

August 17, 2020

Q1FY21 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	612		612	
Sales (Rs. m)	15,162	16,375	15,162	16,375
% Chng.	-	-	-	-
EBITDA (Rs. m)	2,017	2,178	2,017	2,178
% Chng.	-	-	-	-
EPS (Rs.)	61.2	66.5	61.2	66.5
% Chng.	-	-	-	-

Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	13,632	13,575	15,162	16,375
EBITDA (Rs. m)	1,559	1,629	2,017	2,178
Margin (%)	11.4	12.0	13.3	13.3
PAT (Rs. m)	851	994	1,264	1,374
EPS (Rs.)	41.2	48.1	61.2	66.5
Gr. (%)	(30.5)	16.9	27.1	8.7
DPS (Rs.)	4.0	2.0	3.1	3.3
Yield (%)	0.8	0.4	0.6	0.7
RoE (%)	12.2	13.0	14.6	13.8
RoCE (%)	14.1	14.9	18.1	17.5
EV/Sales (x)	0.8	0.7	0.6	0.5
EV/EBITDA (x)	7.0	6.2	4.7	4.0
PE (x)	11.4	9.8	7.7	7.1
P/BV (x)	1.3	1.2	1.0	0.9

Key Data

ISIL.BO | INST IN

52-W High / Low	Rs.655 / Rs.206
Sensex / Nifty	38,051 / 11,247
Market Cap	Rs.10bn/ \$ 130m
Shares Outstanding	21m
3M Avg. Daily Value	Rs.116.19m

Shareholding Pattern (%)

Promoter's	68.89
Foreign	3.92
Domestic Institution	14.52
Public & Others	12.67
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	9.1	(2.1)	(23.1)
Relative	6.1	5.6	(24.5)

Prashant Biyani

prashantbiyani@plindia.com | 91-22-66322260

Disappointing numbers

Quick Pointers:

- 4th straight quarter of sharp margin contraction
- Management hopeful of improvement Q2 onwards
- Launch pipeline (10 in FY21) and capex plans on track

Insecticides India's sharp contraction of 690 bps in gross margin was driven by (a) raw material cost inflation (b) Scarcity in raw material supply of Maharatna products that deteriorated sales mix in favour of generic products (at 60% v/s 55% YoY) and (c) heightened competition in Nuvaan (to be banned on 31.12.20). The management expects margins to improve in Q2 as Maharatna sales are expected to pick up. FY21 looks like a challenging year for INST due to (a) significant reduction in sale of Thimet and Nuvaan (FY20-~Rs 1.7 bn; FY21E Rs 450 mn) (b) INST as well as its suppliers face pressure due to labour unavailability and logistics issues and (c) Challenges in the export markets. Margins may continue to be under pressure. However with expectation of several product approvals (~10-12) from CIB in FY21 and commencement of production with new capacities (technical and export), growth in FY22 is expected to be healthy. Maintain BUY with target price of Rs 612 based on 10x FY22E earnings.

4th straight quarter of sharp gross margin contraction: INST's performance has been largely in contrast with that of the industry from the last 4 quarters due to sharp gross margin contraction. While in Q3'20 ban of exports to Pakistan impacted bottomline and Q4'20 margins were impacted by distress sale of generic products, margins in Q1'21 has been impacted by scarcity in RM supply of Maharatna products. The management is hopeful of margin recovery 2Q onwards as the supply of Maharatna RM has been secured.

INST's aggressive launch pipeline hinges on regulatory approvals: The company plans to launch 10 new molecules in FY21, mostly in 9(3). They are awaiting approvals for some of the molecules. CIB also plans to clear files of pending 9(3) approvals for promoting Make in India, which augurs well for INST. Till date the company has launched Milstim Max and Hakama Super.

Brownfield expansion at Dahej Technical facility: INST plans to invest Rs1bn in FY21-22E on capex (FY20- Rs 280 mn). The company plans to commence a new EOU in SEZ for export markets and is also expanding technical capacity at Chopanki and Dahej, in phases. Commercial production at Phase 1 of EOU has already commenced, while new facility at Chopanki will commence by 4Q'21. Production at Phase 1 of new plant in Dahej will commence in FY22. INST's capex plans have been delayed due to COVID.

