

Miss on operating performance

- Dr. Reddy's Q4FY24 sales were in-line with estimates while EBITDA was a miss. PAT came above estimate due to lower-than-expected tax rate. Revenues at Rs70.8bn in Q4FY24 grew 17% YoY ex divestment of non-core brands in the base. EBITDA stood at Rs17.8bn (+35%/-11.6% YoY/QoQ) & EBITDA margin at 25.2% expanded by 333bps YoY on better gross margin offset by higher S&GA and R&D expenses.
- We assume gRevlimid sales contribution for Q4FY24 to be ~US\$115mn & base business margin at 18% was below our estimate.
- While we are positive on structural growth story of the company, recent rally in the stock price limits upside from current levels. Thereby, we downgrade our rating to 'REDUCE' from Accumulate with revised SOTP based TP of Rs6,450 (earlier Rs6,505) valuing at 25x FY26E base EPS supported by new launches, volume growth and abating price erosion, plus a gRevlimid NPV of Rs416/share. Key risks are: - higher price erosion in the US, any regulatory issues related to its facilities.

Sequential decline in base business volumes impact US sales

US revenue grew by 27.1% YoY to US\$392mn in Q4FY24 on account of increase in volumes of base business, contribution from new launches, partly offset by price erosion. However, it declined 2.5% sequentially due to a decrease in base business volumes and price erosion in select brands. The company has launched five products in Q4FY24 bringing the total to 21 launches in FY24 and guides 20+launches in FY25. We expect US revenue CAGR of 3.7% over FY24-26E on high base.

Modest India growth

India revenues grew by 10.5%/5.5% YoY in Q4/FY24 ex divestment of non-core brands in the base. Ex Cidmus product sales have gone generic, domestic growth was strong led by new product launches and volume growth while revenues declined QoQ by 4.5% due to lower volumes in base business. The company expects domestic growth rate to be double digit in FY25. In-licensing and collaborating with partners to bring innovation to India remains a key focus. We expect India revenue CAGR of 10.0% over FY24-26E led by volume growth and new launches.

Q4FY24 Result (Rs Mn)

Particulars	Q4FY24	Q4FY23	YoY (%)	Q3FY24	QoQ (%)
Revenue	70,830	60,328	17.4	72,148	(1.8)
Total Expense	52,988	47,139	12.4	51,968	2.0
EBITDA	17,842	13,189	35.3	20,180	(11.6)
Depreciation	3,539	3,730	(5.1)	3,880	(8.8)
EBIT	14,303	9,459	51.2	16,300	(12.3)
Other Income	656	281	133.5	967	(32.2)
Interest	(1,022)	(799)	27.9	(963)	6.1
EBT	15,981	13,179	21.3	18,230	(12.3)
Tax	2,946	3,663	(19.6)	4,468	(34.1)
RPAT	13,070	9,592	36.3	13,789	(5.2)
APAT	13,070	8,222	59.0	13,789	(5.2)
				(bps)	(bps)
Gross Margin (%)	58.6	55.3	327	58.5	7
EBITDA Margin (%)	25.2	21.9	333	28.0	(278)
NPM (%)	18.5	15.9	255	19.1	(66)
Tax Rate (%)	18.4	27.8	(936)	24.5	(607)
EBIT Margin (%)	20.2	15.7	451	22.6	(240)

CMP	Rs 6,258		
Target / Upside	Rs 6,450 / 3%		
NIFTY	22,303		
Scrip Details			
Equity / FV	Rs 834mn / Rs 5		
Market Cap	Rs 1,041bn		
	USD 12.6bn		
52-week High/Low	Rs 6,506 / 4,384		
Avg. Volume (no)	3,56,653		
Bloom Code	DRRD IN		
Price Performance			
1M	3M	12M	
Absolute (%)	1	2	28
Rel to NIFTY (%)	3	(1)	(1)

Shareholding Pattern

	Sep'23	Dec'23	Mar'24
Promoters	26.7	26.7	26.7
MF/Banks/FIs	35.1	34.0	33.7
FII	28.2	28.6	29.1
Public / Others	10.1	10.8	10.4

Valuation (x)

	FY24A	FY25E	FY26E
P/E	19.1	18.2	17.0
EV/EBITDA	12.5	11.2	10.1
ROE (%)	21.8	18.8	17.2
RoACE (%)	18.7	16.5	15.2

Estimates (Rs bn)

