

February 15, 2022

Q3FY22 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	175		181	
Sales (Rs. m)	256,034	320,036	272,434	333,210
% Chng.	(6.0)	(4.0)		
EBITDA (Rs. m)	26,884	36,804	28,061	38,319
% Chng.	(4.2)	(4.0)		
EPS (Rs.)	5.4	8.3	5.7	8.7
% Chng.	(5.8)	(4.9)		

Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. bn)	153	188	256	320
EBITDA (Rs. bn)	5	5	27	37
Margin (%)	3.5	2.5	10.5	11.5
PAT (Rs. bn)	(3)	(3)	16	24
EPS (Rs.)	(1.0)	(1.1)	5.4	8.3
Gr. (%)	(188.9)	3.9	(597.3)	54.4
DPS (Rs.)	0.6	(0.4)	3.2	5.0
Yield (%)	0.4	(0.3)	2.6	4.0
RoE (%)	(4.3)	(4.6)	22.2	30.8
RoCE (%)	(2.0)	(2.9)	22.2	32.0
EV/Sales (x)	2.6	2.0	1.5	1.2
EV/EBITDA (x)	73.3	81.5	14.0	10.0
PE (x)	(119.3)	(114.8)	23.1	14.9
P/BV (x)	5.2	5.4	4.9	4.3

Key Data

ASOK.BO | AL IN

52-W High / Low	Rs.154 / Rs.106
Sensex / Nifty	56,406 / 16,843
Market Cap	Rs.363bn/ \$ 4,803m
Shares Outstanding	2,936m
3M Avg. Daily Value	Rs.1908.61m

Shareholding Pattern (%)

Promoter's	51.54
Foreign	15.05
Domestic Institution	20.65
Public & Others	12.76
Promoter Pledge (Rs bn)	32.34

Stock Performance (%)

	1M	6M	12M
Absolute	(10.2)	(5.1)	(3.5)
Relative	(2.5)	(6.7)	(11.9)

Varun Baxi

varunbaxi@plindia.com | 91-22-66322235

Mansi Lal

mansilal@plindia.com | 91-22-66322391

Ashok Leyland (AL IN)

Rating: BUY | CMP: Rs124 | TP: Rs175

Product launches to aid in market share gains

Quick Pointers:

- Plans to launch CNG products by 4QFY22 that constitutes ~40% of ICV industry.
- Fund raising in Switch Mobility of ~USD 200mn.

AL's 3QFY22 revenue at Rs 55.3bn (PLe: Rs 57.3bn) grew 15%/24% YoY/QoQ led by 2%/24% growth in volumes. ASPs remained flat QoQ at Rs 1.6mn. EBITDA margin at 4% was impacted by high raw material cost (RM cost 78% of sales vs 74/77% YoY/QoQ). MHCV market share improved by ~140bps for AL. The company, under its EV business is setting up a facility in Spain for which ~USD 200mn will be raised. We believe new CNG models to be launched in Mar-22 and increase in bus volumes as economy opens up, will aid in gaining further market share.

We marginally reduce our estimates for FY23/24 to factor in cost pressures. Maintain 'BUY' with revised TP of Rs 175 based on 14x Dec-23 EV/EBITDA (15x earlier) and ~Rs 14 for HLF.

- 3QFY22 financial performance:** Volumes for the quarter grew 2%/24% YoY/QoQ to 34k units. However, blended realization at Rs 16 lakhs remained flat QoQ. Revenue at Rs 55.3bn grew 15%/24% (PLe: Rs 57.3bn). EBITDA margin at 4% disappointed (PLe: 5.4%) impacted by higher commodity cost (RM cost 78% of sales vs 74/77% YoY/QoQ). The company reported an exceptional gain of Rs 420mn (Gain: Rs 721mn - Profit in relation to EV, Loss: Rs 252mn - Expenses towards VRS). Reported PAT came in at Rs 58mn vs loss of Rs 194/830mn YoY/QoQ. Adj. loss came in at Rs 236mn.
- Key takeaways: (1) New product launches in the CNG space:** AL recently launched trucks in the Multi-Axle and Tipper ranges and its first CNG truck - Ecomet STAR. It plans to launch more vehicles in Mar-22 under the CNG range to address growing demand in ICV CNG segment. For the industry, ICV's contribution has grown from ~20% to ~30% currently, over the last few years. Of this, CNG accounts for 40%. **(2) Demand outlook:** MHCV demand is expected to remain strong on the back of a low base, replacement demand, announcement of scrappage policy, pickup in construction & mining and increased infrastructural spending. After several quarters of growth, LCV volumes are impacted due to semiconductor shortage. **(3) EV business:** AL's EV business has been transferred to Switch Mobility. Switch UK has announced setting up of a manufacturing facility in Spain and it plans to invest EUR 100mn over the next decade. Currently, it is looking to raise USD 200mn of which USD 100mn funding is for immediate capex. In India, the current capacity for buses is ~500 units p.a. and in UK it is ~250 units p.a. **(4) Market share gains:** In 3QFY22, AL's MHCV market share has grown to 24.8% vs 23.4% sequentially; as its MHCV volumes have grown twice the rate of industry.