Nuvaan expected to get fully sold by Diwali: INST had clocked revenue of Rs1.7bn in FY20 from Thimet and Nuvaan and is expected to clock revenue of Rs450mn in FY21. While Thimet stock has completely exhausted, Nuvaan is expected to get sold by Diwali, well before the deadline of 31st Dec, 2020.

Exhibit 1: 4th straight quarter of gross margin contraction

Y/e March	Q1FY21	Q1FY20	YoY gr. (%)	Q4FY20	QoQ gr. (%)	FY21E	FY20	YoY gr. (%)
Net Sales	4,096	3,584	14.3	2,387	71.6	13,575	13,632	(0.4)
Expenditure								
Raw Materials	3,149	2,508	25.6	1,906	65.2	9,910	10,093	(1.8)
<i>% of Net Sales</i>	<i>76.9</i>	<i>70.0</i>		<i>79.9</i>		<i>73.0</i>	<i>74.0</i>	
Employee Cost	195	172	13.5	158	23.5	719	747	(3.7)
<i>% of Net Sales</i>	<i>4.8</i>	<i>4.8</i>		<i>6.6</i>		<i>5.3</i>	<i>5.5</i>	
Other Expenses	260	273	(4.7)	347	(25.1)	1,317	1,233	6.8
<i>% of Net Sales</i>	<i>6.4</i>	<i>7.6</i>		<i>14.6</i>		<i>9.7</i>	<i>9.0</i>	
Total Expenditure	3,604	2,952	22.1	2,411	49.4	11,946	12,074	(1.1)
EBITDA	492	631	(22.0)	(25)	NA	1,629	1,559	4.5
<i>Margin (%)</i>	<i>12.0</i>	<i>17.6</i>		<i>-1.0</i>		<i>12.0</i>	<i>11.4</i>	
Depreciation	61	59	3.7	61	(0.4)	271	241	12.7
EBIT	431	572	(24.7)	(86)	NA	1,358	1,318	3.0
Interest	22	69	(67.4)	51	(56.3)	74	239	(69.0)
Other Income	11	12	(4.0)	(9)	NA	45	26	75.4
PBT	420	515	(18.5)	(147)	NA	1,329	1,105	20.3
Tax	79	156	(49.3)	(73)	NA	469	244	92.3
<i>Tax Rate (%)</i>	<i>18.8</i>	<i>30.2</i>		<i>50.1</i>		<i>35.3</i>	<i>22.1</i>	
RPAT	341	359	(5.2)	(73)	NA	859	860	(0.1)
APAT	341	359	(5.2)	(73)	NA	859	860	(0.1)
Adj EPS	16.5	17.4	(5.2)	(3.5)	NA	41.6	41.6	(0.1)

Source: Company, PL

Exhibit 2: Product Freshness Index

	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20
New products	5	5	3	2	5	5	8	8
<i>% of rev from Operations</i>	<i>7.1%</i>	<i>19.9%</i>	<i>22.9%</i>	<i>30.3%</i>	<i>37.9%</i>	<i>43.1%</i>	<i>44.9%</i>	<i>41.9%</i>
Total	440	1,720	2,210	2,990	4,200	4,780	5,360	5,400
<i>YoY%</i>		<i>290.9%</i>	<i>28.5%</i>	<i>35.3%</i>	<i>40.5%</i>	<i>13.8%</i>	<i>12.1%</i>	-
	440	1,030	1,310	1,660	1,720	1,550	1,920	1,950
<i>YoY%</i>		<i>134.1%</i>	<i>27.2%</i>	<i>26.7%</i>	<i>3.6%</i>	<i>-9.9%</i>	<i>23.9%</i>	-
	-	690	600	890	660	650	410	500
<i>YoY%</i>			<i>-13.0%</i>	<i>48.3%</i>	<i>-25.8%</i>	<i>-1.5%</i>	<i>-36.9%</i>	-
	-	-	300	330	380	340	450	450
<i>YoY%</i>				<i>10.0%</i>	<i>15.2%</i>	<i>-10.5%</i>	<i>32.4%</i>	-
	-	-	-	110	130	100	90	90
<i>YoY%</i>					<i>18.2%</i>	<i>-23.1%</i>	<i>-10.0%</i>	-
	-	-	-	-	1,310	1,480	900	920
<i>YoY%</i>						<i>13.0%</i>	<i>-39.2%</i>	-
	-	-	-	-	-	660	890	590
<i>YoY%</i>							<i>34.8%</i>	-
	-	-	-	-	-	-	700	900
<i>YoY%</i>								-
								300

