

13 November 2024

India | Equity Research | Q2FY25 results review

## Zydus Lifesciences

Pharma

### Limited visibility in near term US pipeline

Zydus Lifesciences' (Zydus) Q2FY25 result was in line with our expectations, though higher R&D (up 48.8% YoY) cost for novel drugs and rise in tax rate (29.4% of PBT) were surprising. US revenue at USD 288mn was down 22.4% QoQ, impacted by lower sales of gRevlimid and competition in gAsacol, partially offset by Mirabegron sales. Exclusivity in Mirabegron may stay for next few quarters while Asacol sales may be further impacted in Q3. Rise in market share of gRevlimid may drive growth in US in FY26 but material launches from US pipeline are only expected in FY27. Management maintains FY25 guidance of mid-teen revenue growth and EBITDA margin of 28-29%. Cut EPS by ~9% for FY25-26E to factor in higher tax rate. Stock price has corrected ~20% in last 3 months. Upgrade to **HOLD**; lower TP to INR 960, based on 22x FY26E earnings.

### In-line result; higher R&D cost and taxes surprise

Revenue grew 19.9% YoY (-15.6% QoQ) to INR 52.4bn (I-Sec: INR 52.8bn), aided by Europe and emerging markets. Gross margin expanded ~350bps YoY (-240bps QoQ) to 79.1%. R&D cost rose 48.8% YoY (up 22% QoQ) to INR 3.9bn and stood at 9.2% of sales vs 7.4% in Q2FY24 and 6.3% in Q1FY25. EBITDA grew 33.5% YoY to INR 14.2bn (I-Sec: INR 14.3bn). EBITDA margin expanded 276bps YoY (-691bps QoQ) to 27.0%. Adj. PAT grew 19.6% YoY (-38.9% QoQ) to INR 8.9bn (I-Sec: INR 9.2bn).

### Lower sales of gRevlimid and Asacol drag US sales

Domestic formulation business grew 9% YoY to INR 14.6bn. Branded formulations grew faster than the market at 10% driven by traction across therapies such as cardiology, gastro-intestinal, respiratory, anti-infectives and super specialty therapy of oncology. We expect the segment to grow at a CAGR of 10.5% over FY24-26E. Consumer business revenue was up 12% YoY at INR 4.9bn driven by 8.4% volume growth with steady performance in personal care and food & nutrition segments. US business grew robust 28% YoY (-22.4% QoQ) to USD 288mn. Lower sales of gRevlimid and Asacol dragged US sales on sequential basis though base business continued its growth run rate. Competitive pressure in Asacol impacted sales of this product and may dip further in Q3FY25. It launched four new products in Q2FY25. We factor in 7.0% CAGR for US business over FY24-26E. Emerging markets and Europe grew 19.6% YoY to INR 5.4bn led by good demand across key geographies. API business declined 14.8% YoY to INR 1.2bn.

### Financial Summary

Y/E March (INR mn)	FY24A	FY25E	FY26E	FY27E
Net Revenue	1,95,474	2,22,520	2,34,698	2,47,333
EBITDA	53,533	63,139	65,255	63,686
EBITDA Margin (%)	27.4	28.4	27.8	25.7
Net Profit	38,430	42,038	43,536	41,994
EPS (INR)	38.2	41.8	43.3	41.7
EPS % Chg YoY	74.8	9.4	3.6	(3.5)
P/E (x)	24.3	22.6	21.9	22.8
EV/EBITDA (x)	18.2	15.2	14.2	13.9
RoCE (%)	18.0	17.6	15.9	13.6
RoE (%)	20.6	19.5	17.3	14.6

#### Abdulkader Puranwala

abdulkader.puranwala@icicisecurities.com  
+91 22 6807 7339

#### Nisha Shetty

nisha.shetty@icicisecurities.com

#### Market Data

Market Cap (INR)	956bn
Market Cap (USD)	11,324mn
Bloomberg Code	ZYDUSLIF IN
Reuters Code	ZYDU BO
52-week Range (INR)	1,324 /614
Free Float (%)	25.0
ADTV-3M (mn) (USD)	30.0

Price Performance (%)	3m	6m	12m
Absolute	(24.0)	(3.3)	52.4
Relative to Sensex	(22.8)	(11.6)	31.8

ESG Score	2022	2023	Change
ESG score	52.2	70.3	18.1
Environment	38.4	64.9	26.5
Social	27.5	58.2	30.7
Governance	77.1	80.4	3.3

Note - Score ranges from 0 - 100 with a higher number indicating a higher ESG score.

Source: SES ESG, I-sec research

Earnings Revisions (%)	FY25E	FY26E
Revenue	(0.3)	(1.3)
EBITDA	(1.3)	(1.1)
EPS	(9.0)	(9.3)

#### Previous Reports

11-08-2024: [Q1FY25 results review](#)

19-05-2024: [Q4FY24 results review](#)

## Valuation and risks

Zydus' US sales run-rate has come down sequentially due to lower sales of gRevlimid (USD 90-100mn in Q1FY25) while the much-anticipated competition in Asacol HD had also tapered down sales run rate of this product in US. Sales of both the dosages of Mirabegron (USD 50-55mn) have not hampered despite entry of Lupin in 50mg dose; management anticipates sequential growth in this product till the outcome of litigation. Lack of any exclusive launches for the next 18 months in the US may soften growth in coming quarters; however, its market share in gRevlimid is likely to increase in FY26 which could help it grow its US business in FY26 despite more competition anticipated towards the end of FY26. In India, its NCE product portfolio is driving growth and helping it absorb the impact of mandated price cuts. India branded business has grown mostly in line or slightly better than market growth.

