PL Capital
PRABHUDAS LILLADHER

Syrma SGS Technology (SYRMA IN)

Rating: BUY | CMP: Rs505 | TP: Rs629

January 29, 2025

Q3FY25 Result Update

☑ Change in Estimates | ■ Target | ☑ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		HOLD	
Target Price	629		629	
Sales (Rs. m)	58,596	77,743	59,377	77,625
% Chng.	*(1.3)*	*0.2*		
EBITDA (Rs. m)	4,138	5,491	4,134	5,405
% Chng.	*0.1*	*1.6*		
EPS (Rs.)	11.3	15.8	11.3	15.5
% Chng.	*(0.2)*	*1.5*		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	31,538	43,372	58,596	77,743
EBITDA (Rs. m)	1,985	3,072	4,138	5,491
Margin (%)	*6.3*	*7.1*	*7.1*	*7.1*
PAT (Rs. m)	1,073	1,542	1,997	2,800
EPS (Rs.)	6.0	8.7	11.3	15.8
Gr. (%)	*(10.4)*	*43.7*	*29.5*	*40.2*
DPS (Rs.)	1.5	1.5	1.5	1.5
Yield (%)	*0.3*	*0.3*	*0.3*	*0.3*
RoE (%)	*6.8*	*9.2*	*11.0*	*13.7*
RoCE (%)	*10.1*	*11.6*	*13.3*	*15.6*
EV/Sales (x)	3.0	2.2	1.6	1.2
EV/EBITDA (x)	47.5	30.5	22.7	17.2
PE (x)	83.5	58.1	44.9	32.0
P/BV (x)	5.6	5.2	4.7	4.1

Key Data	SYRM.BO | SYRMA IN
52-W High / Low	Rs.647 / Rs.376
Sensex / Nifty	76,533 / 23,163
Market Cap	Rs.90bn/ $ 1,040m
Shares Outstanding	178m
3M Avg. Daily Value	Rs.1232.85m

Shareholding Pattern (%)

Promoter's	46.58
Foreign	8.49
Domestic Institution	7.46
Public & Others	37.47
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(15.3)	5.0	(16.0)
Relative	(12.9)	11.6	(21.0)

Praveen Sahay
praveensahay@plindia.com | 91-22-66322369

Rahul Shah
rahulshah@plindia.com | 91-22-66322274

Healthy margin expansion, guidance intact

We are upgrading our recommendation from HOLD to BUY given the recent significant correction in stock price. Syrma SGS Technology (SYRMA) has reported robust earnings growth of 108% YoY for Q3FY25, excluding one-off income of ~Rs160mn from a land sale and Rs21mn loss related to a fire incident at its Noida plant. This performance was driven by a healthy ~350bps YoY expansion in EBITDA margin to 9.1%, attributed to a favorable segment mix (with consumer contribution reducing to 31% of revenue) and improved operating efficiency. SYRMA's revenue grew by 23.0% YoY, supported by 37.8% YoY increase in the auto segment, which contributed ~24% to revenue, and 36.8% YoY growth in the industrial segment, contributing ~31% to revenue.

SYRMA has reiterated its EBITDA guidance of Rs 3.05-3.15bn for FY25, with revenue expected to align with industry growth and expected 35% revenue growth, along with EBITDA margins exceeding 7% in FY26. The company aims to improve its RoCE to 14.5% by the end of FY25, with further improvement anticipated in the coming years. SYRMA expects to generate Rs65bn revenue over its current gross block, targeting 6x asset turnover. We have revised our FY25 EPS estimates upward by 4.5% to reflect stronger earnings in Q3FY25, while maintaining our earnings estimates for FY26 and FY27. We estimate FY24-27E revenue/EBITDA/PAT CAGR of 35.1%/40.4%/37.7%, with EBITDA margin expansion of ~80bps. Upgrade to BUY.

Revenue increased by 23.0%, PAT grew significantly by 161.3% YoY: Sales increased by 23.0% YoY to Rs8.7bn (PLe: Rs8.9bn). Auto/Consumer/Healthcare/Industrial/IT & railways segment grew by 37.8%/6.3%/5.9%/36.8%/37.0% YoY. EBITDA grew by 100.4% YoY to Rs791mn (PLe: Rs668mn). EBITDA margin expanded by ~350bps to 9.1% (PLe: 7.5%). Other income grew by 83.8% to Rsd223mn driven by a one-time gain of Rs160mn from the sale of land. PBT grew by 143.6% YoY to Rs657mn (PLe: Rs418mn). PAT grew significantly by 161.3% YoY to Rs530mn (PLe: Rs312mn).

