

DR REDDY'S LABS

RESULT UPDATE

KEY DATA

Rating	BUY
Sector relative	Outperformer
Price (INR)	1,247
12 month price target (INR)	1,486
52 Week High/Low	1,421/1,020
Market cap (INR bn/USD bn)	1,041/12.0
Free float (%)	73.4
Avg. daily value traded (INR mn)	2,200.0

SHAREHOLDING PATTERN

	Jun-25	Mar-25	Dec-24
Promoter	26.45%	26.64%	26.64%
FII	36.36%	37.29%	25.35%
DII	26.74%	25.62%	22.90%
Pledge	0.00%	0.00%	0.00%

FINANCIALS

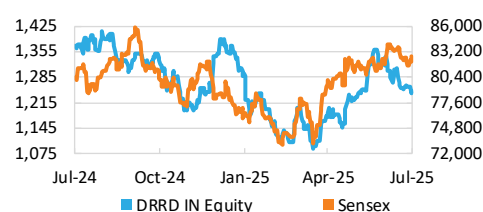
(INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Revenue	2,79,164	3,25,535	3,44,838	3,42,724
EBITDA	78,374	86,236	87,313	81,964
Adjusted profit	55,684	54,828	53,577	48,473
Diluted EPS (INR)	66.7	65.7	64.2	58.1
EPS growth (%)	54.0	(1.5)	(2.3)	(9.5)
RoAE (%)	21.8	18.5	14.7	11.8
P/E (x)	18.7	19.0	19.4	21.5
EV/EBITDA (x)	13.4	12.4	11.5	11.7
Dividend yield (%)	0.6	0.6	0.4	0.5

CHANGE IN ESTIMATES

	Revised estimates		% Revision	
Year to March	FY26E	FY27E	FY26E	FY27E
Revenue	346,420	338,487	-0.5	1.3
EBITDA	89,958	80,913	-1.7	1.3
Adjusted profit	54,345	48,633	-1.4	-0.3
Diluted EPS (INR)	65.1	58.3	-1.4	-0.3

PRICE PERFORMANCE



Misses numbers; new drivers in place

Dr Reddy's Labs (DRRD) missed consensus numbers across the board due to gRevlimid price erosion. Gross/reported EBITDA margin contracted 350bp/257bp YoY due to gRevlimid erosion impact.

While gRevlimid was weak, the India, Russia, CIS, RoW, NRT and CDMO business reported a good quarter. The company expects Semaglutide approval in Canada and shall file Abatacept in Q3FY26. Management is also affirmative of their 25% margin guidance with cost optimisation and semaglutide performance. While the numbers were a miss, we think all attention is on new growth drivers such as GLP-1s and biosimilars as we highlighted in our recent [Coffee With CEO](#) note; retain 'BUY' with an unchanged target price of INR1,486.

Miss across the board with gRevlimid erosion

DRRD's revenue grew 11% YoY/1% QoQ to INR85.5bn, missing consensus by 2%. Gross margin was 56.9%, -350bp YoY/+134bps QoQ due to gRevlimid price erosion and lower operating leverage in PSAI business. Reported EBITDA margin fell 149bp QoQ/243bp YoY to 26.7% while reported EBITDA grew +6% YoY/-8% QoQ to INR22.8bn. Computed EBITDA was at INR21.5bn, flat YoY/QoQ (8% miss versus consensus) while computed EBITDA margin was at 25.2%, -257bp YoY. R&D spend was INR6.2bn, 7.3% of revenue versus 8.1% in Q1FY25. Adjusted PAT was INR14.2bn, flat YoY/down 2% QoQ, -7% versus consensus. DRRD reported INR1.2bn of licensing income, adjusted for which reported/computed margins were 25.6%/24.1%. However, this is operating income.