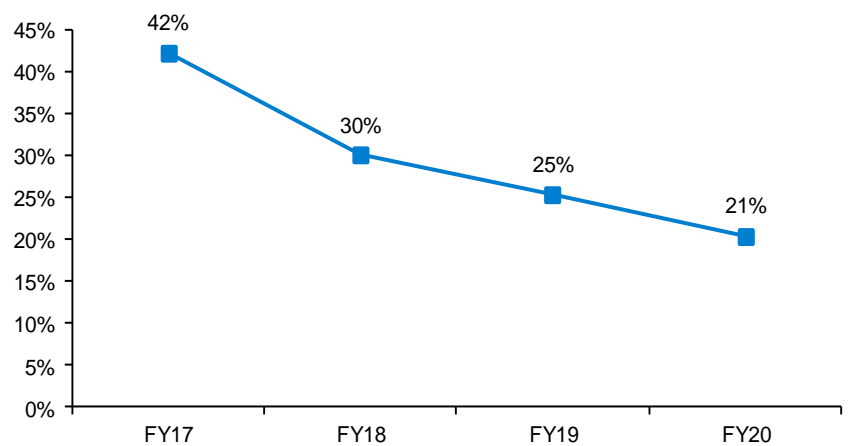
Source: Company, PL

Exhibit 3: Product launch timeline

FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20E
Hakama	Xplode	Myocraja	Prime Gold	Green Label	Kayakalp	Encounter	Super Racer
Nuvan	Logo/ Gama	Blaster	Focus	Suzuka	Bhima	Aikido	Lethal Gold
Pulsor	Selector	Lethal Advance		Glusto	Hijack Super	Sofia	Chaperone
Wego Super	Trick			Victor Gold	Green Mix	Hercules	Kunoichi
Hawk	Profit Super			Agrospred Max	Root bead	Durion	Uno
						Durion Tech	Tozo
						Athelete	Rockstar
						Stroke	Bhima Super

