

January 19, 2023

Q3FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	HOLD		BUY	
Target Price	240		250	
Sales (Rs. m)	33,895	38,335	35,359	40,030
% Chng.	(4.1)	(4.2)		
EBITDA (Rs. m)	3,869	4,482	4,022	4,706
% Chng.	(3.8)	(4.8)		
EPS (Rs.)	11.1	13.1	11.7	13.8
% Chng.	(5.2)	(4.7)		

Key Financials - Consolidated

Y/e Mar	FY22	FY23E	FY24E	FY25E
Sales (Rs. m)	26,039	29,835	33,895	38,335
EBITDA (Rs. m)	2,741	3,034	3,869	4,482
Margin (%)	10.5	10.2	11.4	11.7
PAT (Rs. m)	1,642	1,584	2,150	2,556
EPS (Rs.)	8.4	8.1	11.1	13.1
Gr. (%)	(25.1)	(3.5)	35.7	18.9
DPS (Rs.)	3.0	3.5	4.0	4.5
Yield (%)	1.3	1.6	1.8	2.0
RoE (%)	10.0	9.1	11.7	13.0
RoCE (%)	11.8	11.9	14.9	16.5
EV/Sales (x)	1.6	1.4	1.2	1.1
EV/EBITDA (x)	15.1	13.7	10.6	9.0
PE (x)	26.5	27.5	20.3	17.0
P/BV (x)	2.6	2.5	2.3	2.1

Key Data

RALL.BO | RALI IN

52-W High / Low	Rs.299 / Rs.183
Sensex / Nifty	60,858 / 18,108
Market Cap	Rs.44bn/ \$ 535m
Shares Outstanding	194m
3M Avg. Daily Value	Rs.154.09m

Shareholding Pattern (%)

Promoter's	50.09
Foreign	6.01
Domestic Institution	15.27
Public & Others	28.63
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(11.7)	7.4	(24.2)
Relative	(10.3)	(3.3)	(25.1)

Himanshu Binani

himanshubinani@plindia.com | 91-22-66322232

Dismal performance; Miss on all fronts

Quick Pointers:

- Domestic business grew 8%YoY, while exports business declined 7%YoY.
- Seed revenues down 14% YoY to Rs240mn.

We trim our EPS estimates by 7%/5%/5% for FY23E/24E/25E citing slower revenue growth & margin pressure and downgrade to 'HOLD' from BUY with revised TP of Rs240 from Rs250 earlier based on 18xFY25 EPS (due to limited upside from the CMP).

Rallis India (RALI) 3QFY23 results were below of our and consensus expectations, primarily led by subdued growth across business segments. Domestic crop protection (CP) revenue grew 8% YoY (largely led by price growth) resulting in overall crop care segment growth of 1% YoY. The company launched 3 new products under 9(3) and 9(4) category in 9MFY23. Export revenues were down by 7% YoY, due to higher inventory build-up resulting in lower volumes. While, in CRAMS business- PEKK is expected to revive by FY23 end. Seed revenues were down 14% YoY to Rs240mn. Gross margins contracted by 80bps YoY coupled with higher opex (including one-off of Rs40mn towards provisions for retrospective rent demand by MBPA) resulting into EBITDA margin contraction of 220bps YoY to 8.5%. We expect Revenue/PAT CAGR of 14%/16% over FY22-FY25E, led by domestic market share gains and export ramp-up. Downgrade to 'Hold'.

