

Jan-Mar'24 Earnings Update

April 8, 2024

Another strong quarter aided by US sales and higher margins

Exhibit 1: PL Universe - Pharma

Companies	Rating	CMP (Rs)	TP (Rs)
Aurobindo Pharma	Acc	1,124	1,120
Cipla	Acc	1,449	1,400
Divi's Laboratories	Reduce	3,748	3,150
Dr. Reddy's Laboratories	Reduce	6,179	5,650
Eris Lifesciences	BUY	851	1,100
Glenmark Pharmaceuticals	Reduce	1,017	570
Indoco Remedies	Acc	350	380
Ipca Laboratories	HOLD	1,315	1,060
J.B. Chemicals & Pharma	BUY	1,715	1,920
Lupin	HOLD	1,599	1,600
Sun Pharmaceutical Industries	BUY	1,609	1,640
Torrent Pharmaceuticals	BUY	2,577	2,700
Zydus Lifesciences	Acc	1,007	855

Source: PL Acc=Accumulate

Exhibit 2: PL Universe – Hospital

Companies	Rating	CMP (Rs)	TP (Rs)
Apollo Hospitals Enterprise	BUY	6,398	7,050
Aster DM Healthcare	BUY	457	515
Fortis Healthcare	BUY	437	480
HealthCare Global Enterprises	BUY	368	420
Jupiter Life Line Hospitals	BUY	1,214	1,360
KIMS	BUY	2,038	2,200
Max Healthcare Institute	BUY	805	925
Narayana Hrudayalaya	BUY	1,286	1,435

Source: PL

Param Desai
paramdesai@plindia.com | 91-22-66322259

Sanketa Kohale
sanketakhale@plindia.com | 91-22-66322426

Kushal Shah
kushalshah@plindia.com | 91-22-66322490

We expect pharmaceuticals companies under our coverage to report another strong quarter with EBIDTA growth of 22% YoY (down 3% QoQ) mainly aided by 1) new launches (gRevlimid, gSpiriva, etc) in US market, 2) steady domestic business and 3) higher margins. We expect the quarter to continue seeing easing of cost pressures which will thereby aid margins YoY. The companies are likely to witness steady base business in US given stable generic pricing environment coupled with new launches. On domestic formulation business; given seasonal weakness acute and trade generic business to remain soft while chronic business to have steady growth. Our top picks remain SUNP, JBCP, ERIS and TRP.

- IPCA, LPC and ARBP to report strong EBITDA growth:** Amongst PL universe we expect companies like IPCA, LPC and ARBP to report higher EBIDTA growth of 88%, 64% and 47% YoY aided by strong growth in US market as a result of new launches like gSpiriva in case of LPC and gRevlimid in case of ARBP. SUNP to report EBIDTA growth of 9% YoY, led by continued momentum in Specialty portfolio. CIPLA and ZYDUSLIF to report healthy YoY EBIDTA growth of 9% and 17% respectively aided by higher US sales.
- Margins to show QoQ momentum for DIVI and ZYDUSLIF:** Companies like DIVI and ZYDUSLIF will see QoQ margin improvement aided by better product mix and higher gRevlimid sales respectively. On other hand, ARBP may see dip in margins QoQ given impact of EUGIA plant shutdown while Cipla QoQ dip in margins led by seasonality weakness for domestic formulation.
- Continued growth for JBCP, ERIS and TRP:** JBCP to report EBIDTA growth of 21% YoY given underlying strong base business and higher GMs YoY. QoQ decline in margins for JBCP as ophthal portfolio from Novartis got consolidated which is low margin in nature. In case of ERIS, consolidation of portfolio acquired from DRL and Glenmark along with scale up in Oaknet portfolio will aid EBIDTA growth by 42% YoY. Key markets for TRP like India, Brazil and Germany will see healthy YoY growth which will drive EBIDTA growth to tune of 22% YoY.
- US sales – Another stable quarter:** We expect US sales to grow by 14% YoY in constant currency (CC) for our coverage universe aided by launches like gRevlimid, gSpiriva and stable pricing for base business. On QoQ basis, we expect 36% growth for ZYDUSLIF aided by gRevlimid sales while ARBP will see 5% QoQ dip in US sales led by Eugia plant shutdown. Among our coverage universe, we expect steady growth of 13% YoY for Cipla aided by new launches while SUNP YoY growth of 8% likely aided by specialty portfolio. Overall strong YoY growth for LPC, DRRD and ARBP aided by new launches.
- Sector outperformance to continue:** Healthcare Index outperformed Sensex by 9% in Jan-Mar'24. Our sectoral outlook remains positive led by tailwinds in US generics, healthy domestic formulations segment and normalization in input cost. Henceforth we expect profitability to continue to improve with 1) steady domestic business, 2) niche launches in US market and 3) continued cost optimization. We prefer companies with steady domestic franchises and strong US visibility. **Our top picks remain SUNP, ERIS, JBCP and TRP.**

Top picks

- **SUNP** - Over last few years SUNP dependency on US generics has reduced and company's growth is more functional on US specialty, RoW and domestic pharma business that continues to show strong growth visibility. **Maintain 'BUY' rating on the stock at TP Rs 1,640.**
- **JBCP** - Company's strong positioning in domestic markets and focus on scaling emerging opportunities in export segment, places it in an advantageous position to ride on near term growth prospects. **Maintain 'BUY' rating at TP of Rs. 1,920.**
- **TRP** - Strong presence in highly profitable branded business in domestic as well as Brazil and ROW market along with completion of Curatio acquisition gives us comfort on the stock. **Maintain 'BUY' rating at TP Rs 2,700.**
- **ERIS** - The company has multiple growth levers such as broad based offerings in derma segment, opportunities in cardio metabolic market with patent expirations and benefits of operating leverage, as revenue scales up from these acquisitions. **Maintain 'BUY' rating at TP Rs 1,100.**

