

India Equity Analytics

Results Preview Q3FY20 - Pharma

Narnolia[®]

Analyst

J Madhavi

j.madhavi@narnolia.com

ALKEM IN

CMP 2084
Target 2378
Upside 14%
Rating BUY

	FY18	FY19	FY20E	FY21E
Roe%	13.0%	14.2%	17.2%	15.9%
Roce%	17.7%	16.3%	18.2%	17.6%
P/E	37.5	27.1	22.9	21.5
P/B	4.9	3.9	3.9	3.4
EV/Ebdita	23.0	18.8	17.0	15.5

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
Domestic	4,490	4,874	5,603	6,391	1,248	1,550	1,435
US	1,367	1,897	2,102	2,248	518	528	546
Other Intern. market	467	495	521	560	135	142	135
Other Op. income	102	92	171	200	24	45	45
Sales	6,431	7,357	8,396	9,398	1,925	2,264	2,161
<i>Sales Gr%</i>	10%	14%	14%	12%	11%	18%	12%
Ebdita	1,028	1,115	1,435	1,554	312	453	367
<i>Ebdita Gr%</i>	3%	8%	29%	8%	-13%	24%	18%
Net Profits	631	774	1,090	1,162	205	380	270
<i>Profit Gr%</i>	-29%	23%	41%	7%	14%	46%	31%
Ebdita Margin%	16.0%	15.2%	17.1%	16.5%	16.2%	20.0%	17.0%
Net Profit Margin%	9.8%	10.5%	13.0%	12.4%	10.7%	16.8%	12.5%

Conso/ Fig in Rs Cr

□ We expect the domestic sales to grow by 15% YoY to Rs. 1435 crs on account of Q3 being one of the strongest quarter, sustained growth in both acute and chronic therapies and expected traction in the sales of PAN-D on the back of Ranitidine ban.

□ We expect the US revenues to grow by 7% YoY to US\$ 78 mn on account of 12 approvals received by the company in H1FY20. For the full year, we expect US sales to increase by 11% YoY to US\$ 301 mn based on management guidance of 10-12 launches in FY20.

□ The gross margin is expected to grow by 175 bps YoY to 59% as Q3 is one of seasonally strong quarter for the high margin domestic market, also the increased base business in the US would contribute towards such growth.

□ The strategy of the company going forward for the domestic business would be the strengthening of the chronic segment.

Key Trackable this Quarter

- PAN-D traction
- R&D spends to 5-6% of sales

We value the stock at 24x FY21E EPS. BUY

ALPM IN

CMP 561
Target 709
Upside 26%
Rating BUY

	FY18	FY19	FY20E	FY21E
Roe%	18.6%	21.5%	23.1%	19.5%
Roce%	19.8%	23.6%	26.6%	23.0%
P/E	25.1	17.1	13.6	13.5
P/B	4.7	3.7	3.1	2.6
EV/Ebdita	16.8	11.8	9.3	9.0

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
India Formulation	1,274	1,383	1,445	1,612	365	391	392
US formulation	928	1,263	1,904	1,828	308	539	527
ROW	279	519	455	680	140	107	120
API	650	769	828	911	205	204	220
Sales	3,131	3,935	4,631	5,031	1,018	1,241	1,260
Sales Gr%	0%	26%	18%	9%	21%	10%	24%
Ebdita	643	874	1,170	1,211	242	346	327
Ebdita Gr%	5%	36%	34%	4%	29%	14%	35%
Net Profits	413	584	778	786	170	246	229
Profit Gr%	2%	42%	33%	1%	30%	23%	35%
Ebdita Margin%	19.6%	20.5%	22.2%	25.3%	23.8%	27.8%	26.0%
Net Profit Margin%	13.2%	14.9%	16.8%	15.6%	16.7%	19.8%	18.2%

Conso/ Fig in Rs Cr

□ We expect the US revenues to increase by 74% YoY to US\$75 mn majorly driven by Febuxostat exclusivity, sartan shortage and significant ramp up in the supplies of Famotidine on account Ranitidine ban in US.

□ We expect the revenues from the domestic business to increase by 7% YoY to Rs. 392 crs. The domestic business will stay impacted as the company decided to completely clamp down on the discounts offered to stockist from May 2019, though we expect revival in the next 2-3 quarters.

