for the full year expected at 29-30%.

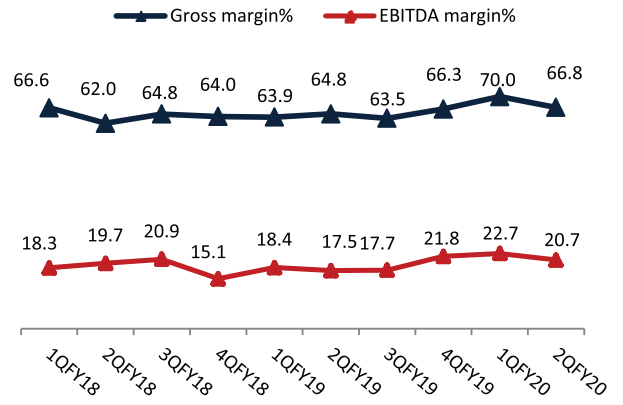
## Exhibit: Sales and Sales Growth

Sales for the quarter grew by 10%YoY at Rs.4396 crores (vs our expectation of Rs.4198 crores)



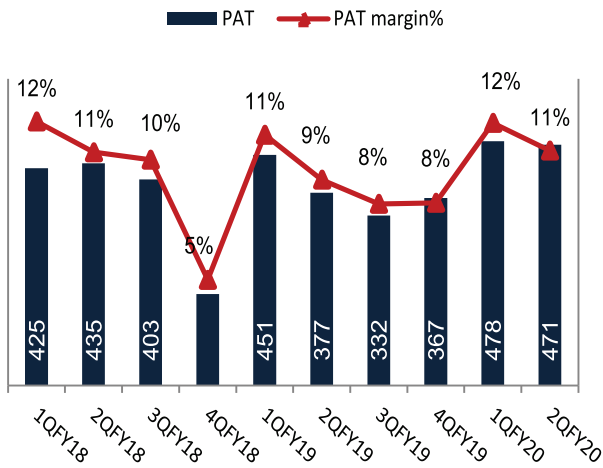
## Exhibit: Gross and EBITDA margin

The gross margin and EBITDA margin has grown by 196 bps and 320 bps to 66.8% and 20.7% respectively.



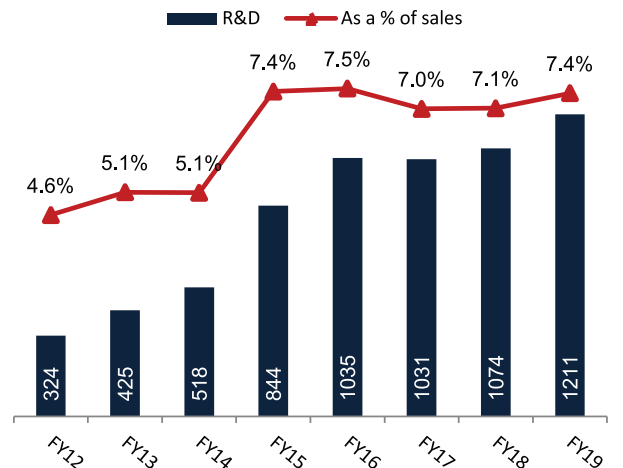
## Exhibit: PAT and PAT margin

PAT for the year grew by 11% YoY to Rs. 471 crs.



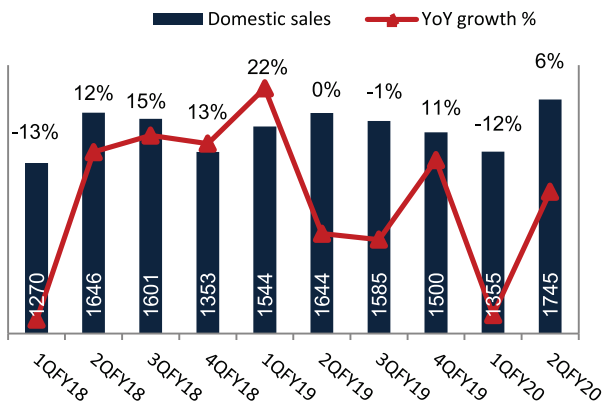
## Exhibit: R&D cost and R&D as a % of sales

R&D investments for the quarter stand at Rs. 295 crs (7% of sales).