Exhibit 3: US revenues help drive YoY growth in EBITDA

EBITDA (in Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	YoY gr. (%)	QoQ gr. (%)
ARBP	10,022	11,514	14,034	16,013	14,758	47.3	(7.8)
CIPLA	11,737	14,939	17,337	17,475	12,887	9.8	(26.3)
DIVI	4,918	5,040	4,790	4,890	6,191	25.9	26.6
DRRD	15,829	20,450	19,916	20,180	19,048	20.3	(5.6)
ERIS	1,189	1,698	1,811	1,755	1,695	42.5	(3.4)
INDOCO	648	612	714	629	622	(3.9)	(1.0)
IPCA	1,705	2,941	3,195	3,310	3,222	88.9	(2.7)
JBCP	1,636	2,320	2,440	2,231	1,981	21.0	(11.2)
LPC	6,041	8,565	9,232	10,219	9,903	63.9	(3.1)
SUNP	28,293	33,297	32,135	33,523	30,694	8.5	(8.4)
TRP	7,270	7,910	8,250	8,690	8,912	22.6	2.6
ZYDUSLIF	13,141	15,324	10,639	10,818	15,417	17.3	42.5
Total	1,02,429	1,24,610	1,24,493	1,29,733	1,25,308	22.3	(3.4)

Source: Company, PL

Exhibit 4: Stable input prices support healthy YoY increase in EBITDA margin for companies

EBITDA Margin (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	YoY chng.	QoQ chng.
ARBP	15	16.8	19.4	22	20	500 bps	-130 bps
CIPLA	20	23.6	26.0	26	21	57 bps	-544 bps
DIVI	25	28.3	25.1	26	30	452 bps	337 bps
DRRD	25	30.3	28.9	28	27	201 bps	-82 bps
ERIS	30	36.4	35.8	36	35	546 bps	-111 bps
INDOCO	15	14.3	14.8	14	14	-160 bps	-17 bps
IPCA	11	18.5	15.7	16	16	449 bps	-35 bps
JBCP	21	26.0	28.0	26	23	200 bps	-295 bps
LPC	14	17.8	18.3	20	19	561 bps	-42 bps
SUNP	26	27.9	26.4	27	25	-56 bps	-175 bps
TRP	29	30.5	31.0	32	32	277 bps	15 bps
ZYDUSLIF	26	29.8	24.4	24	29	239 bps	461 bps

Source: Company, PL

Exhibit 5: USD/INR tailwind YoY in Q4FY24E continue to aid exports

	Q4FY24E	Q4FY23	Q3FY24	YoY gr. (%)	QoQ gr. (%)
USD/INR	83.0	82.2	83.2	1.0	(0.2)
EUR/INR	90.2	88.2	89.0	2.2	1.3
BRL/INR	16.7	15.8	16.8	5.5	(0.8)
ZAR/INR	4.4	4.6	4.4	(4.6)	(0.2)
RUB/INR	0.9	1.1	0.9	(18.5)	1.4
GBP/INR	105.3	99.8	103.4	5.5	1.8
JPY/INR	0.6	0.6	0.6	(9.7)	(6.7)
CHF/INR	95.0	88.9	94.0	6.9	1.1

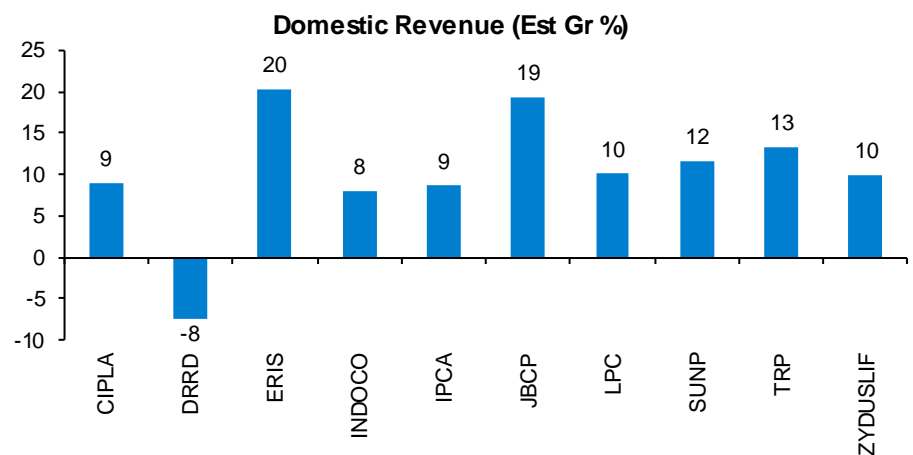
Source: Company, PL

Exhibit 6: US revenues – Growth visibility YoY – LPC, DRL, ARBP and CIPLA are likely to report healthy US sales

US Sales (\$ mn)	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E
ARBP	363	385	331	365	370	402	410	451	428
CIPLA	161	155	179	195	204	222	228	230	230
DRRD	266	231	351	372	308	389	383	402	379
LPC	181	121	159	177	175	181	213	212	214
SUNP	389	420	412	422	430	471	430	477	463
TRP	38	39	36	35	34	36	30	33	33
ZYDUSLIF	189	202	214	234	274	299	226	221	300