Windfall from exclusive products in US has helped the company in paring debt (became debt free in H1FY25). R&D (~8% of overall sales) for development of NCEs and complex generic products should ensure long-term growth. Besides, the company may pursue M&A in US specialty and India branded generics spaces to further improve scale. Zydus' higher dependency on exclusive products may cap its earnings growth beyond FY25.

We cut our EPS by ~9% for FY25–26E to factor in higher R&D cost and revised tax rate guidance of 24-25% for FY25. The stock has corrected more than ~20% in the last three months. It trades at valuations of 22.7x FY25E and 22.0x FY26E earnings, and EV/EBITDA of 15.2x FY25E and 14.2x FY26E. We upgrade the stock to **HOLD** (Reduce earlier) but lower target price to INR 960, based on 22x FY26E EPS (earlier INR 1,120 on 24x FY26E EPS).

**Upside risks:** Better-than-expected sales in non-exclusive products and reduced price erosion in US.

**Downside risks:** More products under price control in India, competition in US and regulatory hurdles.

## Q2FY25 conference call highlights

### India branded formulations

- It has launched 12 new products including four first to launch products in India.
- Management aspires to grow faster than market ahead.
- Portfolio reorganisation has helped it improve focus on growth. Additionally, innovative products and new launches are driving growth.
- Chronic accounts for ~42% of revenue and the share is surging.
- Lipaglyn (Saroglitazar) and Oxemia (Desidustat) have the potential to rank among top 50 pharma brands in India.
- Biologics brand Ujvira (Trastuzumab) has market share higher than innovator in the respective molecule category.

### India consumer

- Volume grew at 8.4% in Q2FY25.
- Acquired Naturell (India), giving it entry into healthy snacks category. The entity had annual sales of INR 1.3bn.
- As per the JV (50% ownership of Zydus) with Perfect Day Inc, it will pursue CDMO of large scale whey protein for global customers.

## US

- In Q2FY25, it launched four new products, filed eight ANDAs and received approval for nine ANDAs (incl. 3 tentative approvals).
- Base business in US is growing despite challenges. Q2 revenue was impacted by lower sales of gRevlimid and Asacol.
- Competitive pressure in Asacol impacted sales of this product in Q2FY25. Zydus is still holding good market share as speed of conversion has been slow. Asacol sales are further likely to dip in Q3FY25 due to pricing pressure.
- Its market share in gRevlimid will increase in quarters ahead. Management does not foresee any dip in sales in FY26.
- Revenue from Mirageron has grown QoQ and will continue to grow ahead.
- The company has good products in pipeline from FY27, including palbociclib (tablet), reoxyvit, 505 b(2) and generic injectable products.
- It has two major launches lined up in FY27, which gives growth visibility till FY28-29.
- Litigation outcome for Mirageron is expected to be a couple of quarters away.
- Sitagliptin patent expires in FY26. Zydus will launch a branded product of this molecule. The company has a long-term contract with US government, supplies to which will last even after patent expiry.
- Out of eight transdermal products filed, two are pending approval with USFDA. The company may be able to launch one of these products soon.
- Going ahead, Zydus will file complex drug device combination product in US and may in-license injectable products.
- **Management guides for growth in US sales in FY26 despite competition in Asacol.**

## NCE and biosimilars

- Initiated Phase II proof-of-concept trial of Desidustat in partnership with ICMR for patients with sickle cell disease.
- Completed Phase II(a) clinical trials of Usnoflast in India for ALS indication.
- Completed patient recruitment for Phase III clinical trials for one biosimilar.
- Completed Phase II clinical trials for Hepatitis E vaccine.
- For Typhoid Conjugate Vaccine (TCV), it will participate in Unicef tender. The tender will be for 80-100mn doses to be supplied over 2-3 years. Zydus expects a small allocation from this tender in FY26/27.
- Read out of Phase II(b)/ III clinical trial of Saroglitazar is likely to happen in Q2FY26.
- Saroglitazar is likely to be the 3<sup>rd</sup> NCE drug to be approved for PBC indication. It will launch the product in US in Q4FY27.

## R&D surge

- Tax rate inched up in Q2 due to absence of MAT credit and higher R&D cost across subsidiaries for clinical trials of Saroglitazar in US.
- 50% of R&D spending is on complex products, rest on biologics and NCE products.
- R&D cost will stand at 8% of revenue for FY25.

## FY25 guidance

- Management has maintained its high teen revenue growth for FY25.
- Maintained 100-150bps improvement in EBITDA margin guidance in FY25.
- Effective tax rate will be 24-25% as the company has exhausted MAT credit.