While US misses, NRT reports improved sequential performance

DRRD's US sales decreased 14% YoY/4% QoQ to USD400mn due to gRevlimid price erosion and certain order movement from the quarter. India revenue grew 11% YoY/13% QoQ to INR14.7bn. Europe revenue was INR12.7bn; NRT business grew 12% QoQ while ex-NRT went up 14% YoY due to 13 new launches. Russia business rose 28% YoY/8% QoQ to INR7.1bn on high volumes and a favourable exchange rate. CIS revenue at INR2bn was weak due to lower volumes. RoW grew 13% YoY due to volume gains; PSAI business was down 14% QoQ to INR8.2bn due to weak demand.

Guided products and cost optimisation on track

The company guided for on-track progress of Semaglutide in Canada and Abatacept filing in the US. Moreover, DRRD expects USD100mn from the CDMO business in FY26 (USD300mn in FY30), which is a positive surprise. The company remains optimistic on 25% margin guidance with cost optimisation measures; retain 'BUY' with an unchanged TP of INR1,486.

Financials

Year to March	Q1FY26	Q1FY25	% Change	Q4FY25	% Change
Net Revenue	85,452	76,727	11.4	85,060	0.5
EBITDA	21,501	21,275	1.1	21,273	1.1
Adjusted Profit	14,178	14,257	(0.6)	14,440	(1.8)
Diluted EPS (INR)	17.0	17.1	(0.6)	17.3	(1.8)

Financial Statements

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	2,79,164	3,25,535	3,44,838	3,42,724
Gross profit	1,63,607	1,90,428	1,92,698	1,82,237
Employee costs	0	0	0	0
R&D cost	22,873	27,380	26,995	25,704
Other expenses	62,360	76,812	78,390	74,568
EBITDA	78,374	86,236	87,313	81,964
Depreciation	14,841	17,058	18,588	19,849
Less: Interest expense	1,711	2,829	4,910	8,582
Add: Other income	4,196	2,665	1,777	1,371
Profit before tax	71,870	76,784	71,251	64,098
Prov for tax	16,186	19,539	18,002	16,024
Less: Exceptional item	0	0	0	0
Reported profit	55,684	57,245	53,249	48,073
Adjusted profit	55,684	54,828	53,577	48,473
Diluted shares o/s	834	834	834	834
Adjusted diluted EPS	66.7	65.7	64.2	58.1
DPS (INR)	8.0	8.0	5.0	6.0
Tax rate (%)	22.5	25.4	25.3	25.0

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Gross margin	58.6	58.5	55.9	53.2
R&D as a % of sales	8.2	8.4	7.8	7.5
Debt/EBITDA	0.3	0.5	0.5	0.5
EBITDA margin (%)	28.1	26.5	25.3	23.9
Net profit margin (%)	19.9	16.8	15.5	14.1
Revenue growth (% YoY)	13.5	16.6	5.9	(0.6)
EBITDA growth (% YoY)	21.4	10.0	1.2	(6.1)
Adj. profit growth (%)	54.0	(1.5)	(2.3)	(9.5)

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	6.7	6.0	6.2	6.2
Repo rate (%)	6.5	6.0	5.0	5.0
USD/INR (average)	0	0	0	0
India growth (%)	(5.2)	15.8	11.0	12.8
US generics (USD mn)	23.5	10.3	(12.1)	(15.2)
Russia & CIS cc growth (%)	5.2	16.6	15.0	6.8
Europe growth (%)	16.5	74.9	49.9	4.3
PSAI growth	2.5	13.6	10.1	13.6

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	18.7	19.0	19.4	21.5
Price/BV (x)	3.7	3.1	2.7	2.4
EV/EBITDA (x)	13.4	12.4	11.5	11.7
Dividend yield (%)	0.6	0.6	0.4	0.5

