

January 23, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	8,233		8,741	
Sales (Rs. m)	2,57,133	2,95,410	2,54,777	2,92,398
% Chng.	0.9	1.0		
EBITDA (Rs. m)	34,668	40,194	34,609	40,025
% Chng.	0.2	0.4		
EPS (Rs.)	158.4	183.1	158.5	182.7
% Chng.	-	0.2		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,80,394	2,18,725	2,57,133	2,95,410
EBITDA (Rs. m)	24,918	28,232	34,668	40,194
Margin (%)	13.8	12.9	13.5	13.6
PAT (Rs. m)	17,840	19,272	23,824	27,546
EPS (Rs.)	118.7	128.1	158.4	183.1
Gr. (%)	39.9	7.9	23.6	15.6
DPS (Rs.)	18.5	22.5	28.0	28.0
Yield (%)	0.3	0.4	0.4	0.4
RoE (%)	24.1	21.3	21.8	21.0
RoCE (%)	32.7	29.7	30.2	29.1
EV/Sales (x)	5.1	4.1	3.4	3.0
EV/EBITDA (x)	36.9	31.8	25.6	21.7
PE (x)	52.7	48.8	39.5	34.1
P/BV (x)	11.5	9.5	7.9	6.6

Key Data POLC.BO | POLYCAB IN

52-W High / Low	Rs.7,607 / Rs.4,050
Sensex / Nifty	76,520 / 23,205
Market Cap	Rs.940bn / \$ 10,874m
Shares Outstanding	150m
3M Avg. Daily Value	Rs.2097.18m

Shareholding Pattern (%)

Promoter's	63.00
Foreign	13.00
Domestic Institution	10.00
Public & Others	14.00
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(12.2)	0.7	49.9
Relative	(9.9)	5.9	37.9

Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

Shivam Patel

shivampatel@plindia.com | 91-22-66322274

Soft vol growth in domestic W&C seg, strong commentary

Quick Pointers:

- W&C business reported 12% revenue growth in Q3FY25
- EBITDA margin expanded by 70bps; W&C EBIT margin contracted 60bps YoY

Polycab reported double-digit volume growth in its cables segment. Domestic W&C saw soft volume growth, which can be attributed to a slowdown in private capex and infra projects. Wires business reported single-digit growth mainly with high channel inventory and fluctuating copper prices. However, the company's international business (~8.3% of revenue) and FMEG business (+44.6% YoY) drove overall revenue growth. Furthermore, a reduction in FMEG losses due to operating leverage, along with the growth in international business and normalization of margins in the wires segment, contributed to ~70bps improvement in EBITDA margin. In W&C segment, Polycab expects wire growth to recover in Q4FY25, driven by the stabilization of copper prices, normalization of channel inventory, and a pick-up in infrastructure activity and private capex, which is expected to boost cable demand. Polycab aims to achieve 1.5x sector growth in volume and target EBITDA margin at 11-13% over the next 5 years through its Project Spring, aiming for Rs400-500bn revenue during this period. We expect revenue/EBITDA/PAT CAGR of 17.9%/17.3%/15.6% over FY24-27E. We maintain 'BUY' rating, with revised TP of Rs8,233 (Rs 8,741 earlier) valuing at SOTP, implying PE of 45x FY27E.

W&C grew by 12% YoY, domestic business grew 8.2%: W&C business reported revenue growth of 12% YoY in Q3FY25 and 15% YoY in 9MFY25, driven by strong cable demand. Emerging sectors like data centers, EVs, aerospace, defense, and exploration have collectively created substantial opportunities for the domestic W&C industry. The company remains a leader in the manufacturing of W&C in India. In case of international business, the US, Europe, Australia, and the Middle East are the key contributors, while other regions continue to exhibit strong demand. The company plans to add more countries to expand revenue and minimize revenue concentration risk. International business revenue accounted for 8.3% of the consolidated revenue for the quarter and is expected to maintain momentum in Q4FY25, supported by a strong order book.

Sales grew 20.4%, PAT up 10.8%: Sales grew 20.4% YoY to Rs52.3bn (PLe: Rs51.1bn). W&C business grew 11.9% YoY to Rs43.3bn (PLe: Rs43.4bn). Export revenue grew by 61.6% YoY growth and contributed 8.3% to total sales. Gross margins contracted by 120bps YoY to 25.7% (PLe: 26%). EBITDA grew by 26.4% YoY to Rs7.2bn (PLe: Rs6.6bn). EBITDA margin expanded by 70bps YoY to 13.8% (PLe: 13%) due to reduced losses in FMEG segment. PAT grew by 10.8% YoY to Rs4.6bn (PLe: Rs4.5bn). W&C EBIT grew by 7.3% YoY to Rs5.8bn and margins contracted by 60bps YoY to 13.5%. FMEG revenue grew 44.6% YoY to Rs4.2bn, and EBIT loss stood at Rs126mn vs loss of Rs365mn in Q3FY24.

