

February 11, 2025

Q3FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	760		710	
Sales (Rs. m)	88,013	1,00,474	85,999	97,116
% Chng.	2.3	3.5		
EBITDA (Rs. m)	19,431	22,831	18,915	22,081
% Chng.	2.7	3.4		
EPS (Rs.)	13.2	16.4	12.7	15.8
% Chng.	3.5	4.3		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	68,930	78,354	88,013	1,00,474
EBITDA (Rs. m)	12,677	15,934	19,431	22,831
Margin (%)	18.4	20.3	22.1	22.7
PAT (Rs. m)	5,829	8,381	9,961	12,405
EPS (Rs.)	7.7	11.1	13.2	16.4
Gr. (%)	13.2	43.8	18.9	24.5
DPS (Rs.)	-	-	-	0.0
Yield (%)	-	-	-	-
RoE (%)	7.8	10.5	11.5	13.1
RoCE (%)	11.2	12.6	14.0	15.7
EV/Sales (x)	6.9	6.3	5.6	4.9
EV/EBITDA (x)	37.6	31.1	25.4	21.5
PE (x)	81.3	56.5	47.6	38.2
P/BV (x)	6.2	5.7	5.3	4.8

Key Data

FOHE.BO | FORH IN

52-W High / Low	Rs.745 / Rs.375
Sensex / Nifty	77,312 / 23,382
Market Cap	Rs.474bn/ \$ 5,416m
Shares Outstanding	755m
3M Avg. Daily Value	Rs.1177.37m

Shareholding Pattern (%)

Promoter's	31.17
Foreign	26.77
Domestic Institution	30.04
Public & Others	12.02
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.7)	28.1	44.3
Relative	(8.6)	32.1	33.6

Param Desai

paramdesai@plindia.com | 91-22-66322259

Sanketa Kohale

sanketakahale@plindia.com | 91-22-66322426

Strong show in hospital segment

Quick Pointers:

- Guided for break-even of new Manesar unit from Q1FY26
- Divested another non-performing unit at Richmond Road in Bangalore which incurred Rs80mn EBITDA loss in FY24

Fortis Healthcare's (FORH) Q3FY25 EBITDA at Rs3.75bn was in line with our estimates. Though hospital margins improved by 170bps/260bps YoY in FY24/9MFY25, we see further scope for improvement aided by 1) improving case and payor mix, 2) cost rationalization initiatives including divestment of Richmond unit in Bangalore, ramp up of Manesar unit and 3) new brownfield bed additions. Fortis consolidated 89.2% stake in Agilus in Jan'25. We expect margins and revenue growth to pick-up from FY26 in Agilus.

Our FY26E and FY27E EBITDA stands increased by 3%. We expect EBITDA to clock 20% CAGR over FY25-27E. At CMP, the stock is trading at 22.5x EV/EBITDA on FY27E, adjusted for Agilus stake. Maintain 'Buy' rating with revised TP of Rs760/share, valuing the hospital segment at 27x and diagnostic at 25x EV/EBITDA on FY27E.

Strong ARPOB; occupancy steady at 67%: Hospital business revenue increased 17% YoY (down 2% QoQ) to Rs16.2bn, vs our estimates of Rs15.7bn. Diagnostic business net revenue grew 5% YoY to Rs3bn. Hospital occupancy declined to 67% vs 72% in Q2 and 64% in Q3FY24. ARPOB further improved by 10% YoY to Rs67.1k primarily driven by improved case mix and partly due to price revisions implemented in Feb'24.

Hospital EBITDA growth at 30% YoY: FORH's consolidated EBITDA increased 32% YoY (down 14% QoQ) to Rs3.75bn, in line with our estimates. Hospital business EBITDA came in at Rs3.25bn, up 30% YoY. Overall hospital OPM improved by 190 bps YoY to 20%. However, it was down by 150 bps QoQ partly due to seasonality and commercialization of Manesar unit. Diagnostic business EBITDA increased 49% YoY to Rs490mn, with OPM of 16.1%. Adjusted for Rs. 240mn (vs Rs. 90mn in Q2FY25) of one-off expenses relating to rebranding, margins were at 24% in Q3FY25. Net debt increased by Rs3.8bn QoQ to Rs6.6bn.

