

May 30, 2024

Q4FY24 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	REDUCE		HOLD	
Target Price	811		825	
Sales (Rs. m)	47,647	50,676	47,201	50,320
% Chng.	0.9	0.7		
EBITDA (Rs. m)	16,657	17,678	16,704	17,827
% Chng.	(0.3)	(0.8)		
EPS (Rs.)	16.2	17.1	16.4	17.4
% Chng.	(1.1)	(1.7)		

Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	35,415	42,702	47,647	50,676
EBITDA (Rs. m)	12,762	14,660	16,657	17,678
Margin (%)	36.0	34.3	35.0	34.9
PAT (Rs. m)	9,787	11,696	12,959	13,655
EPS (Rs.)	12.2	14.6	16.2	17.1
Gr. (%)	47.5	19.5	10.8	5.4
DPS (Rs.)	5.5	6.5	7.0	7.4
Yield (%)	0.5	0.6	0.7	0.7
RoE (%)	44.9	41.0	36.0	31.4
RoCE (%)	56.0	49.4	43.6	38.3
EV/Sales (x)	22.6	18.7	16.6	15.5
EV/EBITDA (x)	62.8	54.4	47.6	44.4
PE (x)	83.8	70.1	63.3	60.1
P/BV (x)	33.1	25.4	20.7	17.3

Key Data

INIR.BO | IRCTC IN

52-W High / Low	Rs.1,148 / Rs.614
Sensex / Nifty	73,886 / 22,489
Market Cap	Rs.820bn/ \$ 9,846m
Shares Outstanding	800m
3M Avg. Daily Value	Rs.3081.59m

Shareholding Pattern (%)

Promoter's	62.40
Foreign	8.08
Domestic Institution	12.72
Public & Others	16.79
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(1.3)	45.3	59.3
Relative	(0.5)	31.7	35.7

Jinesh Joshi

jineshjoshi@plindia.com | 91-22-66322238

Stuti Beria

stutiberia@plindia.com | 91-22-66322246

Dhvanit Shah

dhvanitshah@plindia.com |

Indian Railway Catering and Tourism Corporation (IRCTC IN)

Rating: REDUCE | CMP: Rs1,025 | TP: Rs811

Margins disappoint

Quick Pointers:

- Catering EBIT margin slips to 8.7%.

We cut our FY25E/FY26E EPS estimates by 1%/2% and downgrade Indian Railway Catering & Tourism Corporation (IRCTC IN) to 'REDUCE' (earlier HOLD) as we 1) re-align margin assumptions for the internet ticketing division given rising UPI share and 2) tweak our depreciation forecast amid capitalization of the new office building. IRCTC's operational performance was below estimates with EBITDA margin of 31.4% (PLe 34.2%) led by a margin miss in the catering and internet ticketing divisions. We expect PAT CAGR of 8% over FY24-FY26E led by growth in the catering, rail neer and tourism divisions. IRCTC trades at 63x/60x our FY25E/FY26E EPS estimates, and we believe current valuations are expensive in light of 8% PAT CAGR over the next 2 years. We downgrade to 'REDUCE' with a TP of Rs811 (earlier Rs825) after assigning a multiple of 47.5x (unchanged) over FY26E EPS. Earnings delta arising from catering division can result in earnings upgrade and is a key risk to our call.

Revenue increases 19.7% YoY: Revenue increased 19.7% YoY to Rs11,548mn (PLe Rs11,308mn) led by catering division. Catering revenue surged 34.1% YoY to Rs5,308mn. Tourism segment also grew 11.6% YoY to Rs1,546mn. Internet ticketing revenue was up 16.0% YoY to Rs3,424mn, and ~117mn tickets were booked in 4QFY24, yielding convenience fee revenue of ~Rs2.2bn. Revenue from State Teertha was down 28.1% YoY to Rs471mn, with the model code of conduct being implemented amid elections. Rail Neer revenue was up by 13.1% YoY to Rs830mn with an EBIT margin of 12.8%.

EBITDA/adjusted PAT jumps 11.7%/9.2% YoY, respectively: EBITDA increased 11.7% YoY to Rs3,624mn (PLe Rs3,862mn) with a margin of 31.4% (PLe 34.2%). Adjusted PAT increased 9.2% YoY to Rs2,763mn with a margin of 23.9%. There was an exceptional charge of Rs79mn for the quarter relating to excess provision being written back within the internet ticketing business.

