

January 23, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		REDUCE	
Target Price	237		213	
Sales (Rs. m)	34,336	37,126	34,319	37,146
% Chng.	0.1	(0.1)		
EBITDA (Rs. m)	3,737	4,172	3,904	4,311
% Chng.	(4.3)	(3.2)		
EPS (Rs.)	6.1	7.1	6.6	7.5
% Chng.	(6.9)	(5.7)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	28,650	30,524	34,336	37,126
EBITDA (Rs. m)	2,557	2,935	3,737	4,172
Margin (%)	8.9	9.6	10.9	11.2
PAT (Rs. m)	1,205	1,283	1,692	1,947
EPS (Rs.)	4.4	4.6	6.1	7.1
Gr. (%)	(7.0)	6.4	31.9	15.0
DPS (Rs.)	0.4	0.5	0.6	0.7
Yield (%)	0.2	0.2	0.3	0.3
RoE (%)	7.5	7.0	8.8	9.4
RoCE (%)	8.0	8.4	9.8	10.5
EV/Sales (x)	2.1	2.0	1.8	1.7
EV/EBITDA (x)	23.2	20.9	16.7	14.8
PE (x)	51.8	48.7	36.9	32.1
P/BV (x)	3.5	3.4	3.1	2.9

Key Data LAXR.BO | LXCHEM IN

52-W High / Low	Rs.326 / Rs.212
Sensex / Nifty	76,520 / 23,205
Market Cap	Rs.63bn / \$ 725m
Shares Outstanding	277m
3M Avg. Daily Value	Rs.208.38m

Shareholding Pattern (%)

Promoter's	69.38
Foreign	1.97
Domestic Institution	3.47
Public & Others	25.18
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.5)	(11.1)	(15.9)
Relative	(5.1)	(6.5)	(22.6)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com |

Lote plant to be commissioned soon

Quick Pointers:

- Volumes increased by 17% YoY in Q3FY25 and 15% YoY in 9MFY25 across both the business units
- Prices of key raw material acetic acid moderated from \$450/t in Q3FY24, to \$380/t currently

We upgrade the rating to 'Hold' as the stock has corrected significantly along with increased visibility on projects, which will fuel future growth. Laxmi Organic Industries (LXCHEM) reported a topline of Rs7.8bn, up 13.4% YoY and 2% QoQ, driven by 17% volume growth across both its segments. Specialty segment continues to outperform and now constitutes 70% of the overall EBITDA. We expect this share to improve further going ahead. However, the Essentials segment, which constitutes 68% of revenue, saw a degrowth in revenue sequentially. EBITDAM for this segment also decreased by 80bps sequentially due to higher acetic acid prices. The management expects the fluorochemical segment to contribute to 10% of the Rs2bn peak revenue in FY25, and to reach a peak by FY27. The company plans to invest Rs11bn and double its revenue by FY28. Agrochem side of the company continues to remain soft, while other sub-segments like pharma, printing & packaging as well as colors and pigments have seen stable demand. The stock currently trades at 32x FY27 EPS. Using SOTP, we value it at Rs237. Upgrade to 'Hold' rating.

- Revenue growth driven by specialty segments:** Consolidated revenue stood at Rs7.8bn (13.4% YoY/ 2% QoQ) (PLe: Rs7.5bn, Consensus: Rs 7.6bn), actual topline was higher than our estimates. Specialty segment saw revenue growth of 29% YoY/ 11% QoQ, while Essentials grew by 7% YoY. 9MFY25 revenue stood at Rs22.7bn, up 9.4% YoY. Specialty segment now constitutes 32% of overall revenue vs 28% in Q3FY24 & 29% in Q2FY25, while Essentials revenue contribution decreased to 68% vs 72% in Q3FY24 & 71% in Q2FY25.
- Sequential EBITDA remained flat:** EBITDA stood at Rs748mn, up 45% YoY/ 0.1% QoQ (PLe: Rs765mn, Consensus: Rs727mn). EBITDA margin came at 9.5% (vs 7.4% in Q3FY24 and 9.7% in Q2FY25), slight decrease sequentially due to higher acetic acid prices. Specialty now constitutes 70% of overall EBITDA with an EBITDA margin of 21%, and Essentials margin at stood 4.2%, down from 5.1% in Q2FY25.
- Concall key takeaways:** (1) Focus on doubling revenue by FY28. (2) Pharma, printing and packaging and coating demand remained stable QoQ, and argochem demand continued to remain weak, but is expected to improve over time. (3) Acetic acid prices moderated from \$450/t in Q3FY24, to \$380/t. (4) Moderate increase in acetic acid pricing expected from \$380/t to \$410/t in Q4FY25. (5) Ethyl acetate spreads at \$130-140/t; no major change expected. (6) Total volumes increased by 17% YoY. (7) Export:import mix at 36%:64%. (8) Freight cost increased during the quarter, in Q4FY25 moderation in freight visible (9) Rs905mn capex planned to expand ethyl acetate capacity by 70ktpa, to be operational in Q4FY26, Rs914mn capex to set up 70ktpa n-butyl

