Glenmark Life Sciences Ltd

ICICI direct Research

Price Band ₹ 695-720

SUBSCRIBE

July 23, 2021

Glenmark Life Sciences (GLS) is an active pharmaceutical ingredients (API) arm of Glenmark Ltd. Glenmark commenced the API manufacturing business by setting up a manufacturing facility in Kurkumbh, Maharashtra in 2001-02. In 2019, the API manufacturing business was spun off into Glenmark API. Currently, it has four manufacturing facilities at Ankaleshwar, Dahej in Gujarat and Mohol, Kurkumbh in Maharashtra with total installed capacity of 726.6 KL as of FY21. Revenues from regulated markets were 65.64% of FY21 revenues. As of FY21, it had a portfolio of 120 molecules globally, sold APIs in India and exported APIs to multiple countries in Europe, US, Latin America, Japan and RoW. As of May 31, 2021, it had filed 403 DMFs and CEPs.

Leadership in select APIs, strong relation with large companies

GLS is a leading developer, manufacturer of select high value, non-commoditised APIs in chronic therapeutic areas, including CVS, CNS & pain management, diabetes and continue to branch into other APIs. It has strong market share in select specialised APIs like Telmisartan (anti-hypertensive), Atovaquone (anti-parasitic), Perindopril (anti-hypertensive), Teneligliptin (diabetes), Zonisamide (CNS) and Adapalene (dermatology). Total market size in sales terms for GLS' portfolio of 120 molecules globally was estimated at ~US$142 billion in 2020 and is expected to grow ~6.8% in the next five years. It works with 16 of the 20 largest generic companies globally.

Quality-focused compliant manufacturing

Since 2015, the company's facilities have been subject to 38 inspections and audits by regulators including the USFDA and others. **It has not received any warning letters/import alerts from regulatory authorities.** Its facilities have also been subject to 432 inspections by customers during this period.

Key risk & concerns

- Regulatory concern
- Customer concentration - 50%+ revenue from five customers
- Product concentration – top 10 products contribute 66.36%
- Raw material uncertainty - three largest suppliers accounted for 40.26% of total purchases of key starting materials
- Pricing pressure from customer

Priced at FY21 EV/EBITDA of 14.7x on upper band

GLS has a good performance execution and clean regulatory track record. The company is also a leading developer and manufacturer of select high value, non-commoditised APIs in chronic therapies and works with 16 of the 20 largest generic companies globally. The growth momentum also has a strong undercurrent of global API industry growth. We recommend **SUBSCRIBE** to the issue.

Particulars	
Issue Details	
Issue Opens	27th Jul 2021
Issue Closes	29th Jul 2021
Issue Size (₹ crore)*	₹ 1513.6 crore
Fresh Issue	₹ 1060 crore
Price Band (₹)	₹ 695 - ₹ 720
No. of Shares on Offer (in crore)	2.1
QIB (%)	50
Retail (%)	35
Minimum lot size (no of shares)	20

* based on upper price band of ₹ 720

Shareholding Pattern (%)	Pre-Issue	Post-Issue
Promoter Group	100.0	82.8
Public	0.0	17.2

Objective of issue	₹ crore
Objects of issue	**₹ crore**
Payment of Outstanding Purchases	800.0
Funding Capital Expenditure	152.8
General Corporate Purpose	107.2
Fresh Issue	**1060.0**
Offer for Sale*	**453.6**

*Upper Band

Research Analyst

Siddhant Khandekar
siddhant.khandekar@icicisecurities.com

Mitesh Shah
mitesh.sha@icicisecurities.com

IPO Review

ICICI Securities – Retail Equity Research

Key Financial Summary

₹ crore	FY19	FY20	FY21	CAGR FY19-21 (%)
Total Revenues	1405.5	1549.3	1886.0	15.8%
EBITDA	429.3	472.0	591.1	17.3%
EBITDA Margins (%)	30.5%	30.5%	31.3%	
PAT	292.7	313.1	351.6	9.6%
EPS (₹)	23.9	25.6	28.7	
P/E (x)	30.1	28.2	25.1	
P/B (x)	8.2	1.8	1.0	
RoE (%)	332.1	77.9	46.7	
RoCE (%)	31.8	29.6	32.2	