Exhibit 1: Q3FY22 Result Overview (Rs m)

Y/e March	3QFY22	3QFY21	YoY gr. (%)	2QFY22	QoQ gr. (%)	9MFY22	9MFY21	YoY gr. (%)
Net Revenues	55,352	48,135	15.0	44,579	24.2	1,29,440	83,010	55.9
Raw Materials	43,131	35,824	20.4	34,185	26.2	99,189	60,199	64.8
<i>% of Net Sales</i>	<i>77.9</i>	<i>74.4</i>		<i>76.7</i>		<i>76.6</i>	<i>72.5</i>	
Personnel	4,324	4,545	(4.9)	4,003	8.0	12,570	11,823	6.3
<i>% of Net Sales</i>	<i>7.8</i>	<i>9.4</i>		<i>9.0</i>		<i>9.7</i>	<i>14.2</i>	
Manufacturing & Other Exp	5,658	5,228	8.2	5,043	12.2	15,496	10,978	41.2
<i>% of Net Sales</i>	<i>10.2</i>	<i>10.9</i>		<i>11.3</i>		<i>12.0</i>	<i>13.2</i>	
Total Expenditure	53,113	45,597	16.5	43,232	22.9	1,27,255	83,000	53.3
EBITDA	2,239	2,538	(11.8)	1,347	66.2	2,185	10	NA
<i>EBITDA Margin (%)</i>	<i>4.0</i>	<i>5.3</i>		<i>3.0</i>		<i>1.7</i>	<i>0.0</i>	
Depreciation	1,897	1,944	(2.5)	1,843	2.9	5,574	5,293	5.3
EBIT	342	594	(42.3)	(496)	NA	(3,389)	(5,283)	NA
Interest Expenses	668	656	1.8	871	(23.3)	2,247	2,297	(2.2)
Non-operating income	176	341	(48.2)	209	(15.7)	520	816	(36.3)
Extraordinary Expenses	420	(460)	NA	2	NA	406	(494)	NA
PBT	271	(182)	NA	(1,155)	NA	(4,710)	(7,259)	NA
Tax-Total	213	11	1,785.8	(325)	NA	(1,115)	(1,710)	NA
<i>Tax Rate (%) - Total</i>	<i>78.7</i>	<i>-6.2</i>		<i>28.1</i>		<i>23.7</i>	<i>23.6</i>	
Reported PAT	58	(194)	NA	(830)	NA	(3,595)	(5,549)	NA
Adj. PAT	(236)	128	NA	(832)	NA	(3,879)	(5,203)	NA
PAT Margin	-0.4	0.3		-1.9		-3.0	-6.3	

Source: Company, PL

Exhibit 2: Operating Metrics

Y/e March	3QFY22	3QFY21	YoY gr. (%)	2QFY22	QoQ gr. (%)	9MFY22	9MFY21	YoY gr. (%)
Sales Volume (nos)	34,077	33,410	2.0	27,543	23.7	79,607	56,668	40.5
Net Realisation/Vehicle	16,24,310	14,40,739	12.7	16,18,506	0.4	16,25,988	14,64,841	11.0
Material cost / vehicle	12,65,695	10,72,257	18.0	12,41,165	2.0	12,45,983	10,62,314	17.3
Gross Profit / vehicle	3,58,614	3,68,482	(2.7)	3,77,341	(5.0)	3,80,004	4,02,527	(5.6)
Employee cost /vehicle	1,26,892	1,36,031	(6.7)	1,45,336	(12.7)	1,57,903	2,08,635	(24.3)
Other expenses / vehicle	1,66,021	1,56,489	6.1	1,83,103	(9.3)	1,94,656	1,93,720	0.5

