

Dr Reddy's Labs

BSE SENSEX

29,859

S&P CNX

9,285

CMP: INR2,602

TP: INR2,625(+1%)

Neutral

Dr.Reddy's

Stock Info

Bloomberg	DRRD IN
Equity Shares (m)	170.4
52-Week Range (INR)	3689 / 2560
1, 6, 12 Rel. Per (%)	-5/-25/-29
M.Cap. (INR b)	443.4
M.Cap. (USD b)	6.8
Avg Val, INRm	1219
Free float (%)	73.2

Financials Snapshot (INR b)

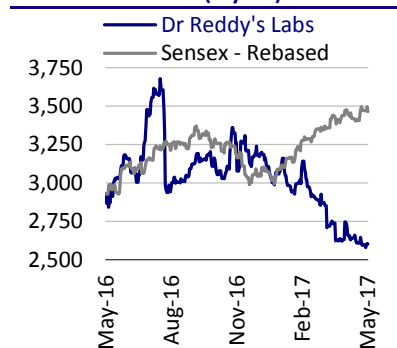
Y/E Mar	2017E	2018E	2019E
Net Sales	142.3	163.6	190.4
EBITDA	26.3	34.3	44.9
PAT	13.0	18.9	24.8
EPS (INR)	76.1	110.9	145.5
Gr. (%)	-42.5	45.7	31.2
BV/Sh (INR)	808	905	1,031
RoE (%)	9.8	12.9	15.0
RoCE (%)	7.2	10.1	12.6
P/E (x)	35.9	24.7	18.8
P/BV (x)	3.4	3.0	2.7

Shareholding pattern (%)

As On	Mar-17	Dec-16	Mar-16
Promoter	32.0	26.8	25.6
DII	12.6	8.2	6.0
FII	38.8	36.3	36.0
Others	16.6	28.8	32.4

FII Includes depository receipts

Stock Performance (1-year)



Bachupalli 483 observations – no data integrity issue, but approvals may get delayed

■ The USFDA inspected Dr. Reddy's (DRRD) Bachupalli plant in April 2017, issuing 11 observations. The observation letter reveals no data integrity issues, with most observations being related to lab control, QC, assurance of back-up data, etc. Notably, there were two repeat observations.

■ Revamp in quality control & compliance system may delay approvals:

Bachupalli is the company's largest formulations facility supplying to the US, and accounts for 60-65% of US revenue. Although the warning letter does not pose any major risk, we believe the changes required in the quality control & compliance system can delay product approvals by six months from this facility.

■ **Srikakulam clearance provides visibility of Copaxone launch:** The company's Srikakulam facility was re-inspected in March 2017 and issued two 483 observations. As the observations were routine in nature, we believe the facility should soon come back on track. Copaxone API has been filed from this facility (formulations are filed from Gland Pharma), and resolution of the warning letter will open doors for approval of this product. Copaxone 20mg and 40mg sales in the US stand at ~USD3.5b (~84% coming from 40mg, rest from 20mg). Six generic players (Synthon, DRRD, Mylan, Amneal, Biocon/Apotex and Sandoz) have filed for this product, with Sandoz already launching the 20mg generic. We believe DRRD could be the third/fourth player to launch generic Copaxone 20mg/40mg by 2HFY18.

■ **Will fate of one plant impact another?** Although the Miryalaguda and Srikakulam inspections concluded with no material 483s, the issues raised at Duvvada appear concerning, in our view. These facilities contribute ~10-12% of total US sales (~USD250m), including ~2% from Miryalaguda and ~9-10% from Srikakulam/Duvvada. Notably, these three plants received the warning letter simultaneously, and the USFDA has suggested WL global corrective actions. It is unclear as of now whether all three plants can come back on track together or each plant will be looked at separately.

■ **High third-party consultant cost not expected to be incurred again:** DRRD has incurred ~USD40m as third-party consultant cost to take remediation action at these three plants up till now. However, third-party consultant cost has come down significantly as remediation is now over. It is necessary for DRRD to not incur such high cost again to fix observations.

■ **USFDA remediation is key; maintain Neutral:** Although long-term fundamentals remain intact, the stock will remain range bound in the near term due to regulatory concerns. We value the company at 18x FY19E PER, at a 10-15% discount to peers due to added regulatory uncertainty related to Duvvada and Bachupalli. We maintain **Neutral** with a TP of INR2,625 @ 18x FY19E PER (v/s TP of INR3050 earlier). The cut in target price is largely attributed to lower target multiple.

