

January 17, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		ACCUMULATE	
Target Price	1,890		2,036	
Sales (Rs. m)	2,46,367	2,83,806	2,52,448	2,90,919
% Chng.	(2.4)	(2.4)		
EBITDA (Rs. m)	25,626	31,452	28,090	33,128
% Chng.	(8.8)	(5.1)		
EPS (Rs.)	28.4	35.2	31.7	37.6
% Chng.	(10.2)	(6.3)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,85,900	2,12,436	2,46,367	2,83,806
EBITDA (Rs. m)	18,426	20,049	25,626	31,452
Margin (%)	9.9	9.4	10.4	11.1
PAT (Rs. m)	12,708	13,942	17,819	22,069
EPS (Rs.)	20.3	22.2	28.4	35.2
Gr. (%)	19.3	9.7	27.8	23.9
DPS (Rs.)	9.0	9.5	11.0	11.0
Yield (%)	0.6	0.6	0.7	0.7
RoE (%)	18.1	17.5	19.7	21.2
RoCE (%)	24.9	24.2	27.1	29.2
EV/Sales (x)	5.2	4.5	3.8	3.3
EV/EBITDA (x)	52.0	47.5	37.0	29.8
PE (x)	77.8	70.9	55.5	44.8
P/BV (x)	13.3	11.7	10.2	8.9

Key Data

HVEL.BO | HAVL IN

52-W High / Low	Rs.2,106 / Rs.1,280
Sensex / Nifty	76,619 / 23,203
Market Cap	Rs.989bn / \$ 11,419m
Shares Outstanding	627m
3M Avg. Daily Value	Rs.1644.01m

Shareholding Pattern (%)

Promoter's	59.41
Foreign	24.76
Domestic Institution	10.24
Public & Others	5.59
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.9)	(15.9)	10.2
Relative	(4.1)	(11.4)	2.8

Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

Shivam Patel

shivampatel@plindia.com | 91-22-66322274

Soft growth in Cables, margins contract

Quick Pointers:

- Cables revenue grew by 7.3% YoY with negative growth in wires
- ECD reported growth of 14.9% YoY, led by small domestic appliances

We downward revise Havells India's (HAVL) FY25/FY26/FY27E earnings by 10.6%/10.2%/6.3% to factor in the lower margin in 9MFY25. We upgrade our recommendation to 'BUY' from 'ACCUMULATE' in view of the significant correction in stock price in the near past, with TP of Rs1,890 (earlier Rs2,036), based on DCF, which implies 54x FY27E earnings. HAVL reported weak performance mainly due to softer revenue growth in Cables and margin contraction in Switchgear and ECD due to product mix changes. The company expects softness in Wires sales to reduce with stability in copper prices and pickup in real estate demand in coming quarters. ECD growth momentum continues, driven by seasonal products on anticipation of healthy summer seasons and some uptick in consumer demand trends. With Lloyd strategy focused on growth with profitability, we estimate positive EBIT for FY25. Switchgear margin is not expected to go back to the 28% mark, but may improve to 24% in coming quarters from 18% in Q3FY25. We estimate revenue/EBITDA/PAT CAGR of 15.1%/19.5%/20.2% with ECD/Cables/Lloyd revenue CAGR of 14.8%/15.4%/18.7% over FY24-27E and EBITDA margin to reach 11.1% by FY27E (+120bps). Upgrade to 'BUY'.

Revenue grew 10.8%, PAT declined 3.5% YoY: Revenue grew by 10.8% YoY to Rs48.9bn (Ple: ~Rs50.6bn). ECD (contributed 23% rev) reported revenue growth of 14.9% YoY aided by festive demand. Lloyd revenue grew 13.1% YoY to Rs7.4bn, reflecting a steady quarter. Cables revenue grew by 7.3% YoY to Rs16.9bn, led by power cables. EBITDA declined by 1.4% YoY to Rs4.3bn (PLe: Rs4.7bn). EBITDA margins contracted by 110bps YoY to 8.7% (PLe: 9.3%) due to lower ECD margins, impacted by the product mix (SDA) and higher SG&A expenses following a provision write-back in Q3FY24. Advertising & sales promotion spends stood at 3.7% of sales (up 1.3% YoY) and employee expenses jumped 22.5% YoY. In terms of segmental EBIT margin, Cables came in at 11.1% (+70bps), Lighting at 14.6% (+40bps YoY), ECD at 8.6% (-240bps), and Switchgear at 18.2% (-570bps YoY). Lloyd posted EBIT loss of Rs361mn vs loss of Rs653mn in Q3FY24. PBT declined by 3.4% YoY to Rs3.8bn. PAT declined 3.5% YoY to Rs2.8bn (PLe: Rs3.4bn).

