

May 26, 2018

Amnish Aggarwal
amnishaggarwal@plindia.com
+91-22-66322233

Nishita Doshi
nishitadoshi@plindia.com
+91-22-66322381

Rating	Accumulate
Price	Rs1,139
Target Price	Rs1,175
Implied Upside	3.2%
Sensex	34,925
Nifty	10,605

(Prices as on May 25, 2018)

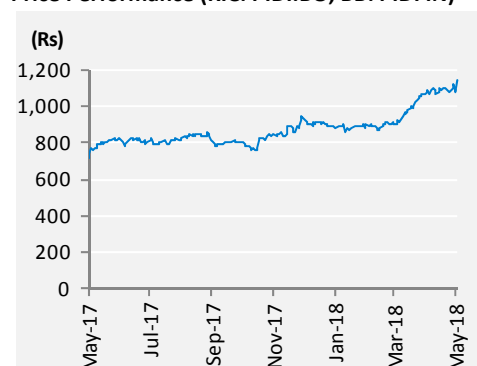
Trading data	
Market Cap. (Rs bn)	584.0
Shares o/s (m)	512.6
3M Avg. Daily value (Rs m)	587.4

Major shareholders	
Promoters	69.78%
Foreign	10.37%
Domestic Inst.	9.09%
Public & Other	10.68%

Stock Performance			
(%)	1M	6M	12M
Absolute	5.9	35.2	54.3
Relative	4.6	31.5	40.7

How we differ from Consensus			
EPS (Rs)	PL	Cons.	% Diff.
2019	20.3	21.3	-4.8
2020	24.2	25.2	-4.0

Price Performance (RIC: PIDI.BO, BB: PIDI IN)



Source: Bloomberg

We are increasing FY19 and FY20 standalone EPS estimates by 6.2-10% following improved demand outlook and 22-25% margin band guidance (21-23% earlier). PIDI is well placed to capitalise on the growth opportunity in adhesive and sealants given strong brand like Fevicol under its belt. Long term outlook looks robust as emerging businesses like Nina, Percept (waterproofing services), ICA (wood coatings), Dr Fixit (waterproofing), Roff (tiling solutions) and CIPY JV's (floor coatings) will emerge as key growth drivers in coming years. Rising VAM, packaging and depreciating rupee is near term concern, however strong pricing power will enable the company sustain margins. We estimate 14.6% sales and 16.3% PAT CAGR over FY18-20 on flattish EBITDA margins. We value the stock at 43xSept20 EPS and arrive at 18 month SOTP based target price of Rs1175 (Rs957 earlier). Retain Accumulate.

■ **Concall Takeaways:** 1) Economy is improving and demand is picking up, PIDI has given cautiously optimistic outlook for the medium term 2) Construction in larger cities is subdued while it has picked up in small towns and cities 3) PIDI has seen broad based growth across Adhesives, sealants and Construction chemicals 4) VAM prices have jumped to ~USD1300/ton (USD975 in 3Q and USD925 in 2Q). 5) PIDI has undertaken price increases in some of the products which have more inputs like Rubber and solvents and may further increase prices if raw material pressure sustains 6) PIDI has given sustainable EBITDA margin band of 22-25% 7) PIDI is optimistic about growth in emerging segments like Polyurethane based floor coatings (70% stake in CIPY), Tiling Adhesives (Roff) and waterproofing products (Dr Fixit) and services (Nina and percept) given low penetration and huge growth potential 8) Egypt Subsidiary has not been performing for a while, however PIDI does not intend to exit as it is an important market in the MEA. 9) ICA Pidilite is setting up a plant in Gujarat to increase production and offerings in the premium wood finishing segment 10) PIDI has guided for Advertisement spends to be 3.5-4% of sales in FY19 and Capex of ~2.-4% of sales.

