

INITIATING COVERAGE



INDOCO REMEDIES LTD

Dhara Patwa

Sector Lead – Pharma & Healthcare

9766492546/022 42005511

dhara.patwa@smifs.com

Awanish Chandra

Head - Institutional Equities

8693822293

awanish.chandra@smifs.com



Indoco Remedies Ltd

Ophthalmology: In the spotlight

Indoco Remedies (INDR) is a domestic pharma company which has spread its wings into contract manufacturing and exports. The company derives 54% of its revenues from the branded generic markets of India which lend long term earnings visibility, while its US business is scaling up fast, driving operating leverage benefits. Strong business fundamentals such as diversified segments mix and strong product portfolio along with high return ratios make Indoco an attractive investment proposition. We expect Indoco Remedies (INDR) to register sales, EBITDA and PAT CAGR of 15%, 16% and 24%, respectively, over FY22-25E. The company's growth will come from 1) Mid-to-high single digit growth in the India business (54% of revenue), 2) Robust growth in the US and Europe businesses by expanding the base portfolio where company plans to monetize its ANDA filings and strong growth from high margin opportunities in Europe. The Q2FY23 margins were the best as issues like elevated RM prices & high logistics costs have receded, the complete benefit will flow in FY24 and company should be on track to deliver steady margin uptick. We value Indoco at 16x Sep FY24E EPS and recommend a BUY rating on the stock, with a target price of Rs 469, translating into an upside of 24%.

Ophthalmic business is ready to take off – Indoco's pending ANDA approval pipeline in the US is mainly focused on injectable and ophthalmic products. Given the niche launches, Indoco can expand its revenue base as these ANDA's such as brinzolamide, brimonidine, Dorzolamide are complex generics where the company already has capacities through which it can leverage for ANDA commercialisation. Currently, 30 ANDAs have been approved for Indoco which will help company to expand its base in the US.

US business poised for higher growth – The company's US business has witnessed a robust growth of 26% in FY22. High volume and new product launches were the major growth driver. The company has launched 11 products in the US through its partners which includes an ophthalmic suspension product brinzolamide partnered with Teva, which is the first and only generic approved. Due higher ANDA filings and increased revenue from partnered drugs we expect US revenue to deliver CAGR growth of 20% from FY22 to FY25E.

Europe business continues to grow on strong order book – In addition to its existing CRAMS and dossiers, Indoco is all set to introduce its own products in EU. It has started own filings into solid orals, liquid orals and creams and has expanded its portfolio to Europe specific injectables as well. Indoco's focus is to explore more business opportunities through niche product development, direct to market approach and to explore the non-prescription segment to target a large number of pharmacies. Going ahead, we expect EU to deliver CAGR growth of 15% from FY22 to FY25E.

India business will grow by high single digit – New product launch execution improving, but base is high due to COVID In India, the company primarily focuses on acute areas, in which, some of its portfolio brands like ATM and Karvol Plus have benefited due to surge in COVID cases in FY22. With COVID tailwinds receding, we expect 9% growth in FY23. Growth could improve to high-single-to-double-digits, depending on the execution in FY24E. Lately, the company's execution around new launches has improved. The new launch strategy aims to leverage existing prescriber base and target products early in segments with weak competition. New product launches contributed 1.8% to overall growth in FY22 versus historical average of 0.9%.

Emerging market: The company also has a branded business in emerging markets, which currently hovers at high single-digit percentage of revenue, and is poised to touch growth in the low-to-mid-teen range.

Valuation offers comfort and discounts execution risks

We value Indoco at 16x Sep FY24E EPS and recommend a BUY rating on the stock, with a target price of Rs 469 offering 24% upside from CMP. At 16x Sep FY24E EPS, Indoco trades at a discount to peers. We estimate better RoE at high teens by FY24E, once operating leverage from capacity utilisation plays out.

Y/E Mar (Rs mn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	Adj PAT	PAT (%)	RoE (%)	RoCE (%)	P/E(x)	EV/EBITDA (x)
FY21	12,415	12.2	2,243	18.1	930	41.5	12.8	11.0	25.3	11.6
FY22	15,408	24.1	3,273	21.2	1,548	47.3	18.5	14.9	24.5	12.3
FY23E	18,303	18.8	3,598	19.7	1,966	54.6	19.9	16.8	17.9	9.7
FY24E	20,918	14.3	4,364	20.9	2,486	57.0	21.2	18.0	14.1	7.9
FY25E	23,576	12.7	5,048	21.4	2,920	57.8	20.7	18.0	12.0	6.7

Source: Company, SMIFS research estimates



Rating: **Buy** Upside/(Downside): **24%**
Current Price: **379** Target Price: **469**

Earlier recommendation

Previous Rating: NA
Previous Target Price: NA

Market data

Bloomberg: INDR IN
52-week H/L (Rs): 459 / 308
Mcap (Rs bn/USD bn): 3.6/0.4
Shares outstanding (mn): 92
Free float: 41.3%
Avg. daily vol. 3mth (3M Avg.): 0.8 Mn
Face Value (Rs): 2
Group: S&P BSE Small Cap

Source: Bloomberg, SMIFS research

Shareholding pattern (%)

	Sep-22	Jun-22	Mar-22	Dec-21
Promoter	58.7	58.7	58.7	58.7
FIIs	1.1	1.1	1.1	1.6
DIIIs	18.1	18.1	18.4	17.8
Public/others	22.1	22.0	21.8	21.9

Promoters pledged shares (%)

Pledged: 0.0 0.0 0.0 0.0

Source: BSE

Price performance (%) *

YE Mar (R)	1M	3M	12M	36M
S&P BSE Small Cap	-5.6	-5.4	-4.5	103.6
INDR	-2.0	13.8	-9.3	123.1

* As on 23rd Dec 2022; Source: AceEquity, SMIFS research

Dhara Patwa

Sector Lead – Pharma & Healthcare
9766492546/022 42005511
dhara.patwa@smifs.com

Awanish Chandra

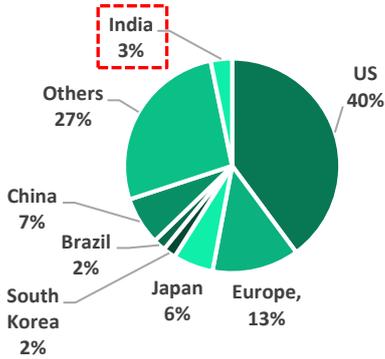
Head - Institutional Equities
8693822293
awanish.chandra@smifs.com

Index

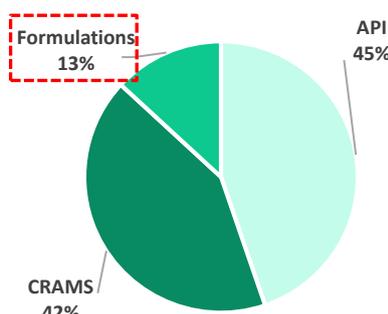
Investment Thesis in Charts	3
Investment Thesis	4
Ophthalmic business is ready to take off.....	4
US business poised for higher growth	5
EU business continues to grow on strong order book	6
India business will grow steadily.....	6
Revenue Analysis	9
Margins Analysis	9
Return ratios to remain steady on the back of US and EU business.....	10
Peer Comparison	11
Valuation & Outlook	12
Corporate Governance	13
Promoters' Shareholding	13
Promoter Compensation.....	13
Board Composition	14
Contingent Liabilities	14
Related Party Transactions	14
Key management personnel	15
Auditors of the company	17
Take on Management	17
Company Background	18
What is Indoco Remedies all about?.....	18
Quarterly financials, operating metrics & key performance indicators.....	19
Financial Statements	20

Investment Thesis in Charts

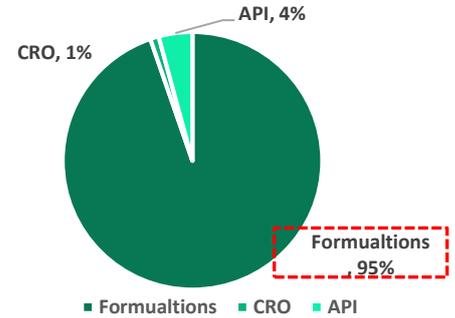
India commands 3-3.5% market share in global pharma market



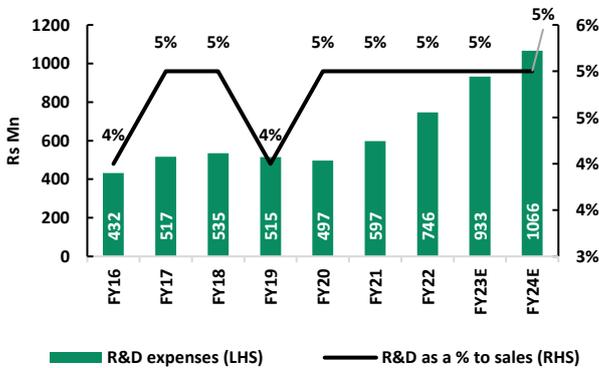
Formulations business constitute 13% of the total indian pharma market



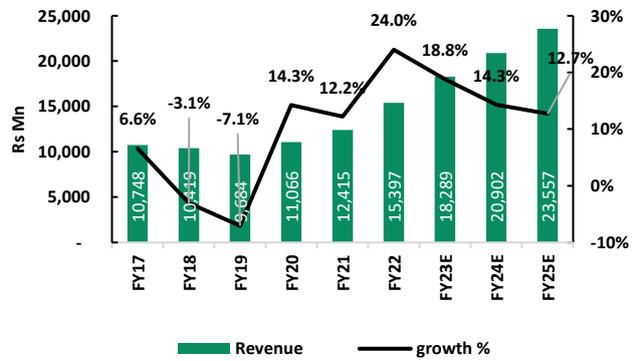
Formulations business constitutes 95% of the Indoco's total business



Continuous investments in R&D....



