

## P.I. Industries (PI IN)

Rating: HOLD | CMP: Rs2,161 | TP: Rs2,026

October 30, 2020

### Q2FY21 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

#### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	HOLD		HOLD	
Target Price	2,026		2,000	
Sales (Rs. m)	53,165	62,735	53,420	63,036
% Chng.	(0.5)	(0.5)		
EBITDA (Rs. m)	12,281	14,617	11,697	14,188
% Chng.	5.0	3.0		
EPS (Rs.)	57.3	67.5	55.8	66.6
% Chng.	2.8	1.3		

#### Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	33,665	44,519	53,165	62,735
EBITDA (Rs. m)	7,178	10,462	12,281	14,617
Margin (%)	21.3	23.5	23.1	23.3
PAT (Rs. m)	4,566	7,704	8,700	10,247
EPS (Rs.)	33.1	50.8	57.3	67.5
Gr. (%)	11.3	53.4	12.9	17.8
DPS (Rs.)	4.5	7.5	8.5	10.0
Yield (%)	0.2	0.3	0.4	0.5
RoE (%)	18.6	19.5	15.3	15.8
RoCE (%)	21.3	19.4	16.3	17.2
EV/Sales (x)	8.9	7.0	5.8	4.9
EV/EBITDA (x)	41.9	29.7	25.2	20.9
PE (x)	65.3	42.6	37.7	32.0
P/BV (x)	11.4	6.2	5.4	4.7

#### Key Data

#### PIIL.BO | PI IN

52-W High / Low	Rs.2,225 / Rs.970
Sensex / Nifty	39,750 / 11,671
Market Cap	Rs.328bn/ \$ 4,424m
Shares Outstanding	152m
3M Avg. Daily Value	Rs.1249.91m

#### Shareholding Pattern (%)

Promoter's	46.83
Foreign	14.72
Domestic Institution	25.83
Public & Others	12.63
Promoter Pledge (Rs bn)	-

#### Stock Performance (%)

	1M	6M	12M
Absolute	8.7	41.7	54.0
Relative	3.9	16.7	54.3

Prashant Biyani

prashantbiyani@plindia.com | 91-22-66322260

### Outperformance becoming a habit

#### Quick Pointers:

- CSM segment continues to clock +20% growth
- Actively evaluating inorganic growth opportunities

**PI reported better than expected results driven by strong demand for key commercialised molecules and Isagro's domestic performance. Change in business mix and savings in other expenses led to better than expected margin expansion. We believe ramp up of recently commercialised molecules and pipeline of +40 products will drive growth in coming years, along with foray in pharma intermediates and inorganic opportunities. Management is evaluating few options very actively for inorganic growth and maintains a guidance of utilising QIP proceeds in next 18 months. With inorganic opportunities, management's endeavour is to generate better returns over a period of time than the current business. We are also keenly observing PI's progress into the Pharma value chain as it is likely to be a key determinant for further re-rating. Accordingly, we have increased our Topline/EBITDA/APAT estimates by 5%/13%/13% for FY21, 0%/5%/3% for FY22 and 0%/3%/1% for FY23. We have factored in higher income from investments, until the amount is deployed for growth purpose. Maintain HOLD with revised target price of Rs2026 (previous TP Rs 2000) based on 30x FY23 EPS of Rs67.5.**

**CSM segment continues to clock +20% growth:** CSM segment grew by 25% driven by demand for recently commercialised molecules and prudent inventory management amidst supply chain constraints. Elevated inventory levels are in-line with expected growth as there has been no change demand forecast by the clients. Supply of Pharma intermediates continues at commercial scale. Isagro's CSM capacities are being integrated with PI's to leverage maximum synergy.

**Evaluating companies for inorganic growth:** The management is very actively evaluating companies for inorganic growth taking into account all aspects like sub segment & chemistries it is venturing into, synergies, etc. They continue to maintain a timeline of 5-6 quarters for utilising the entire QIP funds and indicated deployment of ~INR30bn over a period of time. With inorganic opportunities, management's endeavour is to generate better returns over a period of time than the current business.

**Capex and product pipeline:** PI maintains its capex guidance of Rs6bn for FY21 & FY22 each, excluding the inorganic growth. Currently construction work is going on for 2 MPPs. 1 each will commission in FY22 & FY23. There are +40 products in pipeline in agchem and +10 pharma products in various development stages of R&D.

**Other Highlights:** (a) standalone domestic business grew at moderate pace (b) manufacturing facilities are operating at pre COVID utilisation levels (c) 2 new product launch in domestic market (Londax Power (Insecticide) and Shield (Fungicide)).