Exhibit 1: Q3FY25 Result Overview (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	52,261	43,405	20.4	54,984	(5.0)	154,225	124,475	23.9
Gross Profit	13,453	11,713	14.9	12,960	3.8	37,978	33,464	13.5
% of NS	25.7	27.0	-1.2	23.6	2.17	24.6	26.9	-2.26
Other Expenses	6,254	6,018	3.9	6,644	(5.9)	18,629	16,162	15.3
% of NS	12.0	13.9	-1.9	12.1	-0.12	12.1	13.0	
EBITDA	7,199	5,695	26.4	6,316	14.0	19,349	17,303	11.8
Margins (%)	13.8	13.1	0.7	11.5	2.29	12.5	13.9	-1.35
Depreciation	786	619	27.0	721	9.0	2,177	1,793	21.4
Interest	498	322	54.5	453	9.9	1,364	839	62.5
Other Income	250	710	(64.8)	762	(67.2)	1,596	1,670	(4.5)
PBT	6,166	5,464	12.8	5,903	4.4	17,403	16,340	6.5
Tax	1,522	1,299	17.2	1,451	4.9	4,291	3,846	11.6
Tax rate (%)	24.7	23.8		24.6		24.7	23.5	
Adjusted PAT	4,576	4,129	10.8	4,398	4.0	12,933	12,380	4.5

Source: Company, PL

Exhibit 2: Segmental Breakup (Rs mn)

Y/e March	Q3FY25	Q3FY24	YoY gr. (%)	Q2FY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Revenues								
Wires & Cables	43,328	38,730	11.9	46,067	-5.9	127,967	111,005	15.3
FMEG	4,169	2,883	44.6	3,881	7.4	11,844	9,293	27.5
Others	4,573	2,164	111.3	5,488	-16.7	14,876	5,986	148.5
Total	52,070	43,777	18.9	55,436	-6.1	154,687	126,284	22.5
EBIT								
Wires & Cables	5,831	5,436	7.3	5,654	3.1	16,346	10,633	53.7
EBIT margin (%)	13.5	14.0	-58 bps	12.3		12.8	9.6	
FMEG	(126)	-365	-65.5	-252	-50.1	(279)	(116)	NA
EBIT margin (%)	-3.0	-12.7	963.8 bps	-6.5		-2.4	-1.2	
Others	517	377	37.1	691	-25.2	(6,951)	(2,127)	226.7
EBIT margin (%)	11.3	17.4	-611.6 bps	12.6		-46.7	-35.5	
Total EBIT	6,222	5,448	14.2	6,093	2.1	9,116	8,390	8.7
EBIT margin (%)	11.9	12.4		11.0		5.9	6.6	

Source: Company, PL

Conference Call Highlights

- **Consolidated revenue grew 20.4% YoY** driven by strong performance in the EPC business and a seasonally strong quarter for the FMEG business.
- The company targets 1.5x of industry growth in W&C business and 1.5x-2x in FMEG business in the next 5 years under Project Spring.
- EPC business contribution to revenue is expected to be in high-single digits by FY27, driven by BharatNet project and EHV orders, with long-term margin guidance of mid-to-high single digit.
- EHV cables plant has a capex outlay of Rs 6-7bn, which will be commissioned by FY26, with contributions to revenue from FY27.
- Capex guidance is Rs 60-80bn over the next 5 years, with an asset turnover ratio of 4-5x.

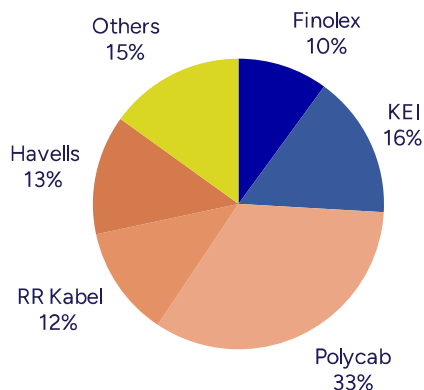
W&C Segment

- Domestic business delivered modest growth, while international business grew 62% YoY/29% QoQ and contributed to 8.3% of consolidated revenue.
- The company has guided EBIDTA margin at 11-13% for the next 5 years.
- Volume growth is in double digits for cables and single digits for wires in 9MFY25; overall growth is in the early double digits.
- Growth in cables exports is expected to surpass domestic cables over the next 3-5 years.
- Order book as of Q3FY25 stood at Rs48bn.

