

November 27, 2024

## Analyst Meet Update

■ Change in Estimates | ■ Target | ☑ Reco

### Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
<b>Rating</b>	<b>HOLD</b>		<b>REDUCE</b>	
<b>Target Price</b>	<b>2,973</b>		<b>2,973</b>	
Sales (Rs. m)	67,926	73,248	67,926	73,248
% Chng.	-	-	-	-
EBITDA (Rs. m)	22,787	24,611	22,787	24,611
% Chng.	-	-	-	-
EPS (Rs.)	59.6	64.4	59.6	64.4
% Chng.	-	-	-	-

### Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	56,804	62,669	67,926	73,248
EBITDA (Rs. m)	19,008	20,544	22,787	24,611
Margin (%)	33.5	32.8	33.5	33.6
PAT (Rs. m)	13,432	14,707	16,199	17,516
EPS (Rs.)	49.4	54.1	59.6	64.4
Gr. (%)	26.9	9.5	10.1	8.1
DPS (Rs.)	58.0	52.0	55.0	62.0
Yield (%)	1.9	1.7	1.8	2.1
RoE (%)	74.8	83.3	94.4	97.0
RoCE (%)	96.3	106.8	122.4	125.8
EV/Sales (x)	14.2	12.9	11.9	11.0
EV/EBITDA (x)	42.5	39.3	35.3	32.7
PE (x)	61.1	55.8	50.7	46.9
P/BV (x)	43.8	49.6	46.2	44.7

### Key Data

COLG.BO | CLGT IN

52-W High / Low	Rs.3,893 / Rs.2,139
Sensex / Nifty	80,234 / 24,275
Market Cap	Rs.821bn / \$ 9,718m
Shares Outstanding	272m
3M Avg. Daily Value	Rs.1917.67m

### Shareholding Pattern (%)

Promoter's	51.00
Foreign	24.94
Domestic Institution	5.83
Public & Others	18.23
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(2.1)	13.1	38.0
Relative	(3.1)	6.3	13.4

**Amnish Aggarwal**

amnishaggarwal@plindia.com | 91-22-66322233

**Hasti Savla**

hastisavla@plindia.com |

**Vishwa Solanki**

vishwasolanki@plindia.com | 91-22-66322244

## Cautious growth and margin outlook

### Quick Pointers:

- Demand headwinds as Urban Toothpaste growth slows down, rural growth also showing signs of plateauing. 3Q24 and 1Q25 margins an aberration
- Premium portfolio gaining traction – new packaging launched for Total, Active Salt, Max Fresh and Visible white

**CLGT Analyst meet gave a cautious outlook in near term with slowdown in urban demand, Plateauing rural demand and peaked out margins amidst rising promotional intensity. CLGT is aiming for consistent growth adopting four key pillars of its growth strategy, which include 1) leading toothpaste category growth 2) science led premiumisation 3) lead category growth in Toothbrush and devices and 4) build personal care.**

**CLGT continues to focus on 1) Driving toothpaste category penetration with twice a day usage in urban India 2) significantly faster growth in premium segments with superior products and new packaging in Colgate Total, Colgate MaxFresh, Active Salt and Visible white and 3) strong growth in toothbrushes with leadership in premium segments.**

**We expect volume growth to settle to mid-single digits, with little scope of margin expansion from FY24 levels of 33.5% we estimate 9.1% EPS CAGR over FY25-27. We value CLGT at 48x Sep-26 EPS and assign a target of Rs2973. CLGT offers little scope of re-rating given that FY24 growth (26.9% EPS growth) is not sustainable. However, given steep correction in stock price (23% from peak) we improve our rating to Hold (reduce earlier).**

## Key Highlights:

### Demand/Margins: Urban demand tepid, margins have peaked out

- CLGT management expects softening growth in 2H25 due to demand headwinds. Urban demand growth is witnessing slowdown; rural growth is outpacing urban demand growth in Toothpaste although rural growth has plateaued and is now flattish. Toothbrush demand growth is accelerating in rural India and both rural and urban growth have now converged.
- 3Q24 and 1Q25 margins were an anomaly and margins are expected to be range bound around earlier levels.
- CLGT anticipates topline growth to be driven by a blend of volume and value, with no pricing actions are expected in the near term.

### Toothpaste & Toothbrush: Premium focus continues

- Premium Toothpaste brands continue to grow faster with 1) Max fresh being fastest growing brand 2) Total growing at 3x of the category growth and 3) Visible white growing in double digits.

