

Ranbaxy Labs

BSE SENSEX	S&P CNX
26,881	8,028
Bloomberg	RBXY IN
Equity Shares (m)	423.3
M.Cap. (INR b) / (USD b)	268.4/4.4
52-Week Range (INR)	667/306
1, 6, 12 Rel.Per (%)	4/14/32

CMP: INR634
TP: INR797
Buy

Strong beat led by gDiovan; marginal improvement in core margins QoQ

- Ranbaxy's (RBXY) 2QFY15 results were ahead of estimates led by contribution from gDiovan launch under 180-day exclusivity in the US. Sales grew 16% YoY to INR32.6b (10% beat), with buoyant sales in the US, while EBITDA quadrupled to INR8.7b (84% beat) and EBITDA margin was at 27% (v/s est. 16%). Reported PAT turned positive at INR4.8b (v/s est. INR2.7b). Profitability for gDiovan appears higher than the normal exclusive launches.
- Revenue growth was primarily driven by gDiovan as the US witnessed 72% growth at INR13.5b (est. INR10.5b). Indian branded formulations grew 18% YoY to INR5.5b (6% beat), while the OTC business declined 13% to INR978m (25% miss). Apart from Europe (ex Romania) which grew 15% YoY, all other geographies such as Africa, CIS & Russia, Romania and LATAM/APAC reported negative growth during the quarter.
- EBITDA margin expanded 20% to 27% (est. 16%), with higher contribution from the US, India and Europe and certain cost control measures adopted by the company.
- Adjusted for one-off upside, core sales declined 8% YoY to INR25.6b. Core margins at 11% improved marginally QoQ. Adjusted PAT stood at INR1.5b.
- **Valuation and view:** RBXY's 2QFY15 reported results were largely driven by contribution of gDiovan in the US. Gradual improvement in core margins is in line with expectations. Over FY14-19E, we build core margin expansion of 780bp to 18%, based on synergy benefits highlighted by SUNP. This assumes a sales CAGR of 13% over the same period. We get a DCF value of INR774 for RBXY's core business and add INR23/share from Para IVs to arrive at a SOTP-based target price of INR797, with a Buy rating. Key risks to our assumptions are integration challenges faced by SUNP and prolonged USFDA issues.

Financials & Valuation (INR Billion)

Y/E MAR	2015E	2016E	2017E
Sales*	127.0	124.2	140.7
EBITDA*	28.4	16.6	20.9
Adj. PAT	4.4	7.7	10.7
RepEPS(INR)*	32.0	18.2	25.2
Adj. EPS (INR)	10.3	18.2	25.2
EPS Gr. (%)	11.1	76.0	38.5
BV/Sh(INR)	104.0	116.6	136.0
RoE (%)	30.8	15.6	18.6
RoCE (%)	24.2	11.9	14.5
Payout (%)	56.5	32.1	23.2

Valuations

P/E (x)	56.6	32.2	23.2
P/BV (x)	5.6	5.0	4.3
EV/EBITDA	22.5	17.8	14.0
Div. Yield (%)	0.9	0.9	0.9

