

January 6, 2022

Event Update

☒ Change in Estimates | ☒ Target | ☐ Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	2,915		2,651	
Sales (Rs. m)	3,38,691	3,93,718	3,15,226	3,66,342
% Chng.	7.4	7.5		
EBITDA (Rs. m)	42,429	51,165	40,042	48,075
% Chng.	6.0	6.4		
EPS (Rs.)	33.4	42.2	31.6	39.6
% Chng.	5.9	6.4		

Key Financials - Standalone

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. bn)	206	289	339	394
EBITDA (Rs. bn)	17	34	42	51
Margin (%)	8.3	11.7	12.5	13.0
PAT (Rs. bn)	10	23	30	37
EPS (Rs.)	11.4	25.6	33.4	42.2
Gr. (%)	(33.2)	124.3	30.4	26.2
DPS (Rs.)	4.0	5.0	5.0	6.0
Yield (%)	0.2	0.2	0.2	0.2
RoE (%)	14.1	26.7	27.7	27.5
RoCE (%)	13.3	24.8	27.2	26.8
EV/Sales (x)	11.2	8.0	6.8	5.8
EV/EBITDA (x)	136.0	68.4	54.0	44.3
PE (x)	227.3	101.3	77.7	61.6
P/BV (x)	30.5	24.4	19.2	15.2

Key Data

TITN.BO | TTAN IN

52-W High / Low	Rs.2,678 / Rs.1,396
Sensex / Nifty	59,602 / 17,746
Market Cap	Rs.2,305bn / \$ 30,935m
Shares Outstanding	888m
3M Avg. Daily Value	Rs.4017.76m

Shareholding Pattern (%)

Promoter's	52.90
Foreign	19.06
Domestic Institution	10.10
Public & Others	17.94
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	11.6	47.3	65.1
Relative	6.3	30.6	33.4

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Paarth Gala

paarthgala@plindia.com | 91-22-66322242

Aashi Rara

aashirara@plindia.com |

Glittering on all fronts: BUY

We are increasing FY22/23/24 EPS estimates by 10%, 5.8% and 6.5% to Rs25.6/33.4/42.2 and increase DCF based target price to Rs2915 (Rs2651 earlier). This follows stronger than expected 3Q jewellery sales growth even as watch and Eyewear sales are slightly lower than our expectations. We believe 37% jewellery sales growth (~45% volume growth) shows the benefit of low gold prices, busy marriage season, hallmarking, higher walk ins and 15% increase in ticket size than pre covid levels. Watch sales bounced back led by Titan brand in Tier2/3 cities while Eyewear business growth was led by sunglasses and frames. We note that Tanishq sales are far better than our channel checks which suggested industry growth of ~20%, suggesting market share gains.

Retail expansion continues with addition of 14 stores in Tanishq, 20 in Watches, 53 in Eyewear, 6 in Caratlane and 2 in Taneira. Although 4Q has come under little cloud due to 3rd wave of covid, TTAN is well placed to capitalise on LT growth led by 1) benefit of hallmarking as organized players in jewellery gain share 2) Omni-channel strategy across jewellery, watches and eyewear and 3) new growth drivers like Caratlane, Titan Eye+, Taneira, and entry into high growth segments like Over the Head headphones and Truly Wireless earphones.

We estimate 50.7%/28.3% PAT CAGR over FY21-24/FY22-24 and arrive at a DCF based target price of Rs2915 (Rs2651 earlier). We believe structural story remains intact led by market share gains, strong balance sheet, franchisee based model and Omni Channel across product segments. Reiterate Buy

3QFY22 Update

- Jewellery revenues grew by 37%YoY** led by buoyancy in demand driven by festive purchase in Oct/Nov. We estimate EBIT of Rs12bn with a margin of 13.3%. Walk-ins and customer conversions significantly higher. Ticket sizes were 15% higher vs pre-pandemic levels. Tier-1 contribution sustains improvement reaching close to pre-pandemic levels. Plain and studded categories witnessed strong double digit growth. Studded share in overall pie slightly improved YoY. Gold Harvest Scheme (GHS) enrolment have recorded double digit growth driven by strong buyer upticks. Added 14 stores including 2 new stores in Dubai at prime locations. Tanishq's Diwali collections (Utsaah and Color me Joy) have been well received. Mia launched "Inina" and "Sway wit Mia", while Zoya launched its "Libera" collection during the quarter.
- Watches & Wearables Revenues grew by 28% YoY** led by multi brand channels (offline and online), mainly on the back of Titan brand. Premiumization aiding gain higher value. We estimate EBIT of Rs1.1bn with a margin of 15.2%. Sales from Trade and LFS clocked higher growth followed by Retail. Tier 2/3 towns did better than metros. Launched Titan Smart Watch during end of December. "Titan Maritime II" and "Raga Love All" were new launches during the quarter. Added 20 stores. A high impact TV campaign in October with a fresh and young take on Titan Mechanicals saw 2.5X jump in

their sales. Fastrack unveiled its new brand position for Gen Z – “You Do You” while Sonata launched its marquee collection “Unveil”.