Source: RHP, ICICI Direct Research

Company background

Glenmark Life Sciences (GLS) is an active pharmaceutical ingredients (API) arm of Glenmark Ltd. The company is a leading manufacturer of select high value, APIs for CVS, CNS, pain management and diabetes (*Source: Frost & Sullivan Report*). It also manufactures and sell APIs for gastro-intestinal disorders, anti-infectives and other therapeutic areas. It has a strong market share in select specialised APIs like Telmisartan (anti-hypertensive), Atovaquone (anti-parasitic), Perindopril (anti-hypertensive), Teneligliptin (diabetes), Zonisamide (CNS) and Adapalene (dermatology) (*Source: Frost & Sullivan Report*). The company is also increasingly providing contract development and manufacturing operations (CDMO) services to a range of multinational and specialty pharmaceutical companies.

Glenmark launched the API manufacturing business by setting up a manufacturing facility in Kurkumbh in Maharashtra in 2001-02 and focused on growing this business over the next 18 years. In 2019, the API manufacturing business was spun off into the company as part of a broader reorganisation designed to place Glenmark on an accelerated trajectory to attain its objectives in three different verticals, with the company focusing on the API business. Following the spin-off, it operates as an independent, professionally-managed global API business.

Revenues from regulated markets were 65.64% of FY21 revenues. As of FY21, GLS had a portfolio of 120 molecules globally, sold APIs in India and exported their APIs to multiple countries in Europe, US, Latin America, Japan and RoW. As of May 31, 2021, GLS had filed 403 drug master files (DMFs) and certificates of suitability to the monographs of the European Pharmacopoeia (CEPs). GLS work with 16 of the 20 largest generic companies globally.

The company has four multi-purpose manufacturing facilities, which are situated on leasehold properties located at Ankaleshwar, Dahej in Gujarat and Mohol, Kurkumbh in Maharashtra with an aggregate annual total installed capacity of 726.6 KL as of FY21. Since 2015, GLS facilities have been subject to 38 inspections and audits by regulators including the USFDA, PMDA, COFEPRIS, Health Canada, MFDS (Korea), EDQM, other European regulatory agencies and CDSCO conducted on a periodic basis. **GLS has not received any warning letters or import alerts from such regulatory authorities.** GLS facilities have also been subject to 432 inspections and audits by our customers during this period.

The company intends to increase API manufacturing capabilities by enhancing the existing production capacities at the Ankaleshwar facility during FY22 and Dahej facility during FY22-23 by an aggregate annual total installed capacity of 200 KL. This additional production capacity is expected to help GLS further expand generic API production and also grow oncology product pipeline. GLS intends to develop a new manufacturing facility in India for the manufacture of generic APIs from FY22, which is expected to become operational in Q4FY23. The new facility will also provide a platform for the growth of CRAMS business and also add capacity for generic API business. This facility will be a greenfield project built on a 40-acre footprint with a plan to manufacture both APIs, intermediates and will house several multi-purpose manufacturing blocks with mid to high-volume capacity. It will include a high degree of automation, comply with global regulatory standards and will have an aggregate capacity of 800 KL over the next three to four years. This facility is intended to be funded from internal accruals and debt financing (if required).

The company's R&D spent was 2.1% of FY21 revenues. It regularly works on developing eight to 10 molecules each year. As of FY21, GLS has employed 213 personnel at R&D laboratories, which constituted 13.86% of their total permanent employee strength. As of May 31, 2021, it owned or co-owned 39 granted patents, had 41 pending patent applications in several countries and nine pending provisional applications in India.