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	834	834	834	834
Reserves	2,79,716	3,36,332	3,85,737	4,29,205
Shareholders funds	2,80,550	3,37,166	3,86,571	4,30,039
Minority interest	0	0	0	0
Borrowings	20,020	46,766	42,909	39,909
Trade payables	30,919	35,523	37,931	38,693
Other liabs & prov	52,060	70,231	63,554	63,164
Total liabilities	3,87,518	4,92,989	5,35,103	5,75,917
Net block	62,424	72,870	77,634	74,271
Intangible assets	41,204	1,08,613	1,08,365	1,07,773
Capital WIP	14,462	24,891	13,794	13,709
Total fixed assets	1,18,090	2,06,374	1,99,792	1,95,753
Non current inv	5,255	15,202	6,552	6,512
Cash/cash equivalent	7,107	14,654	77,004	1,18,746
Sundry debtors	80,298	90,420	97,310	98,592
Loans & advances	97,092	73,953	48,967	48,667
Other assets	63,552	71,085	80,305	82,629
Total assets	3,87,518	4,92,989	5,35,103	5,75,917

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	51,823	56,791	53,577	48,473
Add: Depreciation	60,274	63,486	80,267	94,055
Interest (net of tax)	(29,680)	(37,149)	(19,506)	(24,256)
Others	3,245	13,282	(19,199)	(25,343)
Less: Changes in WC	(20,182)	(29,989)	(15,458)	(2,698)
Operating cash flow	45,433	46,428	61,679	74,206
Less: Capex	(27,414)	(33,666)	(14,596)	(15,675)
Free cash flow	18,019	12,762	47,083	58,531

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	21.8	18.5	14.7	11.8
RoCE (%)	24.9	21.0	17.3	14.1
Inventory days	177	182	182	185
Receivable days	100	96	99	104
Payable days	91	90	88	87
Working cap (% sales)	56.9	44.2	36.5	37.6
Gross debt/equity (x)	0.1	0.1	0.1	0.1
Net debt/equity (x)	0	0.1	(0.1)	(0.2)
Interest coverage (x)	37.1	24.5	14.0	7.2

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	54.0	(1.5)	(2.3)	(9.5)
RoE (%)	21.8	18.5	14.7	11.8
EBITDA growth (%)	21.4	10.0	1.2	(6.1)
Payout ratio (%)	11.9	11.6	7.8	10.4

Q1FY26 earnings call highlights

Financials and strategy

- **R&D** guidance for FY26 – 7-7.5% of sales.
- **ETR** guidance for FY26 – 25%.
- Gross margin is expected to be at similar level for FY26.
- SG&A for FY26 is expected to be 28-29% of sales.
- EBITDA margin expected to be north of 25%.
- **Capex** – INR25-27bn for FY26. Net debt to EBITDA is targeted to be up to 0.5x.
- YoY decline in gross margin was primarily due to higher price erosion in generics segment (especially gRevlimid) and reduced operating leverage in PSAI business, but partially offset by favourable product mix.
- YoY increase in SG&A was due to strategic investments in consumer healthcare business, including the NRT and Nestle JV.
- Operating WC as on 30-Jun-2025 at INR133.3 bn. Net cash surplus as on 30-Jun-2025 at INR29.2bn.
- INR/USD rate of 85.74. USD648mn hedged (rate of INR86.13/USD but also allowing participation in USD appreciation) and RUB3.7bn hedged at rate of INR/RUB of 1.
- **PLI** – For FY26, PLI will be almost zero. PLI income will come again in FY27 and FY28.

North America

- US base business has decreased (gSuboxone saw QoQ decline due to movement of orders quarter to quarter). Flat to single digit growth is expected for FY26. Expects to launch 20 products and that can provide upside growth potential.
- Trying to avoid shelf price adjustments for gRevlimid, Q2FY26 is expected to be similar to Q1FY26. Q3FY26 should see lower sales and Q4 onwards, it should fall even further. DRRD believes price erosion level should not intensify from this level and it doesn't expect any surprises. Similar magnitude of prices and volumes are expected in Q2FY26.
- Five new products launched in Q1FY26 which should pick up momentum in remaining part of the year.
- Confident to get VAI classification at Srikakulam FYO-11 facility.
- **Liraglutide** – Plan is to launch in coming quarters. In some markets, the company will be first as well. It is not that big a product as semaglutide.
- **Product pipeline** – Denosumab, Abatacept, other smaller products, bKeytruda, Daratumumab, Rituximab.