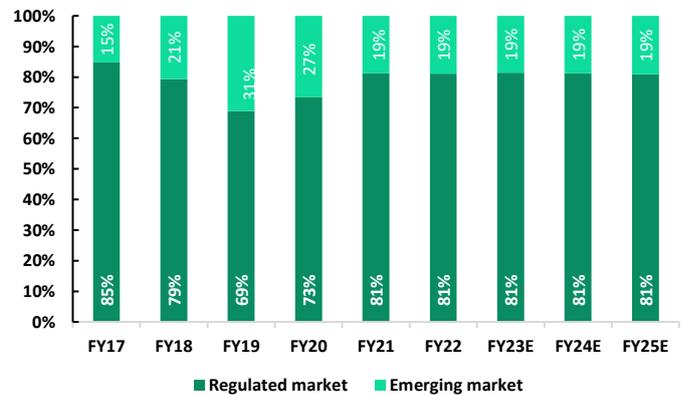
will lead to higher revenue growth



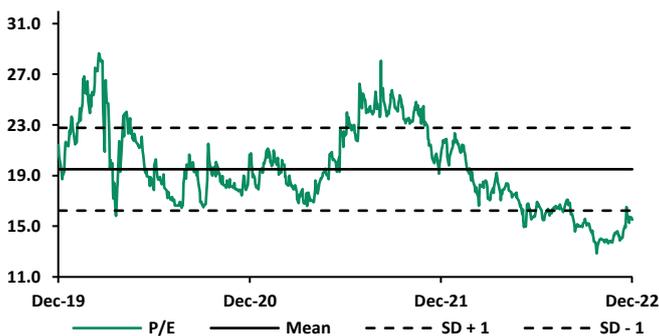
Exports has seen significant improvement



where regulated market dominates the export business



1 year forward P/E chart



Source: Company, SMIFS Research

1 year forward EV/EBITDA chart



Source: Company, SMIFS Research

Investment Thesis

Ophthalmic business is ready to take off

The global ophthalmic drugs market size was valued at USD 33.5 billion in 2021 and is expected to witness CAGR growth rate of 7.7% from 2022 to 2030. Unmet needs in ophthalmology is also likely to boost ophthalmic drugs market growth.

US is the largest market in ophthalmology where top 3 players captures the maximum market share. Alcon (subsidiary of Novartis) commands the market leader position with market share of 25%, followed by Bausch & Lomb, Allergan and other smaller players such as Ocular Therapeutics, Concert Pharmaceuticals etc. Apart from the innovator players, there are certain generic player as well such as Sandoz, Sunpharma, Teva, Indoco remedies etc which are competing well with the innovator companies. The median competitive intensity per ANDA stands at three to four players, which indicates that the price erosion in this space is not that steep as compared to the other generics. Thus, this remains to be an attractive space for companies such as Indoco to look into.

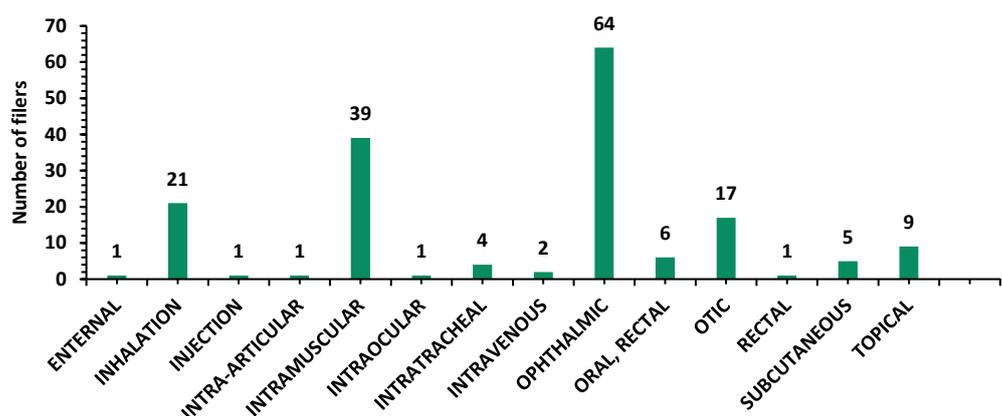
Indoco has several niche molecules in the ophthalmic segments which may see strong growth going ahead. Ophthalmic molecules undergoing patent expiry shows several niche products like Brizolamide and its combination (Timolol), Brimonidine etc which will improve revenue visibility going ahead. Ophthal accounts for ~45% of new launches of Indoco over next 2-3 years in US with 1-2 launches lined up each year including a couple of partnered FTFs (First to file).

Fig 1: Indoco Remedies Ophthalmic ANDA portfolio

Brand Name	API	IMS Sales USD Mn (Approx)	Patent Expiry
Trusopt	Dorzolamide Hydrochloride	135	Expired
Cosopt	Dorzolamide Hydrochloride; Timolol Maleate	80	Expired
Combigan	Brimonidine	360	Expired
Azopt	Brinzolamide	184	Expired
Besivance	Besifloxacin Hydrochloride	27	Expired
Bromday	Bromfenac Sodium	6	Expired
Avelox	Moxifloxacin Hydrochloride	117	Expired
Azithral	Azithromycin Ophthalmic Solution	NA	Expired
Zymar	Gatifloxacin Ophthalmic Solution	NA	Expired
Xalatan	Latanoprost Ophthalmic Solution	NA	Expired

Source: USFDA, SMIFS Research

Fig 2: After Oral drugs, Ophthalmic suspensions ANDA's has the largest chunk of filers



Source: USFDA

For the industry as per the USFDA's orange book, for suspension drugs out of 1,034 total filers 866 are oral drugs and 64 are ophthalmic suspension drugs.

Out of 64 suspension ophthal drugs 19 molecules are yet to see generic competition which is an attractive opportunity for Indoco.

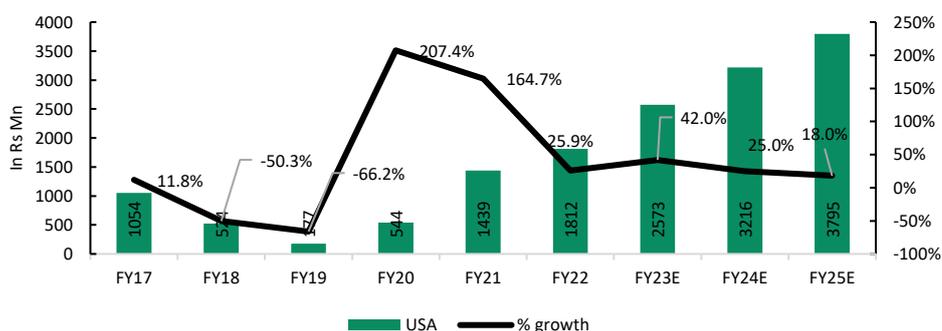
US business poised for higher growth

Indoco's US business has witnessed a robust growth of 26% in FY22. High volume and new product launches were the major driver for growth. The company has launched 11 products in the US through its partners which includes an ophthalmic suspension product brinzolamide with Teva, which is the first and only generic.

Revenues from the US posted double-digit YoY CAGR of 11% over FY17 to FY22. The growth fell from 12% in FY17 to -66% in FY19 due to issuance of form 483 followed by a warning letter from the USFDA to its Goa plant which led to supply disruption of its ophthalmic product latanoprost in the US market leading to lower revenue.

However, in FY20, after the successful resolution of the warning letter by USFDA the pace of ANDA filings picked up resulting in revenue of Rs. 565 Mn in FY20, reflecting a YoY growth of 66%. Due higher ANDA filings and increased revenue from partnered drugs we expect US revenue to deliver CAGR growth of 20% from FY22 to FY25E.

Fig 3: US business poised for higher growth



Source: Company, SMIFS Research

Fig 4: The status of ANDAs as on March 31, 2022 stands as below:

Particulars	Own filings	Through Partner's	Total
Approval till Date	14	15	29
Filed, but pending approval	10	17	27
Total	24	32	56

Source: Company, SMIFS Research

Fig 5: US ANDA Portfolio

Brand Name	API	Therapy	Market Size	Patent Expiry	No. of Filers
Accuretic	Acetylcysteine	Cystic Fibrosis	30	Expired	29
Zyloprim and Lopurin	Allopurinol	Treat Gout And Kidney Stones	169	Expired	51
Eliquis	Apixaban	Blood Thinner	11037	2026	10
Azopt	Brinzolamide	Ophthalmic Solution	184	Expired	3
Trusopt	Dorzolamide Hydrochloride	Blood Pressure	135	Expired	17
Cosopt	Dorzolamide Hydrochloride; Timolol Maleate	Treat High Pressure Inside The Eye Including Glaucoma	80	Expired	14
Uloric	Febuxostat	Hyperuricemia (liver disease)	500	Expired	11
Amaryl	Glimepiride	Type II Diabetes	90		30
Vimpat	Lacosamide	Partial-Onset Seizures	49	Expired	12
Avelox	Moxifloxacin Hydrochloride	Bacterial Infections, Ophthalmic	117	Expired	20
Bloxiverz Injection	Neostigmine Methylsulfate	Neuromuscular Disorder	20	Expired	14
Zyprexa	Olanzapine	Schizophrenia	65	Expired	32
Azilect	Rasagiline Mesylate	Parkinson's Disease	105	Expired	10
Anectine	Succinylcholine Chloride	Neuromuscular Disease	72	Expired	26
Combigan	Brimonidine	Ophthalmic Solution	360	Expired	22

Source: USFDA

EU business continues to grow on strong order book

Europe is the second largest revenue contributor in the Company's overall turnover after India. UK and Germany remain the top revenue generators from the region, followed by Spain and Eastern Europe. In Europe, the company is transitioning its business from CMO services to its own filings and high-margin products. It is currently positioned as a CMO to European players. The target is to transition the portfolio to own products in Europe, and leverage third-party distributors.

