

# Dr Reddys Laboratories | BUY

## Margins maintained despite soft US

DRRD's 3Q Revenue and EBITDA were in line while PAT missed estimates on account of higher amortization. Overall it reported 16%/14%/1% YoY growth for Revenue/EBITDA/PAT during the quarter. Within segments, the US was subdued (flat YoY) due to lower gRevlimid sales and market share loss in recently launched products. India grew 14%, however adjusted for vaccine portfolio it grew 5%YoY. Overall topline growth was supported by superior performance in both Europe and EM. Adjusted for NRT, these segments grew at 22 & 12% YoY respectively. Despite lower gRevlimid sales, EBITDA margins remained healthy at 27.5% in 3Q. During the earnings call, the company re-iterated its confidence in overcoming the gRevlimid slump post FY26 led by Semaglutide opportunity in Canada & RoW as well as Abatacept from Jan'27. Margins are likely to be maintained at ~25% with flexibility on SG&A as well as R&D spend. We believe the street is under appreciating the near term Semaglutide opportunity in Canada as well as 18 other markets which are opening up from CY26. DRRD remains best placed among generic players to benefit from this. Overall the stock remains attractive, vs. large cap peers, trading at 25x/19x FY26/27 core EPS. Post 3Q, we maintain our estimates and BUY rating with a TP of INR 1,723.

- US delivers sedate performance:** US business reported tepid sales of INR 33.8bn (6% miss) flat YoY. The sedate performance was due to lower gRevlimid sales and price erosion. During the quarter, the company launched 4 new products. The company received a CRL for its Iron Sucrose product; this is likely to delay the product's launch. As of Dec 31, 2024, 79 generic filings were approvals pending from the U.S. FDA.
- NRT integration a priority:** This was the first quarter DRRD reported sales for Haleon's global Nicotine Replacement Therapy ('NRT') portfolio. The company reported sales of INR 6bn for the quarter. The management will prioritise on integrating the business, post which growth could accelerate. Key growth drivers remain 1. Focus on brand building 2. Increasing geographic reach and 3. Innovation on product development and lifecycle management. Recent initiatives like Nestle JV, biosimilars, innovation, licensing deals, etc. pinpoint towards DRRD's focus on growing its new businesses. With domestic growth catching up with market growth and Haleon brand acquisitions enhancing ex-Revlimid EPS, we believe there is an opportunity to unlock value here.
- Vaccine portfolio helps drive India growth:** Domestic sales grew 14%YoY (2% miss) to INR 13.5bn. Growth was supported by the Sanofi vaccine portfolio, adjusted for the acquisition; it grew in ~5%. Organic growth was dragged by low volume pick-up in certain brands in Cardiac and GI. The management believe GI should bounce back soon, while Cardiac may need an additional quarter to recover. We believe India business will continue to deliver IPM-beating growth over the next few years (~12% CAGR). The company launched 6 new during the quarter (22 launches YTD)
- Europe stellar, EMs strong:** EM grew of 12% YoY to INR 14.4bn with Russia growing 19% YoY driven by higher volumes, price increase and new product launches, partially offset by adverse forex movement. Revenue from RoW territories grew 7% YoY to INR

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	2,45,879	2,79,164	3,23,926	3,73,110	3,65,399
Sales Growth (%)	14.7	13.5	16.0	15.2	-2.1
EBITDA	70,479	82,587	87,784	1,06,709	88,427
EBITDA Margin (%)	28.7	29.6	27.1	28.6	24.2
Adjusted Net Profit	35,348	33,371	25,312	42,987	57,241
Diluted EPS (INR)	42.4	40.0	30.3	51.5	68.6
Diluted EPS Growth (%)	18.7	-5.6	-24.1	69.8	33.2
ROIC (%)	20.0	23.6	22.4	27.9	21.5
ROE (%)	17.6	14.7	9.8	14.6	17.2
P/E (x)	30.4	32.2	42.5	25.0	18.8
P/B (x)	5.1	4.4	3.9	3.4	3.1
EV/EBITDA (x)	15.4	12.8	11.8	9.4	11.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 23/Jan/2025