- Colgate is driving accessibility in premium products as 1) Colgate Total is driving accessibility & availability with pricing at 0.77x vs Dec'23, distribution expansion to 3L stores from 30k and launch of Rs80 pack. 2) It has launched new packaging for Total, Visible while, Max Fresh and Active salt 3) Sensitivity protection in Active salt with KNO3 4) CLGT launched Visible White Purple, a product that uses color theory and builds on growing whitening business.
- Toothbrush category continues strong growth momentum with 1.4x category growth. CLGT has achieved leadership in super premium segment displacing Oral B as the leader. Zig Zag relaunch is leading to further gains.

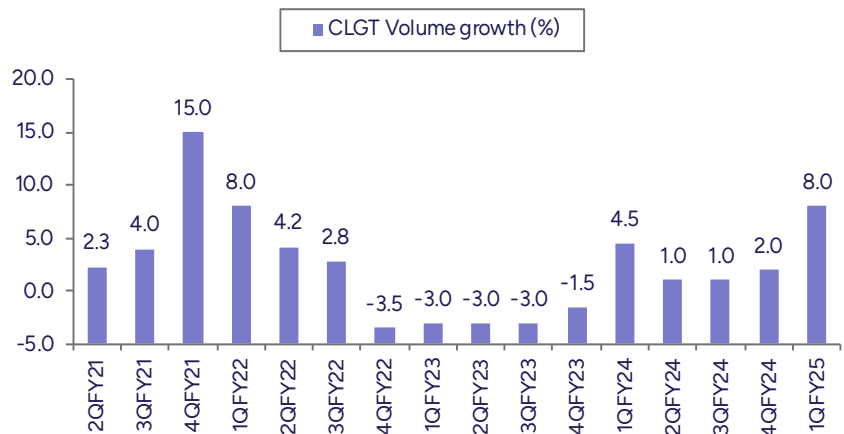
#### Personal Care: Eyeing new launches from global portfolio, no timelines given

- CLGT has strong double-digit growth across its personal care portfolio (Palmolive) which mainly focuses on premium handwash and bodywash
- CLGT continues to explore extensive product portfolio of parent company in Personal and Home care, although no specific launch timelines or products have been specified.

#### Modification in oral health month program with AI

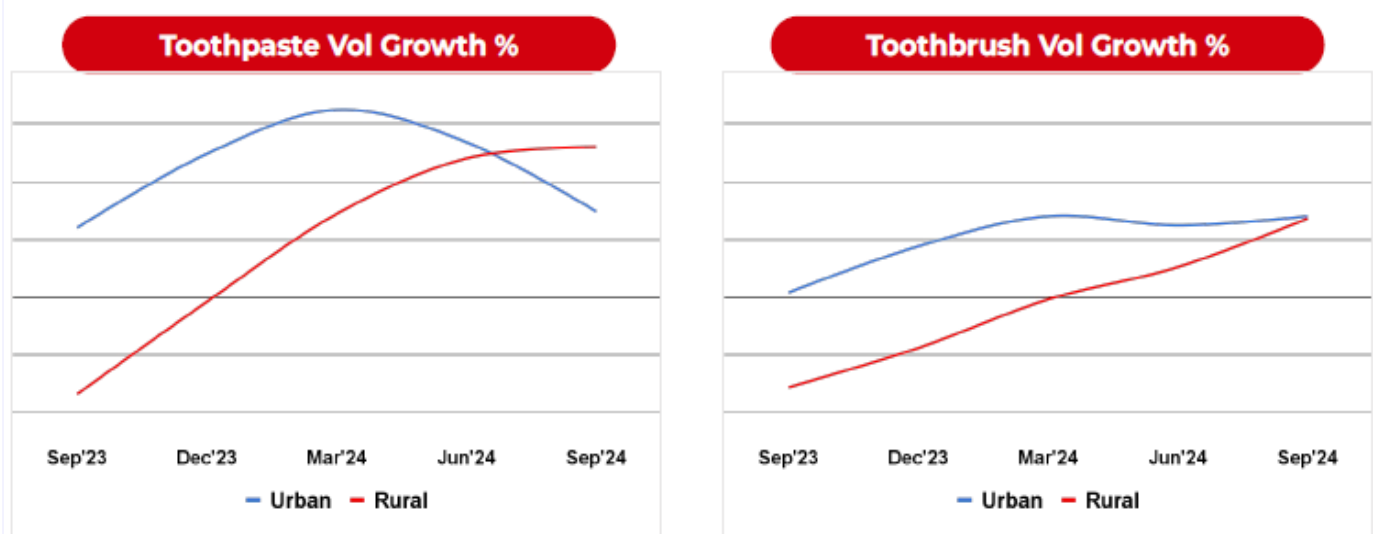
- CLGT has modified its Oral health month model by launching 800mn+ packs with a QR code, which enables universally free dental screening through its AI dental Model.
- CLGT is focusing on higher promotional intensity and digital campaigns to promote brushing among children and twice a day brushing.