	FY24A	FY25E	FY26E
Revenue	279.2	297.6	317.2
EBITDA	78.4	83.9	89.5
PAT	54.5	57.3	61.4
EPS (Rs.)	327.6	344.2	369.1

VP Research: Rashmi Shetty

Tel: +91 22 40969724

E-mail: rashmis@dolatcapital.com

Associate: Candice Pereira

Tel: +91 22 61764808

E-mail: candicep@dolatcapital.com

Associate: Zain Gulam Hussain

Tel: +91 22 40969790

E-mail: zain@dolatcapital.com

Exhibit 1: Quarterly revenue mix

Particulars (Rs mn)	Q4FY24	Q4FY23	YoY (%)	Q2FY24	QoQ (%)	FY23	FY24	YoY (%)
Global Generics	61,190	51,617	18.5	63,095	(3.0)	2,08,827	2,45,453	17.5
North America	32,626	25,321	28.8	33,492	(2.6)	1,01,704	1,29,895	27.7
Europe	5,208	4,960	5.0	4,970	4.8	17,603	20,511	16.5
India	11,265	10,194	10.5	11,800	(4.5)	43,991	46,407	5.5
Emerging Markets	12,091	11,142	8.5	12,833	(5.8)	45,529	48,640	6.8
PSAI	8,219	7,787	5.5	7,839	4.8	29,069	29,801	2.5
Proprietary Products & Others	1,420	924	53.7	1,214	17.0	3,042	3,910	28.5
Total	70,829	60,328	17.4	72,148	(1.8)	2,40,938	2,79,164	15.9

Source: Company, DART

Exhibit 2: Actual vs DART estimates

Particulars (Rs mn)	Q4FY24	Q4FY24E	Variance (%)	Comment
Revenue	70,830	69,726	1.6	Largely in line
EBITDA	17,842	18,547	(3.8)	EBITDA margin was slightly below estimate due to higher-than-expected operating expense
EBITDA margin (%)	25.2	26.6	(141bps)	
PAT	13,070	12,526	4.3	
EPS (Rs)	78.7	75.5	4.3	Above estimate due to lower tax rate

Source: Company, DART

Exhibit 3: Change in estimates

Particulars (Rs mn)	FY25E			FY26E		
	Old	New	Chg. (%)	Old	New	Chg. (%)
Revenue	2,96,477	2,97,594	0.4	3,17,074	3,17,217	0.0
EBITDA	84,199	83,922	(0.3)	90,049	89,455	(0.7)
EBITDA Margin (%)	28.4	28.2	(20bps)	28.4	28.2	(20bps)
PAT	57,300	57,274	(0.0)	61,838	61,420	(0.7)
EPS (Rs)	343.5	343.4	(0.0)	370.7	368.2	(0.7)

Source: Company, DART

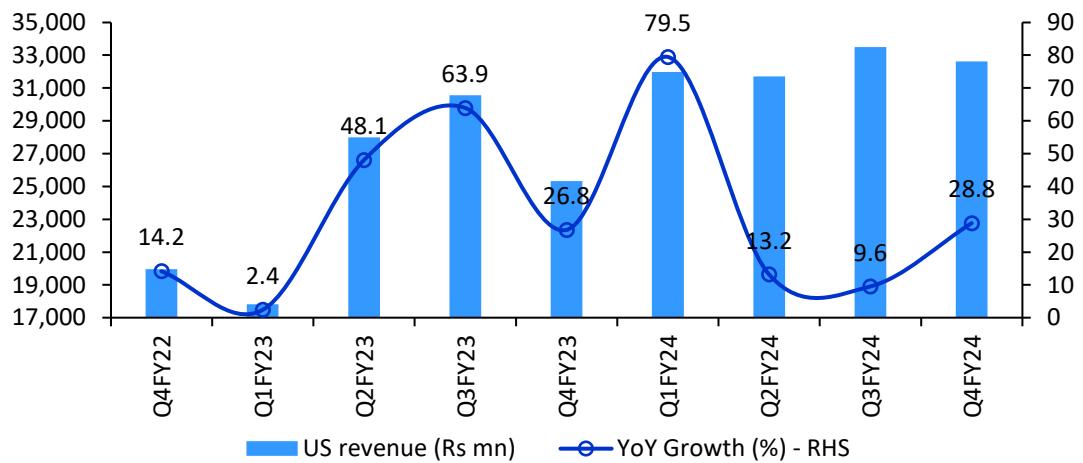
Exhibit 4: Annual revenue assumption table

