

May 31, 2023

Q4FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	HOLD		HOLD	
Target Price	679		672	
Sales (Rs. m)	40,571	43,690	39,062	41,945
% Chng.	3.9	4.2		
EBITDA (Rs. m)	15,125	16,319	15,104	16,394
% Chng.	0.1	(0.5)		
EPS (Rs.)	14.5	15.6	14.3	15.5
% Chng.	1.7	0.8		

Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	18,786	35,415	40,571	43,690
EBITDA (Rs. m)	8,735	12,762	15,125	16,319
Margin (%)	46.5	36.0	37.3	37.4
PAT (Rs. m)	6,636	9,787	11,631	12,502
EPS (Rs.)	8.3	12.2	14.5	15.6
Gr. (%)	(10.8)	47.5	18.8	7.5
DPS (Rs.)	3.5	5.5	5.8	6.3
Yield (%)	0.5	0.9	0.9	1.0
RoE (%)	39.7	44.9	41.1	35.2
RoCE (%)	49.4	56.0	51.3	43.9
EV/Sales (x)	26.5	14.0	12.1	11.1
EV/EBITDA (x)	57.0	38.8	32.5	29.6
PE (x)	77.6	52.6	44.3	41.2
P/BV (x)	27.3	20.8	16.2	13.1

Key Data

INIR.BO | IRCTC IN

52-W High / Low	Rs.775 / Rs.557
Sensex / Nifty	62,969 / 18,634
Market Cap	Rs.515bn/ \$ 6,226m
Shares Outstanding	800m
3M Avg. Daily Value	Rs.738.81m

Shareholding Pattern (%)

Promoter's	62.40
Foreign	6.53
Domestic Institution	10.06
Public & Others	21.01
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	4.2	(12.6)	(7.4)
Relative	1.1	(12.4)	(17.7)

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Stuti Beria

stutiberia@plindia.com | 91-22-66322246

Tourism business on strong footing

Quick Pointers:

- In 4QFY23, ~104mn tickets were booked yielding convenience fee revenue of ~Rs1,970mn.

While we increase our FY24E/FY25E revenue estimates by ~4% odd as we tweak our tourism segment projections to incorporate benefits of Bharat Gaurav initiative, our EPS estimates broadly remain intact given it is a relatively low margin business. Indian Railway Catering & Tourism Corporation's (IRCTC IN) results were broadly in-line with revenues of Rs9,650mn (PLe Rs9,442mn) and EBITDA margin of 33.6% (PLe 36.0%). We expect sales/PAT CAGR of 11%/13% over FY23-FY25E given 1) traction in non-convenience revenue 2) rail neer expansion and 3) Bharat Gaurav initiative. IRCTC trades at 44x/41x to our FY24E/FY25E EPS estimates and we believe current valuations are fair in absence of meaningful growth levers. Consequently, we maintain our 'HOLD' rating on the stock with a TP of Rs679 (45x Sep-24 EPS of Rs15.1). We have changed our valuation methodology (earlier DCF) considering sufficient trading history to benchmark and our target P/E multiple is broadly in-line with past average (refer exhibit 3 for more details).

Revenue increases 39.7% YoY: Revenues increased 39.7% YoY to Rs9,650mn (PLe of Rs9,442mn). Revenues from State Teertha/Catering/Rail Neer/Tourism/Internet Ticketing increased 153.5% YoY/48.7% YoY/34.4% YoY/155.4% YoY/0.8%YoY to Rs654mn/Rs3,958mn/Rs734mn/Rs1,385mn/Rs2,951mn respectively.

EBITDA/adjusted PAT jumps 16.5%/16.1% YoY respectively: EBITDA increased 16.5% YoY to Rs3,246mn (PLe Rs3,402mn) with a margin of 33.6% (PLe of 36.0%) as against 40.3% in 4QFY22. After adjusting for exceptional items of Rs258mn relating to excess provision written back over 1) performance related pay, 2) maintenance charges for internet ticketing, and 3) other expenses, PAT increased by 16.1% YoY to Rs2,530mn (PLe of Rs2,586mn).

