

May 18, 2020

Q4FY20 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY21E	FY22E	FY21E	FY22E
Rating	BUY		BUY	
Target Price	267		291	
Sales (Rs. m)	43,651	51,469	48,740	55,403
% Chng.	(10.4)	(7.1)		
EBITDA (Rs. m)	5,686	7,476	6,604	7,867
% Chng.	(13.9)	(5.0)		
EPS (Rs.)	6.6	8.9	7.9	9.7
% Chng.	(16.7)	(8.4)		

Key Financials - Standalone

Y/e Mar	FY19	FY20	FY21E	FY22E
Sales (Rs. m)	44,789	45,120	43,651	51,469
EBITDA (Rs. m)	5,858	5,969	5,686	7,476
Margin (%)	13.1	13.2	13.0	14.5
PAT (Rs. m)	3,741	4,373	4,126	5,585
EPS (Rs.)	6.0	7.0	6.6	8.9
Gr. (%)	15.5	16.9	(5.6)	35.3
DPS (Rs.)	1.8	2.0	-	2.7
Yield (%)	0.9	1.0	-	1.4
RoE (%)	39.6	34.1	24.6	26.9
RoCE (%)	43.0	40.6	31.1	32.9
EV/Sales (x)	2.7	2.7	2.7	2.2
EV/EBITDA (x)	20.7	20.2	20.5	15.4
PE (x)	33.4	28.5	30.3	22.4
P/BV (x)	11.4	8.5	6.6	5.5

Key Data

CROP.BO | CROMPTON IN

52-W High / Low	Rs.301 / Rs.177
Sensex / Nifty	30,029 / 8,823
Market Cap	Rs.125bn/ \$ 1,644m
Shares Outstanding	627m
3M Avg. Daily Value	Rs.532.71m

Shareholding Pattern (%)

Promoter's	26.19
Foreign	30.51
Domestic Institution	29.04
Public & Others	14.26
Promoter Pledge (Rs bn)	17.18

Stock Performance (%)

	1M	6M	12M
Absolute	(8.7)	(24.8)	(7.1)
Relative	(4.0)	0.8	17.4

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Paarth Gala

paarthgala@plindia.com | 91-22-66322242

Long term strategic investments to continue

Quick Pointers

- Additional cost efficiency measures to enable Rs1bn in savings
- Collections better than expected. No credit crunch witnessed in channel

We cut Crompton's FY21/FY22 EPS by 16.7% and 8.4% given Covid-19 led disruption in demand. However, we believe Crompton is better placed than most of its peers given 1) low discretionary nature of products (fans, lighting and pumps.) 2) lesser dependence on seasonal products & 3) limited exposure to B2B segment. With demand uncertain, Crompton has implemented additional cost saving measures (Rs1bn) to rein in costs. However, to drive long term growth Crompton shall continue to invest in longer term strategic initiatives like 1) distribution & GTM initiatives 2) Product innovations (incl Health & Wellness) & 3) entry in new categories

We retain our positive stance on Crompton given 1) sustained growth potential in core categories of fans, pumps 2) well defined plan to scale up new segments like Geysers, Air Coolers and now mixers and grinders 3) rising innovations 4) increasing focus on brand building and 5) strong balance sheet. We estimate 14.9% PAT CAGR over FY20-22. Maintain BUY with a target price of Rs267/- (30x FY22 EPS)

Sales down by 15.6%, PBT fell by 20.4% YoY: Revenues declined by 15.6% to Rs10.2bn as Covid-19 led disruption led to 14.3%/19.1% decline in ECD/Lighting segment. Gross margin expanded by ~60bps YoY to 31.6% benefitting from soft raw material prices & better mix. EBITDA declined by 17.9% YoY to Rs13.6bn. 40bps/60bps increase in other expenses & employee caused margins to contract by 40bps to 13.6%. 30.7% decrease in other income to Rs119mn & increase in depreciation, PBT declined by 20.4% to Rs1.3bn. Adj. PAT de-grew by 11.8% YoY to Rs998mn despite lower tax outlay (25.5% vs 32.7%)

ECD margins up ~50bps to 20.0%, Lighting margins down ~450bps YoY: ECD segment revenue declined by 14.3% YoY to Rs7.4bn. EBIT declined by 12% to Rs1.5bn while margins expanded by ~50bps YoY to 20%. Lighting segment revenues de-grew by 19.1% to Rs2.8bn. EBIT declined by 50.9% YoY to 193mn while margins declined by 450bps YoY to 7% (6.9% in 3Q20).