Particulars (Rs mn)	FY22	FY23	FY24	FY25E	FY26E
Global Generics	1,77,005	2,08,827	2,45,453	2,62,496	2,80,674
% of Sales	83.4	86.7	87.9	88.2	94.3
% YoY	14.6	18.0	17.5	6.9	6.9
- North America	74,915	1,01,704	1,29,895	1,34,958	1,39,820
% of Sales	35.3	42.2	46.5	45.3	47.0
% YoY	6.3	35.8	27.7	3.9	3.6
- Europe	16,631	17,603	20,511	23,588	27,126
% of Sales	7.8	7.3	7.3	7.9	9.1
% YoY	8.0	5.8	16.5	15.0	15.0
- India	41,567	43,991	46,407	51,048	56,152
% of Sales	19.6	18.3	16.6	17.2	18.9
% YoY	24.4	5.8	5.5	10.0	10.0
- Emerging Market	43,892	45,529	48,640	52,903	57,576
% of Sales	20.7	18.9	17.4	17.8	19.3
% YoY	25.1	3.7	6.8	8.8	8.8
PSAI	30,740	29,069	29,801	30,993	32,233
% of Sales	14.5	12.1	10.7	10.4	10.8
% YoY	(3.9)	(5.4)	2.5	4.0	4.0
Proprietary Products & Others	4,481	3,042	3,910	4,106	4,311
% of Sales	2.1	1.3	1.4	1.4	1.4
% YoY	34.3	(32.1)	28.5	5.0	5.0
Total Sales	2,12,226	2,40,938	2,79,164	2,97,594	3,17,217