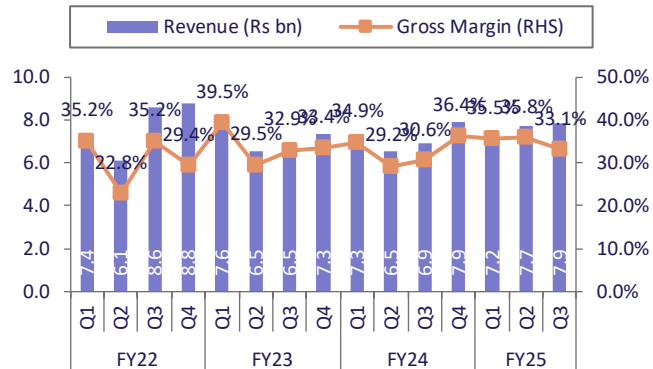
acetate plant to be operational in Q4FY26. **(10)** Capitalized Rs2.2bn of assets in Lote, which is visible in higher depreciation during the quarter. **(11)** Out of Rs10.5bn capex, Rs8bn allocated for Dahej and Rs0.5bn for pending Lote capex. **(12)** Ethyl acetate revenue will come down from 60% to 40% of revenue. **(13)** Revenue mix of specialty to improve going ahead. **(14)** 10% of peak revenue to come in Q4FY25, 40-60% in FY26 and peak revenue of Rs2bn to be achieved in FY27 for Fluorochemical.

Exhibit 1: Q3FY25 Result Overview – Consolidated (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q3FY25E	% Var.	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	7,863	6,936	13.4	7,505	4.8	7,713	2.0	22,758	20,795	9.4
Gross Profit	2,604	2,124	22.6	2,672	(2.5)	2,765	-5.8	7,920	6,587	20.2
Margin (%)	33.1	30.6		35.6		35.8		0.0	0.0	
EBITDA	748	516	45.0	765	(2.2)	747	0.1	2,206	1,678	31.5
Margin (%)	9.5	7.4		10.2		9.7		9.7	8.1	
Other Income	56.3	60.4	(6.7)	84.7	(33.5)	66.5	-15.3	242.6	181.9	33.4
Depreciation	312	275	13.3	291	7.2	275	13.6	845	760	11.1
EBIT	436	240	81.3	474	(8.0)	472	-7.7	1,361	918	48.3
Interest	22	5	315.0	52.4	(58.8)	76	-71.7	131	72	82.9
PBT before exceptional items	471	296	59.2	506	(7.0)	462	1.7	1,473	1,028	43.2
Total Tax	177	24	651.3	167	6.3	181	-2.0	555	266	108.8
ETR (%)	37.7	37.7		33.0		39.2				
Adj. PAT	293	272	7.8	339	(13.6)	281	4.2	918	762	20.4
Exceptional Items	0	0		0		0		0	0	
PAT	293	272	7.8	339	(13.6)	281	4.2	918	762	20.4

