

January 28, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	124		152	
Sales (Rs. bn)	8,415	7,696	8,198	7,468
% Chng.	2.6	3.0		
EBITDA (Rs. bn)	468	497	467	495
% Chng.	0.3	0.3		
EPS (Rs.)	14.5	15.7	14.4	15.8
% Chng.	0.3	(0.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	7,764	7,576	8,415	7,696
EBITDA (Rs. bn)	756	281	468	497
Margin (%)	9.7	3.7	5.6	6.5
PAT (Rs. bn)	432	50	200	216
EPS (Rs.)	31.3	3.6	14.5	15.7
Gr. (Rs.)	268.8	(88.5)	301.5	8.5
DPS (Rs.)	12.0	1.8	6.3	6.3
Yield (%)	9.8	1.5	5.2	5.1
RoE (%)	26.7	2.7	10.3	10.4
RoCE (%)	20.4	3.6	8.6	8.7
EV/Sales (x)	0.4	0.4	0.4	0.4
EV/EBITDA (x)	3.8	11.1	6.7	6.3
PE (x)	3.9	34.0	8.5	7.8
P/BV (x)	0.9	0.9	0.8	0.8

Key Data IOC.BO | IOCL IN

52-W High / Low	Rs.197 / Rs.121
Sensex / Nifty	75,901 / 22,957
Market Cap	Rs.1,731bn / \$ 20,004m
Shares Outstanding	14,121m
3M Avg. Daily Value	Rs.2287.37m

Shareholding Pattern (%)

Promoter's	51.50
Foreign	7.79
Domestic Institution	10.04
Public & Others	30.67
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(10.0)	(30.6)	(14.7)
Relative	(6.7)	(25.6)	(20.5)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Payal Shah

payalshah@plindia.com |

Stronger GRM and GMM drive earnings

Quick Pointers:

- The company had an under-recovery of Rs54.6bn on the sale of LPG in Q3FY25
- Core GRM came in at US\$6.6/bbl with an inventory loss of ~US\$3.7/bbl

Indian Oil Corporation (IOCL) reported an EBITDA of Rs71.2bn, up 88.6% QoQ (PLe: Rs96.1bn, BBGe: Rs119bn). Adj PAT came in at Rs21.9bn (against adj loss of Rs9.8bn in Q2, PLe: Rs36.1bn, BBGe: Rs67.9bn). There was an exceptional gain of Rs6.8bn for VAT input tax credit. Reported GRM came in at US\$2.95/bbl, up 87% QoQ (PLe: US\$2.9/bbl). GMM stood at Rs7.1/ltr (PLe:Rs6.4/ltr). In Q4-TD, average Singapore GRM has declined to below US\$2.5/bbl amid decline in product cracks, and gross margin on petrol/diesel too has moderated to Rs10.8/6.4/ltr. However, we expect it to rebound to the long-term average of US\$5-7/bbl in the medium term, and build in a GRM of US\$4/6/6/bbl for FY25/26/27E. On the marketing front, we build in a GMM of Rs5.4/4.3/4.3/ltr for FY25/26/27E. We maintain 'HOLD' rating on the stock with a TP of Rs124 based on 0.8x avg FY27E P/BV.

