

January 19, 2021

## Q3FY21 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	ACCUMULATE		HOLD	
Target Price	321		275	
Sales (Rs. m)	26,411	30,107	26,080	28,272
% Chng.	1.3	6.5		
EBITDA (Rs. m)	3,629	4,768	3,690	4,600
% Chng.	(1.7)	3.7		
EPS (Rs.)	11.9	16.1	12.1	15.4
% Chng.	(2.0)	4.3		

### Key Financials - Consolidated

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	22,515	22,960	26,411	30,107
EBITDA (Rs. m)	2,602	3,031	3,629	4,768
Margin (%)	11.6	13.2	13.7	15.8
PAT (Rs. m)	1,743	2,043	2,306	3,122
EPS (Rs.)	9.0	10.5	11.9	16.1
Gr. (%)	12.2	17.3	12.8	35.4
DPS (Rs.)	2.5	3.3	3.5	3.5
Yield (%)	0.9	1.1	1.2	1.2
RoE (%)	12.9	13.8	14.2	17.2
RoCE (%)	14.1	15.6	16.3	20.2
EV/Sales (x)	2.3	2.3	2.0	1.7
EV/EBITDA (x)	20.2	17.3	14.5	10.8
PE (x)	31.8	27.2	24.1	17.8
P/BV (x)	3.9	3.6	3.3	2.9

### Key Data

RALL.BO | RALI IN

52-W High / Low	Rs.340 / Rs.125
Sensex / Nifty	49,398 / 14,521
Market Cap	Rs.56bn/ \$ 759m
Shares Outstanding	194m
3M Avg. Daily Value	Rs.309.22m

### Shareholding Pattern (%)

Promoter's	50.09
Foreign	8.16
Domestic Institution	16.01
Public & Others	25.73
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.6	(0.1)	29.5
Relative	(4.3)	(25.1)	9.9

**Prashant Biyani**

prashantbiyani@plindia.com | 91-22-66322260

## Inline quarter

### Quick Pointers:

- Declining realisations off set the benefit of volume growth
- Continues to invest in new capacity

**We have increased our EBITDA and PAT estimates between 0-5% for FY22-23, roll forward to FY23 estimates and upgrade the stock from hold to ACCUMULATE with revised target price of Rs321 (Previous TP 279) based on 20x FY23E EPS of Rs 16. Rallis India reported inline set of results driven by 19% growth in domestic business. Cropcare segment grew 5% (volume growth of 10%) driven by 15% growth in domestic business. International business dragged cropcare segment with 17% decline in realisations, due to sharp decline in Metribuzin price and drop in CRAMS business volumes. Ex-off metribuzin & PEKK, demand is resilient in international business. Domestic business is on a strong footing in both crop protection and seeds with healthy demand, new launches (1 in CP, 2 in crop nutrition) and faster collection. RALI has completed capex for 3 molecules in Q3, while other 2 molecules will be completed by April 21. The management also plans to invest Rs1.2bn in MPP, to be operationalised by H2'22. Management's strategy of capacity expansion driven growth continues and we maintain our positive bias from a long term point of view.**

**Declining realisations off set the benefit of volume growth:** International cropcare segment realisations declined by 17%, due to sharp deterioration in price of Metribuzin. Decline in PEKK volumes (goes into aviation industry) also impacted growth. RALI posted 18% volume growth in int'l cropcare segment driven by strong enquiries, robust demand position and better realisations for ex-off Metribuzin portfolio.

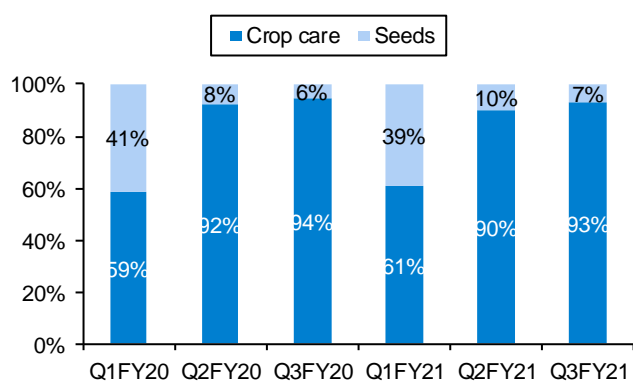
**Capex update:** Management has clearly laid out the strategy of prioritising growth by investing in capacity creation. Capex of Metribuzin, Hexaconazole and Kresoxim Methyl was completed in Q3 whereas Acetamiprid and Lambda capacities will get operationalised by Q1FY22. The board has approved further investment of Rs650mn at Dahej MPP (to commercialise by H2'22). Formulation plant at Dahej will commence by March 21. Ever since the take-over, new management has identified projects worth over Rs 5.3 bn.