Con call highlights: 1) The management maintained FY25 guidance for revenue at Rs42-43bn with a margin of +7%. **2)** Johari Digital revenue stood at Rs200-250mn with an EBITDA of Rs100mn. **3)** The company has reduced its consumer contribution target, from 40% to 35% for the coming years, due to lower margins. **4)** The company plans to focus on brake controllers and signaling equipment in the railways segment, and increase railways revenue to Rs700mn/Rs1,000mn in FY25/FY26. **5)** The company has added new clients in the automotive and industrial segments and expects Rs2bn in revenue from them in FY26. **6)** The industrial segment is driven by smart metering, data center power supplies, industrial cleaning, renewable energy, etc. New client additions and a high-volume order for interface cards are expected to boost growth in FY25 and FY26. **7)** The company's order book stood at Rs53bn in Q3FY25, with auto/consumer/industrial/IT & railways contributing 30%/38-40%/22%/8%. **8)** Exports: domestic contribution stood at 20%:80% vs 28%:72% in Q3FY24; exports contribution reduced due to the slowdown in Germany. **9)** Syrma plans to spend Rs2-2.25bn on capex in FY25, of which Rs1.8bn has already been spent in 9MFY25 for the new facility in Pune and in Germany. Additional Rs1.5bn capex is planned for FY26. **10)** The company is expecting PLI benefit of Rs150-170mn for FY25.

Exhibit 1: Q3FY25 result overview: Sales increased by 23.0% YoY, PAT grew significantly by 161.3% YoY

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	**8,692**	**7,067**	***23.0***	**8,327**	***4.4***	**28,618**	**20,197**	***41.7***
Expenditure								
Operating & Manufacturing Expenses	6,373	5,473	*16.4*	6,294	*1.3*	**22,526**	15,677	*43.7*
% of Net Sales	*73.3*	*77.4*		*75.6*		*78.7*	*77.6*	
Gross Profit	**2,319**	**1,594**	***45.5***	2,033	***14.0***	**6,092**	**4,521**	*34.8*
% of Net Sales	*26.7*	*22.6*	*4.12*	*24.4*		*21.3*	*22.4*	
Personnel Cost	452	381	*18.9*	459	*-1.5*	1,366	1,022	*33.6*
% of Net Sales	*5.2*	*5.4*		*5.5*		*4.8*	*5.1*	
Other Expenses	1,076	819	*31.3*	864	*24.5*	2,780	2,245	*23.8*
% of Net Sales	*12.4*	*11.6*		*10.4*		*9.7*	*11.1*	
Total Expenditure	7,901	6,673	*18.4*	7,618	*3.7*	26,672	18,944	*40.8*
EBITDA	**791**	**394**	***100.4***	710	***11.4***	**1,946**	**1,254**	***55.2***
Margin (%)	*9.1*	*5.6*	*3.51*	*8.5*		*6.8*	*6.2*	
Other income	223	121	*83.8*	100	*121.9*	355	405	*(12.4)*
Depreciation	202	139	*45.4*	167	*20.9*	543	357	*52.4*
EBIT	**588**	**255**	***130.4***	**542**	***8.5***	**1,758**	**1,302**	***35.0***
Interest	154	107	*44.4*	136	*13.6*	421	262	*60.4*
PBT	**657**	**270**	***143.6***	**507**	***29.6***	**1,337**	**1,040**	***28.6***
Total Taxes	105	67	*57.7*	110	*-4.6*	307	261	*17.5*
ETR (%)	*16.0*	*24.8*		*21.8*		*23.0*	*25.1*	
Adj. PAT	422	203	*108.1*	396	*6.5*	1,117	759	*47.1*
Exceptional Items -	21	-		-		108	14	
Reported PAT	**530**	**203**	***161.3***	**396**	***33.7***	**1,009**	**746**	***35.3***

Source: Company, PL

Exhibit 2: Segmental breakup: Auto/Industrial grew by 37.8%/36.8% YoY

Y/e March (Rs mn)	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenues								
Auto	2,081	1510	*37.8*	2109	*(1.3)*	6,067	4686	*29.5*
Consumer	2,704	2,544	*6.3*	2,715	*(0.4)*	11,585	7,387	*56.8*
Healthcare	734	693	*5.9*	661	*11.0*	1,984	1,362	*45.7*
Industrials	2,674	1,955	*36.8*	2,439	*9.6*	7,265	5,715	*27.1*
IT and Railways	500	365	*37.0*	405	*23.5*	1,719	1,048	*64.0*
Total	**8,692**	**7,067**	***23.0***	**8,327**	***4.4***	**28,618**	**20,197**	***41.7***

