

June 28, 2021

Q4FY21 Result Update

☑ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	295		295	
Sales (Rs. m)	59,235	69,749	62,864	69,958
% Chng.	(5.8)	(0.3)		
EBITDA (Rs. m)	8,382	9,800	8,958	9,969
% Chng.	(6.4)	(1.7)		
EPS (Rs.)	19.6	22.0	20.5	22.0
% Chng.	(4.1)	-		

Key Financials - Standalone

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	48,779	49,254	59,235	69,749
EBITDA (Rs. m)	7,643	6,728	8,382	9,800
Margin (%)	15.7	13.7	14.2	14.1
PAT (Rs. m)	4,603	3,619	5,037	5,635
EPS (Rs.)	17.9	14.1	19.6	22.0
Gr. (%)	41.7	(21.4)	39.2	11.9
DPS (Rs.)	1.0	0.7	1.0	1.1
Yield (%)	0.4	0.3	0.4	0.4
RoE (%)	19.7	13.3	16.0	15.4
RoCE (%)	23.8	18.6	20.4	20.1
EV/Sales (x)	1.2	1.2	1.0	0.9
EV/EBITDA (x)	7.7	8.6	7.1	6.1
PE (x)	13.7	17.4	12.5	11.2
P/BV (x)	2.5	2.2	1.9	1.6

Key Data

PNCL.BO | PNCL IN

52-W High / Low	Rs.291 / Rs.127
Sensex / Nifty	52,736 / 15,815
Market Cap	Rs.63bn/ \$ 849m
Shares Outstanding	257m
3M Avg. Daily Value	Rs.238.25m

Shareholding Pattern (%)

Promoter's	56.07
Foreign	10.79
Domestic Institution	27.71
Public & Others	5.43
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.2)	42.8	76.3
Relative	(6.6)	28.2	17.6

Viral Shah

viralshah@plindia.com | 91-22-66322250

Shivang Joshi

shivangjoshi@plindia.com | 91-22-66322391

Execution set to pickup with all ADs received

Quick Pointers:

- With order inflows of Rs76.8bn in FY21, OB stands strong at Rs166bn (3.5x TTM revenues); Order inflows of Rs80bn targeted in FY22E.
- Robust execution in 4Q with 24.3% QoQ and 42% YoY revenue growth; EBITDAM remained resilient at 14.1%.
- Management guided for 20% YoY revenue growth in FY22 (excluding possible impact of Covid third wave); EBITDAM to be in range of 13.5-14%

PNC Infratech (PNCL) reported decent set of numbers with revenues marginally below estimates, while EBITDAM coming in-line at 14.1%. Toll collection across portfolio grew 20% YoY in 4Q; PCOD received for 3 projects in May'21 and 2 more projects due to receive PCOD in FY22 would boost toll revenues. On the back of limited impact of Covid second wave on PNCL's projects, uptick expected in execution levels with entire highways order book moving into execution (AD received in 6 new projects) and further AD expected for 2 water infra projects in 2-3 months, management guided ~20% revenue growth in FY22E (excluding the possible impact of Covid third wave) with EBITDAM to be ~13.5-14%.

PNCL continues to be one of our preferred picks in road infra space given its 1) healthy order book (~Rs166bn including recently bagged projects), 2) stellar execution pace and most projects getting completed within stipulated time, 3) stable EBITDA margins (14-15%) and 4) low debt-equity. Due to impact of Covid second wave and revised guidance by management, we reduce our revenues/earnings estimates for FY22 by 5.8%/4.1%; keeping FY23E estimates largely unchanged. At CMP, the stock trades at a P/E of 12.5x/ 11.2x on FY22E/FY23E EPS and an EV of 7.1x/ 6.1x FY22E/FY23E EBITDA. Maintain 'BUY' rating with SoTP based TP of Rs295 (Same as earlier).

Robust execution; higher tax rate dent profitability: PNCL's revenues came in at Rs16.4bn, up 42% YoY (marginally below our estimates of Rs16.8bn) with sharp pickup in execution levels across project sites. EBITDA grew by 48.7% YoY to Rs2.3bn, with EBITDAM expanding 63bps YoY to 14.1% (in line with our estimates). On the bottom line front, adj PAT in 4QFY21 came in at Rs1,294mn, up 70% YoY (below our estimates of Rs1,464mn) mainly due to higher effective tax rate at 35.2% for full year FY21 (vs our estimates of 31%). PBT came in at Rs2.05bn (above PLe of Rs1.91bn), led by lower finance costs.