### Exhibit 1: PI continues to clock robust performance

Y/e March	Q2FY21	Q2FY20	YoY gr. (%)	Q1FY21	QoQ gr. (%)	H1FY21	H1FY20	YoY gr. (%)
<b>Net Sales</b>	<b>11,577</b>	<b>9,074</b>	<b>27.6</b>	<b>10,601</b>	<b>9.2</b>	<b>22,178</b>	<b>16,615</b>	<b>33.5</b>
<b>Expenditure</b>								
Raw Materials	6,466	5,223	23.8	6,146	5.2	12,612	9,387	34.4
% of Net Sales	55.9	57.6		58.0		56.9	56.5	
Employee Cost	999	724	38.0	991	0.8	1,990	1,490	33.6
% of Net Sales	8.6	8.0		9.3		9.0	9.0	
Other Expenses	1,311	1,208	8.5	1,172	11.9	2,483	2,305	7.7
% of Net Sales	11.3	13.3		11.1		11.2	13.9	
Total Expenditure	8,776	7,155	22.7	8,309	5.6	17,085	13,182	29.6
<b>EBITDA</b>	<b>2,801</b>	<b>1,919</b>	<b>46.0</b>	<b>2,292</b>	<b>22.2</b>	<b>5,093</b>	<b>3,433</b>	<b>48.4</b>
Margin (%)	24.2	21.1		21.6		23.0	20.7	
Depreciation	433	315	37.5	427	1.4	860	609	41.2
<b>EBIT</b>	<b>2,368</b>	<b>1,604</b>	<b>47.6</b>	<b>1,865</b>	<b>27.0</b>	<b>4,233</b>	<b>2,824</b>	<b>49.9</b>
Interest	76	22	245.5	96	(20.8)	172	48	258.3
Other Income	336	106	217.0	82	309.8	418	229	82.5
<b>PBT</b>	<b>2,628</b>	<b>1,688</b>	<b>55.7</b>	<b>1,851</b>	<b>42.0</b>	<b>4,479</b>	<b>3,005</b>	<b>49.1</b>
Tax	451	460	(2.0)	444	1.6	895	769	16.4
Tax Rate (%)	17.2	27.3		24.0		20.0	25.6	
<b>RPAT</b>	<b>2,177</b>	<b>1,228</b>	<b>77.3</b>	<b>1,407</b>	<b>54.7</b>	<b>3,584</b>	<b>2,236</b>	<b>60.3</b>
<b>APAT</b>	<b>2,176</b>	<b>1,228</b>	<b>77.2</b>	<b>1,455</b>	<b>49.6</b>	<b>3,631</b>	<b>2,236</b>	<b>62.4</b>
<b>Adj EPS</b>	<b>14.3</b>	<b>8.9</b>	<b>61.1</b>	<b>10.6</b>	<b>35.9</b>	<b>24.9</b>	<b>16.2</b>	<b>53.5</b>