ConCall Takeaways: 1) HAVL has guided for Switchgear's contribution margins to range from 38% to 40% and EBIT margin of ~24%. **2)** It has allocated capex of Rs4.8bn for the new refrigeration plant in Jalore, Rajasthan. **3)** The company has overall capex plans of Rs10bn for FY25 and FY26 each, 75% allocated to Refrigerators and Cables. **4)** Appliances saw double-digit growth, outpacing fans and water heaters, which impacted ECD margins. **5)** Volume growth in Lighting was 13-14%. **6)** Volume growth in Cables/Wires was 11-12%/negative. **7)** Softness in copper prices (+0.6% QoQ) has resulted in channel destocking in the Wires segment, which is expected to normalize in the coming quarters. **8)** Appliances' contribution margins remain lower than fans and water heaters. **9)** The company has shifted its switchgear production facility from Faridabad to Sahibabad, UP. **10)** It is focused on increasing ECD market share in underpenetrated categories like domestic appliances and water purifiers through strategic investments in modern retail and new channels.

Exhibit 1: Q3FY25 Result Overview (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	48,890	44,139	10.8	45,393	7.7	152,345	131,480	15.9
Gross Profit	16,835	14,692	14.6	15,319	9.9	50,651	42,355	19.6
% of N S	34.4	33.3	1.1	33.7	0.69	33.2	32.2	1.0
Other Expenses	12,570	10,365	21.3	11,568	8.7	36,913	30,671	20.4
% of N S	25.7	23.5	2.2	25.5	0.23	24.2	23.3	0.9
EBITDA	4,265	4,327	(1.4)	3,751	13.7	13,738	11,685	17.6
Margin (%)	8.7	9.8		8.3	0.46	9.0	8.9	0.1
Depreciation	1,041	877	18.8	946	10.0	2,907	2,451	18.6
Interest	94	102	(7.9)	101	(6.8)	280	280	0.1
Other income	643	559	15.1	929	(30.7)	2,346	1,732	35.4
PBT	3,773	3,907	(3.4)	3,633	3.9	12,896	10,686	20.7
Tax	994	1,028	(3.3)	955	4.1	3,364	2,840	18.4
ETR (%)	26.3	26.3	0.0	26.3	0.05	26.1	26.6	-0.5
Adj. PAT	2,780	2,879	(3.5)	2,678	3.8	9,532	7,845	21.5

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenues								
Switchgears	5,769	5,206	10.8	5,513	4.65	17,050	15,950	6.9
Cables	16,879	15,727	7.3	18,052	-6.50	50,143	45,280	10.7
Lighting & Fixtures	4,464	4,335	3.0	3,951	13.00	12,291	12,045	2.0
Electrical Consumer Durables	11,048	9,615	14.9	8,564	29.00	30,166	25,721	17.3
Others	3,308	2,695	22.8	3,418	-3.23	10,091	7,840	28.7
Core Revenues	41,468	37,578	10.4	39,497	4.99	119,740	106,836	12.1
Lloyd	7,422	6,561	13.1	5,896	25.89	32,605	24,644	32.3
Total Revenues	48,890	44,139	10.8	45,393	7.70	152,345	131,480	15.9
EBIT								
Switchgears	1,048	1,244	(15.8)	1,150	-8.8	3,620	4,164	(13.1)
EBIT margin (%)	18.2	23.9	-5.7	20.9	-2.7	21.2	26.1	-4.9
Cables	1,870	1,625	15.1	1,548	20.8	5,129	5,030	2.0
EBIT margin (%)	11.1	10.3	0.7	8.6	2.5	10.2	11.1	-0.9
Lighting & Fixtures	651	607	7.3	501	30.0	1,782	1,716	3.8
EBIT margin (%)	14.6	14.0	0.6	12.7	1.9	14.5	14.2	0.2
Electrical Consumer Durables	953	1,062	(10.2)	643	48.2	2,743	2,878	(4.7)
EBIT margin (%)	8.6	11.0	-2.4	7.5	1.1	9.1	11.2	-2.1
Others	(67)	39	(272.3)	66	-201.5	109	171	(36.3)
EBIT margin (%)	-2.0	1.4	-3.4	1.9	-3.9	1.1	2.2	-1.1
Core EBIT	4,456	4,576	(2.6)	3,907	14.0	13,382	13,959	(4.1)
EBIT margin (%)	10.7	12.2	-1.4	9.9	0.9	11.2	13.1	-1.9
Lloyd	(361)	-654	-	-243	NA	32	-2,007	NA
EBIT margin (%)	-4.9	-10.0	5.1	-4.1		0.1	-8.1	
Total EBIT	4,094	3,922	4.4	3,664	11.7	13,413	11,953	12.2
EBIT margin (%)	8.4	8.9	-0.5	8.1	0.3	8.8	9.1	-0.3