Operating metrics

Exhibit 1: Key operating metrics

	FY14		FY15				FY16				FY17		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Revenue Mix (%)													
US	45.9	43.0	46.8	39.8	42.8	44.3	49.3	46.5	48.9	50.4	48.0	45.0	44.8
India	11.1	11.8	11.4	13.4	11.3	12.3	12.7	13.7	14.6	14.0	16.1	17.4	16.0
Europe	5.3	5.1	4.1	4.0	4.4	6.0	5.1	5.3	4.9	4.7	5.0	5.0	5.8
Russia	15.0	13.0	13.8	13.4	12.4	8.5	8.2	9.8	9.2	6.1	9.2	9.9	11.1
Others	5.9	5.6	6.3	9.9	10.6	9.0	7.2	6.8	7.0	6.7	4.0	3.6	5.0
PSAI	14.3	19.1	15.7	17.8	15.9	19.2	14.9	14.8	12.8	15.3	14.5	16.1	14.6
Innovative products	2.5	2.4	1.8	1.7	2.6	0.8	2.7	3.0	2.6	2.7	3.1	3.0	2.8
Revenue Gr. (%)	23.3	4.2	23.6	6.9	8.8	11.2	6.8	11.2	3.2	-3.0	-13.9	-10.1	-6.6
US	75.5	31.1	51.5	7.9	1.5	14.6	12.4	29.9	18.0	10.5	-16.2	-13.1	-14.5
India	5.2	17.8	14.5	14.1	10.6	15.7	18.9	13.9	34.1	11.0	9.8	14.4	2.4
Europe	-3.6	-3.1	-7.2	-18.6	-8.6	32.0	31.0	48.1	13.8	-24.9	-15.5	-16.4	10.9
Russia	20.9	0.0	8.3	-13.0	-10.0	-27.2	-36.7	-18.4	-23.8	-30.7	-3.3	-9.8	-2.0
Others	35.1	48.3	50.0	94.8	94.0	76.8	21.9	-23.8	-32.1	-27.3	-51.9	-51.9	-23.0
PSAI	-29.0	-34.7	-5.6	-0.2	20.7	11.7	1.4	-7.4	-16.9	-22.3	-16.4	-2.3	6.3
Innovative products	26.4	28.5	-6.6	-1.0	11.8	-65.2	58.2	94.8	5.6	245.3	1.2	-10.5	-1.2
Cost on sales (%)	71.0	78.2	76.8	77.3	76.8	78.7	73.8	71.4	74.7	78.0	88.3	83.2	77.0
Raw material	39.5	42.8	40.7	41.5	41.8	45.2	38.9	38.7	40.5	43.4	43.8	44.0	40.9
SG&A	23.1	24.0	25.0	24.3	23.7	20.3	23.2	21.5	23.8	21.7	29.7	24.7	22.7
R&D cost	8.4	11.4	11.0	11.5	11.2	13.3	11.7	11.2	10.3	13.0	14.8	14.5	13.4
Tax Rate	29.0	20.6	21.5	17.2	30.7	12.5	21.6	20.7	23.6	70.0	26.0	23.1	20.6
Margins (%)													
Gross Margins	60.5	57.2	59.3	58.5	58.2	54.8	61.1	61.3	59.5	56.6	56.2	56.0	59.1
EBITDA Margins	29.0	21.8	23.2	22.7	23.2	21.3	26.2	28.6	25.3	22.0	11.7	16.8	23.0
EBIT Margins	24.0	16.2	17.9	17.3	17.9	15.5	20.2	22.4	18.8	13.9	3.4	8.7	15.1
PAT margins	16.1	13.9	15.6	16.0	16.3	13.7	16.6	18.1	14.6	10.0	3.9	9.0	12.7

Source: Company; MOSL

Financials and Valuations

Income Statement						(INR Million)		
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Net Sales	96,738	116,266	132,171	148,189	154,708	142,273	163,556	190,391
Change (%)	29.5	20.2	13.7	12.1	4.4	-8.0	15.0	16.4
EBITDA	23,742	24,763	31,699	33,472	39,088	26,321	34,347	44,932
EBITDA Margin (%)	24.5	21.3	24.0	22.6	25.3	18.5	21.0	23.6
Depreciation	6,254	6,237	7,085	8,103	10,343	11,382	12,267	14,279
EBIT	17,488	18,526	24,614	25,369	28,745	14,939	22,080	30,653
Interest	690	118	79	77	334	334	309	259
Other Income	1,669	2,904	1,753	2,871	1,103	2,260	2,480	2,260
Extraordinary items	0	365	329	0	-2,374	0	0	0
PBT	18,467	21,677	26,616	28,163	27,140	16,865	24,251	32,654
Tax	4,204	4,900	5,093	5,984	7,127	3,879	5,335	7,837
Tax Rate (%)	22.8	22.6	19.1	21.2	26.3	23.0	22.0	24.0
Min. Int. & Assoc. Share	0	0	0	0	0	0	0	0
Reported PAT	14,263	16,777	21,524	22,179	20,013	12,986	18,916	24,817
Adjusted PAT	12,428	13,682	21,188	22,179	22,577	12,986	18,916	24,817
Change (%)	12.0	10.1	54.9	4.7	1.8	-42.5	45.7	31.2