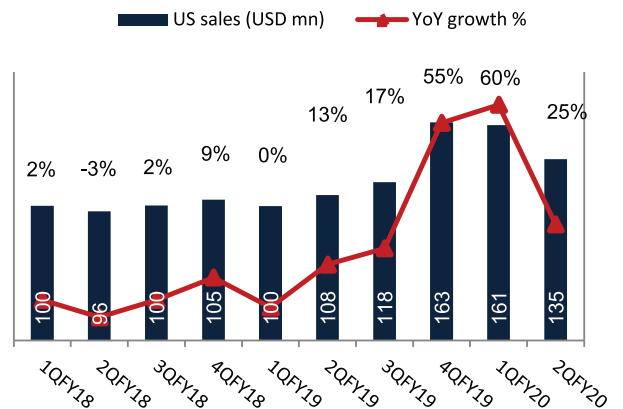
## Exhibit: Domestic Sales and YoY growth

Domestic business, both prescription and trade generic businesses grew strongly to deliver 29% sequential growth



## Exhibit: US sales and YoY growth

US business sequentially declined by 25% on account of increased competition in gSensipar.



## Operational Details

GEOGRAPHY	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
India	1646	1601	1353	1544	1644	1585	1500	1355	1745
North America	618	650	675	670	758	849	1143	1119	953
SAGA	921	870	819	831	754	775	823	691	740
Emerging Mkts	454	371	394	469	472	393	406	279	451
Europe	151	171	136	134	141	189	236	201	190
Global API	213	148	135	200	171	154	174	182	157
Others	80	103	186	91	72	64	122	160	159

REVENUE GR. %	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
India	12%	15%	13%	22%	0%	-1%	11%	-12%	6%
North America	-7%	-2%	4%	4%	23%	31%	69%	67%	26%
SAGA	5%	6%	0%	14%	-18%	-11%	0%	-17%	-2%
Emerging Mkts	10%	-12%	-3%	1%	4%	6%	3%	-40%	-4%
Europe	14%	31%	-33%	-19%	-7%	11%	74%	50%	35%
Global API	85%	23%	-17%	54%	-20%	4%	29%	-9%	-8%
Others	-1%	6%	24%	-25%	-10%	-38%	-34%	76%	121%

REVENUE MIX%	2QFY18	3QFY18	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20
India	40%	41%	37%	39%	41%	40%	34%	34%	40%
North America	15%	17%	18%	17%	19%	21%	26%	28%	22%
SAGA	23%	22%	22%	21%	19%	19%	19%	17%	17%
Emerging Mkts	11%	9%	11%	12%	12%	10%	9%	7%	10%
Europe	4%	4%	4%	3%	4%	5%	5%	5%	4%
Global API	5%	4%	4%	5%	4%	4%	4%	5%	4%
Others	2%	3%	5%	2%	2%	2%	3%	4%	4%