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	**31,538**	**43,372**	**58,596**	**77,743**
YoY gr. (%)	*54.0*	*37.5*	*35.1*	*32.7*
Cost of Goods Sold	25,069	34,614	46,899	62,223
Gross Profit	6,469	8,758	11,697	15,519
Margin (%)	*20.5*	*20.2*	*20.0*	*20.0*
Employee Cost	1,426	1,826	2,344	3,110
Other Expenses	3,058	3,860	5,215	6,919
EBITDA	**1,985**	**3,072**	**4,138**	**5,491**
YoY gr. (%)	*5.7*	*54.7*	*34.7*	*32.7*
Margin (%)	*6.3*	*7.1*	*7.1*	*7.1*
Depreciation and Amortization	515	743	874	960
EBIT	**1,470**	**2,329**	**3,264**	**4,531**
Margin (%)	*4.7*	*5.4*	*5.6*	*5.8*
Net Interest	378	574	762	892
Other Income	586	430	452	488
Profit Before Tax	**1,664**	**2,206**	**2,954**	**4,126**
Margin (%)	*5.3*	*5.1*	*5.0*	*5.3*
Total Tax	421	524	743	1,039
Effective tax rate (%)	*25.3*	*23.8*	*25.2*	*25.2*
Profit after tax	**1,243**	**1,682**	**2,210**	**3,088**
Minority interest	170	140	213	288
Share Profit from Associate	-	-	-	-
Adjusted PAT	**1,073**	**1,542**	**1,997**	**2,800**
YoY gr. (%)	*(10.1)*	*43.7*	*29.5*	*40.2*
Margin (%)	*3.4*	*3.6*	*3.4*	*3.6*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**1,073**	**1,542**	**1,997**	**2,800**
YoY gr. (%)	*(10.1)*	*43.7*	*29.5*	*40.2*
Margin (%)	*3.4*	*3.6*	*3.4*	*3.6*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,073	1,542	1,997	2,800
Equity Shares O/s (m)	**177**	**177**	**177**	**177**
EPS (Rs)	**6.0**	**8.7**	**11.3**	**15.8**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	**9,006**	**11,446**	**12,817**	**14,227**
Tangibles	8,726	11,095	12,379	13,680
Intangibles	280	350	438	548
Acc: Dep / Amortization	**1,473**	**2,216**	**3,090**	**4,050**
Tangibles	1,360	2,029	2,811	3,655
Intangibles	113	187	279	394
Net fixed assets	**7,533**	**9,230**	**9,728**	**10,177**
Tangibles	7,366	9,066	9,569	10,024
Intangibles	167	164	159	153
Capital Work In Progress	168	181	145	163
Goodwill	3,221	3,221	3,221	3,221
Non-Current Investments	2,987	1,985	1,685	1,385
Net Deferred tax assets	(164)	(164)	(164)	(164)
Other Non-Current Assets	211	211	211	211
Current Assets				
Investments	355	353	353	353
Inventories	10,043	11,051	14,448	19,169
Trade receivables	9,301	11,289	15,251	20,234
Cash & Bank Balance	856	3,844	6,075	7,654
Other Current Assets	1,846	2,072	2,789	3,689
Total Assets	**36,894**	**43,784**	**54,257**	**66,610**
Equity				
Equity Share Capital	1,774	1,774	1,774	1,774
Other Equity	14,352	15,598	17,329	19,863
Total Networth	**16,126**	**17,372**	**19,103**	**21,637**
Non-Current Liabilities				
Long Term borrowings	645	880	880	880
Provisions	132	169	217	288
Other non current liabilities	36	49	66	88
Current Liabilities				
ST Debt / Current of LT Debt	5,188	7,484	10,025	12,017
Trade payables	12,232	15,448	20,870	27,689
Other current liabilities	1,028	902	1,218	1,616
Total Equity & Liabilities	**36,894**	**43,784**	**54,257**	**66,610**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,664	2,185	2,954	4,126
Add. Depreciation	512	743	874	960
Add. Interest	378	574	762	892
Less Financial Other Income	586	430	452	488
Add. Other	(347)	(578)	(386)	(395)
Op. profit before WC changes	2,208	2,924	4,204	5,583
Net Changes-WC	(2,804)	(107)	(2,341)	(3,390)
Direct tax	(540)	(524)	(743)	(1,039)
Net cash from Op. activities	**(1,136)**	**2,293**	**1,120**	**1,154**
Capital expenditures	(5,677)	(2,452)	(1,337)	(1,427)
Interest / Dividend Income	361	430	452	488
Others	5,034	1,003	300	300
Net Cash from Invt. activities	**(282)**	**(1,019)**	**(585)**	**(640)**
Issue of share cap. / premium	(88)	-	-	-
Debt changes	2,288	2,585	2,725	2,222
Dividend paid	(265)	(266)	(266)	(266)
Interest paid	(327)	(574)	(762)	(892)
Others	129	-	-	-
Net cash from Fin. activities	**1,737**	**1,745**	**1,696**	**1,064**
Net change in cash	**319**	**3,018**	**2,231**	**1,578**
Free Cash Flow	(4,513)	(160)	(217)	(273)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	6.0	8.7	11.3	15.8
CEPS	9.0	12.9	16.2	21.2
BVPS	90.9	97.9	107.7	122.0
FCF	(25.4)	(0.9)	(1.2)	(1.5)
DPS	1.5	1.5	1.5	1.5
Return Ratio(%)				
RoCE	10.1	11.6	13.3	15.6
ROIC	5.7	9.0	11.4	14.0
RoE	6.8	9.2	11.0	13.7
Balance Sheet				
Net Debt : Equity (x)	0.3	0.2	0.2	0.2
Net Working Capital (Days)	82	58	55	55
Valuation(x)				
PER	83.5	58.1	44.9	32.0
P/B	5.6	5.2	4.7	4.1
P/CEPS	56.4	39.2	31.2	23.8
EV/EBITDA	47.5	30.5	22.7	17.2
EV/Sales	3.0	2.2	1.6	1.2
Dividend Yield (%)	0.3	0.3	0.3	0.3