□ ROW sales is expected to decline by 14% YoY, though sequentially will grow by around 12% as the impact of serialization in Europe gradually fades away.

□ With the commercialization of plants in FY21, We expect the margins to be under pressure in due to increase in R&D cost and operational cost on account of commissioning of the new facilities, though on a long term basis the growth prospects seem positive.

□ The General injectable and Jarod (Oral solids) facilities will see and for Oncology injectable facility the filings should start from last quarter of FY20. Therefore, we believe the approvals to come from FY20 and the revenue generation to start from FY21 onwards.

Key Trackable this Quarter

- ANDA filings and approval from the new plants
- Famotidine ramp up

We value the stock at 17x FY21E EPS. BUY

ARBQY US

CMP 462
Target 492
Upside 7%
Rating NEUTRAL

	FY18	FY19	FY20E	FY21E
Roe%	20.7%	17.0%	16.6%	15.0%
Roce%	26.5%	22.9%	22.8%	20.3%
P/E	13.5	19.5	9.9	9.4
P/B	2.8	3.3	1.6	1.4
EV/Ebdita	8.5	11.4	5.4	5.0

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
North America	7,442	9,031	11,002	11,519	2,433	2,835	2,739
Europe	4,354	4,960	5,784	6,404	1,293	1,401	1,507
Growth Markets	897	1,194	1,300	1,320	341	319	351
ARV	840	972	1,189	1,349	281	238	316
API	2,962	3,403	3,368	3,760	922	806	910
Sales	16,500	19,564	22,644	24,352	5,270	5,600	5,824
<i>Sales Gr%</i>	9%	19%	16%	8%	22%	18%	11%
Ebdita	3,772	3,892	4,752	4,992	1,086	1,167	1,224
<i>Ebdita Gr%</i>	10%	3%	22%	5%	6%	14%	13%
Net Profits	2,420	2,362	2,721	2,885	712	640	729
<i>Profit Gr%</i>	5%	-2%	15%	6%	20%	5%	2%
Ebdita Margin%	22.9%	19.9%	21.0%	20.5%	20.6%	20.8%	21.0%
Net Profit Margin%	14.7%	12.1%	12.0%	11.8%	13.5%	11.4%	12.5%

Conso/ Fig in Rs Cr

□ We expect the US business to grow by 15% YoY to US\$ 390 mn on account of increased base due to robust growth in the US injectable business, though sequentially we expect a de-growth of 3% due to lack of any big ticket launch.

□ We expect Europe sales to grow by 21% YoY to Euro 193 mn on account of increased base due to consolidation of Apotex business. Growth market and ARV segment is expected to grow by 5% and 14% respectively.

□ On the regulatory front, the situation continues to be worrisome with the statuses of Unit 1, Unit IX (OAI), Unit XI (Warning letter) and Unit III (10 483s) remaining the same. Apart from these facilities, the company recently received 14 483s for Unit IV (Injectables & Ophthalmics) constituting 31% of the pending approvals.

Key Trackable this Quarter

□ Sandoz Consolidation

We value the stock at 10x FY21E EPS. NEUTRAL

CIPLA IN

CMP 474
Target 549
Upside 16%
Rating BUY

	FY18	FY19	FY20E	FY21E
Roe%	10.0%	10.2%	10.1%	11.1%
Roce%	8.4%	9.4%	11.1%	13.0%
P/E	31.0	27.9	22.9	19.0
P/B	3.1	2.8	2.3	2.1
EV/Ebdita	17	15	12	11

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
India	5,870	6,273	6,398	7,167	1,585	1,745	1,696
North America	2,589	3,420	3,896	4,495	849	953	925
SAGA	3,339	3,183	2,906	3,231	775	740	737
Emerging Markets	1,682	1,740	1,573	1,742	393	451	421
Europe	623	700	778	759	189	190	211
Global API	626	699	691	759	154	157	176
Others	491	349	588	549	64	159	148
Sales	15,219	16,362	16,831	18,701	4,008	4,396	4,314
Sales Gr%	4%	8%	3%	11%	2%	10%	8%
Ebdita	2,826	3,097	3,261	3,675	708	910	807
Ebdita Gr%	14%	10%	5%	13%	-14%	30%	14%
Net Profits	1,417	1,528	1,662	2,008	332	471	415
Profit Gr%	37%	8%	9%	21%	-18%	25%	25%
Ebdita Margin%	18.6%	18.9%	19.4%	19.7%	17.7%	20.7%	18.7%
Net Profit Margin%	9.3%	9.3%	9.9%	10.7%	8.3%	10.7%	9.6%