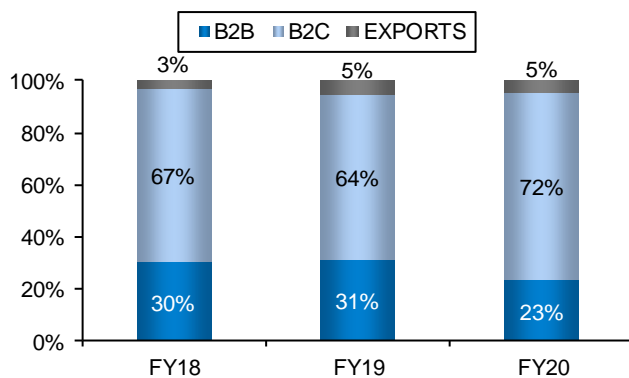
Source: Company, PL

Exhibit 4: ITI is expected to inch up going forward with rich product pipeline



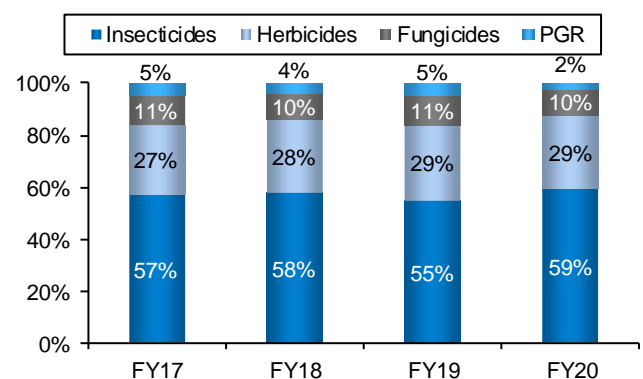
Source: Company, PL

Exhibit 5: Share of B2B sales has declined in FY20



Source: Company, PL

Exhibit 6: Insecticides & Herbicides contribute ~85-90% of business



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Revenues	13,632	13,575	15,162	16,375
YoY gr. (%)	14.2	(0.4)	11.7	8.0
Cost of Goods Sold	10,093	9,910	10,841	11,708
Gross Profit	3,539	3,665	4,321	4,667
Margin (%)	26.0	27.0	28.5	28.5
Employee Cost	747	719	834	901
Other Expenses	1,233	1,317	1,471	1,588
EBITDA	1,559	1,629	2,017	2,178
YoY gr. (%)	(16.7)	4.5	23.8	8.0
Margin (%)	11.4	12.0	13.3	13.3
Depreciation and Amortization	241	271	322	364
EBIT	1,318	1,358	1,694	1,814
Margin (%)	9.7	10.0	11.2	11.1
Net Interest	239	74	65	38
Other Income	26	45	60	60
Profit Before Tax	1,105	1,329	1,689	1,836
Margin (%)	8.1	9.8	11.1	11.2
Total Tax	254	334	425	462
Effective tax rate (%)	23.0	25.2	25.2	25.2
Profit after tax	851	994	1,264	1,374
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	851	994	1,264	1,374
YoY gr. (%)	(30.5)	16.9	27.1	8.7
Margin (%)	6.2	7.3	8.3	8.4
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	851	994	1,264	1,374
YoY gr. (%)	(30.5)	16.9	27.1	8.7
Margin (%)	6.2	7.3	8.3	8.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	851	994	1,264	1,374
Equity Shares O/s (m)	21	21	21	21
EPS (Rs)	41.2	48.1	61.2	66.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Non-Current Assets				
Gross Block	2,904	3,633	4,133	4,633
Tangibles	2,852	3,568	4,059	4,550
Intangibles	52	65	74	83
Acc: Dep / Amortization	765	1,036	1,358	1,722
Tangibles	742	1,005	1,318	1,671
Intangibles	23	31	41	52
Net fixed assets	2,139	2,597	2,775	2,911
Tangibles	2,110	2,563	2,741	2,879
Intangibles	29	34	34	32
Capital Work In Progress	641	416	416	416
Goodwill	-	-	-	-
Non-Current Investments	120	118	119	120
Net Deferred tax assets	(187)	(187)	(187)	(187)
Other Non-Current Assets	245	217	243	262
Current Assets				
Investments	-	-	-	-
Inventories	5,193	5,170	5,774	6,236
Trade receivables	3,199	3,013	3,240	3,499
Cash & Bank Balance	742	650	608	1,342
Other Current Assets	563	747	834	901
Total Assets	12,930	13,077	14,175	15,868
Equity				
Equity Share Capital	207	207	207	207
Other Equity	7,096	7,816	9,070	10,423
Total Network	7,302	8,023	9,277	10,630
Non-Current Liabilities				
Long Term borrowings	19	19	19	19
Provisions	10	10	10	10
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,835	1,000	400	400
Trade payables	2,466	2,715	3,032	3,275
Other current liabilities	1,093	1,105	1,232	1,329
Total Equity & Liabilities	12,929	13,077	14,175	15,868

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	1,105	1,329	1,689	1,836
Add. Depreciation	241	271	322	364
Add. Interest	(14)	(45)	(60)	(60)
Less Financial Other Income	26	45	60	60
Add. Other	258	74	65	38
Op. profit before WC changes	1,589	1,629	2,017	2,178
Net Changes-WC	1,151	233	(487)	(458)
Direct tax	(321)	(318)	(404)	(439)
Net cash from Op. activities	2,419	1,544	1,125	1,281
Capital expenditures	(284)	(729)	(500)	(500)
Interest / Dividend Income	10	45	60	60
Others	33	-	-	-
Net Cash from Invt. activities	(241)	(684)	(440)	(440)
Issue of share cap. / premium	-	-	-	-
Debt changes	(1,177)	(835)	(600)	-
Dividend paid	(150)	(42)	(63)	(69)
Interest paid	(247)	(74)	(65)	(38)
Others	(16)	-	-	-
Net cash from Fin. activities	(1,590)	(951)	(728)	(106)
Net change in cash	588	(91)	(43)	734
Free Cash Flow	2,129	815	625	781

