

February 10, 2021

Q3FY21 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	358		352	
Sales (Rs. m)	15,682	17,776	15,284	17,456
% Chng.	2.6	1.8		
EBITDA (Rs. m)	2,504	2,843	2,441	2,791
% Chng.	2.6	1.8		
EPS (Rs.)	16.1	19.9	15.7	19.6
% Chng.	2.5	1.8		

Key Financials - Consolidated

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	10,794	12,585	15,682	17,776
EBITDA (Rs. m)	967	2,183	2,504	2,843
Margin (%)	9.0	17.3	16.0	16.0
PAT (Rs. m)	243	935	1,482	1,835
EPS (Rs.)	2.6	10.1	16.1	19.9
Gr. (%)	(1,438.7)	285.6	58.5	23.8
DPS (Rs.)	0.3	0.3	0.3	0.3
Yield (%)	0.1	0.1	0.1	0.1
RoE (%)	3.6	13.6	19.1	19.3
RoCE (%)	2.9	16.8	18.8	19.6
EV/Sales (x)	2.8	2.4	1.9	1.6
EV/EBITDA (x)	31.6	13.7	11.8	10.2
PE (x)	119.1	30.9	19.5	15.7
P/BV (x)	4.3	4.2	3.4	2.8

Key Data

INRM.BO | INDR IN

52-W High / Low	Rs.336 / Rs.145
Sensex / Nifty	51,329 / 15,109
Market Cap	Rs.29bn/ \$ 398m
Shares Outstanding	92m
3M Avg. Daily Value	Rs.138.04m

Shareholding Pattern (%)

Promoter's	58.69
Foreign	2.88
Domestic Institution	17.11
Public & Others	21.32
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.3)	29.0	36.1
Relative	(8.1)	(4.4)	9.0

Surajit Pal

surajitpal@plindia.com | 91-22-66322259

Tausif Shaikh

tausifshaikh@plindia.com | 91-22-66322246

India biz revival to trigger PE multiple expansion in FY22: Maintain BUY

Quick Pointers:

- India formulations declined 12% YoY while export formulations grew 62% YoY and 16% QoQ.
- Reaffirmed US revenue guidance of Rs1.5bn (vs. Rs560m in FY20) for FY21E and Rs2.5bn for FY22E with 10-12% growth in India formulations.

We reduce our earnings estimate by 7% for FY21E due to tepid performance of acute therapy medicines in IPM, while increase earnings estimate by 3%/2% for FY22/23E given revision in EU growth projection. 3QFY21 revenue were in-line with our estimate based on growth led by export formulations while EBITDAM beat of 90bps due to operating leverage through cost saving program. We maintain our positive outlook on INDR and believe 1) MR productivity would improve to Rs3lakhs/month (from Rs2.5lakhs/month) with similar headcounts of field force, 2) India formulations growth to return to 10-12% from FY22, 3) US launch of ophthalmic and oral ANDAs in partnerships and 4) lower remediation cost as regulatory issue is resolved.

INDR had sizeable capex in FY18-20, but its growth suffered due to regulatory issues. With guidance of limited CAPEX, unutilized capacity especially for US and EU markets, resolved regulatory issues and restructured sales force, INDR is poised to grow on better contributions from two key markets, US and India. We maintain Buy and increase our TP to Rs358 (earlier Rs352) based on 18x (unchanged) PE of FY23E EPS of Rs20.

Export market drives growth: Revenue grew 18% YoY and 3% QoQ to Rs3.3bn (PLe: Rs3.3bn). India formulations declined 11% YoY while export formulations grew 62% YoY and 16% QoQ. EBITDA grew 110% YoY and 12% QoQ to Rs613m (PLe: Rs584m) while EBITDAM was 18.4% (PLe: 17.5%) vs. 10.3% YoY and 17% QoQ. PBT was Rs374m (PLe Rs397m) v/s Rs113m YoY and Rs362m QoQ. While PAT was Rs251m (PLe :Rs271m) v/s Rs93m YoY and Rs251m QoQ.