Balance Sheet						(INR Million)		
Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Share Capital	848	849	851	852	853	853	853	853
Reserves	56,596	72,256	89,950	110,450	127,483	136,957	153,593	175,091
Net Worth	57,444	73,105	90,801	111,302	128,336	137,810	154,446	175,944
Debt	32,210	36,678	44,742	43,126	33,513	33,403	28,403	23,403
Deferred Tax	-833	-1,669	-3,310	-4,013	-4,230	-4,230	-4,230	-4,230
Total Capital Employed	88,821	108,114	132,233	150,414	157,619	166,983	178,619	195,117
Gross Fixed Assets	44,064	52,958	63,444	72,011	83,198	94,257	105,317	116,376
Less: Acc Depreciation	18,086	21,213	25,695	30,040	35,356	41,246	47,653	54,525
Net Fixed Assets	25,978	31,745	37,749	41,971	47,842	53,011	57,664	61,851
Capital WIP	7,268	6,069	6,675	6,119	6,119	6,119	6,119	6,119
Investments	11,558	18,131	26,384	38,871	39,394	32,409	32,409	32,409
Current Assets	59,179	68,751	78,664	85,580	84,654	84,107	94,896	112,129
Inventory	19,352	21,600	23,992	25,529	25,578	28,448	31,943	36,475
Debtors	25,339	31,972	33,037	40,755	41,306	35,039	40,280	46,889
Cash & Bank	7,379	5,136	8,451	5,394	4,921	6,393	4,682	7,822
Loans & Adv, Others	7,109	10,043	13,184	13,901	12,849	14,227	17,991	20,943
Curr Liabs & Provns	28,691	30,603	31,936	38,556	45,034	33,309	37,115	42,038
Curr. Liabilities	28,691	30,603	31,936	38,556	45,034	33,309	37,115	42,038
Provisions	0	0	0	0	0	0	0	0
Net Current Assets	30,488	38,148	46,728	47,024	39,620	50,798	57,781	70,091
Total Assets	88,821	108,114	132,233	150,415	157,618	166,981	178,618	195,115

Financials and Valuations

Ratios

Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Basic (INR)								
EPS	73.3	80.6	124.6	130.2	132.3	76.1	110.9	145.5
Cash EPS	110.2	117.3	166.2	177.7	193.0	142.8	182.8	229.2
Book Value	338.7	430.5	533.8	653.2	752.3	807.8	905.3	1031.3
DPS	13.7	13.8	18.0	20.0	17.6	11.4	16.6	21.8
Payout (incl. Div. Tax.)	19.1	16.3	16.6	17.9	17.6	17.6	17.6	17.6
Valuation(x)								
P/E	35.5	32.3	20.9	20.0	19.7	34.2	23.5	17.9
Cash P/E	23.6	22.2	15.6	14.6	13.5	18.2	14.2	11.3
Price / Book Value	7.7	6.0	4.9	4.0	3.5	3.2	2.9	2.5
EV/Sales	4.7	3.9	3.4	3.0	2.8	3.1	2.7	2.2
EV/EBITDA	19.2	18.4	14.3	13.2	11.1	16.6	12.7	9.5
Dividend Yield (%)	0.5	0.5	0.7	0.8	0.7	0.4	0.6	0.8
Profitability Ratios (%)								
RoE	24.0	21.0	25.9	21.9	18.8	9.8	12.9	15.0
RoCE	17.7	14.7	16.6	14.2	13.9	7.2	10.1	12.6
RoIC	23	20	23	21	20	10	13	16
Turnover Ratios (%)								
Asset Turnover (x)	1.2	1.2	1.1	1.0	1.0	0.9	0.9	1.0
Debtors (No. of Days)	96	100	91	100	97	90	90	90
Inventory (No. of Days)	73	68	66	63	60	73	71	70
Leverage Ratios (%)								
Net Debt/Equity (x)	0.4	0.4	0.4	0.3	0.2	0.2	0.2	0.1

Cash Flow Statement

(INR Million)