**Other Highlights:** (1) RALI will launch a 9(3) molecule in Q4. It is planning to strengthen its Soya and Paddy portfolio (2) The company is reorganising its Metribuzin capacity while consolidating it at a single location. Its reorganising will likely coincide with the annual shutdown of plants (3) Working capital days in Q3 stood at 79 days v/s 83 YoY. The improvement was driven by faster collection of receivables, but was partially off-set by higher build-up of inventory for the next season. (4) 9M'21 capex outflow stood at Rs900mn. (5) Imports from China stood at 50-55% of total raw material cost.

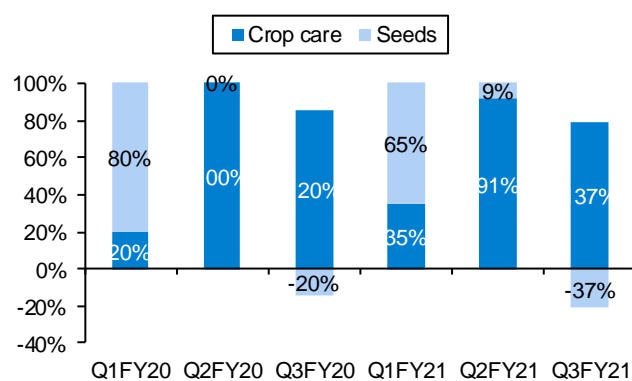
**Exhibit 1: Pressure on international business impacted financials (Rs mn)**

Y/e March	Q3FY21	Q3FY20	YoY gr. (%)	Q2FY21	QoQ gr. (%)	9MFY21	9MFY20	YoY gr. (%)
<b>Cons Net Sales</b>	<b>5,705</b>	<b>5,336</b>	<b>6.9</b>	<b>7,250</b>	<b>(21.3)</b>	<b>19,582</b>	<b>19,055</b>	<b>2.8</b>
<b>Expenditure</b>								
Raw Materials	3,507	3,302	6.2	4,488	(21.9)	11,991	11,995	(0.0)
of Net Sales	61.5	61.9		61.9				
Employee Cost	538	504	6.8	544	(1.0)	1,573	1,496	5.2
of Net Sales	9.4	9.4		7.5				
Other Expenses	1,058	972	8.8	1,051	0.7	2,966	2,873	3.2
of Net Sales	18.5	18.2		14.5				
Total Expenditure	5,104	4,779	6.8	6,083	(16.1)	16,530	16,364	1.0
<b>EBITDA</b>	<b>601</b>	<b>557</b>	<b>7.9</b>	<b>1,168</b>	<b>(48.5)</b>	<b>3,052</b>	<b>2,692</b>	<b>13.4</b>
Margin (%)	10.5	10.4		16.1		15.6	14.1	
Depreciation	110	160	(30.8)	203	(45.6)	493	488	0.9
<b>EBIT</b>	<b>491</b>	<b>398</b>	<b>23.3</b>	<b>965</b>	<b>(49.1)</b>	<b>2,559</b>	<b>2,204</b>	<b>16.1</b>
Interest	8	16	(49.7)	14	(43.6)	42	50	(17.1)
Other Income	76	101	(24.2)	131	(41.5)	324	248	30.6
Exceptional Items	61	-		17		78	-	
<b>PBT</b>	<b>621</b>	<b>483</b>	<b>28.5</b>	<b>1,098</b>	<b>(43.5)</b>	<b>2,920</b>	<b>2,402</b>	<b>21.6</b>
Tax	164	103	60.1	268	(38.8)	715	570	25.3
Tax Rate (%)	26.4	21.2		24.4		24.5	23.8	
<b>RPAT</b>	<b>456</b>	<b>381</b>	<b>19.9</b>	<b>830</b>	<b>(45.0)</b>	<b>2,205</b>	<b>1,831</b>	<b>20.4</b>
<b>APAT</b>	<b>395</b>	<b>381</b>	<b>3.6</b>	<b>813</b>	<b>(51.4)</b>	<b>2,127</b>	<b>1,843</b>	<b>15.4</b>
<b>R. EPS</b>	<b>2.3</b>	<b>2.0</b>	<b>19.9</b>	<b>4.3</b>	<b>(45.0)</b>	<b>11.3</b>	<b>9.4</b>	<b>20.4</b>
<b>Adj EPS</b>	<b>2.0</b>	<b>2.0</b>	<b>3.6</b>	<b>4.2</b>	<b>(51.4)</b>	<b>10.9</b>	<b>9.5</b>	<b>15.4</b>