Conference Call Highlights

- India formulations:** India formulations declined for the third consecutive quarter at 12% YoY (v/s IPM growth of 6%) in 3QFY21 even after MRs were back to field with full force. INDR maintained its strong guidance for FY22E with growth of 10-12% and 4QFY21 would capture some part of seasonality benefit for channel filling of acute products. Operating overheads have inched up QoQ for Indian market, but are still below pre-COVID level. INDR would focus on change in business mix from acute heavy (55-60% of Domestic formulation) to chronic products and eastern India MR productivity. INDR launched FEVINDO 800 (Favipiravir) in India while Apixabid (Apixaban) launched in December'19 was later withdrawn due to ad-interim injunction. The injunction order is further delayed with no guidance on litigation outcome.

Legacy product (more than 3 years old) contributes 55-60% of India business. It has 2,300 MRs.

- **US market:** Revenue grew 3% QoQ to Rs448m. Injectable would further ramp up from Q4FY21. The Company dispatched launch quantities of one Ophthalmic and two injectables to US in 3QFY21. Indoco received USFDA approval for an injectable ANDA and launch quantity of the same will be shipped soon. Two more Ophthalmic products will be launched in 1QFY22, which are under validation process. Every quarter INDR receives dossier income of Rs180m for US business. The company received repeat orders for the products shipped in 1QFY21. Guided revenue of Rs1.5bn (vs. Rs560m in FY20) for FY21E and Rs2.5bn for FY22E. INDR has total 18 products approved, of which 10 are launched.
- **Europe and EMs:** Europe revenue grew 17% QoQ and guided Rs2.2bn for FY21E alongside 15-20% growth for FY22. INDR is a contract manufacturer for paracetamol in Europe while EM grew 6% QoQ.
- **API:** Grew 27%QoQ to Rs290m in 3QFY21. Guided for 20% growth in FY21E.
- **CAPEX/ Debt:** CAPEX was Rs500-550m for FY21/22E It plans to reduce Rs200-250m of long term debt in 4QFY22.

Exhibit 1: 3QFY21 Result Overview (Rs m): Export formulation drives growth

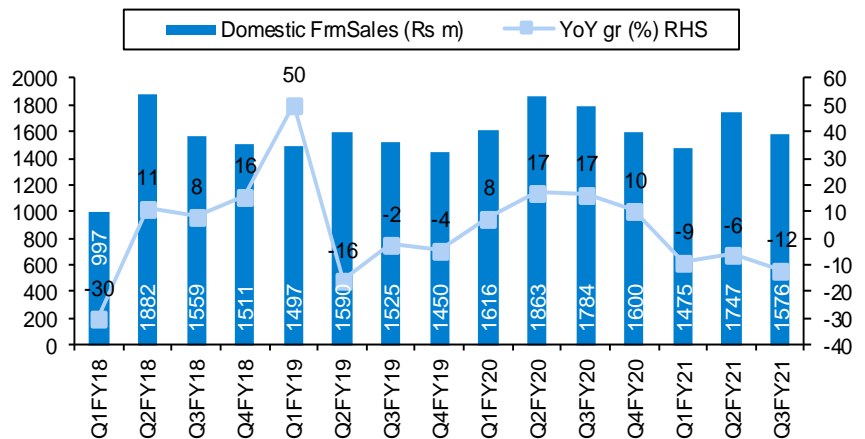
Y/e March	Q2FY21	Q2FY20	YoY gr. (%)	Q1FY21	QoQ gr. (%)	H1FY21	H1FY20	YoY gr. (%)
Net Sales	3,333	2,834	17.6	3,225	3.4	9,226	8,162	13.0
Raw Material	944	828	13.9	902	4.6	2,662	2,580	3.2
<i>% of Net Sales</i>	<i>28.3</i>	<i>29.2</i>		<i>28.0</i>		<i>28.9</i>	<i>31.6</i>	
Personnel Cost	725	679	6.8	749	(3.1)	2,130	1,924	10.7
<i>% of Net Sales</i>	<i>21.8</i>	<i>24.0</i>		<i>23.2</i>		<i>23.1</i>	<i>23.6</i>	
Others	1,051	1,035	1.5	1,024	2.6	2,873	2,936	(2.1)
<i>% of Net Sales</i>	<i>31.5</i>	<i>36.5</i>		<i>31.8</i>		<i>31.1</i>	<i>36.0</i>	
Total Expenditure	2,720	2,542	7.0	2,675	1.7	7,665	7,440	3.0
EBITDA	613	292	110.3	550	11.5	1,561	722	116.2
<i>Margin (%)</i>	<i>18.4</i>	<i>10.3</i>		<i>17.1</i>		<i>16.9</i>	<i>8.8</i>	
Depreciation	169	176	(4.0)	186	(9.1)	546	526	3.7
EBIT	445	116	283.5	364	22.0	1,015	196	418.3
Other Income	(10)	66	(115.1)	57	(117.5)	140	197	(28.8)
Interest	60	69	(13.0)	59	2.4	177	184	(4.1)
PBT	374	113	231.7	362	3.3	979	209	369.1
Extra-Ord. Inc./Exps.	-	-		-		-	-	
Total Taxes	123	20	520.2	111	10.3	304	20	1,403.0
<i>ETR (%)</i>	<i>32.8</i>	<i>17.6</i>		<i>30.7</i>		<i>31.1</i>	<i>9.7</i>	
Reported PAT	251	93	170.3	251	0.1	675	188	258.1