* Estimates include upside from FTF opportunities

Quarterly Performance

Y/E March	(INR Million)											
	FY14				FY15				FY14	FY15E	Estimates	
	2Q	3Q	4Q	5Q	1Q	2Q	3QE	4QE			2QE	% Chng
Net Income	26,834	28,016	28,940	24,668	24,263	32,605	36,819	33,340	132,193	127,029	29,703	9.8
YoY Change (%)	-16.9	4.1	6.7	-0.2	-9.6	16.4	27.2	35.2	6.1	-3.9	6.0	
EBITDA	2,625	1,938	2,602	1,508	2,259	8,790	9,736	7,586	10,086	28,373	4,769	84.3
Margins (%)	9.8	6.9	9.0	6.1	9.3	27.0	26.4	22.8	7.6	22.3	16.1	
Depreciation	763	849	915	953	1,074	1,019	1,175	1,225	4,762	4,493	1,125	
Interest	488	503	543	689	753	726	575	616	2,735	2,669	540	
Other Income	-1,378	-297	-209	-225	-297	-1,192	305	347	-1,855	-836	418	
PBT before EO Expense	-3	289	935	-360	135	5,853	8,291	6,092	734	20,374	3,523	
Extra-Ord Expense	4,863	4,202	1,539	-657	2,060	220	0	0	8,644	-97	-74	
PBT after EO Expense	-4,866	-3,913	-603	296	-1,925	5,633	8,291	6,092	-7,910	20,471	3,597	
Tax	311	570	981	1,099	-56	851	2,073	1,523	3,314	4,391	881	
Rate (%)	-6.4	-14.6	-162.6	370.5	2.9	15.1	25.0	25.0	-41.9	21.5	24.5	
Reported PAT	-5,177	-4,483	-1,585	-802	-1,869	4,782	6,218	4,569	-11,224	16,080	2,716	76.1
Minority Interest	64	58	5	-66	-9	4	75	73	120	143	70	
Reported PAT (incl one-offs)	-5,241	-4,542	-1,589	-737	-1,859	4,778	6,143	4,496	-11,345	15,937	2,646	80.6
Adj PAT (excl. one-offs)	1,337	644	1,200	136	545	1,450	1,315	1,069	3,941	4,380	835	73.8
YoY Change (%)	-50.6	-68.8	NA	-78.1	-59.2	125.1	9.6	685.2	-53.8	11.1	29.5	
Margins (%)	5.0	2.3	4.1	0.6	2.2	4.4	3.6	3.2	3.0	3.4	2.8	
US Sales	7,208	7,865	9,090	7,697	7,003	13,548	16,400	14,359	37,816	51,310		
YoY Change (%)	-47.7	-6.4	23.3	29.2	-2.8	72.3	80.4	86.6	-23.9	61.0		

E: MOSL Estimates; FY14 figures are 15 months; We assume all exclusivities to flow through in 2QFY15

Alok Dalal(Alok.Dalal@MotilalOswal.com);+91 22 3982 5584

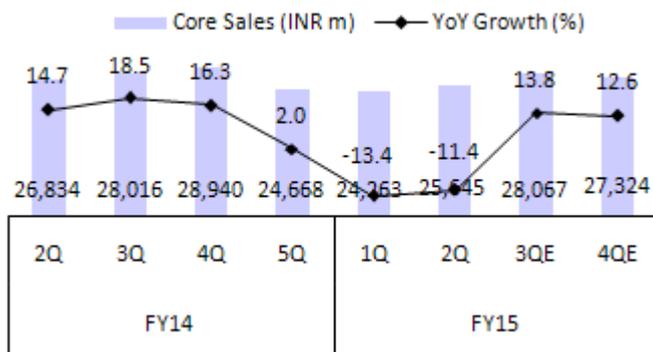
Amey Chalke (Amey.Chalke@MotilalOswal.com); +91 22 3982 5423

Investors are advised to refer through disclosures made at the end of the Research Report.

Key takeaways from the call

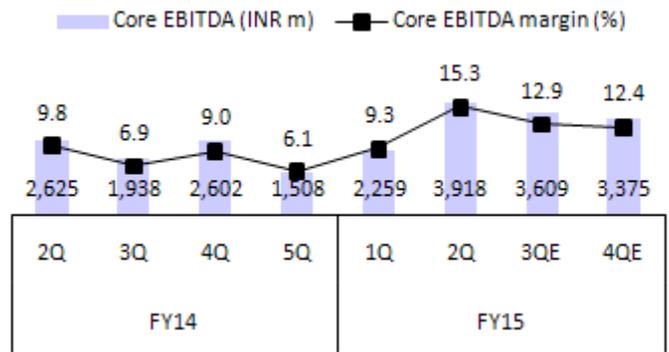
- **US business** quadrupled to INR13.5b largely driven by launch of gDiovan under 180 day exclusivity. RBXY has achieved ~32% market share in gDiovan which is much lower than typical share in 180 day exclusivities as Novartis was aggressive in offering discounts. Absorica market share maintained at 20%, room to improve market share further. RBXY believes it has exclusivity for Nexium and Valcyte, and will launch these products upon approval. RBXY expects to see new launches in US over the next 6 months.
- **India formulation** business grew 18% to INR5.5b with good recovery seen in its anti-infective and vitamin portfolio. RBXY is likely to grow this segment in mid-teens.
- **Other Markets:** Europe grew 15% to INR2.3b while CIS, Africa, Romania, ASAP and LATAM declined 21%, 2%, 6%, 18%, and 12% respectively. Russian and African markets were affected by lower ARV sales while change in business model in APAC impacted growth in the region. Company filed for 64 products and got the approval for 38 products across markets.
- **Dewas & Toansa:** The management indicated that it has resumed API supplies selectively for markets other than US, the financial impact of which will be reflected in subsequent quarters. API sales from Dewas and Taonsa to pick up for non-US market in the current quarter.
- **Net debt** stands at USD739m (v/s 846m in 1QFY15), while **outstanding hedges** stand at USD373m (down from USD470m last quarter). On an average, USD32m worth of hedges are expiring every month.
- **Remediation costs** were slightly higher than 2.5% of sales recorded last quarter. No timelines on remediation were provided but the first plant to come out of remediation would be Mohali.
- **Core margins** have improved very marginally q-q (implies very high profitability for Diovan). Further cost control can lead to core margin improvement over the next 2 years.