## Financial Details

### Balance Sheet

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
Share Capital	161	161	161	161	161	161	161	161
Reserves	9,890	10,629	11,356	12,383	14,068	14,851	16,231	17,957
<b>Networth</b>	<b>10,050</b>	<b>10,789</b>	<b>11,516</b>	<b>12,544</b>	<b>14,229</b>	<b>15,012</b>	<b>16,392</b>	<b>18,118</b>
Debt	1,278	1,894	5,542	4,551	4,450	4,648	3,889	2,432
Other Non Current Liab	422	545	1,264	1,036	785	1,017	919	981
<b>Total Capital Employed</b>	<b>11,328</b>	<b>12,684</b>	<b>17,058</b>	<b>17,094</b>	<b>18,680</b>	<b>19,660</b>	<b>20,281</b>	<b>20,550</b>
Net Fixed Assets (incl CWIP)	6,938	7,411	11,430	11,175	10,932	10,285	10,565	10,757
Non Current Investments	397	250	175	136	157	428	441	500
Other Non Current Assets	416	466	681	922	958	824	832	863
<b>Non Current Assets</b>	<b>7,752</b>	<b>8,126</b>	<b>12,287</b>	<b>12,232</b>	<b>12,046</b>	<b>11,537</b>	<b>11,838</b>	<b>12,121</b>
Inventory	2,895	3,781	3,808	3,485	4,045	3,965	4,473	4,970
Debtors	1,639	1,998	2,356	2,563	3,102	4,151	3,920	4,355
Cash & Bank	175	564	871	624	966	619	843	673
Other Current Assets	942	1,249	1,806	2,063	2,701	3,690	3,609	3,287
<b>Current Assets</b>	<b>5,651</b>	<b>7,591</b>	<b>8,841</b>	<b>8,736</b>	<b>10,814</b>	<b>12,425</b>	<b>12,844</b>	<b>13,285</b>
Creditors	980	1,452	1,476	1,571	2,119	1,948	2,121	2,357
Provisions	265	382	311	402	627	736	747	841
Other Current Liabilities	409	655	1,020	933	650	601	616	678
<b>Curr Liabilities</b>	<b>1,653</b>	<b>2,489</b>	<b>2,806</b>	<b>2,906</b>	<b>3,396</b>	<b>3,285</b>	<b>3,484</b>	<b>3,876</b>
<b>Net Current Assets</b>	<b>3,998</b>	<b>5,103</b>	<b>6,035</b>	<b>5,829</b>	<b>7,418</b>	<b>9,140</b>	<b>9,360</b>	<b>9,409</b>
<b>Total Assets</b>	<b>13,403</b>	<b>15,718</b>	<b>21,128</b>	<b>21,037</b>	<b>22,861</b>	<b>23,963</b>	<b>24,685</b>	<b>25,408</b>

### Income Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
<b>Revenue from Operation</b>	<b>10,100</b>	<b>11,345</b>	<b>13,790</b>	<b>14,630</b>	<b>15,219</b>	<b>16,362</b>	<b>16,831</b>	<b>18,701</b>
Change (%)	22%	12%	22%	6%	4%	8%	3%	11%
<b>EBITDA</b>	<b>2133</b>	<b>2162</b>	<b>2480</b>	<b>2476</b>	<b>2826</b>	<b>3097</b>	<b>3261</b>	<b>3675</b>
Change (%)	-3%	1%	15%	0%	14%	10%	5%	13%
Margin (%)	21.1%	19.1%	18.0%	16.9%	18.6%	18.9%	19%	20%
Depr & Amor.	373	505	754	1323	1323	1326	1096	1108
<b>EBIT</b>	<b>1760</b>	<b>1657</b>	<b>1725</b>	<b>1153</b>	<b>1504</b>	<b>1771</b>	<b>2166</b>	<b>2567</b>
Int. & other fin. Cost	146	168	207	159	114	168	178	105
Other Income	265	166	208	229	358	477	359	366
<b>EBT</b>	<b>1,880</b>	<b>1,654</b>	<b>1,727</b>	<b>1,222</b>	<b>1,747</b>	<b>2,079</b>	<b>2347</b>	<b>2829</b>
Exp Item	-	-	-	-	78	-	-	-
Tax	463	400	332	180	250	570	684	820
Minority Int & P/L share of Ass.	4	23	(12)	(7)	(3)	(52)	(57)	-
Reported PAT	1,417	1,254	1,395	1,042	1,419	1,510	1,663	2,008
<b>Adjusted PAT</b>	<b>1,388</b>	<b>1,181</b>	<b>1,383</b>	<b>1,035</b>	<b>1,417</b>	<b>1,528</b>	<b>1,662</b>	<b>2,008</b>
Change (%)	-10%	-15%	17%	-25%	37%	8%	9%	21%
Margin(%)	18.7%	13.7%	10.4%	10.0%	7.1%	9.3%	9%	10%