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,85,900	2,12,436	2,46,367	2,83,806
YoY gr. (%)	9.9	14.3	16.0	15.2
Cost of Goods Sold	1,25,687	1,41,836	1,64,577	1,88,790
Gross Profit	60,213	70,600	81,791	95,017
Margin (%)	32.4	33.2	33.2	33.5
Employee Cost	15,485	18,886	20,448	22,988
Other Expenses	13,251	14,573	16,130	18,581
EBITDA	18,426	20,049	25,626	31,452
YoY gr. (%)	15.7	8.8	27.8	22.7
Margin (%)	9.9	9.4	10.4	11.1
Depreciation and Amortization	3,385	3,957	4,694	5,383
EBIT	15,041	16,091	20,933	26,070
Margin (%)	8.1	7.6	8.5	9.2
Net Interest	457	393	468	513
Other Income	2,490	3,162	3,641	4,298
Profit Before Tax	17,074	18,861	24,105	29,855
Margin (%)	9.2	8.9	9.8	10.5
Total Tax	4,366	4,919	6,287	7,786
Effective tax rate (%)	25.6	26.1	26.1	26.1
Profit after tax	12,708	13,942	17,819	22,069
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	12,708	13,942	17,819	22,069
YoY gr. (%)	19.3	9.7	27.8	23.9
Margin (%)	6.8	6.6	7.2	7.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12,708	13,942	17,819	22,069
YoY gr. (%)	19.3	9.7	27.8	23.9
Margin (%)	6.8	6.6	7.2	7.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,708	13,942	17,819	22,069
Equity Shares O/s (m)	627	627	627	627
EPS (Rs)	20.3	22.2	28.4	35.2

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	53,733	63,226	73,826	83,926
Tangibles	41,173	50,525	61,025	71,025
Intangibles	12,560	12,701	12,801	12,901
Acc: Dep / Amortization	16,959	21,214	25,907	31,290
Tangibles	15,110	19,017	23,436	28,542
Intangibles	1,849	2,197	2,471	2,748
Net fixed assets	36,774	42,012	47,918	52,635
Tangibles	26,063	31,508	37,588	42,482
Intangibles	10,712	10,504	10,330	10,153
Capital Work In Progress	2,987	1,518	1,018	1,018
Goodwill	3,105	3,105	3,105	3,105
Non-Current Investments	532	428	445	464
Net Deferred tax assets	(3,575)	(3,528)	(3,468)	(3,393)
Other Non-Current Assets	1,933	1,772	1,896	2,087
Current Assets				
Investments	-	-	-	-
Inventories	34,086	40,741	47,249	54,429
Trade receivables	11,650	11,640	13,500	15,551
Cash & Bank Balance	30,382	36,389	42,073	51,425
Other Current Assets	2,372	2,124	2,464	2,838
Total Assets	1,24,327	1,40,305	1,60,331	1,84,314
Equity				
Equity Share Capital	627	627	627	627
Other Equity	73,841	84,023	95,886	1,11,058
Total Network	74,468	84,650	96,513	1,11,685
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	877	1,002	1,163	1,339
Other non current liabilities	152	173	201	232
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	26,919	30,103	34,929	40,068
Other current liabilities	15,912	18,079	20,845	23,895
Total Equity & Liabilities	1,24,327	1,40,305	1,60,331	1,84,314

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	17,074	18,861	24,105	29,855
Add. Depreciation	3,385	3,957	4,694	5,383
Add. Interest	457	393	468	513
Less Financial Other Income	2,490	3,162	3,641	4,298
Add. Other	628	647	438	421
Op. profit before WC changes	21,544	23,858	29,705	36,172
Net Changes-WC	5,943	(1,173)	(1,211)	(1,524)
Direct tax	(4,366)	(4,919)	(6,287)	(7,786)
Net cash from Op. activities	23,120	17,766	22,207	26,861
Capital expenditures	(8,297)	(7,726)	(10,100)	(10,100)
Interest / Dividend Income	-	-	-	-
Others	(11,862)	(5,880)	(7,000)	(7,000)
Net Cash from Invt. activities	(20,159)	(13,606)	(17,100)	(17,100)
Issue of share cap. / premium	0	0	-	-
Debt changes	-	-	-	-
Dividend paid	(4,697)	(3,760)	(5,956)	(6,896)
Interest paid	(457)	(393)	(468)	(513)
Others	-	-	-	-
Net cash from Fin. activities	(5,154)	(4,153)	(6,424)	(7,409)
Net change in cash	(2,193)	8	(1,317)	2,352
Free Cash Flow	13,902	8,703	11,201	15,827