India

- New product launches and price increases aided growth.
- Launched five brands in Q1FY26, including 2 innovative assets viz. Beyfortus (RSV Vaccine) and Sensimmune (Acarizex Slit).
- Branded generics will be normal growth but innovative products will help the company more and it expects to outpace IPM and grow its rank.
- Consistent double digit growth is expected in India.
- Field force of ~10,000 people in 50 teams.

Others

- NRT integration is progressing as planned. Company is preparing for Australia, Canada and select countries in western Europe. NRT business doesn't have seasonality. Previously, NRT grew in single digits and DRRD has so far seen that this business is exceeding its expectations.
- **PSAI** – Double digit growth trajectory expected for FY26. Gross margin will correct itself in coming quarters.
- **Launch of semaglutide in CY26** – Key countries will be India, Brazil and Turkey apart from Canada.
- Expecting semaglutide approval in Canada by end of October or beginning of November 2025 and launch planned in the beginning of Jan-26.
- There is no patent in Canada for semaglutide. Patent is in India and the proceedings are ongoing in Delhi HC. Only gOzempic will be launched in Canada to begin with and confident of the reimbursement mechanism and prospects.
- GLP-1s are a decade long opportunity as per DRRD.
- **Vizag capacity for semaglutide** – FY26 and FY27 (12mn) capacity will be with a partner. CY26 volumes/capacity are expected to be 10mn pens (single-use terms/1 pen per week). FY28 onwards is when Vizag capacity will come. All 12mn pens can be sold without Canada as well as per DRRD. This is because the demand for the product is crazy and DRRD is likely to be the first to launch in most of the other markets.
- **Abatacept** – Readout is expected in Nov-25. BLA submission is planned after that. Jan-27 is a realistic launch timeline for the IV. The subcutaneous version launch will be one year later.
- **bKeytruda** – The intent is to launch it in US and EU and other markets too with less investments. Trials don't need to be done for each indication separately.
- Out-licensing income from Aurigene is there in Q1FY26 (INR1.2bn). This is not a one-time income.
- **CDMO business** – The business is growing. USD100mn sales is expected in FY26 (USD17-18mn in Q1FY26). DRRD sees that there is enough traction in this business. USD250-300mn is expected by FY30.
- Russia sanctions are an opportunity and company has great relations in Russia.
- Europe can be expected to see double digit growth.

Exhibit 1: Revenue by segment (INR mn)

Year to March	Q1FY26	Q1FY25	% change	Q4FY25	% change
Global generics	75,620	68,858	9.8	75,365	0.3
North America (USD mn)	400	463	-13.6	418	-4.3
Europe	12,700	5,265	141.2	12,750	-0.4
India	14,711	13,252	11.0	13,047	12.8
Russia	7,080	5,500	28.7	6,500	8.9
CIS and Romania	1,950	1,900	2.6	2,400	-18.8
Russia and CIS	9,030	7,400	22.0	8,900	1.5
ROW	5,010	4,400	13.9	5,000	0.2
PSAI	8,181	7,657	6.8	9,563	-14.5
Propr. products/Others	1,651	212	678.8	132	1150.8
Net Sales	85,452	76,727	11.4	85,060	0.5

Source: Company

Exhibit 2: Ex-gRevlimid quarterly financials (INR mn)

Ex-Revlimid adjustments	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)
Revenue	74,210	62,159	19.4	70,125	5.8
Gross profit	38,509	33,233	15.9	33,822	13.9
Gross margins	51.9	53.5		48.2	
EBITDA	11,945	8,892	34.3	8,578	39.3
EBITDA margins	16.1	14.3		12.2	
PAT	7,489	5,589	34.0	5,554	34.8