Source: Company, DART

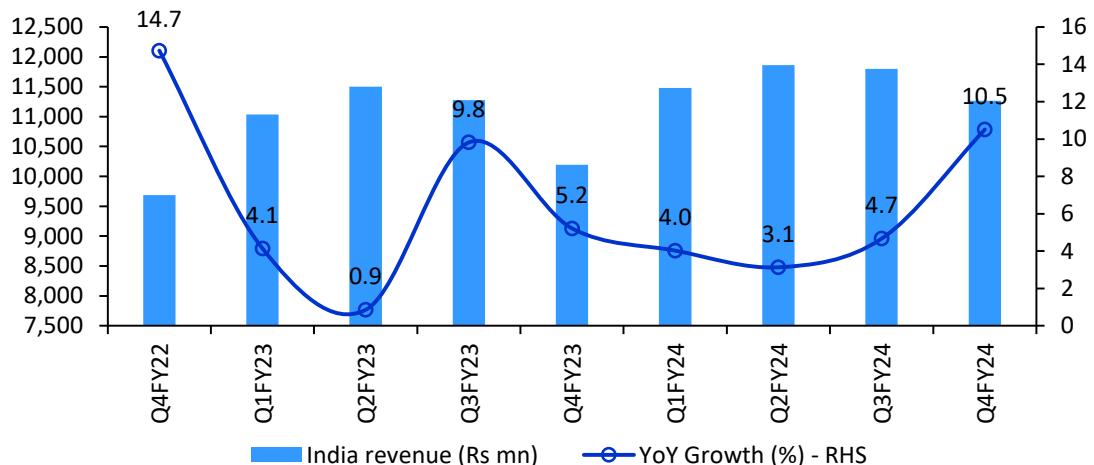
Story in Charts

Exhibit 5: Sequential decline is due to base business volume and price erosion



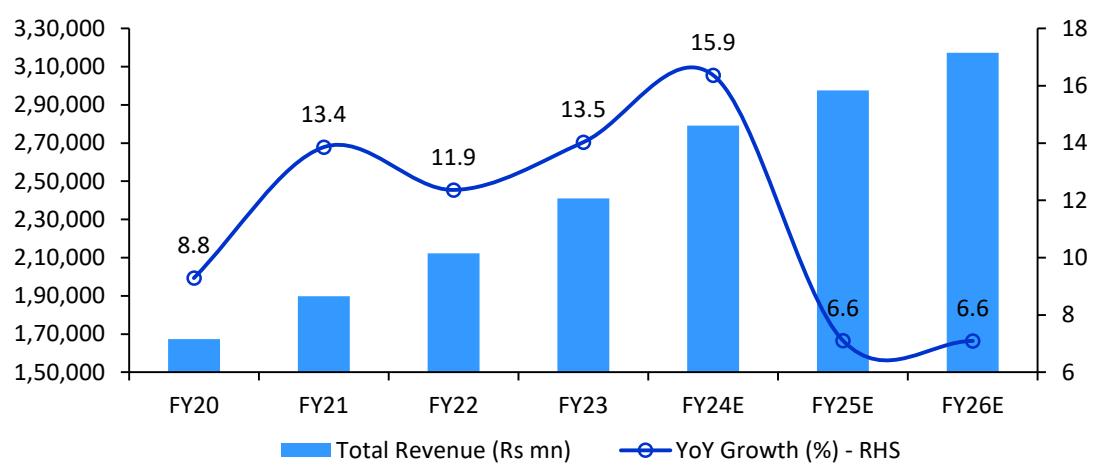
Source: Company, DART

Exhibit 6: India growth led by volumes and new launches

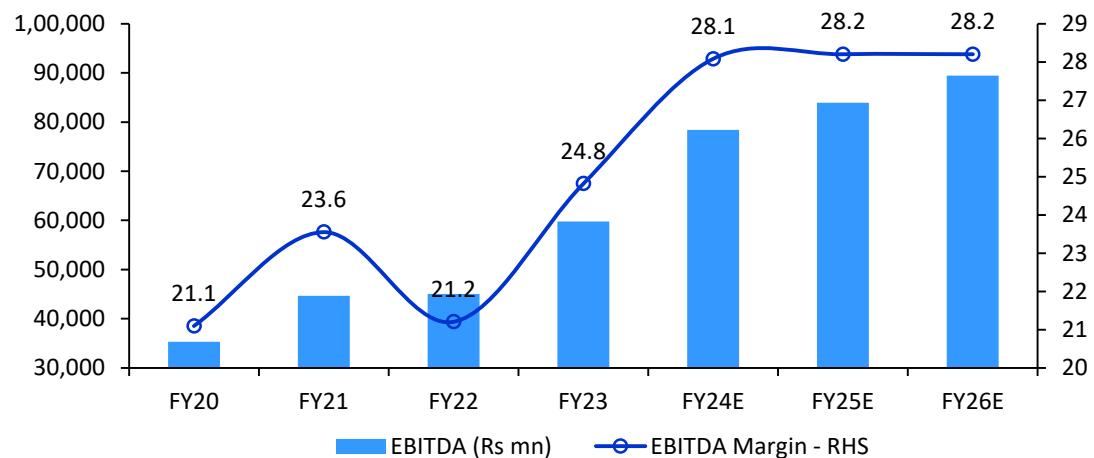


Source: Company, DART

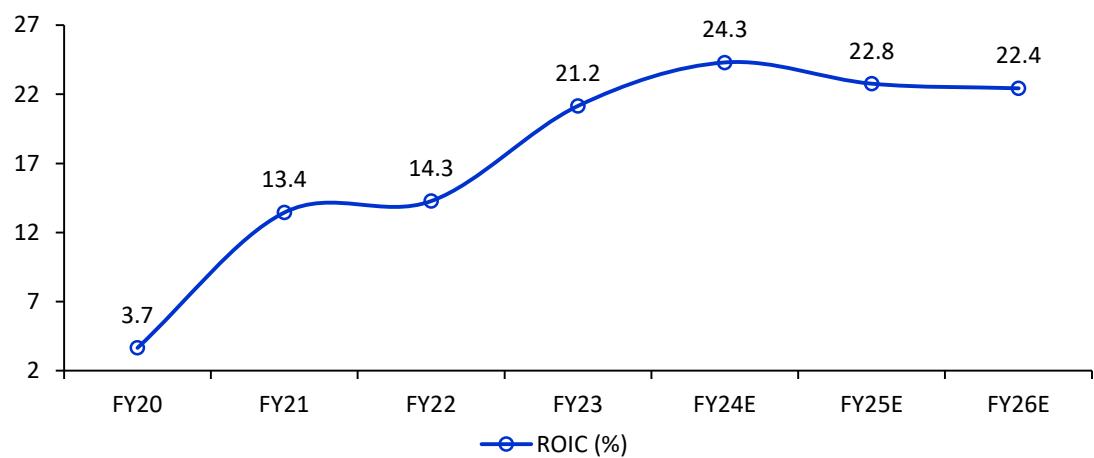
Exhibit 7: Expect revenue CAGR of 6.6% over FY24-26E