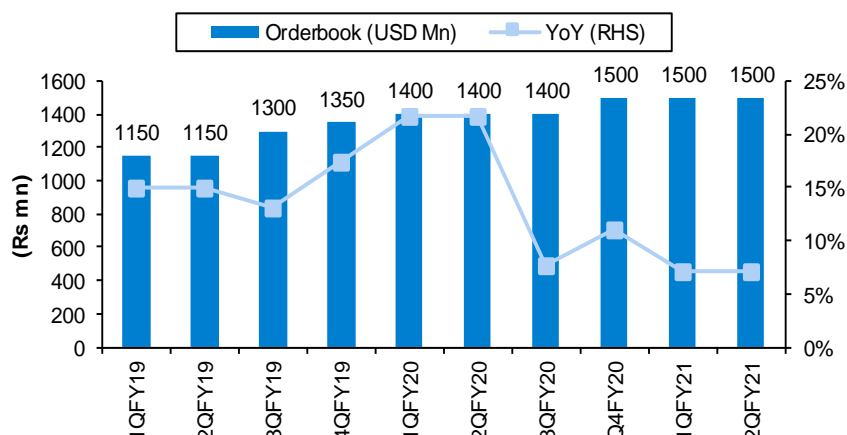
Source: Company, PL

### Exhibit 2: CSM business will continue to dominate the overall revenue pie

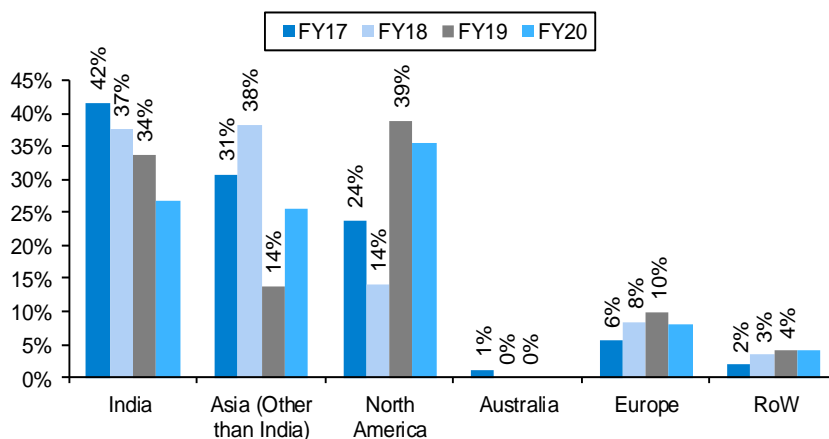
Rs Mn	4QFY18	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21
<b>CSM Segment</b>	<b>4,380</b>	<b>3,140</b>	<b>3,986</b>	<b>5,410</b>	<b>6,100</b>	<b>5,010</b>	<b>6,390</b>	<b>6,440</b>	<b>6,830</b>	<b>6,140</b>	<b>7,990</b>
YoY%	1.6%	4.7%	32.0%	40.2%	39.3%	59.6%	52.5%	19.0%	12.0%	22.6%	25.0%
Sales Mix	70.1%	51.9%	55.1%	76.4%	75.8%	66.4%	70.4%	75.8%	79.9%	57.9%	69.0%
<b>Domestic Segment</b>	<b>1,870</b>	<b>2,910</b>	<b>3,244</b>	<b>1,670</b>	<b>1,950</b>	<b>2,530</b>	<b>2,690</b>	<b>2,060</b>	<b>1,720</b>	<b>4,480</b>	<b>3,590</b>
YoY%	-4.7%	1.9%	25.2%	9.9%	4.3%	-13.1%	-11.5%	23.4%	-11.7%	76.2%	33.5%
Sales Mix	29.9%	48.1%	44.9%	23.6%	24.2%	33.6%	29.6%	24.2%	20.1%	42.1%	31.0%