Key financials (Y/e March)	2017	2018	2019E	2020E
Revenues (Rs m)	48,654	53,544	60,782	70,232
Growth (%)	2.8	10.1	13.5	15.5
EBITDA (Rs m)	12,249	12,923	14,705	17,081
PAT (Rs m)	8,681	9,086	10,314	12,285
EPS (Rs)	16.9	17.9	20.3	24.2
Growth (%)	12.2	5.7	13.5	19.1
Net DPS (Rs)	0.5	4.8	6.0	6.5

*FY17 figures are not comparable due to adoption of Indian Accounting Standards

Profitability & Valuation	2017	2018	2019E	2020E
EBITDA margin (%)	25.2	24.1	24.2	24.3
RoE (%)	28.7	26.1	24.9	23.9
RoCE (%)	28.8	26.2	25.0	24.0
EV / sales (x)	11.7	10.6	9.1	7.8
EV / EBITDA (x)	46.5	43.9	37.6	32.0
PE (x)	67.3	63.7	56.1	47.1
P / BV (x)	17.2	16.2	12.2	10.4
Net dividend yield (%)	—	0.4	0.5	0.6

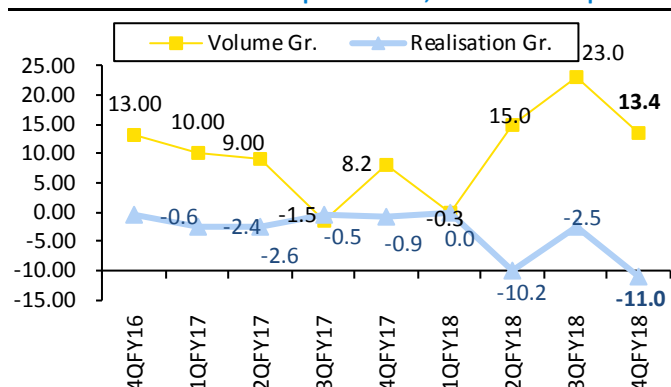
Source: Company Data; PL Research

Exhibit 1: Adj. PAT up 15.9% on 13% volume growth though EBITDA Margins declined 240bps

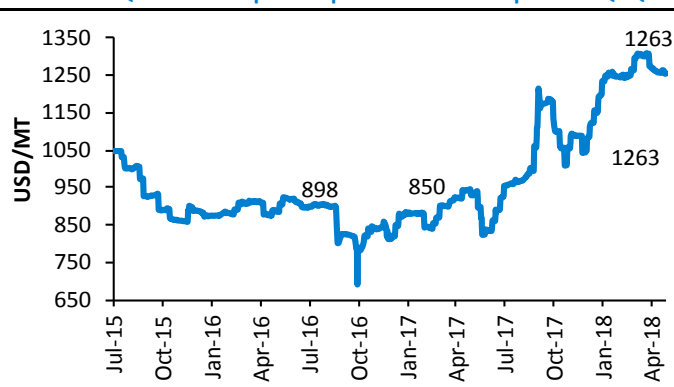
Particulars	Q4FY18	Q4FY17	YoY gr. (%)	Q3FY18	FY18	FY17	YoY gr. (%)
Net Revenue	12,736	11,325	12.5	11,427	53,544	48,654	10.1
Gross Profit	6,739	6,089	10.7	6,075	28,165	26,032	8.2
Margin (%)	52.9	53.8		53.2	52.6	53.5	
Other Expenditure	4,187	3,547	18.0	3,293	15,241	13,784	10.6
EBITDA	2,552	2,541	0.4	2,782	12,923	12,249	5.5
Margin (%)	20.0	22.4		24.3	24.1	25.2	
Depreciation	228	227	0.7	227	915	902	1.4
Interest	16	14	14.0	14	61	57	6.7
Other Income	471	283	66.3	259	1,365	1,101	24.0
PBT	2,778	2,583	7.5	2,801	13,313	12,391	7.4
Tax	861	930	(7.4)	758	4,226	3,709	13.9
Tax rate (%)	31.0	36.0		27.1	31.7	29.9	
Adj. PAT	1,917	1,654	15.9	2,043	9,087	8,681	4.7
Extraordinary Items	(25)	(7)		25	(1)	963	(100.1)
Reported PAT	1,942	1,660	17.0	2,018	9,089	7,718	17.8

