

February 10, 2025

Q3FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current	Previous		
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	725		675	
Sales (Rs. m)	38,315	47,361	36,974	45,191
% Chng.	3.6	4.8		
EBITDA (Rs. m)	9,495	12,002	9,309	11,461
% Chng.	2.0	4.7		
EPS (Rs.)	10.8	14.8	10.8	14.3
% Chng.	(0.7)	3.8		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	24,981	30,394	38,315	47,361
EBITDA (Rs. m)	6,404	7,910	9,495	12,002
Margin (%)	25.6	26.0	24.8	25.3
PAT (Rs. m)	3,101	3,695	4,303	5,931
EPS (Rs.)	7.8	9.2	10.8	14.8
Gr. (%)	(3.5)	19.1	16.5	37.8
DPS (Rs.)	-	-	2.3	3.5
Yield (%)	-	-	0.4	0.5
RoE (%)	17.7	18.4	18.2	21.5
RoCE (%)	19.5	18.6	18.3	21.9
EV/Sales (x)	10.7	8.9	7.1	5.7
EV/EBITDA (x)	41.7	34.3	28.7	22.5
PE (x)	82.9	69.5	59.7	43.3
P/BV (x)	14.1	11.7	10.1	8.6

Key Data

KRIIBO | KIMS IN

52-W High / Low	Rs.674 / Rs.350
Sensex / Nifty	77,860 / 23,560
Market Cap	Rs.257bn / \$ 2,939m
Shares Outstanding	400m
3M Avg. Daily Value	Rs.343.94m

Shareholding Pattern (%)

Promoter's	38.82
Foreign	15.68
Domestic Institution	32.05
Public & Others	13.45
Promoter Pledge (Rs bn)	1.21

Stock Performance (%)

	1M	6M	12M
Absolute	(1.1)	50.0	48.9
Relative	(0.7)	53.1	38.0

Param Desai

paramdesai@plindia.com | 91-22-66322259

Sanketa Kohale

sanketakohale@plindia.com | 91-22-66322426

Growth intact despite aggressive expansion plan

Quick Pointers:

- Nashik, Vizag and Kannur consolidated in Q3 with ~750 beds
- +2,500 beds expansion plan across clusters by FY27 end

Krishna Institute of Medical Sciences (KIMS) reported EBITDA growth of 27% YoY, adj for one time write offs (Rs80-90mn); EBITDA was largely in line with our estimates. Our FY26E/FY27E EBITDA stands increased by 2-5% as we factor in new bed addition. New leadership team hiring across Karnataka and Kerala cluster provides comfort for faster ramp up in these clusters. Further new clinical talent hiring and addition of sub-specialties across Telangana units will lead to ramp-up in revenues and profitability. Given its lean cost structure and partnership with local doctors/ leadership outside Andhra Pradesh & Telangana region, the management remains confident of achieving faster breakeven and +25% OPM across these new clusters over the next 4-5 years. We expect 23% EBITDA CAGR over FY25-27E with healthy return ratios of ~20%. Maintain 'Buy' rating with revised TP of Rs725/share based on 27x FY27E EV/EBITDA. Delay in breakeven of new units will be a key risk to our call.

- **Adj EBITDA largely in line; muted margins due to certain one-offs, new bed addition and seasonality:** KIMS reported EBITDA of Rs1.87bn (up 27% YoY). Adjusted for one-time write off towards advances of Rs. 80-90mn, EBITDA was up by 33% YoY; in line with our estimates of Rs 2bn. Sunshine units consolidated in Telangana cluster and adjusted for other income reported 27% YoY growth in EBITDA, whereas AP units which now includes Vizag unit grew by 56% YoY. Nagpur reported Rs. 510mn of revenues and Rs. 100mn of EBITDA adjusted for one time provision with OPM at 20%. Nashik unit reported a loss of Rs. 50mn. Consol margin adjusted for one offs was at 25.3% and ex of new bed additions were at 27.1%. Other income was higher as it included Rs 120mn from Chennai land sale.

- **Higher ARPOB; subdued occupancy led by seasonality and new bed additions:** KIMS consol level occupancy was impacted QoQ at 58% vs 77% in Q2 due to new bed additions and seasonality. Overall, KIMS consolidated ~750 beds from Vizag, Kannur and Nashik that reported revenues of Rs460mn and negative EBITDA of RS. 20mn in Q3. Consolidated ARBOB came in at Rs38,472/day (up 25% YoY) aided by improved payor & case mix and lower ALOS (3.8 days vs 4.2 days in Q3FY24). This also resulted in higher IP/OP volumes, which grew by 14%/20% YoY.