Concall Takeaways: 1) Jan-Feb volume/value growth across categories at 33%/14%. ECD volume/value growth at 22%/18%; B2C Lighting volume/value growth at 37%/7.5%. 2) 60% of vendors have commenced operations. Confident of supply picking up by the time demand returns 3) Identified Rs1bn worth cost saving measures. Will continue to make investments in longer term strategic initiatives. 4) Buying patterns likely to shift more towards e-commerce. However, traditional channel shall continue to be largest channel. 5) Fans/Pumps showing pick in demand since May. East and South showing good trends. North slow picking up. West remains a concern. 6) Collections from dealers better than expected. Not witnessing any major credit crunch.

**Exhibit 1: Q4FY20 Result Overview (Rs m): Sales decline by 15.6% YoY; PBT down by 20.4% YoY**

Y/e March	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	FY20	FY19	YoY gr. (%)
Net Sales	10,181	12,069	(15.6)	10,713	45,120	44,789	0.7
Expenditure							
Operating & Manufacturing Expenses	6,961	8,332	(16.5)	7,290	30,650	30,918	(0.9)
<i>% of Net Sales</i>	<i>68.4</i>	<i>69.0</i>		<i>68.0</i>	<i>67.9</i>	<i>69.0</i>	
Gross Profit	3,220	3,736	(13.8)	3,423	14,470	13,871	4.3
<i>% of Net Sales</i>	<i>31.6</i>	<i>31.0</i>		<i>32.0</i>	<i>32.1</i>	<i>31.0</i>	
Personnel Cost	706	765	(7.7)	774	3,110	2,919	6.5
<i>% of Net Sales</i>	<i>6.9</i>	<i>6.3</i>		<i>7.2</i>	<i>6.9</i>	<i>6.5</i>	
Other Expenses	1,129	1,286	(12.2)	1,281	5,391	5,094	5.8
<i>% of Net Sales</i>	<i>11.1</i>	<i>10.7</i>		<i>12.0</i>	<i>11.9</i>	<i>11.4</i>	
Total Expenditure	8,796	10,383	(15.3)	9,344	39,151	38,931	0.6
EBITDA	1,384	1,685	(17.9)	1,369	5,969	5,858	1.9
<i>Margin (%)</i>	<i>13.6</i>	<i>14.0</i>		<i>12.8</i>	<i>13.2</i>	<i>13.1</i>	
Other income	119	172	(30.7)	174	589	483	22.0
Depreciation	82	33	148.5	64	268	129	107.8
EBIT	1,422	1,825	(22.1)	1,478	6,289	6,212	1.3
Interest	83	143	(42.4)	87	407	596	(31.8)
PBT before exceptional item	1,339	1,681	(20.4)	1,391	5,883	5,616	4.8
Total Taxes	341	549	(37.9)	355	1,510	1,875	(19.5)
<i>ETR (%)</i>	<i>25.5</i>	<i>32.7</i>		<i>25.5</i>	<i>25.7</i>	<i>33.4</i>	
Adj. PAT	998	1,132	(11.8)	1,036	4,373	3,741	16.9
Exceptional item	0	285		574	574	285	101.7
PAT	998	1,417	(29.5)	1,610	4,947	4,025	22.9

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs m): Lighting EBIT margin down 450bps YoY to 7%, ECD margin up 50bps YoY to 20.0%