Amey Chalke

amey.chalke@jmfl.com | Tel: (91 22) 66303056

Raghav Vedanarayanan

raghav.vedanarayanan@jmfl.com | Tel: (91 22) 62241851

### Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,723
Upside/(Downside)	33.6%
Previous Price Target	1,737
Change	-0.8%

### Key Data – DRRD IN

Current Market Price	INR1,289
Market cap (bn)	INR1,075.9/US\$12.4
Free Float	62%
Shares in issue (mn)	834.4
Diluted share (mn)	834.4
3-mon avg daily val (mn)	INR2,698.5/US\$31.2
52-week range	1,421/1,120
Sensex/Nifty	76,520/23,205
INR/US\$	86.5

### Price Performance

%	1M	6M	12M
Absolute	-3.9	-6.1	13.6
Relative*	-1.3	-1.3	4.5

\* To the BSE Sensex

JM Financial Research is also available on:  
Bloomberg - JMFR <GO>,  
Thomson Publisher & Reuters,  
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

4.9bn driven new product launches and partially offset by adverse forex movement. Europe grew ~22% ex-NRT portfolio driven by new product launches and momentum in the base business, partly offset by price erosion. The management believe this run-rate is sustainable going ahead. PSAI grew 5%YoY to INR 8.2bn with driven by increase in volumes, new launches and favourable forex, partially offset by adverse price variance.

- **Biosimilars:** The biosimilars opportunity is going to be meaningful from 2027, with the launch of Abatacept (early CY27 opportunity) which is currently undergoing Phase 3 trials. This represents a significant growth opportunity for the company, with potential revenue of ~USD 100mn by FY28 and a further scale up in years after that. The company received marketing authorisation for Rituximab in UK, additionally the Denosumab has been filed in USA and Europe. The company will likely see Rituximab and Denosumab USA launch in FY26.
- **Nestle JV:** The management re-iterated that the deal (JV with Nestle) is one for the long-term and will see meaningful topline realisation only after a few years. This is primarily due to the time needed for the company to build scale and brand recognition for the new brands to be introduced through the JV but they believe the stickiness of this business is a key strength of the segment. The company aim to scale this business and aim to become one of the largest Nutraceutical players.
- **GLP-1 opportunity:** The management is confident; they can leverage the company's superior R&D and manufacturing ability to seize the GLP-1 opportunity. They plan on being a Day-1 launch across most markets in Semaglutide. The key markets in 2026 are Canada, Brazil and India. Among these markets, Canada presents the greatest opportunity, with limited competition and a substantial TAM of around USD 2bn. We anticipate that DRRD could generate up to USD 200mn in revenue in FY27. Additionally, DRRD's backward integration, established API facilities, and formulation production capabilities will further strengthen its position as a reliable and cost-effective supplier of semaglutide.
- **Key financials:**
  - Revenue/Adj. EBITDA/APAT of INR 83.6bn/22.9bn/14bn grew +16%/+8%/-6% YoY respectively and were +7%/+6/in line vs. our expectations and +2%/-5%/-13% vs. Street expectations.
  - Gross margin was 59% (vs. 58% YoY; vs. 60% QoQ);
  - Adj. EBITDA margin declined to 27.5% vs. 28% YoY/27.5% QoQ (JMFe: 27.9%).
  - During the quarter there was a milestone income of INR 1.3bn for USFDA approval of DFD 29. The management indicated that the company will receive royalty payments going ahead.
  - Capex for the quarter was INR 7.1bn while Cash flow was INR -2bn.
  - The R&D expenses were at 8% of sales
  - Net cash surplus as of 30<sup>th</sup> Sep'24 was INR 16bn.
  - ETR guidance for FY25 remains ~25%