- **Key con-call takeaways: Telangana:** Overall, efforts to reduce ALOS from 3.5 to ~3.3-3.4 days will contribute to higher ARPOB in Telangana. Medical tourism revenues will be at Rs. 400-500mn in FY25 and expected to grow to Rs. 1-1.5bn in future. **Sunshine:** reported revenues and EBITDA of Rs 1.5bn and Rs 400mn in Q3 vs Rs. 1.58bn and Rs. 480mn in Q2FY25. Mgmt expects a ramp up in occupancy and improved case mix to expand margins to 30-33%. **Kondapur-** Plans to add 500 beds of which 200-250 beds (phase 1) will be added in Q1FY27 **AP:** cluster margins are expected to improve from 24% to

~30% over the next 2-3 years once oncology and mother-child specialties will be added across units. **Maharashtra Cluster:** Nagpur's revenue declined due to seasonality; one-time provisions impacted EBITDA. Mgmt cited further provision of Rs. 5-10mn towards Nagpur unit in Q4 whereas Nashik unit expected to break even by Q2-Q3FY26. Nashik's ARPOB currently at Rs24-25k; expected to rise to Rs32-33k at its maturity. KIMS is all set to start its 300 bedded unit at Thane in Q1FY26; delayed by one quarter. **Bangalore:** Mgmt targets for 2k beds expansion plan over 3-4 years in Bangalore cluster. Bangalore's both the new projects to get operationalized in H1FY26; delayed by a quarter due to execution challenges. **Kerala:** Kannur hospital breakeven within 3 months of its operations. New facilities in Kollam & Thrissur will be tertiary/quaternary care hospitals and will be operational in Q1FY26 and FY27 respectively. Reiterated plans to operationalize 2.5-3k bed capacity across Kerala cluster over next 5 years. **Capex** – Guidance remained at Rs6bn on annual basis and debt-to-EBITDA guided to stay below 2x. Gross debt was at Rs.15.5bn as of Q3. Minority interest was at 10-11% for 9MFY25 and 9.9% for Q3.

Exhibit 1: Q3FY25 Result Overview (Rs mn) –Adjusted EBITDA was in line with our estimate

Y/e March	3QFY25	3QFY24	YoY gr. (%)	2QFY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	7,724	6,058	27.5	7,773	(0.6)	22,381	18,643	20.0
COGS	1,618	1,256	28.9	1,555	4.1	4,599	3,960	16.1
% of Net Sales	20.9	20.7		20.0		20.5	21.2	
Staff Cost	1,275	1,043	22.3	1,192	7.0	3,653	3,138	16.4
% of Net Sales	16.5	17.2		15.3		16.3	24.9	
Other Expenses	2,959	2,289	29.3	2,845	4.0	8,282	6,731	23.0
% of Net Sales	38.3	37.8		36.6		37.0	36.1	
Total	5,852	4,587	27.6	5,592	4.6	16,534	13,829	19.6
EBITDA	1,872	1,471	27.2	2,181	(14.2)	5,847	4,815	21.4
Margins (%)	24.2	24.3		28.1		26.1	25.8	
Other Income	178	33	446.9	50	256.0	274	92	196.2
Interest	257	124	106.8	199	29.1	635	307	107.0
Depreciation	447	354	26.4	410	9.0	1,247	1,002	24.4
PBT	1,346	1,026	31.2	1,622	(17.0)	4,239	3,598	17.8
Provision for Taxation	421	259	62.6	415	1.4	1,155	951	21.4
Tax rate %	31.3	25.2		25.6		27.2	26.4	
PAT	925	767	20.6	1,207	(23.4)	3,084	2,647	16.5
Minority Interest	38	48	(21.3)	133	(71.4)	257	200	28.6
Reported PAT	887	718	23.5	1,074	(17.4)	2,827	2,447	15.5

Source: Company, PL

Exhibit 2: Revenue growth across clusters led by healthy ARPOB

Cluster wise revenues – Rs mn	FY24	9MFY25	Q3FY25
Telangana (incl. Sunshine)	16,410	14,472	4,849
% total	65.7	64.7	62.8
AP	6,775	5,999	2,088
% total	27.0	26.5	26.4
Maharashtra	1,796	1,685	561
% total	7.2	7.4	7.1
Kerala	-	226	226
% total	0.0	1.0	2.9
Total	24,981	22,382	7,724