Diversified order book; Healthy order inflows: With order inflows of Rs76.8bn in FY21, PNCL's order book stands strong at Rs116.5bn as at 4QFY21 (excluding recently awarded 2 Road EPC and 2 water infra projects). Including these projects, order-book-to-sales came at 3.5x trailing revenues, giving comfortable revenue visibility for 2-3 years. With robust bid pipeline in Highways and water-infra segment, order inflows targeted at ~Rs80bn for FY22E.

Exhibit 1: Quarterly Financials (Standalone): Healthy execution with sustained margins (largely in-line with estimates)

Y/e March (Rs mn)	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	YoY gr. (%)	QoQ gr. (%)	FY21	FY20	YoY gr. (%)
Revenue	11,579	9,053	10,535	13,224	16,443	42.0	24.3	49,581	48,779	1.6
Total Revenues	11,579	9,053	10,535	13,224	16,443	42.0	24.3	49,581	48,779	1.6
Expenditure	10,016	7,855	9,114	11,439	14,119	41.0	23.4	42,813	41,136	4.1
<i>as % of sales</i>	<i>86.5</i>	<i>86.8</i>	<i>86.5</i>	<i>86.5</i>	<i>85.9</i>			<i>86.4</i>	<i>84.3</i>	
Consumption of RM	8,225	6,552	7,498	9,231	11,685	42.1	26.6	34,632	33,710	2.7
<i>as % of sales</i>	<i>71.0</i>	<i>72.4</i>	<i>71.2</i>	<i>69.8</i>	<i>71.1</i>			<i>69.9</i>	<i>69.1</i>	
Employee Cost	623	437	655	924	775	24.4	(16.0)	3,223	2,651	21.6
<i>as % of sales</i>	<i>5.4</i>	<i>4.8</i>	<i>6.2</i>	<i>7.0</i>	<i>4.7</i>			<i>6.5</i>	<i>5.4</i>	
Other expenditure	1,168	866	962	1,285	1,659	42.0	29.1	4,958	4,775	3.8
<i>as % of sales</i>	<i>10.1</i>	<i>9.6</i>	<i>9.1</i>	<i>9.7</i>	<i>10.1</i>			<i>10.0</i>	<i>9.8</i>	
EBITDA	1,563	1,198	1,421	1,785	2,324	48.7	30.2	6,768	7,643	(11.5)
Depreciation	324	270	272	282	300	(7.3)	6.5	1,177	1,264	(6.9)
EBIT	1,240	928	1,149	1,504	2,024	63.3	34.6	5,591	6,379	(12.4)
Other Income	159	191	148	243	171	7.0	(29.6)	744	885	(15.9)
Interest	316	253	218	153	148	(53.3)	(3.1)	1,001	1,144	(12.5)
PBT	1,083	866	1,079	1,594	2,047	89.1	28.4	5,334	6,120	(12.8)
Total Tax	322	265	386	562	753	133.9	34.0	1,653	1,517	9.0
Adjusted PAT	761	601	693	1,032	1,294	70.1	25.4	3,680	4,603	(20.0)
(Profit)/loss from JV's/Ass/MI	0	0	0	0	0	0.0	0.0	0	0	NA
PAT after MI	761	601	693	1,032	1,294	70.1	25.4	3,680	4,603	(20.0)
Extra ordinary items	0	0	0	0	0	0.0	0.0	0	0	0.0
Reported PAT	761	601	693	1,032	1,294	70.1	25.4	3,680	4,603	(20.0)
Adjusted EPS	3.0	2.3	2.7	4.0	5.0	70.1	25.4	3.0	17.9	(83.5)
Margins (%)						bps	bps			bps
EBIDTA	13.5	13.2	13.5	13.5	14.1	63.2	63.2	13.7	15.7	(201.9)
EBIT	10.7	10.2	10.9	11.4	12.3	160.3	93.8	11.3	13.1	(180.2)
EBT	9.3	9.6	10.2	12.1	12.4	309.8	39.6	10.8	12.5	(178.9)
PAT	6.6	6.6	6.6	7.8	7.9	129.9	6.7	7.4	9.4	(201.4)
Effective Tax rate	29.7	30.6	35.8	35.3	36.8	705.4	152.0	31.0	24.8	621.0