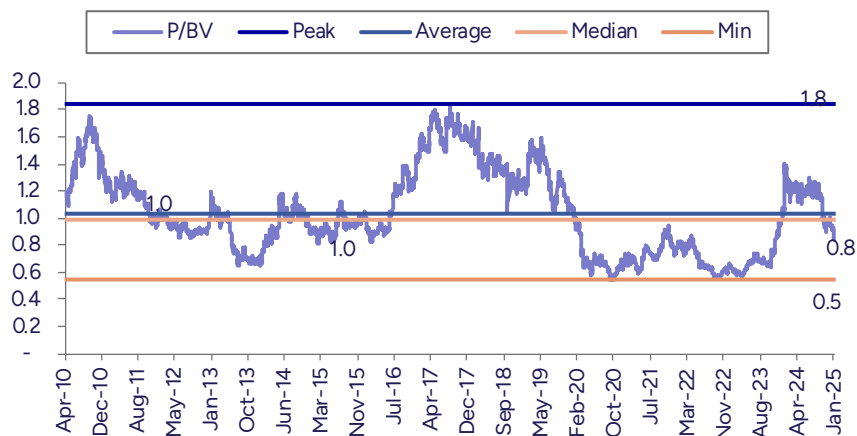
- Sharp rise in earnings sequentially:** IOCL's operating profit rose 88.6% QoQ due to higher refining and marketing margins. Despite in-line GRM and higher-than-estimated GMM, EBITDA came in lower than expected due to higher other expenditure, which grew 14% QoQ. Adj PAT came in at Rs21.9bn (against adj loss of Rs9.8bn in Q2). There was an exceptional gain of Rs6.8bn for VAT input tax credit under the Gujarat VAT Act, 2005.
- GRM in line with estimates:** Refining throughput at 18.1mmt grew 8.2% QoQ. Capacity utilization stood at 102.3%, while distillate yield came in at 82.2%. IOCL reported a GRM of US\$2.95/bbl, in line with estimates. Core GRM stood at US\$6.6/bbl. Reported GRM increased by 87.9% QoQ. The company reported an EBIT loss of Rs1.55bn on the petchem front (vs EBIT loss of Rs0.9bn in Q2). Average Singapore GRM in Q4-TD has softened to below US\$2.5/bbl amid decline in product cracks. We expect it to revert to the long-term average of US\$5-7/bbl in the medium term. Factoring in this, we build in a GRM of US\$4/6/6/bbl for FY25/26/27E. Marketing sales stood at 22mmt, up 13% QoQ. GMM came in at Rs7.1/ltr (PLe: Rs6.4/ltr). The company had an under-recovery of Rs54.6bn on the sale of LPG and cumulative negative buffer stood at Rs143.3bn as on 31st Dec'24. In Q4-TD, average gross margin on petrol/diesel stands at Rs10.8/6.4/ltr. Going ahead, we build in a GMM of Rs5.4/4.3/4.3/ltr for FY25/26/27E.
- Concall Highlights:** **1)** IOCL is investing Rs720bn to enhance its refining capacity by 25% to 88mmtpa. Capacity expansion at Panipat (from 15 to 25mmtpa) at a capex of Rs380bn, Gujarat refinery at Rs190bn, Barauni (from 6 to 9 mmtpa) at Rs148bn, and PX-PTA plant at Panipat for Rs138bn is likely to be completed by FY26 end. **2)** Capex target for FY25/26 stands at Rs350/330bn, with Rs280bn incurred in 9MFY25. **3)** Russian oil accounted for 25% of total crude imports for 9MFY25, and discounts have currently fallen to US\$1-1.5/bbl (vs US\$3/bbl earlier). **4)** IOCL is developing a 10kta green hydrogen plant at Panipat refinery. **5)** IOCL achieved 18.2% ethanol blending in Q3.

Exhibit 1: IOCL's Quarterly and 9MFY25 Financials

Quarterly Financials (Rs bn)	Q3FY25	Q2FY25	QoQ gr.	Q3FY25 E	% Var	Q3FY24	YoY gr.	9MFY25	9MFY24	YoY gr.
	1939.0	1738.5	11.5%	1684.4	15.1%	1991.0	-2.6%	5609.8	5763.7	-2.7%
YoY Change (%)	-2.6	-3.3		-15.4		-2.8				
Total Expenditure	1867.8	1700.8	9.8%	1588.3	17.6%	1836.2	1.7%	5414.6	5174.0	4.6%
EBITDA	71.2	37.7	88.6%	96.1	-25.9%	154.9	-54.1%	195.2	589.7	-66.9%
Margins (%)	3.7	2.2		5.7		7.8				
Depreciation	39.0	37.2	4.8%	37.9	2.9%	43.4	-10.3%	113.7	107.7	5.5%
Interest	23.1	24.1	-4.2%	23.4	-1.3%	18.3	26.2%	66.9	53.0	26.0%
Other Income	18.8	13.7	36.9%	13.5	39.8%	14.5	29.5%	37.9	31.2	21.3%
PBT before EO expense	27.9	-9.8	NA	48.2	-42.2%	107.7	-74.1%	52.6	460.1	-88.6%
Extra-Ord expense/(gain)	-6.8	-11.6		0.0		0.0		-18.4	0.0	
PBT	34.7	1.7	1907.8%	48.2	-28.1%	107.7	-67.8%	71.0	460.1	-84.6%
Tax	6.0	-0.1		12.1	-50.9%	27.0		14.0	112.3	-87.5%
Rate (%)	17.2	-4.2		25.2		25.1				
Reported PAT	28.7	1.8	1496.3%	36.1	-20.4%	80.6	-64.4%	57.0	347.8	-83.6%
Adj PAT	21.9	-9.8	NA	36.1	-39.2%	80.6	-72.8%	38.6	347.8	-88.9%
Refining throughput (mmt)	18.1	16.7	8.2%	17.1	5.8%	18.5	-2.1%	53.0	55.1	-3.7%
Reported GRM (USD/bbl)	2.95	1.6	87.9%	2.9	1.7%	13.5	-78.2%	3.6	13.3	-72.7%
Domestic sale of refined products (mmt)	22.0	19.5	13.0%	21.0	4.8%	23	-5.4%	63.1	64.3	-1.9%
GMM (Rs/ltr)	7.1	6.6	7.9%	6.4	12.0%	5.2	36.0%	6.4	6.9	-7.8%