- Domestic CP business grew 8% YoY; volumes remained muted:** Domestic CP segment grew by 8% YoY largely led by growth in prices, though volumes remained muted at low single digit. RALI launched one 9(3) product, a pre-emergent herbicide - Daksh Plus (Pendimethalin + Metribuzin) for Wheat crop. However, growth was restricted in domestic market due to erratic monsoon resulting in higher sales return from states like West Bengal and Chhattisgarh. Inventory levels moderated by end of 3QFY23, led by higher sales return during the quarter.
- Exports- High inventory and low demand dragged overall performance:** Exports business declined by 7% YoY in 3QFY23 primarily led by lower volumes due to higher inventory build-up at customers end coupled with pressure on the realizations due to slower demand of their key products. Management indicated that pricing pressure persist for Acephate in Brazil, while pressure continues for Hexaconazole in South East Asian markets. Management alluded that Metribuzin has witnessed gradual pick-up in revenues on YoY basis, largely led by normalization of inventories in global market. Going forward, focus on increasing sales of branded formulations (in Southeast Asia & Africa) will be a key focus area. Company has filed several applications or dozier registrations in Asia & engaged in business development discussions in US & Turkey.

Other Key highlights

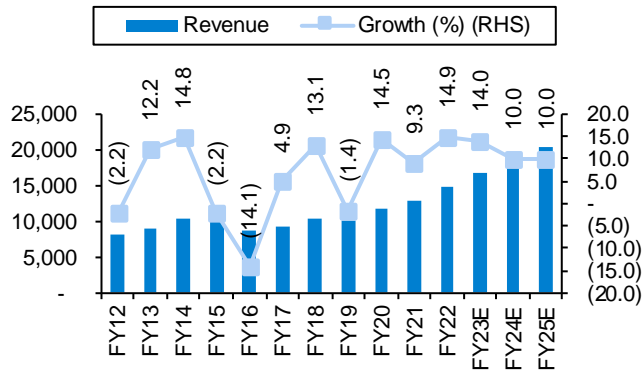
- **CRAMS business- PEKK shipments to start from 4QFY23:** In CRAMS business, PEKK shipments are expected to commence from Q4FY23 citing revival in aviation industry. Management cited that it would take at least 6-9 months for plants to run at decent capacity utilization. RALI has three small contracts signed up in CRAMS business, while they also have several projects, which are at the various laboratory and pilot stages.
- **Seeds business- Higher marketing spends to widen segment's EBITDA loss:** Seeds revenues were down 14% YoY during 3QFY23 largely led by lower volumes. EBITDA loss stood at Rs180mn as against Rs110mn in the same quarter led by higher marketing spends for upcoming kharif season. Management mentioned that major placement for seeds business happens in kharif season and indicated muted business for rest of the year. Higher provisions may be taken in subsequent quarters.
- **Crop Nutrition business- Up 22% YoY in 3QFY23:** Crop Nutrition business continues to outperform after registering a growth of 22% YoY in Q3FY23. RALI launched 2 new products- Rallizin and Paclo amongst the crop nutrition business in 9MFY23; both products are well received by customers. Biologicals, Micro Nutrients and Soil moisture products are also gaining good traction.
- **Working Capital- Remains stretched but likely to normalize by Q4:** RALI's working capital requirement rose significantly during the quarter led by slower collection in both domestic and export markets. Receivable days largely increased because of 1) moderation of payment scheme in domestic market and 2) no discounting of receivables for international customers. With reduction in inventories and improvement in market receivables, RALI expects working capital to normalize by FY23 end.
- **Capex Guidance- Revised downward due to unavailability of materials:** RALI has revised its capex guidance downward to Rs2.0bn for FY23E (earlier Rs2.5bn), citing unavailability of materials, resulting into slower activities at the site. The capex of Rs2.0bn is largely towards setting up of MPP at Dahej.

Exhibit 1: 3QFY23 Result Overview (Rs mn)