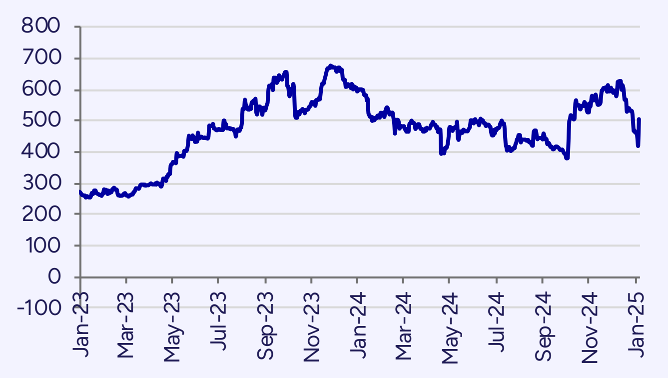
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	**11,341**	**11,599**	**8,327**	**8,692**
YoY gr. (%)	*66.9*	*92.9*	*17.0*	*23.0*
Raw Material Expenses	9,393	9,859	6,294	6,373
Gross Profit	1,948	1,740	2,033	2,319
Margin (%)	*17.2*	*15.0*	*24.4*	*26.7*
EBITDA	**737**	**446**	**710**	**791**
YoY gr. (%)	*28.2*	*20.7*	*44.8*	*100.4*
Margin (%)	*6.5*	*3.8*	*8.5*	*9.1*
Depreciation / Depletion	158	174	167	202
EBIT	**578**	**272**	**542**	**588**
Margin (%)	*5.1*	*2.3*	*6.5*	*6.8*
Net Interest	123	130	136	154
Other Income	156	153	100	223
Profit before Tax	**612**	**295**	**507**	**657**
Margin (%)	*5.4*	*2.5*	*6.1*	*7.6*
Total Tax	160	91	110	105
Effective tax rate (%)	*26.1*	*31.0*	*21.8*	*16.0*
Profit after Tax	**452**	**203**	**396**	**551**
Minority interest	103	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**349**	**203**	**396**	**422**
YoY gr. (%)	*(17.4)*	*(28.7)*	*33.5*	*108.1*
Margin (%)	*3.1*	*1.8*	*4.8*	*4.9*
Extra Ord. Income / (Exp)	14	-	-	108
Reported PAT	**363**	**203**	**396**	**530**
YoY gr. (%)	*(14.2)*	*(28.7)*	*27.7*	*161.3*
Margin (%)	*3.2*	*1.8*	*4.8*	*6.1*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**363**	**203**	**396**	**530**
Avg. Shares O/s (m)	177	177	177	177
EPS (Rs)	**2.0**	**1.1**	**2.2**	**2.4**

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-25	Hold	629	610
2	09-Dec-24	BUY	629	556

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	692	515
8	Finolex Industries	Accumulate	270	233
9	Greenpanel Industries	BUY	427	361
10	Havells India	BUY	1,890	1,578
11	Kajaria Ceramics	BUY	1,545	1,061
12	Kaynes Technology India	BUY	5,528	4,661
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,233	6,251
15	R R Kabel	BUY	2,151	1,385
16	Supreme Industries	BUY	5,040	4,022
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. Rahul Shah- MBA 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. Praveen Sahay- MBA Finance, Mr. Rahul Shah- MBA 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