Source: Company, DART

Exhibit 8: Higher EBITDA margin to sustain over FY24-26E on higher gRevlimid sales


Source: Company, DART

Exhibit 9: ROIC to expand over FY24-26E


Source: Company, DART

Exhibit 10: One year forward P/E band


Source: Company, DART

Earnings call KTAs

Guidance

- Management guided for 20+ launches in the US in FY25.
- R&D expenditure for FY25 is projected to be in the range of 8.5-9.0% of total sales.
- Emerging markets & China are expected to continue growing in double digits in FY25.
- The company plans to invest about US\$50-60mn in biosimilars per annum.
- The effective tax rate (ETR) for FY25 is expected to be in the range of 24-25%.
- SG&A expenses as a percentage of sales are projected to be in the same range in FY25.

North America business

- In Q4FY24, the company grew YoY largely on account of an increase in volumes of base business, contribution from new launches, partly offset by price erosion. Sequential decline was due to decrease in base business volumes and price erosion in select brands.
- During Q4FY24, the company launched four new products in the US and filed nine ANDA with USFDA.
- The company plans to launch Lumify in Q1FY25.
- A significant effort is being made on the Liraglutide API, with a launch date set for Victoza and Saxenda to be announced at an appropriate time.
- The company launched five products during the quarter.
- In biosimilars, the company is eyeing FY27 as the period when products will start materializing. Despite facing challenges, like receiving a Complete Response Letter (CRL) for the biosimilar Rituximab due to queries surrounding the Chemistry, Manufacturing, and Controls (CMC) of the product, the aim is to address these issues by Sept'24, followed by a 6-month goal date.

EU business

- In Q4FY24, Europe business grew YoY, primarily on account of improvement in base business volumes, new product launches, partly offset by price erosion. QoQ growth was primarily on account of increase in base business and favorable forex.
- Forayed into the consumer health market of United Kingdom (UK) with the launch of allergy medication, Histallay.
- The company launched its first biosimilar, Bevacizumab in the UK.
- Launched migraine management wearable device, Nerivio, in Germany and South Africa.
- During the quarter, the company launched six new products in the region, taking the annual total to 42.

India business

- Entered into an exclusive partnership with Sanofi to promote and distribute its vaccine brands.
- Partnered with Bayer to distribute the second brand for heart failure management drug, Vericiguat.
- Entered into a licensing agreement with US based biopharma, Pharmazz, to market first-in-class Centhaquine (Lyfaquin) for treatment of hypovolemic shock in India.
- Acquired MenoLabs business, a women's health, and dietary supplement branded portfolio from Amyris, Inc.
- During the quarter, the company launched three new brands in the country, taking the annual total to 13.

- Nestle's joint venture in India is slated to introduce brands gradually, starting with their registration and qualification process. The initial three years will involve some investment, which is not considered material; revenue generation is anticipated to commence from FY27. During the first couple of years, the focus will be on bringing in brands and nurturing their growth.
- Around 60% of the supplies are manufactured in-house and the remaining are outsourced. Inhouse manufacturing contribution is expected to increase going forward.

PSAI business

- In Q4FY24, YoY growth was mainly driven by revenues from new products, favourable forex, partially offset by price decline. QoQ growth was driven by improved volumes in base business partially offset by price decline.
- During the quarter, the company filed 48 DMFs globally, taking the annual count to 133.

Other highlights

- The company received a 'Voluntary Action Indicated' (VAI) status from the USFDA at both formulations manufacturing facility (FTO-3) following their routine cGMP inspection in October 2023 as well as R&D facility center in Bachupally, following their GMP and Pre-Approval Inspection (PAI) in December 2023.
- Also Received a Complete Response Letter (CRL) from the U.S. FDA on Biologics License Application (BLA) of our proposed biosimilar, Rituximab. Management will continue to work closely with the agency to address and resolve all concerns within stipulated timelines.
- Of total R&D spent, 60% of the R&D is spent towards small molecule, 20% towards biosimilar clinical trials and rest 20% is spent towards API & licensing.
- Other operating income was lower due to a one-time settlement income in the previous year.
- Capex amounted to Rs5bn in Q4FY24 and Rs15bn in FY24. More than 50% of FY25 capex is allocated to building capacity in APIs, injectables, and biologics.
- Inventory is higher as it is being proactively built up in response to geopolitical risks.
- Free cash flow as of Mar'24 is Rs5.3bn.
- The company has hedged cash flows in the form of derivatives; for USD approximately US\$903mn are hedged at a rate of Rs83.6 to Rs84.2 maturing in next 12 months and for rubble, US\$2550mn are hedged at a rate of Rs0.882 to the rubble, maturing in next three months.