**Exhibit 1. Recent initiatives**

Date	Notable events in Specialty/Specialty generics
Jan-24	Launched in-house PRIMCYV (Breast Cancer Drug taken from Pfizer) in India
Feb-24	Acquired Mayne Pharma US generic portfolio
Jun-24	Completed Phase 1 studies of Tocilizumab Biosimilar
Jul-24	Submitted Trastuzumab dossier in US, UK and Europe
Nov-24	Launched Nerivio (US FDA approved Path breaking Migraine treatment) in India
Dec-24	Enters into exclusive agreement for Coya 302 (ALS product)
Jan-24	Announces the acquisition of MenoLabs in US (women healthcare & Nutra)
Jan-24	Forayed into the consumer health market of UK with the launch of allergy medication, Histallay
Mar-24	Launches Versavo (Bevacizumab biosimilar) in UK
Mar-24	In licensed first in class Cethaquine for Hypovolemic shock in India
Mar-24	Exclusive distribution partnership for Sanofi's Vaccines brands in India
Apr-24	Partnered with Bayer to distribute Vericiguat, a heart failure management drug, in India
Apr-24	Launched migraine management wearable device, Nerivio®, in Germany and South Africa
Apr-24	Launched 'DailyBloom IBS' digital integrated care plan to manage Irritable Bowel Syndrome
Apr-24	Announced JV with Nestle for health science nutraceutical portfolio
May-24	Acquired Haleon's global consumer OTC brands for NRT
Jun-24	Licensing agreement with Zydus for co-marketing of Pertuzumab biosimilar
Jul-24	Non-exclusive patent licensing agreement with Takeda to commercialise Vonoprazan, a novel gastrointestinal drug in India
Oct-24	Voluntary licensing agreement with Gilead Sciences to manufacture and commercialise Lenacapavir in India and other countries
Oct-24	Launches Elobixibat (BixiBat®) a first-in-class drug to treat chronic constipation in India