## Financial Details

### Key Ratios

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
ROE	13.8%	10.9%	12.0%	8.3%	10.0%	10.2%	10.1%	11.1%
ROCE	17.0%	14.9%	14.7%	7.1%	8.4%	9.4%	11.1%	13.0%
Asset Turnover	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Debtor Days	59	64	62	64	74	93	85	85
Inv Days	105	122	101	87	97	88	97	97
Payable Days	35	47	39	39	51	43	46	46
Int Coverage	55	12	10	8	7	13	11	12
P/E	22.1	48.4	29.7	40.8	31.0	27.9	21.8	18.1
Price / Book Value	3.1	5.3	3.6	3.8	3.1	2.8	2.2	2.0
EV/EBITDA	14	26	16	20	17	15	12	10
FCF per Share	12	7	8	16	8	14	17	15
Div Yield	0.5%	0.3%	0.4%	0.3%	0.4%	0.6%	0.7%	0.7%

### Cash Flow Statement

Fig in Rs Cr

Y/E March	FY14	FY15	FY16	FY17	FY18	FY19	FY20E	FY21E
PBT	1,880	1,654	1,727	1,222	1,669	2,079	2,347	2,829
(inc)/Dec in Working Capital	(562)	(719)	(429)	235	(783)	(1,064)	(228)	(688)
Non Cash Op Exp	373	505	754	1,323	1,323	1,326	1,096	1,108
Int Paid (+)	146	168	180	159	114	168	178	105
Tax Paid	(308)	(392)	(508)	(450)	(722)	(593)	(684)	(820)
others	34	(43)	17	(108)	(138)	(226)	(2)	-
<b>CF from Op. Activities</b>	<b>1,562</b>	<b>1,173</b>	<b>1,741</b>	<b>2,382</b>	<b>1,463</b>	<b>1,691</b>	<b>2,707</b>	<b>2,533</b>
(inc)/Dec in FA & CWIP	(567)	(626)	(1,053)	(1,098)	(739)	(504)	(1,351)	(1,300)
Free Cashflow	996	548	688	1,284	723	1,187	1,356	1,233
(Pur)/Sale of Inv	1,803	61	(3)	(43)	(37)	(1,068)	113	441
others	(2,486)	(376)	(3,467)	(169)	(78)	(97)	(25)	-
<b>CF from Inv. Activities</b>	<b>(1,250)</b>	<b>(941)</b>	<b>(4,523)</b>	<b>(1,310)</b>	<b>(854)</b>	<b>(1,669)</b>	<b>(1,264)</b>	<b>(859)</b>
inc/(dec) in NW	-	0	3	12	0	0	-	-
inc/(dec) in Debt	43	508	3,442	(1,080)	(34)	(60)	(759)	(1,457)
Int. Paid	(121)	(167)	(161)	(159)	(118)	(159)	(178)	(105)
Div Paid (inc tax)	(188)	(188)	(181)	(194)	(189)	(284)	(282)	(282)
others	-	12	1	96	(44)	154	-	-
<b>CF from Fin. Activities</b>	<b>(266)</b>	<b>165</b>	<b>3,104</b>	<b>(1,326)</b>	<b>(385)</b>	<b>(349)</b>	<b>(1,219)</b>	<b>(1,844)</b>
Inc(Dec) in Cash	47	397	322	(254)	223	(326)	224	(170)
<b>Add: Opening Balance</b>	<b>128</b>	<b>167</b>	<b>536</b>	<b>864</b>	<b>630</b>	<b>835</b>	<b>619</b>	<b>843</b>
Closing Balance	175	564	858	610	853	508	843	673

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, 5th 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, 2nd Floor, 236B, AJC 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.