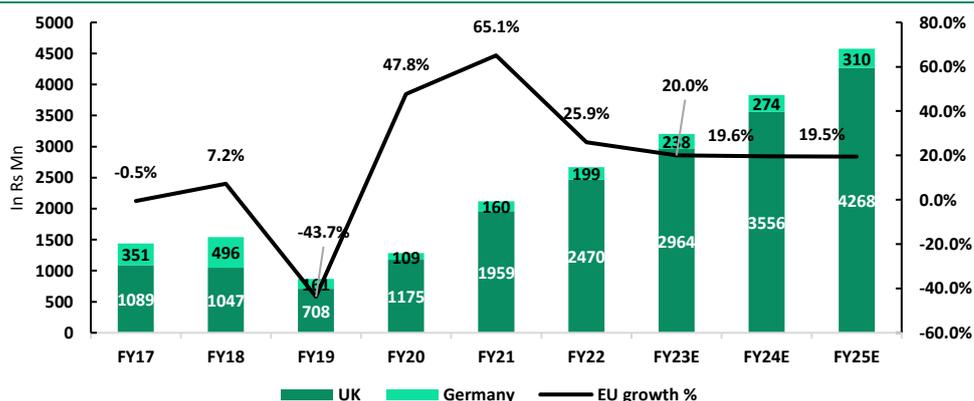
The revenues from this geography posted a CAGR of 18% over FY17 to FY22. Growth was negative for 2 years in FY18 to FY19 due to issuance of non-compliance and restricted GMP certificate by UK MHRA. However, post the resolution, the revenue has shown significant increase. Indoco mainly operates in the UK, Germany and Spain and has started expanding into East Europe as well. New deals were signed with major multinational Companies for anticholinergic medication in the UK and Anti-histamine medicine in 19 countries.

EBITDA margins in Europe are currently at 10% which is expected to improve to 15% in 2-3 years.

In addition to its existing CRAMs and dossiers/, Indoco is all set to introduce its own products in EU. It has started own filings into solid orals, liquid orals and creams and has expanded its portfolio to Europe-specific injectables as well. Indoco's focus is to explore more business opportunities

through niche product development and direct to market approach. Going ahead, we expect EU to deliver CAGR growth of 14% from FY22 to FY25E.

Fig 6: Own filings to add growth in EU



Source: Company, SMIFS Research

India business will grow steadily

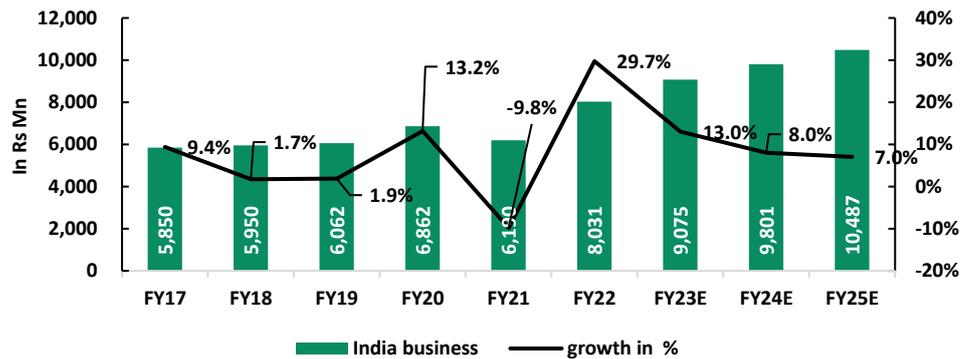
Indoco is ranked amongst the top 30 companies in the IPM with market share of 0.66% as on 30th June as per AWACS data

The company's business has consistently shown double-digit growth, beating the growth of IPM. In FY21, the growth slowed down because of lower sales of Febrex Plus in respiratory and Oxipod in anti-infectives due to lower offtake because of covid.

Going ahead, growth will be led by new product launches and high volume. We expect domestic business to deliver CAGR growth of 7% over FY22 to FY25E.

New product launch execution is improving, but base is high due to COVID. In India, the company primarily focuses on acute areas, in which, some of its portfolio brands like ATM and Karvol Plus have benefited due to surge in COVID cases in FY22. With COVID tailwinds receding, we expect 9% growth in FY23. Growth could improve to high-single-to-double-digits, depending on the execution in FY24E. Lately, the company's execution around new launches has improved. The new launch strategy aims to leverage existing prescriber base and target products early in segments with weak competition. New product launches contributed 1.8% to overall growth in FY22 versus historical average of 0.9%.

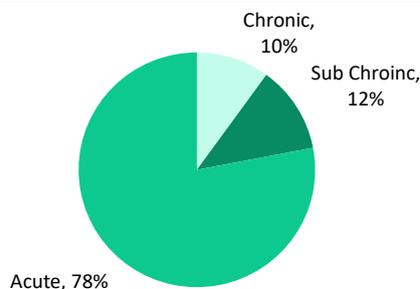
Fig 7: Steady growth in domestic business



Source: Company, SMIFS Research

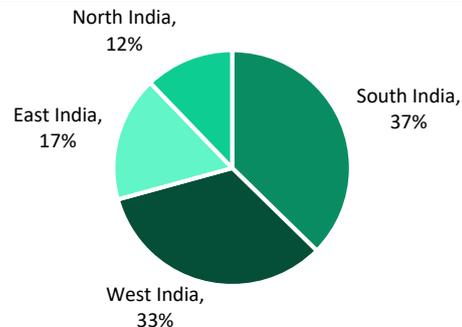
Indoco has a predominant presence in South India (37%) and West India (33%), followed by East India (17%) and North India (12%). The Company caters to multiple doctor specialties and generates more than 83 Mn prescriptions annually from over 3 lacs doctors across India.

Fig 8: Indoco is increasing its presence in chronic....



Source: Company, SMIFS Research

Fig 9: and has a predominant presence in South India



Source: Company, SMIFS Research

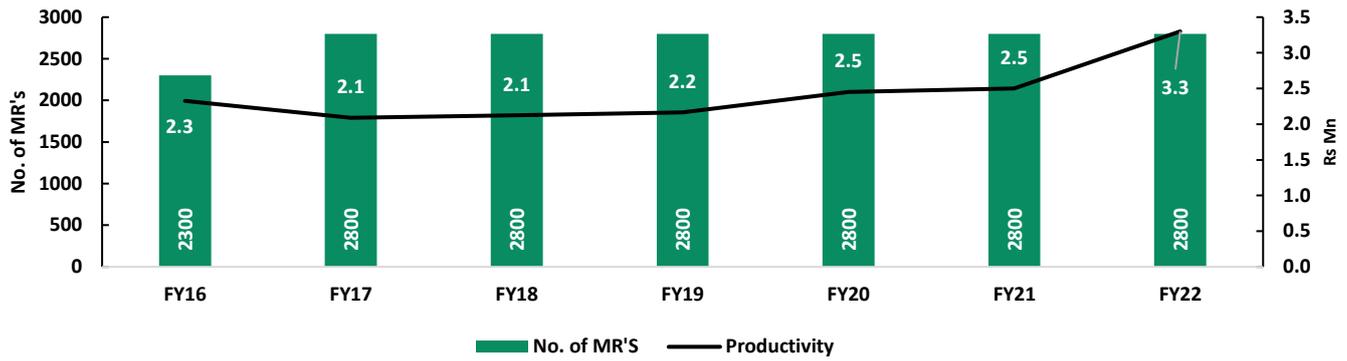
Fig 10: Top brands of Indoco

Drugs	Therapy	Revenues			YoY Growth			Market Share % (Respective Sub-Segments)
		FY21	FY22	H1FY23	FY21	FY22	H1FY23	
Cyclopam	Pain management	666.2	852.9	560.9	-11%	28%	26%	10%
Febrex Plus	Anti-infectives	460.8	764	361.8	-31%	66%	-4%	14%
Cital	Urology	402.2	505.8	293.7	-7%	26%	13%	27%
Oxipod	Anti-infectives	208.3	468.5	257.4	-47%	125%	0%	NA
Sensodent K	Stomatological	447.5	493.3	270.1	6%	10%	-4%	97%
ATM	Anti-infective	421.7	709.2	249.2	13%	68%	-41%	8%

Source: Company, SMIFS Research

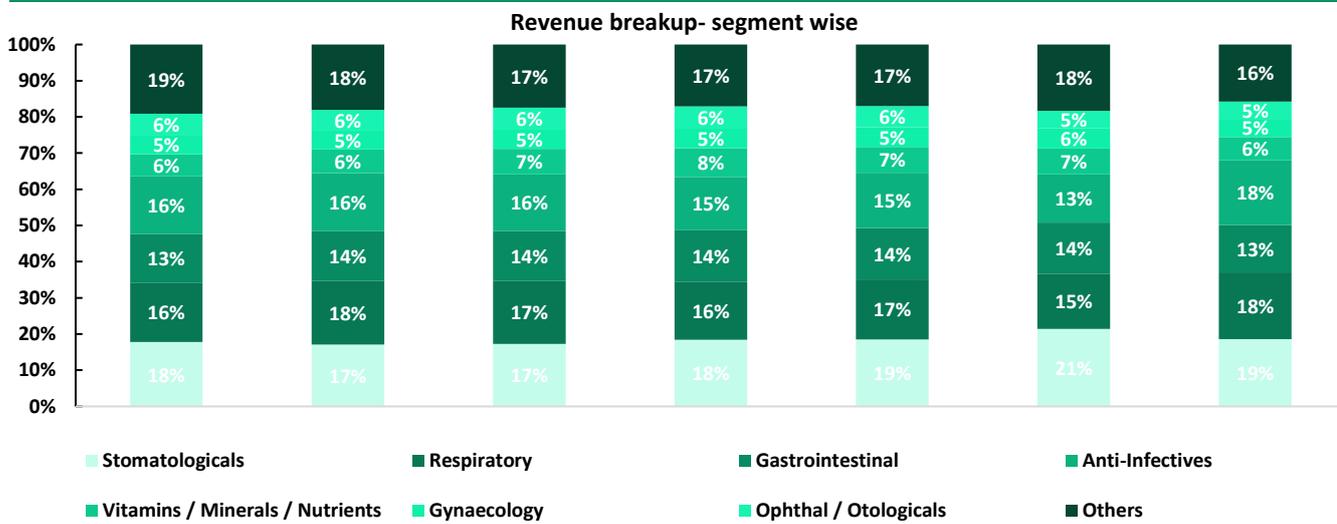
Indoco has been the leader in the oral care space with key products such as Sensodent K and Sensiform where it has market share of ~97% and ~66% under Stomatologicals. In addition to this, some of its known brands are Cyclopam, Karvol Plus, Cital and Lignox. The top 10 brands contribute around 59% to total domestic business revenues. The company has ramped up its efforts to maintain and improve its position.