- **Eyewear Revenues grew by 27% YoY** driven by sunglasses and frames with good demand uptick also seen in international brands. The division accelerated its growth journey with significant network expansion (added 53 stores). A unique visual solution in lenses for office professionals 'OfficePro' was launched. 'Crest Bold', 'all acetate' material eyeglasses under Titan Crest brand were launched in the quarter.
- **Caratlane Revenues grew by 64% YoY** leveraging its omni-channel offerings. Studded share of overall pie witnessed growth. Growth was well distributed with strong momentum witnessed even across lower ticket sizes. Opened first ever airport store in Bengaluru. Added 6 stores taking the total count to 129. Went live with Caratlane's US website. 'Dunes' collection launched during the quarter received good response.
- **Fragrances & Accessories Revenues grew by 44% YoY** as growth was witnessed across all retail and departmental stores. New campaigns for SKINN and Fastrack women's bag were well received. **Taneria** opened 2 stores (Noida and Bangalore) taking the total store count for the business to 16 across 7 cities. The brand's launch on multimedia elements along with Navratri '#9days9co/ors' micro-influencer campaign showed good traction amongst the customers during the festive period. In Dec'21, Taneria launched the 'Tussar Festival' campaign with an aim to create awareness about tussar silks.
- **TEAL Revenues declined by 9% YoY:** The Automation Solutions Business has seen a significant improvement over LY and is showing encouraging signs with new orders coming in from different industry verticals with exports showing similar traction. The Aerospace Business though continuing to face challenges is showing initial signs of recovery.

Jewelry Channel Check:

- Demand for Jewelry was at its peak on Sept-Oct'21 as people purchased raw gold ahead of marriages as prices softened.
- YoY growth was upto 20%, however QoQ Growth rate was only 5--7% among local Jewellers.
- Studded jewelers which was subdued during previous quarters saw pickup in demand during festive season.
- Hallmarking cost at small stores is upto Rs 100/- across categories. Hallmarking time has reduced from 7 days (2 years ago) to 1 day (5-8 hours). In addition to Hallmarking cost, now Transit Insurance cost has also been charged to the product. (Not charged separately in the bill)
- Customer visit at store is still not as precovid level, however conversion Ratio have gone up rapidly after covid.
- Viewing Online & buying offline is inched up, but not significant.

Exhibit 1: Revenue to grow 36% with strong growth across segments

Particulars (Rs m)	Q3FY22E	Q3FY21	YoY gr. (%)	Q2FY22	QoQ gr. (%)	
Sales	99,249	72,870	36.2	71,700	38.4	TTAN to report strong Revenue growth of 36% driven by strong wedding/festive demand. Watches and Eyewear also grew strongly on account of improving walk in and continued growth across E-Com.
EBITDA	13,597	8,580	58.5	9,540	42.5	
Margin (%)	13.7	11.8		13.3		
PBT	12,747	7,650	66.6	8,680	46.9	
Adj. PAT	9,535	5,560	71.5	6,410	48.7	
Jewellery Volume Growth (%)	35.0	(15.0)		101.0		
Jewellery Margins (%)	13.3	11.4		12.6		
Watch Volume Growth (%)	40.0	(26.0)		67.0		
Watch Margins (%)	15.2	10.4		13.4		

Source: Company, PL

Exhibit 2: Watches and Jewelry to witness sharp recovery in FY22

(Rs m)	FY18	FY19	FY20	FY21	FY22E	FY23E	FY24E
Jewellery							
Sales	1,30,231	1,59,881	1,66,983	1,85,877	2,57,999	3,02,191	3,51,443
Growth %	24.3	22.8	4.4	11.3	38.8	17.1	16.3
EBIDTA	15,893	19,996	21,813	18,023	31,743	39,257	47,222
Growth %	41.5	25.8	9.1	(17.4)	76.1	23.7	20.3
EBIDTA Margin %	12.2	12.5	13.1	9.7	12.3	13.0	13.4
Watches							
Sales	20,547	24,409	25,261	15,826	23,264	26,754	30,098
Growth %	2.0	18.8	3.5	(37.4)	47.0	15.0	12.5
EBIDTA	3,083	3,572	3,789	32	3,024	4,147	4,966
Growth %	29.7	15.9	6.1	(99.2)	9,455.0	37.1	19.8
EBIDTA Margin %	15.0	14.6	15.0	0.2	13.0	15.5	16.5