Source: Company Data, PL Research

4Q Volumes up 13%, EBITDA margins declined 240bps YoY: Net sales increased 12.5% to Rs12.73bn, volumes up 13% in Consumer and Bazaar and 14% in Industrial products. Overall volumes increased 13% on a post demon base of 7.8%. Gross margins at 52.9% declined 90bps YoY and 30bps QoQ due input cost inflation in VAM and packaging materials. EBITDA at Rs2.55bn was flat as 160bps increase in other expenses resulted in 240bps decline in margins to 20%, seems due to lower ad-spend in base quarter. 66% increase in other income and 500bps lower tax rate enabled Adj. PAT of Rs1.917bn a 15.9% growth. We have taken tax write back of Rs464.7mn as exceptional gain.

Exhibit 2: Overall volumes up 13.3% YoY, C&B volumes up 13.4%


Source: Company Data, PL Research

Exhibit 3: Q4FY18 VAM prices up 42.2% YoY and up 15.3% QoQ


Source: Bloomberg, PL Research

Consumer and Bazaar Products –Volumes up 13.4%

Consumer and Bazaar products sales increased by only 2.4% even as volumes grew by 13.4%. EBIT increased 3% on 10bps increase in margins. Growth was broad based across Adhesive, Sealants and waterproofing products.

Industrial Products: Volumes up 13.9%; Sales up 7.3%, EBIT up 14%,

Industrial product sales increased 7.3% as volumes grew by 13.9%. EBIT increased by 14% as margins increased by 100bps to 17.2%.

Exhibit 4: C&B EBIT increased 3.0% as margins expanded to 26.4%, Industrial products EBIT up 14% on 100bps margin expansion

Segmental *	Q4FY16	1QFY17	2QFY17	3QFY17	4QFY17	1QFY18	2QFY18	3QFY18	4QFY18
Consumer and Bazaar									
Sales (Rs m)	9,248	12,528	10,916	10,237	8,780	12,489	11,486	11,337	10,050
<i>Growth (%)</i>	20.6	8.0	6.4	(2.0)	(5.1)	(0.3)	5.2	10.7	14.5
EBIT (Rs m)	2,334	3,908	2,998	2,927	2,610	3,199	3,934	3,630	2,680
<i>% Contribution</i>	84.0	89.6	87.4	90.1	87.0	89.8	92.5	89.6	85.4
<i>EBIT Growth %</i>	70.0	18.9	5.9	1.5	11.8	(18.1)	31.2	24.0	2.7
<i>EBIT margin %</i>	25.2	31.2	27.5	28.6	29.7	25.6	34.2	32.0	26.7
Industrial Products									
Sales (Rs m)	2,510	2,480	2,388	2,181	2,110	2,485	2,266	2,200	2,440
<i>Growth (%)</i>	16.4	5.2	5.2	(3.6)	(15.9)	0.2	(5.1)	0.9	15.6
EBIT (Rs m)	470	452	455	330	410	365	327	417	470
<i>% Contribution</i>	16.9	10.4	13.3	10.2	13.7	10.2	7.7	10.3	15.0
<i>EBIT Growth %</i>	63.1	23.6	34.1	(10.1)	(12.7)	(19.3)	(28.1)	26.2	14.6
<i>EBIT margin %</i>	18.7	18.2	19.0	15.1	19.4	14.7	14.4	18.9	19.3

Source: Company Data, PL Research

Domestic Subs: NINA and Percept posted strong sales growth, ICA Pidilite drag

NINA Waterproofing reported 28% sales growth and 211.1% EBIDTA growth on 870bps margin expansion. Percept reported 34.3% sales growth and 59.1% increase in profits on 290bps margins expansion. Nina and Percept both reported good sales growth on account of good pickup in waterproofing segment.

ICA Pidilite reported Rs.238mn in sales with an EBIDTA loss of Rs. 25mn. Sale of ICA-Pidilite for the quarter was impacted by a classification dispute with concerned authorities. The sales were stopped for 15 days and are back to normal. The Company continues to pay the taxes under protest.

PIDI has acquired 70% stake in equity shares of CIPY Polyuethanes Pvt. Ltd which is engaged in the business of manufacture and sale of floor coatings.