Financial Performance

Profit and Loss Account

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Revenue	2,40,938	2,79,164	2,97,594	3,17,217
Total Expense	1,81,146	2,00,775	2,13,673	2,27,762
COGS	1,06,536	1,15,557	1,22,907	1,31,011
Employees Cost	0	0	0	0
Other expenses	74,610	85,218	90,766	96,751
EBIDTA	59,792	78,389	83,922	89,455
Depreciation	13,335	14,859	15,706	16,606
EBIT	46,457	63,530	68,216	72,850
Interest	(2,853)	(3,994)	(4,673)	(5,374)
Other Income	269	2,675	2,809	2,949
Exc. / E.O. items	8,278	1,524	0	0
EBT	57,857	71,723	75,698	81,173
Tax	15,300	16,186	18,586	19,931
RPAT	42,927	55,684	57,274	61,420
Minority Interest	0	0	0	0
Profit/Loss share of associates	370	147	162	178
APAT	39,586	54,506	57,274	61,420

Balance Sheet

(Rs Mn)	FY23A	FY24A	FY25E	FY26E
Sources of Funds				
Equity Capital	833	834	834	834
Minority Interest	0	0	0	0
Reserves & Surplus	2,30,158	2,79,716	3,28,836	3,83,584
Net Worth	2,30,991	2,80,550	3,29,670	3,84,418
Total Debt	13,472	20,020	17,020	14,020
Net Deferred Tax Liability	(3,456)	(5,835)	(5,634)	(5,422)
Total Capital Employed	2,41,007	2,94,735	3,41,057	3,93,016

Applications of Funds

Net Block	91,600	1,04,580	1,03,874	1,02,269
CWIP	9,956	13,510	13,510	13,510
Investments	6,162	6,887	7,920	9,108
Current Assets, Loans & Advances	2,06,940	2,51,767	2,98,635	3,51,895
Inventories	48,670	63,552	67,748	72,215
Receivables	72,485	80,298	85,599	91,244
Cash and Bank Balances	5,779	7,107	29,357	55,116
Loans and Advances	0	0	0	0
Other Current Assets	23,988	26,447	30,414	34,976
Less: Current Liabilities & Provisions	73,651	82,009	82,883	83,767
Payables	68,197	76,626	77,392	78,166
Other Current Liabilities	5,454	5,383	5,491	5,600
<i>sub total</i>				
Net Current Assets	1,33,289	1,69,758	2,15,752	2,68,129
Total Assets	2,41,007	2,94,735	3,41,057	3,93,016