Source: Company, PL

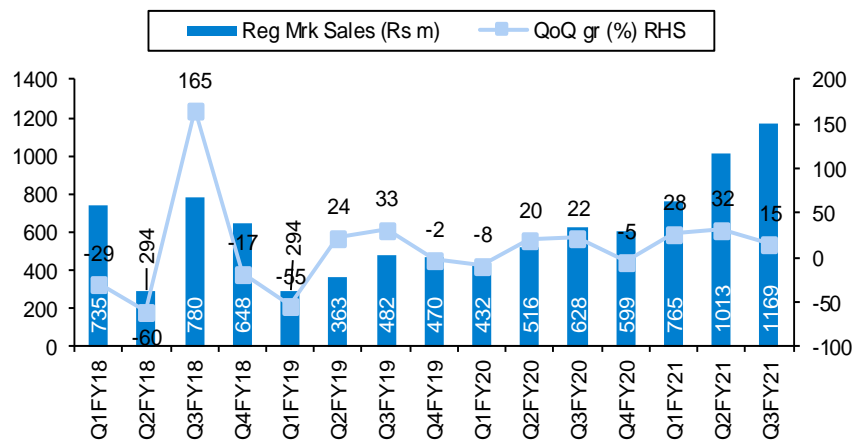
Exhibit 2: Major Sources of Revenues

Major sources of revenues	Q2FY21	Q2FY20	YoY gr. (%)	Q1FY21	QoQ gr. (%)	H1FY21	H1FY20	YoY gr. (%)
Domestic	1,745	1,843	(5.3)	1,841	(5.2)	5,266	5,470	(3.7)
Formulations	1,576	1,784	(11.7)	1,747	(9.8)	4,959	5,262	(5.8)
APIs	170	59	186.8	94	81.0	307	208	47.4
Exports	1,558	960	62.2	1,348	15.6	3,437	2,617	31.3
Formulations	1,437	833	72.6	1,213	18.4	3,064	2,167	41.4
Reg mkt	1,169	628	86.3	1,013	15.4	2,396	1,576	52.0
Non-reg mkt (Emerging mkt)	268	205	30.7	200	33.7	669	591	13.1
APIs	121	128	(5.6)	134	(10.3)	373	450	(17.1)
Net Sales	3,303	2,803	17.8	3,189	3.6	8,703	8,087	7.6
Add: CRO	30	31		35		35	35	
Net Revenues	3,333	2,834	17.6	3,224	3.4	8,739	8,123	7.6