**Exhibit 1: Quarterly review**

Y/E Mar (INR mn)	Q2 FY25	Q2 FY24	YoY(%)	Q1 FY25	QoQ (%)	H1 FY25	H1 FY24	YoY(%)
Net Sales	52,370	43,688	19.9	62,075	(15.6)	1,14,445	95,084	20.4
EBITDA	14,160	10,608	33.5	21,073	(32.8)	35,233	25,935	35.9
EBITDA Margins (%)	27.0	24.3	276%	33.9	-691%	30.8	27.3	
Other Income	682	540	26.3	632	7.9	1,314	900	46.0
Interest	251	87	188.5	322	(22.0)	573	268	
Depreciation	2,336	1,842	26.8	2,153	8.5	4,489	3,640	23.3
PBT	12,255	9,219	32.9	19,230	(36.3)	31,485	22,927	37.3
Tax	3,731	2,264	64.8	4,361	(14.4)	8,092	4,425	82.9
Tax Rate (%)	30.4	24.6		22.7		25.7	19.3	
PAT	8,978	7,808	15.0	14,636	(38.7)	23,614	18,942	24.7
Minority Int/Others	(131)	(199)		437		306	63	
Net Income	9,109	8,007	13.8	14,199	(35.8)	23,308	18,879	23.5
Adj. PAT	8,788	7,346	19.6	14,379	(38.9)	23,143	18,522	24.9
NPM (%)	17.4	18.3		22.9		20.4	19.9	

Source: Company data, I-Sec research

**Exhibit 2: Business mix**

INR mn	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	Q4 FY24	Q1 FY25	Q2 FY25	% YoY	% QoQ
India Formulations	11,640	11,251	12,648	12,316	12,896	12,270	13,341	14,273	13,806	13,758	14,569	9.2	5.9
India Consumer	6,330	6,916	4,227	4,120	7,075	6,936	4,352	3,974	7,755	8,366	4,875	12.0	(41.7)
Exports	17,452	19,224	20,894	22,576	27,303	29,933	23,491	23,759	30,667	36,926	30,498	29.8	(17.4)
US	14,233	15,592	17,084	19,250	22,525	24,541	18,648	18,427	25,235	30,929	24,168	29.6	(21.9)
Europe & EM's	2,750	3,155	3,308	3,078	4,393	4,893	4,504	4,937	4,960	5,309	5,389	19.6	1.5
Alliances & JV	469	477	502	248	385	499	339	395	472	688	941	177.6	36.8
API	1,363	1,224	1,117	1,881	1,251	1,389	1,402	1,431	1,436	1,415	1,194	(14.8)	(15.6)
<b>Total</b>	<b>36,785</b>	<b>38,615</b>	<b>38,886</b>	<b>40,893</b>	<b>48,525</b>	<b>50,528</b>	<b>42,586</b>	<b>43,437</b>	<b>53,664</b>	<b>60,465</b>	<b>51,136</b>	<b>20.1</b>	<b>(15.4)</b>
US sales (USD mn)	189	202	214	235	275	298	225	221	304	371	288	28.0	(22.4)

Source: Company data, I-Sec research

**Exhibit 3: Key growth drivers of domestic business in Q2FY25**

Brands (INR mn)	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	MAT SEP'24	MAT SEP'23	YoY (%)
Deriphyllin	472	486	-3.0	478	-1.3	2,119	2,152	-1.5
Atorva	632	350	80.5	502	26.0	1,827	1,219	49.9
Thrombophob	455	409	11.3	401	13.5	1,681	1,753	-4.1
Amicin	419	406	3.3	398	5.4	1,634	1,506	8.5
Lipaglyn	397	408	-2.8	357	11.2	1,398	1,356	3.1
Formonide	390	239	63.0	300	29.9	1,246	891	39.9
Skinlite	296	287	3.2	275	7.5	1,185	1,192	-0.5
Dexona	247	266	-7.3	272	-9.5	1,103	1,171	-5.8
Monotax	288	245	17.5	351	-18.0	1,101	821	34.1
Vivitra	279	287	-2.7	247	13.2	1,045	1,082	-3.4

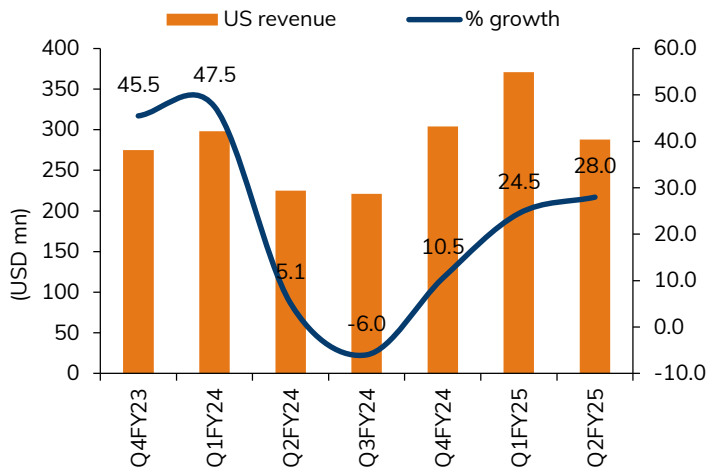
Source: IQVIA

**Exhibit 4: Growth profile of key therapies in India**

Therapies (INR mn)	Q2FY25	Q2FY24	YoY (%)	Q1FY25	QoQ (%)	MAT SEP'24	MAT SEP'23	YoY (%)
Respiratory	2,535	2,053	23.5	2,297	10.3	8,908	8,047	10.7
Cardiac	2,179	2,064	5.6	1,995	9.2	8,899	8,659	2.8
Anti-Infectives	2,456	2,016	21.8	1,979	24.1	8,351	7,504	11.3
Gastro Intestinal	1,743	1,587	9.8	1,704	2.3	6,396	6,178	3.5
Pain / Analgesics	1,347	1,309	2.9	1,254	7.4	4,977	4,738	5.0
Gynaec.	1,232	1,078	14.3	1,336	-7.8	4,707	3,808	23.6
Antineoplast / Immunomodulator	1,089	1,128	-3.5	1,157	-5.9	4,417	4,365	1.2
Derma	1,008	957	5.4	1,047	-3.7	4,076	3,792	7.5
Vitamins/Minerals/Nutrients	578	601	-3.9	646	-10.6	2,353	2,404	-2.1
Hormones	577	552	4.5	544	6.1	2,135	2,191	-2.6