FMEG Segment

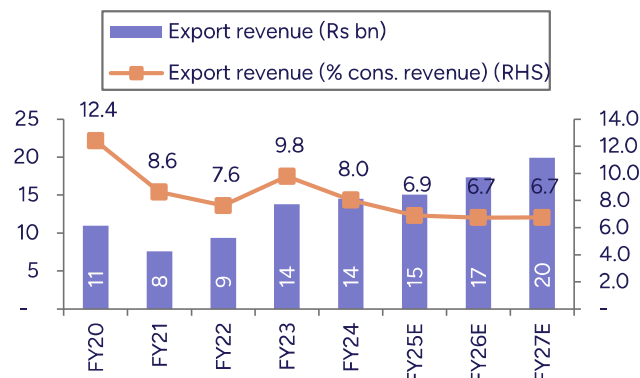
- FMEG segment EBIT loss narrowed in Q3FY25 due to gross margin expansion and improved operating leverage.
- Lights and luminaries segment saw strong volume and value growth after several quarters of decline, driven by festival demand, 130+ new SKUs, expansion to 500+ towns, and the addition of 150 distributors and 7,000 retailers.
- Switchgear, conduit pipes & fittings, and switches continue to grow supported by real estate demand.

Exhibit 3: Polycab – Market share (FY24)