Y/E Mar	2012	2013	2014	2015	2016	2017E	2018E	2019E
Adjusted EBITDA	23,742	24,763	31,699	33,472	39,088	26,321	34,347	44,932
Non cash opr. exp (inc)	0	0	0	0	0	0	0	0
(Inc)/Dec in Wkg. Cap.	-4,768	-9,903	-5,265	-3,353	6,931	-9,706	-8,695	-9,170
Tax Paid	-4,204	-4,900	-5,093	-5,984	-7,127	-3,879	-5,335	-7,837
Other operating activities	979	3,151	2,003	2,793	-1,605	1,926	2,171	2,001
CF from Op. Activity	15,749	13,111	23,344	26,929	37,287	14,662	22,488	29,926
(Inc)/Dec in FA & CWIP	-8,141	-11,297	-14,371	-13,502	-24,428	-16,551	-16,920	-18,467
Free cash flows	7,608	1,814	8,973	13,427	12,859	-1,890	5,568	11,460
(Pur)/Sale of Invt	-10,936	-6,573	-8,253	-12,487	-523	6,985	0	0
Others	0	0	0	0	0	0	0	0
CF from Inv. Activity	-19,077	-17,870	-22,624	-25,989	-24,950	-9,566	-16,920	-18,467
Inc/(Dec) in Net Worth	-90	1,620	-247	2,302	534	-1,233	1,041	1,036
Inc / (Dec) in Debt	8,707	4,468	8,064	-1,617	-9,613	-110	-5,000	-5,000
Interest Paid	-2,719	-2,736	-3,581	-3,979	-3,512	-2,279	-3,320	-4,355
Divd Paid (incl Tax) & Others	-920	-836	-1,640	-704	-219	0	0	0
CF from Fin. Activity	4,978	2,516	2,596	-3,998	-12,810	-3,622	-7,279	-8,320
Inc/(Dec) in Cash	1,650	-2,243	3,315	-3,058	-474	1,473	-1,711	3,140
Add: Opening Balance	5,729	7,379	5,136	8,451	5,394	4,921	6,393	4,682
Closing Balance	7,379	5,136	8,451	5,393	4,921	6,394	4,682	7,822

NOTES

Disclosures

This document has been prepared by Motilal Oswal Securities Limited (hereinafter referred to as Most) to provide information about the company (ies) and/or sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the selected recipient/s and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a some companies covered by our Research Department. Our research professionals may provide input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may educate investors on investments in such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting information. Our research professionals are paid on twin parameters of performance & profitability of MOST.

MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing among other things, may give rise to real or potential conflicts of interest. MOST and its affiliated company(ies), their directors and employees and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the affiliates of MOST even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report

Reports based on technical and derivative analysis center on studying charts company's price movement, outstanding positions and trading volume, as opposed to focusing on a company's fundamentals and, as such, may not match with a report on a company's fundamental analysis. In addition MOST has different business segments / Divisions with independent research separated by Chinese walls catering to different set of customers having various objectives, risk profiles, investment horizon, etc, and therefore may at times have different contrary views on stocks sectors and markets.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

This report is intended for distribution to institutional investors. Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

Most and its associates may have managed or co-managed public offering of securities, may have received compensation for investment banking or merchant banking or brokerage services, may have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past 12 months.

Most and its associates have not received any compensation or other benefits from the subject company or third party in connection with the research report.

Subject Company may have been a client of Most or its associates during twelve months preceding the date of distribution of the research report

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise of over 1% at the end of the month immediately preceding the date of publication of the research in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Motilal Oswal Securities Limited is registered as a Research Analyst under SEBI (Research Analyst) Regulations, 2014. SEBI Reg. No. INH000000412

Pending Regulatory inspections against Motilal Oswal Securities Limited:

SEBI pursuant to a complaint from client Shri C.R. Mohanraj alleging unauthorized trading, issued a letter dated 29th April 2014 to MOSL notifying appointment of an Adjudicating Officer as per SEBI regulations to hold inquiry and adjudge violation of SEBI Regulations; MOSL replied to the Show Cause Notice whereby SEBI granted us an opportunity of Inspection of Documents. Since all the documents requested by us were not covered we have requested to SEBI vide our letter dated June 23, 2015 to provide pending list of documents for inspection.

List of associate companies of Motilal Oswal Securities Limited - [Click here to access detailed report](#)

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues

Disclosure of Interest Statement

DR. REDDY'S LABORATOR

- Analyst ownership of the stock
- Served as an officer, director or employee -

No
No

A graph of daily closing prices of securities is available at www.nseindia.com and <http://economictimes.indiatimes.com/markets/stocks/stock-quotes>

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong: This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part 1 of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act (FAA) read with regulation 17(1)(d) of the Financial Advisers Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Varun Kumar

Varun.kumar@motilaloswal.com

Contact : (+65) 68189232

Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motilaloswal.com