Y/e March	3QFY23	3QFY22	YoY gr. (%)	2QFY23	QoQ gr. (%)	9MFY23	9MFY22	YoY gr. (%)	FY23E	FY22	YoY gr. (%)
Revenues	6,304	6,281	0.4	9,512	(33.7)	24,444	20,964	16.6	29,835	26,039	14.6
Raw material	3,821	3,755	1.8	6,249	(38.9)	15,605	12,925	20.7	18,893	16,236	16.4
Staff costs	645	623	3.6	645	0.0	1,950	1,839	6.0	2,583	2,391	8.0
Others	1,305	1,229	6.1	1,442	(9.5)	4,053	3,430	18.1	5,326	4,672	14.0
Total expenditure	5,771	5,607	2.9	8,336	(30.8)	21,608	18,195	18.8	26,802	23,299	15.0
EBITDA	533	674	(20.9)	1,176	(54.7)	2,836	2,769	2.4	3,034	2,741	10.7
Depreciation	220	184	19.6	220	0.0	687	547	25.8	902	743	21.5
EBIT	313	490	(36.1)	956	(67.3)	2,149	2,223	(3.3)	2,131	1,997	6.7
Interest	34	14	142.1	23	50.7	73	36	105.3	95	48	98.3
Add: Other income	21	55	(62.1)	21	0.0	82	200	(59.0)	110	275	(60.0)
Profit Before Tax	300	531	(43.5)	954	(68.6)	2,157	2,387	(9.6)	2,146	2,224	(3.5)
Less: Provision for Tax	74	135	(45.1)	244	(69.5)	553	603	(8.4)	562	582	(3.4)
Less: Minority Interest	-	-	NA	-	NA	-	-	NA	-	-	-
Adjusted Profit	225	396	(43.0)	710	(68.3)	1,605	1,784	(10.0)	1,584	1,642	(3.5)
Add: Exceptional items (net of tax)	-	-	NA	-	NA	6	-	NA	-	-	-
Reported Profit	225	396	(43.0)	710	(68.3)	1,611	1,784	(9.7)	1,584	1,642	(3.5)
No. of shares (mn)	195	195		195		195	195		195	195	
Adjusted Diluted EPS	1.2	2.0	(43.0)	3.7	(68.3)	8.2	9.2	(10.0)	8.1	8.4	(3.5)
As % of net revenues											
Raw material	60.6	59.8		65.7		63.8	61.7		63.3	62.4	
Staff expenses	10.2	9.9		6.8		8.0	8.8		8.7	9.2	
Other expenses	20.7	19.6		15.2		16.6	16.4		17.9	17.9	
EBITDA	8.5	10.7		12.4		11.6	13.2		10.2	10.5	
Net profit	3.6	6.3		7.5		6.6	8.5		5.3	6.3	

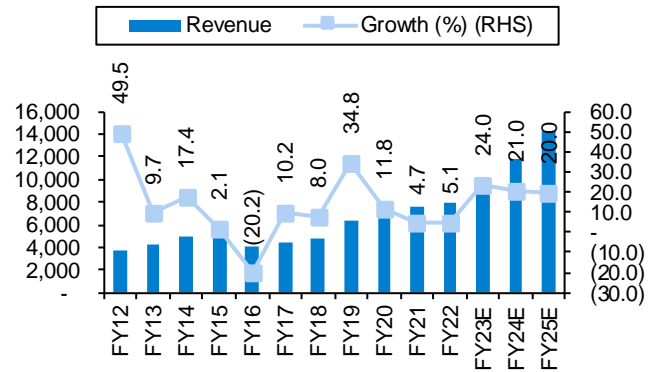
Source: Company, PL

Exhibit 2: New product launches to aid in domestic growth



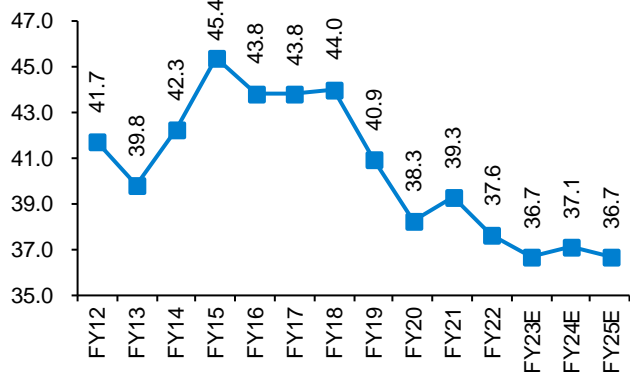
Source: Company, PL

Exhibit 3: Favorable base impact in Int'l business (Rs mn)