Con-call highlights: 1) Catering EBIT margin declined due to a charge relating to administrative expenses (Rs210mn) and rise in share of mobile catering, which carries a 5% GST levy. Depreciation (Rs20mn) for 9 departmental kitchens also led to margin deterioration. 2) CWIP increased to Rs4,424mn in FY24 as advance pertaining to office was capitalized. 3) ~117mn tickets were booked in 4QFY24. 4) FY25E catering EBIT margin guidance is 15%. 5) Internet ticketing EBIT margin decreased due to rising share of UPI transactions that have lower yield. 6) UPI share for 4QFY24 stood at 39%. 7) Sustainable margin for the tourism segment is 8-9%. 8) Tourism margin was lower due to retrospective impact of haulage charges for Tejas trains. 9) IRCTC has signed MoUs with 6-7 states, yet the operation of State Teertha trains was hindered as the model code of conduct was enforced due to elections. 10) I-pay revenue stood at Rs224mn for 4QFY24. 11) IRCTC's tie-up with Swiggy and Zomato has crossed ~0.1mn orders per day.



Exhibit 1: Q4FY24 Result Overview (Rs mn)

Y/e March	4QFY24	4QFY23	YoY gr.	3QFY24	QoQ gr.	FY24	FY23	YoY gr.
Net sales	11,548	9,650	19.7%	11,183	3.3%	42,702	35,415	20.6%
Total raw material cost	516	482	7.0%	691	-25.3%	2,454	1,950	25.8%
<i>As a % of sales</i>	<i>4.5%</i>	<i>5.0%</i>		<i>6.2%</i>		<i>5.7%</i>	<i>5.5%</i>	
Expenses of catering	3,941	2,830	39.2%	3,487	13.0%	13,670	10,729	27.4%
<i>As a % of sales</i>	<i>34.1%</i>	<i>29.3%</i>		<i>31.2%</i>		<i>32.0%</i>	<i>30.3%</i>	
Expenses of tourism	1,504	1,533	-1.9%	1,492	0.8%	5,504	4,424	24.4%
<i>As a % of sales</i>	<i>13.0%</i>	<i>15.9%</i>		<i>13.3%</i>		<i>12.9%</i>	<i>12.5%</i>	
Manufacturing & direct expenses	527	380	38.7%	436	20.9%	1,746	1,467	19.0%
<i>As a % of sales</i>	<i>4.6%</i>	<i>3.9%</i>		<i>3.9%</i>		<i>4.1%</i>	<i>4.1%</i>	
Employee expenses	838	561	49.4%	752	11.4%	2,890	2,455	17.7%
<i>As a % of sales</i>	<i>7.3%</i>	<i>5.8%</i>		<i>6.7%</i>		<i>6.8%</i>	<i>6.9%</i>	
Other expenses	597	618	-3.4%	385	55.1%	1,777	1,627	9.2%
<i>As a % of sales</i>	<i>5.2%</i>	<i>6.4%</i>		<i>3.4%</i>		<i>4.2%</i>	<i>4.6%</i>	
EBITDA	3,624	3,246	11.7%	3,940	-8.0%	14,660	12,762	14.9%
<i>EBITDA margin</i>	<i>31.4%</i>	<i>33.6%</i>		<i>35.2%</i>		<i>34.3%</i>	<i>36.0%</i>	
Depreciation	156	112	39.3%	139	12.4%	572	537	6.5%
EBIT	3,468	3,134	10.7%	3,801	-8.7%	14,087	12,225	15.2%
<i>EBIT margin</i>	<i>30.0%</i>	<i>32.5%</i>		<i>34.0%</i>		<i>33.0%</i>	<i>34.5%</i>	
Interest cost	53	39	37.1%	48	12.5%	186	161	15.7%
Other income	326	393	-16.9%	456	-28.4%	1,645	1,204	36.6%
PBT	3,741	3,488	7.3%	4,209	-11.1%	15,546	13,268	17.2%
Exceptional items	79	258	-69.5%	(145)	NM	(585)	272	NM
Tax expenses	978	958	2.1%	1,064	-8.0%	3,850	3,481	10.6%
<i>Tax rate</i>	<i>25.6%</i>	<i>25.6%</i>		<i>26.2%</i>		<i>25.7%</i>	<i>25.7%</i>	
PAT	2,842	2,788	1.9%	3,000	-5.3%	11,111	10,059	10.5%
<i>PAT margin</i>	<i>24.6%</i>	<i>28.9%</i>		<i>26.8%</i>		<i>26.0%</i>	<i>28.4%</i>	
EPS (Rs)	3.6	3.5	1.9%	3.7	-5.3%	13.9	12.6	10.5%
Adj. PAT	2,763	2,530	9.2%	3,145	-12.1%	11,696	9,787	19.5%

