

November 2, 2023

Q2FY24 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	BUY		BUY	
Target Price	2,908		2,908	
Sales (Rs.m)	82,380	96,240	82,380	96,240
% Chng.	0.0	0.0		
EBITDA (Rs.m)	8,932	10,759	9,097	10,759
% Chng.	(1.8)	0.0		
EPS (Rs.)	68.2	82.4	68.8	82.0
% Chng.	(0.8)	0.4		

Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	69,123	82,380	96,240	1,09,874
EBITDA (Rs. m)	7,054	8,932	10,759	12,279
Margin (%)	10.2	10.8	11.2	11.2
PAT (Rs. m)	4,766	6,154	7,430	8,495
EPS (Rs.)	52.8	68.2	82.4	94.2
Gr. (%)	26.3	29.1	20.7	14.3
DPS (Rs.)	3.0	5.5	6.5	7.5
Yield (%)	0.1	0.2	0.3	0.3
RoE (%)	20.2	21.5	21.3	20.1
RoCE (%)	26.0	28.5	28.1	26.6
EV/Sales (x)	3.2	2.7	2.3	2.0
EV/EBITDA (x)	31.0	24.5	20.3	17.5
PE (x)	46.7	36.2	30.0	26.2
P/BV (x)	8.6	7.1	5.8	4.8

Key Data

[KEII.BO](#) | [KEII IN](#)

52-W High / Low	Rs.2,815 / Rs.1,351
Sensex / Nifty	63,591 / 18,989
Market Cap	Rs.223bn/ \$ 2,675m
Shares Outstanding	90m
3M Avg. Daily Value	Rs.837m

Shareholding Pattern (%)

Promoter's	37.10
Foreign	27.67
Domestic Institution	19.55
Public & Others	15.68
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.0)	30.3	54.2
Relative	(3.7)	25.2	48.2

Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

Growth continue, result above estimates

Quick pointers:

- Reported volume growth of 26% in H1FY24.
- Healthy order book; maintained 16-17% revenue growth guidance for FY24.

KEI Industries (KEII) maintained its revenue growth guidance at 16-17% in cable business with volume growth of >20% in FY24 and expects around 10.5-11% margin in the near term, given strong demand outlook in sectors like Infra/Railway/Real estate/Renewable etc. The company has reported strong revenue in housing/winding wire (+20.5% YoY) & guided to continue with strong traction in FY24. We are positive for long term given 1) focus on diversification of product portfolio and de-risking business (retail accounts for ~47% with target to reach 48-50% in FY24) 2) scale-up in distribution network (1,950 dealers, will grow by 7-8% p.a), 3) healthy balance sheet with net cash of Rs 4.5bn (excluding acceptances) by Sep-23 and 4) strong order book of Rs33.6bn across domestic & export EPC and cables businesses. We expect Revenue/EBITDA/ PAT CAGR of 16.7%/20.3%/21.3% over FY23-26E. Maintain 'BUY' at TP of Rs2,908 (unchanged).

Revenues grew by 21.1%, PAT up by 31.2%: Revenue grew 21.1% YoY to ~Rs19.5bn (PLe:Rs18.3bn). Cables segment grew 22.9% YoY to Rs17.8bn, Stainless Steel revenue decline 19.6% YoY to Rs591mn, EPC projects segment grew 196% YoY to Rs3.1bn. EBITDA grew by 27% YoY to Rs2.0bn (PLe: Rs1.9bn). EBITDA margin at 10.5% (PLe: 10.6%). Cables EBIT margins contracted by 210bps YoY to 10.8%. In EPC, EBIT margins contracted by 400bps YoY to 10%, while Stainless steel EBIT margin remained constant. PAT stood at Rs1.4bn (+31.2%YoY; PLe Rs1.3bn). Domestic Institutional Wire & Cable sales de-grew by 1% YoY, whereas total inst. sales including exports grew 34.8% YoY. Dealer/distributor driven sales grew by 14.3%YoY to Rs9.2bn. Dealer count is ~1950 vs 1925 in Q1FY24. Pending order book stood at Rs33.6bn in Q2FY24. Gross Debt stood at Rs1.6bn flat YoY. Cash balance stood at Rs4.5bn vs Rs4.2bn in Q2FY23.

Con-call highlights: **1)** KEI expects 16-17% revenue growth in FY24 and 15-16% in FY25; maintained EBITDA margin within 10.5-11%, **2)** KEI expects Gujarat plant to generate revenue for Rs4.5bn per year post commissioning. Production will begin in three phases – 18 months, 24 months and 3 years. Commercial production is expected to start in 4QFY25 (First phase). Company plans to spend Rs 3.0-3.5bn each year for next 2 years to maintain growth of 15-16%, **3)** Company guides EHV business to reach around Rs 6.0bn, **4)** Out of total order book, export is Rs2.86bn, **5)** Company increased capex in Silvasa plant from Rs450-500mn to Rs 1.1bn. It is expected to generate rev. of Rs 8.0-9.0bn, **6)** Apart from that company is expanding plant in Pathredi, which is expected to increase capacity of LT cable by Q1FY25, **7) Capacity utilization:** 97%/89% in cables/HW.