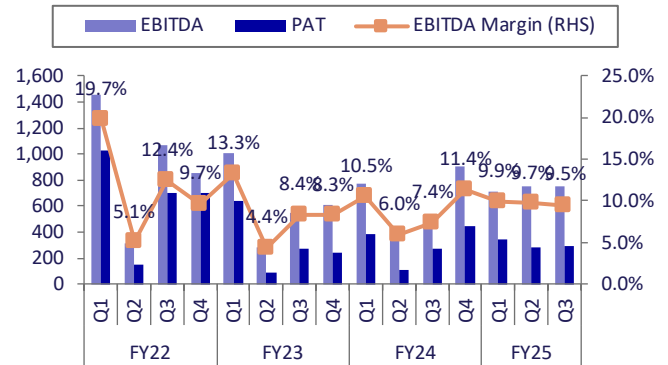
Source: Company, PL

Exhibit 2: Revenue improved due to volume increase



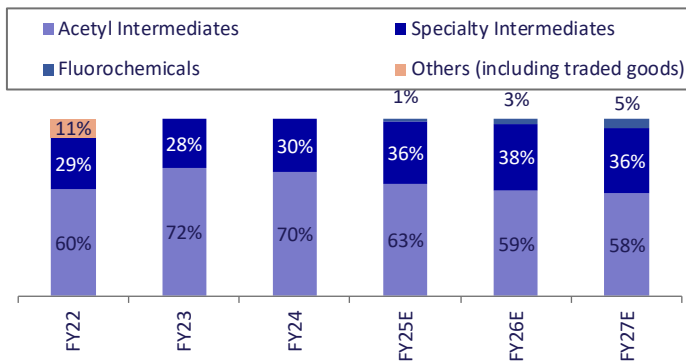
Source: Company, PL

Exhibit 3: EBITDA margin almost flat QoQ



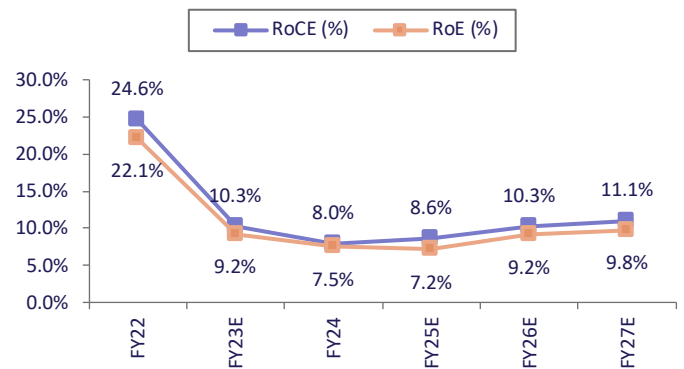
Source: Company, PL

Exhibit 4: Fluorochemical to start contributing from Q4FY25



Source: Company, PL

Exhibit 5: Return ratios to reach 9-11%



Source: Company, PL



Exhibit 6: Quarterly Segmental performance

Consolidated Revenue	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Essentials Segment	5,384	5,024	7%	5,472	-2%	15,526	14,737	5%
Specialty Intermediates	2,480	1,919	29%	2,240	11%	7,231	6,021	20%
Total	7,864	6,943	13%	7,712	2%	22,757	20,758	10%
Revenue mix (%)								
Essentials Segment	68%	72%		71%		68%	71%	
Specialty Intermediates	32%	28%		29%		32%	29%	
Total	100%	100%		100%		100%	100%	
EBITDA								
Essentials Segment	224	175	28%	276	-19%	706	536	32%
Specialty Intermediates	523	340	54%	471	11%	1501	1143	31%
Total	748	516	45%	747		2207	1679	31%
EBITDA mix								
Essentials Segment	30%	34%		37%		32%	32%	
Specialty Intermediates	70%	66%		63%		68%	68%	
Total	100%	100%		100%		100%	100%	
EBITDA Margin								
Essentials Segment	4.2%	3.5%		5.1%		4.5%	3.6%	
Specialty Intermediates	21.1%	17.7%		21.0%		20.8%	19.0%	
Total	14%	10%		14%		14%	11%	

Source: Company, PL

Exhibit 7: Valuation – SOTP-based TP at Rs 237; Upgrade to Hold rating

Enterprise Value (Rs mn)	FY27 EV/EBITDA (x)	Per Share
Specialty Intermediates	18	191
Fluorochemicals	17	18
Acetyl Intermediates	8	27
Enterprise Value		237
Less: Net Debt and Investments		(3.77)
Fair Value / Target Price (Rs)		237