Conso/ Fig in Rs Cr

□ We expect the US revenues to grow by 12% YoY to US\$ 132 mn, though sequentially it will de-grow by 2% on account of significant price erosion in Cinacalcet post the entry of multiple competitors in the market.

□ The strong recovery in Q2FY20 post realignment of distributors in the trade generics business, we are confident regarding normalized sales growth of 7% YoY in Q3FY20.

□ The gross margin is expected to increase by 250 bps YoY to 66% in Q3FY20 due to increased US base business on account of cinacalcet and strong recovery post realignment of distributors in the trade generics business.

□ The strategy of the company going ahead is to successfully foray in the specialty segment by focusing on inhaled delivery of certain respiratory drugs and also it sees China to be the major contributor in the next 3-5 yrs as the company plans to manufacture Respiratory and Oncology drugs in China.

□ 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.

Key Trackable this Quarter

- Ramp up of new distributors in the Domestic space.
- Cinacalcet Price erosion

We value the stock at 22x FY21E EPS. BUY

DRRD IN

CMP 2866
Target 2760
Upside -4%
Rating NEUTRAL

	FY18	FY19	FY20E	FY21E
Roe%	7.5%	13.9%	15.5%	11.2%
Roce%	8.4%	12.6%	12.5%	11.7%
P/E	36.5	23.6	19.0	23.9
P/B	2.7	3.3	2.9	2.7
EV/Ebdita	15.6	15.1	14.1	13.6

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
North America	5,982	5,996	5,884	6,499	1,483	1,427	1,413
Europe	822	787	1,027	1,085	203	276	255
India	2,332	2,618	2,943	3,355	674	751	762
Emerging Markets	2,265	2,889	3,167	3,280	774	828	805
PSAI	2,199	2,414	2,465	2,800	594	711	650
Proprietary products	602	681	170	400	122	-	85
Sales	14,203	15,448	16,726	17,899	3,865	4,813	4,042
Sales Gr%	1%	9%	8%	7%	1%	26%	5%
Ebdita	2,351	3,178	3,497	3,602	805	1,064	848
Ebdita Gr%	6%	35%	10%	3%	2%	40%	5%
Net Profits	947	1,950	2,503	1,991	500	1,107	364
Profit Gr%	-9%	106%	28%	-20%	65%	114%	-27%
Ebdita Margin%	16.5%	20.6%	20.9%	20.1%	20.8%	22.1%	21.0%
Net Profit Margin%	6.6%	12.6%	15.0%	11.1%	12.9%	23.0%	9.0%

Conso/ Fig in Rs Cr

□ We expect the US revenues to decline by 4% YoY to US\$ 200 mn on account of Rantidine ban and lower contribution from the new launches owing to its smaller ticket size.

□ We expect revenue from Domestic business to grow by 13% YoY to Rs. 762 crs on account of traction in volumes. The Europe and Emerging markets sales is expected to increase by 26% and 4% YoY respectively.

□ We expect the gross margin to decline by 118 bps YoY to 68.4% on account of declining US base business due to Rantidine ban, though the growth from other geographies is expected to minimize the margin erosion.

□ With Amneal Pharmaceuticals receiving the USFDA ANDA approval for gNuvaring, the only attractive opportunity seems to be the Copaxone launch in the short term. Therefore, we have reduced FY21 sales projections by 3%.