Exhibit 5: NINA and Percept water proofing sustain growth momentum

Y/e March	Q4FY17	FY17	Q1FY18	2QFY18	Q3FY18	Q4FY18
Sales (Rs m)						
NINA	439	1507	461	339	461	562
Percept	140	436	121	122	126	188
ICA-Pidilite	234	1011	278	334	194	238
CIPY						267
Total	813	2954	859	795	781	1418
Sales Growth (YoY)						
NINA	35.1%	4.9%	29.8%	1.5%	21.6%	28.0%
Percept	42.9%	49.3%	34.7%	16.2%	24.8%	34.3%
ICA-Pidilite			91.3%	-1.2%	-26.8%	1.7%
CIPY						NA
Total	92.2%	70.9%	45.7%	2.3%	4.8%	74.4%
EBITDA (Rs m)						
NINA	27	111	49	24	66	84
Percept	22	48	10	17	10	35
ICA-Pidilite	19	103	5	43	-8	-25
CIPY						22
Total	68	262	64	84	68	135
EBITDA margin %						
NINA	6.2%	7.4%	10.6%	7.1%	14.3%	14.9%
Percept	15.7%	11.0%	8.5%	13.9%	7.9%	18.6%
ICA-Pidilite	8.1%	10.2%	1.8%	12.9%	-4.1%	-10.5%
CIPY						8.2%
Total	8.4%	8.9%	7.5%	10.6%	8.7%	9.5%
EBITDA growth (YoY)						
NINA	345.5%	-34.7%	23.0%	118.2%	120.0%	211.1%
Percept	83.3%	140.0%	27.2%	240.0%	-9.1%	59.1%
ICA-Pidilite			-75.5%	-25.9%	-233.3%	-231.6%
CIPY						NA
Total	6700.0%	37.9%	-6.4%	13.5%	44.7%	98.5%

Source: Company Data, PL Research

IBD 4QFY18- Sales grew 16.4%, EBITDA margins at 2.1%

4Q International business (IB) sales increased by 16.4% in constant currency terms. EBITDA at Rs 25mn.

- **North America** reported growth of 46.4 in revenues and EBITDA at Rs. 25mn v/s loss of Rs.58mn in base quarter. FY17 included provisions for voluntary recall of Tempra and Finger-paint and hence EBITDA for FY18 has grown after excluding the impact of provisions.

- **South America:** 4Q Constant currency sales declined 8.2% due to competitive pressures in key products. Demand in Brazil remains uncertain. PIDI has reduced sales of low margin products.
- **Middle East** sales increased 17% and EBITDA loss was Rs 22mn. The subsidiaries in Egypt reported decline in sales for the quarter due to competitive pressure in a high inflationary environment following a price increase taken to safeguard margins. Pidilite MEA Chemicals losses were lower due to higher sales and benefits from various cost reduction measures
- **SAARC** sales increased by 21.6% to Rs 282mn. EBITDA was Rs.30mn as margins increased 330bps due to higher input costs and investments made in strengthening talent pipeline. Pidilite Lanka EBITDA declined due to increase in SGA expenses to support future sales growth.
- **South East Asia:** sales increased by 5.6%. EBITDA for Q4 declined 482bps to Rs.3.5mn.