Fig 11: MR productivity of Indoco has improved in FY22 due to higher revenue from acute segment



Source: Company, SMIFS Research

Fig 12: Stomatologicals and Respiratory are the key therapeutic area for Indoco

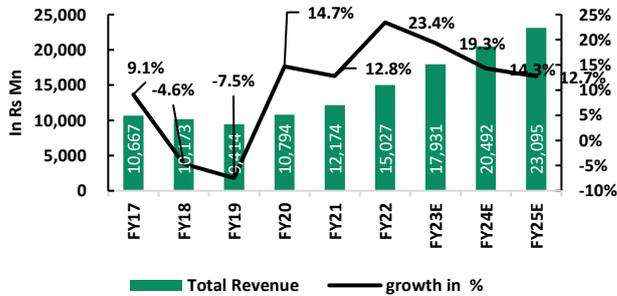


Source: Company, SMIFS Research

Revenue Analysis

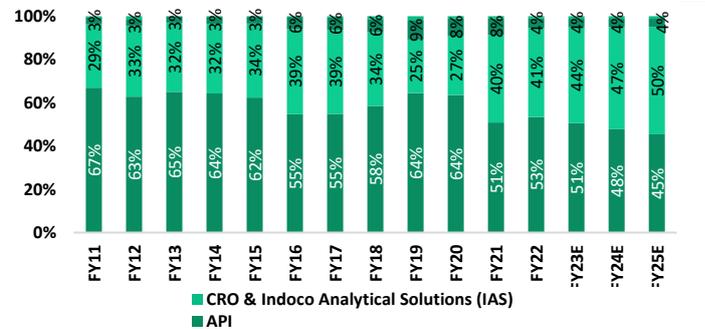
Over the 5-year period (FY17-22), the company has significantly improved its revenue mix by focussing more on high value markets such as US, UK and Germany which resulted in increased revenue mix for the company. High volume growth, new product launches and price hike were the major contributor to the growth. Going ahead, we expect revenue to deliver CAGR growth of 15% from FY22 to FY25E on the back of new launches in Ophthalmic and strong growth from US and EU markets.

Fig 13: Steady growth over the years



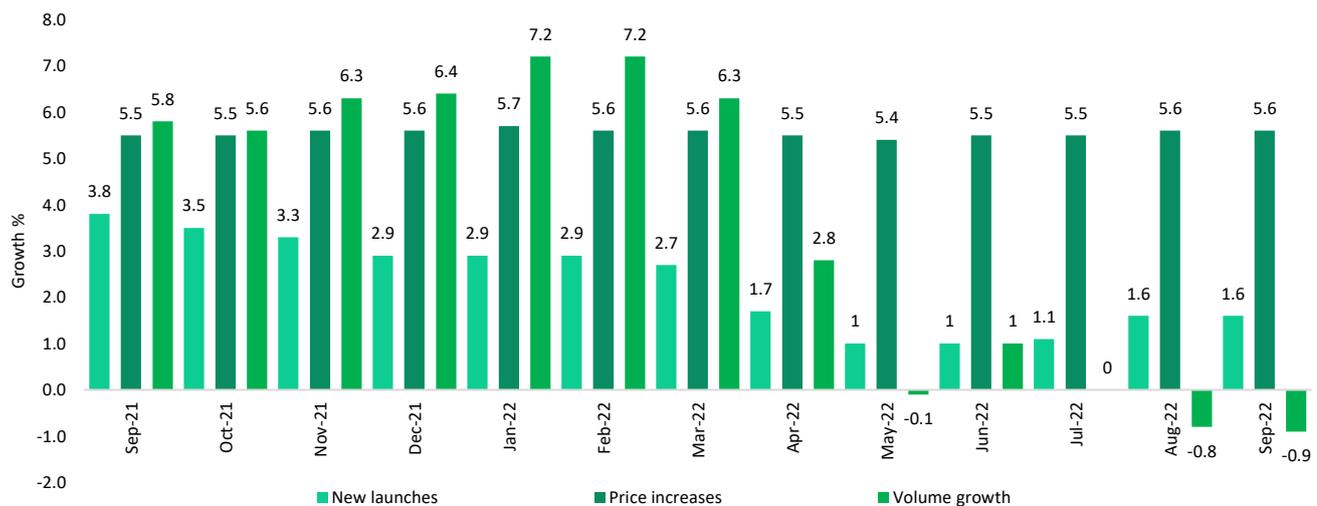
Source: Company, SMIFS Research

Fig 14: Led by improvement in exports



Source: Company, SMIFS Research

Fig 15: Volume and price hike were the major growth driver for the IPM Industry



Source: AIOCD

Fig 16: IPM MAT Growth

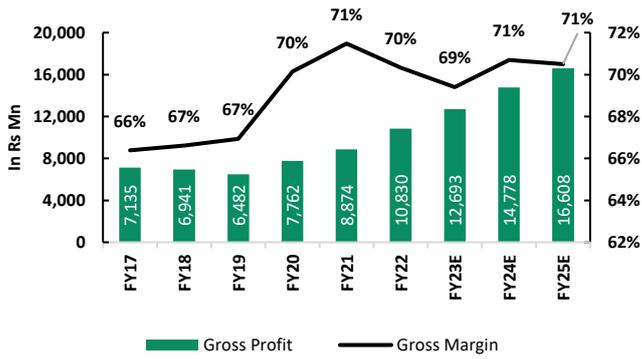
IPM MAT Growth	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22
New launches	3.8	3.5	3.3	2.9	2.9	2.9	2.7	1.7	1	1	1.1	1.6	1.6
Price increases	5.5	5.5	5.6	5.6	5.7	5.6	5.6	5.5	5.4	5.5	5.5	5.6	5.6
Volume growth	5.8	5.6	6.3	6.4	7.2	7.2	6.3	2.8	-0.1	1	0	-0.8	-0.9

Source: AIOCD

Margins Analysis

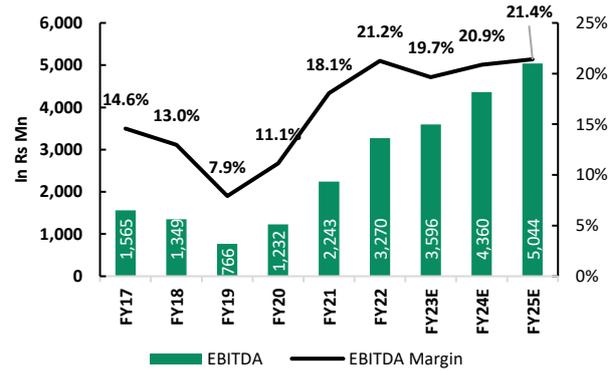
Optimization in COGS expenses and reduction in employee expenses has led to improvement in EBITDA margins from 14.6% in FY17 to 21.2% in FY21. R&D expenses are expected to remain constant at 5% of sales. Going ahead, due to new high value launches in US and ease off of input cost price pressure will lead to stable EBITDA margins of 21.4% in FY25E.

Fig 17: Cost optimization led to steady gross margin



Source: Company, SMIFS Research

Fig 18: Improved product mix led to margins expansion



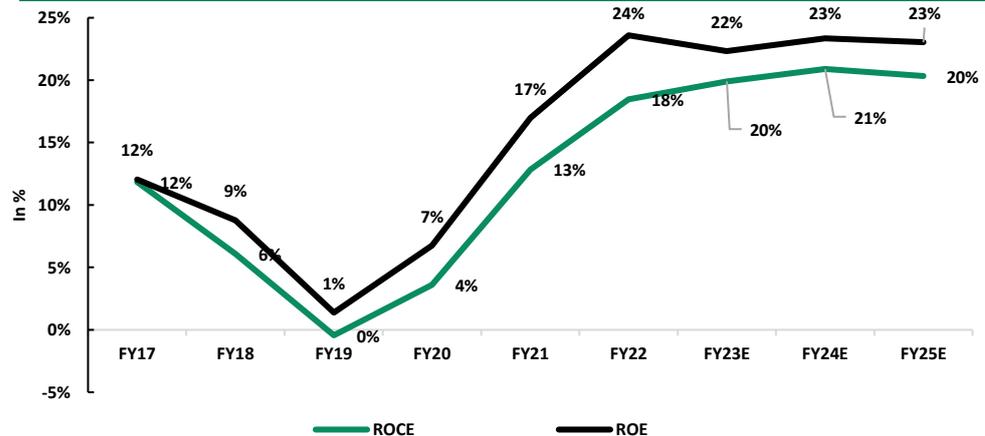
Source: Company, SMIFS Research

Return ratios to remain steady on the back of US and EU business

Return ratios for the past 5 years were quite volatile due to warning letter in FY19 which led to decline in sales. ROE jumped from 7.9% in FY19 to 18% in FY22 due to higher revenues from UK and US which was earlier affected due to USFDA warning letter.

Going ahead, we expect the return ratios to get stabilized between 22%-23% on the back of higher sales contribution from the regulated market and steady growth from domestic business where the company plans to increase its chronic portfolio. off of input cost price pressure will lead to stable EBITDA margins of 21.4% in FY25E.