Competitive Strengths

Leadership in select high value APIs in chronic therapeutics

GLS is a leading developer and manufacturer of select high value, non-commoditised APIs in chronic therapeutic areas, including CVS, CNS and pain management, diabetes and continues to branch into other APIs. The company's API portfolio comprises specialised and profitable products, including niche and technically complex molecules, which reflects GLS' ability to branch into other high value products. As of FY21, it has sold APIs in India and exported APIs to multiple countries in Europe, US, Latin America, Japan and RoW. Revenues from regulated markets were 65.64% of FY21 revenues.

The total market size in terms of sales for the company's portfolio of 120 molecules globally was estimated to be ~US$142 billion in 2020 and is expected to grow about 6.8% over the next five years to reach ~US$211 billion by 2026. The future growth of these products is expected to remain stable driven by the increasing prevalence of non-communicable diseases (including heart disease, stroke, cancer, diabetes and chronic lung disease), growing demand from the regulated markets for drugs indicated for hypertension, diabetes and cancer, and an aging population. The market size in terms of volume for 120 molecules was estimated to be 9,959 tonnes in 2020 and is expected to grow at 6% in the next five years to about 12,079 tonnes by 2026. The chronic therapeutic areas covered by the company's portfolio of 120 molecules accounted for 84% of the US$142 billion end-market size and is expected to become 91% by 2026. (S*ource: Frost & Sullivan Report*).

GLS has gradually built scale and reach in API offerings through economies of scale in manufacturing operations and a portfolio build-up, which has enabled it to service new markets and explore new product and service offerings to customers. The company works toward developing eight to 10 molecules each year, which include both high value and high volume APIs. As of May 31, 2021, it had filed 403 DMFs and CEPs across various major markets (i.e. US, Europe, Japan, Russia, Brazil, South Korea, Taiwan, Canada, China and Australia). As of March 31, 2021, it had a portfolio of 120 molecules globally. GLS' business positioning is strengthened by service offerings across markets, which enables it to act as a one-stop shop for pharmaceutical product companies. The company's capabilities and experience have helped it perform well in regulated markets and have enabled it to successfully partner with customers, including offering customers a first mover advantage with respect to various products.

Strong relationships with leading global generic companies

Over the years, the company has established strong relationships with leading global generic pharmaceutical companies that has helped it expand product offerings and geographic reach. It works with 16 of the 20 largest generic companies globally as of March 31, 2021 and is believed to enjoy a reputation of trust and reliability with such companies. The company believes it has been able to build and strengthen relationships with them on account of strong brand equity, high quality products, R&D skills, knowledge of the regulatory environment and track record of manufacturing APIs at different scales, which have been inspected/audited by Indian and key global regulatory bodies such as the USFDA, MHRA, Health Canada and PMDA Japan.

As a result, GLS has been able to maintain high customer loyalty with a high rate of repeat customers. **For FY21, ~69% of customers were period-on-period repeat customers.** It also has a long history with many key customers, including Glenmark, Teva Pharma, Torrent Pharma, Aurobindo Pharma, Krka and another company, which is a global leader in generic pharmaceuticals and biosimilars. For FY21, these five key customers were among the 10 largest customers by revenue contribution. On account of these relationships and focus on customer service, the company has been able to increase sales volumes.

Quality-focused compliant manufacturing

The company currently operates four multi-purpose manufacturing facilities which are situated on leasehold properties in Ankaleshwar, Dahej in Gujarat and Mohol, Kurkumbh in Maharashtra with an aggregate annual total installed capacity of 726.6 KL as of March 31, 2021. Since 2015, the company's facilities have been subject to 38 inspections and audits by regulators including the USFDA, PMDA, COFEPRIS, Health Canada, MFDS (Korea), EDQM. Other European regulatory agencies and CDSCO also conducted them on a periodic basis. It has not received any warning letters or import alerts from such regulatory authorities. GLS' facilities have also been subject to 432 inspections and audits by customers during this period. The company believes maintaining highest standards of quality and process innovation in R&D and manufacturing operations is critical to brand and maintenance of long-term relationships with customers. It has been consistently implementing cGMPs across each of manufacturing facilities, which are monitored by a comprehensive QMS encompassing all areas of business processes from R&D and raw material procurement to manufacturing to packaging and delivery. It focuses on building quality into their products through compliance with global regulatory standards as well as compliance with local and state laws that encompass manufacturing regulations, environmental clearance norms and other statutory norms.