Source: Company, PL

Exhibit 2: SoTP Valuation

Particulars	Segment	Driver	PNC's share	Multiple	Value (Rs mn)	Value per share (Rs)	Proportionate (%) of value per share	Basis
PNC's construction business	Construction	5,635	100	12	67626	263.6	89.4%	12x on FY23 earnings
BOT								
Ghaziabad Aligarh	Toll	1181	35%	1.1	454.7	1.8	0.6%	Based on P/B multiple
Kanpur Kabrai	Toll	675	100%	0.8	540.0	2.1	0.7%	Based on P/B multiple
Gwalior Bhind	Toll	783	100%	0.8	626.4	2.4	0.8%	Based on P/B multiple
Bareilly Almora	Toll	746	100%	0.8	596.8	2.3	0.8%	Based on P/B multiple
Rae Bareilly Jaunpur	Annuity	1396	100%	0.8	1116.8	4.4	1.5%	Based on P/B multiple
Narela Industrial	Annuity	350	100%	1	350.0	1.4	0.5%	Based on P/B multiple
HAM Projects	HAM	5430	100%	0.8	4344.0	16.9	6%	Based on P/B multiple
Target Price						295	100%	

Source: Company, PL

Exhibit 3: Key Assumptions

Rs mn	FY18	FY19	FY20	FY21	FY22E	FY23E
Order inflow	37,956	79,889	12,969	79,444	91,361	1,00,497
Revenues	18,566	30,969	48,779	49,254	59,235	69,749
Order book	73,180	1,22,100	86,290	1,16,480	1,48,606	1,79,354
Execution cycle (%)	20%	20%	36%	30%	29%	28%
Ob to sales (x)	3.9	3.9	1.8	2.4	2.5	2.6

Source: Company, PL

Concall Highlights

- Company expects bid pipeline to be strong in roads and water infra space. With bids already submitted for Rs160bn highway projects, company targets further order inflows of Rs80bn in FY22E.
- PNCL's order book as at 4QFY21 stands healthy at Rs116.5bn (excluding 2 Road-EPC and 2 irrigation/water supply projects worth ~Rs49.5bn which are recently awarded). Including these projects, order-book-to-sales stands strong at 3.5x TTM revenues, giving comfortable revenue visibility for next 2-3 years.
 - During 4QFY21, PNCL bagged water supply projects in Uttar Pradesh worth ~Rs25bn. Order inflows for full year FY21 stood at Rs76.8bn.
 - The company received AD for 4 HAM projects in 4Q worth ~Rs61bn. Post Mar'21, it received AD for 2 EPC and 1 HAM project worth Rs31.5bn. Thereby all road projects have now received an AD.
 - For 2 water infra projects worth Rs34.3bn, DPR is in process and AD is expected in 2-3 months.
- Toll revenues from its BOT projects witnessed 20% YoY growth in 4QFY21.
 - Toll revenue at project level: Kanpur-Ayodhya (Rs1,140mn), Ghaziabad-Aligarh (Rs594mn), Rae Bareilly-Jaunpur (Rs322mn), Kanpur Highway (Rs296mn), MP Highway (Rs134mn), Bareilly-Almora (Rs135mn), Narela Industrial Area (Rs118mn).
 - The company received PCOD for 3 projects in May'21 (Aligarh Kanpur, Jhansi-Khajuraho Pkg II and Chitradurga – Davanagere).
 - PNCL expects PCOD for 2 more projects in FY22E: Jhansi-Khajuraho Pkg I by Oct'21 and Chakeri-Allahabad by Mar'22, leading to further pickup in toll revenues.
- Management targets 20% revenue growth in FY22E (excluding probable impact of Covid third wave) with EBITDAM to be in the range of 13.5-14%, going ahead.
- Gross debt (standalone) increased to Rs4bn (from Rs3.65bn sequentially), comprising of Equipment loan. The company holds Cash & Cash equivalents of ~Rs7.9bn as at 4QFY21 making PNC a Net Cash company.
- PNCL infused equity of Rs6bn till 4Q in its under-construction HAM projects. Including the 4 new HAM projects, it expects further equity infusion of ~Rs8.6bn.
 - Incremental equity infusion would be Rs3.5bn/Rs3.2bn/Rs2bn in FY22E/23E/24E respectively to be financed from internal accruals.
- The company incurred Capex of Rs1.2bn in FY21 and guided for ~Rs1.25bn capex in FY22E.