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	153,015	188,057	256,034	320,036
YoY gr. (%)	(12.4)	22.9	36.1	25.0
Cost of Goods Sold	114,033	145,744	187,417	231,066
Gross Profit	38,982	42,313	68,617	88,970
Margin (%)	25.5	22.5	26.8	27.8
Employee Cost	15,839	15,985	16,130	20,162
Other Expenses	17,791	21,627	25,603	32,004
EBITDA	5,352	4,701	26,884	36,804
YoY gr. (%)	(54.4)	(12.2)	471.8	36.9
Margin (%)	3.5	2.5	10.5	11.5
Depreciation and Amortization	7,477	7,539	7,703	8,040
EBIT	(2,125)	(2,838)	19,181	28,764
Margin (%)	(1.4)	(1.5)	7.5	9.0
Net Interest	3,068	2,454	1,718	1,203
Other Income	1,195	1,434	1,721	2,065
Profit Before Tax	(4,119)	(3,858)	19,184	29,626
Margin (%)	(2.7)	(2.1)	7.5	9.3
Total Tax	(983)	(694)	3,453	5,333
Effective tax rate (%)	23.9	18.0	18.0	18.0
Profit after tax	(3,136)	(3,164)	15,731	24,293
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	(3,044)	(3,164)	15,731	24,293
YoY gr. (%)	-	-	-	-
Margin (%)	(2.0)	(1.7)	6.1	7.6
Extra Ord. Income / (Exp)	(92)	-	-	-
Reported PAT	(3,136)	(3,164)	15,731	24,293
YoY gr. (%)	(230.9)	0.9	(597.3)	54.4
Margin (%)	(2.0)	(1.7)	6.1	7.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	2,936	2,936	2,936	2,936
EPS (Rs)	(1.0)	(1.1)	5.4	8.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	101,077	111,495	121,495	134,495
Tangibles	101,077	111,495	121,495	134,495
Intangibles	-	-	-	-
Acc: Dep / Amortization	35,072	42,611	50,314	58,354
Tangibles	35,072	42,611	50,314	58,354
Intangibles	-	-	-	-
Net fixed assets	66,005	68,883	71,181	76,140
Tangibles	66,005	68,883	71,181	76,140
Intangibles	-	-	-	-
Capital Work In Progress	3,719	1,301	1,301	1,301
Goodwill	4,499	4,499	4,499	4,499
Non-Current Investments	30,687	30,687	32,187	33,687
Net Deferred tax assets	(1,708)	(1,708)	(1,708)	(1,708)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	21,423	12,881	18,939	23,674
Trade receivables	28,163	8,759	11,925	14,906
Cash & Bank Balance	8,230	(2,280)	(1,111)	2,613
Other Current Assets	21,363	23,499	25,849	28,434
Total Assets	184,499	148,681	165,267	185,801
Equity				
Equity Share Capital	2,936	2,936	2,936	2,936
Other Equity	66,837	64,780	71,073	80,790
Total Network	69,772	67,716	74,008	83,725
Non-Current Liabilities				
Long Term borrowings	25,801	17,000	12,000	8,000
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	11,662	922	922	922
Trade payables	51,647	35,035	47,699	59,623
Other current liabilities	23,909	26,300	28,930	31,823
Total Equity & Liabilities	184,499	148,681	165,267	185,801

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	(4,119)	(3,858)	19,184	29,626
Add. Depreciation	7,477	7,539	7,703	8,040
Add. Interest	3,068	2,454	1,718	1,203
Less Financial Other Income	1,195	1,434	1,721	2,065
Add. Other	(1,195)	(1,434)	(1,721)	(2,065)
Op. profit before WC changes	5,231	4,701	26,884	36,804
Net Changes-WC	(3,861)	11,548	3,674	4,467
Direct tax	42	694	(3,453)	(5,333)
Net cash from Op. activities	1,413	16,944	27,105	35,938
Capital expenditures	(7,722)	(8,000)	(10,000)	(13,000)
Interest / Dividend Income	-	-	-	-
Others	(2,296)	1,434	221	565
Net Cash from Invt. activities	(10,018)	(6,566)	(9,779)	(12,435)
Issue of share cap. / premium	1,883	-	-	-
Debt changes	6,410	(19,541)	(5,000)	(4,000)
Dividend paid	(1,615)	1,107	(9,438)	(14,576)
Interest paid	(3,068)	(2,454)	(1,718)	(1,203)
Others	-	-	-	-
Net cash from Fin. activities	3,610	(20,888)	(16,156)	(19,779)
Net change in cash	(4,995)	(10,510)	1,169	3,725
Free Cash Flow	(6,310)	8,944	17,105	22,938