Source: Company

**Exhibit 2. Trades at -1 SD**



Source: Bloomberg, JM Financial

## Exhibit 3. 3QFY25 review

Dr. (INR mn)	Reddy's	P&L	Q3 FY24	Q3 FY25E	% YoY	Q3 FY25E	% Delta vs JMFe	Q3FY25E (cons.)	% Delta vs cons	Q2 FY25	% QoQ
<b>Net Sales</b>			<b>72,148</b>	<b>83,586</b>	<b>16%</b>	<b>78,117</b>	<b>7%</b>	<b>81,864</b>	<b>2%</b>	<b>80,162</b>	<b>4%</b>
Cost of goods sold			29,945	<b>34,534</b>	15%	30,500	13%			32,393	7%
Gross Profit			42,203	49,052	16%	47,617				47,769	
% Margin			58%	59%	19 bps	61%				60%	
SG&A (excl. amort)			16,458	19,398	18%	18,050	7%			19,032	2%
R&D			5,565	6,658	20%	7,800	-15%			7,271	-8%
Impairment charges			-110	4		-8				-924	
<b>EBITDA</b>			<b>20180</b>	<b>22996</b>	<b>14%</b>	<b>21767</b>	<b>6%</b>	<b>22,800</b>	<b>1%</b>	<b>21466</b>	
% Margin			28.0%	27.5%		27.9%		28%	-34 bps	26.8%	
<b>Adjusted EBITDA**</b>			<b>20180</b>	<b>22996</b>	<b>14%</b>	<b>21767</b>	<b>6%</b>	<b>22,800</b>	<b>1%</b>	<b>22066</b>	<b>4%</b>
% Margin			28.0%	27.5%	-46 bps	27.9%	-35 bps	27.9%	-34 bps	27.5%	-1 bps
D&A			3,770	4,719	25%	3,950	19%			3,975	19%
Equity in affiliates			27	42	56%	60				61	-31%
Other Income/(Expenses)			-967	-439	-55%	-900				-984	-55%
Net Finance Expense/(Income)			(963)	20		(100)				(1555)	
Profit Before Tax			18257	18742	3%	18869				19167	-2%
Tax			4468	4704		5000				5752	
Extraordinary (income)/ expense			83	(953)		6				693	
<b>Adj. Net Profit</b>			<b>13872</b>	<b>14,036</b>	<b>1%</b>	<b>13875</b>	<b>1%</b>	<b>15,073</b>	<b>-7%</b>	<b>13666</b>	<b>3%</b>
% Net Profit Margin			19.2%	16.8%		17.8%				17.0%	
<b>Adj. EPS</b>			<b>16.6</b>	<b>16.8</b>		<b>16.6</b>				<b>15.9</b>	
<b>% Cost Ratios</b>			<b>Q3 FY24</b>	<b>Q3 FY25E</b>	<b>% YoY</b>	<b>Q3 FY25E</b>	<b>% Delta vs JMFe</b>	<b>Q3FY25E (cons.)</b>	<b>% Delta vs cons</b>	<b>Q2 FY25</b>	<b>% QoQ</b>
COGS			41.5	41.3	-19 bps	39.0	227 bps			40.4	91 bps
SG&A			22.8	23.2	40 bps	23.1	10 bps			23.7	-53 bps
R&D			7.7	8.0	25 bps	10.0	-202 bps			9.1	-110 bps
<b>Sales Break-up</b>			<b>Q3 FY24</b>	<b>Q3 FY25E</b>	<b>% YoY</b>	<b>Q3 FY25E</b>	<b>% Delta vs JMFe</b>	<b>Q3FY25E (cons.)</b>	<b>% Delta vs cons</b>	<b>Q2 FY25</b>	<b>% QoQ</b>
<b>Global Generics</b>			<b>63,095</b>	<b>73,752</b>	<b>17%</b>	<b>68,517</b>	<b>8%</b>			<b>71,576</b>	<b>3%</b>
North America			33,492	33,834	1%	36,017	-6%			37,281	-9%
Europe			4,970	12,096	143%	5,700	112%			5,770	110%
India			11,800	13,464	14%	13,700	-2%			13,971	-4%
EM			12,833	14,358		12,500				14,554	
<b>PSAI</b>			<b>7,839</b>	<b>8,219</b>	<b>5%</b>	<b>8,000</b>	<b>3%</b>			<b>8,407</b>	<b>-2%</b>
<b>Prop products and Others</b>			<b>1,214</b>	<b>1,614</b>	<b>33%</b>	<b>700</b>	<b>131%</b>			<b>179</b>	<b>802%</b>