Source: Nuvama Research, ex-gRevlimid growth driven by NRT intergation

Exhibit 3: Actuals versus estimates (INR mn)

Year to March	Q1FY26	Q1FY25	YoY (%)	Q4FY25	QoQ (%)	Nuvama estimates	Deviation (%)	Consensus	Deviation (%)
Net Revenue	85,452	76,727	11.4	85,060	0.5	86,587	(1.3)	86,933	(1.7)
Cost of revenue	36,825	30,383	21.2	37,797	(2.6)	37,273	(1.2)		
Gross profit	48,627	46,344	4.9	47,263	2.9	49,314	(1.4)		
Gross Margin (%)	56.9	60.4	(350)	55.6	134	57.0	(4.8)		
SG&A	25,647	22,691	13.0	24,055	6.6				
R&D	6,244	6,193	0.8	7,258	(14.0)				
Total expenses	68,716	59,267	15.9	69,110	(0.6)				
EBITDA Computed	21,501	21,275	5.5	21,273	(7.9)	22,551	(4.7)	23,323	(7.8)
EBITDA margin (%)	25.2	27.7	(257)	25.0	15.2	26.0	(88.3)	26.8	(167)
Other (income)/exp	-739	-465	58.9	-1,697	(56.5)				
Depreciation	4,765	3,815	24.90	5,323	(10.5)				
EBIT	18,758	18,249	2.8	21,124	(11.2)				
Interest expense	-1,570	837	(287.6)	2,352	(166.8)				
Share of profit to investees	2	59	-	55	-				
Profit before tax	20,330	19,086	6.5	23,531	(13.6)				
Less: Provision for Tax	4,951	4,901	1.0	4,181	18.4				
Reported Profit	14,096	13,920	1.3	15,873	(11.2)	13,986	0.8	15,141	(6.9)
Adjusted Profit	14,178	14,257	(1)	14,440	(2)	13,986	1.4	15,141	(6.4)
Adjusted Diluted EPS	17.0	17.1	(0.6)	17.3	(1.8)	17	1.4		

Source: Company, Nuvama Research

Exhibit 4: SotP-based target price (INR)

Particulars	INR
FY27 : Core EPS	58
Target PE	24
Core business value	1,411
Revlimid NPV	75
TP	1,486

Source: Company, Nuvama Research

Exhibit 5: Quarterly snapshot (INR mn)