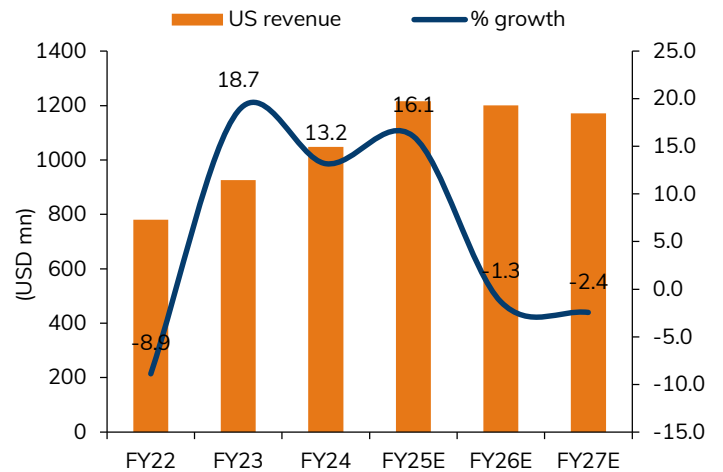
Source: IQVIA

**Exhibit 5: Lower sales of gRevlimid and competition in gAsacol led to sequential decline**



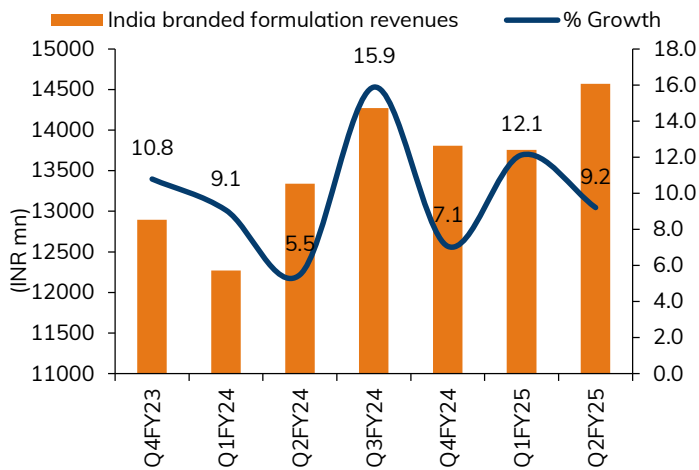
Source: I-Sec research, Company data

**Exhibit 6: US sales growth may peak in FY25E**



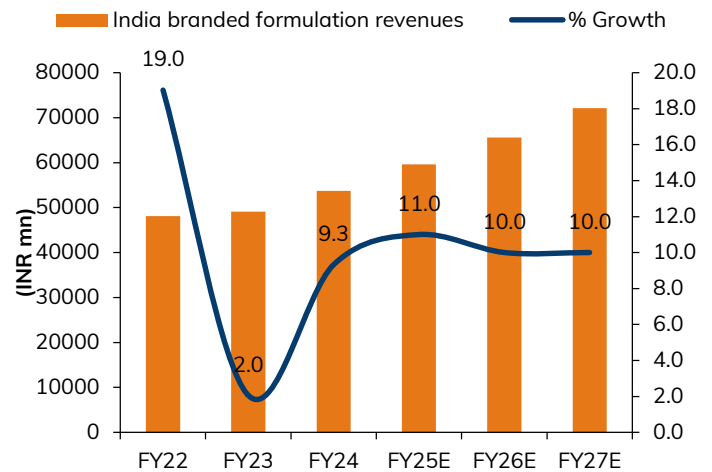
Source: I-Sec research, Company data

**Exhibit 7: Growth driven by strong volume traction across portfolio**



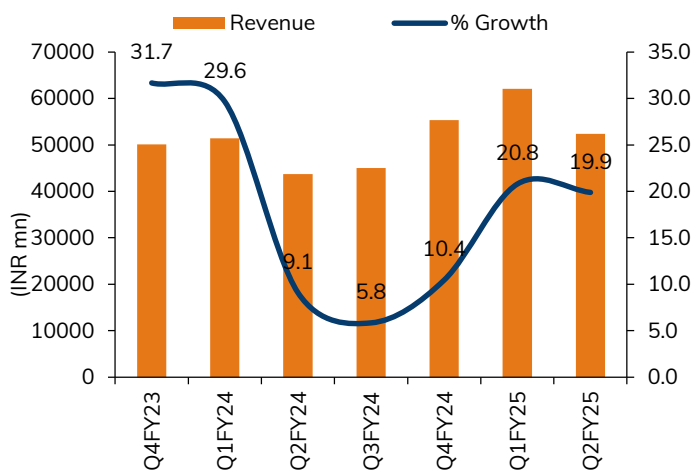
Source: I-Sec research, Company data

**Exhibit 8: Traction in acute portfolio to drive 10.5% CAGR in India revenue over FY24-26E**



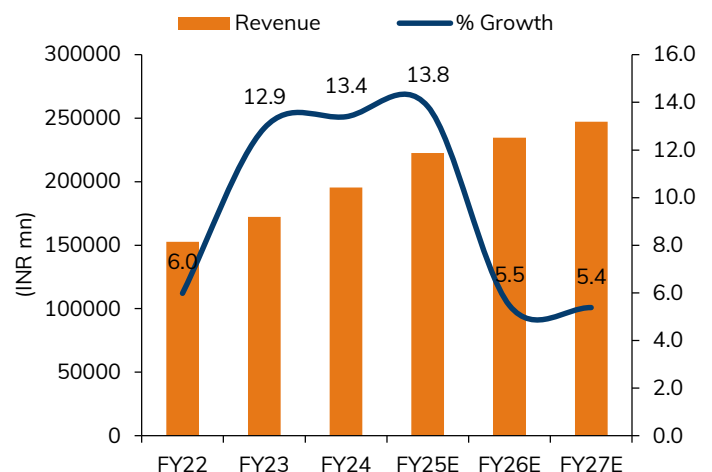
Source: I-Sec research, Company data

**Exhibit 9: Growth driven by good performance in Europe and emerging markets**



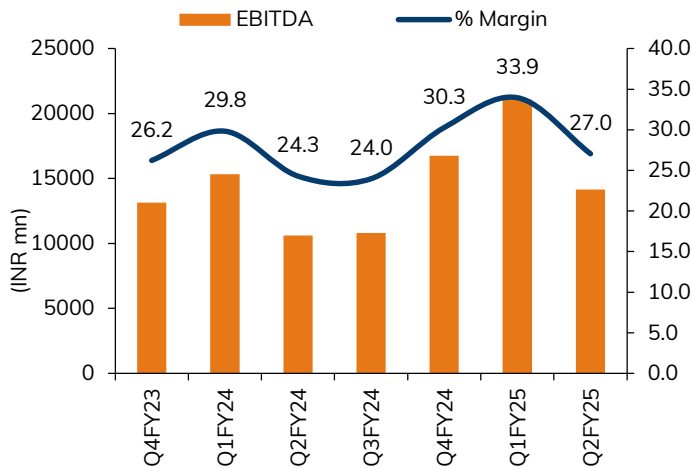
Source: I-Sec research, Company data

**Exhibit 10: Revenue CAGR likely at 9.6% over FY24-26E**



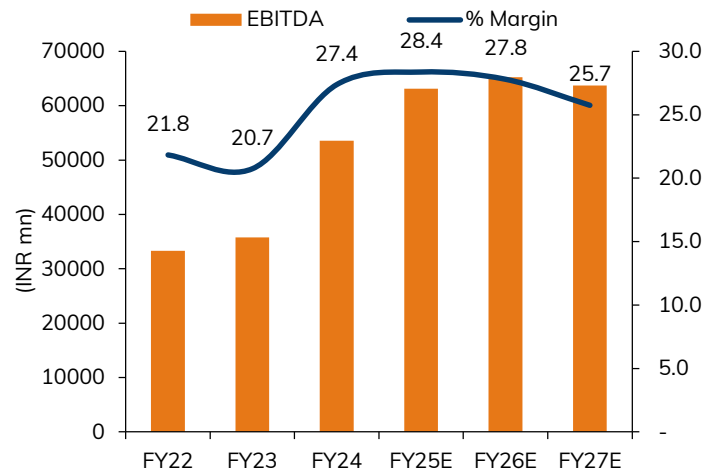
Source: I-Sec research, Company data