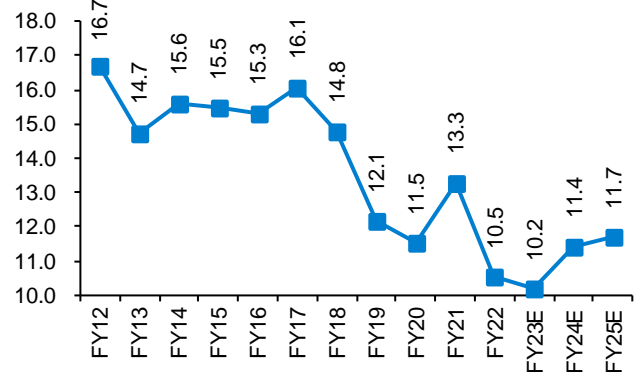
Source: Company, PL

Exhibit 4: Gross margin likely to be under pressure... (%)



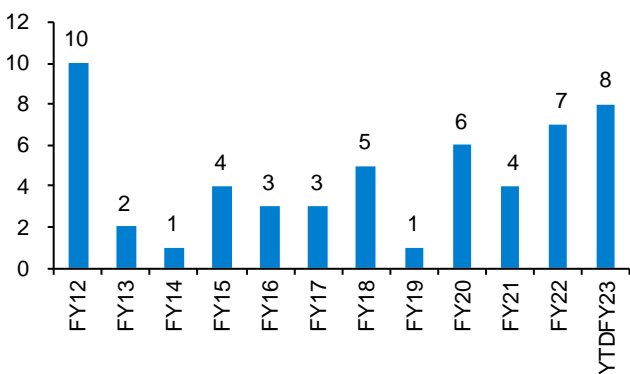
Source: Company, PL

Exhibit 5: ...resulting in subdued EBITDA margin (%)