Quarterly sales trend



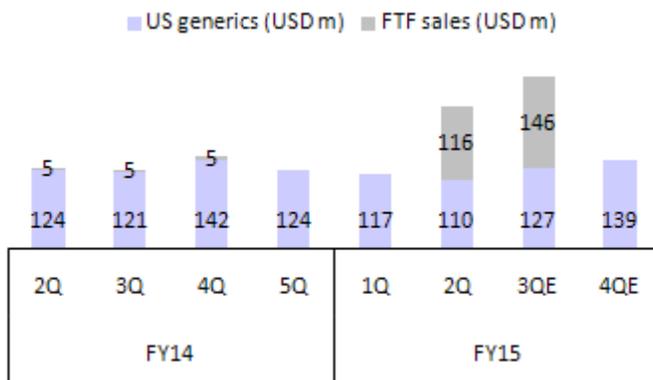
Source: Company, MOSL

Quarterly EBITDA trend



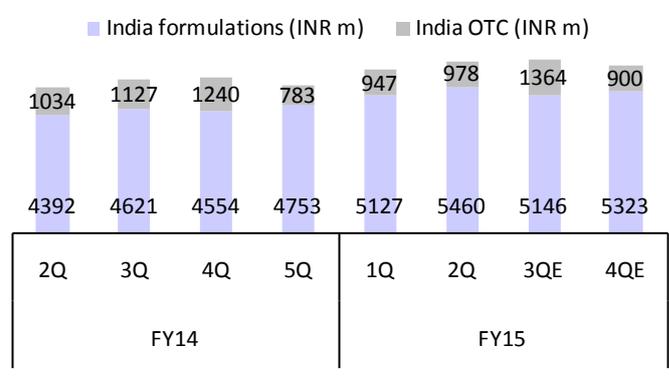
Source: Company, MOSL

US sales: Bases sales impacted by regulatory issues



Source: Company, MOSL

OTC seeing a decline due to higher inventory in the channel



Source: Company, MOSL

Revenue mix (INR m)

Geography	2QFY15	3QFY14	% YoY
India	6,438	5,748	12.0
Europe, CIS and Africa	8,607	9,065	-5.1
Asia Pacific & Middle East	1,436	1,764	-18.6
Latin America	612	698	-12.3
USA	13,548	7,865	72.3
Canada	605	888	-31.9
Total Dosage	31,246	26,028	20.0
API	935	1,474	-36.6
Total Sales	32,181	27,502	17.0