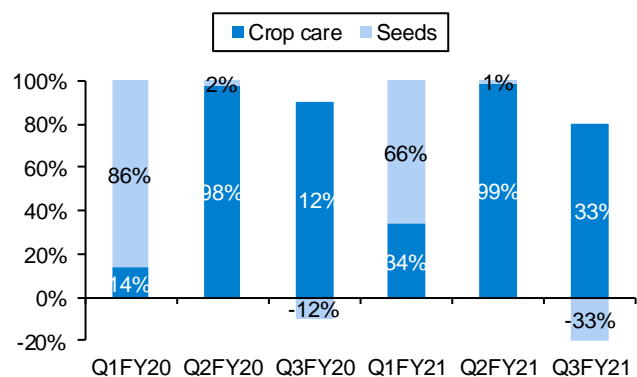
Source: Company, PL

**Exhibit 2: Lower CP growth CP led to rising share of seed biz**


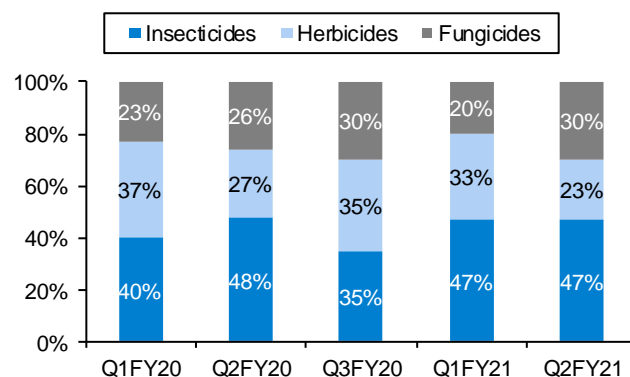
Source: Company, PL

**Exhibit 3: Crop Care EBITDA mix higher due to seasonality**


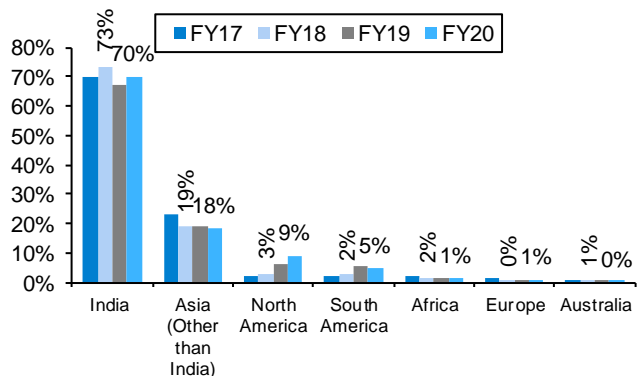
Source: Company, PL

**Exhibit 4: Seed segment is loss making due to seasonality**


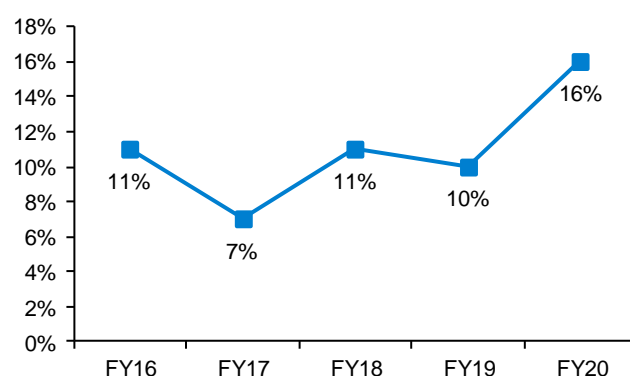
Source: Company, PL

**Exhibit 5: Herbicides mix down 400 bps due to Metribuzin**


Source: Company, PL

**Exhibit 6: India dominates overall revenue pie...**


Source: Company, PL

**Exhibit 7: Increase in ITI driven by 6 new launches in FY20**


Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>22,515</b>	<b>22,960</b>	<b>26,411</b>	<b>30,107</b>
YoY gr. (%)	13.5	2.0	15.0	14.0
Cost of Goods Sold	13,888	13,937	15,994	17,601
Gross Profit	8,627	9,023	10,417	12,506
Margin (%)	38.3	39.3	39.4	41.5
Employee Cost	2,001	2,089	2,377	2,710
Other Expenses	4,024	3,903	4,411	5,028
<b>EBITDA</b>	<b>2,602</b>	<b>3,031</b>	<b>3,629</b>	<b>4,768</b>
YoY gr. (%)	8.0	16.5	19.8	31.4
Margin (%)	11.6	13.2	13.7	15.8
Depreciation and Amortization	615	660	963	1,111
<b>EBIT</b>	<b>1,987</b>	<b>2,371</b>	<b>2,667</b>	<b>3,658</b>
Margin (%)	8.8	10.3	10.1	12.1
Net Interest	61	55	50	50
Other Income	343	395	415	497
<b>Profit Before Tax</b>	<b>2,383</b>	<b>2,789</b>	<b>3,031</b>	<b>4,105</b>
Margin (%)	10.6	12.1	11.5	13.6
Total Tax	538	669	727	985
Effective tax rate (%)	22.6	24.0	24.0	24.0
<b>Profit after tax</b>	<b>1,845</b>	<b>2,119</b>	<b>2,304</b>	<b>3,120</b>
Minority interest	(12)	(2)	(2)	(2)
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>1,743</b>	<b>2,043</b>	<b>2,306</b>	<b>3,122</b>
YoY gr. (%)	12.2	17.3	12.8	35.4
Margin (%)	7.7	8.9	8.7	10.4
Extra Ord. Income / (Exp)	114	78	-	-
<b>Reported PAT</b>	<b>1,857</b>	<b>2,121</b>	<b>2,306</b>	<b>3,122</b>
YoY gr. (%)	19.5	14.3	8.7	35.4
Margin (%)	8.2	9.2	8.7	10.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,857	2,121	2,306	3,122
<b>Equity Shares O/s (m)</b>	<b>194</b>	<b>194</b>	<b>194</b>	<b>194</b>
<b>EPS (Rs)</b>	<b>9.0</b>	<b>10.5</b>	<b>11.9</b>	<b>16.1</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>5,917</b>	<b>7,889</b>	<b>9,774</b>	<b>10,759</b>
Tangibles	5,467	7,289	9,024	10,009
Intangibles	450	600	750	750