Year to March	Q1FY26	Q1FY25	% change	Q4FY25	% change	FY25	FY26E	FY27E
Net Revenue	85,452	76,727	11.4	85,060	0.5	3,25,535	3,44,838	3,42,724
Cost of revenue	36,825	30,383	21.2	37,797	(2.6)	1,35,107	1,52,140	1,60,487
Gross profit	48,627	46,344	4.9	47,263	2.9	1,90,428	1,92,698	1,82,237
Gross margin	56.9	60.4	(349.6)	55.6	134.1	58	56	53
SG&A	25,647	22,691	13.0	24,055	6.6	93,870	96,978	94,417
R&D	6,244	6,193	0.8	7,258	(14.0)	27,380	26,995	25,704
Total expenses	68,716	59,267	15.9	69,110	(0.6)	2,56,357	2,76,113	2,80,608
EBITDA Computed	21,501	21,275	1.1	21,273	1.1	86,236	87,313	81,964
EBITDA margin (%)	25.2	27.7	(256.7)	25.0	15.2	26.5	25.3	23.9
EBITDA Reported	22,784	21,599	5.5	24,750	(7.9)			
EBITDA margin (%)	26.7	28.2	(148.8)	29.1	(243.4)			
Other (income)/exp	-739	-465	58.9	-1,697	(56.5)	-2,665	-1,777	-1,371
Depreciation	4,765	3,815	24.9	5,323	(10.5)	17,058	18,588	19,849
EBIT	18,758	18,249	2.8	21,124	(11.2)	71,843	70,501	63,486
Financial income	2,400	1,435	67.2	3,008	(20.2)	7,553	5,479	8,953
Financial expense	-830	-598	38.8	-656	26.5	-2,829	-4,910	-8,582
Interest expense/income	1,570	837	87.6	2,352	(33.2)	4,724	568	372
Share of profit to investees	2	59		55		217	182	240
Profit before tax	20,330	19,086	6.5	23,531	(13.6)	76,784	71,251	64,098
Less: Provision for Tax	4,951	4,901	1.0	4,181	18.4	19,539	18,002	16,024
Reported Profit (for company)	14,096	13,920	1.3	15,873	(11.2)	48,991	48,099	39,520
Adjusted Profit	14,178	14,257	(0.6)	14,440	(1.8)	54,828	53,577	48,473
No. of Diluted shares outstanding	834	834		834		834	834	834
Adjusted Diluted EPS	17.0	17.1	(0.6)	17.3	(1.8)	65.7	64.2	58.1
as % of revenues								
Cost of revenue	43.1	39.6	349.6	44.4	-134.1	41.5	44.1	46.8
SG&A	30.0	29.6	44.0	28.3	173.3	28.8	28.1	27.5
R&D	7.3	8.1	-76.4	8.5	-122.6	8.4	7.8	7.5
Total operating expenses	80.4	77.2	317.1	81.2	-83.4	78.7	80.1	81.9
Gross profit	56.9	60.4	-349.6	55.6	134.1	58.5	55.9	53.2
Operating profit	22.0	23.8	-183.3	24.8	-288.3	22.1	20.4	18.5
Net profit	16.5	18.1	-164.6	18.7	-216.5	15.0	13.9	11.5
Tax rate	24.35	25.7	(132.5)	17.8	658.5	25.4	25.3	25.0

Source: Company, Nuvama Research

Company Description

Dr. Reddy's is one of the largest Indian generic companies in the world with presence in more than 40 countries. The US is its largest market, contributing 40% of its revenues. It has one of the largest complex generic portfolios among Indian generic players, which has enabled it to become a prominent generic player in the US. Russia and India are the two other key geographies, where it has significant presence. Apart from strengths in developing niche generic products, vertical integration into APIs has enabled it to become a global generic powerhouse. It operates 30 facilities (10 US FDA approved) and is actively supported by an extensive R&D programme. It also has a deep biosimilar pipeline.

Investment Theme

We see that Dr Reddy's (DRRD) is fully prepared to minimise Revlimid IP expiry impact by increased organic spend on developmental assets and by acquisition of NRT business. Dr Reddy's plans to launch 1) Semaglutide in Canada in Jan-26, 2) Abatacept biosimilar in FY27E. In India DRRD can benefit from vaccine distribution, Nestle JV and field force expansion. Russia's business can benefit from Galvus distribution and China can benefit from approvals and facility expansions. With expiry of Revlimid coming close, we reckon DRRD's proactive measures shall mitigate about 80% of the expected EBITDA impact.

Key risks

- Delay in approval of key complex products
- Higher price erosion/competition in the US products
- Failure to obtain approvals for biosimilars and delays in ramp-up of proprietary pipeline
- Currency fluctuation

Additional Data

Management

Chairman	K Satish Reddy
Co Chairman and MD	GV Prasad
CEO	Mr. Erez Israeli
CFO	M V Narasimham
Auditor	S.R. Batliboi & Associates LLP

Holdings – Top 10*

	% Holding		% Holding
LIC	8.30	First Sentier I	1.76
Blackrock	4.14	JP Morgan	1.52
ICICI Pru AMC	4.12	SBI Funds	1.52
Vanguard	2.64	Mirae	0.96
Nippon Life	1.94	Norges	1.06