**Exhibit 11: Margins contracted sequentially due to dip in US**



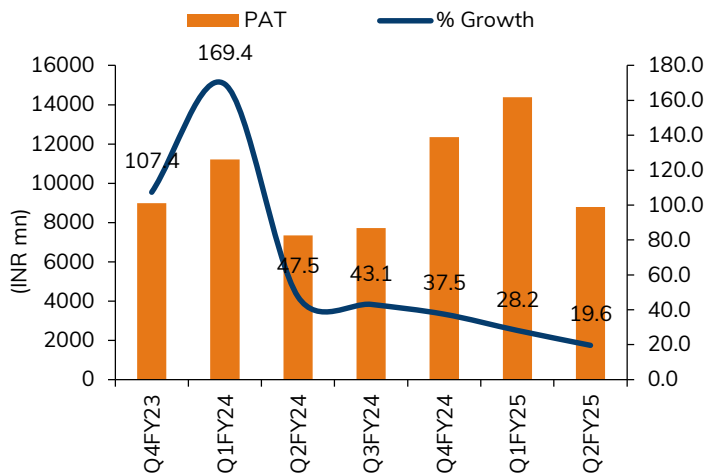
Source: I-Sec research, Company data

**Exhibit 12: Exclusive launches to drive EBITDA margin**



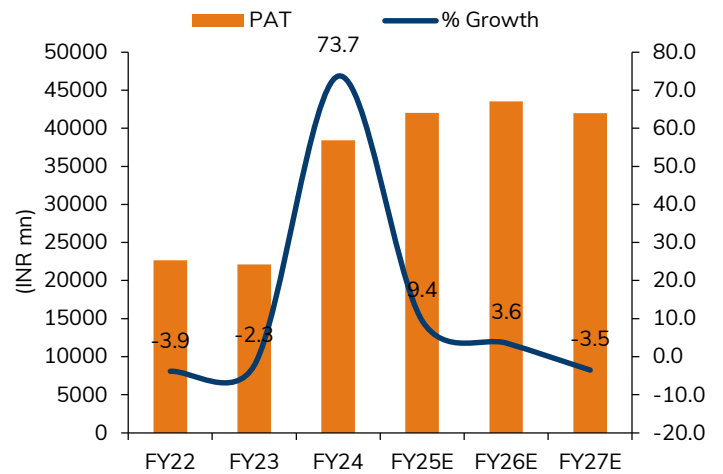
Source: I-Sec research, Company data

**Exhibit 13: PAT grew at ~19.6% YoY**



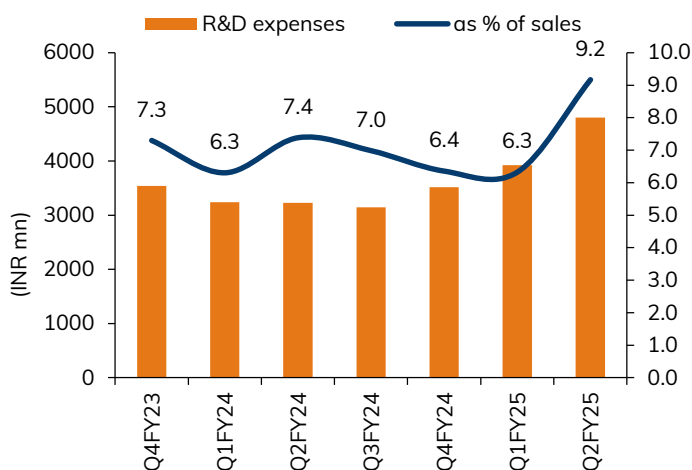
Source: I-Sec research, Company data

**Exhibit 14: Net profit to grow 6.4% over FY24-26E**



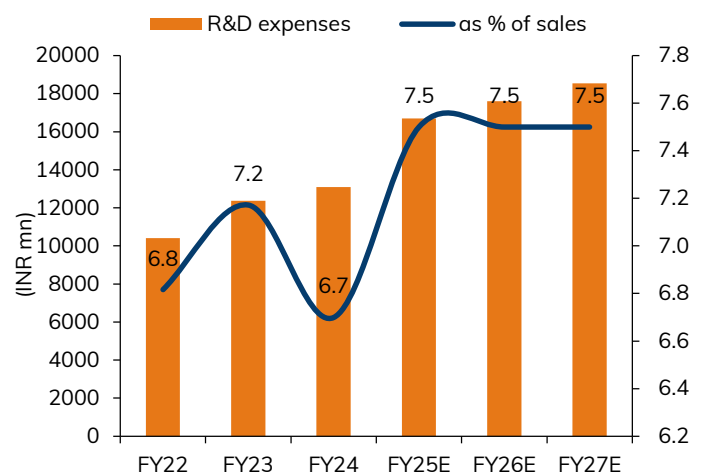
Source: I-Sec research, Company data

**Exhibit 15: R&D spending surged 49% YoY in Q2FY25**



Source: I-Sec research, Company data

**Exhibit 16: R&D spending to range between 7-8% in FY26E**



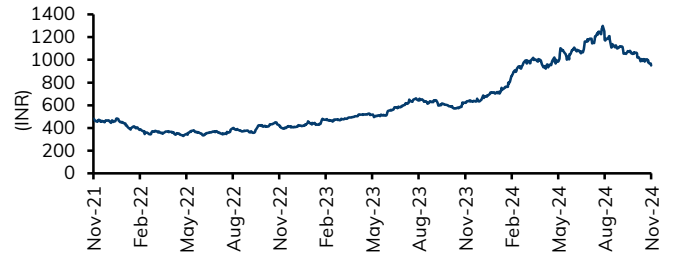
Source: I-Sec research, Company data

### Exhibit 17: Shareholding pattern

%	Mar'24	Jun'24	Sep'24
Promoters	75.0	75.0	75.0
Institutional investors	18.4	18.0	18.3
MFs and others	6.7	7.2	6.8
FIs/Banks	-	-	-
Insurance	5.7	5.2	3.9
FIIIs	5.9	5.6	7.6
Others	6.7	7.0	6.7

Source: Bloomberg