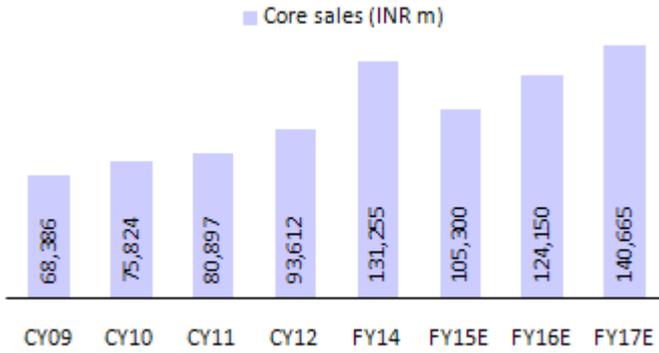
Source: Company

Key comments

- Revenue growth was primarily driven by gDiovan as US witnessed 72% growth at INR 13.5b (est INR10.5b).
- Indian branded formulations grew 18% YoY to INR 5.5b (6% beat) while the OTC business declined 13% to INR 978m (25% miss).
- Apart from Europe (ex Romania) which grew 15% YoY, all other geographies –Africa, CIS & Russia, Romania and LATAM/ APAC - reported negative growth during the quarter.

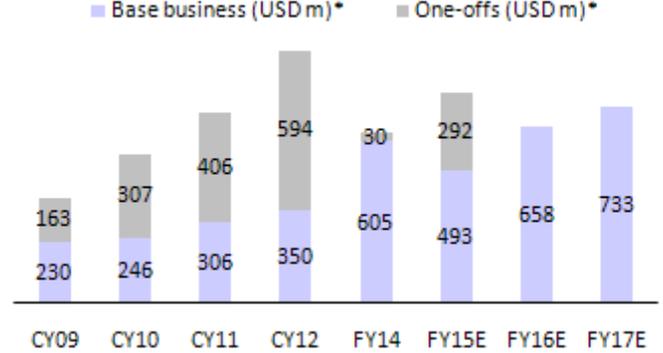
Notes: FY14 figures are 15 months due to change in accounting year from Dec to March, we assume all exclusivities to flow through in 2QFY15