Fig 19: Return ratios will remain stable going forward



Source: Company, SMIFS Research

Peer Comparison

Company Name	Net Sales			EBITDA			PAT			EBITDA Margin %			PAT Margin %		
	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Sun Pharma Ind	386,540	426,329	469,357	102,580	110,075	127,710	78,396	82,178	95,388	26.5%	25.8%	27.2%	20.3%	19.3%	20.3%
Ajanta Pharma	33,410	37,841	42,495	9,330	9,244	11,191	7,130	6,926	8,296	27.9%	24.4%	26.3%	21.3%	18.3%	19.5%
Indoco Remedies	15,397	18,289	20,902	3,270	3,596	4,360	1,545	1,980	2,506	21.2%	19.7%	20.9%	10.0%	10.8%	12.0%
Torrent Pharma	85,080	95,209	107,869	24,310	28,425	33,243	7,770	13,538	16,671	28.6%	29.9%	30.8%	9.1%	14.2%	15.5%
Alembic Pharma	53,060	55,619	62,272	8,740	7,754	10,934	5,210	4,175	6,266	16.5%	13.9%	17.6%	9.8%	7.5%	10.1%
Alkem lab	106,340	113,939	126,116	20,540	16,781	21,560	16,800	12,422	16,571	19.3%	14.7%	17.1%	15.8%	10.9%	13.1%
Granules	37,650	43,869	50,312	7,270	9,022	10,596	4,130	5,262	6,352	19.3%	20.6%	21.1%	11.0%	12.0%	12.6%

Source: Bloomberg, SMIFS Research

Company Name	CAGR FY22-24				ROE (%)			EPS			P/E			EV/EBITDA		
	Mcap Rs mn	Revenue	EBITDA	PAT	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E	FY22	FY23E	FY24E
Sun Pharma Ind	2,098,959	10.2%	11.6%	10.3%	14.0	15.2	15.7	13.6	34.3	39.8	75.9	30.2	26.0	19.8	21.8	18.3
Ajanta Pharma	156,055	12.8%	9.5%	7.9%	22.8	19.9	19.9	53.8	54.5	65.7	23.2	22.9	19.0	16.4	16.5	13.7
Indoco Remedies	37,958	16.5%	15.5%	27.3%	18.5	19.9	20.9	16.8	21.5	27.2	24.6	15.9	12.6	12.3	8.7	7.0
Torrent pharma	472,461	12.6%	16.9%	46.5%	18.3	19.8	19.7	32.8	40.8	51.9	49.8	40.1	31.5	20.9	17.9	15.3
Alembic pharmaceuticals	145,771	8.3%	11.9%	9.7%	10.1	5.6	9.1	27.6	20.4	31.4	21.7	29.4	19.1	17.4	19.6	13.9
Alkem lab	432,909	8.9%	2.5%	-0.7%	20.7	13.2	15.8	137.8	104.4	138.7	22.3	29.5	22.2	21.2	25.9	20.2
Granules	76,014	15.6%	20.7%	24.0%	17.5	17.6	17.9	16.7	21.3	25.7	21.3	16.8	13.9	11.4	9.2	7.8

Source: Bloomberg, SMIFS Research

Valuation & Outlook

Indoco remedies is play on ophthalmic business, increased revenue from US and EU and steady India business, each of them have significant opportunities to grow further.

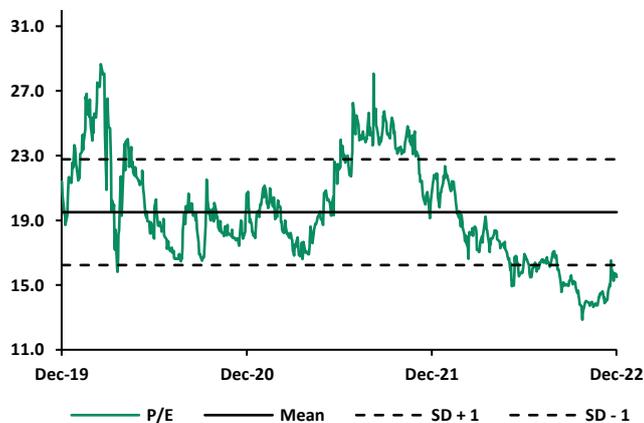
The company's growth will come from

1) Mid-to-high single digit growth in the India business (54% of revenue), 2) Robust growth in the US and Europe businesses by expanding the base portfolio where company plans to monetize its ANDA filings and strong growth from high margin opportunities in Europe. Europe to deliver low double-digit growth due to high base of FY22 as it transitions from contract manufacturing to owned-dossier backed product launches in several geographies.

We value Indoco at 16x Sep FY24E EPS and recommend a BUY rating on the stock, with a target price of Rs 469, offering 24% upside from CMP.

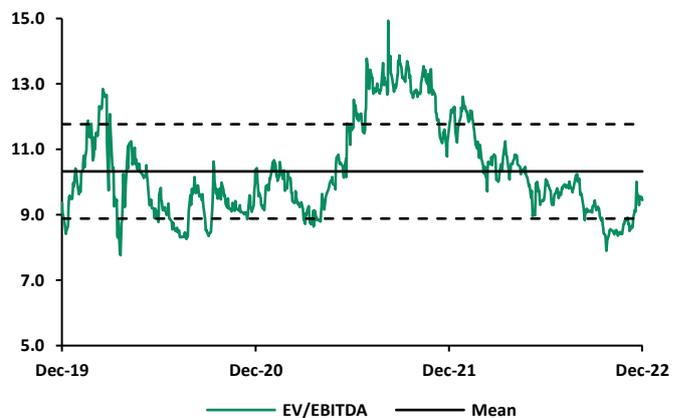
At 16x Sep FY24E EPS, Indoco trades at a discount to peers. We estimate better RoE at high teens by FY24E, once operating leverage from capacity utilisation plays out.

Fig 1: 1 year forward P/E chart



Source: Bloomberg, Company, SMIFS Research

Fig 2: 1 year forward EV/EBITDA chart



Source: Bloomberg, Company, SMIFS Research

Corporate Governance

We believe that good corporate governance is necessary for enhancing the trust of the shareholders. Hereby, we present a detailed framework on corporate governance for the comfort of the investors of Indoco Remedies considering board of directors, remuneration of key managerial personnel, contingent liability etc.

Promoters' Shareholding

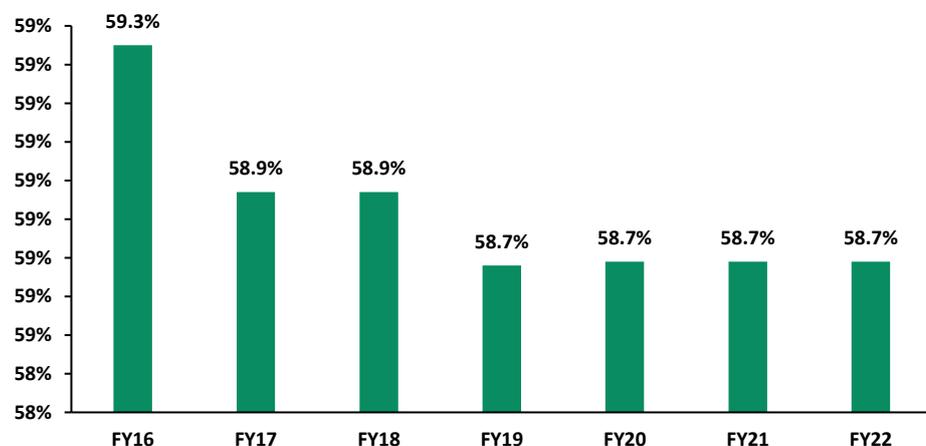
The promoters currently hold ~58.7% of the equity capital. SPA holdings and Shanteri Investments (headed by Aditi Panandikar) (holds the highest equity capital (19.9% and 17.1% respectively) in the company. The details of the shareholding and its movement are indicated in the following table and chart:

Fig 3: Latest Promoter Shareholding

Particulars	% Holding
Panandikar Aditi Milind	6.0
Ramani Madhura Anup	5.6
Kare Aruna Suresh	5.2
Kare Suresh Govind	4.4
Suresh Govind Kare HUF	0.3
Spa Holdings Pvt Ltd	19.9
Shanteri Investment Pvt Ltd	17.1
Total	58.7

Source: Company Annual Report FY22, SMIFS Research

Fig 4: Promoter Shareholding



Source: Company Annual Report, SMIFS Research

Over the years from FY16 to FY22, the promoter has maintained their shareholding in the company at around 59%. The promoters have maintained more-or-less similar levels of stakes in Indoco Remedies.

Promoter Compensation

In FY19 and FY20, the promoter compensation as % to PBT was higher due to lower EBITDA and PBT as the company's US business was affected because of warning letter. However, post FY20, promoter compensation was hovering around 6-8% in line with its historical average.

Fig 5: Remuneration of promoter
(Rs in mn)

	FY19	FY20	FY21	FY22
Mr Suresh G Kare	19.4	22.4	34.8	48.9
Ms Aditi Panandikar	16.6	20.1	30.0	48.8
Mr. Sundeep V Bambolkar	15.0	18.3	27.8	45.8
Mr. Divakar M Gavaskar	0.4	0.3	0.5	0.6
Mr. Rajiv P Kakodkar	0.5	0.4	0.6	0.7
Dr. (Ms.) Vasudha V Kamat	0.0	0.0	0.4	0.6
Mr. Abhijit Y Gore	0.0	0.0	0.2	0.5
Dr. Anand M Nadkarni	0.2	0.2	0.3	0.4
Mr. Pramod Ghorpade	0.0	0.0	0.0	6.3
Mr. Mandar Borkar	7.5	7.8	9.3	3.5
Mr. Jayshankar Menon	2.5	2.9	3.3	4.6
Others	0.0	0.0	0.0	0.0
Total Remuneration	62.2	72.3	107.2	160.8
As a % of PBT	-67.9%	25.6%	8.1%	6.8%

Source: Company Annual Reports, SMIFS Research

Board Composition

Independent directors constitute 50% of the board composition.

The details are given below:

Fig 6: Board Composition

	FY19	FY20	FY21	FY22
Independent Directors	4	4	4	4
Other Non-Executive Director	1	1	1	1
Executive Chairman, Managing Director	3	3	3	3

Source: Company, SMIFS Research

Contingent Liabilities

The company's contingent liability as a % of net worth is 3.8% in FY19 and 6.7% in FY22. A major portion of contingent liabilities is safe items, which we have taken into consideration in calculating total liability. The actual contingent liabilities are mostly taxation related which is insignificant as a % of net worth.

Fig 7: Contingent Liability
(Rs in mn)

	FY19	FY20	FY21	FY22
Outstanding bank guarantees	22	22	25	31
Claims arising from disputes	136	177	364	361
Letters of Credit	51	223	56	77
Estimated amount of contracts remaining to be executed on capital A/c	42	96	115	133
Total	251	517	559	603
As a % of Net Worth	3.8%	7.6%	7.3%	6.7%

Source: Company Annual Report, SMIFS Research

Related Party Transactions

While investigating the related party transactions we found that there is nothing major related party transactions of Indoco Remedies with its subsidiary Xtend Industrial Designers & Engineers Pvt Ltd. Indoco Remedies is availing consultancy services from this subsidiary Rs 21.2 mn in FY22, which is insignificant as compared to Indoco Remedies net worth.