<b>Acc: Dep / Amortization</b>	<b>2,211</b>	<b>2,870</b>	<b>3,833</b>	<b>4,944</b>
Tangibles	1,858	2,412	3,221	4,154
Intangibles	353	458	612	789
<b>Net fixed assets</b>	<b>3,706</b>	<b>5,019</b>	<b>5,941</b>	<b>5,815</b>
Tangibles	3,609	4,877	5,803	5,855
Intangibles	97	142	138	(39)
Capital Work In Progress	1,022	971	1,008	1,015
Goodwill	1,958	1,958	1,958	1,958
Non-Current Investments	136	130	144	158
Net Deferred tax assets	(285)	(285)	(285)	(285)
Other Non-Current Assets	1,520	1,127	1,249	1,596
<b>Current Assets</b>				
Investments	2,987	2,487	2,287	4,087
Inventories	6,992	7,234	8,321	9,486
Trade receivables	4,506	4,403	5,282	6,021
Cash & Bank Balance	487	867	539	115
Other Current Assets	1,064	1,079	1,241	1,415
<b>Total Assets</b>	<b>24,200</b>	<b>25,101</b>	<b>27,808</b>	<b>31,514</b>
<b>Equity</b>				
Equity Share Capital	194	194	194	194
Other Equity	13,900	15,223	16,751	19,059
<b>Total Network</b>	<b>14,095</b>	<b>15,417</b>	<b>16,945</b>	<b>19,254</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	124	74	74	-
Provisions	256	262	301	343
Other non current liabilities	144	147	151	155
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	496	196	-	-
Trade payables	6,373	6,290	7,236	8,249
Other current liabilities	2,639	2,642	3,018	3,421
<b>Total Equity &amp; Liabilities</b>	<b>24,200</b>	<b>25,101</b>	<b>27,808</b>	<b>31,514</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	2,375	2,789	3,031	4,105
Add. Depreciation	615	660	963	1,111
Add. Interest	61	-	-	-
Less Financial Other Income	343	395	415	497
Add. Other	(88)	(395)	(415)	(497)
Op. profit before WC changes	2,963	3,054	3,579	4,718
Net Changes-WC	969	263	(985)	(1,067)
Direct tax	(564)	(669)	(727)	(985)
<b>Net cash from Op. activities</b>	<b>3,368</b>	<b>2,647</b>	<b>1,867</b>	<b>2,666</b>
Capital expenditures	(656)	(1,885)	(1,885)	(985)
Interest / Dividend Income	62	395	415	497
Others	(1,865)	500	200	(1,800)
<b>Net Cash from Invst. activities</b>	<b>(2,459)</b>	<b>(991)</b>	<b>(1,270)</b>	<b>(2,287)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(40)	(350)	(196)	(74)
Dividend paid	(587)	(632)	(681)	(681)
Interest paid	(35)	(55)	(50)	(50)
Others	159	2	2	2
<b>Net cash from Fin. activities</b>	<b>(503)</b>	<b>(1,035)</b>	<b>(925)</b>	<b>(802)</b>
<b>Net change in cash</b>	<b>407</b>	<b>621</b>	<b>(328)</b>	<b>(424)</b>
Free Cash Flow	2,582	762	(18)	1,681