Key Trackable this Quarter

□ Impact of Ranitidine Ban

We value the stock at 23x FY21E EPS. NEUTRAL

GRAN IN

CMP 123
Target 150
Upside 22%
Rating BUY

	FY18	FY19	FY20E	FY21E
Roe%	10.2%	15.5%	17.6%	17.5%
Roce%	11.6%	13.9%	17.9%	20.0%
P/E	19.8	12.3	9.7	8.2
P/B	2.0	1.9	1.7	1.4
EV/Ebdita	10.6	8.6	6.5	4.9

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
API	623	843	891	1,080	215	217	230
PFI	404	395	478	520	107	133	125
FD	658	1,040	1,375	1,697	310	350	365
Sales	1,685	2,279	2,745	3,297	632	700	720
Sales Gr%	19%	35%	20%	20%	54%	20%	14%
Ebdita	278	384	530	659	113	144	133
Ebdita Gr%	-7%	38%	38%	24%	53%	43%	18%
Net Profits	133	236	322	382	60	96	71
Profit Gr%	-19%	78%	36%	19%	72%	59%	17%
Ebdita Margin%	16.5%	16.8%	19.3%	20.0%	17.9%	20.5%	18.5%
Net Profit Margin%	7.9%	10.4%	11.7%	11.6%	9.5%	13.7%	9.8%

Conso/ Fig in Rs Cr

□ We are expecting the revenues to grow by 14% YoY to Rs.720 crs majorly on account of higher sales of FDs (due to increase in the market share for the existing molecules and new launches) and PFIs. In Q3FY20, the full benefit of Metformin API new capacity would be derived as it has received EIR from USFDA in Q1FY20.

□ We expect the gross margin to increase by 535 bps to 48.5% on account of better product mix and higher sales contribution from US and Europe (High margin market).

□ EBITDA margin is expected to increase by 57 bps to 18.5% on account of operating leverage and efficient utilization of expanded capacity.

□ We expect PAT for the full year to grow by 36% YoY to Rs.322 crs based on strong last two quarters along with strong commentary of the management regarding FY20.

□ The long term prospects of the company looks promising with increased focus on formulations and high margin markets, the Oncology facility would be a key revenue contributor from FY21 onwards.

Key Trackable this Quarter

- Commercialization of the Oncology facility
- Divestment of Omnicem JV

We value the stock at 10x FY21E EPS. BUY

DLPL IN

CMP 1534
Target 1667
Upside 9%
Rating ACCUMULATE

	FY18	FY19	FY20E	FY21E
Roe%	21.6%	21.2%	24.9%	24.6%
Roce%	29.2%	27.0%	29.5%	29.0%
P/E	42.7	43.8	45.4	37.7
P/B	9.2	9.3	11.3	9.3
EV/Ebdita	26.4	28.3	30.4	24.3

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Operating Metrics							
No. of patients (mn)	15	18	20	23	4.4	5.3	5.0
No. of Clinical Labs	193	200	206	212			
No. of PSCs	2,153	2,569	2,877	3,309			
No. of PUPs	5,624	6,426	7,197	8,277			
Sales	1,057	1,203	1,372	1,591	293	351	336
<i>Sales Gr</i>	16%	14%	14%	16%	11%	11%	15%
Ebdita	264	294	398	489	66	104	95
<i>Ebdita Gr</i>	11%	11%	36%	23%	16%	19%	44%
Net Profits	171	200	282	339	46	80	66
<i>Profit Gr%</i>	10%	17%	40%	20%	27%	40%	45%
Ebdita Margin%	25.0%	24.4%	29.0%	30.8%	22.4%	29.5%	28.1%
Net Profit Margin%	16.2%	16.7%	20.5%	21.3%	15.7%	22.6%	19.8%

Conso/ Fig in Rs Cr

- ❑ We expect the revenue to grow by 15% YoY to Rs 336 crs in Q3FY20 based on the volume growth majorly due to addition in the EAST region.
- ❑ The Company's major strategy is to grow in its existing markets and expand to newer geographies through acquisitions entering new market with pre-laid infrastructure and by expansion of its third party network (collection infra).
- ❑ For the full year, we are expecting the revenues to grow by 15% YoY on account of volume growth, increase in the collection infra. The realization per patients is expected to reduce a little as the EAST India has lower margin in comparison to the Delhi NCR.
- ❑ We expect EBITDA margin to increase by 570 bps YoY to 28.1% in this quarter on account of changes in the lease accounting; other expenses is expected to decrease by 11% YoY.