Fig 8: Related Party Transactions
(Rs in mn)

	FY19	FY20	FY21	FY22
Subsidiary company transactions				
Xtend Industrial Designers & Engineers Pvt Ltd.	0	0	20.0	21.2
A.K. Services	0	0	0.9	0.9
Suresh G Kare (HUF)	0	0	0.3	0.3

Source: Company, SMIFS Research

Key management personnel

Fig 9: Details of promoter and director

Name	Designation	Profile
Mr. Suresh G. Kare	Chairman	Mr. Suresh G. Kare, Chairman of Indoco Remedies Ltd., has been at the helm of the Company's affairs for over 50 years. Under his able leadership, the Company has transformed into the fully integrated, research oriented pharma organisation that it is today. Mr. Kare has a technical background and is well respected by the industry for his acute business acumen and vision. His passion for arts, sports and social service contributes to his multi-faceted personality. Under his stewardship, Indoco has achieved innumerable milestones. Mr. Kare's vast pharmaceutical experience and passion for excellence is the key to the Company's sustained growth. He has been the President of the Indian Drug Manufacturers' Association (IDMA) and has significantly contributed to the growth of the Indian pharmaceutical industry.
Ms. Aditi Kare Panandikar	Managing Director	he Managing Director at Indoco, Ms. Aditi Kare Panandikar is a third generation entrepreneur who has sharp business acumen, backed by techno-commercial skills. She holds a Bachelors Degree in Pharmacy and a Masters Degree in Pharmaceutical Administration from the Ohio State University, USA. Patent Law and practices is another area in which she has pursued an in-depth study. Prior to her current stint as Managing Director, Ms. Panandikar has successfully headed key departments within the organisation. Her zest at gaining knowledge on her family business as well as her inherited qualities, have added up to her flair for business acumen and leadership qualities.
Mr. Sundeep V. Bambolkar	Jt. Managing Director	Mr. Sundeep V. Bambolkar, Jt. Managing Director at Indoco Remedies Limited is an astute finance professional with proven administrative capabilities and has over 30 years of pharma experience. Prior to his appointment as Jt. Managing Director, he has headed departments such as Finance, Operations, Purchase, Projects and International Business within the Company. He has to his credit a Bachelors Degree in Science, a Post Graduate Diploma in Entrepreneurship Management and a Masters in Administrative Management (MAM). He has also undergone a Management Development Programme at the Kellogg School of Management, Chicago, USA. As the Joint Managing Director, he is responsible for the overall management of the Company, with special focus on International Business, Operations and Finance.
Mr. Pramod Ghorpade	Chief Financial Officer	Mr. Pramod Ghorpade is the Chief Financial Officer at Indoco Remedies. He previously worked as the Country CFO at Watson Pharmaceuticals. Mr. Pramod is a finance professional with a deep understanding of the complexity around consolidating financial statements under US GAAP rules.
Mr. D. M. Gavaskar	Independent Director	Mr. Gavaskar is a Chartered Accountant and Company Secretary. He is a Commerce Graduate from the University of Bombay and has also completed a course in Strategic Management from U.K., another course for Senior Management from Templeton College, Oxford University and Henley College of Management, respectively. Mr. Gavaskar started his career with Johnson and Johnson (India) Ltd and thereafter, held different positions with Abbott India Ltd (then Boots India Ltd), including that of Director of Finance & Company Secretary between 1983 and 1985 and Finance Director & Company Secretary between 1985 and 1989. From 1989 until October 2005, Mr. Gavaskar was the Managing Director & President of Abbott India Ltd (formerly Knoll Pharma). Mr. Gavaskar not only had a brilliant academic career, but also has to his credit several achievements in terms of improving performance of the business, operations restructuring, cost reduction and containment, outsourcing, efficiency improvement and strategy & business development during his tenure with Abbott India Ltd. Mr. Gavaskar also received the President's citation from Abbott Labs USA in 2001 and 2002.
Mr. Rajiv P. Kakodkar	Independent Director	Mr. Kakodkar holds a Bachelor of Pharmacy Degree from Bombay University and an MBA from the prestigious Stuart School of Business, Chicago, USA. He has vast experience of international business in the pharma field. His area of expertise include, Indenting and

Sourcing for pharmaceutical global and domestic businesses. He is a founder of his own chemical business, which is in operation for over two decades.

Dr. Vasudha V. Kamat	Independent Director	Prof. (Ms.) Vasudha Vasant Kamat, aged 67 years, has a Bachelor's Degree in Science (Chemistry), Master's Degree in Arts (Sociology), Bachelor's and Master's Degree in Education and a Doctoral Degree in Philosophy (Arts). She has a varied experience in the education sector and is associated with various foreign universities for the fellowship programmes in the capacity of visiting scholar. In the past, she has held the post of Joint Director at the Central Institute of Educational Technology, a constituent unit of National Council of Educational Research and Training and Vice - Chancellor of S.N.D.T Women's University. She is also a part of the committee constituted for preparation of the draft National Education Policy. She is on the on the Board of IRCON International Limited an Independent (Part-time Non-Official) Director.
Mr. Abhijit Gore	Independent Director	Mr. Abhijit Yashwant Gore a partner at D. G. Gore (Fragrance Manufacturers) is a second generation entrepreneur who is running his family business since the last 34 years. He has been trained as a Perfumer in a Perfumery School in Grasse France. With many customers spread across the world and a strong dealer network all over India, his company has been manufacturing self-developed blends for the FMCG industry for several years now. Additionally, he also contributes his expertise, knowledge, experience and advisory skills in the aroma-chemicals, Natural Essential Oils Industry. He has investments in media & entertainment and real estate industry.
Dr. Anand Nadkarni	Independent Director	Dr. Nadkarni has done his MD in Psychological Medicines. He is a Consultant Psychiatrist and a Corporate Trainer & Human Resource Consultant for a number of major corporate organisations. He has vast experience in dealing with various type of industries.

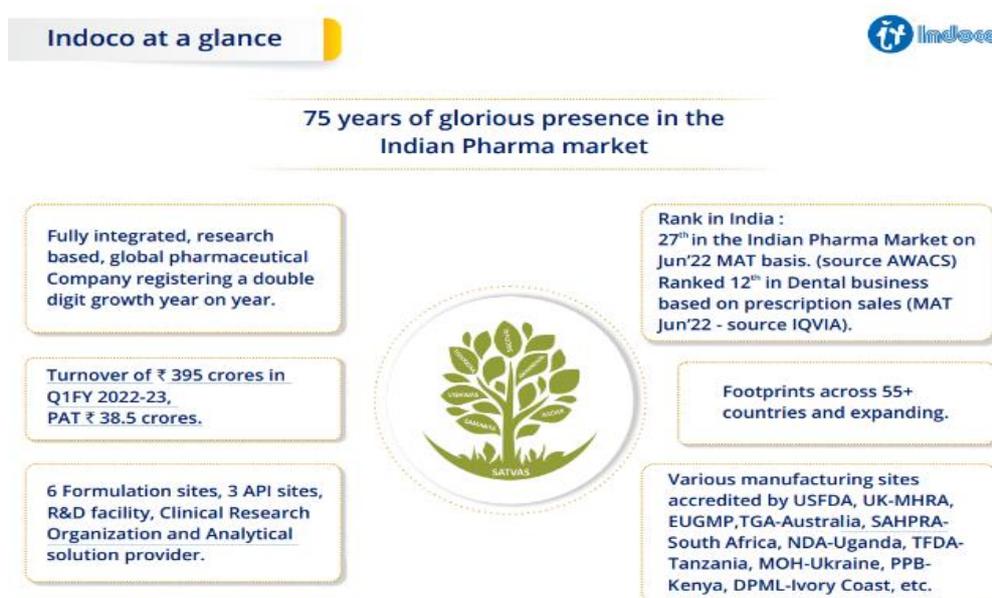
Source: Company, SMIFS Research

Fig 10: Details of Director's Qualifications

Name	Designation	Qualifications	Other companies	Member of committees in other companies
Mr. Suresh G. Kare	Chairman	BSC	La Nova Chem (India) Private Ltd, Warren Laboratories Ltd., Ameya Pharmaceuticals And Chemicals, Xtend Industrial Designers And Engineers Private Ltd.	11
Ms. Aditi Kare Panandikar	Managing Director	Bachelors Degree in Pharmacy and a Masters Degree in Pharmaceutical Administration from the Ohio State University, USA	La Nova Chem (India) Private Ltd, Warren Laboratories Ltd., Ameya Pharmaceuticals And Chemicals, Xtend Industrial Designers And Engineers Private Ltd.	11
Mr. Sundeep V. Bambolkar	Jt. Managing Director	B.Sc., PGDRM, MAM, Management Program from the Indian School of Business, Hyderabad and Kellogg School of Business, Chicago, USA	Warren Remedies Private Ltd.	10
Mr. Pramod Ghorpade	Chief Financial Officer	CA, MBA	None	Nil
Mr. D. M. Gavaskar	Independent Director	CA	None	Nil
Mr. Rajiv P. Kakodkar	Independent Director	Bachelor of Pharmacy Degree from Bombay University and an MBA from the prestigious Stuart School of Business, Chicago, USA.	Vasundhara Rasayans Ltd Shree Herbal Technologies Ltd.	2
Dr. Vasudha V. Kamat	Independent Director	Bachelor's Degree in Science (Chemistry), Master's Degree in Arts (Sociology), Bachelor's and Master's Degree in Education and a Doctoral Degree in Philosophy (Arts)	None	Nil
Mr. Abhijit Gore	Independent Director	BSc Undergraduate and is Trained as a Perfumer in a Perfumery School in Grasse France	Vibhav Realtors Private Ltd., Chav Hospitality Services Private Ltd., Jmp Advisors Private Ltd., Veena Patil Hospitality Private Ltd.	5
Dr. Anand Nadkarni	Independent Director	MD in Psychological Medicines	Tapas Elder Care Foundation	1

Source: Company, SMIFS Research

Fig 11: Key Milestones of Indoco Remedies



Source: Company Investor Presentation, SMIFS Research

Auditors of the company

From FY16 to Dec 2022, M/s Gokhale & Sathe, (a Firm of Chartered Accountants) are the auditors of the company.