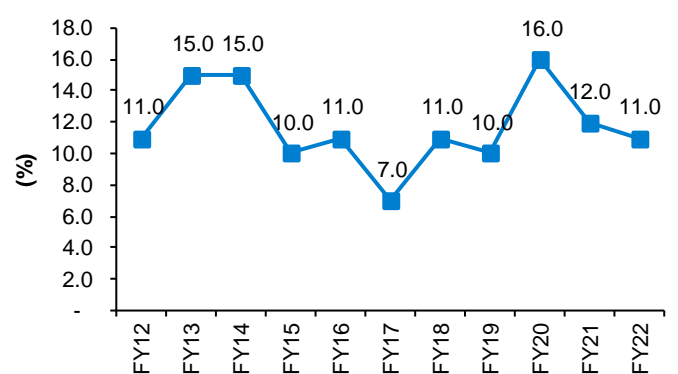
Source: Company, PL

Exhibit 6: Consistently banging on new products



Source: Company, PL

Exhibit 7: ITI momentum gradually picking up



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
Net Revenues	26,039	29,835	33,895	38,335
YoY gr. (%)	7.2	14.6	13.6	13.1
Cost of Goods Sold	16,236	18,893	21,327	24,285
Gross Profit	9,804	29,835	33,895	38,335
Margin (%)	37.6	100.0	100.0	100.0
Employee Cost	2,391	2,583	2,841	3,125
Other Expenses	4,672	5,326	5,858	6,444
EBITDA	2,741	3,034	3,869	4,482
YoY gr. (%)	(15.1)	10.7	27.5	15.8
Margin (%)	10.5	10.2	11.4	11.7
Depreciation and Amortization	743	902	1,056	1,138
EBIT	1,997	2,131	2,813	3,344
Margin (%)	7.7	7.1	8.3	8.7
Net Interest	48	95	60	60
Other Income	275	110	121	133
Profit Before Tax	2,224	2,146	2,874	3,417
Margin (%)	8.5	7.2	8.5	8.9
Total Tax	582	562	724	861
Effective tax rate (%)	26.2	26.2	25.2	25.2
Profit after tax	1,642	1,584	2,150	2,556
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,642	1,584	2,150	2,556
YoY gr. (%)	(25.1)	(3.5)	35.7	18.9
Margin (%)	6.3	5.3	6.3	6.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,642	1,584	2,150	2,556
YoY gr. (%)	(28.2)	(3.5)	35.7	18.9
Margin (%)	6.3	5.3	6.3	6.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,642	1,584	2,150	2,556
Equity Shares O/s (m)	195	195	195	195
EPS (Rs)	8.4	8.1	11.1	13.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
Non-Current Assets				
Gross Block	9,875	11,875	12,875	13,875
Tangibles	9,875	11,875	12,875	13,875
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,451	4,353	5,409	6,547
Tangibles	3,451	4,353	5,409	6,547
Intangibles	-	-	-	-
Net fixed assets	6,424	7,522	7,466	7,328
Tangibles	6,424	7,522	7,466	7,328
Intangibles	-	-	-	-
Capital Work In Progress	667	667	667	667
Goodwill	1,958	1,958	1,958	1,958
Non-Current Investments	32	32	32	32
Net Deferred tax assets	(213)	(213)	(213)	(213)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	2,087	2,087	2,087	2,087
Inventories	9,380	9,576	10,809	12,309
Trade receivables	4,459	5,109	5,805	6,565
Cash & Bank Balance	631	578	981	1,631
Other Current Assets	1,340	1,474	1,621	1,783
Total Assets	28,580	30,780	33,399	36,570
Equity				
Equity Share Capital	195	195	195	195
Other Equity	16,772	17,537	18,750	20,252
Total Networkth	16,967	17,731	18,944	20,446
Non-Current Liabilities				
Long Term borrowings	38	38	38	38
Provisions	806	806	806	806
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	542	542	542	542
Trade payables	7,525	8,282	9,349	10,645
Other current liabilities	2,489	3,168	3,508	3,880
Total Equity & Liabilities	28,580	30,780	33,399	36,570

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
PBT	2,224	2,146	2,874	3,417
Add. Depreciation	743	902	1,056	1,138
Add. Interest	48	95	60	60
Less Financial Other Income	275	110	121	133
Add. Other	80	(110)	(121)	(133)
Op. profit before WC changes	3,095	3,034	3,869	4,482
Net Changes-WC	(750)	279	(865)	(990)
Direct tax	(688)	(562)	(724)	(861)
Net cash from Op. activities	1,658	2,751	2,280	2,631
Capital expenditures	(1,773)	(2,000)	(1,000)	(1,000)
Interest / Dividend Income	-	-	-	-
Others	731	110	121	133
Net Cash from Inv. activities	(1,042)	(1,890)	(879)	(867)
Issue of share cap. / premium	-	-	-	-
Debt changes	(13)	(95)	(60)	(60)
Dividend paid	(585)	(819)	(937)	(1,054)
Interest paid	-	-	-	-
Others	(17)	-	-	-
Net cash from Fin. activities	(614)	(914)	(997)	(1,114)
Net change in cash	2	(54)	404	650
Free Cash Flow	141	751	1,280	1,631