Key Trackable this Quarter

- ❑ 10-12% growth in the collection infra

We value the stock at 41x FY21E EPS. ACCUMULATE

LPC IN

CMP 775
Target 808
Upside 4%
Rating NEUTRAL

	FY18	FY19	FY20E	FY21E
Roe%	1.9%	4.4%	3.8%	9.8%
Roce%	10.3%	8.8%	8.5%	11.6%
P/E	128.8	55.1	65.8	24.0
P/B	2.5	2.4	2.5	2.4
EV/Ebdita	12.2	13.7	13.4	10.7

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
North America	5,894	5,593	5,658	7,175	1,417	1,324	1,378
India	4,125	4,638	5,195	5,844	1,190	1,342	1,334
APAC	2,573	2,611	2,564	2,337	694	635	629
EMEA	1,125	1,191	1,211	1,280	280	320	315
LATAM	579	566	592	642	156	145	146
API	1,093	1,346	1,354	1,600	362	305	350
Sales	15,804	16,718	17,299	19,492	4,505	4,360	4,303
<i>Sales Gr%</i>	-10%	6%	3%	13%	13%	10%	-4%
Ebdita	3,148	2,882	3,008	3,781	756	731	714
<i>Ebdita Gr%</i>	-30%	-8%	4%	26%	10%	33%	-5%
Net Profits	258	607	533	1,460	(152)	(127)	184
<i>Profit Gr%</i>	-90%	135%	-12%	174%	-169%	-148%	-221%
Adjusted Net profits	1,723	947	1,080	1,460	192	422	184
<i>Adjusted Profit Gr%</i>	-33%	-45%	14%	35%	-14%	58%	-3%
Ebdita Margin%	19.9%	17.2%	17.4%	19.4%	16.8%	16.8%	16.6%
Net Profit Margin%	1.6%	3.6%	3.1%	7.5%	-3.4%	-2.9%	4.3%

Conso/ Fig in Rs Cr

□ We expect the US revenues to be flat on a YoY basis at US\$ 195 mn though sequentially we expect 6% growth on account of Famotidine ramp up due to Ranitidine ban and Tamiflu ramp up with onset of flu season.

□ We expect India and EMEA revenues to grow by 12% YoY respectively this quarter, APAC revenues is expected to de-grow by 9% YoY on account of the existing pricing pressure.

□ We expect the Kyowa divestment deal to generate cash proceeds of US\$ 300 mn which will improve net debt position of company, though we haven't accounted for the Kyowa divestment in our projections yet.

□ On the regulatory front, the status for Pithampur, Goa and Somerset facility remains OAI. USFDA has issued warning letter for Mandideep facility; together these facilities constitutes 50-60% of the ANDA pipeline, though Mandideep facility do not have any pending application.

□ In the near term, the expected launch of products likes Pro-air (Respiratory) along with the ramp of levothyroxine (since the company has approval for all the 3 RLDs) in FY21 and Spiriva (FTF opportunity) expected launch in FY22 are the key growth drivers for the company.

Key Trackable this Quarter

□ USFDA OAI status in Somerset, Pithampur and Goa facilities

□ Warning letter in Mandideep facility

□ Pro-air USFDA approval

We value the stock at 25x FY21E EPS. NEUTRAL

METROHL IN

CMP 1406
Target 1542
Upside 10%
Rating ACCUMULATE

	FY18	FY19	FY20E	FY21E
Roe%	25.1%	28.7%	30.2%	31.6%
Roce%	37.9%	43.1%	44.8%	47.1%
P/E	0.0	39.6	48.0	37.4
P/B	0.0	11.4	14.5	11.8
EV/Ebdita	-0.2	23.5	27.5	21.6

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Operating Metrics							
No. of patients (mn)	8	9	10	11			
No. of tests (mn)	16	17	19	21			
Sales	1,057	1,203	1,372	1,591	293	351	336
<i>Sales Gr</i>	16%	14%	14%	16%	11%	11%	15%
Ebdita	264	294	398	489	66	104	95
<i>Ebdita Gr</i>	11%	11%	36%	23%	16%	19%	44%
Net Profits	171	200	282	339	46	80	66
<i>Profit Gr%</i>	10%	17%	40%	20%	27%	40%	45%
Ebdita Margin%	25.0%	24.4%	29.0%	30.8%	22.4%	29.5%	28.1%
Net Profit Margin%	16.2%	16.7%	20.5%	21.3%	15.7%	22.6%	19.8%

Conso/ Fig in Rs Cr

- We expect the revenue to grow by 18% YoY on account of volume growth and price increase taken by the company in the routine test effective from October 2019.
- The strategy of the company is to reverse the revenue split of B2B and B2C (currently contributes 55% and 45% to the consolidated revenues) in order to expand the margins and realization.
- We expect EBITDA margin to increase by 197 bps YoY to 28.8% and PAT to increase by 25% YoY to Rs. 38 crs in Q3FY20.