Key con-call takeaways: Bed expansion: Total 400 brownfield beds are likely to be commercialized across FMRI, Faridabad and Noida by FY26. Out of total greenfield 350 beds in Manesar, FORH commercialized 50 beds in Q3 and booked EBITDA loss of Rs ~120mn. Another 50 beds will commence by Mar'25; the hospital is guided to break even in Q1FY26. Mgmt guided 350-400 brownfield bed expansion on annual basis for the next 2 years. FORH is actively evaluating opportunistic acquisitions & land purchases for expansion. **Capex:** Total capex requirement of Rs. 9bn of which Rs. 6bn will be spent on expansion and balance Rs 3bn will be on maintenance capex. **ARPOB:** guided at 5-6% YoY. ARPOB growth was supported by an increased share of high-value specialties, including oncology, neurosciences, and robotic surgeries, contributing to higher realizations.

Occupancy- Management guided that occupancy levels will continue improving, supported by bed expansions, better case mix, and increased patient demand.
Margin guidance- Hospital and diagnostic margin guidance at ~20.5% and ~21-22%; respectively for FY25. **Drivers for hospital margins:** Hospital margins to improve on brownfield expansion, improved case mix, operational efficiencies and ramp up in occupancies through scaling operations in underperforming hospitals (e.g. Jaipur, Vashi) through leadership and structural changes. FORH divested another underperforming Richmond Road 80 bed hospital in Bangalore in Dec'24 post divestment of Malar (Feb'24) & Vadapalani Chennai units (Jul'23). This unit registered Rs80mn loss at EBITDA in FY24. **Agilus:** Guided branding expenses to minimize by Q4FY25 end. FORH consolidated a total 89.2% stake in Agilus via raising Rs. 15.5bn of non-convertible debentures in Jan'25. B2C:B2B mix was at 51:49. Legal case hearings are likely to conclude soon, and legal costs should come off in FY26.

Exhibit 1: Q3FY25 Result Overview (Rs mn) – In line EBITDA

Y/e March	3QFY25	3QFY24	YoY gr. (%)	2QFY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Net Sales	19,283	16,797	14.8	19,884	(3.0)	57,755	51,070	13.1
COGS	4,535	3,938	15.2	4,608	(1.6)	13,672	12,050	13.5
<i>% of Net Sales</i>	<i>23.5</i>	<i>23.4</i>		<i>23.2</i>		<i>23.7</i>	<i>23.6</i>	
Employee Cost	2,942	2,821	4.3	2,903	1.4	8,800	8,480	3.8
<i>% of Net Sales</i>	<i>15.3</i>	<i>16.8</i>		<i>14.6</i>		<i>17.2</i>	<i>16.6</i>	
Other Expenses	8,054	7,199	11.9	8,024	0.4	23,760	21,675	9.6
<i>% of Net Sales</i>	<i>41.8</i>	<i>42.9</i>		<i>40.4</i>		<i>46.5</i>	<i>42.4</i>	
Total	15,531	13,957	11.3	15,536	(0.0)	46,231	42,204	9.5
EBITDA	3,752	2,840	32.1	4,348	(13.7)	11,524	8,866	30.0
<i>Margins (%)</i>	<i>19.5</i>	<i>16.9</i>		<i>21.9</i>		<i>20.0</i>	<i>17.4</i>	
Other Income	209	68	206.8	132	57.8	471	285	65.7
Interest	452	330	37.0	364	23.9	1,169	963	21.4
Depreciation	973	869	12.0	951	2.4	2,834	2,503	13.2
PBT	2,536	1,709	48.4	3,166	(19.9)	7,993	5,685	40.6
Tax	251	489	(48.7)	680	(63.1)	1,491	1,445	3.2
<i>Tax rate %</i>	<i>9.9</i>	<i>28.6</i>		<i>21.5</i>		<i>18.7</i>	<i>25.4</i>	
PAT	2,285	1,220	87.3	2,486	(8.1)	6,502	4,240	53.3
Share in (loss)/profit of associate	21	45	(54.5)	42		69	52	32.6
Minority Interest	64	(4)	(1,554.5)	166		310	219	41.5
EO items	(238)	(77)	208.7	598		358	(129)	(377.7)
Reported PAT	2,479	1,347	84.1	1,765	40.5	5,903	4,201	40.5