Exhibit 1: Q2FY23 Result Overview: Sales grew by 21.1% YoY; PAT grew by 31.2% YoY

Y/e March (Rs mn)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	H1FY24	1HFY23	YoY gr. (%)
Net Sales	19,466	16,081	21.1	17,826	9.2	37,291	31,735	17.5
Expenditure								
Operating & Manufacturing Expenses	14,769	12,378	19.3	13,605	8.6	28,374	24,350	16.5
<i>% of Net Sales</i>	<i>75.9</i>	<i>77.0</i>		<i>76.3</i>		<i>76.1</i>	<i>76.7</i>	<i>-0.6</i>
Gross Profit	4,697	3,702	26.9	4,221	11.3	8,918	7,385	20.8
<i>% of Net Sales</i>	<i>24.1</i>	<i>23.0</i>		<i>23.7</i>		<i>23.9</i>	<i>23.3</i>	<i>0.6</i>
Personnel Cost	662	508	30.4	650	1.9	1,312	1,068	22.8
<i>% of Net Sales</i>	<i>3.4</i>	<i>3.2</i>		<i>3.6</i>		<i>3.5</i>	<i>3.4</i>	<i>0.2</i>
Other Expenses	1,996	1,589	25.6	1,789	11.6	3,785	3,115	21.5
<i>% of Net Sales</i>	<i>10.3</i>	<i>9.9</i>		<i>10.0</i>		<i>10.1</i>	<i>9.8</i>	<i>0.3</i>
Total Expenditure	17,427	14,475	20.4	16,043	8.6	33,470	28,533	17.3
EBITDA	2,039	1,606	27.0	1,783	14.4	3,821	3,202	19.3
<i>Margin (%)</i>	<i>10.5</i>	<i>10.0</i>		<i>10.0</i>		<i>10.2</i>	<i>10.1</i>	<i>0.2</i>
Other income	77	53	45.3	83	-8.1	160	88	81.7
Depreciation	156	145	7.6	147	6.2	302	283	6.6
EBIT	1,960	1,514	29.4	1,719	14.0	3,679	3,007	22.4
Interest	75	76	-1.2	89	-15.8	165	168	-2.2
PBT before exceptional item	1,884	1,438	31.1	1,630	15.6	3,514	2,838	23.8
Total Taxes	482	369	30.8	416	15.9	898	732	22.8
<i>ETR (%)</i>	<i>25.6</i>	<i>25.6</i>		<i>25.5</i>		<i>25.6</i>	<i>25.8</i>	<i>-0.2</i>
Share of JV/Associates	0	0		0		0	0	
Minority Interest	0	0		0		0	0	
Adj. PAT	1,402	1,069	31.2	1,214	15.5	2,616	2,107	24.2
Exceptional item	0	0		0		0	0	
PAT	1,402	1,069	31.2	1,214	15.5	2,616	2,107	24.2

Source: Company, PL

Exhibit 2: Segmental Breakup: Cable revenues grew by 22.9%, while margins expanded by 210bps YoY

Y/e March (Rs mn)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	H1FY24	1HFY23	YoY gr. (%)
Revenues								
Cables	17,755	14,445	22.9	16,119	10.1	33,875	28,651	18.2
Stainless Steel Wire	591	735	-19.6	590	0.1	1,181	1,345	-12.2
EPC	3,131	1,059	195.8	1,847	69.5	4,977	2,594	91.8
Less: Inter-segment result	2,011	158		730		2,742	855	
Revenues	19,466	16,081	21.1	17,826	9.2	37,291	31,735	17.5
EBIT								
Cables	1,919	1,261	52.2	1,415	35.7	3,334	2,535	31.5
<i>EBIT margin (%)</i>	<i>10.8</i>	<i>8.7</i>	<i>2.1</i>	<i>8.8</i>	<i>2.0</i>	<i>9.8</i>	<i>8.8</i>	<i>1.0</i>
Stainless Steel Wire	36	45	-19.1	59	-39.2	67	75	-10.2
<i>EBIT margin (%)</i>	<i>6.1</i>	<i>6.1</i>	<i>0.0</i>	<i>10.1</i>	<i>-3.9</i>	<i>5.7</i>	<i>5.6</i>	<i>0.1</i>
EPC	314	148	111.7	256	22.6	570	243	134.7
<i>EBIT margin (%)</i>	<i>10.0</i>	<i>14.0</i>	<i>-4.0</i>	<i>13.9</i>	<i>-3.8</i>	<i>11.5</i>	<i>9.4</i>	<i>2.1</i>
Less: inter-segment result	134	(41)	-426.3	-14	-1038.8	120	-93	-229.1
Total	2,135	1,495	42.8	1,745	22.4	3,852	2,946	30.8
<i>EBIT margin (%)</i>	<i>11.0</i>	<i>9.3</i>	<i>1.7</i>	<i>9.8</i>	<i>1.2</i>	<i>10.3</i>	<i>9.3</i>	<i>1.0</i>