Key Trackable this Quarter

- B2B & B2C mix.

We value the stock at 41x FY21E EPS. ACCUMULATE

SUNP IN

CMP 435
Target 410
Upside -6%
Rating NEUTRAL

	FY18	FY19	FY20E	FY21E
Roe%	5.7%	6.4%	10.1%	9.9%
Roce%	10.3%	10.6%	11.5%	11.9%
P/E	55.0	43.1	22.8	21.2
P/B	3.1	2.8	2.3	2.1
EV/Ebdita	20.1	17.4	13.6	12.1

	FY18	FY19	FY20E	FY21E	3QFY19	2QFY20	3QFY20E
Segment Revenue							
US formulation	8,747	10,737	10,310	10,957	2,606	2,381	2,529
India Formulation	8,029	7,348	9,602	10,565	2,235	2,515	2,420
Emerging market	4,839	3,479	5,638	5,900	1,462	1,412	1,440
ROW	2,974	3,479	4,607	4,776	898	1,131	1,159
API	1,399	1,730	1,976	2,080	426	468	490
Others	77	124	163	180	30	42	42
Sales	26,489	28,686	32,297	34,458	7,740	8,123	8,160
<i>Sales Gr%</i>	-16%	8%	13%	7%	16%	17%	5%
Ebdita	5,608	6,308	7,374	8,109	2,153	1,790	1,802
<i>Ebdita Gr%</i>	-44%	12%	17%	10%	48%	17%	-16%
Net Profits	2,162	2,666	4,577	4,924	1,240	1,064	1,065
<i>Profit Gr%</i>	-69%	23%	72%	8%	239%	-587%	-14%
Adjusted Net profits	3,112	3,880	4,577	4,924	1,240	1,064	1,065
<i>Adjusted Profit Gr%</i>	-55%	25%	18%	8%	239%	7%	-14%
Ebdita Margin%	21.2%	21.7%	22.5%	23.3%	27.8%	22.0%	22.1%
Net Profit Margin%	8.2%	9.2%	14.0%	14.1%	16.0%	13.1%	13.0%

Conso/ Fig in Rs Cr

□ We expect the US revenues to be flat YoY at US\$ 360 mn though is expected to sequentially grow by 6% on account of Cequa launch in Oct 2019. We expect revenues from Taro to decline by 3% YoY to US\$ 170 mn.

□ We believe that the impact of change in distributions for the India business has completely normalized; therefore, we expect the domestic revenues to increase by 8% YoY based on the new launches and the positive impact of inventory rationalization taken by the company last year.

□ EBITDA margin is expected to decline by 573 bps YoY to 22.1% due to lower offtake of Illumya & other specialty products launched by the company and increased other expenses and staff cost on account of consolidation of Pola Pharma in Japan.

□ On the regulatory front, Halol facility has recently received 8 observations from the USFDA. The major concern of this inspection being one of the observations is a repeat observation from the earlier inspection.

Key Trackable this Quarter

- Cequa ramp up
- Increasing promotional expenses.

We value the stock at 20x FY21E EPS. NEUTRAL

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

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, 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.

Registered Office Address: Marble Arch, Office 201, 2nd Floor, 236B, AJC Bose Road, Kolkata 700 020; Tel No.: 033-4050 1500; www.narnolia.com

Compliance Officer: Manish Kr Agarwal, Email Id: mkgarwal@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 Commerce Limited (Formerly Microsec Commerce 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.

Narnolia Financial Advisors Ltd.
803 & 703, A Wing, Kanakia Wall
Street
Andheri Kurla Road, Andheri (E)
Mumbai-400093
T: +912262701200
D: +912262701236
www.narnolia.com