Source: Company, PL

Exhibit 2: Hospital revenues grew ~17% YoY, while diagnostic grew +5% YoY

Revenues	3QFY25	3QFY24	YoY gr. (%)	2QFY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Hospital	16,230	13,890	16.8	16,547	(1.9)	48,267	41,957	15.0
<i>% of Total Sales</i>	<i>84.2%</i>	<i>82.7%</i>		<i>83.2%</i>		<i>83.6%</i>	<i>82.2%</i>	
Diagnostic	3,052	2,902	5.2	3,337	(8.5)	9,479	9,109	4.1
<i>% of Total Sales</i>	<i>15.8%</i>	<i>17.3%</i>		<i>16.8%</i>		<i>16.4%</i>	<i>17.8%</i>	
Total Revenues	19,282	16,792	14.8	19,884	(3.0)	57,746	51,066	13.1

Source: Company, PL

Exhibit 3: Hospital/ Diagnostic EBITDA improved ~30%/ ~49% YoY

EBITDA	3QFY25	3QFY24	YoY gr. (%)	2QFY25	QoQ gr. (%)	9MFY25	9MFY24	YoY gr. (%)
Hospital	3,250	2,510	29.5	3,550	(8.5)	9,670	7,251	33.4
OPM (%)	20.0%	18.1%		21.5%		84.0%	81.8%	
Diagnostic	490	330	48.6	800	(38.8)	1,840	1,618	13.7
OPM (%)	16.1%	11.4%		24.0%		16.0%	18.2%	
Total EBITDA	3,740	2,840	31.7	4,350	(14.0)	11,510	8,869	29.8

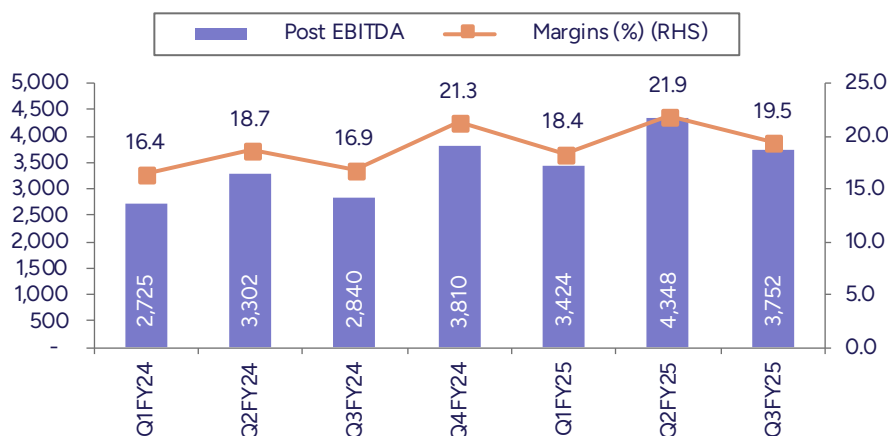
Source: Company, PL

Exhibit 4: 11 hospitals in +20% margin bracket contribute to ~74% of revenues

EBITDA for 9MFY25	No. Of facilities (#)	Revenue contribution (%)	Beds (#)	ARPOB (INR mn)	Occupancy (%)
>20%	11	74	2,658	26.1	72
15-20%	2	6	379	14.8	77
10-15%	3	4	201	25.3	57
<10%	5	14	830	19.6	58
Total/Average	21	99	4,068	21.5	66