Source: Company Data, PL Research

Key Financial Metrics

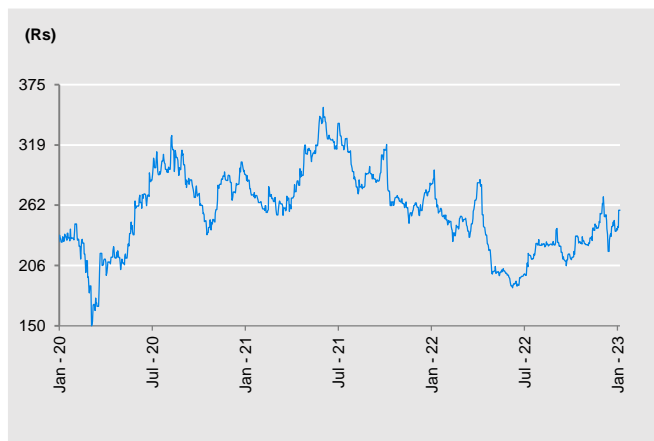
Y/e Mar	FY22	FY23E	FY24E	FY25E
Per Share(Rs)				
EPS	8.4	8.1	11.1	13.1
CEPS	12.3	12.8	16.5	19.0
BVPS	87.2	91.2	97.4	105.1
FCF	0.7	3.9	6.6	8.4
DPS	3.0	3.5	4.0	4.5
Return Ratio(%)				
RoCE	11.8	11.9	14.9	16.5
ROIC	10.4	10.3	13.3	15.1
RoE	10.0	9.1	11.7	13.0
Balance Sheet				
Net Debt : Equity (x)	(0.1)	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	89	78	78	78
Valuation(x)				
PER	26.5	27.5	20.3	17.0
P/B	2.6	2.5	2.3	2.1
P/CEPS	18.3	17.5	13.6	11.8
EV/EBITDA	15.1	13.7	10.6	9.0
EV/Sales	1.6	1.4	1.2	1.1
Dividend Yield (%)	1.3	1.6	1.8	2.0

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Net Revenue	5,075	8,628	9,512	6,304
YoY gr. (%)	7.7	16.5	30.7	0.4
Raw Material Expenses	3,311	5,535	6,249	3,821
Gross Profit	1,765	3,092	3,263	2,483
Margin (%)	34.8	35.8	34.3	39.4
EBITDA	(28)	1,127	1,176	533
YoY gr. (%)	(116.0)	(7.3)	33.7	(20.9)
Margin (%)	(0.6)	13.1	12.4	8.5
Depreciation / Depletion	197	247	220	220
EBIT	(225)	880	956	313
Margin (%)	(4.4)	10.2	10.0	5.0
Net Interest	12	17	23	34
Other Income	75	40	21	21
Profit before Tax	(162)	903	954	300
Margin (%)	(3.2)	10.5	10.0	4.8
Total Tax	(21)	235	244	74
Effective tax rate (%)	12.9	26.0	25.5	24.8
Profit after Tax	(142)	668	710	225
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	(142)	668	710	225
YoY gr. (%)	(320.3)	(18.8)	25.8	(43.0)
Margin (%)	(2.8)	7.7	7.5	3.6
Extra Ord. Income / (Exp)	-	6	-	-
Reported PAT	(142)	675	710	225
YoY gr. (%)	(274.8)	(18.1)	25.8	(43.0)
Margin (%)	(2.8)	7.8	7.5	3.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	(142)	675	710	225
Avg. Shares O/s (m)	195	195	195	195
EPS (Rs)	(0.7)	3.4	3.7	1.2

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Jan-23	BUY	250	245
2	21-Oct-22	BUY	250	226
3	04-Oct-22	BUY	250	206
4	22-Sep-22	BUY	250	224
5	21-Jul-22	BUY	230	205
6	04-Jul-22	BUY	230	189
7	29-Jun-22	BUY	230	187
8	23-Apr-22	Hold	260	254
9	08-Apr-22	Hold	280	263
10	20-Jan-22	Hold	280	277

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	Accumulate	5,630	4,800
2	Chambal Fertilizers & Chemicals	BUY	410	317
3	Coromandel International	BUY	1,200	903
4	Dhanuka Agritech	BUY	940	700
5	Godrej Agrovet	Accumulate	570	472
6	Insecticides India	Hold	700	715
7	P.I. Industries	BUY	4,350	3,328
8	Rallis India	BUY	250	245
9	Sharda Cropchem	BUY	660	486
10	Sumitomo Chemical India	BUY	610	490
11	UPL	BUY	1,070	720

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. Himanshu Binani- 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. Himanshu Binani- 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