Con-call highlights: 1) Online ticketing penetration is ~82%. 2) Roughly, 430mn tickets were booked in FY23. 3) Revenue from I-Pay was Rs673mn in FY23. 4) Share of UPI bookings stood at 33% in FY23. 5) Catering reach is ~492/675 trains via pantry cars/TSV respectively, and 300 contracts are in pipeline. 6) Steady state margin in catering business is ~10-12%. 7) Receivable days will soon decline as IR's will pay IRCTC 68.5% of billed revenue the following day. 8) Capacity utilization of Rail Neer plants was ~73% in FY23. 9) The daily production capacity of Rail Neer will increase from 15.2 lac litres in FY23 to 17 lac litres in FY24E and 18.5 lac litres in FY25E. 10) In FY24E, Bharat Gaurav trains can earn Rs2,500mn in revenue with a margin of ~10%. 11) Revenue from Maharaja Express was Rs554mn in FY23. 12) Ticketing mix is as follows: Sleeper class/2S/3rdAC/2ndAC at 42.8%/12.5%/28.3%/6.9% respectively.13) Revenue/opex of Tejas Express was Rs1,550mn/Rs1,300mn during FY23.



Exhibit 1: Q4FY23 Result Overview (Rs mn)

Y/e March	4QFY23	4QFY22	YoY gr.	3QFY23	QoQ gr.	FY23	FY22	YoY gr.
Net sales	9,650	6,910	39.7%	9,181	5.1%	35,415	18,786	88.5%
Total raw material cost	482	393	22.8%	527	-8.5%	1,950	1,055	84.9%
<i>As a % of sales</i>	<i>5.0%</i>	<i>5.7%</i>		<i>5.7%</i>		<i>5.5%</i>	<i>5.6%</i>	
Expenses of catering	2,830	1,747	62.0%	2,839	-0.3%	10,729	2,833	278.7%
<i>As a % of sales</i>	<i>29.3%</i>	<i>25.3%</i>		<i>30.9%</i>		<i>30.3%</i>	<i>15.1%</i>	
Expenses of tourism	1,533	674	127.4%	1,123	36.5%	4,424	1,657	166.9%
<i>As a % of sales</i>	<i>15.9%</i>	<i>9.8%</i>		<i>12.2%</i>		<i>12.5%</i>	<i>8.8%</i>	
Manufacturing & direct expenses	380	296	28.2%	377	0.8%	1,467	984	49.1%
<i>As a % of sales</i>	<i>3.9%</i>	<i>4.3%</i>		<i>4.1%</i>		<i>4.1%</i>	<i>5.2%</i>	
Employee expenses	561	555	1.0%	677	-17.2%	2,455	2,405	2.1%
<i>As a % of sales</i>	<i>5.8%</i>	<i>8.0%</i>		<i>7.4%</i>		<i>6.9%</i>	<i>12.8%</i>	
Other expenses	618	458	34.9%	380	62.8%	1,627	1,116	45.8%
<i>As a % of sales</i>	<i>6.4%</i>	<i>6.6%</i>		<i>4.1%</i>		<i>4.6%</i>	<i>5.9%</i>	
EBITDA	3,246	2,785	16.5%	3,258	-0.4%	12,762	8,735	46.1%
<i>EBITDA margin</i>	<i>33.6%</i>	<i>40.3%</i>		<i>35.5%</i>		<i>36.0%</i>	<i>46.5%</i>	
Depreciation	112	142	-20.9%	104	8.1%	537	490	9.7%
EBIT	3,134	2,644	18.6%	3,154	-0.6%	12,225	8,245	48.3%
<i>EBIT margin</i>	<i>32.5%</i>	<i>38.3%</i>		<i>34.4%</i>		<i>34.5%</i>	<i>43.9%</i>	
Interest cost	39	30	31.0%	49	-20.4%	161	111	45.8%
Other income	393	258	52.0%	308	27.7%	1,204	759	58.7%
PBT	3,488	2,872	21.4%	3,413	2.2%	13,268	8,894	49.2%
Exceptional items	258	(40)	NM	14	1810.2%	272	(40)	NM
Tax expenses	958	694	38.0%	871	10.0%	3,481	2,258	54.2%
<i>Tax rate</i>	<i>25.6%</i>	<i>24.5%</i>		<i>25.4%</i>		<i>25.7%</i>	<i>25.5%</i>	
PAT	2,788	2,138	30.4%	2,555	9.1%	10,059	6,596	52.5%
<i>PAT margin</i>	<i>28.9%</i>	<i>30.9%</i>		<i>27.8%</i>		<i>28.4%</i>	<i>35.1%</i>	
EPS (Rs)	3.5	2.7	30.4%	3.2	9.1%	12.6	8.2	52.5%
Adj. PAT	2,530	2,178	16.1%	2,542	-0.5%	9,787	6,636	47.5%