### Exhibit 18: Price chart



Source: Bloomberg

## Financial Summary

### Exhibit 19: Profit & Loss

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Net Sales	1,95,474	2,22,520	2,34,698	2,47,333
Operating Expenses	1,41,941	1,59,381	1,69,443	1,83,647
<b>EBITDA</b>	<b>53,533</b>	<b>63,139</b>	<b>65,255</b>	<b>63,686</b>
<b>EBITDA Margin (%)</b>	<b>27.4</b>	<b>28.4</b>	<b>27.8</b>	<b>25.7</b>
Depreciation & Amortization	7,641	9,082	9,639	10,196
EBIT	45,892	54,057	55,616	53,490
Interest expenditure	812	1,018	1,018	1,018
Other Non-operating Income	2,841	3,308	3,808	3,808
Recurring PBT	47,921	56,348	58,406	56,280
<b>Profit / (Loss) from Associates</b>	<b>1,184</b>	<b>1,184</b>	<b>1,184</b>	<b>1,184</b>
<b>Less: Taxes</b>	<b>9,775</b>	<b>14,142</b>	<b>14,601</b>	<b>14,070</b>
PAT	39,314	42,427	43,804	42,210
Less: Minority Interest	1,133	1,407	1,453	1,400
Extraordinary (Net)	-	-	-	-
Net Income (Reported)	39,365	42,203	43,536	41,994
<b>Net Income (Adjusted)</b>	<b>38,430</b>	<b>42,038</b>	<b>43,536</b>	<b>41,994</b>