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	28,650	30,524	34,336	37,126
YoY gr. (%)	2.6	6.5	12.5	8.1
Cost of Goods Sold	19,248	19,858	21,943	23,614
Gross Profit	9,403	10,667	12,393	13,512
Margin (%)	32.8	34.9	36.1	36.4
Employee Cost	1,479	1,626	1,789	1,914
Other Expenses	5,367	6,105	6,867	7,425
EBITDA	2,557	2,935	3,737	4,172
YoY gr. (%)	7.0	14.8	27.3	11.7
Margin (%)	8.9	9.6	10.9	11.2
Depreciation and Amortization	1,066	1,200	1,517	1,677
EBIT	1,491	1,735	2,220	2,495
Margin (%)	5.2	5.7	6.5	6.7
Net Interest	65	187	135	118
Other Income	282	367	440	528
Profit Before Tax	1,708	1,915	2,526	2,906
Margin (%)	6.0	6.3	7.4	7.8
Total Tax	503	632	834	959
Effective tax rate (%)	29.4	33.0	33.0	33.0
Profit after tax	1,205	1,283	1,692	1,947
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,205	1,283	1,692	1,947
YoY gr. (%)	(3.3)	6.5	31.9	15.0
Margin (%)	4.2	4.2	4.9	5.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,205	1,283	1,692	1,947
YoY gr. (%)	(3.3)	6.5	31.9	15.0
Margin (%)	4.2	4.2	4.9	5.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,205	1,283	1,692	1,947
Equity Shares O/s (m)	276	276	276	276
EPS (Rs)	4.4	4.6	6.1	7.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	12,941	19,883	23,383	25,883
Tangibles	12,916	19,857	23,357	25,857
Intangibles	26	26	26	26
Acc: Dep / Amortization	4,187	5,387	6,904	8,581
Tangibles	4,169	5,369	6,886	8,563
Intangibles	18	18	18	18
Net fixed assets	8,755	14,496	16,479	17,302
Tangibles	8,747	14,488	16,471	17,294
Intangibles	8	8	8	8
Capital Work In Progress	4,442	1,000	1,000	1,000
Goodwill	33	33	33	33
Non-Current Investments	99	99	99	99
Net Deferred tax assets	(283)	(283)	(283)	(283)
Other Non-Current Assets	172	172	172	172
Current Assets				
Investments	1,231	1,231	1,231	1,231
Inventories	2,833	3,178	3,575	3,865
Trade receivables	5,834	6,216	6,992	7,560
Cash & Bank Balance	3,171	3,118	2,276	2,069
Other Current Assets	1,262	1,345	1,513	1,636
Total Assets	28,272	31,357	33,897	35,538
Equity				
Equity Share Capital	552	552	552	552
Other Equity	17,425	17,999	19,298	21,050
Total Network	17,976	18,551	19,850	21,602
Non-Current Liabilities				
Long Term borrowings	972	2,672	2,700	1,700
Provisions	61	61	61	61
Other non current liabilities	64	64	64	64
Current Liabilities				
ST Debt / Current of LT Debt	385	637	717	775
Trade payables	7,621	8,120	9,134	9,876
Other current liabilities	905	964	1,084	1,172
Total Equity & Liabilities	28,272	31,357	33,897	35,538

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,708	1,915	2,526	2,906
Add. Depreciation	1,066	1,200	1,517	1,677
Add. Interest	63	187	135	118
Less Financial Other Income	282	367	440	528
Add. Other	63	(367)	(440)	(528)
Op. profit before WC changes	2,900	2,935	3,737	4,172
Net Changes-WC	3,086	(283)	(272)	(199)
Direct tax	(371)	(629)	(827)	(954)
Net cash from Op. activities	5,616	2,023	2,638	3,019
Capital expenditures	(2,475)	(3,500)	(3,500)	(2,500)
Interest / Dividend Income	128	367	440	528
Others	(2,548)	(200)	-	-
Net Cash from Invst. activities	(4,895)	(3,333)	(3,060)	(1,972)
Issue of share cap. / premium	2,676	(64)	-	-
Debt changes	(2,612)	1,952	107	(942)
Dividend paid	(133)	(128)	(169)	(195)
Interest paid	(217)	(187)	(135)	(118)
Others	(132)	(502)	(37)	-
Net cash from Fin. activities	(419)	1,070	(233)	(1,254)
Net change in cash	302	(239)	(655)	(206)
Free Cash Flow	3,139	(1,477)	(862)	519