Source: Company Data, PL Research

Key Financial Metrics

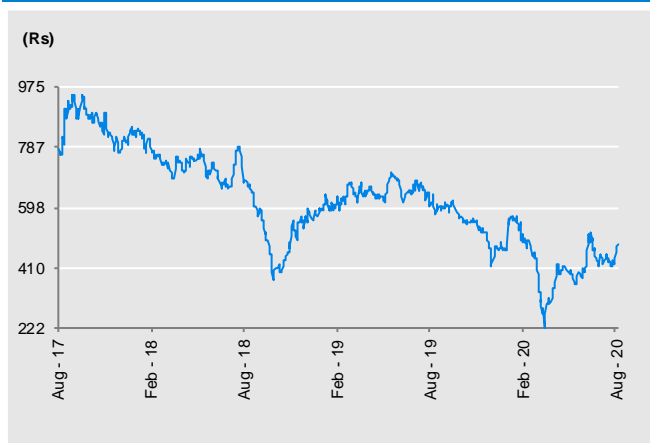
Y/e Mar	FY20	FY21E	FY22E	FY23E
Per Share(Rs)				
EPS	41.2	48.1	61.2	66.5
CEPS	52.8	61.2	76.8	84.1
BVPS	353.3	388.2	448.9	514.3
FCF	103.0	39.4	30.3	37.8
DPS	4.0	2.0	3.1	3.3
Return Ratio(%)				
RoCE	14.1	14.9	18.1	17.5
ROIC	11.8	12.0	14.5	15.0
RoE	12.2	13.0	14.6	13.8
Balance Sheet				
Net Debt : Equity (x)	0.2	0.0	0.0	(0.1)
Net Working Capital (Days)	159	147	144	144
Valuation(x)				
PER	11.4	9.8	7.7	7.1
P/B	1.3	1.2	1.0	0.9
P/CEPS	8.9	7.7	6.1	5.6
EV/EBITDA	7.0	6.2	4.7	4.0
EV/Sales	0.8	0.7	0.6	0.5
Dividend Yield (%)	0.8	0.4	0.6	0.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY20	Q3FY20	Q4FY20	Q1FY21
Net Revenue	5,031	2,629	2,387	4,096
YoY gr. (%)	9.8	21.8	20.0	14.3
Raw Material Expenses	3,734	1,945	1,906	3,149
Gross Profit	1,297	683	481	947
Margin (%)	25.8	26.0	20.1	23.1
EBITDA	720	230	(25)	492
YoY gr. (%)	4.1	(28.2)	(108.6)	(22.0)
Margin (%)	14.3	8.7	(1.0)	12.0
Depreciation / Depletion	60	61	61	61
EBIT	661	169	(86)	431
Margin (%)	13.1	6.4	(3.6)	10.5
Net Interest	57	62	51	22
Other Income	18	8	(9)	11
Profit before Tax	621	115	(147)	420
Margin (%)	12.3	4.4	(6.1)	10.2
Total Tax	133	29	(73)	79
Effective tax rate (%)	21.4	25.1	50.1	18.8
Profit after Tax	488	86	(73)	341
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	488	86	(73)	341
YoY gr. (%)	13.6	(48.8)	(125.6)	(5.2)
Margin (%)	9.7	3.3	(3.1)	8.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	488	86	(73)	341
YoY gr. (%)	13.6	(48.8)	(125.6)	(5.2)
Margin (%)	9.7	3.3	(3.1)	8.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	488	86	(73)	341
Avg. Shares O/s (m)	21	21	21	21
EPS (Rs)	23.6	4.2	(3.5)	16.5

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-20	BUY	612	417
2	28-Jun-20	BUY	612	466
3	16-Apr-20	BUY	730	401
4	10-Feb-20	BUY	896	488
5	03-Jan-20	BUY	948	472
6	14-Nov-19	BUY	948	547
7	03-Oct-19	BUY	948	599

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	BUY	6,421	5,649
2	Dhanuka Agritech	Hold	857	894
3	Godrej Agrovet	Accumulate	513	470
4	Insecticides India	BUY	612	417
5	P.I. Industries	Hold	2,000	2,036
6	Rallis India	Accumulate	321	303
7	Sharda Cropchem	BUY	348	289
8	Sumitomo Chemical India	Hold	295	283
9	UPL	BUY	606	478

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. Prashant Biyani- CA 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. Prashant Biyani- CA 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