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Net Revenues	2,06,020	2,88,865	3,38,691	3,93,718
YoY gr. (%)	2.9	40.2	17.2	16.2
Cost of Goods Sold	1,57,690	2,13,237	2,38,142	2,86,489
Gross Profit	48,330	75,628	1,00,549	1,07,229
Margin (%)	23.5	26.2	29.7	27.2
Employee Cost	9,110	13,863	16,254	18,896
Other Expenses	-	15,313	26,795	19,498
EBITDA	17,010	33,692	42,429	51,165
YoY gr. (%)	(30.2)	98.1	25.9	20.6
Margin (%)	8.3	11.7	12.5	13.0
Depreciation and Amortization	3,310	3,607	3,996	4,313
EBIT	13,700	30,085	38,433	46,852
Margin (%)	6.6	10.4	11.3	11.9
Net Interest	1,810	1,981	1,961	2,177
Other Income	1,810	2,296	3,180	5,346
Profit Before Tax	13,700	30,400	39,652	50,021
Margin (%)	6.6	10.5	11.7	12.7
Total Tax	3,560	7,652	9,980	12,590
Effective tax rate (%)	26.0	25.2	25.2	25.2
Profit after tax	10,140	22,748	29,672	37,431
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	10,140	22,748	29,672	37,431
YoY gr. (%)	(33.2)	124.3	30.4	26.2
Margin (%)	4.9	7.9	8.8	9.5
Extra Ord. Income / (Exp)	(1,370)	-	-	-
Reported PAT	8,770	22,748	29,672	37,431
YoY gr. (%)	(42.2)	159.4	30.4	26.2
Margin (%)	4.3	7.9	8.8	9.5
Other Comprehensive Income	2,060	-	-	-
Total Comprehensive Income	10,830	22,748	29,672	37,431
Equity Shares O/s (m)	888	888	888	888
EPS (Rs)	11.4	25.6	33.4	42.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
Non-Current Assets				
Gross Block	24,070	26,173	28,277	30,382
Tangibles	22,348	24,448	26,549	28,651
Intangibles	1,722	1,725	1,728	1,731
Acc: Dep / Amortization	13,018	16,313	19,922	23,846
Tangibles	11,848	15,066	18,600	22,450
Intangibles	1,171	1,246	1,321	1,397
Net fixed assets	11,052	9,860	8,355	6,536
Tangibles	10,500	9,381	7,948	6,201
Intangibles	551	479	407	335
Capital Work In Progress	250	276	305	339
Goodwill	-	-	-	-
Non-Current Investments	10,830	11,913	13,104	14,415
Net Deferred tax assets	1,050	289	339	394
Other Non-Current Assets	10,410	10,717	11,034	11,362
Current Assets				
Investments	27,530	31,660	44,323	50,972
Inventories	79,840	1,04,705	1,22,490	1,37,625
Trade receivables	2,908	3,561	4,175	4,853
Cash & Bank Balance	5,118	1,290	7,539	30,813
Other Current Assets	6,710	3,611	4,234	4,921
Total Assets	1,58,598	1,80,925	2,19,095	2,65,586
Equity				
Equity Share Capital	888	888	888	888
Other Equity	74,640	93,745	1,18,977	1,51,082
Total Network	75,528	94,633	1,19,865	1,51,969
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	1,430	2,022	2,370	2,756
Other non current liabilities	9,710	10,681	11,749	12,924
Current Liabilities				
ST Debt / Current of LT Debt	40,940	31,658	36,522	41,601
Trade payables	6,950	7,788	8,758	10,230
Other current liabilities	24,040	34,144	39,829	46,106
Total Equity & Liabilities	1,58,598	1,80,925	2,19,094	2,65,586

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	15,544	30,400	39,652	50,021
Add. Depreciation	3,350	3,607	3,996	4,313
Add. Interest	1,495	1,844	1,981	1,961
Less Financial Other Income	1,810	2,296	3,180	5,346
Add. Other	719	1,693	693	785
Op. profit before WC changes	21,108	37,545	46,322	57,080
Net Changes-WC	203	(21,531)	(23,818)	(10,483)
Direct tax	(3,917)	(7,652)	(9,980)	(12,590)
Net cash from Op. activities	17,395	8,362	12,523	34,007
Capital expenditures	(2,682)	(2,443)	(2,520)	(2,527)
Interest / Dividend Income	-	-	-	-
Others	1,501	(759)	(835)	(918)
Net Cash from Invt. activities	(1,181)	(3,202)	(3,355)	(3,445)
Issue of share cap. / premium	(795)	795	-	-
Debt changes	(6,262)	(3,500)	3,500	-
Dividend paid	(3,551)	(4,439)	(4,439)	(5,327)
Interest paid	(1,495)	(1,844)	(1,981)	(1,961)
Others	-	-	-	-
Net cash from Fin. activities	(12,104)	(8,988)	(2,920)	(7,288)
Net change in cash	4,110	(3,828)	6,249	23,274
Free Cash Flow	14,713	5,919	10,003	31,480