Exhibit 6: Sales impacted due to overall slowdown across regions

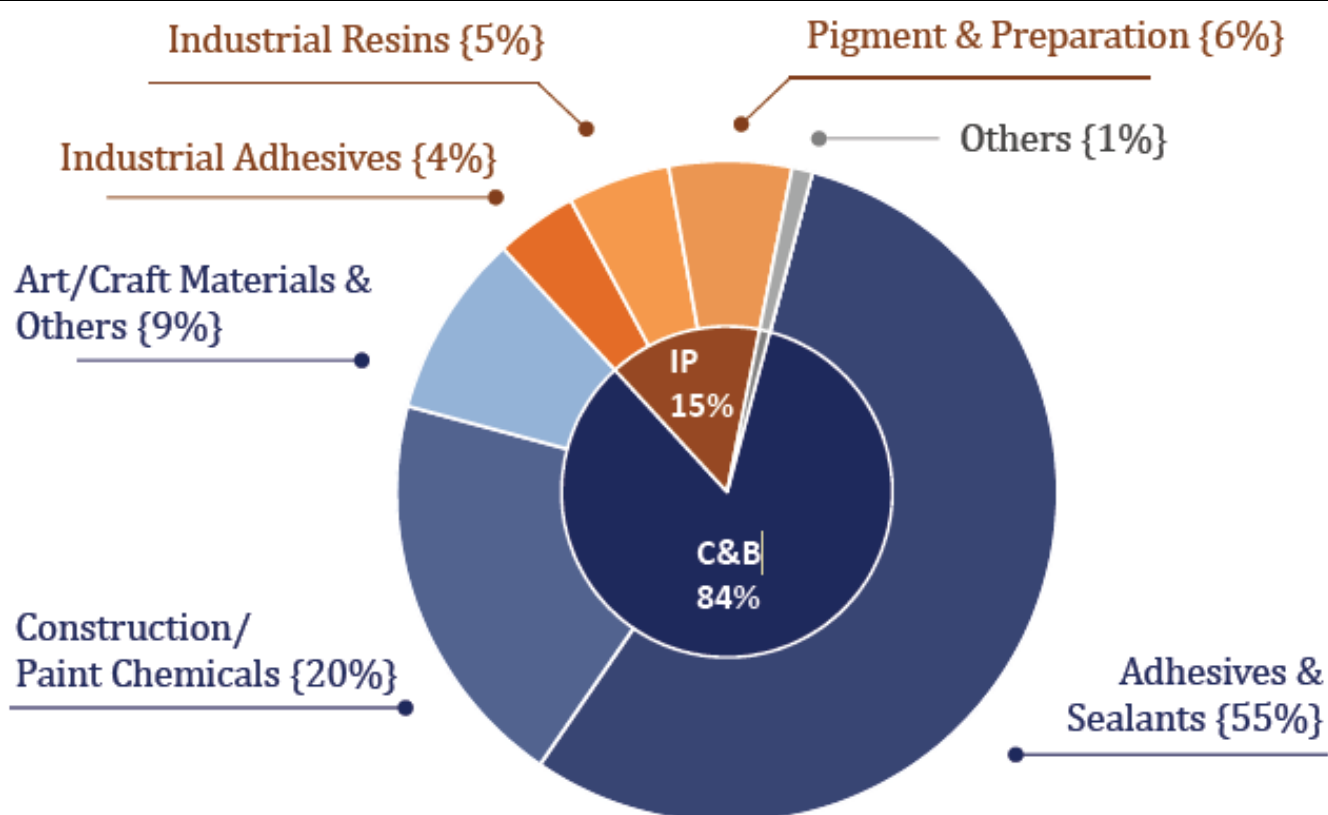
Subsidiaries	Q4FY17	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Sales (Rs. m)	1,006	1,545	1,203	1,321	1,171
North America	171	476	257	246	250
South America	231	199	264	263	212
Middle East & Africa	241	251	277	294	282
SAARC	232	293	268	333	282
South East Asia	108	106	119	159	114
Sales growth (YoY)	(31.2)	(7.3)	(19.1)	(15.9)	16.4
North America	(71.5)	(37.5)	(59.5)	(58.4)	46.2
South America	(12.5)	(9.1)	16.2	(5.7)	(8.2)
Middle East & Africa	(10.7)	6.4	5.6	6.9	17.0
SAARC	8.4	(8.2)	25.7	13.7	21.6
South & South East Asia	(5.3)	(5.4)	(20.8)	19.5	5.6
EBITDA (Rs m)	(27.0)	124.0	20.0	66.0	25.0
North America	(58.0)	22.0	6.0	18.0	13.0
South America	7.0	(1.0)	3.0	14.0	1.0
Middle East & Africa	(43.0)	(25.0)	(31.0)	(29.0)	(22.0)
SAARC	17.0	54.0	35.0	45.0	30.0
South East Asia	9.0	4.0	10.0	25.0	4.0
EBITDA (margin %)	(2.7)	8.0	1.7	5.0	2.1
North America	(33.9)	4.6	2.3	7.3	5.2
South America	3.0	(0.5)	1.1	5.3	0.5
Middle East & Africa	(17.8)	(10.0)	(11.2)	(9.9)	(7.8)
SAARC	7.3	18.4	13.1	13.5	10.6
South & South East Asia	8.3	3.8	8.4	15.7	3.5