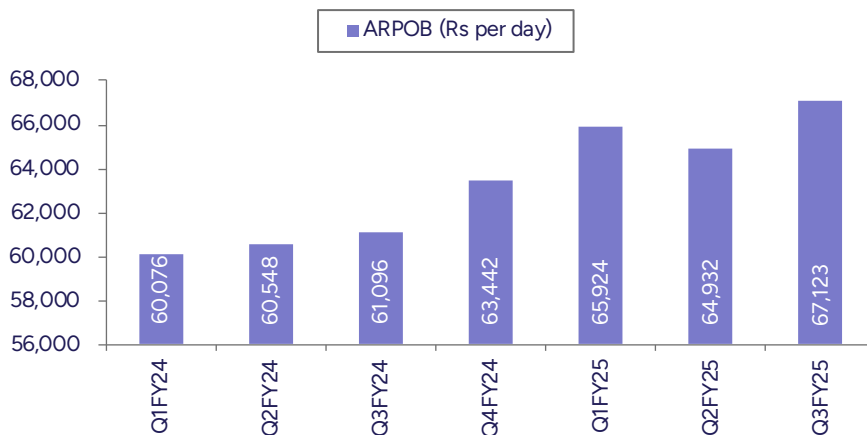
Source: Company, PL; Note: <10% EBITDA Margin facilities include Ludhiana 2 (commissioned in Dec'23) and Manesar (commissioned in Sep'24).