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	4QFY24	4QFY23	YoY gr.	3QFY24	QoQ gr.
Catering					
Revenue	5,308	3,958	34.1%	5,078	4.5%
As a % of sales	45.8%	40.9%		45.2%	
EBIT	464	480	-3.5%	784	-40.9%
EBIT margin	8.7%	12.1%		15.4%	
Internet ticketing					
Revenue	3,424	2,951	16.0%	3,353	2.1%
As a % of sales	29.6%	30.5%		29.9%	
EBIT	2,750	2,599	5.8%	2,784	-1.2%
EBIT margin	80.3%	88.1%		83.0%	
Tourism					
Revenue	1,546	1,385	11.6%	1,675	-7.7%
As a % of sales	13.4%	14.3%		14.9%	
EBIT	92	136	-32.4%	174	-47.2%
EBIT margin	5.9%	9.8%		10.4%	
State Teertha					
Revenue	471	654	-28.1%	280	68.3%
As a % of sales	4.1%	6.8%		2.5%	
EBIT	98	140	-30.0%	63	55.8%
EBIT margin	20.8%	21.3%		22.4%	
Rail Neer					
Revenue	830	734	13.1%	838	-1.0%
As a % of sales	7.2%	7.6%		7.5%	
EBIT	106	130	-18.3%	(33)	NM
EBIT margin	12.8%	17.7%		-3.9%	
Total revenues	11,579	9,683	19.6%	11,223	3.2%

Source: Company, PL



Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	35,415	42,702	47,647	50,676
YoY gr. (%)	88.5	20.6	11.6	6.4
Cost of Goods Sold	1,950	2,454	3,006	3,174
Gross Profit	33,464	40,248	44,641	47,503
Margin (%)	94.5	94.3	93.7	93.7
Employee Cost	2,455	2,890	3,145	3,345
Other Expenses	1,627	1,777	1,954	1,976
EBITDA	12,762	14,660	16,657	17,678
YoY gr. (%)	46.1	14.9	13.6	6.1
Margin (%)	36.0	34.3	35.0	34.9
Depreciation and Amortization	537	572	949	1,021
EBIT	12,225	14,087	15,709	16,657
Margin (%)	34.5	33.0	33.0	32.9
Net Interest	161	186	214	228
Other Income	1,204	1,645	1,900	1,900
Profit Before Tax	13,540	14,960	17,394	18,329
Margin (%)	38.2	35.0	36.5	36.2
Total Tax	3,481	3,850	4,436	4,674
Effective tax rate (%)	25.7	25.7	25.5	25.5
Profit after tax	10,059	11,111	12,959	13,655
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	9,787	11,696	12,959	13,655
YoY gr. (%)	47.5	19.5	10.8	5.4
Margin (%)	27.6	27.4	27.2	26.9
Extra Ord. Income / (Exp)	272	(585)	-	-
Reported PAT	10,059	11,111	12,959	13,655
YoY gr. (%)	52.5	10.5	16.6	5.4
Margin (%)	28.4	26.0	27.2	26.9
Other Comprehensive Income	22	3	-	-
Total Comprehensive Income	10,081	11,114	12,959	13,655
Equity Shares O/s (m)	800	800	800	800
EPS (Rs)	12.2	14.6	16.2	17.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	5,821	6,316	11,416	12,216
Tangibles	5,688	6,178	11,278	12,078
Intangibles	133	138	138	138
Acc: Dep / Amortization	2,578	3,150	4,099	5,120
Tangibles	2,472	3,044	3,993	5,014
Intangibles	106	106	106	106
Net fixed assets	3,243	3,166	7,317	7,096
Tangibles	3,216	3,133	7,285	7,064
Intangibles	27	32	32	32
Capital Work In Progress	338	4,425	425	425
Goodwill	-	-	-	-
Non-Current Investments	267	274	274	274
Net Deferred tax assets	1,305	1,413	1,392	1,375
Other Non-Current Assets	2,207	193	381	405
Current Assets				
Investments	-	-	-	-
Inventories	96	110	261	278
Trade receivables	11,429	13,743	14,621	15,550
Cash & Bank Balance	19,337	22,776	27,590	35,027
Other Current Assets	10,576	12,237	12,608	13,311
Total Assets	50,888	60,912	67,250	76,274
Equity				
Equity Share Capital	1,600	1,600	1,600	1,600
Other Equity	23,184	30,698	38,084	45,799
Total Network	24,784	32,298	39,684	47,399
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	1,054	1,161	715	760
Other non current liabilities	167	175	143	152
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8,522	9,977	11,096	11,801
Other current liabilities	15,392	16,340	14,575	14,983
Total Equity & Liabilities	50,888	60,912	67,250	76,274