Source: Company, Bloomberg, JM Financial

## Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	2,45,879	2,79,164	3,23,926	3,73,110	3,65,399	
Sales Growth	14.7%	13.5%	16.0%	15.2%	-2.1%	
Other Operating Income	0	0	0	0	0	
<b>Total Revenue</b>	<b>2,45,879</b>	<b>2,79,164</b>	<b>3,23,926</b>	<b>3,73,110</b>	<b>3,65,399</b>	
Cost of Goods Sold/Op. Exp	1,06,536	1,15,557	1,31,514	1,49,244	1,57,122	
Personnel Cost	0	0	0	0	0	
Other Expenses	68,864	81,020	1,04,628	1,17,157	1,19,851	
<b>EBITDA</b>	<b>70,479</b>	<b>82,587</b>	<b>87,784</b>	<b>1,06,709</b>	<b>88,427</b>	
EBITDA Margin	28.7%	29.6%	27.1%	28.6%	24.2%	
EBITDA Growth	44.2%	17.2%	6.3%	21.6%	-17.1%	
Depn. & Amort.	13,335	14,858	18,262	18,842	19,001	
EBIT	57,144	67,729	69,521	87,867	69,426	
Other Income	2,853	3,994	2,500	5,500	7,000	
Finance Cost	0	0	-2,225	373	301	
PBT before Excep. & Forex	59,997	71,723	74,246	92,995	76,125	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	59,997	71,723	74,246	92,995	76,125	
Taxes	15,300	16,186	20,090	23,293	19,080	
Extraordinary Inc./Loss(-)	0	0	0	0	0	
Assoc. Profit/Min. Int.(-)	370	147	162	178	196	
Reported Net Profit	45,067	55,684	54,318	69,879	57,241	
<b>Adjusted Net Profit</b>	<b>35,348</b>	<b>33,371</b>	<b>25,312</b>	<b>42,987</b>	<b>57,241</b>	
Net Margin	14.4%	12.0%	7.8%	11.5%	15.7%	
Diluted Share Cap. (mn)	834.4	834.4	834.4	834.4	834.4	
<b>Diluted EPS (INR)</b>	<b>42.4</b>	<b>40.0</b>	<b>30.3</b>	<b>51.5</b>	<b>68.6</b>	
Diluted EPS Growth	18.7%	-5.6%	-24.1%	69.8%	33.2%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	60,367	71,870	74,408	93,173	76,321	
Depn. & Amort.	12,636	14,855	17,362	18,842	19,001	
Net Interest Exp. / Inc. (-)	3,846	0	-2,225	373	301	
Inc (-) / Dec in WCap.	-28,742	-7,416	-9,908	-18,511	-2,709	
Others	0	3	900	0	0	
Taxes Paid	-15,619	-16,545	-20,493	-23,745	-19,586	
<b>Operating Cash Flow</b>	<b>32,489</b>	<b>62,767</b>	<b>60,044</b>	<b>70,131</b>	<b>73,327</b>	
Capex	-7,204	-9,000	-11,000	-11,001	-11,001	
Free Cash Flow	25,285	53,767	49,044	59,130	62,326	
Inc (-) / Dec in Investments	8,529	-2,098	-2,308	-2,539	-2,793	
Others	0	0	0	0	0	
<b>Investing Cash Flow</b>	<b>1,325</b>	<b>-11,098</b>	<b>-13,308</b>	<b>-13,540</b>	<b>-13,794</b>	
Inc / Dec (-) in Capital	0	0	0	0	0	
Dividend + Tax thereon	-24,406	-24,406	-24,406	-25,382	-25,382	
Inc / Dec (-) in Loans	-19,000	-1,804	-1,804	-1,804	-1,804	
Others	-3,527	358	1,726	79	205	
<b>Financing Cash Flow</b>	<b>-46,933</b>	<b>-25,852</b>	<b>-24,484</b>	<b>-27,107</b>	<b>-26,981</b>	
<b>Inc / Dec (-) in Cash</b>	<b>-13,119</b>	<b>25,817</b>	<b>22,252</b>	<b>29,484</b>	<b>32,553</b>	
Opening Cash Balance	14,852	1,733	27,550	49,802	79,287	
Closing Cash Balance	1,733	27,550	49,802	79,287	1,11,839	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	2,11,188	2,42,466	2,72,378	3,16,876	3,48,734	
Share Capital	832	832	832	832	832	
Reserves & Surplus	2,10,356	2,41,634	2,71,546	3,16,044	3,47,902	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	14,845	13,041	11,237	9,433	7,629	
Def. Tax Liab. / Assets (-)	-8,144	-8,144	-8,144	-8,144	-8,144	
<b>Total - Equity &amp; Liab.</b>	<b>2,17,889</b>	<b>2,47,363</b>	<b>2,75,471</b>	<b>3,18,165</b>	<b>3,48,219</b>	
Net Fixed Assets	96,392	90,537	84,175	76,334	68,334	
Gross Fixed Assets	1,49,593	1,57,593	1,67,593	1,77,593	1,87,593	
Intangible Assets	34,664	35,664	36,664	37,664	38,664	
Less: Depn. & Amort.	92,365	1,07,220	1,24,582	1,43,424	1,62,425	
Capital WIP	4,500	4,500	4,500	4,501	4,502	
Investments	4,318	4,318	4,318	4,318	4,318	
Current Assets	1,76,216	2,16,509	2,59,527	3,22,538	3,62,923	
Inventories	49,539	53,734	61,154	70,145	73,847	
Sundry Debtors	80,225	85,502	92,733	1,06,813	1,04,606	
Cash & Bank Balances	1,733	27,550	49,802	79,287	1,11,839	
Loans & Advances	0	0	0	0	0	
Other Current Assets	44,719	49,723	55,839	66,294	72,631	
Current Liab. & Prov.	59,037	63,998	72,548	85,025	87,355	
Current Liabilities	25,906	27,900	31,427	35,345	37,086	
Provisions & Others	33,130	36,098	41,122	49,680	50,270	
Net Current Assets	1,17,180	1,52,511	1,86,979	2,37,513	2,75,568	
<b>Total - Assets</b>	<b>2,17,890</b>	<b>2,47,366</b>	<b>2,75,472</b>	<b>3,18,165</b>	<b>3,48,220</b>	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	14.4%	12.0%	7.8%	11.5%	15.7%	
Asset Turnover (x)	1.1	1.1	1.2	1.2	1.1	
Leverage Factor (x)	1.1	1.1	1.1	1.0	1.0	
RoE	17.6%	14.7%	9.8%	14.6%	17.2%	