Source: Company Data, PL Research

Exhibit 7: Increased FY19 and FY20 EPS estimates by 6.3% and 10% respectively

	FY19E			FY20E		
	Earlier	New	% Change	Earlier	New	% Change
Net Sales	59,918	60,782	1.4	68,484	70,232	2.6
Sales Growth %	13.0	13.6		14.3	15.6	
EBITDA	13,893	14,705	5.8	15,906	17,081	7.4
EBITDA margin %	24.0	24.2		23.7	24.3	
Other Income	1720	1395	(18.9)	2212	2153	(2.7)
Adj. PAT	9,806	10,314	5.2	11,296	12,285	8.8
Adj. PAT growth %	11.6	13.5		13.8	19.1	
EPS (Rs)	19.1	20.3	6.3	22.0	24.2	10.0

Source: PL Research

Exhibit 8: Industry Segment Composition: Consumer and Bazaar is 84% of the sales


C&B – Consumer & Bazaar, IP – Industrial Products, Others

Standalone Results – % of Total Sales

Source: Company Data

Income Statement (Rs m)

Y/e March	2017	2018	2019E	2020E
Net Revenue	48,654	53,544	60,782	70,232
Raw Material Expenses	22,621	25,379	29,212	33,898
Gross Profit	26,032	28,164	31,571	36,334
Employee Cost	5,075	5,709	6,350	7,269
Other Expenses	8,709	9,533	10,515	11,984
EBITDA	12,249	12,923	14,705	17,081
Depr. & Amortization	902	916	971	1,084
Net Interest	57	61	72	84
Other Income	1,101	1,365	1,395	2,153
Profit before Tax	12,391	13,311	15,057	18,067
Total Tax	3,709	4,226	4,743	5,781
Profit after Tax	8,681	9,086	10,314	12,285
Ex-Od items / Min. Int.	(1,887)	929	—	—
Adj. PAT	8,681	9,086	10,314	12,285
Avg. Shares O/S (m)	512.7	507.8	507.8	507.8
EPS (Rs.)	16.9	17.9	20.3	24.2

Cash Flow Abstract (Rs m)

Y/e March	2017	2018	2019E	2020E
C/F from Operations	25	12,270	84	6,604
C/F from Investing	55	(4,031)	(1,461)	(2,425)
C/F from Financing	(299)	(7,968)	1,232	(4,056)
Inc. / Dec. in Cash	(218)	271	(146)	123
Opening Cash	723	505	776	631
Closing Cash	505	776	631	753
FCFF	7,634	7,818	11,427	10,652
FCFE	7,622	7,818	11,427	10,652

Key Financial Metrics

Y/e March	2017	2018	2019E	2020E
Growth				
Revenue (%)	2.8	10.1	13.5	15.5
EBITDA (%)	9.4	5.5	13.8	16.2
PAT (%)	12.2	4.7	13.5	19.1
EPS (%)	12.2	5.7	13.5	19.1
Profitability				
EBITDA Margin (%)	25.2	24.1	24.2	24.3
PAT Margin (%)	17.8	17.0	17.0	17.5
RoCE (%)	28.8	26.2	25.0	24.0
RoE (%)	28.7	26.1	24.9	23.9

Balance Sheet

Net Debt : Equity	(0.4)	(0.3)	(0.5)	(0.6)
Net Wrkng Cap. (days)	82	76	59	57

Valuation

PER (x)	67.3	63.7	56.1	47.1
P / B (x)	17.2	16.2	12.2	10.4
EV / EBITDA (x)	46.5	43.9	37.6	32.0
EV / Sales (x)	11.7	10.6	9.1	7.8

Earnings Quality

Eff. Tax Rate	29.9	31.7	31.5	32.0
Other Inc / PBT	8.9	10.3	9.3	11.9
Eff. Depr. Rate (%)	5.5	5.3	5.0	5.0
FCFE / PAT	87.8	86.1	110.8	86.7

Source: Company Data, PL Research.