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	4.4	4.6	6.1	7.1
CEPS	8.2	9.0	11.6	13.1
BVPS	65.2	67.2	71.9	78.3
FCF	11.4	(5.3)	(3.1)	1.9
DPS	0.4	0.5	0.6	0.7
Return Ratio(%)				
RoCE	8.0	8.4	9.8	10.5
ROIC	6.7	7.2	8.0	8.2
RoE	7.5	7.0	8.8	9.4
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.1)	-	0.0
Net Working Capital (Days)	13	15	15	15
Valuation(x)				
PER	51.8	48.7	36.9	32.1
P/B	3.5	3.4	3.1	2.9
P/CEPS	27.5	25.1	19.5	17.2
EV/EBITDA	23.2	20.9	16.7	14.8
EV/Sales	2.1	2.0	1.8	1.7
Dividend Yield (%)	0.2	0.2	0.3	0.3

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	7,921	7,182	7,713	7,863
YoY gr. (%)	8.0	(2.1)	18.2	13.4
Raw Material Expenses	5,040	4,630	4,948	5,259
Gross Profit	2,881	2,551	2,765	2,604
Margin (%)	36.4	35.5	35.8	33.1
EBITDA	900	712	747	748
YoY gr. (%)	48.2	(7.9)	91.8	45.0
Margin (%)	11.4	9.9	9.7	9.5
Depreciation / Depletion	306	259	275	312
EBIT	594	453	472	436
Margin (%)	7.5	6.3	6.1	5.5
Net Interest	(6)	33	76	22
Other Income	79	120	67	56
Profit before Tax	680	540	462	471
Margin (%)	8.6	7.5	6.0	6.0
Total Tax	237	196	181	177
Effective tax rate (%)	34.8	36.4	39.2	37.7
Profit after Tax	443	344	281	293
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	443	344	281	293
YoY gr. (%)	82.1	(10.4)	162.6	7.8
Margin (%)	5.6	4.8	3.6	3.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	443	344	281	293
YoY gr. (%)	82.1	(10.4)	162.6	7.8
Margin (%)	5.6	4.8	3.6	3.7
Other Comprehensive Income	-	3	-	3
Total Comprehensive Income	443	347	281	296
Avg. Shares O/s (m)	276	276	277	277
EPS (Rs)	1.6	1.2	1.0	1.1

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Reduce	213	230
2	31-Oct-24	Reduce	240	270
3	05-Oct-24	Sell	218	276
4	29-Jul-24	Sell	206	257
5	04-Jul-24	Sell	206	264
6	24-May-24	Sell	206	257
7	09-Apr-24	Sell	206	251
8	25-Jan-24	Sell	221	271

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	381	405
2	Bharat Petroleum Corporation	Hold	301	283
3	Bharti Airtel	Accumulate	1,783	1,599
4	Clean Science and Technology	Hold	1,471	1,449
5	Deepak Nitrite	Reduce	2,295	2,460
6	Fine Organic Industries	BUY	5,765	4,474
7	GAIL (India)	Hold	203	186
8	Gujarat Fluorochemicals	Reduce	3,724	3,926
9	Gujarat Gas	Sell	362	508
10	Gujarat State Petronet	Hold	351	359
11	Hindustan Petroleum Corporation	Hold	391	386
12	Indian Oil Corporation	Hold	152	134
13	Indraprastha Gas	Sell	315	431
14	Jubilant Ingrevia	Reduce	731	837
15	Laxmi Organic Industries	Reduce	213	230
16	Mahanagar Gas	Sell	984	1,245
17	Mangalore Refinery & Petrochemicals	Accumulate	168	145
18	Navin Fluorine International	Accumulate	3,672	3,478
19	NOCIL	Reduce	226	247
20	Oil & Natural Gas Corporation	BUY	300	260
21	Oil India	BUY	714	465
22	Petronet LNG	Sell	268	330
23	Reliance Industries	Accumulate	1,472	1,266
24	SRF	Reduce	2,018	2,308
25	Vinati Organics	Accumulate	1,925	1,707

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. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II 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. Swarnendu Bhushan- IIT, MBA Finance, Mr. Saurabh Ahire- MBA, Passed CFA Level II 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