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22
Net Revenue	70,005	29,510	44,579	55,352
YoY gr. (%)	82.4	353.4	57.2	15.0
Raw Material Expenses	53,834	21,873	34,185	43,131
Gross Profit	16,171	7,637	10,393	12,221
Margin (%)	23.1	25.9	23.3	22.1
EBITDA	5,342	(1,401)	1,347	2,239
YoY gr. (%)	192.0	(58.0)	67.5	(11.8)
Margin (%)	7.6	(4.7)	3.0	4.0
Depreciation / Depletion	2,185	1,835	1,843	1,897
EBIT	3,157	(3,236)	(496)	342
Margin (%)	4.5	(11.0)	(1.1)	0.6
Net Interest	771	707	871	668
Other Income	380	134	209	176
Profit before Tax	3,139	(3,826)	(1,155)	271
Margin (%)	4.5	(13.0)	(2.6)	0.5
Total Tax	728	(1,003)	(325)	213
Effective tax rate (%)	23.2	26.2	28.1	78.7
Profit after Tax	2,412	(2,823)	(830)	58
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,125	(2,811)	(832)	(32)
YoY gr. (%)	(8,040.3)	(27.5)	(42.7)	(110.8)
Margin (%)	3.0	(9.5)	(1.9)	(0.1)
Extra Ord. Income / (Exp)	374	(17)	2	420
Reported PAT	2,412	(2,823)	(830)	58
YoY gr. (%)	(520.8)	(27.4)	(43.4)	(129.8)
Margin (%)	3.4	(9.6)	(1.9)	0.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Avg. Shares O/s (m)	2,936	2,936	2,936	2,936
EPS (Rs)	0.7	(1.0)	(0.3)	-

Source: Company Data, PL Research

Key Financial Metrics

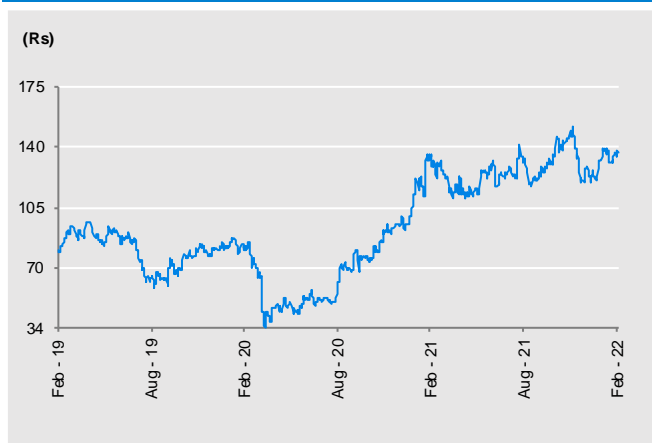
Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	(1.0)	(1.1)	5.4	8.3
CEPS	1.5	1.5	8.0	11.0
BVPS	23.8	23.1	25.2	28.5
FCF	(2.1)	3.0	5.8	7.8
DPS	0.6	(0.4)	3.2	5.0
Return Ratio(%)				
RoCE	(2.0)	(2.9)	22.2	32.0
ROIC	(1.7)	(2.4)	18.0	27.1
RoE	(4.3)	(4.6)	22.2	30.8
Balance Sheet				
Net Debt : Equity (x)	0.4	0.3	0.2	0.1
Net Working Capital (Days)	(46)	(63)	(54)	(50)
Valuation(x)				
PER	(119.3)	(114.8)	23.1	14.9
P/B	5.2	5.4	4.9	4.3
P/CEPS	81.9	83.0	15.5	11.2
EV/EBITDA	73.3	81.5	14.0	10.0
EV/Sales	2.6	2.0	1.5	1.2
Dividend Yield (%)	0.4	(0.3)	2.6	4.0

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Volume (units)	100,728	115,180	155,978	189,067
Net realisation (Rs/unit)	1,519,136	1,632,719	1,641,475	1,692,709

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Jan-22	BUY	181	123
2	15-Nov-21	BUY	170	152
3	7-Oct-21	Accumulate	156	136
4	16-Aug-21	BUY	151	130
5	7-Jul-21	BUY	153	122
6	28-Jun-21	BUY	153	123
7	7-Apr-21	BUY	149	113

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	181	123
2	Bajaj Auto	BUY	3,911	3,309
3	Bharat Forge	BUY	980	728
4	CEAT	Hold	1,174	1,135
5	Eicher Motors	BUY	3,398	2,480
6	Endurance Technologies	BUY	1,919	1,462
7	Exide Industries	BUY	210	174
8	Hero Motocorp	BUY	3,221	2,719
9	Mahindra & Mahindra	BUY	1,015	853
10	Maruti Suzuki	Accumulate	9,607	8,603
11	Motherson Sumi Systems	BUY	249	207
12	Tata Motors	BUY	632	518
13	TVS Motors	BUY	751	637

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. Varun Baxi- MBA Finance & BTech, Ms. Mansi Lall- MBA Finance 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. Varun Baxi- MBA Finance & BTech, Ms. Mansi Lall- MBA Finance 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