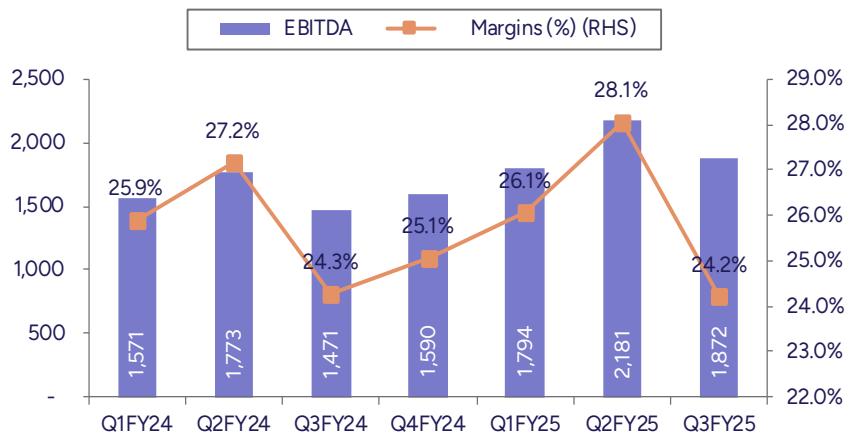
Source: Company, PL

Exhibit 3: Margin decline QoQ due to seasonality, one offs and new bed addition

Cluster wise EBITDA- Rs mn	FY24	9MFY25	Q3FY25
Telangana (incl. Sunshine)	4,647	4,181	1,370
OPM (%)	28.3	28.9	28.3
AP	1,506	1,466	494
OPM (%)	22.2	24.4	23.7
Maharashtra	250	199	8
OPM (%)	13.9	11.8	1.4
Kerala		1	1
OPM (%)		0.4	0.4
Total	6,403	5,847	1,873
OPM (%)	25.6	26.1	24.2