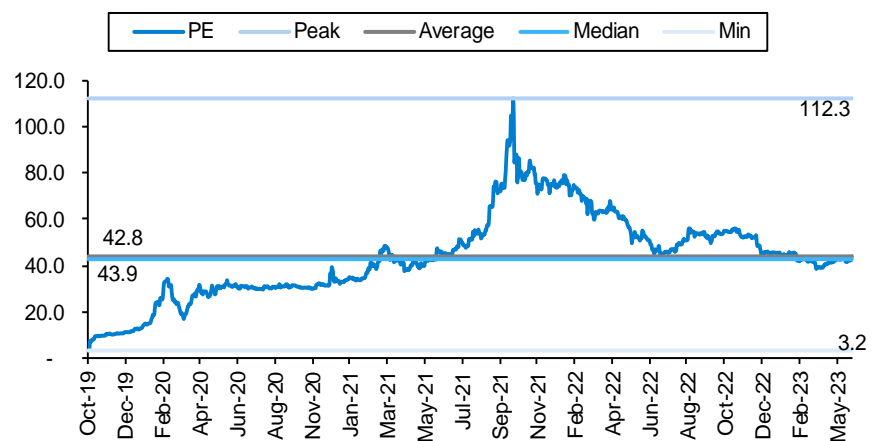
Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	4QFY23	4QFY22	YoY gr.	3QFY23	QoQ gr.
Catering					
Revenue	3,958	2,662	48.7%	3,941	0.4%
<i>As a % of sales</i>	<i>40.9%</i>	<i>38.4%</i>		<i>42.8%</i>	
EBIT	480	251	91.3%	423	13.6%
<i>EBIT margin</i>	<i>12.1%</i>	<i>9.4%</i>		<i>10.7%</i>	
Internet ticketing					
Revenue	2,951	2,928	0.8%	3,010	-2.0%
<i>As a % of sales</i>	<i>30.5%</i>	<i>42.2%</i>		<i>32.6%</i>	
EBIT	2,599	2,678	-2.9%	2,533	2.6%
<i>EBIT margin</i>	<i>88.1%</i>	<i>91.5%</i>		<i>84.2%</i>	
Tourism					
Revenue	1,385	542	155.4%	1,223	13.3%
<i>As a % of sales</i>	<i>14.3%</i>	<i>7.8%</i>		<i>13.3%</i>	
EBIT	136	(24)	NM	119	13.9%
<i>EBIT margin</i>	<i>9.8%</i>	<i>NM</i>		<i>9.7%</i>	
State Teertha					
Revenue	654	258	153.5%	255	156.7%
<i>As a % of sales</i>	<i>6.8%</i>	<i>3.7%</i>		<i>2.8%</i>	
EBIT	140	24	482.5%	40	245.8%
<i>EBIT margin</i>	<i>21.3%</i>	<i>9.3%</i>		<i>15.8%</i>	
Rail Neer					
Revenue	734	546	34.4%	790	-7.1%
<i>As a % of sales</i>	<i>7.6%</i>	<i>7.9%</i>		<i>8.6%</i>	
EBIT	130	(243)	NM	88	47.1%
<i>EBIT margin</i>	<i>17.7%</i>	<i>NM</i>		<i>11.2%</i>	
Total revenues	9,683	6,937	39.6%	9,219	5.0%