Source: Company, PL

### Exhibit 3: Strong orderbook despite healthy execution



Source: Company, PL

**Exhibit 4: Revenue share from Asia has shot up in FY20**


Source: Company, PL

**Exhibit 5: Timeline of CSM molecule commercialisation count**

FY14	FY15	FY16	FY17	FY18	FY19	FY20
3	3	3	4	4	3	4

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>33,665</b>	<b>44,519</b>	<b>53,165</b>	<b>62,735</b>
YoY gr. (%)	18.5	32.2	19.4	18.0
Cost of Goods Sold	18,474	24,263	28,815	33,877
Gross Profit	15,191	20,256	24,350	28,858
Margin (%)	45.1	45.5	45.8	46.0
Employee Cost	3,209	4,229	5,051	5,960
Other Expenses	4,804	5,565	7,018	8,281
<b>EBITDA</b>	<b>7,178</b>	<b>10,462</b>	<b>12,281</b>	<b>14,617</b>
YoY gr. (%)	24.5	45.7	17.4	19.0
Margin (%)	21.3	23.5	23.1	23.3
Depreciation and Amortization	1,367	1,798	2,231	2,622
<b>EBIT</b>	<b>5,811</b>	<b>8,664</b>	<b>10,050</b>	<b>11,995</b>
Margin (%)	17.3	19.5	18.9	19.1
Net Interest	170	425	400	375
Other Income	489	1,240	1,780	1,838
<b>Profit Before Tax</b>	<b>6,130</b>	<b>9,479</b>	<b>11,430</b>	<b>13,458</b>
Margin (%)	18.2	21.3	21.5	21.5
Total Tax	1,572	1,895	2,880	3,391
Effective tax rate (%)	25.6	20.0	25.2	25.2
<b>Profit after tax</b>	<b>4,558</b>	<b>7,584</b>	<b>8,550</b>	<b>10,067</b>
Minority interest	-	-	-	-
Share Profit from Associate	8	120	150	180
<b>Adjusted PAT</b>	<b>4,566</b>	<b>7,704</b>	<b>8,700</b>	<b>10,247</b>
YoY gr. (%)	11.3	68.7	12.9	17.8
Margin (%)	13.6	17.3	16.4	16.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,566</b>	<b>7,704</b>	<b>8,700</b>	<b>10,247</b>
YoY gr. (%)	11.3	68.7	12.9	17.8
Margin (%)	13.6	17.3	16.4	16.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,566	7,704	8,700	10,247
<b>Equity Shares O/s (m)</b>	<b>138</b>	<b>152</b>	<b>152</b>	<b>152</b>
<b>EPS (Rs)</b>	<b>33.1</b>	<b>50.8</b>	<b>57.3</b>	<b>67.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>22,088</b>	<b>28,459</b>	<b>34,459</b>	<b>40,459</b>
Tangibles	21,578	28,210	33,663	39,525
Intangibles	510	249	796	934
<b>Acc: Dep / Amortization</b>	<b>4,374</b>	<b>6,172</b>	<b>8,403</b>	<b>11,025</b>
Tangibles	4,240	5,983	8,146	10,688
Intangibles	134	189	257	338
<b>Net fixed assets</b>	<b>17,714</b>	<b>22,287</b>	<b>26,056</b>	<b>29,434</b>
Tangibles	17,338	22,227	25,518	28,837
Intangibles	376	60	538	596
Capital Work In Progress	2,707	2,750	2,775	2,775
Goodwill	828	828	828	828
Non-Current Investments	322	390	412	436
Net Deferred tax assets	(102)	(102)	(102)	(102)
Other Non-Current Assets	444	534	638	753
<b>Current Assets</b>				
Investments	1,325	-	-	-
Inventories	7,989	8,294	10,196	12,031
Trade receivables	6,465	10,245	12,090	14,266
Cash & Bank Balance	1,342	22,231	23,794	26,970
Other Current Assets	2,715	3,871	4,425	5,037
<b>Total Assets</b>	<b>42,247</b>	<b>71,965</b>	<b>81,851</b>	<b>93,283</b>
<b>Equity</b>				
Equity Share Capital	138	152	152	152
Other Equity	26,053	52,861	60,276	68,972
<b>Total Network</b>	<b>26,191</b>	<b>53,013</b>	<b>60,427</b>	<b>69,124</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,994	5,000	5,000	5,000
Provisions	124	356	425	502
Other noncurrent liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,083	-	-	-
Trade payables	5,909	8,050	9,613	11,344
Other current liabilities	4,013	4,612	5,451	6,379
<b>Total Equity &amp; Liabilities</b>	<b>42,247</b>	<b>71,965</b>	<b>81,851</b>	<b>93,283</b>

Source: Company Data, PL Research

### Cash Flow (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	6,138	9,479	11,430	13,458
Add. Depreciation	1,367	1,798	2,231	2,622
Add. Interest	170	425	400	375
Less Financial Other Income	489	1,240	1,780	1,838
Add. Other	99	(1,240)	(1,780)	(1,838)
Op. profit before WC changes	7,774	10,462	12,281	14,617
Net Changes-WC	255	(1,888)	(1,993)	(2,070)
Direct tax	(1,048)	(1,157)	(2,823)	(3,324)
<b>Net cash from Op. activities</b>	<b>6,981</b>	<b>7,417</b>	<b>7,466</b>	<b>9,223</b>
Capital expenditures	(11,040)	(6,371)	(6,000)	(6,000)
Interest / Dividend Income	175	1,240	1,780	1,838
Others	1,014	1,325	-	-
<b>Net Cash from Inv. activities</b>	<b>(9,851)</b>	<b>(3,806)</b>	<b>(4,220)</b>	<b>(4,162)</b>
Issue of share cap. / premium	80	20,000	-	-
Debt changes	4,562	(1,160)	-	-
Dividend paid	(748)	(1,138)	(1,282)	(1,510)
Interest paid	(179)	(425)	(400)	(375)
Others	(215)	-	-	-
<b>Net cash from Fin. activities</b>	<b>3,500</b>	<b>17,278</b>	<b>(1,682)</b>	<b>(1,885)</b>
<b>Net change in cash</b>	<b>630</b>	<b>20,889</b>	<b>1,563</b>	<b>3,176</b>
Free Cash Flow	238	1,046	1,466	3,223