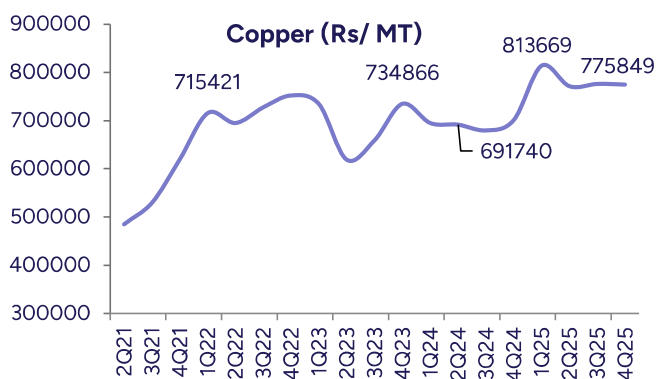
Source: Company, PL

Exhibit 4: Export revenue to reach 6.7% of rev by FY27E



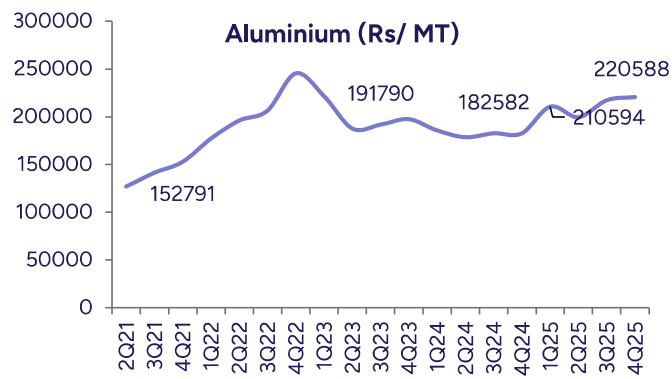
Source: Company, PL

Exhibit 5: Copper price down 0.1% QoQ / up 10.6% YoY



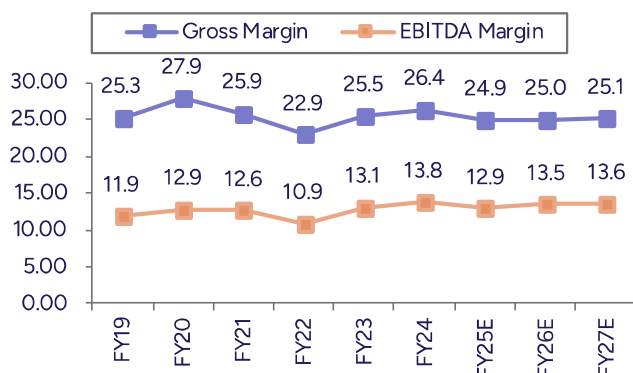
Source: Company, PL

Exhibit 6: Aluminum price up 1.5% QoQ / 20.8% YoY



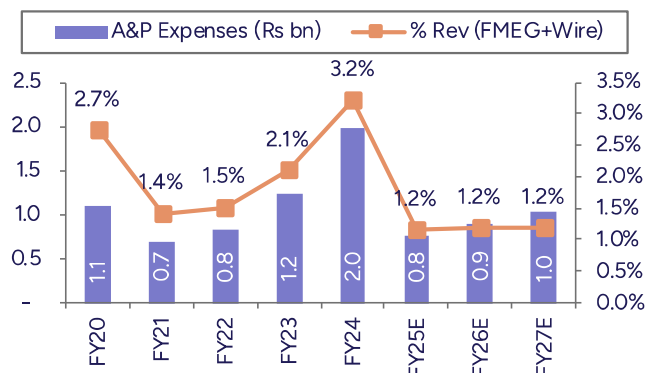
Source: Company, PL

Exhibit 7: GM to improve with segment/prod mix



Source: Company, PL

Exhibit 8: A&P exp to increase, drive retail business



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,80,394	2,18,725	2,57,133	2,95,410
YoY gr. (%)	27.9	21.2	17.6	14.9
Cost of Goods Sold	1,32,803	1,64,177	1,92,814	2,21,151
Gross Profit	47,591	54,548	64,319	74,258
Margin (%)	26.4	24.9	25.0	25.1
Employee Cost	6,095	7,327	8,614	9,896
Other Expenses	7,030	8,817	9,080	10,432
EBITDA	24,918	28,232	34,668	40,194
YoY gr. (%)	34.5	13.3	22.8	15.9
Margin (%)	13.8	12.9	13.5	13.6
Depreciation and Amortization	2,450	3,017	3,676	4,265
EBIT	22,467	25,215	30,992	35,929
Margin (%)	12.5	11.5	12.1	12.2
Net Interest	1,083	1,455	1,555	1,803
Other Income	2,209	2,220	2,716	3,020
Profit Before Tax	23,592	25,980	32,153	37,146
Margin (%)	13.1	11.9	12.5	12.6
Total Tax	5,564	6,509	8,120	9,381
Effective tax rate (%)	23.6	25.1	25.3	25.3
Profit after tax	18,029	19,470	24,032	27,764
Minority interest	189	198	208	218
Share Profit from Associate	-	-	-	-
Adjusted PAT	17,840	19,272	23,824	27,546
YoY gr. (%)	40.4	8.0	23.6	15.6
Margin (%)	9.9	8.8	9.3	9.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	17,840	19,272	23,824	27,546
YoY gr. (%)	40.4	8.0	23.6	15.6
Margin (%)	9.9	8.8	9.3	9.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	17,840	19,272	23,824	27,546
Equity Shares O/s (m)	150	150	150	150
EPS (Rs)	118.7	128.1	158.4	183.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	37,394	45,128	52,850	60,571
Tangibles	36,943	44,842	52,534	60,225
Intangibles	451	286	316	346
Acc: Dep / Amortization	14,065	17,081	20,626	24,653
Tangibles	13,775	16,810	20,339	24,347
Intangibles	291	271	287	306
Net fixed assets	23,329	28,047	32,224	35,918
Tangibles	23,169	28,032	32,195	35,878
Intangibles	160	15	29	40
Capital Work In Progress	5,784	-	-	-
Goodwill	46	46	46	46
Non-Current Investments	1,502	1,525	1,048	1,170
Net Deferred tax assets	(415)	(689)	(1,029)	(1,421)
Other Non-Current Assets	2,859	601	617	633
Current Assets				
Investments	18,224	23,224	28,224	33,224
Inventories	36,751	40,173	47,227	54,257
Trade receivables	20,471	19,968	23,474	26,969
Cash & Bank Balance	4,024	20,685	28,213	38,561
Other Current Assets	7,227	6,562	7,714	8,862
Total Assets	1,20,789	1,41,724	1,69,796	2,00,767
Equity				
Equity Share Capital	1,503	1,504	1,504	1,504
Other Equity	80,369	97,320	1,17,760	1,41,094
Total Networth	81,872	98,824	1,19,264	1,42,598
Non-Current Liabilities				
Long Term borrowings	226	42	42	42
Provisions	601	394	463	532
Other non current liabilities	423	423	423	423
Current Liabilities				
ST Debt / Current of LT Debt	1,140	2,406	2,828	3,250
Trade payables	28,633	28,832	33,861	38,837
Other current liabilities	6,006	8,678	10,147	11,611
Total Equity & Liabilities	1,20,789	1,41,724	1,69,796	2,00,767