Source: Company, PL

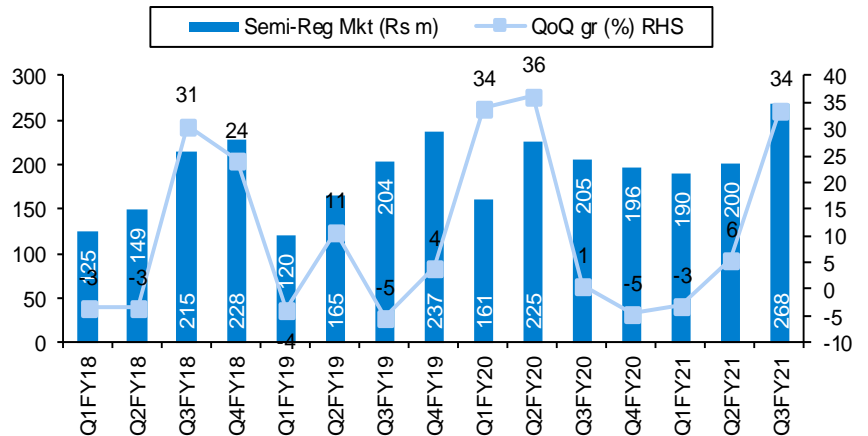
Exhibit 3: Domestic formulations: Growth muted due to lockdown


Source: Company, PL

Exhibit 4: Export: Regulated Mkt : Current growth driven by export market


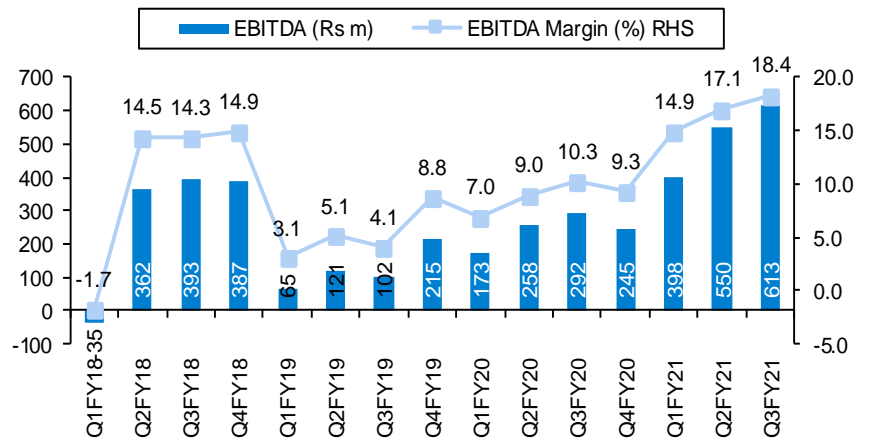
Source: Company, PL

Exhibit 5: Export, Semi-Reg. mkt sales



Source: Company, PL

Exhibit 6: EBITDA (Rs m) and EBITDA Margin (%)