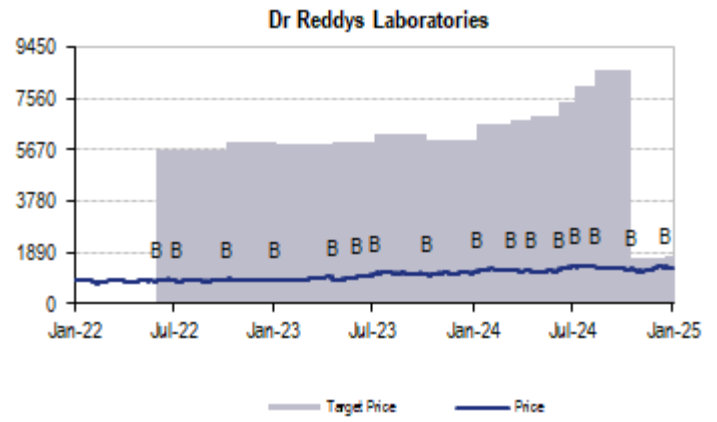
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	253.1	290.6	326.4	379.8	418.0	
ROIC	20.0%	23.6%	22.4%	27.9%	21.5%	
ROE	17.6%	14.7%	9.8%	14.6%	17.2%	
Net Debt/Equity (x)	0.1	-0.1	-0.1	-0.2	-0.3	
P/E (x)	30.4	32.2	42.5	25.0	18.8	
P/B (x)	5.1	4.4	3.9	3.4	3.1	
EV/EBITDA (x)	15.4	12.8	11.8	9.4	11.0	
EV/Sales (x)	4.4	3.8	3.2	2.7	2.7	
Debtor days	119	112	104	104	104	
Inventory days	74	70	69	69	74	
Creditor days	49	47	45	45	46	

Source: Company, JM Financial

**History of Recommendation and Target Price**

Date	Recommendation	Target Price	% Chg.
22-Jun-22	Buy	5,685	
28-Jul-22	Buy	5,685	0.0
29-Oct-22	Buy	5,960	4.8
26-Jan-23	Buy	5,890	-1.2
11-May-23	Buy	5,980	1.5
25-Jun-23	Buy	5,980	0.0
26-Jul-23	Buy	6,260	4.7
29-Oct-23	Buy	6,055	-3.3
31-Jan-24	Buy	6,585	8.8
31-Mar-24	Buy	6,780	3.0
7-May-24	Buy	6,935	2.3
27-Jun-24	Buy	7,390	6.6
28-Jul-24	Buy	8,010	8.4
4-Sep-24	Buy	8,565	6.9
6-Nov-24	Buy	1,655	-80.7
10-Jan-25	Buy	1,737	5.0

**Recommendation History**



## APPENDIX I

## JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

SEBI Registration Nos.: Stock Broker - INZ000163434, Research Analyst - INH000000610

Registered Office: 7th Floor, Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025, India.