Exhibit 5: Margins declined ~240bps QoQ led by both segments



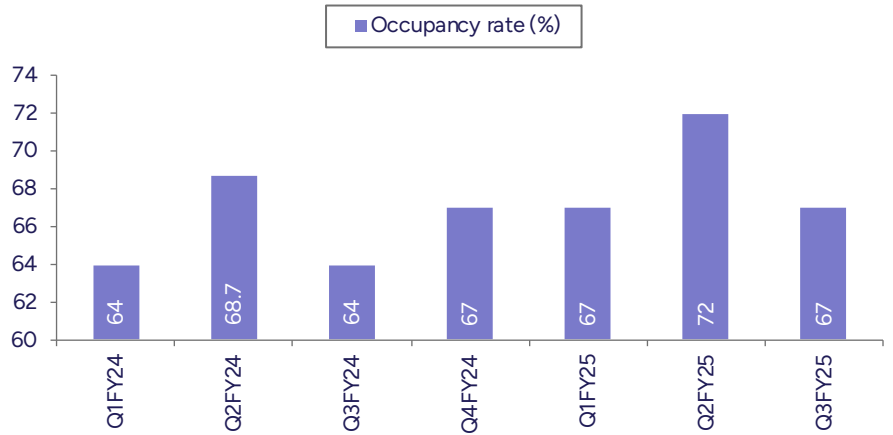
Source: Company, PL

Exhibit 6: Strong ARPOB primarily due to improved case mix



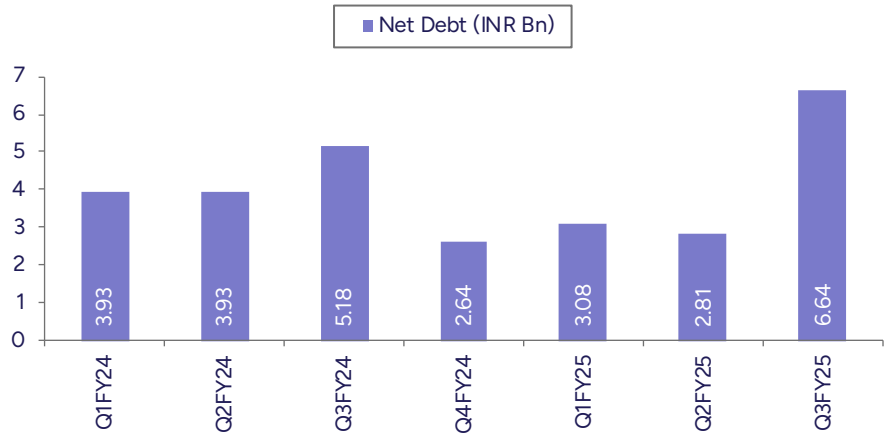
Source: Company, PL

Exhibit 7: Occupancy declined QoQ due to seasonality and new unit addition



Source: Company, PL

Exhibit 8: Net debt increased by Rs3.8bn QoQ



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	68,930	78,354	88,013	1,00,474
YoY gr. (%)	9.5	13.7	12.3	14.2
Cost of Goods Sold	16,187	18,413	20,683	23,611
Gross Profit	52,743	59,941	67,330	76,863
Margin (%)	76.5	76.5	76.5	76.5
Employee Cost	11,195	14,887	16,722	19,090
Other Expenses	28,871	29,120	31,176	34,942
EBITDA	12,677	15,934	19,431	22,831
YoY gr. (%)	15.1	25.7	21.9	17.5
Margin (%)	18.4	20.3	22.1	22.7
Depreciation and Amortization	3,425	3,814	4,132	4,468
EBIT	9,252	12,120	15,299	18,363
Margin (%)	13.4	15.5	17.4	18.3
Net Interest	1,310	1,745	2,484	2,374
Other Income	383	575	400	500
Profit Before Tax	8,325	10,950	13,215	16,489
Margin (%)	12.1	14.0	15.0	16.4
Total Tax	2,128	2,409	3,304	4,122
Effective tax rate (%)	25.6	22.0	25.0	25.0
Profit after tax	6,198	8,541	9,911	12,367
Minority interest	463	260	100	112
Share Profit from Associate	95	100	150	150
Adjusted PAT	5,829	8,381	9,961	12,405
YoY gr. (%)	13.2	43.8	18.9	24.5
Margin (%)	8.5	10.7	11.3	12.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	5,829	8,381	9,961	12,405
YoY gr. (%)	13.2	43.8	18.9	24.5
Margin (%)	8.5	10.7	11.3	12.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,829	8,381	9,961	12,405
Equity Shares O/s (m)	755	755	755	755
EPS (Rs)	7.7	11.1	13.2	16.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	94,085	1,02,085	1,10,085	1,18,085
Tangibles	94,085	1,02,085	1,10,085	1,18,085
Intangibles	-	-	-	-
Acc: Dep / Amortization	37,290	41,104	45,235	49,703
Tangibles	37,290	41,104	45,235	49,703
Intangibles	-	-	-	-
Net fixed assets	56,795	60,981	64,849	68,381
Tangibles	56,795	60,981	64,849	68,381
Intangibles	-	-	-	-
Capital Work In Progress	5,420	5,420	5,420	5,420
Goodwill	41,942	41,942	41,942	41,942
Non-Current Investments	2,298	2,298	2,298	2,298
Net Deferred tax assets	(1,119)	(1,119)	(1,119)	(1,119)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	1,074	1,242	1,406	1,616
Trade receivables	6,278	8,221	9,302	10,690
Cash & Bank Balance	5,984	2,415	2,871	5,449
Other Current Assets	9,893	10,882	11,970	13,167
Total Assets	1,32,888	1,36,604	1,43,262	1,52,167
Equity				
Equity Share Capital	7,550	7,550	7,550	7,550
Other Equity	69,079	75,336	82,647	91,518
Total Network	76,629	82,885	90,196	99,068
Non-Current Liabilities				
Long Term borrowings	7,409	22,409	21,409	20,409
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	1,175	1,175	1,175	1,175
Trade payables	7,278	8,549	9,674	11,117
Other current liabilities	24,205	5,133	4,255	3,733
Total Equity & Liabilities	1,32,888	1,36,604	1,43,262	1,52,166

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	8,325	10,950	13,215	16,489
Add. Depreciation	3,425	3,814	4,132	4,468
Add. Interest	1,310	1,745	2,484	2,374
Less Financial Other Income	383	575	400	500
Add. Other	(37)	(358)	-	-
Op. profit before WC changes	13,023	16,151	19,831	23,331
Net Changes-WC	106	(20,900)	(2,086)	(1,873)
Direct tax	(2,128)	(2,409)	(3,304)	(4,122)
Net cash from Op. activities	11,001	(7,158)	14,441	17,335
Capital expenditures	(10,098)	(8,000)	(8,000)	(8,000)
Interest / Dividend Income	-	-	-	-
Others	1,235	100	150	150
Net Cash from Inv. activities	(8,864)	(7,900)	(7,850)	(7,850)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,552	15,000	(1,000)	(1,000)
Dividend paid	(860)	(1,767)	(2,650)	(3,533)
Interest paid	(1,310)	(1,745)	(2,484)	(2,374)
Others	837	-	-	-
Net cash from Fin. activities	220	11,488	(6,134)	(6,907)
Net change in cash	2,357	(3,570)	456	2,578
Free Cash Flow	903	(15,158)	6,441	9,335