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	48,779	49,254	59,235	69,749
YoY gr. (%)	57.5	1.0	20.3	17.8
Cost of Goods Sold	23,466	23,637	27,988	32,956
Gross Profit	25,313	25,617	31,246	36,793
Margin (%)	51.9	52.0	52.8	52.8
Employee Cost	2,651	2,791	3,317	3,976
Other Expenses	4,775	4,771	5,923	6,975
EBITDA	7,643	6,728	8,382	9,800
YoY gr. (%)	67.1	(12.0)	24.6	16.9
Margin (%)	15.7	13.7	14.2	14.1
Depreciation and Amortization	1,264	1,124	1,288	1,497
EBIT	6,379	5,604	7,094	8,302
Margin (%)	13.1	11.4	12.0	11.9
Net Interest	1,144	771	987	1,382
Other Income	885	752	889	907
Profit Before Tax	6,120	5,585	6,995	7,827
Margin (%)	12.5	11.3	11.8	11.2
Total Tax	1,517	1,966	1,959	2,192
Effective tax rate (%)	24.8	35.2	28.0	28.0
Profit after tax	4,603	3,619	5,037	5,635
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	4,603	3,619	5,037	5,635
YoY gr. (%)	41.7	(21.4)	39.2	11.9
Margin (%)	9.4	7.3	8.5	8.1
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,603	3,619	5,037	5,635
YoY gr. (%)	41.7	(21.4)	39.2	11.9
Margin (%)	9.4	7.3	8.5	8.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,603	3,619	5,037	5,635
Equity Shares O/s (m)	257	257	257	257
EPS (Rs)	17.9	14.1	19.6	22.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	9,484	11,278	13,278	15,278
Tangibles	9,484	11,278	13,278	15,278
Intangibles	-	-	-	-
Acc: Dep / Amortization	3,619	4,743	6,031	7,528
Tangibles	3,619	4,743	6,031	7,528
Intangibles	-	-	-	-
Net fixed assets	5,865	6,535	7,247	7,750
Tangibles	5,865	6,535	7,247	7,750
Intangibles	-	-	-	-
Capital Work In Progress	-	34	34	34
Goodwill	16	22	22	22
Non-Current Investments	10,858	12,849	14,617	17,811
Net Deferred tax assets	1,215	225	225	225
Other Non-Current Assets	1,850	2,697	3,391	4,007
Current Assets				
Investments	-	-	-	-
Inventories	2,673	3,536	4,869	5,733
Trade receivables	8,035	8,392	12,171	14,332
Cash & Bank Balance	7,401	7,683	7,707	8,355
Other Current Assets	1,610	2,054	2,449	2,894
Total Assets	42,888	48,344	57,330	66,727
Equity				
Equity Share Capital	513	513	513	513
Other Equity	24,953	28,572	33,356	38,710
Total Network	25,466	29,085	33,869	39,223
Non-Current Liabilities				
Long Term borrowings	3,266	2,529	4,029	5,529
Provisions	-	-	-	-
Other non current liabilities	1,352	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	4,675	7,194	8,114	8,599
Other current liabilities	9,344	9,761	11,542	13,601
Total Equity & Liabilities	42,888	48,344	57,330	66,727

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	6,120	5,585	6,995	7,827
Add. Depreciation	1,264	1,124	1,288	1,497
Add. Interest	-	-	-	-
Less Financial Other Income	885	752	889	907
Add. Other	531	281	987	1,382
Op. profit before WC changes	7,915	6,990	9,270	10,706
Net Changes-WC	1,823	(2,261)	(4,600)	(3,990)
Direct tax	(1,612)	(1,998)	(1,959)	(2,192)
Net cash from Op. activities	8,126	2,731	2,712	4,525
Capital expenditures	(909)	(1,820)	(2,000)	(2,000)
Interest / Dividend Income	211	261	-	-
Others	(1,609)	(1,193)	(948)	(1,713)
Net Cash from Inv. activities	(2,307)	(2,751)	(2,948)	(3,713)
Issue of share cap. / premium	-	-	-	-
Debt changes	(482)	727	1,500	1,500
Dividend paid	(309)	-	(252)	(282)
Interest paid	(1,080)	(653)	(987)	(1,382)
Others	356	1	-	-
Net cash from Fin. activities	(1,516)	75	261	(164)
Net change in cash	4,304	55	25	647
Free Cash Flow	7,200	876	712	2,525