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	69,123	82,380	96,240	1,09,874
YoY gr. (%)	20.7	19.2	16.8	14.2
Cost of Goods Sold	52,956	62,279	72,575	82,856
Gross Profit	16,167	20,101	23,666	27,018
Margin (%)	23.4	24.4	24.6	24.6
Employee Cost	2,320	2,666	3,114	3,556
Other Expenses	4,401	5,558	6,352	7,255
EBITDA	7,054	8,932	10,759	12,279
YoY gr. (%)	19.8	26.6	20.5	14.1
Margin (%)	10.2	10.8	11.2	11.2
Depreciation and Amortization	571	632	811	909
EBIT	6,483	8,300	9,948	11,370
Margin (%)	9.4	10.1	10.3	10.3
Net Interest	347	340	326	368
Other Income	276	314	367	420
Profit Before Tax	6,412	8,274	9,989	11,422
Margin (%)	9.3	10.0	10.4	10.4
Total Tax	1,647	2,120	2,559	2,926
Effective tax rate (%)	25.7	25.6	25.6	25.6
Profit after tax	4,766	6,154	7,430	8,495
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,766	6,154	7,430	8,495
YoY gr. (%)	26.7	29.1	20.7	14.3
Margin (%)	6.9	7.5	7.7	7.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,766	6,154	7,430	8,495
YoY gr. (%)	26.7	29.1	20.7	14.3
Margin (%)	6.9	7.5	7.7	7.7
Other Comprehensive Income	(1)	-	-	-
Total Comprehensive Income	4,765	6,154	7,430	8,495
Equity Shares O/s (m)	90	90	90	90
EPS (Rs)	52.8	68.2	82.4	94.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	8,753	12,134	13,962	15,286
Tangibles	8,667	12,028	13,836	15,141
Intangibles	86	106	126	146
Acc: Dep / Amortization	3,080	3,712	4,523	5,432
Tangibles	3,011	3,632	4,428	5,320
Intangibles	69	80	95	112
Net fixed assets	5,673	8,422	9,439	9,855
Tangibles	5,656	8,396	9,408	9,820
Intangibles	17	26	31	34
Capital Work In Progress	146	100	100	100
Goodwill	-	-	-	-
Non-Current Investments	122	331	360	409
Net Deferred tax assets	(266)	(304)	(349)	(400)
Other Non-Current Assets	147	36	36	36
Current Assets				
Investments	-	-	-	-
Inventories	11,023	13,542	17,139	19,567
Trade receivables	13,878	16,927	21,094	24,082
Cash & Bank Balance	5,372	5,445	5,654	9,790
Other Current Assets	1,105	1,648	1,925	2,197
Total Assets	37,702	46,935	56,263	66,578
Equity				
Equity Share Capital	180	180	180	180
Other Equity	25,711	31,305	38,148	45,967
Total Networkth	25,892	31,485	38,329	46,148
Non-Current Liabilities				
Long Term borrowings	-	167	50	50
Provisions	368	371	433	494
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,353	1,519	1,880	2,146
Trade payables	7,482	10,408	12,129	13,847
Other current liabilities	2,341	2,719	3,176	3,626
Total Equity & Liabilities	37,702	46,935	56,263	66,578

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	6,412	8,274	9,989	11,422
Add. Depreciation	571	632	811	909
Add. Interest	347	340	326	368
Less Financial Other Income	276	314	367	420
Add. Other	(334)	(399)	(331)	(397)
Op. profit before WC changes	6,996	8,847	10,795	12,302
Net Changes-WC	(439)	(3,087)	(5,947)	(3,604)
Direct tax	(1,647)	(2,120)	(2,559)	(2,926)
Net cash from Op. activities	4,911	3,640	2,289	5,772
Capital expenditures	(915)	(3,336)	(1,828)	(1,325)
Interest / Dividend Income	276	314	367	420
Others	(555)	0	(1,500)	(1,500)
Net Cash from Inv. activities	(1,194)	(3,022)	(2,961)	(2,405)
Issue of share cap. / premium	1	-	-	-
Debt changes	(1,936)	356	293	314
Dividend paid	(271)	(496)	(586)	(676)
Interest paid	(347)	(340)	(326)	(368)
Others	-	-	-	-
Net cash from Fin. activities	(2,553)	(480)	(619)	(731)
Net change in cash	1,164	139	(1,291)	2,636
Free Cash Flow	3,995	305	461	4,447