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Net Revenues	10,794	12,585	15,682	17,776
YoY gr. (%)	14.6	16.6	24.6	13.4
Cost of Goods Sold	3,304	3,586	4,217	4,772
Gross Profit	7,490	9,000	11,465	13,005
Margin (%)	69.4	71.5	73.1	73.2
Employee Cost	2,553	2,869	3,446	3,911
Other Expenses	497	618	764	865
EBITDA	967	2,183	2,504	2,843
YoY gr. (%)	91.2	125.6	14.7	13.5
Margin (%)	9.0	17.3	16.0	16.0
Depreciation and Amortization	708	741	810	800
EBIT	259	1,442	1,694	2,043
Margin (%)	2.4	11.5	10.8	11.5
Net Interest	263	237	140	89
Other Income	290	157	297	338
Profit Before Tax	287	1,362	1,851	2,291
Margin (%)	2.7	10.8	11.8	12.9
Total Tax	45	427	369	457
Effective tax rate (%)	15.5	31.3	19.9	19.9
Profit after tax	243	935	1,482	1,835
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	243	935	1,482	1,835
YoY gr. (%)	(1,438.7)	285.6	58.5	23.8
Margin (%)	2.2	7.4	9.5	10.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	243	935	1,482	1,835
YoY gr. (%)	(1,438.7)	285.6	58.5	23.8
Margin (%)	2.2	7.4	9.5	10.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	243	935	1,482	1,835
Equity Shares O/s (m)	92	92	92	92
EPS (Rs)	2.6	10.1	16.1	19.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
Non-Current Assets				
Gross Block	11,212	11,712	12,312	12,862
Tangibles	8,953	9,303	9,603	9,853
Intangibles	2,259	2,409	2,709	3,009
Acc: Dep / Amortization	5,369	6,611	7,390	7,793
Tangibles	3,590	4,419	4,898	5,025
Intangibles	1,779	2,192	2,492	2,768
Net fixed assets	5,844	5,101	4,922	5,069
Tangibles	5,364	4,884	4,706	4,828
Intangibles	480	217	217	241
Capital Work In Progress	560	631	673	727
Goodwill	1	1	1	1
Non-Current Investments	69	77	85	93
Net Deferred tax assets	359	444	518	609
Other Non-Current Assets	252	303	352	410
Current Assets				
Investments	-	-	-	-
Inventories	2,083	2,310	2,836	3,214
Trade receivables	2,101	2,655	3,265	3,653
Cash & Bank Balance	379	387	465	551
Other Current Assets	1,026	872	741	630
Total Assets	12,716	12,831	13,932	15,060
Equity				
Equity Share Capital	184	184	184	184
Other Equity	6,611	6,761	8,429	10,225
Total Networkth	6,796	6,946	8,613	10,409
Non-Current Liabilities				
Long Term borrowings	969	679	475	332
Provisions	233	198	168	143
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,060	742	593	415
Trade payables	1,656	2,103	2,492	2,679
Other current liabilities	1,874	2,061	1,498	998
Total Equity & Liabilities	12,716	12,831	13,932	15,060

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	287	1,362	1,851	2,291
Add. Depreciation	708	741	810	800
Add. Interest	263	237	140	89
Less Financial Other Income	290	157	297	338
Add. Other	38	1,204	(306)	(881)
Op. profit before WC changes	1,295	3,544	2,495	2,299
Net Changes-WC	(443)	(333)	(747)	(579)
Direct tax	(69)	(327)	(444)	(550)
Net cash from Op. activities	784	2,884	1,304	1,170
Capital expenditures	(1,867)	(500)	(600)	(550)
Interest / Dividend Income	19	19	19	19
Others	-	(2)	-	-
Net Cash from Inv. activities	(1,848)	(483)	(581)	(531)
Issue of share cap. / premium	-	-	-	-
Debt changes	(445)	(594)	(447)	(409)
Dividend paid	(39)	(39)	(39)	(39)
Interest paid	(263)	(237)	(140)	(89)
Others	-	-	-	-
Net cash from Fin. activities	(746)	(869)	(626)	(537)
Net change in cash	(1,810)	1,532	97	102
Free Cash Flow	(1,083)	2,384	704	620

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
Net Revenue	2,632	2,668	3,225	3,333
YoY gr. (%)	7.4	7.9	12.9	17.6
Raw Material Expenses	724	816	902	944
Gross Profit	1,908	1,852	2,323	2,390
Margin (%)	72.5	69.4	72.0	71.7
EBITDA	245	398	550	613
YoY gr. (%)	13.9	130.6	113.4	110.3
Margin (%)	9.3	14.9	17.1	18.4
Depreciation / Depletion	182	191	186	169
EBIT	63	207	364	445
Margin (%)	2.4	7.7	11.3	13.3
Net Interest	78	58	59	60
Other Income	93	93	57	(10)
Profit before Tax	78	242	362	374
Margin (%)	3.0	9.1	11.2	11.2
Total Tax	24	70	111	123
Effective tax rate (%)	30.8	28.9	30.7	32.8
Profit after Tax	54	172	251	251
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	54	172	251	251
YoY gr. (%)	(53.6)	677.5	242.6	170.3
Margin (%)	2.1	6.5	7.8	7.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	54	172	251	251
YoY gr. (%)	(53.6)	677.5	242.6	170.3
Margin (%)	2.1	6.5	7.8	7.5
Other Comprehensive Income	(16)	(1)	(1)	1
Total Comprehensive Income	38	171	250	252
Avg. Shares O/s (m)	92	92	92	92
EPS (Rs)	0.6	1.9	2.7	2.7