Source: Company Data, PL Research

Key Financial Metrics

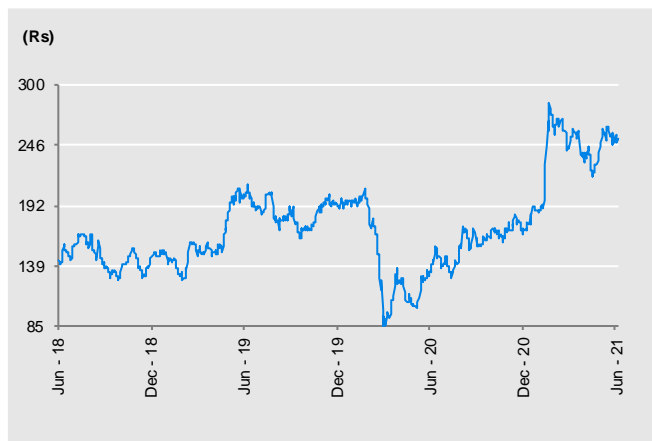
Y/e Mar	FY20	FY21	FY22E	FY23E
Per Share(Rs)				
EPS	17.9	14.1	19.6	22.0
CEPS	22.9	18.5	24.7	27.8
BVPS	99.3	113.4	132.0	152.9
FCF	28.1	3.4	2.8	9.8
DPS	1.0	0.7	1.0	1.1
Return Ratio(%)				
RoCE	23.8	18.6	20.4	20.1
ROIC	24.7	16.1	18.9	18.1
RoE	19.7	13.3	16.0	15.4
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.1)	(0.1)
Net Working Capital (Days)	12	13	30	36
Valuation(x)				
PER	13.7	17.4	12.5	11.2
P/B	2.5	2.2	1.9	1.6
P/CEPS	10.7	13.3	10.0	8.8
EV/EBITDA	7.7	8.6	7.1	6.1
EV/Sales	1.2	1.2	1.0	0.9
Dividend Yield (%)	0.4	0.3	0.4	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Net Revenue	9,053	10,535	13,224	16,443
YoY gr. (%)	(31.5)	(10.7)	8.6	42.0
Raw Material Expenses	6,552	7,498	9,231	11,685
Gross Profit	2,501	3,037	3,993	4,758
Margin (%)	27.6	28.8	30.2	28.9
EBITDA	1,198	1,421	1,785	2,324
YoY gr. (%)	(33.3)	(44.8)	4.3	48.7
Margin (%)	13.2	13.5	13.5	14.1
Depreciation / Depletion	270	272	282	300
EBIT	928	1,149	1,504	2,024
Margin (%)	10.2	10.9	11.4	12.3
Net Interest	253	218	153	148
Other Income	191	148	243	171
Profit before Tax	866	1,079	1,594	2,047
Margin (%)	9.6	10.2	12.1	12.4
Total Tax	265	386	562	753
Effective tax rate (%)	30.6	35.8	35.3	36.8
Profit after Tax	601	693	1,032	1,294
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	601	693	1,032	1,294
YoY gr. (%)	(40.0)	(66.5)	33.7	70.1
Margin (%)	6.6	6.6	7.8	7.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	601	693	1,032	1,294
YoY gr. (%)	(40.0)	(66.5)	33.7	70.1
Margin (%)	6.6	6.6	7.8	7.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	601	693	1,032	1,294
Avg. Shares O/s (m)	257	257	257	257
EPS (Rs)	2.3	2.7	4.0	5.0

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Apr-21	BUY	295	256
2	05-Feb-21	BUY	295	245
3	07-Jan-21	BUY	219	176
4	03-Nov-20	BUY	219	167
5	08-Oct-20	BUY	219	164
6	31-Aug-20	BUY	219	169
7	07-Jul-20	BUY	205	151

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Hold	1,337	1,388
2	Ahluwalia Contracts (India)	BUY	384	293
3	Apar Industries	BUY	696	524
4	Ashoka Buildcon	BUY	160	98
5	Bharat Electronics	BUY	208	169
6	BHEL	Sell	34	67
7	Capacite's Infraprojects	BUY	270	210
8	Container Corporation of India	Hold	607	634
9	Cummins India	Hold	796	772
10	Engineers India	BUY	129	84
11	GE T&D India	Hold	141	137
12	H.G. Infra Engineering	BUY	476	333
13	IRB Infrastructure Developers	BUY	179	106
14	ITD Cementation India	BUY	97	83
15	J.Kumar Infraprojects	BUY	272	177
16	Kalpataru Power Transmission	BUY	448	382
17	KEC International	Accumulate	420	417
18	KNR Constructions	Accumulate	253	227
19	Larsen & Toubro	BUY	1,604	1,416
20	NCC	BUY	111	83
21	PNC Infratech	BUY	295	256
22	Power Grid Corporation of India	BUY	205	170
23	Sadbhav Engineering	BUY	115	63
24	Siemens	Accumulate	2,101	2,064
25	Thermax	Accumulate	1,559	1,455
26	Triveni Turbine	BUY	98	102
27	Voltamp Transformers	Accumulate	1,565	1,424

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. Viral Shah- BE Chemical Engineering, MBA Finance, Mr. Shivang Joshi- CA, MCom 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 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. Viral Shah- BE Chemical Engineering, MBA Finance, Mr. Shivang Joshi- CA, MCom 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