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY24	Q1FY25	Q2FY25	Q3FY25
Net Revenue	17,859	18,588	19,884	19,283
YoY gr. (%)	8.7	12.2	12.3	14.8
Raw Material Expenses	4,137	4,529	4,608	4,535
Gross Profit	13,722	14,059	15,276	14,748
Margin (%)	76.8	75.6	76.8	76.5
EBITDA	3,810	3,424	4,348	3,752
YoY gr. (%)	40.7	25.7	31.7	32.1
Margin (%)	21.3	18.4	21.9	19.5
Depreciation / Depletion	922	910	951	973
EBIT	2,888	2,514	3,398	2,778
Margin (%)	16.2	13.5	17.1	14.4
Net Interest	347	353	364	452
Other Income	98	130	132	209
Profit before Tax	2,671	2,294	2,568	2,774
Margin (%)	15.0	12.3	12.9	14.4
Total Tax	682	561	680	251
Effective tax rate (%)	25.6	24.4	26.5	9.0
Profit after Tax	1,988	1,733	1,889	2,523
Minority interest	244	80	166	64
Share Profit from Associates	43	6	42	21
Adjusted PAT	1,787	1,659	1,765	2,479
YoY gr. (%)	34.8	48.4	1.6	84.1
Margin (%)	10.0	8.9	8.9	12.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,787	1,659	1,765	2,479
YoY gr. (%)	34.8	48.4	1.6	84.1
Margin (%)	10.0	8.9	8.9	12.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,787	1,659	1,765	2,479
Avg. Shares O/s (m)	-	-	-	-
EPS (Rs)	2.4	2.2	2.3	3.3

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	7.7	11.1	13.2	16.4
CEPS	12.3	16.2	18.7	22.3
BVPS	101.5	109.8	119.5	131.2
FCF	1.2	(20.1)	8.5	12.4
DPS	-	-	-	0.0
Return Ratio(%)				
RoCE	11.2	12.6	14.0	15.7
ROIC	7.3	9.0	10.9	12.5
RoE	7.8	10.5	11.5	13.1
Balance Sheet				
Net Debt : Equity (x)	0.0	0.3	0.2	0.2
Net Working Capital (Days)	0	4	4	4
Valuation(x)				
PER	81.3	56.5	47.6	38.2
P/B	6.2	5.7	5.3	4.8
P/CEPS	51.2	38.9	33.6	28.1
EV/EBITDA	37.6	31.1	25.4	21.5
EV/Sales	6.9	6.3	5.6	4.9
Dividend Yield (%)	-	-	-	-

Source: Company Data, PL Research

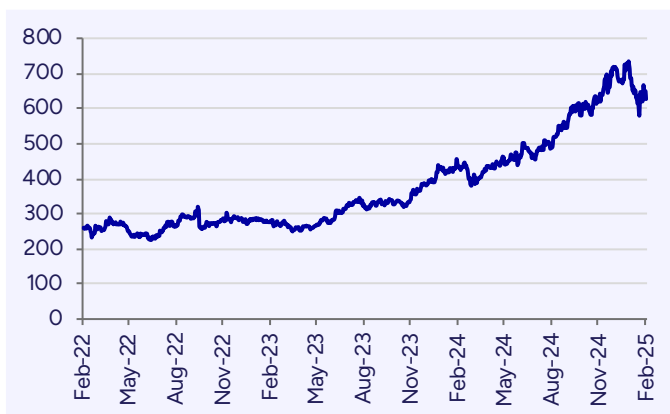
Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Hospital	56,860	65,765	74,416	85,518
Diagnostic	12,070	12,589	13,596	14,956

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	08-Jan-25	BUY	710	735
2	10-Nov-24	BUY	710	621
3	07-Oct-24	BUY	515	581
4	08-Aug-24	BUY	515	486
5	08-Jul-24	BUY	515	460
6	26-May-24	BUY	515	462
7	08-Apr-24	BUY	480	437

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	BUY	1,510	1,192
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	1,750	1,607
14	Krishna Institute of Medical Sciences	BUY	725	642
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