Source: Company Data, PL Research



Indian Railway Catering and Tourism Corporation

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	13,540	14,960	17,394	18,329
Add. Depreciation	537	572	949	1,021
Add. Interest	-	-	-	-
Less Financial Other Income	1,204	1,645	1,900	1,900
Add. Other	(776)	(1,136)	-	-
Op. profit before WC changes	13,301	14,396	18,343	19,350
Net Changes-WC	(910)	(1,097)	(2,421)	(499)
Direct tax	(4,290)	(4,478)	(4,436)	(4,674)
Net cash from Op. activities	8,101	8,822	11,486	14,177
Capital expenditures	(674)	(2,324)	(1,100)	(800)
Interest / Dividend Income	625	1,066	-	-
Others	(3,102)	(741)	-	-
Net Cash from Invt. activities	(3,151)	(1,999)	(1,100)	(800)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(4,000)	(3,600)	(5,572)	(5,940)
Interest paid	-	-	-	-
Others	(343)	(443)	-	-
Net cash from Fin. activities	(4,343)	(4,043)	(5,572)	(5,940)
Net change in cash	606	2,779	4,814	7,437
Free Cash Flow	7,426	6,497	10,386	13,377

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	12.2	14.6	16.2	17.1
CEPS	12.9	15.3	17.4	18.3
BVPS	31.0	40.4	49.6	59.2
FCF	9.3	8.1	13.0	16.7
DPS	5.5	6.5	7.0	7.4
Return Ratio(%)				
RoCE	56.0	49.4	43.6	38.3
ROIC	367.1	181.5	139.3	145.7
RoE	44.9	41.0	36.0	31.4
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.7)	(0.7)	(0.7)
Net Working Capital (Days)	31	33	29	29
Valuation(x)				
PER	83.8	70.1	63.3	60.1
P/B	33.1	25.4	20.7	17.3
P/CEPS	79.5	66.9	59.0	55.9
EV/EBITDA	62.8	54.4	47.6	44.4
EV/Sales	22.6	18.7	16.6	15.5
Dividend Yield (%)	0.5	0.6	0.7	0.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	10,018	9,953	11,183	11,548
YoY gr. (%)	17.5	23.5	21.8	19.7
Raw Material Expenses	694	553	691	516
Gross Profit	9,324	9,400	10,492	11,031
Margin (%)	93.1	94.4	93.8	95.5
EBITDA	3,430	3,666	3,940	3,624
YoY gr. (%)	6.9	20.2	20.9	11.7
Margin (%)	34.2	36.8	35.2	31.4
Depreciation / Depletion	137	140	139	156
EBIT	3,293	3,526	3,801	3,468
Margin (%)	32.9	35.4	34.0	30.0
Net Interest	41	44	48	53
Other Income	392	471	456	326
Profit before Tax	3,644	3,952	4,209	3,741
Margin (%)	36.4	39.7	37.6	32.4
Total Tax	803	1,005	1,064	978
Effective tax rate (%)	22.0	25.4	25.3	26.1
Profit after Tax	2,841	2,947	3,145	2,763
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,841	2,947	3,145	2,763
YoY gr. (%)	15.7	30.4	23.7	9.2
Margin (%)	28.4	29.6	28.1	23.9
Extra Ord. Income / (Exp)	(519)	-	(145)	79
Reported PAT	2,322	2,947	3,000	2,842
YoY gr. (%)	(5.4)	30.4	17.4	1.9
Margin (%)	23.2	29.6	26.8	24.6
Other Comprehensive Income	(12)	18	(1)	(1)
Total Comprehensive Income	2,310	2,965	2,999	2,840
Avg. Shares O/s (m)	800	800	800	800
EPS (Rs)	3.6	3.7	3.9	3.5

Source: Company Data, PL Research



Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Apr-24	Hold	825	1,023
2	14-Feb-24	Hold	825	929
3	05-Jan-24	Hold	749	902
4	08-Nov-23	Hold	709	677
5	09-Oct-23	Hold	700	720
6	11-Aug-23	Hold	700	646
7	07-Jul-23	Hold	679	632
8	31-May-23	Hold	679	644

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Chalet Hotels	Accumulate	830	789
2	Imagicaaworld Entertainment	BUY	108	80
3	Indian Railway Catering and Tourism Corporation	Hold	825	1,023
4	Inox Leisure	BUY	587	502
5	InterGlobe Aviation	Accumulate	4,667	4,257
6	Lemon Tree Hotels	BUY	153	141
7	Navneet Education	Accumulate	167	155
8	Nazara Technologies	BUY	826	671
9	PVR Inox	Accumulate	1,431	1,285
10	S Chand and Company	BUY	315	245
11	Safari Industries (India)	BUY	2,225	2,019
12	V.I.P. Industries	Hold	557	528
13	Zee Entertainment Enterprises	Hold	160	141

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, Mr. Dhvanit Shah- CA 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. Jinesh Joshi- MS(Finance) and CFA, Ms. Stuti Beria- MBA Finance, Mr. Dhvanit Shah- CA 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