Source: Company Data, PL Research

Key Financial Metrics

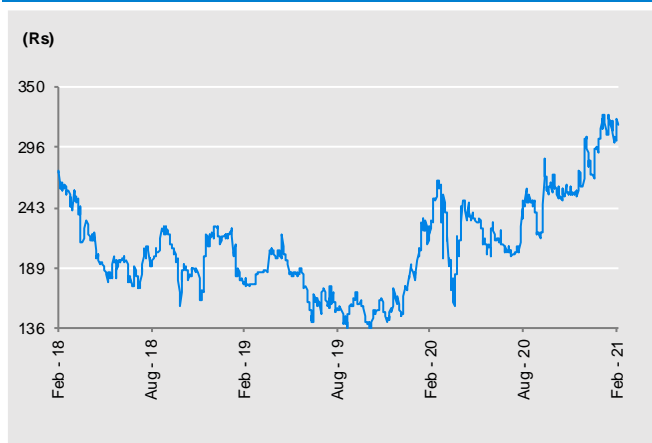
Y/e Mar	FY20	FY21E	FY22E	FY23E
Per Share(Rs)				
EPS	2.6	10.1	16.1	19.9
CEPS	10.3	18.2	24.9	28.6
BVPS	73.7	75.4	93.5	113.0
FCF	(11.8)	25.9	7.6	6.7
DPS	0.3	0.3	0.3	0.3
Return Ratio(%)				
RoCE	2.9	16.8	18.8	19.6
ROIC	2.6	12.1	15.8	16.6
RoE	3.6	13.6	19.1	19.3
Balance Sheet				
Net Debt : Equity (x)	0.2	0.1	0.1	0.0
Net Working Capital (Days)	86	83	84	86
Valuation(x)				
PER	119.1	30.9	19.5	15.7
P/B	4.3	4.2	3.4	2.8
P/CEPS	30.4	17.2	12.6	11.0
EV/EBITDA	31.6	13.7	11.8	10.2
EV/Sales	2.8	2.4	1.9	1.6
Dividend Yield (%)	0.1	0.1	0.1	0.1

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY20	FY21E	FY22E	FY23E
Domestic Formulations	6,862	7,548	8,454	9,469
Export Formulations	2,963	4,717	5,909	6,304
APIs	860	1,023	1,227	1,476

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	BUY	352	325
2	09-Nov-20	BUY	352	256
3	13-Oct-20	Hold	239	252
4	12-Aug-20	Hold	243	262
5	08-Jul-20	Hold	219	208
6	25-Jun-20	Hold	219	211
7	18-Apr-20	Hold	259	236
8	14-Apr-20	Reduce	198	248

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aurobindo Pharma	Hold	920	945
2	Cadila Healthcare	Accumulate	522	475
3	Cipla	Accumulate	913	826
4	Dr. Lal PathLabs	UR	-	2,407
5	Dr. Reddy's Laboratories	BUY	5,406	4,603
6	Eris Lifesciences	BUY	666	621
7	Glenmark Pharmaceuticals	Sell	449	518
8	Indoco Remedies	BUY	352	325
9	Ipca Laboratories	Accumulate	2,257	1,932
10	Jubilant Pharmova	Accumulate	1,088	916
11	Lupin	BUY	1,287	1,049
12	Sun Pharmaceutical Industries	BUY	672	586
13	Thyrocare Technologies	UR	-	970

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. Surajit Pal- PGDBA, CFA, M.Com, Mr. Tausif Shaikh- BA, Major in Economics, Financial Management 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. Surajit Pal- PGDBA, CFA, M.Com, Mr. Tausif Shaikh- BA, Major in Economics, Financial Management 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