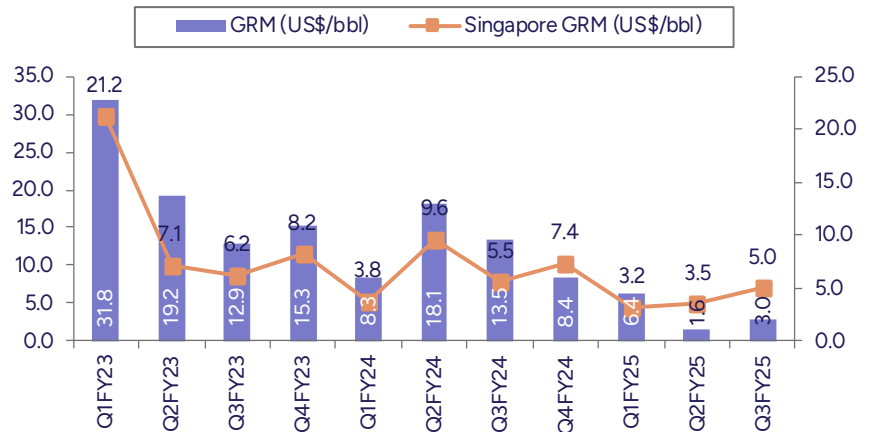
Source: Company, PL

Exhibit 2: Currently trading at 0.8x FY26 P/BV



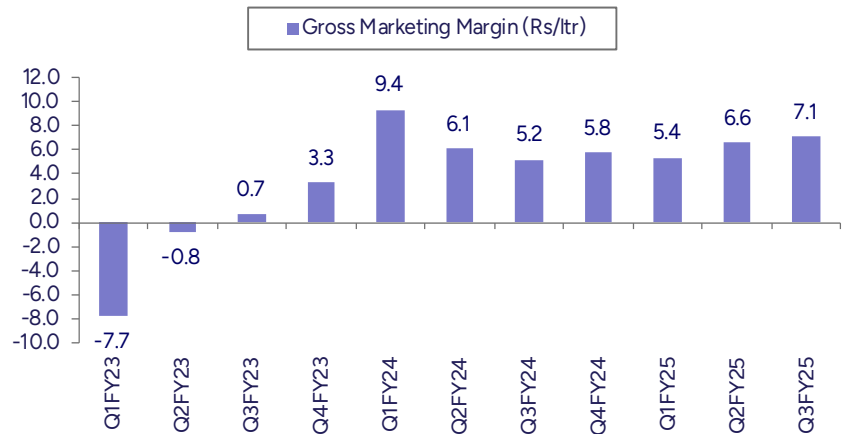
Source: PL, Industry

Exhibit 3: GRM increases by US\$1.3/bbl in Q3



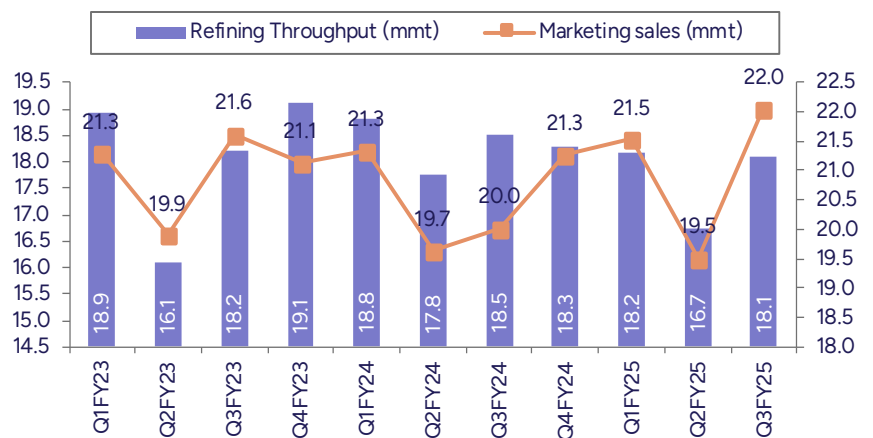
Source: Company, PL

Exhibit 4: GMM rises by 8% QoQ



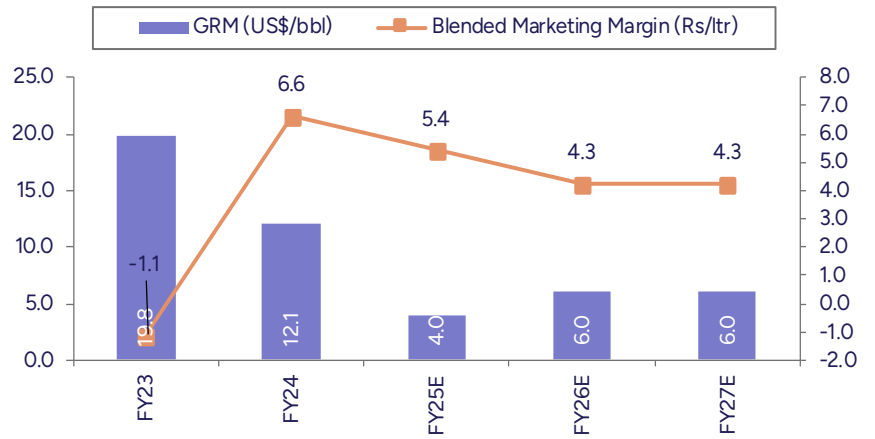
Source: Company, PL

Exhibit 5: Throughput grows 8.2% QoQ



Source: Company, PL

Exhibit 6: GRM estimated at US\$6/bbl for FY26/27E



Source: Company, PL

Financials

Income Statement (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	7,764	7,576	8,415	7,696
YoY gr. (%)	(7.8)	(2.4)	11.1	(8.5)
Cost of Goods Sold	6,388	6,757	7,556	6,762
Gross Profit	1,376	819	859	934
Margin (%)	17.7	10.8	10.2	12.1
Employee Cost*	117	-	-	-
Other Expenses	503	538	391	437
EBITDA	756	281	468	497
YoY gr. (%)	146.2	(62.8)	66.7	6.1
Margin (%)	9.7	3.7	5.6	6.5
Depreciation and Amortization	159	165	174	180
EBIT	597	115	294	317
Margin (%)	7.7	1.5	3.5	4.1
Net Interest	78	97	95	95
Other Income	38	59	60	62
Profit Before Tax	557	78	260	284
Margin (%)	7.2	1.0	3.1	3.7
Total Tax	141	27	68	74
Effective tax rate (%)	25.3	34.5	26.0	25.9
Profit after tax	416	51	192	210
Minority interest	-	-	-	-
Share Profit from Associate	15	(1)	7	6
Adjusted PAT	432	50	200	216
YoY gr. (%)	268.8	(88.5)	301.5	8.5
Margin (%)	5.6	0.7	2.4	2.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	432	50	200	216