E – Estimates

Important Ratios

Particulars	FY23A	FY24A	FY25E	FY26E
(A) Margins (%)				
Gross Profit Margin	55.8	58.6	58.7	58.7
EBIDTA Margin	24.8	28.1	28.2	28.2
EBIT Margin	19.3	22.8	22.9	23.0
Tax rate	26.4	22.6	24.6	24.6
Net Profit Margin	17.8	19.9	19.2	19.4
(B) As Percentage of Net Sales (%)				
COGS	44.2	41.4	41.3	41.3
Employee	0.0	0.0	0.0	0.0
Other	31.0	30.5	30.5	30.5
(C) Measure of Financial Status				
Gross Debt / Equity	0.1	0.1	0.1	0.0
Interest Coverage	(16.3)	(15.9)	(14.6)	(13.6)
Inventory days	74	83	83	83
Debtors days	110	105	105	105
Average Cost of Debt	(12.1)	(23.9)	(25.2)	(34.6)
Payable days	103	100	95	90
Working Capital days	202	222	265	309
FA T/O	2.6	2.7	2.9	3.1
(D) Measures of Investment				
AEPS (Rs)	237.9	327.6	344.2	369.1
CEPS (Rs)	318.0	416.9	438.6	468.9
DPS (Rs)	24.9	29.9	40.1	40.1
Dividend Payout (%)	10.5	9.1	11.6	10.9
BVPS (Rs)	1388.2	1686.0	1981.2	2310.2
RoANW (%)	20.4	21.8	18.8	17.2
RoACE (%)	13.7	18.7	16.5	15.2
RoAIC (%)	21.2	24.3	22.8	22.4
(E) Valuation Ratios				
CMP (Rs)	6258	6258	6258	6258
P/E	26.3	19.1	18.2	17.0
Mcap (Rs Mn)	10,41,265	10,41,265	10,41,265	10,41,265
MCap/ Sales	4.3	3.7	3.5	3.3
EV	9,92,940	9,79,815	9,43,411	9,01,824
EV/Sales	4.1	3.5	3.2	2.8
EV/EBITDA	16.6	12.5	11.2	10.1
P/BV	4.5	3.7	3.2	2.7
Dividend Yield (%)	0.4	0.5	0.6	0.6
(F) Growth Rate (%)				
Revenue	13.5	15.9	6.6	6.6
EBITDA	32.8	31.1	7.1	6.6
EBIT	69.3	36.8	7.4	6.8
PBT	83.1	24.0	5.5	7.2
APAT	32.6	37.7	5.1	7.2
EPS	32.6	37.7	5.1	7.2

E – Estimates

Cash Flow

Particulars	FY23A	FY24A	FY25E	FY26E
Profit before tax	58,657	69,198	73,051	78,401
Depreciation & w.o.	12,636	14,856	15,706	16,606
Net Interest Exp	(2,853)	(3,994)	(4,673)	(5,374)
Direct taxes paid	(15,300)	(16,186)	(18,586)	(19,931)
Change in Working Capital	659	(16,505)	(12,633)	(13,860)
Non Cash	0	0	0	0
(A) CF from Operating Activities	53,799	47,369	52,864	55,843
Capex {(Inc.)/ Dec. in Fixed Assets n WIP}	(21,058)	(31,393)	(15,000)	(15,000)
Free Cash Flow	32,741	15,976	37,864	40,843
(Inc.)/ Dec. in Investments	0	0	0	0
Other	269	2,675	2,809	2,949
(B) CF from Investing Activities	(20,789)	(28,718)	(12,191)	(12,051)
Issue of Equity/ Preference	1	1	0	0
Inc./ (Dec.) in Debt	(20,373)	6,548	(3,000)	(3,000)
Interest exp net	2,853	3,994	4,673	5,374
Dividend Paid (Incl. Tax)	(4,146)	(4,979)	(6,672)	(6,672)
Other	(20,418)	(22,887)	(13,425)	(13,734)
(C) CF from Financing	(42,083)	(17,323)	(18,423)	(18,032)
Net Change in Cash	(9,073)	1,328	22,250	25,759
Opening Cash balances	14,852	5,779	7,107	29,357
Closing Cash balances	5,779	7,107	29,357	55,116

E – Estimates

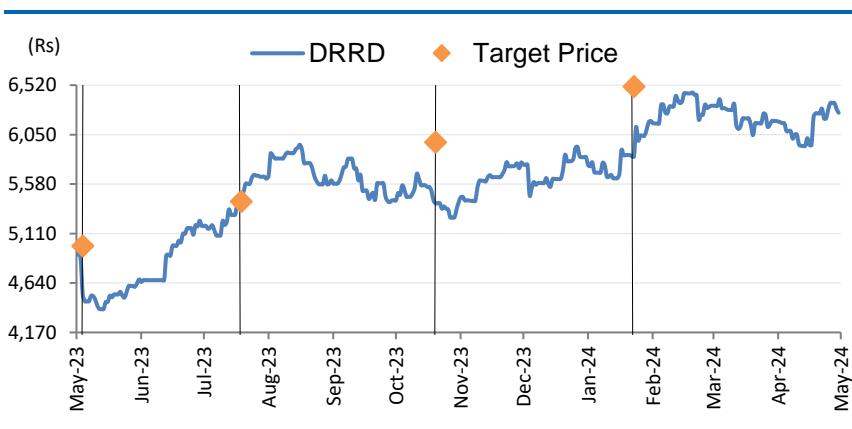
Notes

DART RATING MATRIX

Total Return Expectation (12 Months)