#### Exhibit 1: Toothpaste volumes grow ~8% in 2Q25



Source: Company, PL

Exhibit 2: Softening category in Urban across categories



Source: Company, PL

Exhibit 3: CLGT's evolved model for Oral Health Month- 800mn+ packs with QR code providing free dental screening via AI

The collage includes:

- Colgate Total Advanced Health** toothpaste packaging.
- Colgate Total** toothpaste packaging.
- Colgate Ultra Soft** toothbrush packaging.
- Colgate Zig Zag** toothbrush packaging.
- Oral Health Movement** promotional cards with QR codes and text: "9/10 Indians have oral health issues\* Colgate is on a mission to help you improve your oral health. SCAN NOW! \*As per Kantar Dental Problems Study, 2019".

Source: Company, PL



Exhibit 4: CLGT to focus on diversification

### Wide Global Portfolio to choose from



Source: Company, PL

Exhibit 5: CLGT has improved its packaging across toothpaste categories



Source: Company, PL

Exhibit 6: CLGT has superior technology across its toothpastes



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Net Revenues</b>	<b>56,804</b>	<b>62,669</b>	<b>67,926</b>	<b>73,248</b>
YoY gr. (%)	8.7	10.3	8.4	7.8
Cost of Goods Sold	17,230	18,842	19,975	21,646
Gross Profit	39,574	43,826	47,951	51,602
Margin (%)	69.7	69.9	70.6	70.4
Employee Cost	4,117	4,609	4,930	5,280
Other Expenses	4,305	5,004	5,417	5,838
<b>EBITDA</b>	<b>19,008</b>	<b>20,544</b>	<b>22,787</b>	<b>24,611</b>
YoY gr. (%)	22.9	8.1	10.9	8.0
Margin (%)	33.5	32.8	33.5	33.6
Depreciation and Amortization	1,715	1,692	1,782	1,884
<b>EBIT</b>	<b>17,293</b>	<b>18,852</b>	<b>21,005</b>	<b>22,727</b>
Margin (%)	30.4	30.1	30.9	31.0
Net Interest	50	55	54	52
Other Income	765	892	705	743
<b>Profit Before Tax</b>	<b>18,008</b>	<b>19,688</b>	<b>21,656</b>	<b>23,417</b>
Margin (%)	31.7	31.4	31.9	32.0
Total Tax	4,577	4,981	5,457	5,901
Effective tax rate (%)	25.4	25.3	25.2	25.2
<b>Profit after tax</b>	<b>13,432</b>	<b>14,707</b>	<b>16,199</b>	<b>17,516</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>13,432</b>	<b>14,707</b>	<b>16,199</b>	<b>17,516</b>
YoY gr. (%)	26.9	9.5	10.1	8.1
Margin (%)	23.6	23.5	23.8	23.9
Extra Ord. Income / (Exp)	(195)	-	-	-
<b>Reported PAT</b>	<b>13,237</b>	<b>14,707</b>	<b>16,199</b>	<b>17,516</b>
YoY gr. (%)	26.4	11.1	10.1	8.1
Margin (%)	23.3	23.5	23.8	23.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	13,237	14,707	16,199	17,516
<b>Equity Shares O/s (m)</b>	<b>272</b>	<b>272</b>	<b>272</b>	<b>272</b>
<b>EPS (Rs)</b>	<b>49.4</b>	<b>54.1</b>	<b>59.6</b>	<b>64.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>18,885</b>	<b>19,676</b>	<b>20,659</b>	<b>21,793</b>
Tangibles	18,885	19,676	20,659	21,793
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>13,137</b>	<b>14,612</b>	<b>16,162</b>	<b>17,796</b>
Tangibles	13,137	14,612	16,162	17,796
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>5,748</b>	<b>5,064</b>	<b>4,497</b>	<b>3,996</b>
Tangibles	5,748	5,064	4,497	3,996
Intangibles	-	-	-	-
Capital Work In Progress	1,103	1,100	1,200	1,500
Goodwill	-	-	-	-
Non-Current Investments	178	186	196	205
Net Deferred tax assets	648	-	-	-
Other Non-Current Assets	4,459	4,516	4,541	4,566
<b>Current Assets</b>				
Investments	8,411	9,966	10,805	11,653
Inventories	2,964	3,539	3,865	4,176
Trade receivables	1,674	2,048	2,220	2,394
Cash & Bank Balance	5,327	3,608	4,941	5,488
Other Current Assets	535	467	506	546
<b>Total Assets</b>	<b>31,174</b>	<b>30,636</b>	<b>32,918</b>	<b>34,680</b>
<b>Equity</b>				
Equity Share Capital	272	272	272	272
Other Equity	18,472	16,281	17,484	18,096
<b>Total Networth</b>	<b>18,744</b>	<b>16,553</b>	<b>17,756</b>	<b>18,368</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	216	254	271	290
Other non current liabilities	599	548	529	550
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8,819	9,386	10,176	10,975
Other current liabilities	3,574	3,882	4,174	4,482
<b>Total Equity &amp; Liabilities</b>	<b>31,965</b>	<b>30,636</b>	<b>32,918</b>	<b>34,679</b>