Source Company data, I-Sec research

### Exhibit 20: Balance sheet

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
Total Current Assets	1,12,489	1,51,927	1,92,678	2,35,417
of which cash & cash eqv.	11,051	30,367	64,509	1,00,392
Total Current Liabilities & Provisions	45,626	47,772	49,951	55,083
<b>Net Current Assets</b>	<b>66,863</b>	<b>1,04,155</b>	<b>1,42,727</b>	<b>1,80,334</b>
Investments	8,043	8,043	8,043	8,043
Net Fixed Assets	58,033	61,770	61,502	60,811
ROU Assets	-	-	-	-
Capital Work-in-Progress	24,233	24,233	24,233	24,233
Total Intangible Assets	65,652	60,833	59,462	57,957
Other assets	7,339	7,611	7,734	7,861
Deferred Tax Assets	16,442	16,442	16,442	16,442
<b>Total Assets</b>	<b>2,47,182</b>	<b>2,83,744</b>	<b>3,20,836</b>	<b>3,56,411</b>
<b>Liabilities</b>				
<b>Borrowings</b>	<b>8,042</b>	<b>8,042</b>	<b>8,042</b>	<b>8,042</b>
<b>Deferred Tax Liability</b>	<b>4,465</b>	<b>4,465</b>	<b>4,465</b>	<b>4,465</b>
provisions	3,097	3,097	3,097	3,097
other Liabilities	10,562	12,023	12,681	13,364
Equity Share Capital	1,006	1,006	1,006	1,006
Reserves & Surplus	1,97,289	2,32,390	2,68,824	3,03,717
<b>Total Net Worth</b>	<b>1,98,295</b>	<b>2,33,396</b>	<b>2,69,830</b>	<b>3,04,723</b>
Minority Interest	22,721	22,721	22,721	22,721
<b>Total Liabilities</b>	<b>2,47,182</b>	<b>2,83,744</b>	<b>3,20,836</b>	<b>3,56,411</b>

Source Company data, I-Sec research

### Exhibit 21: Cashflow statement

(INR mn, year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Operating Cashflow</b>	<b>43,607</b>	<b>32,350</b>	<b>46,723</b>	<b>48,410</b>
Working Capital Changes	(3,832)	16,868	3,930	1,206
Capital Commitments	28,343	8,000	8,000	8,000
<b>Free Cashflow</b>	<b>15,264</b>	<b>24,351</b>	<b>38,723</b>	<b>40,410</b>
<b>Other investing cashflow</b>	<b>(3,261)</b>	-	-	-
Cashflow from Investing Activities	(25,082)	(8,000)	(8,000)	(8,000)
Issue of Share Capital	(6)	-	-	-
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	(3,907)	-	-	-
Dividend paid	(3,018)	(4,024)	(4,024)	(4,024)
Others	(6,280)	(1,011)	(556)	(503)
Cash flow from Financing Activities	(13,211)	(5,035)	(4,580)	(4,527)
<b>Chg. in Cash &amp; Bank balance</b>	<b>5,314</b>	<b>19,316</b>	<b>34,143</b>	<b>35,883</b>
Closing cash & balance	11,045	30,367	64,509	1,00,392

Source Company data, I-Sec research

### Exhibit 22: Key ratios

(Year ending March)

	FY24A	FY25E	FY26E	FY27E
<b>Per Share Data (INR)</b>				
Reported EPS	39.1	42.0	43.3	41.7
Adjusted EPS (Diluted)	38.2	41.8	43.3	41.7
Cash EPS	45.8	50.8	52.9	51.9
Dividend per share (DPS)	3.0	4.0	4.0	4.0
Book Value per share (BV)	197.1	232.0	268.2	302.9
Dividend Payout (%)	7.7	9.5	9.2	9.6
<b>Growth (%)</b>				
Net Sales	13.4	13.8	5.5	5.4
EBITDA	49.7	17.9	3.4	(2.4)
EPS (INR)	74.8	9.4	3.6	(3.5)
<b>Valuation Ratios (x)</b>				
P/E	24.3	22.6	21.9	22.8
P/CEPS	20.7	18.7	18.0	18.3
P/BV	4.8	4.1	3.5	3.1
EV / EBITDA	18.2	15.2	14.2	13.9
P / Sales	5.0	4.4	4.1	3.9
Dividend Yield (%)	0.0	0.0	0.0	0.0
<b>Operating Ratios</b>				
Gross Profit Margins (%)	68.1	69.2	68.6	65.2
EBITDA Margins (%)	27.4	28.4	27.8	25.7
Effective Tax Rate (%)	19.9	25.0	25.0	25.0
Net Profit Margins (%)	19.7	18.9	18.5	17.0
NWC / Total Assets (%)	-	-	-	-
Net Debt / Equity (x)	(0.1)	(0.1)	(0.2)	(0.3)
Net Debt / EBITDA (x)	(0.2)	(0.5)	(1.0)	(1.6)
<b>Profitability Ratios</b>				
RoCE (%)	18.0	17.6	15.9	13.6
RoE (%)	20.6	19.5	17.3	14.6
RoC (%)	18.3	18.8	19.3	18.7
Fixed Asset Turnover (x)	3.4	3.7	3.8	4.0
Inventory Turnover Days	68	73	70	70
Receivables Days	104	110	106	106
Payables Days	42	38	37	42

Source Company data, I-Sec research



This report may be distributed in Singapore by ICICI Securities, Inc. (Singapore branch). Any recipients of this report in Singapore should contact ICICI Securities, Inc. (Singapore branch) in respect of any matters arising from, or in connection with, this report. The contact details of ICICI Securities, Inc. (Singapore branch) are as follows: Address: 10 Collyer Quay, #40-92 Ocean Financial Tower, Singapore - 049315, Tel: +65 6232 2451 and email: navneet\_babbar@icicisecuritiesinc.com, Rishi\_agrawal@icicisecuritiesinc.com.