YoY gr. (%)	268.8	(88.5)	301.5	8.5
Margin (%)	5.6	0.7	2.4	2.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	432	50	200	216
Equity Shares O/s (bn)	14	14	14	14
EPS (Rs)	31.3	3.6	14.5	15.7

Source: Company Data, PL Research *Employee cost included in other expenses FY25 onwards

Balance Sheet Abstract (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	2,860	3,523	3,921	4,246
Tangibles	2,860	3,523	3,921	4,246
Intangibles	-	-	-	-
Acc: Dep / Amortization	900	1,065	1,239	1,419
Tangibles	900	1,065	1,239	1,419
Intangibles	-	-	-	-
Net fixed assets	1,960	2,458	2,681	2,827
Tangibles	1,960	2,458	2,681	2,827
Intangibles	-	-	-	-
Capital Work In Progress	610	297	219	194
Goodwill	0	0	0	0
Non-Current Investments	655	655	655	655
Net Deferred tax assets	(190)	(190)	(190)	(190)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,214	1,047	1,141	1,033
Trade receivables	138	157	175	160
Cash & Bank Balance	32	8	62	157
Other Current Assets	-	-	-	-
Total Assets	4,824	4,827	5,133	5,221
Equity				
Equity Share Capital	138	138	138	138
Other Equity	1,696	1,740	1,870	2,000
Total Network	1,834	1,877	2,008	2,138
Non-Current Liabilities				
Long Term borrowings	1,235	1,444	1,517	1,592
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,397	1,148	1,251	1,133
Other current liabilities	120	120	120	120
Total Equity & Liabilities	4,824	4,827	5,133	5,221