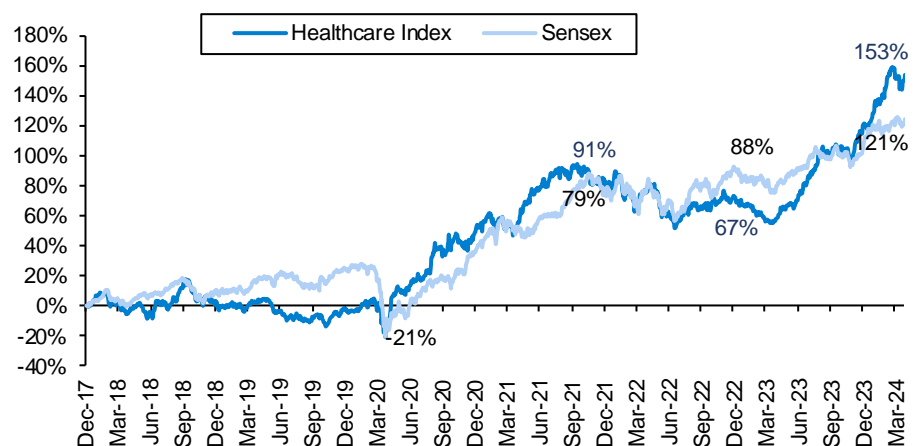
Source: Company, PL

Exhibit 7: Steady growth from domestic formulations



Source: Company, PL

Exhibit 8: Healthcare index outperformed Sensex in Q4FY24E by 9%



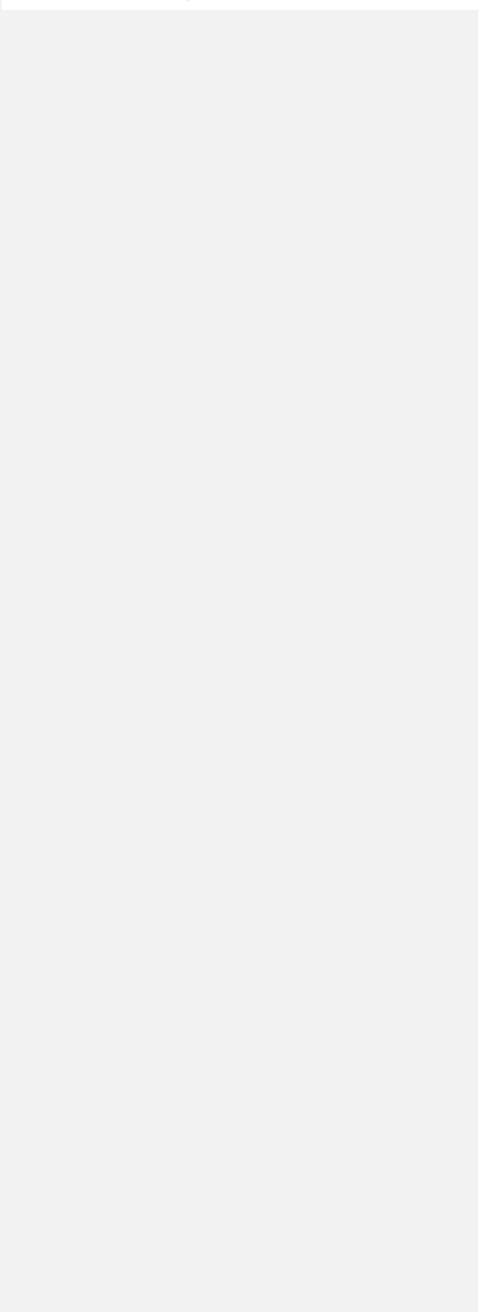
Source: Company, PL

Exhibit 9: Q3FY24 Result Preview

Company Name		Q4FY24E	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	Remarks
Aurobindo Pharma	Sales	72,044	64,730	11.3	73,518	(2.0)	Ramp up in gRevlimid sales will aid US revenues and thereby margins YoY. We expect impact from Eugia plant shutdown to tune of \$20mn. Update on Pen-G facility and new launches in US are the key monitorables.
	EBITDA	14,758	10,022	47.3	16,013	(7.8)	
	Margin (%)	20.5	15.5	500 bps	21.8	-130 bps	
	PBT	10,893	7,359	48.0	12,650	(13.9)	
	Adj. PAT	8,128	5,176	57.0	9,400	(13.5)	
Cipla	Sales	61,307	57,393	6.8	66,038	(7.2)	Consistent US sales supported by gRevlimid to aid profitability on YoY basis. QoQ dip in profitability given seasonal weakness in domestic formulation biz
	EBITDA	12,887	11,737	9.8	17,475	(26.3)	
	Margin (%)	21.0	20.5	57 bps	26.5	-544 bps	
	PBT	11,624	9,278	25.3	16,686	(30.3)	
	Adj. PAT	8,290	5,257	57.7	10,559	(21.5)	
Divi's Laboratories	Sales	20,826	19,508	6.8	18,550	12.3	Expect YoY improvement in margins aided by higher GMs and better product mix. Outlook on margins and growth in custom synthesis are key monitorables.
	EBITDA	6,191	4,918	25.9	4,890	26.6	
	Margin (%)	29.7	25.2	452 bps	26.4	337 bps	
	PBT	5,998	4,665	28.6	4,890	22.7	
	Adj. PAT	4,549	3,210	41.7	3,580	27.1	
Dr. Reddy's Laboratories	Sales	70,158	62,968	11.4	72,148	(2.8)	Profitability to aided by new launches and gRevlimid. Commentary on US base business and margin trend are key monitorables.
	EBITDA	19,048	15,829	20.3	20,180	(5.6)	
	Margin (%)	27.1	25.1	201 bps	28.0	-82 bps	
	PBT	16,833	13,719	22.7	18,340	(8.2)	
	Adj. PAT	12,356	9,592	28.8	13,789	(10.4)	
Eris Lifesciences	Sales	4,845	4,028	20.3	4,863	(0.4)	We expect +10-11% organic growth in base business. Trajectory to continue form Oaknet portfolio. Margins to remain healthy YoY at 35%. Execution and performance from newly acquired portfolio are key monitorables.
	EBITDA	1,695	1,189	42.5	1,755	(3.4)	
	Margin (%)	35.0	29.5	546 bps	36.1	-111 bps	
	PBT	1,023	759	34.8	1,159	(11.7)	
	Adj. PAT	796	654	21.7	1,027	(22.5)	
Indoco Remedies	Sales	4,602	4,282	7.5	4,594	0.2	We expect 8% YoY growth for domestic formulation biz led by seasonality weakness. Clearance of Goa unit 2 remains a key event to watch for.
	EBITDA	622	648	(3.9)	629	(1.0)	
	Margin (%)	13.5	15.1	-160 bps	13.7	-17 bps	
	PBT	345	389	(11.4)	308	11.9	
	Adj. PAT	243	258	(5.7)	238	2.5	
Ipca Laboratories	Sales	20,433	15,116	35.2	20,529	(0.5)	Domestic formulations to deliver double digit growth YoY. We expect QoQ improvement in Unichem profitability. Margins to improve YoY. Commentary on US sales resumption will be key monitorable
	EBITDA	3,222	1,705	88.9	3,310	(2.7)	
	Margin (%)	15.8	11.3	449 bps	16.1	-35 bps	
	PBT	2,063	1,295	59.4	2,209	(6.6)	
	Adj. PAT	1,276	765	66.8	1,119	14.1	
J.B. Chemicals & Pharmaceuticals	Sales	8,439	7,623	10.7	8,445	(0.1)	We see improved margins YoY on the back of higher domestic volumes. QoQ dip in margins led by consolidation of opthal portfolio
	EBITDA	1,981	1,636	21.0	2,231	(11.2)	
	Margin (%)	23.5	21.5	200 bps	26.4	-295 bps	
	PBT	1,542	1,225	25.9	1,840	(16.2)	
	Adj. PAT	1,182	876	34.9	1,336	(11.5)	
Lupin	Sales	51,459	44,301	16.2	51,974	(1.0)	We anticipate steady US sales and margins aided by gSpiriva. Domestic formulation to remain up at 10% YoY. Margin outlook will be key monitorable.
	EBITDA	9,903	6,041	63.9	10,219	(3.1)	
	Margin (%)	19.2	13.6	561 bps	19.7	-42 bps	
	PBT	6,755	2,585	161.3	7,361	(8.2)	
	Adj. PAT	5,246	2,360	122.3	6,131	(14.4)	