Y/e March	Q4FY20	Q4FY19	YoY gr. (%)	Q3FY20	FY20	FY19	YoY gr. (%)
Revenues							
Electric Consumer Durables	7,411	8,644	(14.3)	7,870	33,890	32,136	5.5
Lighting Products	2,770	3,425	(19.1)	2,843	11,229	12,653	(11.3)
EBIT							
Electric Consumer Durables	1,482	1,685	(12.0)	1,561	6,731	6,162	9.2
<i>EBIT margin (%)</i>	<i>20.0</i>	<i>19.5</i>		<i>19.8</i>	<i>19.9</i>	<i>19.2</i>	
Lighting Products	193	393	(50.9)	196	680	1,069	(36.4)
<i>EBIT margin (%)</i>	<i>7.0</i>	<i>11.5</i>		<i>6.9</i>	<i>6.1</i>	<i>8.4</i>	

Source: Company, PL

Exhibit 3: Crompton's social media campaign

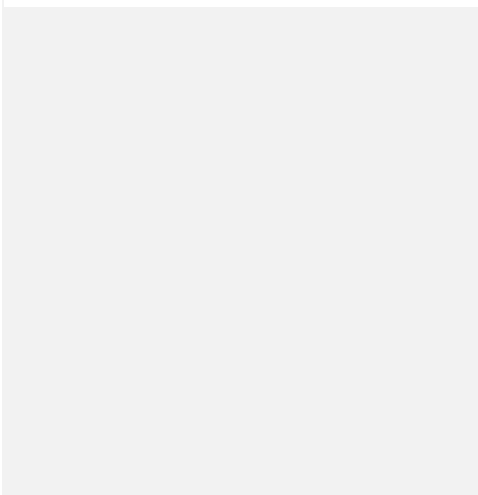
Desh ka parivaar rahega AATMANIRBHAR,
Jab Indian products kharidega har ghar
#InternationalDayOfFamilies

Your biggest Silent Fan
#HappyMothersDay

A house is not a home, without Crompton Appliances

Backup LED
A backup that you can rely on
Powercut We got your back

Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Net Revenues	44,789	45,120	43,651	51,469
YoY gr. (%)	9.8	0.7	(3.3)	17.9
Cost of Goods Sold	30,918	30,650	29,683	34,921
Gross Profit	13,871	14,470	13,968	16,547
Margin (%)	31.0	32.1	32.0	32.2
Employee Cost	2,919	3,110	3,056	3,191
Other Expenses	3,924	5,391	3,961	4,208
EBITDA	5,858	5,969	5,686	7,476
YoY gr. (%)	10.3	1.9	(4.7)	31.5
Margin (%)	13.1	13.2	13.0	14.5
Depreciation and Amortization	129	268	326	371
EBIT	5,729	5,701	5,360	7,105
Margin (%)	12.8	12.6	12.3	13.8
Net Interest	596	407	419	310
Other Income	483	589	598	701
Profit Before Tax	5,616	5,883	5,539	7,496
Margin (%)	12.5	13.0	12.7	14.6
Total Tax	1,875	1,510	1,412	1,912
Effective tax rate (%)	33.4	25.7	25.5	25.5
Profit after tax	3,741	4,373	4,126	5,585
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	3,741	4,373	4,126	5,585
YoY gr. (%)	15.5	16.9	(5.6)	35.3
Margin (%)	8.4	9.7	9.5	10.9
Extra Ord. Income / (Exp)	285	574	-	-
Reported PAT	4,025	4,947	4,126	5,585
YoY gr. (%)	24.3	22.9	(16.6)	35.3
Margin (%)	9.0	11.0	9.5	10.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,025	4,947	4,126	5,585
Equity Shares O/s (m)	627	627	627	627
EPS (Rs)	6.0	7.0	6.6	8.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
Non-Current Assets				
Gross Block	2,435	3,161	3,530	3,899
Tangibles	2,286	2,978	3,327	3,676
Intangibles	149	183	203	223
Acc: Dep / Amortization	1,598	1,866	2,052	2,259
Tangibles	1,500	1,728	1,885	2,061
Intangibles	98	138	167	198
Net fixed assets	837	1,296	1,478	1,640
Tangibles	786	1,251	1,442	1,616
Intangibles	52	45	36	24
Capital Work In Progress	10	199	199	199
Goodwill	7,794	7,794	7,794	7,794
Non-Current Investments	242	220	226	233
Net Deferred tax assets	597	506	506	506
Other Non-Current Assets	155	228	282	288
Current Assets				
Investments	5,300	5,396	9,396	10,396
Inventories	3,524	4,636	3,827	4,230
Trade receivables	5,660	4,587	5,382	6,345
Cash & Bank Balance	1,424	471	1,599	2,121
Other Current Assets	1,028	1,971	1,661	1,818
Total Assets	26,698	27,440	32,482	35,724
Equity				
Equity Share Capital	1,254	1,255	1,255	1,255
Other Equity	9,731	13,423	17,550	21,441
Total Network	10,985	14,678	18,804	22,696
Non-Current Liabilities				
Long Term borrowings	3,493	1,797	3,000	3,000
Provisions	173	191	175	206
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	6,642	6,372	6,343	7,463
Other current liabilities	5,406	4,402	4,159	2,360
Total Equity & Liabilities	26,698	27,440	32,482	35,724