Board: +91 22 6630 3030 | Fax: +91 22 6630 3488 | Email: jmfinancial.research@jmfl.com | www.jmfl.com

Compliance Officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: sahil.salastekar@jmfl.com

Grievance officer: Mr. Sahil Salastekar | Tel: +91 22 6224 1073 | Email: instcompliance@jmfl.com

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Definition of ratings	
Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

\* REITs refers to Real Estate Investment Trusts.

**Research Analyst(s) Certification**

The Research Analyst(s), with respect to each issuer and its securities covered by them in this research report, certify that:

All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and

No part of his or her or their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

**Important Disclosures**

This research report has been prepared by JM Financial Institutional Securities Limited (JM Financial Institutional Securities) to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its associates solely for the purpose of information of the select recipient of this report. This report and/or any part thereof, may not be duplicated in any form and/or reproduced or redistributed without the prior written consent of JM Financial Institutional Securities. This report has been prepared independent of the companies covered herein.

JM Financial Institutional Securities is registered with the Securities and Exchange Board of India (SEBI) as a Research Analyst and a Stock Broker having trading memberships of the BSE Ltd. (BSE) and National Stock Exchange of India Ltd. (NSE). No material disciplinary action has been taken by SEBI against JM Financial Institutional Securities in the past two financial years which may impact the investment decision making of the investor. Registration granted by SEBI and certification from the National Institute of Securities Market (NISM) in no way guarantee performance of JM Financial Institutional Securities or provide any assurance of returns to investors.

JM Financial Institutional Securities renders stock broking services primarily to institutional investors and provides the research services to its institutional clients/investors. JM Financial Institutional Securities and its associates are part of a multi-service, integrated investment banking, investment management, brokerage and financing group. JM Financial Institutional Securities and/or its associates might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, broking, financing or any other advisory services to the company(ies) covered herein. JM Financial Institutional Securities and/or its associates might have received during the past twelve months or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services.

JM Financial Institutional Securities and/or its associates, their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) covered under this report or (c) act as an advisor or lender/borrower to, or may have any financial interest in, such company(ies) or (d) considering the nature of business/activities that JM Financial Institutional Securities is engaged in, it may have potential conflict of interest at the time of publication of this report on the subject company(ies).

Neither JM Financial Institutional Securities nor its associates or the Research Analyst(s) named in this report or his/her relatives individually own one per cent or more securities of the company(ies) covered under this report, at the relevant date as specified in the SEBI (Research Analysts) Regulations, 2014.

The Research Analyst(s) principally responsible for the preparation of this research report and their immediate relatives are prohibited from buying or selling debt or equity securities, including but not limited to any option, right, warrant, future, long or short position issued by company(ies) covered under this report. The Research Analyst(s) principally responsible for the preparation of this research report or their immediate relatives (as defined under SEBI (Research Analysts) Regulations, 2014); (a) do not have any financial interest in the company(ies) covered under this report or (b) did not receive any compensation from the company(ies) covered under this report, or from any third party, in connection with this report or (c) do not have any other material conflict of interest at the time of publication of this report. Research Analyst(s) are not serving as an officer, director or employee of the company(ies) covered under this report.

While reasonable care has been taken in the preparation of this report, it does not purport to be a complete description of the securities, markets or developments referred to herein, and JM Financial Institutional Securities does not warrant its accuracy or completeness. JM Financial Institutional Securities may not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This report is provided for information only and is not an investment advice and must not alone be taken as the basis for an investment decision.

This research report is based on the fundamental research/analysis conducted by the Research Analyst(s) named herein. Accordingly, this report has been prepared by studying/focusing on the fundamentals of the company(ies) covered in this report and other macro-economic factors. JM Financial Institutional Securities may have also issued or may issue, research reports and/or recommendations based on the technical/quantitative analysis of the company(ies) covered in this report by studying and using charts of the stock's price movement, trading volume and/or other volatility parameters. As a result, the views/recommendations expressed in such technical research reports could be inconsistent or even contrary to the views contained in this report.

The investment discussed or views expressed or recommendations/opinions given herein may not be suitable for all investors. The user assumes the entire risk of any use made of this information. The information contained herein may be changed without notice and JM Financial Institutional Securities reserves the right to make modifications and alterations to this statement as they may deem fit from time to time.