Company Name		Q4FY24E	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	Remarks
Sun Pharmaceutical Industries	Sales	1,21,209	1,09,307	10.9	1,23,807	(2.1)	Specialty product portfolio and domestic business to deliver growth YoY. Expect steady sales from gRevlimid QoQ. Domestic formulation business to show double digit growth YoY. Outlook on overheads and margins will be key monitorables.
	EBITDA	30,694	28,293	8.5	33,523	(8.4)	
	Margin (%)	25.3	25.9	-56 bps	27.1	-175 bps	
	PBT	25,849	24,383	6.0	29,456	(12.2)	
	Adj. PAT	21,618	19,845	8.9	25,238	(14.3)	
Torrent Pharmaceuticals	Sales	27,887	24,910	12.0	27,320	2.1	Key markets such as India and Brazil will continue to witness growth. Margins are expected to remain higher on YoY.
	EBITDA	8,912	7,270	22.6	8,690	2.6	
	Margin (%)	32.0	29.2	277 bps	31.8	15 bps	
	PBT	6,343	4,330	46.5	5,430	16.8	
	Adj. PAT	4,341	2,870	51.3	4,430	(2.0)	
Zydus Lifesciences	Sales	53,872	50,106	7.5	45,052	19.6	Higher contribution from gRevlimid to aid growth in US. We expect improved margins QoQ.
	EBITDA	15,417	13,141	17.3	10,818	42.5	
	Margin (%)	28.6	26.2	239 bps	24.0	461 bps	
	PBT	13,634	11,456	19.0	9,049	50.7	
	Adj. PAT	10,478	3,573	193.3	7,472	40.2	

Source: Company, PL



Hospitals: Seasonally healthy quarter

Buoyed by historical trend of Q4 being a seasonally strong quarter for hospitals, we anticipate hospital companies to deliver healthy YoY growth in Q4FY24. This growth likely to be driven by higher ARPOB and steady occupancy. On sequentially basis we anticipate flat to 400 bps increase in occupancy due to seasonality. We foresee ARPOB to continue to remain elevated on a YoY basis.

*Overall, we expect ~20% YoY growth (+7% QoQ) in post IND AS EBITDA (Ex of Rs. 1.48bn loss in Apollo 24*7, EBITDA growth expected at +14% YoY) in Q4 under our coverage universe. We remain structurally positive in the hospitals space and expect momentum to continue with 1) improvement in occupancy, 2) better case- payor mix and 3) new capacity additions. Our top picks in the sector are MAXHEALT, JLHL and ASTERDM.*

- **Healthy performance in hospital on seasonality: APHS** hospital segment is likely to report moderate ~9% YoY growth (flat QoQ growth) due to higher cost associated in Q4 and flat QoQ occupancy. **MAXHEALT** is likely to report steady 16% YoY growth in EBITDA; aided by better case and payor mix. In case of **NARH**, we foresee India hospital EBITDA improvement by 13% YoY whereas, Cayman business to deliver EBITDA growth of 14% YoY. On consolidated level, we expect 13% YoY growth in EBITDA. We have factor in Rs 70mn losses from NHIC subsidiary. In case of **KIMS**, we expect moderate growth of 6% YoY impacted by muted growth across Telangana cluster and its flagship units. However, Nagpur and Sunshine units continues to scale up. We expect **JLHL** to report strong 22% YoY growth aided by increased ARPOB resulting from better payor mix and occupancy scale up across units. For **HCG**, we expect strong 19% YoY growth in EBITDA given improved operational efficiency resulting from new LINAC machines operationalized in past two quarters. We expect **ASTERDM** continue to report another strong quarter of 20% YoY EBITDA growth for its India business however we see QoQ decline given early onset of Ramadan.
- **24*7 losses likely to reduce further QoQ in APHS:** APHS is likely to report +28% YoY growth in post IND AS EBITDA, despite moderate growth in hospital segment aided by reduction of losses from 24x7. We have factored in Rs1.48bn losses (including ESOP) from 24x7 vs Rs1.6bn in Q3FY24 and Rs2.2bn in Q4FY23. Adjusted for this, we see ~10% YoY growth in EBITDA for APHS. FORH's hospital business to see 28% YoY EBITDA growth on account of better operating leverage and benefit of two non-performing assets monetization. FORH's diagnostic business's EBITDA will continue to see to see moderate 3% YoY EBITDA growth.

Top picks:

- **MAXHEALT** – MAXHEALT has shown phenomenal growth in past two years and we expect this momentum to continue given strong expansion plans, bolt on acquisitions like Lucknow units and improving payor mix. **We maintain 'Buy' rating with TP of Rs 925/share.**
- **JLHL** – JLHL's operational efficiency has been strong in competitive markets of MMR. Given strategic greenfield expansions in densely populated micro-markets of western regions, scale up in occupancy and improving margins,

business is expected to aid growth momentum over the medium term in our view. **We recommend 'BUY' rating with a TP of Rs 1,360/share.**

- ASTERDM** - ASTERDM India's EBITDA increased sharply over last 3 years (30% CAGR over FY20-23) and growth momentum continued in FY24 with ~30% YoY growth. We estimate 29% pre IND AS EBITDA CAGR from India business over FY24-26E aided by scale up in margins, healthy ARPOB and bed additions. We maintain 'BUY' rating with TP of Rs515 valuing India hospital segment at 22x EV/EBITDA on FY26E EBITDA.