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY19	FY20	FY21E	FY22E
PBT	5,616	5,883	5,539	7,496
Add. Depreciation	129	268	326	371
Add. Interest	596	407	419	310
Less Financial Other Income	483	589	598	701
Add. Other	(131)	(299)	(77)	19
Op. profit before WC changes	6,210	6,258	6,207	8,197
Net Changes-WC	(1,202)	(602)	(72)	(475)
Direct tax	(1,994)	(1,445)	(1,412)	(1,912)
Net cash from Op. activities	3,014	4,211	4,723	5,810
Capital expenditures	(156)	(483)	(508)	(533)
Interest / Dividend Income	258	209	-	-
Others	(1,817)	258	(4,000)	(1,000)
Net Cash from Inv. activities	(1,714)	(17)	(4,508)	(1,533)
Issue of share cap. / premium	38	52	-	-
Debt changes	-	(3,088)	1,333	(1,752)
Dividend paid	(1,312)	(1,506)	-	(1,694)
Interest paid	(587)	(586)	(419)	(310)
Others	-	-	-	-
Net cash from Fin. activities	(1,862)	(5,128)	914	(3,755)
Net change in cash	(562)	(934)	1,128	522
Free Cash Flow	2,859	3,728	4,215	5,277

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY19	FY20	FY21E	FY22E
Per Share(Rs)				
EPS	6.0	7.0	6.6	8.9
CEPS	6.2	7.4	7.1	9.5
BVPS	17.5	23.4	30.0	36.2
FCF	4.6	5.9	6.7	8.4
DPS	1.8	2.0	-	2.7
Return Ratio(%)				
RoCE	43.0	40.6	31.1	32.9
ROIC	49.5	44.1	49.0	47.1
RoE	39.6	34.1	24.6	26.9
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.4)	(0.4)
Net Working Capital (Days)	21	23	24	22
Valuation(x)				
PER	33.4	28.5	30.3	22.4
P/B	11.4	8.5	6.6	5.5
P/CEPS	32.2	26.9	28.0	21.0
EV/EBITDA	20.7	20.2	20.5	15.4
EV/Sales	2.7	2.7	2.7	2.2
Dividend Yield (%)	0.9	1.0	-	1.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