Source: Company, PL

Exhibit 3: One year forward Price / Earnings



Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Revenues	18,786	35,415	40,571	43,690
YoY gr. (%)	141.9	88.5	14.6	7.7
Cost of Goods Sold	1,055	1,950	2,422	2,631
Gross Profit	17,731	33,464	38,149	41,059
Margin (%)	94.4	94.5	94.0	94.0
Employee Cost	2,405	2,455	2,637	2,840
Other Expenses	1,116	1,627	1,785	1,835
EBITDA	8,735	12,762	15,125	16,319
YoY gr. (%)	362.2	46.1	18.5	7.9
Margin (%)	46.5	36.0	37.3	37.4
Depreciation and Amortization	490	537	618	728
EBIT	8,245	12,225	14,507	15,591
Margin (%)	43.9	34.5	35.8	35.7
Net Interest	111	161	195	210
Other Income	759	1,204	1,300	1,400
Profit Before Tax	8,854	13,540	15,612	16,781
Margin (%)	47.1	38.2	38.5	38.4
Total Tax	2,258	3,481	3,981	4,279
Effective tax rate (%)	25.5	25.7	25.5	25.5
Profit after tax	6,596	10,059	11,631	12,502
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	6,636	9,787	11,631	12,502
YoY gr. (%)	345.8	47.5	18.8	7.5
Margin (%)	35.3	27.6	28.7	28.6
Extra Ord. Income / (Exp)	(40)	272	-	-
Reported PAT	6,596	10,059	11,631	12,502
YoY gr. (%)	252.7	52.5	15.6	7.5
Margin (%)	35.1	28.4	28.7	28.6
Other Comprehensive Income	44	22	-	-
Total Comprehensive Income	6,639	10,081	11,631	12,502
Equity Shares O/s (m)	800	800	800	800
EPS (Rs)	8.3	12.2	14.5	15.6

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Non-Current Assets				
Gross Block	5,367	6,063	7,163	8,263
Tangibles	5,235	5,957	7,057	8,157
Intangibles	132	106	106	106
Acc: Dep / Amortization	2,283	2,820	3,438	4,167
Tangibles	2,204	2,741	3,360	4,088
Intangibles	79	79	79	79
Net fixed assets	3,085	3,243	3,725	4,097
Tangibles	3,031	3,216	3,698	4,069
Intangibles	54	27	27	27
Capital Work In Progress	262	338	338	338
Goodwill	-	-	-	-
Non-Current Investments	273	267	267	267
Net Deferred tax assets	947	1,305	1,327	1,342
Other Non-Current Assets	495	2,207	1,420	1,311
Current Assets				
Investments	-	-	-	-
Inventories	79	96	222	239
Trade receivables	5,726	11,429	12,783	13,167
Cash & Bank Balance	17,316	19,337	23,786	31,819
Other Current Assets	9,159	10,576	10,518	10,720
Total Assets	38,372	50,888	56,334	65,266
Equity				
Equity Share Capital	1,600	1,600	1,600	1,600
Other Equity	17,239	23,184	30,163	37,664
Total Network	18,839	24,784	31,763	39,264
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	544	1,054	811	655
Other non current liabilities	70	167	122	131
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	6,786	8,522	9,448	10,174
Other current liabilities	11,060	15,392	13,108	13,878
Total Equity & Liabilities	38,372	50,888	56,334	65,266

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	8,895	13,540	15,612	16,781
Add. Depreciation	490	537	618	728
Add. Interest	-	-	-	-
Less Financial Other Income	759	1,204	1,300	1,400
Add. Other	(600)	(776)	-	-
Op. profit before WC changes	8,785	13,301	16,231	17,509
Net Changes-WC	(760)	(910)	(2,048)	903
Direct tax	(2,787)	(4,290)	(3,981)	(4,279)
Net cash from Op. activities	5,237	8,101	10,202	14,133
Capital expenditures	(213)	(674)	(1,100)	(1,100)
Interest / Dividend Income	547	625	-	-
Others	(2,758)	(3,102)	-	-
Net Cash from Inv. activities	(2,424)	(3,151)	(1,100)	(1,100)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(2,400)	(4,000)	(4,652)	(5,001)
Interest paid	-	-	-	-
Others	(181)	(343)	-	-
Net cash from Fin. activities	(2,581)	(4,343)	(4,652)	(5,001)
Net change in cash	232	606	4,449	8,032
Free Cash Flow	5,018	7,426	9,102	13,033