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	20.3	22.2	28.4	35.2
CEPS	25.7	28.6	35.9	43.8
BVPS	118.8	135.0	153.9	178.1
FCF	22.2	13.9	17.9	25.2
DPS	9.0	9.5	11.0	11.0
Return Ratio(%)				
RoCE	24.9	24.2	27.1	29.2
ROIC	28.0	27.6	31.9	36.6
RoE	18.1	17.5	19.7	21.2
Balance Sheet				
Net Debt : Equity (x)	(0.4)	(0.4)	(0.4)	(0.5)
Net Working Capital (Days)	37	38	38	38
Valuation(x)				
PER	77.8	70.9	55.5	44.8
P/B	13.3	11.7	10.2	8.9
P/CEPS	61.4	55.3	43.9	36.0
EV/EBITDA	52.0	47.5	37.0	29.8
EV/Sales	5.2	4.5	3.8	3.3
Dividend Yield (%)	0.6	0.6	0.7	0.7

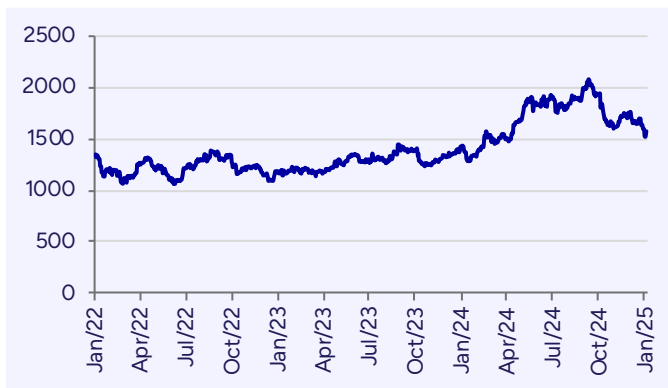
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	54,420	58,062	45,393	48,890
YoY gr. (%)	12.0	20.1	16.4	10.8
Raw Material Expenses	36,562	39,565	30,075	32,055
Gross Profit	17,858	18,497	15,319	16,835
Margin (%)	32.8	31.9	33.7	34.4
EBITDA	6,346	5,722	3,751	4,265
YoY gr. (%)	20.4	42.4	0.5	(1.4)
Margin (%)	11.7	9.9	8.3	8.7
Depreciation / Depletion	934	920	946	1,041
EBIT	5,412	4,802	2,805	3,224
Margin (%)	9.9	8.3	6.2	6.6
Net Interest	177	86	101	94
Other Income	758	773	929	643
Profit before Tax	5,993	5,490	3,633	3,773
Margin (%)	11.0	9.5	8.0	7.7
Total Tax	1,526	1,415	955	994
Effective tax rate (%)	25.5	25.8	26.3	26.3
Profit after Tax	4,467	4,075	2,678	2,780
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	4,467	4,075	2,678	2,780
YoY gr. (%)	24.8	41.9	7.5	(3.5)
Margin (%)	8.2	7.0	5.9	5.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,467	4,075	2,678	2,780
YoY gr. (%)	24.8	41.9	7.5	(15.1)
Margin (%)	8.2	7.0	5.9	5.7
Other Comprehensive Income	(14)	(14)	(10)	-
Total Comprehensive Income	4,453	4,061	2,668	2,780
Avg. Shares O/s (m)	627	626	627	627
EPS (Rs)	7.1	6.5	4.3	4.4

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Accumulate	2,036	1,636
2	20-Oct-24	Accumulate	2,036	1,845
3	08-Oct-24	Accumulate	2,036	1,948
4	04-Sep-24	Accumulate	1,976	1,901
5	19-Jul-24	Accumulate	1,976	1,863
6	05-Jul-24	Accumulate	1,976	1,882
7	01-May-24	Accumulate	1,774	1,664
8	05-Apr-24	Accumulate	1,681	1,550
9	24-Jan-24	Accumulate	1,538	1,306

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	BUY	1,883	1,553
2	Avalon Technologies	Hold	899	938
3	Bajaj Electricals	Reduce	676	782
4	Century Plyboard (I)	Hold	811	823
5	Cera Sanitaryware	Hold	7,712	7,188
6	Crompton Greaves Consumer Electricals	BUY	536	368
7	Cyient DLM	BUY	831	645
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	Accumulate	2,036	1,636
11	Kajaria Ceramics	BUY	1,545	1,061
12	Kaynes Technology India	Hold	6,085	6,971
13	KEI Industries	BUY	5,265	4,313
14	Polycab India	BUY	8,741	7,163
15	R R Kabel	BUY	2,151	1,385
16	Supreme Industries	BUY	5,721	4,600
17	Syrma SGS Technology	Hold	629	610
18	Voltas	Accumulate	1,980	1,780

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, Mr. Shivam Patel- 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. Praveen Sahay- MBA Finance, Mr. Shivam Patel- 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