Exhibit 10: Healthy YoY growth barring KIMS

EBITDA (in Rs mn)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	YoY gr. (%)	QoQ gr. (%)
APHS IN	4,882	5,090	6,275	6,137	6,270	28.4	2.2
ASTERDM IN	1,270	1,230	1,570	1,680	1,520	19.7	-9.5
FORH IN	2,709	2,725	3,302	2,840	3,350	23.7	18.0
HCG IN	763	743	846	786	906	18.7	15.3
JLHL IN	516	530	610	619	629	21.9	1.6
KIMS IN	1,632	1,571	1,773	1,471	1,727	5.8	17.4
MAXHEALT IN	4,290	4,290	4,850	4,650	4,986	16.2	7.2
NARH IN	2,757	2,707	3,081	2,790	3,103	12.5	11.2
Total	18,819	18,885	22,307	20,972	22,490	19.5	7.2

Source: Company, PL (Note: AsterDM - India EBITDA)

Exhibit 11: Anticipation of moderation in EBITDA margins QoQ led by seasonality

Margin (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E	YoY chng.	QoQ chng.
APHS IN	11.3	11.5	12.9	12.7	12.9	+157 bps	+21 bps
ASTERDM IN	15.8	14.7	16.8	17.7	16.3	55 bps	-136 bps
FORH IN	16.5	16.4	18.7	16.9	18.9	+237 bps	+195 bps
HCG IN	17.3	16.1	17.4	16.7	18.4	+113 bps	+168 bps
JLHL IN	21.3	21.8	23.2	22.7	22.9	+160 bps	+20 bps
KIMS IN	28.3	25.9	27.2	24.3	26.4	-193 bps	+213 bps
MAXHEALT IN	27.8	26.4	28.2	27.6	28.5	+70 bps	+84 bps
NARH IN	22.6	21.9	23.6	23.2	22.7	+14 bps	-46 bps

Source: Company, PL (Note: AsterDM - India EBITDA Margins)

Exhibit 12: Steady ARPOB (Rs. per day) expected in Q4

Company Name	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY gr. (%)	QoQ gr. (%)
APHS IN	51,482	53,232	57,760	57,391	56,368	9.5	-1.8
ASTERDM IN	37,200	37,900	39,400	38,650	39,750	6.9	2.8
FORH IN	55,342	57,476	60,076	60,548	61,096	10.4	0.9
HCG IN	37,014	39,864	39,686	42,054	42,788	15.6	1.7
JLHL IN	50,000	50,000	55,796	50,354	54,605	9.2	8.4
KIMS IN	29,812	30,573	31,697	31,140	30,741	3.1	-1.3
MAXHEALT IN	66,800	70,700	74,800	74,600	76,800	15.0	2.9
NARH IN	35,068	36,986	37,260	36,712	38,630	10.2	5.2

Source: Company, PL (Note: AsterDM - India ARPOB)

Exhibit 13: Expect flat to 400bps QoQ increase in occupancy on seasonality

Occupancy (%)	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24E
APHS IN	64	62	68	66	66
ASTERDM IN	68	64	70	70	69
FORH IN	67	64	69	64	67
HCG IN	65	67	64	60	63
JLHL IN	68	57	67	65	67
KIMS IN	71	70	76	72	76
MAXHEALT IN	77	74	77	73	76

Source: Company, PL (Note: AsterDM - India Occupancy)

Exhibit 14: Q3FY24 Result Preview – Hospitals

Company Name		Q4FY24E	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	Remarks
Apollo Hospitals Enterprise	Sales	48,727	43,022	13.3	48,506	0.5	Hospital business EBITDA likely to grow by 8-9% YoY led by higher cost and flat QoQ occupancy. Losses from 24x7 to reduce QoQ; we have factor in Rs1.48bn losses. SAP revenues to see 13% YoY growth. Adj for 24x7 losses, we see 10% YoY EBITDA growth. Commentary on hospital segment occupancy will be key monitorable.
	EBITDA	6,270	4,882	28.4	6,137	2.2	
	Margin (%)	12.9	11.3	152 bps	12.7	21 bps	
	PBT	3,842	2,500	53.6	3,619	6.1	
	Adj. PAT	2,295	1,445	58.8	2,453	(6.4)	
Aster DM Healthcare	Sales	37,549	32,623	15.1	37,106	1.2	Expect QoQ decline in EBITDA for India biz given early onset of Ramadan. However, YoY EBITDA growth will continue to remain healthy by 20% YoY.
	EBITDA	5,849	5,056	15.7	5,641	3.7	
	Margin (%)	15.6	15.5	8 bps	15.2	37 bps	
	PBT	2,609	2,051	27.2	2,419	7.8	
	Adj. PAT	1,949	1,708	14.2	1,792	8.8	
Fortis Healthcare	Sales	17,764	16,427	8.1	16,797	5.8	Hospital EBITDA to remain strong with 28% YoY growth on better operating leverage and benefit of two non-performing assets monetization. While diagnostic business's EBITDA to witness moderate 3% YoY growth. Update on hospital margin scale up and Agilus IPO /stake sale will be key monitorable.
	EBITDA	3,350	2,709	23.7	2,840	18.0	
	Margin (%)	18.9	16.5	237 bps	16.9	195 bps	
	PBT	2,264	1,712	32.3	1,709	32.4	
	Adj. PAT	1,669	1,326	25.9	1,347	24.0	
HealthCare Global Enterprises	Sales	4,922	4,417	11.4	4,699	4.7	Expect strong quarter as commissioning of new LINAC machines and ramp up in new units will start reflecting in EBITDA. Expect healthy improvement in ARPOB and occupancy in Q4.
	EBITDA	906	763	18.7	786	15.3	
	Margin (%)	18.4	17.3	113 bps	16.7	168 bps	
	PBT	216	131	64.0	111	94.7	
	Adj. PAT	185	84	121.3	57	224.9	
Jupiter Life Line Hospitals	Sales	2,747	2,423	13.4	2,726	0.8	Expect ARPOB continue to improve on rate revision for insurance biz at Pune unit and scale up in occupancy in Indore unit. This should aid EBITDA growth by 22% YoY
	EBITDA	629	516	21.9	619	1.6	
	Margin (%)	22.9	21.3	160 bps	22.7	20 bps	
	PBT	564	342	65.2	582	(3.1)	
	Adj. PAT	471	158	199.3	437	7.9	
Krishna Institute of Medical Sciences	Sales	6,538	5,759	13.5	6,058	7.9	Overall expect moderate YoY EBITDA growth impacted from muted Telangana cluster and its flagship units. Occupancy to improve QoQ on seasonality, Nagpur and Sunshine units will continue to scale up.
	EBITDA	1,727	1,632	5.8	1,471	17.4	
	Margin (%)	26.4	28.3	-193 bps	24.3	213 bps	
	PBT	1,264	1,273	(0.7)	1,026	23.2	
	Adj. PAT	856	933	(8.2)	718	19.1	
Max Healthcare Institute	Sales	17,504	15,440	13.4	16,820	4.1	Expect steady occupancy. EBITDA will continue to see +16% YoY growth aided by better payor and case mix.
	EBITDA	4,986	4,290	16.2	4,650	7.2	
	Margin (%)	28.5	27.8	70 bps	27.6	84 bps	
	PBT	4,456	3,690	20.7	4,150	7.4	
	Adj. PAT	3,673	3,190	15.1	3,380	8.7	