"In case of eligible investors based in Japan, charges for brokerage services on execution of transactions do not in substance constitute charge for research reports and no charges are levied for providing research reports to such investors."

New I-Sec investment ratings (all ratings based on absolute return; All ratings and target price refers to 12-month performance horizon, unless mentioned otherwise)  
**BUY: >15% return; ADD: 5% to 15% return; HOLD: Negative 5% to Positive 5% return; REDUCE: Negative 5% to Negative 15% return; SELL: < negative 15% return**

#### ANALYST CERTIFICATION

I/We, Abdulkader Puranwala, MBA; Nisha Shetty, MBA; authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report. Analysts are not registered as research analysts by FINRA and are not associated persons of the ICICI Securities Inc. It is also confirmed that above mentioned Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months and do not serve as an officer, director or employee of the companies mentioned in the report.

#### Terms & conditions and other disclosures:

ICICI Securities Limited (ICICI Securities) is a full-service, integrated investment banking and is, inter alia, engaged in the business of stock brokering and distribution of financial products. Registered Office Address: ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai - 400 025. CIN: L67120MH1995PLC086241, Tel: (91 22) 6807 7100. ICICI Securities is Sebi registered stock broker, merchant banker, investment adviser, portfolio manager, Research Analyst and Alternative Investment Fund. ICICI Securities is registered with Insurance Regulatory Development Authority of India Limited (IRDAI) as a composite corporate agent and with PFRDA as a Point of Presence. ICICI Securities Limited Research Analyst SEBI Registration Number – INH000000990. ICICI Securities Limited SEBI Registration is INZ000183631 for stock broker. ICICI Securities AIF Trust's SEBI Registration number is IN/AIF3/23-24/1292 ICICI Securities is a subsidiary of ICICI Bank which is India's largest private sector bank and has its various subsidiaries engaged in businesses of housing finance, asset management, life insurance, general insurance, venture capital fund management, etc. ("associates"), the details in respect of which are available on [www.icicibank.com](http://www.icicibank.com).

ICICI Securities is one of the leading merchant bankers/ underwriters of securities and participate in virtually all securities trading markets in India. We and our associates might have investment banking and other business relationship with a significant percentage of companies covered by our Investment Research Department. ICICI Securities and its analysts, persons reporting to analysts and their relatives are generally prohibited from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover.

Recommendation in reports based on technical and derivative analysis centre on studying charts of a stock's price movement, outstanding positions, trading volume etc as opposed to focusing on a company's fundamentals and, as such, may not match with the recommendation in fundamental reports. Investors may visit [icicidirect.com](http://icicidirect.com) to view the Fundamental and Technical Research Reports.

Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein.

ICICI Securities Limited has two independent equity research groups: Institutional Research and Retail Research. This report has been prepared by the Institutional Research. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the Retail Research.

The information and opinions in this report have been prepared by ICICI Securities and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of ICICI Securities. While we would endeavour to update the information herein on a reasonable basis, ICICI Securities is under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent ICICI Securities from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or ICICI Securities policies, in circumstances where ICICI Securities might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. ICICI Securities will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. ICICI Securities accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice.

ICICI Securities or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

ICICI Securities or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction.

ICICI Securities or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the companies mentioned in the report in the past twelve months.

ICICI Securities encourages independence in research report preparation and strives to minimize conflict in preparation of research report. ICICI Securities or its associates or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report.

Accordingly, neither ICICI Securities nor Research Analysts and their relatives have any material conflict of interest at the time of publication of this report.

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

ICICI Securities or its subsidiaries collectively or Research Analysts or their relatives do not own 1% or more of the equity securities of the Company mentioned in the report as of the last day of the month preceding the publication of the research report.

Since associates of ICICI Securities and ICICI Securities as a entity are engaged in various financial service businesses, they might have financial interests or actual/ beneficial ownership of one percent or more or other material conflict of interest in various companies including the subject company/companies mentioned in this report.

ICICI Securities may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Neither the Research Analysts nor ICICI Securities have been engaged in market making activity for the companies mentioned in the report.

We submit that no material disciplinary action has been taken on ICICI Securities by any Regulatory Authority impacting Equity Research Analysis activities.

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 ICICI Securities and affiliates 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 certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction.

This report has not been prepared by ICICI Securities, Inc. However, ICICI Securities, Inc. has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

---

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

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors. None of the research recommendations promise or guarantee any assured, minimum or risk free return to the investors.

Name of the Compliance officer (Research Analyst): Mr. Atul Agrawal, Contact number: 022-40701000, E-mail Address : [complianceofficer@icicisecurities.com](mailto:complianceofficer@icicisecurities.com)

For any queries or grievances: [Mr. Bhavesh Soni](mailto:Mr. Bhavesh Soni) Email address: [headservicequality@icicidirect.com](mailto:headservicequality@icicidirect.com) Contact Number: 18601231122

---