Fig 12: Auditors of the company

Auditor Name	Type	Auditor Fees - (Rs mn)	As a % of PBT
M/s Gokhale & Sathe	Statutory Auditors	1.72	0.07

Source: Company

Take on Management

The management is proactive in gaining good market share. For many of the drugs such as brinzolamide and lacosamide they were the first generic players in US to launch the drugs in US market which helped them to take first mover advantage. Also in Germany Indoco won 80-85% of the Allopurinol tenders.

The management of the company is more focused on growth. In order to improve their topline they first started selling drugs by partnering them with other generic players and after they got enough confidence they started filing their own ANDA which helped them to improve the topline growth.

Lot of pharma companies are facing issues in EU due to war and increased power & fuel costs, but by going hedging in EU region, the company's gross margin are back on track to 70%. This shows that the management has done quite well in protecting its business from the external factors.

Company Background

What is Indoco Remedies all about?

Indoco Remedies Ltd., is a fully integrated, research-oriented pharma company engaged in the manufacturing and marketing of Formulations (Finished Dosage Forms) and Active Pharmaceutical Ingredients (APIs). It has seven decades of presence in the Indian Pharma market and a strong foothold in the international market across 55 countries. Indoco, a USD 198 million company, employs around 6000 personnel, including over 300 skilled scientists.

It has 9 manufacturing facilities, out of which, 6 are for finished dosages and 3 for APIs, supported by a state-of-the-art R&D centre at Rabale, Navi Mumbai and a Clinical Research Organisation at Hyderabad. The manufacturing facilities are of highest regulatory standards, complying with WHO-cGMP guidelines and have been approved by various regulatory authorities such as, USFDA, UK-MHRA, TGA-Australia, SAHPRA-South Africa, NDA-Uganda, TMDA-Tanzania, MOH-Ukraine, PPB-Kenya, DPML-Ivory Coast, etc.

Fig 13: Indoco Remedies capacity details at different locations as on FY22

Unit	Description	Approvals
Goa	Indoco has 3 plants in Goa for formulations	The facility is approved by UK-MHRA (for Solid Dosages and Creams & Capsules), TGA-Australia (for Solid Dosages, Liquid Orals and Creams & Ointments) and by Darmstadt Germany (for Solid Dosages). The Plant also holds the WHO-GMP approval.
Baddi, HP	Dosages manufactured and their annual capacities : Solid Orals (Tablets) : 0.96 Billion Liquid Orals : 2400 KL External Preparations (Creams & Ointments) : 225 Tons Oral Hygiene preparation (Toothpaste) : 1500 Tons	The facility has been approved by UK-MHRA (for Solid Dosages), World Health Organization, Ministry of Health - Nepal and has also successfully faced audit from Ministry of Health, Slovenia.
Waluj, Aurungabad	Dosages manufactured and their annual capacities : Solid Orals (Tablets) : 250 Million Liquid Orals : 500 KL External Preparations : 400 KL	This facility has been inspected by World Health Organization, National Drug Authority - Uganda, Drug Regulatory Unit – Botswana, PPB Kenya, TMDA Tanzania, MEDS Kenya, TPML France (FWA), ZAMRA – Zambia.
Rabale, Maharashtra	The facilities at the Centre include, Synthetic Chemistry Labs (APIs), Formulation Development, Analytical Method Development, Regulatory and Intellectual Property Rights Cell. The API section has capabilities to synthesize APIs, work on process improvement, as well as development of non-infringing processes for APIs and intermediates.	Approved by the Department of Scientific and Industrial Research, Ministry of Science and Technology, Government of India.
Patalganga, Maharashtra	It's a API plant with capacity of 4000 L reactors.	USFDA, TGA, LOCAL FDA, WHO, COFEPRIS, EDQM & EUGMP.

Source: Company Investor Presentation, SMIFS Research

- Indoco has strengthened its wings in the international markets and offers complete solutions, including product development, manufacture and supply of Finished Dosages, APIs and Intermediates to generic companies worldwide. It has a large basket of products backed by ANDAs / eCTD Dossiers and Drug Master Files (DMFs).
- Expertise in Research & Development, backward integration in API in select products, own CRO set-up, excellence in Finished Dosages manufacturing and a strong customer base will ensure consistent growth in the Company's Domestic, as well as International business.

Quarterly financials, operating metrics & key performance indicators

Y/E March (Rs mn)	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23
Net Sales	3323	3051	3868	3869	3580	4091	4082	4314
Raw Materials	944	879	1103	1063	1087	1315	1321	1363
Employee Costs	729	602	750	742	713	732	827	884
Other Expenditure	174	164	165	213	171	197	183	198
EBITDA	875	859	982	986	875	1044	1038	1083
Depreciation	602	547	867	864	735	804	715	785
Interest	169	186	222	195	192	181	201	213
Other Income	60	46	42	31	38	30	41	44
Foreign gain/Loss	4	20	9	10	2	3	11	13
Other exceptional item	376	336	611	650	506	596	484	541
PBT	123	86	216	233	176	193	98	135
Tax	33	26	35	36	35	32	20	25
Tax rate (%)	254	250	395	417	330	403	386	406
PAT before minority	0	0	0	0	0	0	0	0
Minority Interest	0	0	0	0	0	0	0	0
Consolidated PAT	254	250	395	417	330	403	386	406
Adjusted PAT	254	250	395	417	330	403	386	406
Y-o-Y Growth (%)								
Revenue	14.8	12.2	40.2	17.9	7.7	34.1	5.6	11.5
EBITDA	72.6	64.4	78.3	42.4	22.1	46.9	-17.6	-9.2
Adjusted PAT	178.7	366.4	131.7	62.5	30.1	61.1	-2.3	-2.7
Q-o-Q Growth (%)								
Revenue	1.2	-8.2	26.7	0.0	-7.5	14.3	-0.2	5.7
EBITDA	-0.9	-9.1	58.5	-0.3	-15.0	9.4	-11.1	9.9
Adjusted PAT	-1.1	-1.4	57.9	5.6	-20.9	22.1	-4.2	5.1
Margin (%)								
EBITDA	18.1	17.9	22.4	22.3	20.5	19.6	17.5	18.2
Adjusted PAT	7.6	8.2	10.2	10.8	9.2	9.8	9.4	9.4

Source: Company, SMIFS research

Fig 14: Key Assumptions

Key Assumptions	FY19	FY20	FY21	FY22	FY23E	FY24E	FY25E
Domestic	6,062	6,862	6,190	8,031	9,075	9,801	10,487
% growth	1.9%	13.2%	-9.8%	29.7%	13.0%	8.0%	7.0%
Exports	2,335	2,963	4,924	6,205	7,936	9,652	11,444
% growth	-32.8%	26.9%	66.2%	26.0%	27.9%	21.6%	18.6%
API	822	860	940	634	716	795	883
% growth	35.0%	4.6%	9.3%	-32.5%	13.0%	11.0%	11.0%
CRO	195	109	133	167	217	261	300
% growth	38.0%	-44.1%	22.3%	25.7%	30.0%	20.0%	15.0%
Other Operating income	264	272	241	370	359	410	462
% growth	0.9%	3.2%	-11.3%	53.5%	-3.0%	14.3%	12.7%
Total	9,677	11,066	12,427	15,408	18,303	20,918	23,576

Source: Company, SMIFS research

Financial Statements

Income Statement					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25E
Revenues	12,415	15,408	18,303	20,918	23,576
Raw Materials	3,541	4,568	5,601	6,129	6,955
% of sales	28.5	29.6	30.6	29.3	29.5
Personnel	2,740	2,937	3,481	3,979	4,484
% of sales	22.1	19.1	19.0	19.0	19.0
R&D Expenses	597	746	933	1,067	1,202
% of sales	4.8	4.8	5.1	5.1	5.1
Other Expenses	3,294	3,883	4,689	5,380	5,887
% of sales	26.5	25.2	25.6	25.7	25.0
EBITDA	2,243	3,273	3,598	4,364	5,048
Other Income	31	23	24	26	27
Depreciation	731	790	861	963	1,072
EBIT	1,543	2,507	2,762	3,426	4,003
Finance cost	223	141	175	155	160
Core PBT	1,289	2,342	2,563	3,246	3,815
Extraordinary items	0	0	0	0	0
PBT	1,320	2,366	2,587	3,271	3,842
Tax-Total	390	818	621	785	922
Tax Rate (%) - Total	29.5	34.6	24.0	24.0	24.0
PAT	930	1,548	1,966	2,486	2,920
Adjusted PAT	930	1,548	1,966	2,486	2,920

Source: Company, SMIFS research estimates

Key Ratios					
YE March	FY21	FY22	FY23e	FY24e	FY25E
Growth Ratios (%)					
Revenue	12.2	24.1	18.8	14.3	12.7
EBITDA	82.0	46.0	9.9	21.3	15.7
Adjusted PAT	285.8	66.4	27.0	26.4	17.4
Margin Ratios (%)					
Gross Margin	71.5	70.4	69.4	70.7	70.5
EBITDA	18.1	21.2	19.7	20.9	21.4
Core PBT	10.4	15.2	14.0	15.5	16.2
Adjusted PAT	7.5	10.0	10.7	11.9	12.4
Return Ratios (%)					
ROE	12.8	18.5	19.9	21.2	20.7
ROCE	11.0	14.9	16.8	18.0	18.0
Turnover Ratios (days)					
Gross Block Turnover (x)	1.4	1.6	1.8	1.9	2.0
Adj OCF / Adj PAT (%)	63	102	101	111	108
Debtors	65	63	69	71	71
Inventory	66	65	75	75	75
Creditors	41	29	33	33	33
Cash conversion cycle	90	99	111	113	113
Solvency Ratio (x)					
Debt-equity	0.3	0.3	0.2	0.2	0.2
Net debt-equity	0.3	0.3	0.2	0.2	0.1
Gross debt / EBITDA	1.2	0.8	0.7	0.6	0.6
Current Ratio	1.5	1.8	1.9	2.1	2.3
Interest coverage ratio	6.9	17.7	15.8	22.2	24.9
Dividend					
DPS	1.5	2.3	3.0	3.8	4.4
Dividend Yield (%)	0.6	0.5	0.8	1.0	1.2
Dividend Payout (%)	14.9	13.4	14.0	14.0	14.0
Per share Ratios (Rs)					
Adjusted EPS	10.1	16.8	21.3	27.0	31.7
CEPS	18.0	25.4	30.7	37.4	43.3
BV	83.4	98.2	115.9	139.1	166.4
Valuation (x)					
Adj P/E	25.3	24.5	17.9	14.1	12.0
P/BV	3.1	4.2	3.3	2.7	2.3
EV/EBITDA	11.6	12.3	9.7	7.9	6.7
EV/Sales	1.1	1.7	2.2	1.7	1.5
Adj Mcap / Core PBT	18.2	16.1	13.7	10.6	8.8
Adj Mcap / Adj OCF	40.2	24.0	17.7	12.4	10.7