Buy	> 20%
Accumulate	10 to 20%
Reduce	0 to 10%
Sell	< 0%

Rating and Target Price History



Month	Rating	TP (Rs.)	Price (Rs.)
May-23	REDUCE	4,990	4,532
Jul-23	REDUCE	5,412	5,476
Oct-23	Accumulate	5,977	5,397
Jan-24	Accumulate	6,505	5,841

*Price as on recommendation date

DART Team

Purvag Shah	Managing Director	purvag@dolatcapital.com	+9122 4096 9747
-------------	-------------------	-------------------------	-----------------

Amit Khurana, CFA	Head of Equities	amit@dolatcapital.com	+9122 4096 9745
-------------------	------------------	-----------------------	-----------------

CONTACT DETAILS

Equity Sales	Designation	E-mail	Direct Lines
Dinesh Bajaj	VP - Equity Sales	dineshb@dolatcapital.com	+9122 4096 9709
Kapil Yadav	VP - Equity Sales	kapil@dolatcapital.com	+9122 4096 9735
Jubbin Shah	VP - Equity Sales	jubbins@dolatcapital.com	+9122 4096 9779
Girish Raj Sankunny	VP - Equity Sales	girishr@dolatcapital.com	+9122 4096 9625
Pratik Shroff	AVP - Equity Sales	pratiks@dolatcapital.com	+9122 4096 9621
Rajeev Lala	AVP - Equity Sales	rajeevl@dolatcapital.com	+9122 4096 9767
Equity Trading	Designation	E-mail	
P. Sridhar	SVP and Head of Sales Trading	sridhar@dolatcapital.com	+9122 4096 9728
Chandrakant Ware	VP - Sales Trading	chandrakant@dolatcapital.com	+9122 4096 9707
Shirish Thakkar	VP - Head Domestic Derivatives Sales Trading	shirisht@dolatcapital.com	+9122 4096 9702
Kartik Mehta	Asia Head Derivatives	kartikm@dolatcapital.com	+9122 4096 9715
Bhavin Mehta	VP - Derivatives Strategist	bhavim@dolatcapital.com	+9122 4096 9705

Dolat Capital Market Private Limited.

Naman Midtown, A-1203, 12th Floor, Senapati Bapat Marg, Prabhadevi, Mumbai 400013

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.

I. Analyst(s) and Associate (S) holding in the Stock(s): (Nil)**II. Disclaimer:**

This research report has been prepared by Dolat Capital Market Private Limited. 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 affiliated company(ies) 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 Dolat Capital Market Private Limited. This report has been prepared independent of the companies covered herein. Dolat Capital Market Private Limited. and its affiliated companies are part of a multi-service, integrated investment banking, brokerage and financing group. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have provided or may provide services in respect of managing offerings of securities, corporate finance, investment banking, mergers & acquisitions, financing or any other advisory services to the company(ies) covered herein. Dolat Capital Market Private Limited. and/or its affiliated company(ies) might have received or may receive compensation from the company(ies) mentioned in this report for rendering any of the above services. Research analysts and sales persons of Dolat Capital Market Private Limited. may provide important inputs to its affiliated company(ies) associated with it. 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 Dolat Capital Market Private Limited. does not warrant its accuracy or completeness. Dolat Capital Market Private Limited. 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. The investment discussed or views expressed 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 Dolat Capital Market Private Limited. reserves the right to make modifications and alterations to this statement as they may deem fit from time to time. Dolat Capital Market Private Limited. and its affiliated company(ies), 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) 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. 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 Dolat Capital Market Private Limited. 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.

For U.S. persons only: This research report is a product of Dolat Capital Market Private Limited, under Marco Polo Securities 15a-6 chaperone service, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Dolat Capital Market Private Limited has entered into a chaperoning agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be affected through Marco Polo or another U.S. registered broker dealer.

**Dolat Capital Market Private Limited.**

Corporate Identity Number: U65990GJ993PTC116741

Member: BSE Limited and National Stock Exchange of India Limited.

SEBI Registration No: BSE - INZ000274132, NSE - INZ000274132, Research: INH000014012

Regd. office: 1401-1409, Dalal Street Commercial, Block 53 (Bldg. No.53E) Zone-5, Road-5E, Gift City, Sector 9, Gandhinagar-382355 Gujarat, India.

Board: +9122 40969700 | Fax: +9122 22651278 | Email: research@dolatcapital.com | www.dolatresearch.com