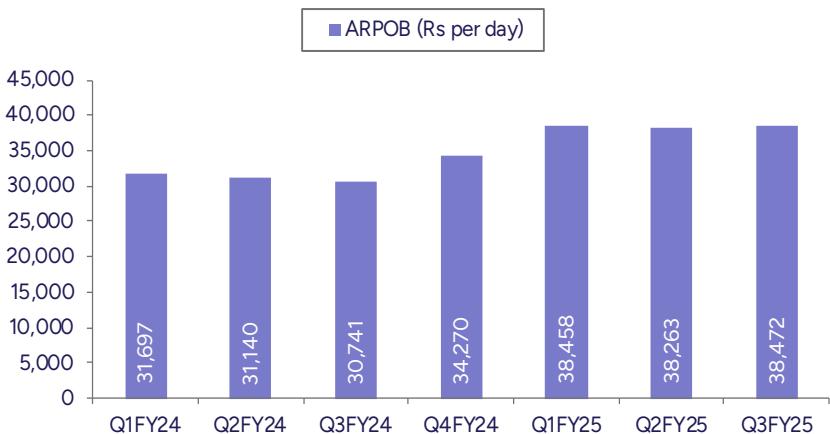
Source: Company, PL

Exhibit 4: Ex new bed addition & one offs; margins were at 27.1%



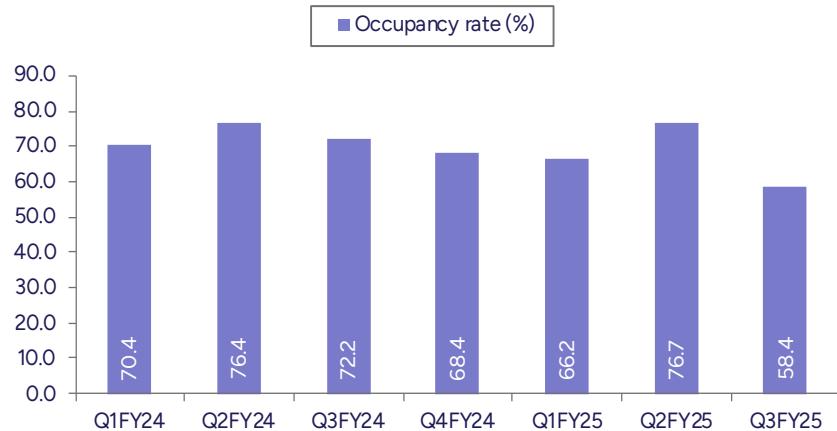
Source: Company, PL

Exhibit 5: ARPOB grew by 25%YoY on improved case mix and lower ALOS



Source: Company, PL

Exhibit 6: Occupancy declined on seasonality and new bed additions



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	24,981	30,394	38,315	47,361
YoY gr. (%)	13.7	21.7	26.1	23.6
Cost of Goods Sold	5,303	6,231	7,854	9,709
Gross Profit	19,679	24,163	30,460	37,652
Margin (%)	78.8	79.5	79.5	79.5
Employee Cost	4,224	4,730	5,298	5,934
Other Expenses	9,051	11,522	15,667	19,716
EBITDA	6,404	7,910	9,495	12,002
YoY gr. (%)	6.0	23.5	20.0	26.4
Margin (%)	25.6	26.0	24.8	25.3
Depreciation and Amortization	1,465	1,768	2,227	2,502
EBIT	4,939	6,142	7,268	9,499
Margin (%)	19.8	20.2	19.0	20.1
Net Interest	470	900	1,120	1,050
Other Income	131	320	200	300
Profit Before Tax	4,599	5,562	6,348	8,749
Margin (%)	18.4	18.3	16.6	18.5
Total Tax	1,236	1,502	1,619	2,231
Effective tax rate (%)	26.9	27.0	25.5	25.5
Profit after tax	3,363	4,061	4,729	6,518
Minority interest	259	365	426	587
Share Profit from Associate	(3)	-	-	-
Adjusted PAT	3,101	3,695	4,303	5,931
YoY gr. (%)	(3.5)	19.1	16.5	37.8
Margin (%)	12.4	12.2	11.2	12.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,101	3,695	4,303	5,931
YoY gr. (%)	(3.5)	19.1	16.5	37.8
Margin (%)	12.4	12.2	11.2	12.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,101	3,695	4,303	5,931
Equity Shares O/s (m)	400	400	400	400
EPS (Rs)	7.8	9.2	10.8	14.8

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	23,998	33,998	40,498	45,498
Tangibles	23,998	33,998	40,498	45,498
Intangibles	-	-	-	-
Acc: Dep / Amortization	6,051	7,819	10,047	12,549
Tangibles	6,051	7,819	10,047	12,549
Intangibles	-	-	-	-
Net fixed assets	17,947	26,179	30,452	32,949
Tangibles	17,947	26,179	30,452	32,949
Intangibles	-	-	-	-
Capital Work In Progress	9,313	9,313	9,313	9,313
Goodwill	3,080	3,080	3,080	3,080
Non-Current Investments	1,574	1,574	1,574	1,574
Net Deferred tax assets	(144)	(144)	(144)	(144)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	494	666	840	1,038
Trade receivables	2,944	3,497	4,409	5,450
Cash & Bank Balance	490	1,060	1,088	1,648
Other Current Assets	1,740	1,914	2,105	2,316
Total Assets	38,520	48,221	53,798	58,305
Equity				
Equity Share Capital	800	800	800	800
Other Equity	17,483	21,178	24,553	29,092
Total Networth	18,284	21,979	25,354	29,893
Non-Current Liabilities				
Long Term borrowings	9,276	14,276	15,276	13,776
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,186	1,186	1,186	1,186
Trade payables	1,972	2,498	3,149	3,893
Other current liabilities	1,600	1,714	1,840	1,978
Total Equity & Liabilities	38,520	48,221	53,798	58,305

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	4,599	5,562	6,348	8,749
Add. Depreciation	1,465	1,768	2,227	2,502
Add. Interest	470	900	1,120	1,050
Less Financial Other Income	131	320	200	300
Add. Other	(174)	-	-	-
Op. profit before WC changes	6,361	8,230	9,695	12,302
Net Changes-WC	251	(258)	(500)	(568)
Direct tax	(1,402)	(1,502)	(1,619)	(2,231)
Net cash from Op. activities	5,211	6,470	7,576	9,502
Capital expenditures	(9,011)	(10,000)	(6,500)	(5,000)
Interest / Dividend Income	-	-	-	-
Others	-	-	-	-
Net Cash from Invt. activities	(9,011)	(10,000)	(6,500)	(5,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	5,130	5,000	1,000	(1,500)
Dividend paid	-	-	(928)	(1,392)
Interest paid	(470)	(900)	(1,120)	(1,050)
Others	(1,007)	-	-	-
Net cash from Fin. activities	3,653	4,100	(1,048)	(3,942)
Net change in cash	(147)	570	28	560
Free Cash Flow	(3,800)	(3,530)	1,076	4,502