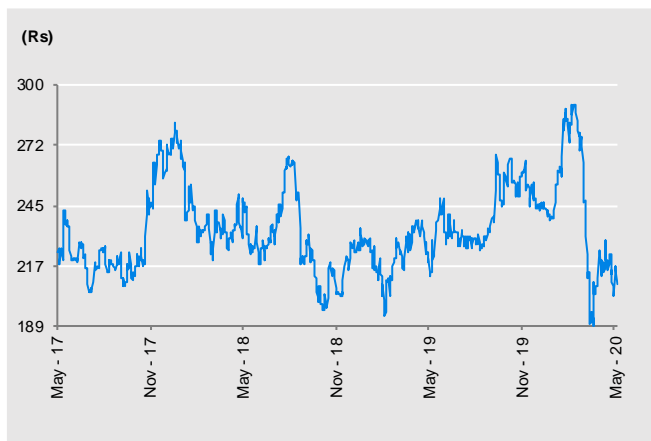
Y/e Mar	Q1FY20	Q2FY20	Q3FY20	Q4FY20
Net Revenue	13,468	10,758	10,713	10,181
YoY gr. (%)	11.9	3.7	4.0	(15.6)
Raw Material Expenses	9,073	7,327	7,290	6,961
Gross Profit	4,395	3,431	3,423	3,220
Margin (%)	32.6	31.9	32.0	31.6
EBITDA	1,921	1,295	1,369	1,384
YoY gr. (%)	14.8	4.5	8.6	(17.9)
Margin (%)	14.3	12.0	12.8	13.6
Depreciation / Depletion	58	64	64	82
EBIT	1,863	1,231	1,304	1,302
Margin (%)	13.8	11.4	12.2	12.8
Net Interest	150	87	87	83
Other Income	173	122	174	119
Profit before Tax	1,886	1,267	1,391	1,339
Margin (%)	14.0	11.8	13.0	13.2
Total Tax	660	154	355	341
Effective tax rate (%)	35.0	12.1	25.5	25.5
Profit after Tax	1,226	1,113	1,036	998
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,226	1,113	1,036	998
YoY gr. (%)	17.6	44.7	30.1	(11.8)
Margin (%)	9.1	10.3	9.7	9.8
Extra Ord. Income / (Exp)	-	-	574	-
Reported PAT	1,226	1,113	1,610	998
YoY gr. (%)	17.6	44.7	102.1	(29.5)
Margin (%)	9.1	10.3	15.0	9.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,226	1,113	1,610	998
Avg. Shares O/s (m)	627	627	627	627
EPS (Rs)	2.0	1.8	1.7	1.6

Source: Company Data, PL Research



Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	13-Apr-20	BUY	291	224
2	30-Jan-20	BUY	306	267
3	03-Jan-20	BUY	292	241
4	24-Oct-19	BUY	303	255
5	03-Oct-19	BUY	300	244
6	25-Jul-19	BUY	297	225
7	04-Jul-19	BUY	284	234
8	22-May-19	BUY	284	218

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Accumulate	1,687	1,651
2	Avenue Supermarts	Reduce	1,875	2,393
3	Britannia Industries	BUY	3,744	2,837
4	Colgate Palmolive	Reduce	1,206	1,388
5	Crompton Greaves Consumer Electricals	BUY	291	224
6	Dabur India	Hold	431	503
7	Emami	Hold	285	227
8	Future Retail	Under Review	-	332
9	GlaxoSmithKline Consumer Healthcare	Hold	9,377	9,247
10	Havells India	Reduce	485	511
11	Hindustan Unilever	Hold	2,017	2,195
12	ITC	BUY	250	189
13	Jubilant FoodWorks	Accumulate	1,490	1,423
14	Kansai Nerolac Paints	BUY	486	360
15	Marico	Hold	318	284
16	Nestle India	Reduce	13,127	17,462
17	Pidilite Industries	Hold	1,327	1,349
18	Titan Company	Hold	844	892
19	Voltas	Accumulate	553	509

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Paarth Gala- B.Com Research Analysts, 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.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

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

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might 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 twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Paarth Gala- B.Com Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

The Research analysts 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.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, 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.

PL and its associates, 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 subject company 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 or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., 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 Prabhudas Lilladher Pvt. Ltd. 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, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com