Key risks & concerns

Regulatory concern

The company is required to comply with regulations and quality standards stipulated by such multiple regulators including USFDA, European regulatory agencies and others. Its manufacturing facilities and products are subject to periodic inspection/audit by customers and such regulatory agencies. If they are not compliant with any of their requirements, facilities and products may be the subject of a warning letter, which could result in the withholding of the product approval for new products.

Customer concentration

The company's five largest customers accounted for more than 50% of FY21 revenues with the Promoter the largest customer. GLS does not typically have exclusivity arrangements with customers, including key customers. Reliance on a select group of customers may also constrain the company's ability to negotiate arrangements. Discontinuance of purchase of APIs from any of the large clients due to starting manufacturing of their own APIs or deterioration of the financial condition or business prospects of these customers could reduce their requirement of products and result in a significant decline in revenues from these customers.

Product concentration

The company's top 10 products accounted for 66.36% of FY21 revenue. If market growth in key products declines, or if profit margins on products sold in key products decline, results of operations could be adversely affected.

Raw material volatility

The company has multiple third-party vendors, with whom it places purchase orders from time to time, for the purchase of raw materials. GLS currently sources a significant portion of key starting materials from vendors in China and India. For FY21, three largest suppliers accounted for 40.26% of total purchases of key starting materials. Any reductions or interruptions in supply of raw materials, abrupt increase in prices of raw materials, inability to find alternate sources for the procurement of such raw materials may adversely affect business, results of operations, cash flows and financial condition.

Pricing pressure from customer

Pursuing cost-cutting measures while maintaining rigorous quality standards may lead to an erosion of margins, which may have a material adverse effect on business, results of operations and financial condition. In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. If it is unable to offset customer price reductions in future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, the company's business, results of operations and financial condition may be materially adversely affected.

Financial summary

Exhibit 4: Income Statement

Revenue (₹ crore)	FY19	FY20	FY21
Revenue from operations	1,405.0	1,537.3	1,885.2
Other income	0.5	12.0	0.8
Total revenue	**1,405.5**	**1,549.3**	**1,886.0**
Raw Material Expenses	626.4	690.5	905.5
Employee expense	129.7	142.3	149.1
Other expenses	219.5	232.6	239.5
Total Expenses	975.7	1,065.4	1,294.1
EBITDA	**429.3**	**472.0**	**591.1**
Finance costs	0.6	33.5	87.5
Depreciation and amortisation expense	25.4	29.4	33.4
Profit before tax and exceptional items	403.8	421.1	470.9
Profit before tax	**403.8**	**421.1**	**470.9**
Tax expense	111.2	108.0	119.4
Profit after tax before Minority interest	292.7	313.1	351.6
Profit after tax	**292.7**	**313.1**	**351.6**

Source: RHP, ICICI Direct Research

Exhibit 6: Balance Sheet

Balance Sheet (₹ crore)	FY19	FY20	FY21
Equity and liabilities			
Shareholders' funds			
Share capital	2.0	2.0	2.0
Reserves and surplus	86.2	399.7	750.8
Non-current liabilities			
Long-term borrowings	0.0	0.0	0.0
Deferred tax liabilities (net)	6.9	16.4	22.9
Other non-current liabilities	0.0	0.0	0.0
Current liabilities			
Short-term borrowings	0.0	0.0	0.0
Trade payables	182.9	201.1	221.3
Other current liabilities	1,183.5	1,092.4	980.2
Short-term provisions	14.0	14.0	19.9
Total	**1,475.4**	**1,725.6**	**1,997.1**
Assets			
Non current assets			
Fixed assets			
Tangible assets	450.0	539.1	564.9
Capital work in progress	80.3	10.7	14.1
Intangible assets	6.3	7.2	7.9
Intangible assets under development	0.1	0.0	0.0
Non-current investments	0.1	0.1	0.1
Deferred tax assets (net)	0.0	0.0	1.2
Other financial assets	7.9	8.4	8.5
Other non-current assets	0.0	0.0	1.4
Current assets			
Inventories	400.8	412.8	513.4
Trade receivables	448.1	638.6	619.5
Cash and bank balances	2.1	10.0	115.6
Other current assets	79.7	98.7	150.5
Total	**1,475.4**	**1,725.6**	**1,997.1**