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	23,592	25,980	32,153	37,146
Add. Depreciation	2,450	3,017	3,676	4,265
Add. Interest	1,083	1,455	1,555	1,803
Less Financial Other Income	2,209	2,220	2,716	3,020
Add. Other	(1,078)	1,499	(292)	(241)
Op. profit before WC changes	26,049	31,951	37,092	42,972
Net Changes-WC	(7,042)	289	(4,838)	(5,454)
Direct tax	(5,564)	(6,509)	(8,120)	(9,381)
Net cash from Op. activities	13,443	25,731	24,133	28,137
Capital expenditures	(8,433)	(1,951)	(7,852)	(7,959)
Interest / Dividend Income	331	574	765	765
Others	(249)	(21,661)	(12,528)	(15,348)
Net Cash from Invst. activities	(8,351)	(23,038)	(19,616)	(22,542)
Issue of share cap. / premium	5	2	-	-
Debt changes	(185)	1,082	422	421
Dividend paid	(2,542)	(2,780)	(3,384)	(4,212)
Interest paid	(1,083)	(1,455)	(1,555)	(1,803)
Others	-	-	-	-
Net cash from Fin. activities	(3,806)	(3,152)	(4,517)	(5,594)
Net change in cash	1,286	(459)	-	-
Free Cash Flow	5,010	23,780	16,281	20,177

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	118.7	128.1	158.4	183.1
CEPS	135.0	148.2	182.8	211.5
BVPS	544.9	657.0	792.9	948.0
FCF	33.3	158.1	108.2	134.1
DPS	18.5	22.5	28.0	28.0
Return Ratio(%)				
RoCE	32.7	29.7	30.2	29.1
ROIC	32.2	39.1	41.9	43.2
RoE	24.1	21.3	21.8	21.0
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.4)	(0.4)	(0.5)
Net Working Capital (Days)	37	36	36	36
Valuation(x)				
PER	52.7	48.8	39.5	34.1
P/B	11.5	9.5	7.9	6.6
P/CEPS	46.3	42.2	34.2	29.6
EV/EBITDA	36.9	31.8	25.6	21.7
EV/Sales	5.1	4.1	3.4	3.0
Dividend Yield (%)	0.3	0.4	0.4	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	55,919	46,980	54,984	52,261
YoY gr. (%)	29.3	20.8	30.4	20.4
Raw Material Expenses	41,792	35,415	42,025	38,807
Gross Profit	14,127	11,565	12,960	13,453
Margin (%)	25.3	24.6	23.6	25.7
EBITDA	7,615	5,834	6,316	7,199
YoY gr. (%)	24.9	6.3	3.7	26.4
Margin (%)	13.6	12.4	11.5	13.8
Depreciation / Depletion	657	671	721	786
EBIT	6,958	5,163	5,595	6,414
Margin (%)	12.4	11.0	10.2	12.3
Net Interest	244	413	453	498
Other Income	538	584	762	250
Profit before Tax	7,253	5,334	5,903	6,166
Margin (%)	13.0	11.4	10.7	11.8
Total Tax	1,718	1,317	1,451	1,522
Effective tax rate (%)	23.7	24.7	24.6	24.7
Profit after Tax	5,535	4,016	4,452	4,643
Minority interest	75	57	54	68
Share Profit from Associates	-	-	-	-
Adjusted PAT	5,460	3,960	4,398	4,576
YoY gr. (%)	28.5	(0.9)	3.3	10.8
Margin (%)	9.8	8.4	8.0	8.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,460	3,960	4,398	4,576
YoY gr. (%)	28.5	(0.9)	3.3	10.8
Margin (%)	9.8	8.4	8.0	8.8
Other Comprehensive Income	(20)	(92)	(9)	-
Total Comprehensive Income	5,440	3,868	4,389	4,576
Avg. Shares O/s (m)	149	149	149	149
EPS (Rs)	36.6	26.5	29.5	30.7

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	8,741	7,163
2	13-Dec-24	BUY	8,741	7,486
3	21-Oct-24	BUY	8,741	7,120
4	08-Oct-24	BUY	8,741	7,263
5	19-Jul-24	BUY	7,788	6,336
6	05-Jul-24	BUY	7,788	6,661
7	13-May-24	BUY	7,086	6,156
8	05-Apr-24	BUY	6,065	5,317

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	Hold	6,085	6,971
13	KEI Industries	BUY	5,041	4,128
14	Polycab India	BUY	8,741	7,163
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

(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 Liladher 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