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	9.0	10.5	11.9	16.1
CEPS	12.1	13.9	16.8	21.8
BVPS	72.5	79.3	87.1	99.0
FCF	13.3	3.9	(0.1)	8.6
DPS	2.5	3.3	3.5	3.5
<b>Return Ratio(%)</b>				
RoCE	14.1	15.6	16.3	20.2
ROIC	14.4	15.2	15.0	19.9
RoE	12.9	13.8	14.2	17.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	83	85	88	88
<b>Valuation(x)</b>				
PER	31.8	27.2	24.1	17.8
P/B	3.9	3.6	3.3	2.9
P/CEPS	23.5	20.5	17.0	13.1
EV/EBITDA	20.2	17.3	14.5	10.8
EV/Sales	2.3	2.3	2.0	1.7
Dividend Yield (%)	0.9	1.1	1.2	1.2

Source: Company Data, PL Research

### Quarterly Financials (Rs m)

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Net Revenue</b>	<b>3,463</b>	<b>6,627</b>	<b>7,250</b>	<b>5,705</b>
YoY gr. (%)	2.0	6.3	(3.2)	6.9
Raw Material Expenses	1,956	3,996	4,488	3,507
Gross Profit	1,507	2,632	2,762	2,198
Margin (%)	43.5	39.7	38.1	38.5
<b>EBITDA</b>	<b>(98)</b>	<b>1,283</b>	<b>1,168</b>	<b>601</b>
YoY gr. (%)	(245.4)	35.4	(1.6)	7.9
Margin (%)	(2.8)	19.4	16.1	10.5
Depreciation / Depletion	127	179	203	110
<b>EBIT</b>	<b>(225)</b>	<b>1,104</b>	<b>965</b>	<b>491</b>
Margin (%)	(6.5)	16.7	13.3	8.6
Net Interest	11	20	14	8
Other Income	95	118	131	76
<b>Profit before Tax</b>	<b>(27)</b>	<b>1,202</b>	<b>1,098</b>	<b>621</b>
Margin (%)	(0.8)	18.1	15.1	10.9
Total Tax	(33)	283	268	164
Effective tax rate (%)	125.6	23.5	24.4	26.4
<b>Profit after Tax</b>	<b>7</b>	<b>919</b>	<b>830</b>	<b>456</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>(108)</b>	<b>919</b>	<b>813</b>	<b>395</b>
YoY gr. (%)	(833.2)	52.1	(5.2)	3.6
Margin (%)	(3.1)	13.9	11.2	6.9
Extra Ord. Income / (Exp)	114	-	17	61
<b>Reported PAT</b>	<b>7</b>	<b>919</b>	<b>830</b>	<b>456</b>
YoY gr. (%)	(55.8)	52.1	(3.3)	19.7
Margin (%)	0.2	13.9	11.4	8.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>7</b>	<b>919</b>	<b>830</b>	<b>456</b>
Avg. Shares O/s (m)	195	195	195	195
<b>EPS (Rs)</b>	<b>(0.6)</b>	<b>4.7</b>	<b>4.2</b>	<b>2.0</b>

Source: Company Data, PL Research

## Price Chart



## Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	Hold	275	300
2	4-Dec-20	Hold	275	287
3	20-Oct-20	Hold	275	262
4	10-Oct-20	Accumulate	321	270
5	25-Aug-20	Accumulate	321	325
6	23-Jul-20	Accumulate	321	303
7	7-Jul-20	Accumulate	246	269
8	6-May-20	Accumulate	246	222
9	16-Apr-20	Accumulate	240	211

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	BUY	6,090	5,747
2	Coromandel International	Reduce	676	810
3	Dhanuka Agritech	Accumulate	868	791
4	Godrej Agrovet	Accumulate	587	533
5	Insecticides India	BUY	595	469
6	P.I. Industries	Hold	2,026	2,332
7	Rallis India	Hold	275	300
8	Sharda Cropchem	BUY	358	280
9	Sumitomo Chemical India	Hold	307	324
10	UPL	BUY	606	497

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: 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](http://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](http://www.plindia.com)**