Source: Company Data, PL Research



### Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	18,008	19,688	21,656	23,417
Add. Depreciation	1,715	1,692	1,782	1,884
Add. Interest	50	55	54	52
Less Financial Other Income	765	892	705	743
Add. Other	(195)	-	-	-
Op. profit before WC changes	19,578	21,435	23,491	25,353
Net Changes-WC	1,766	(1,035)	(365)	(299)
Direct tax	(4,577)	(5,027)	(5,507)	(5,954)
<b>Net cash from Op. activities</b>	<b>16,767</b>	<b>15,373</b>	<b>17,619</b>	<b>19,101</b>
Capital expenditures	(1,000)	(186)	(1,286)	(1,651)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
<b>Net Cash from Invst. activities</b>	<b>(1,000)</b>	<b>(186)</b>	<b>(1,286)</b>	<b>(1,651)</b>
Issue of share cap. / premium	39	12	12	13
Debt changes	-	-	-	-
Dividend paid	(11,695)	(16,863)	(14,959)	(16,863)
Interest paid	(50)	(55)	(54)	(52)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(11,707)</b>	<b>(16,906)</b>	<b>(15,001)</b>	<b>(16,903)</b>
<b>Net change in cash</b>	<b>4,061</b>	<b>(1,719)</b>	<b>1,333</b>	<b>547</b>
Free Cash Flow	15,768	15,188	16,334	17,450

Source: Company Data, PL Research

### Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
<b>Per Share(Rs)</b>				
EPS	49.4	54.1	59.6	64.4
CEPS	55.7	60.3	66.1	71.3
BVPS	68.9	60.9	65.3	67.5
FCF	58.0	55.8	60.1	64.2
DPS	58.0	52.0	55.0	62.0
<b>Return Ratio(%)</b>				
RoCE	96.3	106.8	122.4	125.8
ROIC	305.9	345.7	1,115.4	1,846.5
RoE	74.8	83.3	94.4	97.0
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.7)	(0.8)	(0.9)	(0.9)
Net Working Capital (Days)	(27)	(22)	(22)	(22)
<b>Valuation(x)</b>				
PER	61.1	55.8	50.7	46.9
P/B	43.8	49.6	46.2	44.7
P/CEPS	54.2	50.0	45.6	42.3
EV/EBITDA	42.5	39.3	35.3	32.7
EV/Sales	14.2	12.9	11.9	11.0
Dividend Yield (%)	1.9	1.7	1.8	2.1