Company Name		Q4FY24E	Q4FY23	YoY gr. (%)	Q3FY24	QoQ gr. (%)	Remarks
Narayana Hrudayalaya	Sales	13,659	12,216	11.8	12,036	13.5	India hospital EBITDA to grow 13% YoY adj for one offs in Q4FY23 . Cayman to report steady YoY EBITDA growth.
	EBITDA	3,103	2,757	12.5	2,790	11.2	
	Margin (%)	22.7	22.6	14 bps	23.2	-46 bps	
	PBT	2,427	2,135	13.6	2,086	16.3	
	Adj. PAT	2,154	1,733	24.2	1,882	14.4	

Source: Company, PL

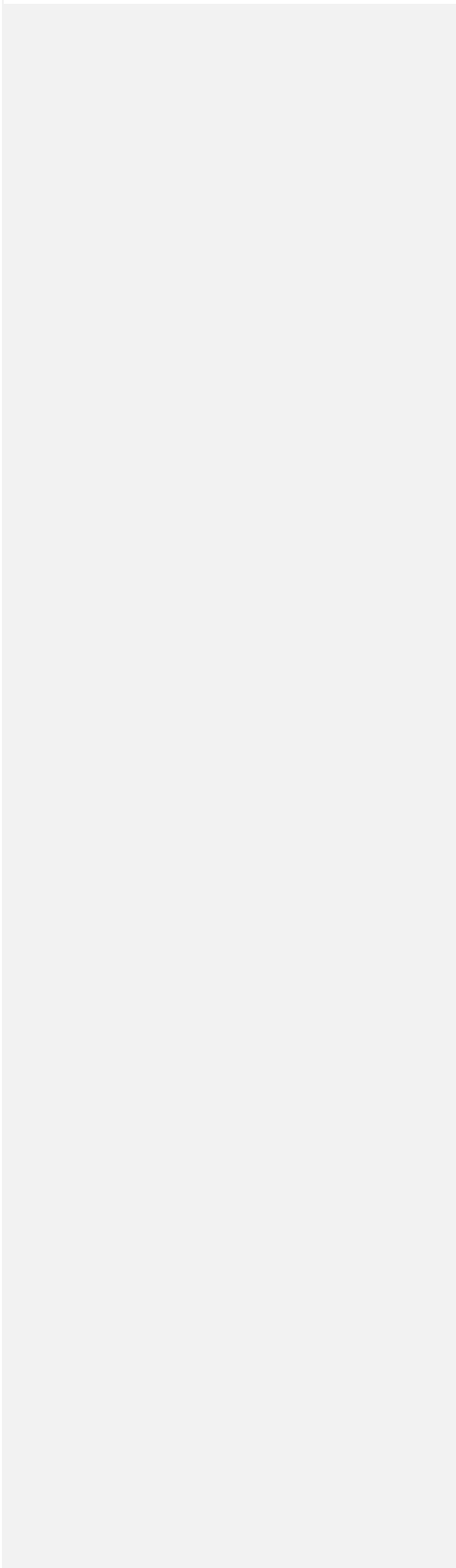


Exhibit 15: Valuation Summary - Pharma

Company Names	S/C Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
					FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
Aurobindo Pharma	C Acc	1,124	1,120	658.4	248.6	286.3	313.7	340.2	37.6	56.3	67.6	75.5	19.3	30.7	38.3	44.2	32.9	52.4	65.4	75.4	7.5	10.9	12.3	12.7	34.2	21.4	17.2	14.9
Cipla	C Acc	1,449	1,400	1,169.9	227.5	257.4	279.8	308.9	50.3	62.6	67.8	75.3	28.0	40.1	45.4	51.0	34.7	49.7	56.3	63.1	12.7	16.1	16.0	15.9	41.8	29.2	25.7	23.0
Divi's Laboratories	C Reduce	3,748	3,150	994.9	77.7	76.2	87.8	101.0	23.7	20.9	26.6	32.8	18.2	15.2	19.2	23.1	68.7	57.1	72.2	87.0	14.9	11.6	14.0	15.7	54.6	65.6	51.9	43.1
Dr. Reddy's Laboratories	C Reduce	6,179	5,650	1,029.5	245.9	278.4	294.5	318.7	64.6	79.5	82.0	84.0	45.1	54.9	55.4	56.9	270.5	329.5	332.3	341.6	21.4	21.6	18.4	16.3	22.8	18.8	18.6	18.1
Eris Lifesciences	C BUY	851	1,100	115.8	16.9	19.4	25.8	28.9	5.4	7.0	9.7	10.9	3.8	4.0	4.6	5.5	28.1	29.5	33.7	40.4	18.6	17.1	17.1	17.9	30.3	28.9	25.3	21.0
Glenmark Pharmaceuticals	C Reduce	1,017	570	287.1	129.9	142.9	155.5	168.5	22.8	26.0	29.2	32.1	3.0	9.9	11.8	13.4	37.7	35.0	41.7	47.3	3.2	10.0	10.8	11.2	27.0	29.1	24.4	21.5
Indoco Remedies	C Acc	350	380	32.2	16.7	18.3	20.2	22.6	2.9	2.6	3.4	4.0	1.4	1.1	1.6	2.0	15.4	11.7	17.6	21.7	14.7	10.1	13.8	15.0	22.7	29.9	19.8	16.1
Ipca Laboratories	C HOLD	1,315	1,060	333.5	62.4	77.2	94.9	108.2	9.6	12.7	18.6	22.9	4.8	6.2	8.9	11.6	18.9	24.3	35.1	45.6	8.5	10.2	13.6	15.8	69.6	54.0	37.5	28.8
J.B. Chemicals & Pharmaceuticals	C BUY	1,715	1,920	265.5	31.5	34.7	40.9	46.3	7.0	9.0	10.9	12.7	4.1	5.4	7.0	8.6	26.5	35.2	45.5	55.8	17.8	20.7	23.3	24.1	64.8	48.7	37.7	30.7
Lupin	C HOLD	1,599	1,600	727.7	166.4	199.9	220.6	242.8	17.2	35.9	42.9	49.4	4.3	18.6	24.1	29.2	9.5	41.0	52.9	64.1	3.5	13.9	15.7	16.5	169.2	39.0	30.2	24.9
Sun Pharmaceutical Industries	C BUY	1,609	1,640	3,860.5	438.9	486.3	536.4	596.0	117.7	129.6	149.1	174.1	84.7	90.8	109.9	131.4	36.6	39.1	45.8	54.7	16.3	15.4	16.9	17.9	44.0	41.1	35.1	29.4
Torrent Pharmaceuticals	C BUY	2,577	2,700	871.1	96.2	107.7	121.6	136.9	28.4	33.8	39.9	46.0	12.4	16.4	20.9	26.0	36.8	46.0	61.9	77.0	20.5	23.7	28.2	29.9	70.0	56.1	41.6	33.5
Zydus Lifesciences	C Acc	1,007	855	1,018.6	172.4	194.0	209.0	222.0	35.8	52.2	55.5	56.6	19.6	37.1	39.3	40.3	19.4	36.6	38.9	39.8	11.4	19.4	17.6	15.7	51.8	27.5	25.9	25.3