Source: Company Data, PL Research

### Key Financial Metrics

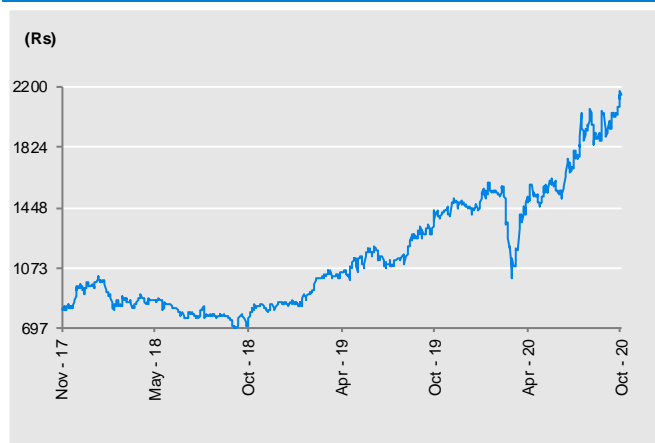
Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	33.1	50.8	57.3	67.5
CEPS	43.0	62.6	72.0	84.8
BVPS	189.9	349.4	398.3	455.6
FCF	1.7	6.9	9.7	21.2
DPS	4.5	7.5	8.5	10.0
<b>Return Ratio(%)</b>				
RoCE	21.3	19.4	16.3	17.2
ROIC	17.5	30.9	19.8	21.0
RoE	18.6	19.5	15.3	15.8
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.1	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	93	86	87	87
<b>Valuation(x)</b>				
PER	65.3	42.6	37.7	32.0
P/B	11.4	6.2	5.4	4.7
P/CEPS	50.2	34.5	30.0	25.5
EV/EBITDA	41.9	29.7	25.2	20.9
EV/Sales	8.9	7.0	5.8	4.9
Dividend Yield (%)	0.2	0.3	0.4	0.5

Source: Company Data, PL Research

### Quarterly Financials (Rs m)

Y/e Mar	Q3FY20	Q4FY20	Q1FY21	Q2FY21
<b>Net Revenue</b>	<b>8,498</b>	<b>8,552</b>	<b>10,601</b>	<b>11,577</b>
YoY gr. (%)	20.1	6.3	40.6	27.6
Raw Material Expenses	4,537	4,550	6,146	6,466
Gross Profit	3,961	4,002	4,455	5,111
Margin (%)	46.6	46.8	42.0	44.1
<b>EBITDA</b>	<b>1,865</b>	<b>1,863</b>	<b>2,292</b>	<b>2,801</b>
YoY gr. (%)	25.5	7.4	51.4	46.0
Margin (%)	21.9	21.8	21.6	24.2
Depreciation / Depletion	319	436	427	433
<b>EBIT</b>	<b>1,546</b>	<b>1,427</b>	<b>1,865</b>	<b>2,368</b>
Margin (%)	18.2	16.7	17.6	20.5
Net Interest	38	84	96	76
Other Income	191	68	82	336
<b>Profit before Tax</b>	<b>1,699</b>	<b>1,411</b>	<b>1,851</b>	<b>2,628</b>
Margin (%)	20.0	16.5	17.5	22.7
Total Tax	487	312	444	451
Effective tax rate (%)	28.7	22.1	24.0	17.2
<b>Profit after Tax</b>	<b>1,212</b>	<b>1,099</b>	<b>1,407</b>	<b>2,177</b>
Minority interest	-	-	-	-
Share Profit from Associates	(1)	8	48	(1)
<b>Adjusted PAT</b>	<b>1,211</b>	<b>1,107</b>	<b>1,455</b>	<b>2,176</b>
YoY gr. (%)	12.9	(11.9)	44.3	77.2
Margin (%)	14.3	12.9	13.7	18.8
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,211</b>	<b>1,107</b>	<b>1,455</b>	<b>2,176</b>
YoY gr. (%)	12.9	(11.9)	44.3	77.2
Margin (%)	14.3	12.9	13.7	18.8
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,211</b>	<b>1,107</b>	<b>1,455</b>	<b>2,176</b>
Avg. Shares O/s (m)	138	138	138	152
<b>EPS (Rs)</b>	<b>8.8</b>	<b>8.0</b>	<b>10.6</b>	<b>14.3</b>

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	10-Oct-20	Hold	2,000	2,021
2	25-Aug-20	Hold	2,000	2,046
3	06-Aug-20	Hold	2,000	2,036
4	07-Jul-20	UR	-	1,666
5	09-Jun-20	Hold	1,544	1,594
6	16-Apr-20	Hold	1,430	1,454
7	13-Feb-20	Hold	1,516	1,545
8	03-Jan-20	Hold	1,355	1,444

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	BUY	6,421	5,707
2	Coromandel International	Reduce	676	723
3	Dhanuka Agritech	Hold	857	733
4	Godrej Agrovet	Accumulate	513	533
5	Insecticides India	BUY	612	458
6	P.I. Industries	Hold	2,000	2,021
7	Rallis India	Hold	275	262
8	Sharda Cropchem	BUY	348	247
9	Sumitomo Chemical India	Hold	295	283
10	UPL	BUY	606	497

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## **ANALYST CERTIFICATION**

### **(Indian Clients)**

We/I, Mr. Prashant Biyani- CA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://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. Prashant Biyani- CA Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### **US Clients**

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas 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](http://www.plindia.com)**