Steady core sales driven by growth across geographies



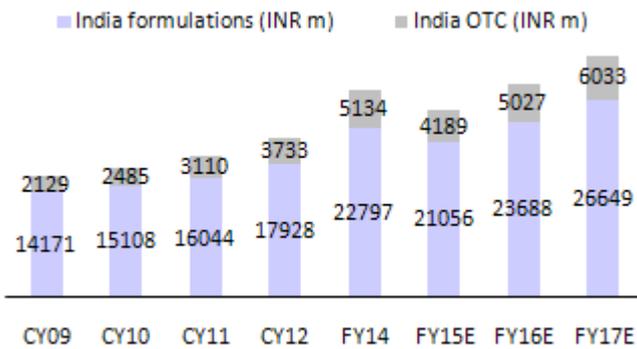
Source: Company, MOSL

US base business to revive aided by new launches



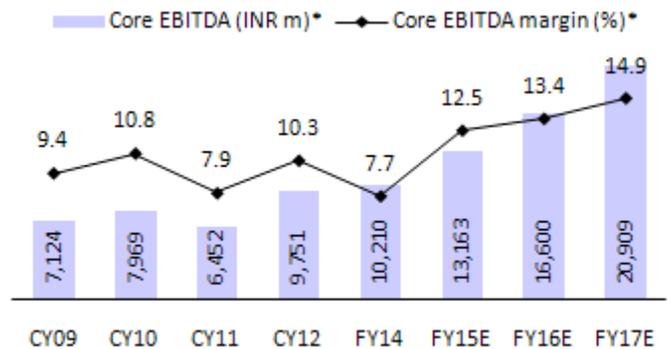
Source: Company, MOSL

India business to grow steadily; in line with market



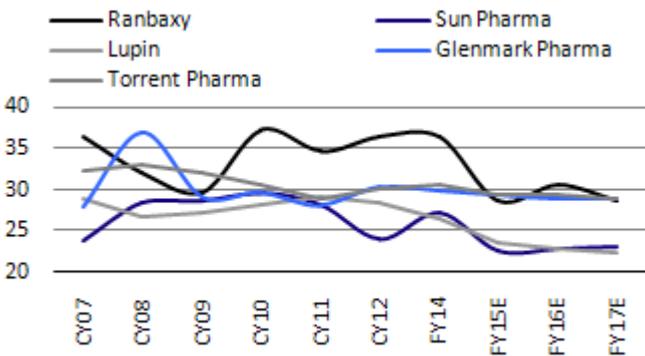
Source: Company, MOSL

Profitability to improve with increasing scale



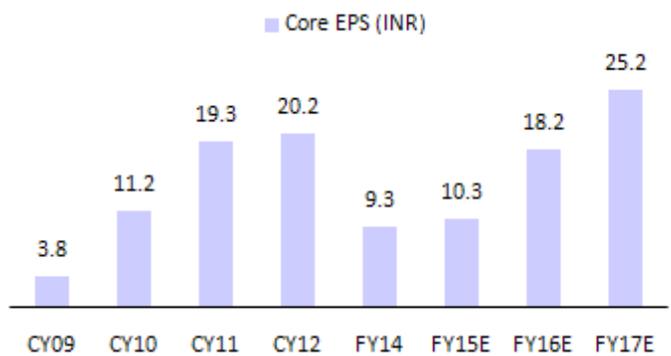
Source: Company, MOSL

RBXY's SGA expenses highest among peers



Source: Company, MOSL

Core earnings to grow on a small base



Source: Company, MOSL

Notes: FY14 figures are 15 months due to change in accounting year from Dec to March, we assume all exclusivities to flow through in 2QFY15

Valuation and view

- RBXY's 2QFY15 reported results were largely driven by contribution of gDiovan in US. Gradual improvement in core margins is in line with expectations.
- Over FY14-FY19, we build in core margin expansion of 780bp to 18% based on synergy benefits highlighted by SUNP. This assumes sales CAGR of 13% over the same period.
- We get a DCF value of INR774 for core business of RBXY and add INR23/share from Para IVs to arrive at a SoTP based TP of INR797.
- Key risks to our arguments are integration challenges faced by SUNP and prolonged USFDA issues.

RBXY: Financial Snapshot & valuation methodology

Particulars	Ranbaxy				
	FY15E	FY16E	FY17E	FY18E	FY19E
Core sales	105,300	124,150	140,665	160,358	182,808
YoY growth (%)	-20.6	17.9	13.3	14.0	14.0
Core EBITDA	13,163	16,600	20,909	25,657	32,906
Margin (%)	12.5	13.4	14.9	16.0	18.0
Core PAT	4,380	7,709	10,680	15,280	20,679
YoY growth (%)	11.1	76.0	38.5	43.1	35.3
Target multiple for terminal value					24
Terminal value					485,960
Discount factor for 3 years @14%					0.6750
DCF value of base business					328,009
Per share value of base business					775
DCF value of FTFs					23
Total intrinsic value for RBXY					797

Ranbaxy Labs: an investment profile

Company description

Ranbaxy is a leading global generic company with global revenues of over USD2b. The company has established a direct presence across the world in key markets like US, UK, Germany, France and Brazil. Around 40% of its revenues come from the developed markets of the US and Europe while emerging markets contributes about 55% of revenues. The company's fully integrated operations give it a cost advantage, which along with its aggressive foray into lucrative markets places it several notches above its peers in India.

Key investment arguments

- One of the largest generic pipeline, coupled with a wide product basket and presence across different geographies, to ensure sustained growth, despite growing competition.
- Strong distribution presence in key global markets and fully-integrated operations make it well placed to ride the generics wave.
- Monetization of FTF opportunities should augur well.

Key investment risks

- Stiff competition from other Indian players and aggressive counter strategies by innovator companies will continue in the foreseeable future.

- Delay in improving the profitability of the base business and forfeiture of important FTFs resulting in large loss of profits.

Recent developments

- Launch of exclusive copy of gDiovan in US

Valuation and view

- Over FY14-FY19, we build in core margin expansion of 780bp to 18% based on synergy benefits highlighted by SUNP.
- This assumes sales CAGR of 13% over the same period. We get a DCF value of INR774 for core business of RBXY and add INR23/share from Para IVs to arrive at a SoTP based TP of INR797.

Sector view

- Differentiated portfolio in regulated markets and emerging markets would remain the key sale and profit drivers in the medium term. Japan is expected to emerge as the next growth driver.
- We are overweight on companies that offer a pragmatic mix of normal, low-competition and patent challenge opportunities in the US and presence in key emerging markets.