*Latest public data

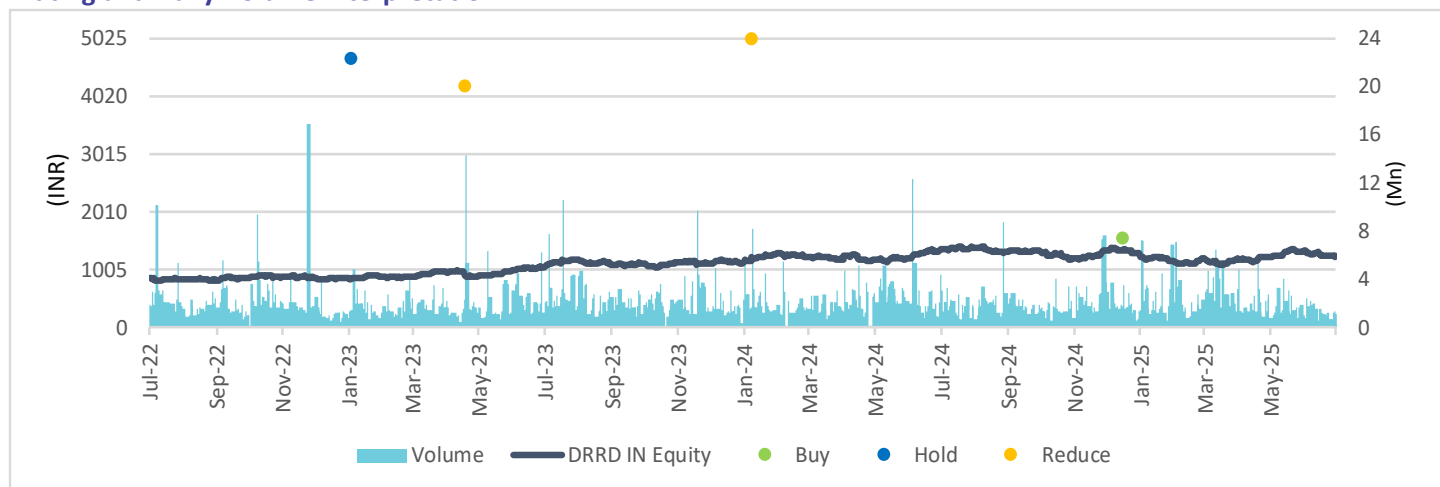
Recent Company Research

Date	Title	Price	Reco
18-Jul-25	Converting gRevlimid cash to new trigger; <i>Visit Note</i>	1,263	Buy
10-May-25	Mixed results; margins fall short; <i>Result Update</i>	1,156	Buy
23-Jan-25	Adjustments unravel a miss; <i>Result Update</i>	1,337	Buy

Recent Sector Research

Date	Name of Co./Sector	Title
16-Jul-25	Pharmaceuticals	Jun-25: IPM rebounds; Glenmark shining; <i>Sector Update</i>
07-Jul-25	Pharmaceuticals	gRevlimid taper to weigh on US growth; <i>Sector Update</i>
01-Jul-25	Torrent Pharma	JB improves revenue mix; long-term posit; <i>Company Update</i>

Rating and Daily Volume Interpretation



Source: Bloomberg, Nuvama research

Rating Rationale & Distribution: Nuvama Research

Rating	Expected absolute returns over 12 months	Rating Distribution
Buy	15%	202
Hold	<15% and >-5%	66
Reduce	<-5%	36

DISCLAIMER

Nuvama Wealth Management Limited (defined as “NWML” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance/Grievance officer: Mr. Atul Bapna, E-mail address: complianceofficer.nwm@nuvama.com Contact details +91 (22) 6623 3478 Investor Grievance e-mail address: grievance.nwm@nuvama.com

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall 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. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

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

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, 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 subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its associates 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. NWML or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research analyst or his/her relative or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's Associates may have actual / beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report.

Research analyst or his/her relative has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

NWML has actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of research report: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at www.nseindia.com

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers**Disclaimer for U.S. Persons**

This research report is a product of NWML, 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.

This report is intended for distribution by NWML 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, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons

This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I 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 report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com