Source: RHP, ICICI Direct Research

Exhibit 5: Cash Flow Statement

Cash Flow (₹ crore)	FY20	FY21
PBT	421.1	470.9
Operating profit before working capital changes	477.8	604.3
Changes in working capital	-190.3	-107.6
Income tax paid	-92.5	-108.6
CF from operating activities	**195.0**	**388.1**
(Purchase)/Sale of Fixed Assets	-50.9	-66.4
Interest Received	0.4	0.4
Investment in bank deposits	0.0	-2.8
CF from investing activities	**-50.5**	**-68.7**
Proceeds from issue of share capital	0.0	0.0
Other Financial Activities	-136.6	-213.8
CF from financing activities	**-136.6**	**-213.8**
Net Cash Flow	7.9	105.6
Opening Cash	2.1	10.0
Closing Cash Flow	**10.0**	**115.6**
FCF	144.1	321.8

Source: RHP, ICICI Direct Research

Financial summary

Exhibit 7: Key Ratios

Ratio Sheet	FY19	FY20	FY21
Per share data (₹)			
Diluted EPS	23.9	25.6	28.7
Cash EPS	26.0	28.0	31.4
BV per share	7.2	32.8	61.4
Cash Per Share	0.2	0.8	9.4
Operating Ratios (%)			
Gross Profit Margins	55.4	55.1	52.0
EBITDA Margins	30.6	30.7	31.4
PAT Margins	20.8	20.4	18.6
Inventory days	104.1	98.0	99.4
Debtor days	116.4	151.6	119.9
Creditor days	47.5	47.7	42.8
EBITDA Conversion Rate	NA	41.3	65.7
Return Ratios (%)			
RoE	332.1	77.9	46.7
RoCE	31.8	29.6	32.2
RoIC	34.0	30.0	34.8
Valuation Ratios (x)			
EV / Sales	6.3	5.7	4.6
EV/EBITDA	20.5	18.7	14.7
Market Cap / Sales	6.3	5.7	4.7
P/E	30.1	28.2	25.1
Price to Book Value	8.2	1.8	1.0
Solvency Ratios			
Debt / EBITDA	0.0	0.0	0.0
Debt / Equity	0.0	0.0	0.0
Net Debt/ Equity	0.0	0.0	-0.2
Current Ratio	0.7	0.9	1.1
Quick Ratio	0.4	0.6	0.7
Asset Turnover	2.6	2.8	3.2

Source: RHP, ICICI Direct Research, considered upper band for calculations

RATING RATIONALE

ICICI Direct endeavours to provide objective opinions and recommendations. ICICI Direct assigns ratings to companies that are coming out with their initial public offerings and then categorises them as Subscribe, Subscribe for the long term and Avoid.

Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Subscribe only for long term: Apply for the IPO only from a long term investment perspective (>two years)

Pankaj Pandey **Head – Research** **pankaj.pandey@icicisecurities.com**

ICICI Direct Research Desk,
ICICI Securities Limited,
1st Floor, Akruti Trade Centre,
Road No 7, MIDC,
Andheri (East)
Mumbai – 400 093
research@icicidirect.com

ANALYST CERTIFICATION

I/We, Siddhant Khandekar, Inter CA, Mitesh Shah, (cleared all 3 levels of CFA), 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. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

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 is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager and Research Analyst. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities is a 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 and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit icicidirect.com to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Retail Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Institutional Research.

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 encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates 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 and their relatives have any material conflict of interest at the time of publication of this report.

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 or their relatives 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 and ICICI Securities as a entity 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.

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.