Comparative valuations

		Ranbaxy	DRL	Cipla
P/E (x)	FY15E	56.6	21.1	25.8
	FY16E	32.2	18.3	19.1
P/BV (x)	FY14E	5.6	4.2	3.2
	FY15E	5.0	3.5	2.8
EV/Sales (x)	FY14E	2.5	3.1	3.1
	FY15E	2.5	2.7	2.6
EV/EBITDA (x)	FY14E	22.5	13.6	15.3
	FY15E	17.8	11.6	11.7

Shareholding pattern (%)

	Sep-14	Jun-14	Sep-13
Promoter	63.4	63.4	63.5
DII	8.4	8.1	9.0
FII	14.5	14.8	13.2
Others	13.7	13.7	14.3

Note: FII Includes depository receipts

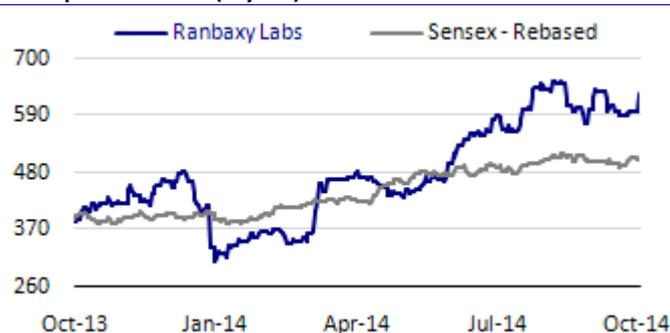
EPS: MOSL forecast v/s consensus (INR)

	MOSL Forecast	Consensus Forecast	Variation (%)
FY15	10.3	25.2	-59.1
FY16	18.2	22.8	-20.3

Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco.
634	797	25.7	Buy

Stock performance (1-year)



Financials and valuations

Income Statement		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
Net Sales	128,923	125,374	122,412	138,840	
Change (%)	6.0	-2.8	-2.4	13.4	
Other Operating Income	3,270	1,656	1,739	1,825	
Total Expenditure	122,107	98,656	107,551	119,756	
EBITDA	10,086	28,373	16,600	20,909	
Change (%)	-48.0	181.3	-41.5	26.0	
Margin (%)	7.6	22.3	13.4	14.9	
Depreciation	4,762	4,493	5,053	5,485	
EBIT	5,324	23,880	11,546	15,423	
Int. and Forex loss	2,735	2,669	2,354	2,354	
Other Income - Rec.	1,828	1,081	1,420	1,562	
PBT pre EO Expense	4,417	22,291	10,612	14,631	
Change (%)	-74.2	404.7	-52.4	37.9	
Extra Ordinary Expense	12,327	4,197	0	0	
PBT after EO Exp.	-7,910	18,094	10,612	14,631	
Tax	3,314	4,391	2,653	3,658	
Tax Rate (%)	-41.9	24.3	25.0	25.0	
Reported PAT	-11,224	13,703	7,959	10,973	
Minority Interest	120	143	250	293	
Adj PAT after Min. Int.	-11,345	13,560	7,709	10,680	
Change (%)	-188.7	-219.5	-43.1	38.5	
Margin (%)	-8.8	10.8	6.3	7.7	
Adj PAT excl one-offs	3,941	4,380	7,709	10,680	

Note: Reporting period changed to March ending; FY14E fig are 15 months

Ratios		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
Basic (INR)					
EPS (Fully diluted)*	9.3	10.3	18.2	25.2	
Cash EPS	-15.6	42.6	30.1	38.2	
BV/Share	77.9	104.0	116.6	136.0	
DPS	0.0	5.0	5.0	5.0	
Payout (%)	0.0	56.5	32.1	23.2	
Valuation (x)					
P/E (Fully diluted)	63.0	56.6	32.2	23.2	
Cash P/E	-37.7	13.7	19.4	15.3	
P/BV	7.5	5.6	5.0	4.3	
EV/Sales	2.4	2.5	2.5	2.2	
EV/EBITDA	29.0	22.5	17.8	14.0	
Dividend Yield (%)	0.0	0.9	0.9	0.9	
FCF per share	-110.3	12.2	16.6	16.4	
Return Ratios (%)					
RoE	12.0	30.8	15.6	18.6	
RoCE	7.4	24.2	11.9	14.5	
Working Capital Ratios					
Fixed Asset Turnover (x)	2.6	2.2	1.9	2.1	
Debtor (Days)	59	59	63	63	
Inventory (Days)	78	56	83	66	
Working Capital (Days)	77	77	83	86	
Leverage Ratio (x)					
Current Ratio	2.0	2.0	1.9	2.1	
Debt/Equity	1.9	1.3	1.2	1.0	