Source: Company, PL

S=Standalone / C=Consolidated / Acc=Accumulate

IPCA's financials includes UNICHEM acquisition.

Some stocks have variation from our rating system with regards to target prices and upsides given increased market volatility. We shall review the same at the time of results.



Exhibit 16: Change in Estimates – Pharma

	Rating		Target Price			Sales						PAT						EPS					
						FY24E			FY25E			FY24E			FY25E			FY24E			FY25E		
	C	P	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Aurobindo Pharma	Acc	Acc	1,120	1,120	0.0%	2,86,261	2,86,764	-0.2%	3,13,690	3,13,191	0.2%	30,698	30,586	0.4%	38,346	37,634	1.9%	52.4	52.2	0.4%	65.4	64.2	1.9%
Cipla	Acc	Acc	1,400	1,400	0.0%	2,57,415	2,57,682	-0.1%	2,79,762	2,80,708	-0.3%	40,115	41,484	-3.3%	45,433	45,561	-0.3%	49.7	51.4	-3.3%	56.3	56.4	-0.3%
Divi's Laboratories	Reduce	Reduce	3,150	3,150	0.0%	76,246	76,246	0.0%	87,826	87,826	0.0%	15,169	15,169	0.0%	19,174	19,174	0.0%	57.1	57.1	0.0%	72.2	72.2	0.0%
Dr. Reddy's Laboratories	Reduce	Reduce	5,650	5,650	0.0%	2,78,417	2,76,359	0.7%	2,94,503	2,94,149	0.1%	54,895	53,830	2.0%	55,367	55,226	0.3%	329.5	323.1	2.0%	332.3	331.5	0.3%
Eris Lifesciences	BUY	BUY	1,100	1,100	0.0%	19,428	20,243	-4.0%	25,830	26,183	-1.3%	4,007	4,268	-6.1%	4,580	4,447	3.0%	29.5	31.4	-6.1%	33.7	32.7	3.0%
Glenmark Pharmaceuticals	Reduce	Reduce	570	570	0.0%	1,42,879	1,42,879	0.0%	1,55,469	1,55,469	0.0%	9,869	9,869	0.0%	11,762	11,762	0.0%	35.0	35.0	0.0%	41.7	41.7	0.0%
Indoco Remedies	Acc	Acc	380	380	0.0%	18,279	18,520	-1.3%	20,225	20,415	-0.9%	1,077	1,134	-5.1%	1,625	1,647	-1.4%	11.7	12.3	-5.1%	17.6	17.9	-1.4%
Ipca Laboratories	HOLD	HOLD	1,060	1,060	0.0%	77,177	77,424	-0.3%	94,861	94,358	0.5%	6,175	6,106	1.1%	8,893	9,249	-3.8%	24.3	24.1	1.1%	35.1	36.5	-3.8%
J.B. Chemicals & Pharmaceuticals	BUY	BUY	1,920	1,920	0.0%	34,664	34,778	-0.3%	40,881	41,009	-0.3%	5,447	5,503	-1.0%	7,043	7,106	-0.9%	35.2	35.5	-1.0%	45.5	45.9	-0.9%
Lupin	HOLD	HOLD	1,600	1,600	0.0%	1,99,906	1,99,906	0.0%	2,20,591	2,20,591	0.0%	18,639	18,639	0.0%	24,069	24,069	0.0%	41.0	41.0	0.0%	52.9	52.9	0.0%
Sun Pharmaceutical Industries	BUY	BUY	1,640	1,640	0.0%	4,86,348	4,86,348	0.0%	5,36,409	5,36,409	0.0%	90,836	90,288	0.6%	1,09,941	1,09,941	0.0%	39.1	39.1	0.0%	45.8	45.8	0.0%
Torrent Pharmaceuticals	BUY	BUY	2,700	2,700	0.0%	1,07,717	1,07,802	-0.1%	1,21,592	1,21,687	-0.1%	16,411	16,455	-0.3%	20,915	20,971	-0.3%	46.0	46.1	-0.3%	61.9	62.0	-0.3%
Zydus Lifesciences	Acc	Acc	855	855	0.0%	1,94,008	1,94,343	-0.2%	2,09,048	2,09,417	-0.2%	37,052	37,147	-0.3%	39,331	39,438	-0.3%	36.6	36.7	-0.3%	38.9	39.0	-0.3%