Source: Company Data, PL Research

Cash Flow (Rs bn)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	557	96	278	284
Add. Depreciation	159	165	174	180
Add. Interest	78	97	95	95
Less Financial Other Income	38	59	60	62
Add. Other	37	(1)	7	6
Op. profit before WC changes	831	357	554	565
Net Changes-WC	98	(92)	(2)	9
Direct tax	(141)	(27)	(68)	(74)
Net cash from Op. activities	788	238	485	501
Capital expenditures	(417)	(350)	(320)	(300)
Interest / Dividend Income	-	-	-	-
Others	(134)	-	-	-
Net Cash from Invst. activities	(551)	(350)	(320)	(300)
Issue of share cap. / premium	-	-	-	-
Debt changes	(167)	210	72	76
Dividend paid	(165)	(25)	(87)	(87)
Interest paid	(78)	(97)	(95)	(95)
Others	183	-	-	-
Net cash from Fin. activities	(227)	88	(110)	(106)
Net change in cash	11	(24)	55	95
Free Cash Flow	371	(112)	165	201

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	31.3	3.6	14.5	15.7
CEPS	42.9	15.6	27.1	28.8
BVPS	133.2	136.3	145.8	155.2
FCF	26.9	(8.1)	11.9	14.6
DPS	12.0	1.8	6.3	6.3
Return Ratio(%)				
RoCE	20.4	3.6	8.6	8.7
ROIC	12.5	2.4	5.8	6.3
RoE	26.7	2.7	10.3	10.4
Balance Sheet				
Net Debt : Equity (x)	0.7	0.8	0.7	0.7
Net Working Capital (Days)	9	9	8	10
Valuation(x)				
PER	3.9	34.0	8.5	7.8
P/B	0.9	0.9	0.8	0.8
P/CEPS	42.7	15.6	27.0	28.7
EV/EBITDA	3.8	11.1	6.7	6.3
EV/Sales	0.4	0.4	0.4	0.4
Dividend Yield (%)	9.8	1.5	5.2	5.1

Source: Company Data, PL Research

Quarterly Financials (Rs bn)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	1,980	1,932	1,738	1,939
YoY gr. (%)	(2.5)	(2.2)	(3.3)	(2.6)
Raw Material Expenses	1,722	1,700	1,549	1,699
Gross Profit	258	233	190	240
Margin (%)	13.0	12.0	10.9	12.4
EBITDA	104	86	38	71
YoY gr. (%)	(27.3)	(61.0)	(82.3)	(54.1)
Margin (%)	5.3	4.5	2.2	3.7
Depreciation / Depletion	37	38	37	39
EBIT	67	49	1	32
Margin (%)	3.4	2.5	-	1.7
Net Interest	20	20	24	23
Other Income	17	5	14	19
Profit before Tax	63	35	2	35
Margin (%)	3.2	1.8	0.1	1.8
Total Tax	15	8	-	6
Effective tax rate (%)	23.6	23.4	(4.2)	17.2
Profit after Tax	48	26	2	29
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	48	26	(10)	22
YoY gr. (%)	(51.9)	(80.8)	(107.5)	(72.8)
Margin (%)	2.4	1.4	(0.6)	1.1
Extra Ord. Income / (Exp)	-	-	12	7
Reported PAT	48	26	2	29
YoY gr. (%)	(51.9)	(80.8)	(98.6)	(64.4)
Margin (%)	2.4	1.4	0.1	1.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	48	26	2	29
Avg. Shares O/s (bn)	14	14	14	14
EPS (Rs)	3.5	1.9	(0.7)	1.6

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Brent (US\$/bbl)	83.3	78.8	75.0	75.0
Refining Throughput (mmt)	73.4	71.2	76.2	79.7
GRM (US\$/bbl)	12.1	4.0	6.0	6.0
Marketing Sales (mmt)	82.3	85.4	89.3	90.2
Gross Marketing Margin (Rs/ltr)	6.6	5.4	4.3	4.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	Hold	152	134
2	09-Dec-24	Hold	153	142
3	29-Oct-24	Hold	156	147
4	07-Oct-24	Reduce	156	163
5	30-Jul-24	Sell	151	183
6	07-Jul-24	Reduce	151	171
7	01-May-24	Reduce	151	169
8	09-Apr-24	Sell	144	170
9	22-Feb-24	Sell	146	182

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	381	405
2	Bharat Petroleum Corporation	Hold	286	271
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	373	353
12	Indian Oil Corporation	Hold	152	134
13	Indraprastha Gas	Sell	315	431
14	Jubilant Ingrevia	Reduce	731	837
15	Laxmi Organic Industries	Hold	237	226
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, Ms. Payal Shah- MMS-Finance Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

(US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Swarnendu Bhushan- IIT, MBA Finance, Ms. Payal Shah- MMS-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