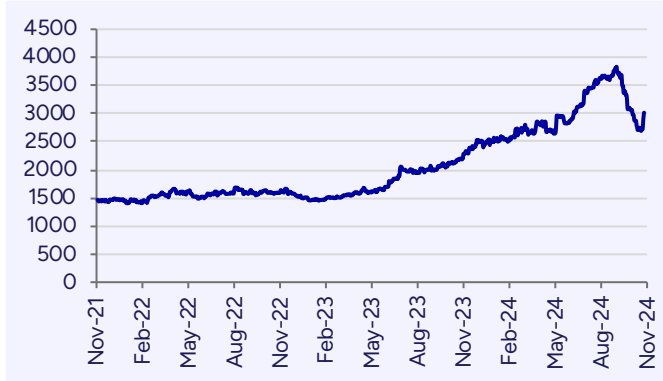
Source: Company Data, PL Research

### Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
<b>Net Revenue</b>	<b>13,957</b>	<b>14,900</b>	<b>14,967</b>	<b>16,191</b>
YoY gr. (%)	8.1	10.3	13.1	10.1
Raw Material Expenses	3,883	4,573	4,393	5,093
Gross Profit	10,073	10,327	10,574	11,098
Margin (%)	72.2	69.3	70.6	68.5
<b>EBITDA</b>	<b>4,684</b>	<b>5,322</b>	<b>5,083</b>	<b>4,974</b>
YoY gr. (%)	29.6	17.8	21.6	3.2
Margin (%)	33.6	35.7	34.0	30.7
Depreciation / Depletion	414	421	415	417
<b>EBIT</b>	<b>4,270</b>	<b>4,901</b>	<b>4,668</b>	<b>4,556</b>
Margin (%)	30.6	32.9	31.2	28.1
Net Interest	15	14	10	12
Other Income	179	227	190	195
<b>Profit before Tax</b>	<b>4,434</b>	<b>5,114</b>	<b>4,848</b>	<b>4,740</b>
Margin (%)	31.8	34.3	32.4	29.3
Total Tax	1,133	1,315	1,241	1,210
Effective tax rate (%)	25.6	25.7	25.6	25.5
<b>Profit after Tax</b>	<b>3,301</b>	<b>3,798</b>	<b>3,607</b>	<b>3,530</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3,301</b>	<b>3,798</b>	<b>3,607</b>	<b>3,530</b>
YoY gr. (%)	35.7	19.4	23.0	3.8
Margin (%)	23.7	25.5	24.1	21.8
Extra Ord. Income / (Exp)	-	-	33	421
<b>Reported PAT</b>	<b>3,301</b>	<b>3,798</b>	<b>3,640</b>	<b>3,951</b>
YoY gr. (%)	35.7	20.1	33.0	16.2
Margin (%)	23.7	25.5	24.3	24.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>3,301</b>	<b>3,798</b>	<b>3,640</b>	<b>3,951</b>
Avg. Shares O/s (m)	272	272	272	272
<b>EPS (Rs)</b>	<b>12.1</b>	<b>14.0</b>	<b>13.3</b>	<b>13.0</b>

Source: Company Data, PL Research

**Price Chart**



**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	24-Oct-24	Reduce	2,973	3,219
2	07-Oct-24	Reduce	3,130	3,740
3	29-Jul-24	Reduce	2,743	3,210
4	09-Jul-24	Reduce	2,414	2,910
5	15-May-24	Reduce	2,373	2,673
6	09-Apr-24	Reduce	2,174	2,622
7	23-Jan-24	Reduce	2,170	2,536
8	08-Jan-24	Reduce	2,140	2,501

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,230	2,543
2	Avenue Supermarts	Hold	4,748	4,573
3	Britannia Industries	BUY	5,845	5,028
4	Colgate Palmolive	Reduce	2,973	3,219
5	Dabur India	Hold	589	547
6	Emami	Hold	761	670
7	Hindustan Unilever	Hold	2,744	2,659
8	ITC	Accumulate	539	472
9	Jubilant FoodWorks	Hold	589	603
10	Kansai Nerolac Paints	Reduce	269	271
11	Marico	Accumulate	693	629
12	Metro Brands	Hold	1,208	1,165
13	Mold-tekk Packaging	Accumulate	803	737
14	Nestle India	Accumulate	2,689	2,379
15	Pidilite Industries	Accumulate	3,339	3,122
16	Restaurant Brands Asia	Hold	109	92
17	Titan Company	BUY	3,782	3,230
18	Westlife Foodworld	Hold	797	802

**PL's Recommendation Nomenclature (Absolute Performance)**

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



## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Amnish Aggarwal- MBA, CFA, Ms. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - 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](http://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. Amnish Aggarwal- MBA, CFA, Ms. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - 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](http://www.plindia.com)**