Source: Company Data, PL Research

Key Financial Metrics

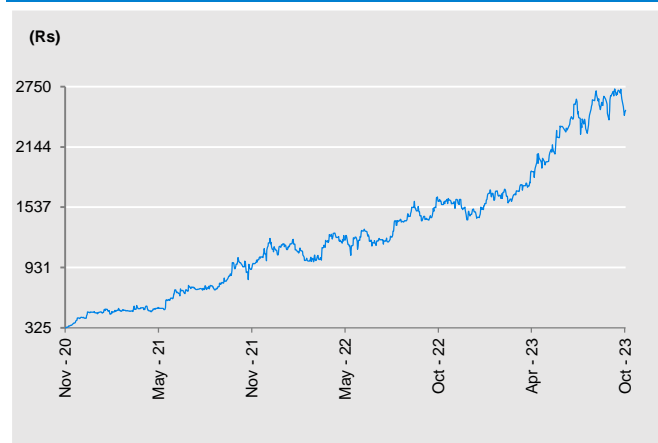
Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	52.8	68.2	82.4	94.2
CEPS	59.2	75.2	91.4	104.3
BVPS	287.1	349.1	425.0	511.7
FCF	44.3	3.4	5.1	49.3
DPS	3.0	5.5	6.5	7.5
Return Ratio(%)				
RoCE	26.0	28.5	28.1	26.6
ROIC	23.4	24.9	23.8	24.5
RoE	20.2	21.5	21.3	20.1
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	92	89	99	99
Valuation(x)				
PER	46.7	36.2	30.0	26.2
P/B	8.6	7.1	5.8	4.8
P/CEPS	41.7	32.8	27.0	23.7
EV/EBITDA	31.0	24.5	20.3	17.5
EV/Sales	3.2	2.7	2.3	2.0
Dividend Yield (%)	0.1	0.2	0.3	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Net Revenue	17,843	19,545	17,826	19,466
YoY gr. (%)	14.1	9.1	13.9	21.1
Raw Material Expenses	13,705	14,902	13,605	14,769
Gross Profit	4,138	4,643	4,221	4,697
Margin (%)	23.2	23.8	23.7	24.1
EBITDA	1,822	2,038	1,783	2,039
YoY gr. (%)	16.2	18.5	11.7	27.0
Margin (%)	10.2	10.4	10.0	10.5
Depreciation / Depletion	144	143	147	156
EBIT	1,678	1,895	1,636	1,883
Margin (%)	9.4	9.7	9.2	9.7
Net Interest	78	101	89	75
Other Income	138	51	83	77
Profit before Tax	1,737	1,845	1,630	1,884
Margin (%)	9.7	9.4	9.1	9.7
Total Tax	451	464	416	482
Effective tax rate (%)	26.0	25.1	25.5	25.6
Profit after Tax	1,286	1,381	1,214	1,402
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,286	1,381	1,214	1,402
YoY gr. (%)	27.0	19.1	16.9	31.2
Margin (%)	7.2	7.1	6.8	7.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,286	1,381	1,214	1,402
YoY gr. (%)	27.0	19.1	16.9	31.2
Margin (%)	7.2	7.1	6.8	7.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,286	1,381	1,214	1,402
Avg. Shares O/s (m)	90	90	90	90
EPS (Rs)	14.3	15.4	13.5	15.6

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-23	BUY	2,908	2,726
2	25-Sep-23	BUY	2,908	2,480
3	01-Aug-23	Hold	2,319	2,270
4	06-Jul-23	Hold	2,319	2,329
5	03-May-23	Hold	1,811	1,836
6	11-Apr-23	Hold	1,811	1,710
7	24-Jan-23	Hold	1,572	1,508
8	06-Jan-23	Hold	1,555	1,503

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Hold	1,983	1,844
2	Bajaj Electricals	BUY	1,421	1,056
3	Century Plyboard (I)	BUY	855	653
4	Cera Sanitaryware	Accumulate	8,857	8,176
5	Crompton Greaves Consumer Electricals	BUY	401	301
6	Finolex Industries	Accumulate	238	203
7	Greenpanel Industries	BUY	495	374
8	Havells India	Accumulate	1,538	1,363
9	Kajaria Ceramics	Accumulate	1,368	1,230
10	KEI Industries	BUY	2,908	2,726
11	Polycab India	Accumulate	5,943	5,339
12	R R Kabel	BUY	1,624	1,503
13	Supreme Industries	Accumulate	4,645	4,522
14	Voltas	Hold	909	819

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. Praveen Sahay- 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 a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

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. Praveen Sahay- 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