Source: Company, PL

C=Current / P=Previous / Acc=Accumulate

Exhibit 17: Valuation Summary – Hospitals

Company Names	S/C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBIDTA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E	FY23	FY24E	FY25E	FY26E
Apollo Hospitals Enterprise	C	BUY	6,398	7,050	919.9	166.1	189.9	218.2	253.4	20.5	23.8	32.6	40.7	8.2	8.7	15.5	20.9	57.0	60.7	107.7	145.4	13.9	13.4	20.9	23.5	112.3	105.5	59.4	44.0
Aster DM Healthcare	C	BUY	457	515	228.2	119.3	140.0	154.2	169.0	15.7	19.1	22.4	26.0	4.2	4.0	7.3	9.8	9.5	10.2	16.0	21.0	10.1	8.7	14.5	16.9	48.1	44.8	28.6	21.8
Fortis Healthcare	C	BUY	437	480	329.8	63.0	68.8	74.8	83.7	11.0	12.2	15.1	17.6	5.2	5.7	8.1	10.1	6.8	7.6	10.7	13.3	7.7	7.6	9.8	11.0	64.0	57.4	41.0	32.8
HealthCare Global Enterprises	C	BUY	368	420	51.2	16.9	19.1	22.2	24.4	3.0	3.3	4.0	4.7	0.3	0.5	1.0	1.5	2.1	3.3	7.4	10.7	3.4	5.1	10.7	13.8	174.7	112.9	49.9	34.4
Jupiter Life Line Hospitals	C	BUY	1,214	1,360	79.6	8.9	10.5	12.3	15.0	2.0	2.4	3.0	3.7	0.7	1.8	2.2	2.7	12.9	27.2	33.8	40.8	22.8	24.8	18.8	19.0	94.1	44.6	35.9	29.8
Krishna Institute of Medical Sciences	C	BUY	2,038	2,200	163.1	22.0	25.2	28.2	31.9	6.0	6.5	7.9	9.1	3.2	3.3	4.0	4.7	40.2	41.3	49.4	58.5	21.0	18.2	18.7	18.9	50.7	49.4	41.2	34.9
Max Healthcare Institute	C	BUY	805	925	781.5	58.8	67.7	84.1	106.1	16.1	18.8	23.0	29.4	13.7	13.8	16.9	22.1	14.1	14.2	17.4	22.7	18.5	15.9	16.8	18.8	57.2	56.8	46.3	35.4
Narayana Hrudayalaya	C	BUY	1,286	1,435	262.9	45.2	51.1	58.9	67.1	9.7	11.7	13.0	15.4	6.1	8.1	8.5	10.1	29.7	39.9	41.8	49.5	33.5	32.2	25.6	23.8	43.3	32.3	30.8	26.0

Source: Company, PL S=Standalone / C=Consolidated

Some stocks have variation from our rating system with regards to target prices and upsides given increased market volatility. We shall review the same at the time of results.

Exhibit 18: Change in Estimates – Hospitals

	Rating		Target Price			Sales						PAT						EPS					
	C	P	C	P	% Chng.	FY24E			FY25E			FY24E			FY25E			FY24E			FY25E		
						C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.	C	P	% Chng.
Apollo Hospitals Enterprise	BUY	BUY	7,050	7,050	0.0%	1,89,879	1,90,530	-0.3%	2,18,237	2,17,889	0.2%	8,723	9,110	-4.3%	15,483	15,417	0.4%	60.7	63.4	-4.3%	107.7	107.2	0.4%
Aster DM Healthcare	BUY	BUY	515	515	0.0%	1,39,975	1,52,375	-8.1%	1,54,248	1,67,020	-7.6%	4,003	4,072	-1.7%	7,291	7,291	0.0%	10.2	10.3	-1.3%	16.0	16.0	0.0%
Fortis Healthcare	BUY	BUY	480	480	0.0%	68,834	68,834	0.0%	74,827	74,827	0.0%	5,742	5,892	-2.5%	8,051	8,051	0.0%	7.6	7.8	-2.5%	10.7	10.7	0.0%
HealthCare Global Enterprises	BUY	BUY	420	420	0.0%	19,097	19,063	0.2%	22,173	22,173	0.0%	454	429	5.9%	1,027	1,027	0.0%	3.3	3.1	5.9%	7.4	7.4	0.0%
Jupiter Life Line Hospitals	BUY	BUY	1,360	1,360	0.0%	10,537	10,537	0.0%	12,339	12,339	0.0%	1,785	1,785	0.0%	2,214	2,214	0.0%	27.2	27.2	0.0%	33.8	33.8	0.0%
Krishna Institute of Medical Sciences	BUY	BUY	2,200	2,200	0.0%	25,181	25,228	-0.2%	28,242	28,293	-0.2%	3,303	3,340	-1.1%	3,956	3,952	0.1%	41.3	41.7	-1.1%	49.4	49.4	0.1%
Max Healthcare Institute	BUY	BUY	925	925	0.0%	67,734	68,076	-0.5%	84,057	84,057	0.0%	13,763	13,947	-1.3%	16,862	16,862	0.0%	14.2	14.4	-1.3%	17.4	17.4	0.0%
Narayana Hrudayalaya	BUY	BUY	1,435	1,435	0.0%	51,082	51,082	0.0%	58,868	58,868	0.0%	8,145	8,145	0.0%	8,537	8,537	0.0%	39.9	39.9	0.0%	41.8	41.8	0.0%

Source: Company, PL C=Current / P=Previous

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Apollo Hospitals Enterprise	BUY	7,050	6,434
2	Aster DM Healthcare	BUY	515	408
3	Aurobindo Pharma	Accumulate	1,120	1,026
4	Cipla	Accumulate	1,400	1,375
5	Divi's Laboratories	Reduce	3,150	3,652
6	Dr. Reddy's Laboratories	Reduce	5,650	5,841
7	Eris Lifesciences	BUY	1,100	868
8	Fortis Healthcare	BUY	780	444
9	Glenmark Pharmaceuticals	Reduce	570	893
10	HealthCare Global Enterprises	BUY	420	367
11	Indoco Remedies	Accumulate	380	369
12	Ipca Laboratories	Hold	1,060	1,152
13	J.B. Chemicals & Pharmaceuticals	BUY	1,920	1,800
14	Jupiter Life Line Hospitals	BUY	1,360	1,229
15	Krishna Institute of Medical Sciences	BUY	2,200	2,078
16	Lupin	Hold	1,600	1,606
17	Max Healthcare Institute	BUY	925	799
18	Narayana Hrudayalaya	BUY	1,435	1,365
19	Sun Pharmaceutical Industries	BUY	1,640	1,415
20	Sunteck Realty	BUY	565	452
21	Torrent Pharmaceuticals	BUY	2,700	2,526
22	Zydus Lifesciences	Accumulate	855	804

PL's Recommendation Nomenclature

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, Mr. Kushal Shah- CFP, Passed CFA Level I 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, Mr. Kushal Shah- CFP, Passed CFA Level I 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