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E	
Per Share(Rs)					
EPS		7.8	9.2	10.8	14.8
CEPS		11.4	13.7	16.3	21.1
BVPS		45.7	54.9	63.4	74.7
FCF		(9.5)	(8.8)	2.7	11.3
DPS		-	-	2.3	3.5
Return Ratio(%)					
RoCE		19.5	18.6	18.3	21.9
ROIC		13.0	13.0	13.8	16.8
RoE		17.7	18.4	18.2	21.5
Balance Sheet					
Net Debt : Equity (x)		0.5	0.7	0.6	0.4
Net Working Capital (Days)		21	20	20	20
Valuation(x)					
PER		82.9	69.5	59.7	43.3
P/B		14.1	11.7	10.1	8.6
P/CEPS		56.3	47.0	39.4	30.5
EV/EBITDA		41.7	34.3	28.7	22.5
EV/Sales		10.7	8.9	7.1	5.7
Dividend Yield (%)		-	-	0.4	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	6,338	6,884	7,773	7,724
YoY gr. (%)	10.0	13.6	19.1	27.5
Raw Material Expenses	1,343	1,426	1,555	1,618
Gross Profit	4,995	5,458	6,218	6,106
Margin (%)	78.8	79.3	80.0	79.1
EBITDA	1,590	1,794	2,181	1,872
YoY gr. (%)	(2.6)	14.2	23.0	27.2
Margin (%)	25.1	26.1	28.1	24.2
Depreciation / Depletion	463	390	410	447
EBIT	1,127	1,404	1,771	1,425
Margin (%)	17.8	20.4	22.8	18.4
Net Interest	164	179	199	257
Other Income	38	46	50	178
Profit before Tax	1,001	1,271	1,622	1,346
Margin (%)	15.8	18.5	20.9	17.4
Total Tax	285	319	415	421
Effective tax rate (%)	28.5	25.1	25.6	31.3
Profit after Tax	716	952	1,207	925
Minority interest	61	86	133	38
Share Profit from Associates	-	-	-	-
Adjusted PAT	655	866	1,074	887
YoY gr. (%)	(29.8)	7.2	16.7	23.5
Margin (%)	10.3	12.6	13.8	11.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	655	866	1,074	887
YoY gr. (%)	(29.8)	7.2	16.7	23.5
Margin (%)	10.3	12.6	13.8	11.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	655	866	1,074	887
Avg. Shares O/s (m)	400	400	400	400
EPS (Rs)	1.6	2.2	2.7	2.2

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	675	649
2	12-Nov-24	BUY	675	563
3	07-Oct-24	BUY	480	550
4	08-Aug-24	BUY	480	438
5	08-Jul-24	BUY	440	427
6	18-Jun-24	BUY	440	405
7	18-May-24	BUY	420	390
8	08-Apr-24	BUY	440	408

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	8,000	7,437
2	Aster DM Healthcare	BUY	620	469
3	Aurobindo Pharma	Accumulate	1,475	1,298
4	Cipla	BUY	1,730	1,421
5	Divi's Laboratories	Accumulate	6,250	5,884
6	Dr. Reddy's Laboratories	Reduce	1,335	1,289
7	Eris Lifesciences	BUY	1,450	1,230
8	Fortis Healthcare	BUY	710	735
9	HealthCare Global Enterprises	BUY	535	488
10	Indoco Remedies	Hold	325	343
11	Ipca Laboratories	Accumulate	1,700	1,736
12	J.B. Chemicals & Pharmaceuticals	BUY	2,075	1,716
13	Jupiter Life Line Hospitals	BUY	1,660	1,565
14	Krishna Institute of Medical Sciences	BUY	675	649
15	Lupin	BUY	2,420	2,359
16	Max Healthcare Institute	BUY	1,300	1,061
17	Narayana Hrudayalaya	BUY	1,420	1,351
18	Rainbow Children's Medicare	BUY	1,785	1,552
19	Sun Pharmaceutical Industries	BUY	2,275	1,744
20	Sunteck Realty	BUY	700	479
21	Torrent Pharmaceuticals	Accumulate	3,750	3,248
22	Zydus Lifesciences	Accumulate	1,050	977

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. Param Desai- MBA Finance, Ms. Sanketa Kohale- 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. Param Desai- MBA Finance, Ms. Sanketa Kohale- 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