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22E	FY23E	FY24E
Per Share(Rs)				
EPS	11.4	25.6	33.4	42.2
CEPS	15.1	29.7	37.9	47.0
BVPS	85.1	106.6	135.0	171.2
FCF	16.6	6.7	11.3	35.5
DPS	4.0	5.0	5.0	6.0
Return Ratio(%)				
RoCE	13.3	24.8	27.2	26.8
ROIC	10.9	20.3	23.0	25.5
RoE	14.1	26.7	27.7	27.5
Balance Sheet				
Net Debt : Equity (x)	0.1	0.0	(0.1)	(0.3)
Net Working Capital (Days)	134	127	127	123
Valuation(x)				
PER	227.3	101.3	77.7	61.6
P/B	30.5	24.4	19.2	15.2
P/CEPS	171.3	87.4	68.5	55.2
EV/EBITDA	136.0	68.4	54.0	44.3
EV/Sales	11.2	8.0	6.8	5.8
Dividend Yield (%)	0.2	0.2	0.2	0.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY21	Q1FY22	Q2FY22	Q3FY22E
Net Revenue	71,350	32,490	71,700	99,249
YoY gr. (%)	61.1	74.5	66.0	36.2
Raw Material Expenses	56,110	25,590	54,250	78,355
Gross Profit	15,240	6,900	17,450	20,894
Margin (%)	21.4	21.2	24.3	21.1
EBITDA	7,950	1,440	9,540	13,597
YoY gr. (%)	31.7	(158.5)	224.5	58.5
Margin (%)	11.1	4.4	13.3	13.7
Depreciation / Depletion	820	830	910	950
EBIT	7,130	610	8,630	12,647
Margin (%)	10.0	1.9	12.0	12.7
Net Interest	450	440	450	500
Other Income	340	650	500	600
Profit before Tax	7,020	820	8,680	12,747
Margin (%)	9.8	2.5	12.1	12.8
Total Tax	1,730	210	2,270	3,212
Effective tax rate (%)	24.6	25.6	26.2	25.2
Profit after Tax	5,290	610	6,410	9,535
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,290	610	6,410	9,535
YoY gr. (%)	48.3	(122.6)	222.1	71.5
Margin (%)	7.4	1.9	8.9	9.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,290	610	6,410	9,535
YoY gr. (%)	48.3	(122.6)	222.1	127.6
Margin (%)	7.4	1.9	8.9	9.6
Other Comprehensive Income	370	260	(500)	-
Total Comprehensive Income	5,660	870	5,910	9,535
Avg. Shares O/s (m)	888	890	888	-
EPS (Rs)	6.0	0.7	7.2	-

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jan-22	BUY	2,651	2,576
2	27-Oct-21	BUY	2,651	2,460
3	06-Oct-21	BUY	2,554	2,148
4	06-Oct-21	BUY	2,554	2,148
5	04-Aug-21	Accumulate	1,916	1,800
6	07-Jul-21	Accumulate	1,869	1,763
7	05-Jul-21	Accumulate	1,663	1,755
8	29-Apr-21	Accumulate	1,663	1,507
9	07-Apr-21	Accumulate	1,663	1,518
10	07-Apr-21	Accumulate	1,663	1,518

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	BUY	3,675	3,527
2	Avenue Supermarts	Accumulate	5,364	4,687
3	Bajaj Electricals	Accumulate	1,230	1,092
4	Britannia Industries	Accumulate	4,093	3,660
5	Burger King India	BUY	242	140
6	Colgate Palmolive	Accumulate	1,852	1,466
7	Crompton Greaves Consumer Electricals	BUY	530	451
8	Dabur India	Accumulate	647	583
9	Emami	Accumulate	624	511
10	Havells India	Accumulate	1,400	1,286
11	Hindustan Unilever	Accumulate	2,930	2,416
12	ITC	BUY	270	221
13	Jubilant FoodWorks	Accumulate	4,109	3,638
14	Kansai Nerolac Paints	BUY	707	596
15	Marico	Hold	544	501
16	Mold-tek Packaging	UR	725	821
17	Nestle India	Accumulate	18,723	19,936
18	Pidilite Industries	Hold	2,491	2,638
19	Titan Company	BUY	2,651	2,576
20	Voltas	Hold	1,200	1,245
21	Westlife Development	Accumulate	603	542

PL's Recommendation Nomenclature (Absolute Performance)

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



ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amnish Aggarwal- MBA, CFA, Mr. Paarth Gala- B.Com, Ms. Aashi Rara- CA, B.Com Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

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

DISCLAIMER

Indian Clients

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

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

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

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

Prabhudas Lilladher Pvt. Ltd.

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

www.plindia.com