Balance Sheet		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
Equity Share Capital	2,117	2,117	2,117	2,117	
Revaluation Reserves	71	71	0	0	
Net Worth	33,031	44,114	49,347	57,551	
Minority Interest	858	886	961	1,062	
Loans	63,950	58,853	58,853	58,853	
Deferred liabilities	-633	-633	-633	-633	
Capital Employed	97,206	103,220	108,528	116,833	
Net Fixed Assets	50,813	63,089	65,292	66,935	
Capital WIP	3,025	2,513	2,256	2,128	
Investments	722	722	722	722	
Goodwill/Intangibles	21,818	21,818	21,818	21,818	
Curr. Assets	84,583	72,825	86,329	91,076	
Inventory	27,607	19,349	27,763	25,269	
Account Receivables	20,699	20,325	21,106	23,913	
Cash and Bank Balance	15,497	10,292	12,316	14,235	
Others	20,781	22,859	25,145	27,659	
Curr. Liability & Prov.	41,938	35,929	46,072	44,028	
Account Payables	37,678	28,174	38,491	36,347	
Provisions	4,260	7,755	7,581	7,682	
Net Current Assets	42,645	36,896	40,257	47,048	
Appl. of Funds	97,206	103,220	108,528	116,833	

E: MOSL Estimates

Cash Flow Statement		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
Op.Profit/(Loss) bef. Ta	10,086	28,373	16,600	20,909	
Interest/Dividends Rec	1,828	1,081	1,420	1,562	
Direct Taxes Paid	-3,591	-4,391	-2,653	-3,658	
(Inc)/Dec in WC	-36,259	545	-1,338	-4,871	
CF from Operations	-27,936	25,607	14,029	13,942	
EO Expense	12,327	4,197	0	0	
CF frm Op.incl EO Exp.	-40,263	21,410	14,029	13,942	
(Inc)/Dec in FA	-6,444	-16,256	-7,000	-7,000	
(Pur)/Sale of Investmer	67	0	0	0	
CF from Investments	-6,377	-16,256	-7,000	-7,000	
Change in networth	3,412	-143	-250	-293	
Inc/(Dec) in Debt	15,457	-5,070	75	101	
Interest Paid	-2,735	-2,669	-2,354	-2,354	
Dividend Paid	0	-2,476	-2,476	-2,476	
CF from Fin. Activity	16,133	-10,358	-5,006	-5,023	
Inc/Dec of Cash	-30,507	-5,204	2,023	1,919	
Add: Beginning Balance	46,002	15,497	10,292	12,316	
Closing Balance	15,495	10,292	12,316	14,235	

Disclosures

This research report has been prepared by MOST 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). This report is for personal information of the select recipient 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 significant percentage of the companies covered by our Research Department. Our research professionals provide important 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 participate in the solicitation of 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 market information. Our research professionals are paid in part based on the profitability of MOST which include earnings from investment banking and other business. 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 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.

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.

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/or its affiliates and/or employees may have interests/positions, financial or otherwise 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.

Disclosure of Interest Statement

RANBAXY LABORATORIES LTD

■ Analyst ownership of the stock

No

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.

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 U.K.

This report is intended for distribution only to persons having professional experience in matters relating to investments as described in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (referred to as "investment professionals"). This document must not be acted on or relied on by persons who are not investment professionals. Any investment or investment activity to which this document relates is only available to investment professionals and will be engaged in only with such persons.

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:

Anosh Koppikar

Email: anosh.koppikar@motilaloswal.com

Contact: (+65)68189232

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

Kadambari Balachandran

Email: kadambari.balachandran@motilaloswal.com

Contact: (+65) 68189233 / 65249115



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