Balance Sheet Abstract (Rs m)

Y/e March	2017	2018	2019E	2020E
Shareholder's Funds	33,993	35,638	47,256	55,569
Total Debt	—	—	—	—
Other Liabilities	836	1,029	912	983
Total Liabilities	34,830	36,667	48,168	56,552
Net Fixed Assets	9,800	10,181	11,635	12,976
Goodwill	861	861	861	861
Investments	4,402	7,137	6,173	6,173
Net Current Assets	19,766	18,488	29,499	36,542
<i>Cash & Equivalents</i>	<i>14,037</i>	<i>11,496</i>	<i>24,874</i>	<i>31,424</i>
<i>Other Current Assets</i>	<i>13,856</i>	<i>16,603</i>	<i>14,915</i>	<i>17,014</i>
<i>Current Liabilities</i>	<i>8,126</i>	<i>9,611</i>	<i>10,289</i>	<i>11,896</i>
Other Assets	—	—	—	—
Total Assets	34,830	36,667	48,168	56,552

Quarterly Financials (Rs m)

Y/e March	Q1FY18	Q2FY18	Q3FY18	Q4FY18
Net Revenue	13,498	13,702	13,758	12,736
EBITDA	3,062	3,862	3,580	2,552
% of revenue	22.7	28.2	26.0	20.0
Depr. & Amortization	228	222	227	228
Net Interest	15	14	15	16
Other Income	354	228	191	471
Profit before Tax	3,174	3,854	3,529	2,778
Total Tax	1,003	1,136	1,139	861
Profit after Tax	2,166	2,718	2,376	1,942
Adj. PAT	2,171	2,718	2,376	1,942

Key Operating Metrics

Y/e March	2017	2018	2019E	2020E
Consumer Bazaar Sales Gr.(%)				
Adhesives and Sealants	1.0	12.8	16.0	17.0
Construction chemicals	0.5	15.0	15.0	16.0
Arts and others	(11.5)	9.0	11.0	12.0
Industrial & Speciality Chemicals Sales Gr.(%)				
Industrial resins	8.2	8.0	11.0	12.0
Industrial Adhesives	4.2	7.0	11.0	12.0
Organic Pigments	2.2	8.3	11.0	12.0

Source: Company Data, PL Research.

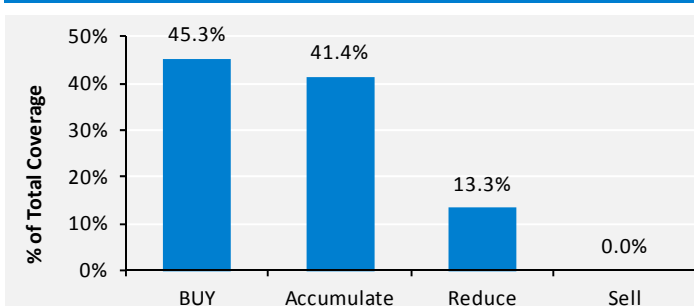


Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India

Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

Rating Distribution of Research Coverage



PL's Recommendation Nomenclature

BUY	: Over 15% Outperformance to Sensex over 12-months
Accumulate	: Outperformance to Sensex over 12-months
Reduce	: Underperformance to Sensex over 12-months
Sell	: Over 15% underperformance to Sensex over 12-months
Trading Buy	: Over 10% absolute upside in 1-month
Trading Sell	: Over 10% absolute decline in 1-month
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

DISCLAIMER/DISCLOSURES

ANALYST CERTIFICATION

We/I, Mr. Amnish Aggarwal (MBA, CFA), Ms. Nishita Doshi (CA, CFA Level 1, B.Com), 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.

Terms & conditions and other disclosures:

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 of 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 in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

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. Amnish Aggarwal (MBA, CFA), Ms. Nishita Doshi (CA, CFA Level 1, B.Com), 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.

DISCLAIMER/DISCLOSURES (FOR US CLIENTS)

ANALYST CERTIFICATION

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

Terms & conditions and other disclosures:

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.