This report is neither an offer nor solicitation of an offer to buy and/or sell any securities mentioned herein and/or not an official confirmation of any transaction.

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 JM Financial Institutional Securities and/or its affiliated company(ies) 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 a certain category of investors. Persons in whose possession this report may come, are required to inform themselves of and to observe such restrictions.

**Additional disclosure only for U.S. persons:** JM Financial Institutional Securities has entered into an agreement with JM Financial Securities, Inc. ("JM Financial Securities"), a U.S. registered broker-dealer and member of the Financial Industry Regulatory Authority ("FINRA") in order to conduct certain business in the United States in reliance on the exemption from U.S. broker-dealer registration provided by Rule 15a-6, promulgated under the U.S. Securities Exchange Act of 1934 (the "Exchange Act"), as amended, and as interpreted by the staff of the U.S. Securities and Exchange Commission ("SEC") (together "Rule 15a-6").

This research report is distributed in the United States by JM Financial Securities in compliance with Rule 15a-6, and as a "third party research report" for purposes of FINRA Rule 2241. In compliance with Rule 15a-6(a)(3) this research report is distributed only to "major U.S. institutional investors" as defined in Rule 15a-6 and is not intended for use by any person or entity that is not a major U.S. institutional investor. If you have received a copy of this research report and are not a major U.S. institutional investor, you are instructed not to read, rely on, or reproduce the contents hereof, and to destroy this research or return it to JM Financial Institutional Securities or to JM Financial Securities.

This research report is a product of JM Financial Institutional Securities, which is the employer of the research analyst(s) solely responsible for its content. The research analyst(s) preparing this research report is/are resident outside the United States and are not associated persons or employees of any U.S. registered broker-dealer. Therefore, the analyst(s) are not subject to supervision by a U.S. broker-dealer, or otherwise required to satisfy the regulatory licensing requirements of FINRA and may not be subject to the Rule 2241 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Any U.S. person who is recipient of this report that wishes further information regarding, or to effect any transaction in, any of the securities discussed in this report, must contact, and deal directly through a U.S. registered representative affiliated with a broker-dealer registered with the SEC and a member of FINRA. In the U.S., JM Financial Institutional Securities has an affiliate, JM Financial Securities, Inc. located at 1325 Avenue of the Americas, 28th Floor, Office No. 2821, New York, New York 10019. Telephone +1 (332) 900 4958 which is registered with the SEC and is a member of FINRA and SIPC.

**Additional disclosure only for U.K. persons:** Neither JM Financial Institutional Securities nor any of its affiliates is authorised in the United Kingdom (U.K.) by the Financial Conduct Authority. As a result, this report is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order, (iii) are outside the United Kingdom, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the matters to which this report relates may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This report is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons.

**Additional disclosure only for Canadian persons:** This report is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities described herein in Canada or any province or territory thereof. Under no circumstances is this report to be construed as an offer to sell securities or as a solicitation of an offer to buy securities in any jurisdiction of Canada. Any offer or sale of the securities described herein in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable securities laws or, alternatively, pursuant to an exemption from the registration requirement in the relevant province or territory of Canada in which such offer or sale is made. This report is not, and under no circumstances is it to be construed as, a prospectus or an offering memorandum. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon these materials, the information contained herein or the merits of the securities described herein and any representation to the contrary is an offence. If you are located in Canada, this report has been made available to you based on your representation that you are an "accredited investor" as such term is defined in National Instrument 45-106 Prospectus Exemptions and a "permitted client" as such term is defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Under no circumstances is the information contained herein to be construed as investment advice in any province or territory of Canada nor should it be construed as being tailored to the needs of the recipient. Canadian recipients are advised that JM Financial Securities, Inc., JM Financial Institutional Securities Limited, their affiliates and authorized agents are not responsible for, nor do they accept, any liability whatsoever for any direct or consequential loss arising from any use of this research report or the information contained herein.