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY22	FY23	FY24E	FY25E
Per Share(Rs)				
EPS	8.3	12.2	14.5	15.6
CEPS	8.9	12.9	15.3	16.5
BVPS	23.5	31.0	39.7	49.1
FCF	6.3	9.3	11.4	16.3
DPS	3.5	5.5	5.8	6.3
Return Ratio(%)				
RoCE	49.4	56.0	51.3	43.9
ROIC	(995.1)	367.1	240.9	314.4
RoE	39.7	44.9	41.1	35.2
Balance Sheet				
Net Debt : Equity (x)	(0.9)	(0.8)	(0.7)	(0.8)
Net Working Capital (Days)	(19)	31	32	27
Valuation(x)				
PER	77.6	52.6	44.3	41.2
P/B	27.3	20.8	16.2	13.1
P/CEPS	72.3	49.9	42.0	38.9
EV/EBITDA	57.0	38.8	32.5	29.6
EV/Sales	26.5	14.0	12.1	11.1
Dividend Yield (%)	0.5	0.9	0.9	1.0

Source: Company Data, PL Research

Quarterly Financials (Rs m)

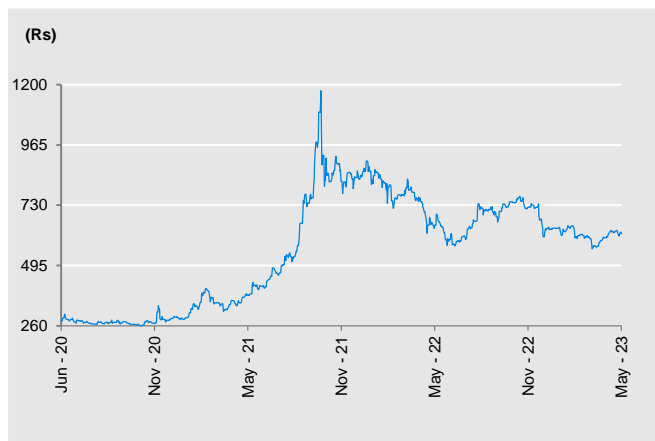
Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
Net Revenue	8,526	8,058	9,181	9,650
YoY gr. (%)	250.3	99.0	69.9	39.7
Raw Material Expenses	496	445	527	482
Gross Profit	8,030	7,613	8,654	9,168
Margin (%)	94.2	94.5	94.3	95.0
EBITDA	3,209	3,049	3,258	3,246
YoY gr. (%)	187.8	44.1	16.7	16.5
Margin (%)	37.6	37.8	35.5	33.6
Depreciation / Depletion	136	186	104	112
EBIT	3,074	2,863	3,154	3,134
Margin (%)	36.1	35.5	34.4	32.5
Net Interest	25	48	49	39
Other Income	244	260	308	393
Profit before Tax	3,293	3,075	3,413	3,488
Margin (%)	38.6	38.2	37.2	36.1
Total Tax	838	814	871	958
Effective tax rate (%)	25.4	26.5	25.5	27.5
Profit after Tax	2,455	2,260	2,542	2,530
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,455	2,260	2,542	2,530
YoY gr. (%)	197.5	42.5	21.7	16.1
Margin (%)	28.8	28.1	27.7	26.2
Extra Ord. Income / (Exp)	-	-	14	258
Reported PAT	2,455	2,260	2,555	2,788
YoY gr. (%)	197.5	42.5	22.4	30.4
Margin (%)	28.8	28.1	27.8	28.9
Other Comprehensive Income	30	(7)	3	(4)
Total Comprehensive Income	2,485	2,253	2,558	2,784
Avg. Shares O/s (m)	800	800	800	800
EPS (Rs)	3.1	2.8	3.2	3.2

Source: Company Data, PL Research



Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Apr-23	Hold	672	582
2	10-Feb-23	Hold	694	644
3	06-Jan-23	Hold	679	636
4	15-Nov-22	Hold	679	741
5	06-Oct-22	Hold	635	731
6	11-Aug-22	Hold	635	670
7	07-Jul-22	Hold	648	583
8	01-Jun-22	Hold	648	693

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	BUY	504	401
2	Entertainment Network (India)	Hold	180	126
3	Indian Railway Catering and Tourism Corporation	Hold	672	582
4	Inox Leisure	BUY	587	502
5	InterGlobe Aviation	BUY	2,565	2,257
6	Music Broadcast	Hold	18	11
7	Navneet Education	BUY	152	113
8	Nazara Technologies	BUY	804	566
9	PVR Inox	BUY	1,879	1,435
10	S Chand and Company	BUY	228	219
11	Safari Industries (India)	BUY	2,790	2,415
12	V.I.P. Industries	BUY	900	623
13	Zee Entertainment Enterprises	BUY	240	179

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. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- 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. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- 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