Source: Company, SMIFS research estimates

Balance Sheet					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25E
Sources of funds					
Equity Share Capital	184	184	184	184	184
Reserves & Surplus	7,506	8,862	10,500	12,638	15,149
Shareholders' Fund	7,690	9,046	10,684	12,822	15,334
Total Debt	2,667	2,567	2,667	2,767	2,867
Other Liabilities	352	498	498	498	498
Total Liabilities	10,709	12,111	13,848	16,087	18,698
Application of funds					
Gross Block	9,275	9,755	10,698	11,498	12,298
Net Block	5,217	5,206	5,586	5,766	5,899
Capital WIP	251	528	727	782	836
Other Non-Current Assets	1,457	1,391	1,813	2,569	3,516
Inventories	2,379	3,105	3,761	4,298	4,844
Trade receivables	2,338	2,972	3,460	3,815	4,328
Cash and bank balances	143	198	112	704	1,362
Other current assets	1,365	1,461	1,461	1,461	1,461
Total Current Assets	6,225	7,736	8,793	10,278	11,995
Trade payables	1,132	1,333	1,655	1,891	2,132
Other current liabilities	1,309	1,417	1,417	1,417	1,417
Total Current Liabilities	2,441	2,750	3,072	3,309	3,549
Net Current Assets	3,784	4,986	5,721	6,969	8,446
Total Assets	10,709	12,111	13,848	16,087	18,698

Source: Company, SMIFS research estimates

Cash Flow					
YE March (Rs mn)	FY21	FY22	FY23e	FY24e	FY25E
Operating profit before WC changes					
Operating profit before WC changes	2,418	3,237	3,598	4,364	5,048
Changes in working capital	-1,398	-1,088	-821	-656	-819
Income tax Paid	-197	-411	-621	-785	-922
Cash flow from operating activities	822	1,738	2,156	2,923	3,307
Adj. OCF	582	1,576	1,981	2,768	3,147
Capex					
Capex	-766	1,244	1,000	-800	800
Cash flow from investing activities	-667	-1214	-1892	-1928	-2180
Debt	-31	-143	100	100	100
Dividend paid	-28	-138	-275	-348	-409
Interest and lease liabilities	-240	-163	-175	-155	-160
Cash flow from financing activities	-299	-444	-350	-403	-469
Net change in cash	-143	80	-86	592	658

Source: Company, SMIFS research estimates

Disclaimer

Analyst Certification:

We /I, the above-mentioned Research Analyst(s) of SMIFS Limited (in short “SMIFS / the Company”), authors and the names subscribed to this Research Report, hereby certify that all of the views expressed in this Research Report accurately reflect our views about the subject issuer(s) or securities and distributed as per SEBI (Research Analysts) Regulations 2014. 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 Research Report. It is also confirmed that We/I, the above mentioned Research Analyst(s) of this Research Report have not received any compensation from the subject companies mentioned in the Research Report in the preceding twelve months and do not serve as an officer, director or employee of the subject companies mentioned in the Research Report.

Terms & Conditions and Other Disclosures:

SMIFS Limited is engaged in the business of Stock Broking, Depository Services, Portfolio Management and Distribution of Financial Products. SMIFS Limited is registered as Research Analyst Entity with Securities & Exchange Board of India (SEBI) with Registration Number – INH300001474.

SMIFS and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Research Analysts. SMIFS generally prohibits its analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

The information and opinions in this Research Report have been prepared by SMIFS and are subject to change without any notice. The Research 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 SMIFS Limited. While we would endeavour to update the information herein on a reasonable basis, SMIFS is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent SMIFS 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 policies of SMIFS, in circumstances where SMIFS might be acting in an advisory capacity to this company, or in certain other circumstances.

This Research 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 Research 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. Securities as defined in clause (h) of section 2 of the Securities Contract Act, 1956, includes Financial Instruments, Currency and Commodity Derivatives. Though disseminated to all the customers simultaneously, not all customers may receive this Research Report at the same time. SMIFS will not treat recipients as customers by virtue of their receiving this Research Report. Nothing in this Research 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 Research 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. SMIFS accepts no liabilities whatsoever for any loss or damage of any kind arising

out of the use of this Research 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. The information given in this report is as of date of this report and there can be no assurance that future results or events will be consistent with this information. The information provided in this report remains, unless otherwise stated, the copyright of SMIFS. All layout, design, original artwork, concepts and intellectual Properties remains the property and copyright of SMIFS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the SMIFS.

SMIFS shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, breakdown of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of SMIFS to present the data. In no event shall SMIFS be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the SMIFS through this report.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (a) Exchange Rates can be volatile and are subject to large fluctuations; (b) the value of currencies may be affected by numerous market factors, including world and notional economic, political and regulatory events, events in Equity & Debt Markets and changes in interest rates; and (c) Currencies may be subject to devaluation or government imposed Exchange Controls which could affect the value of the Currency. Investors in securities such as Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Since associates of SMIFS 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 Research Report.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may: (i) from time to time may have long or short positions in, and buy or sell the Securities, mentioned herein or (ii) be engaged in any other transaction involving such Securities and earn brokerage or other compensation of the Subject Company/ companies mentioned herein or act as an Advisor or Lender/Borrower to such Companies or have other potential/material Conflict of Interest with respect to any recommendation and related information and opinions at the time of the publication of the Research Report or at the time of Public Appearance.

SMIFS does not have proprietary trades but may at a future date, opt for the same with prior intimation to Clients/ Investors and extant Authorities where it may have proprietary long/short position in the above Scrip(s) and therefore should be considered as interested.

The views provided herein are general in nature and do not consider Risk Appetite or Investment Objective of any particular Investor; Clients/ Readers/ Subscribers of this Research Report are requested to take independent professional advice before investing, however the same shall have no bearing whatsoever on the specific recommendations made by the analysts, as the recommendations made by the analysts are completely independent views of the Associates of SMIFS even though there might exist an inherent conflict of interest in some of the stocks mentioned in the Research Report.

The information provided herein should not be construed as invitation or solicitation to do business with SMIFS.

SMIFS 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 Research Report as of the last day of the month preceding the publication of the Research Report.

SMIFS encourages independence in Research Report preparation and strives to minimize conflict in preparation of Research Report. Accordingly, neither SMIFS and their Associates nor the Research Analysts and their relatives have any material conflict of interest at the time of publication of this Research Report or at the time of the Public Appearance, if any.

SMIFS 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.

SMIFS or its associates might have received any compensation from the companies mentioned in the Research Report during the period preceding twelve months from the date of this Research Report for services in respect of managing or co-managing public offerings, corporate finance, investment banking, brokerage services or other advisory service in a merger or specific transaction from the subject company.

SMIFS or its associates might have received any compensation for products or services other than investment banking or brokerage services from the subject companies mentioned in the Research Report in the past twelve months.

SMIFS or its associates or its Research Analysts did not receive any compensation or other benefits whatsoever from the subject companies mentioned in the Research Report or third party in connection with preparation of the Research Report.

Compensation of Research Analysts is not based on any specific Investment Banking or Brokerage Service Transactions.

The Research Analysts might have served as an officer, director or employee of the subject company.

SMIFS and its Associates, Officers, Directors, Employees, Research Analysts including their relatives worldwide may have been engaged in market making activity for the companies mentioned in the Research Report.

SMIFS may have issued other Research Reports that are inconsistent with and reach different conclusion from the information presented in this Research Report.

A graph of daily closing prices of the securities/commodities is also available at www.nseindia.com and/or www.bseindia.com, www.mcxindia.com and/or www.icex.com.

SMIFS submit' s that no material disciplinary action has been taken on the Company by any Regulatory Authority impacting Equity Research Analysis activities in last 3 years.

This Research 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 SMIFS 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.

Specific Disclosures

1. SMIFS, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
2. SMIFS, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company.
3. SMIFS, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months.
4. SMIFS, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report.
5. Research Analyst has not served as director/officer/employee in the subject company
6. SMIFS has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months.
7. SMIFS has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
8. SMIFS has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months.
9. SMIFS has not received any compensation or other benefits from third party in connection with the research report.
10. SMIFS has not engaged in market making activity for the subject company

Analyst holding in stock: **NO**

Key to SMIFS Investment Rankings

Buy: Return >15%, Accumulate: Return between 5% to 15%, Reduce: Return between -5% to +5%, Sell: Return < -5%

Contact us:

SMIFS Limited. (<https://www.smifs.com/>)

Compliance Officer:

Sudipto Datta,

5F Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: +91 33 4011 5401 / +91 33 6634 5401

Email Id.: compliance@smifs.com

Mumbai Office:

206/207, Trade Centre, Bandra Kurla Complex (BKC), Bandra East, Mumbai – 400051, India

Contact No.: (D) +91 22 4200 5508, (B) +91 22 4200 5500

Email Id: institutional.equities@smifs.com

Kolkata Office:

Vaibhav, 4 Lee Road, Kolkata 700020, West Bengal, India.

Contact No.: (D) +91 33 6634 5408, (B) +91 33 4011 5400

Email Id: smifs.institutional@smifs.com
