

July 25, 2022

Q1FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	740		750	
Sales (Rs. m)	42,796	49,732	41,939	48,772
% Chng.	2.0	2.0		
EBITDA (Rs. m)	7,952	9,696	8,373	9,794
% Chng.	(5.0)	(1.0)		
EPS (Rs.)	40.4	49.0	44.1	49.9
% Chng.	(8.3)	(1.6)		

Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	23,956	35,798	42,796	49,732
EBITDA (Rs. m)	4,168	6,994	7,952	9,696
Margin (%)	17.4	19.5	18.6	19.5
PAT (Rs. m)	2,292	3,493	3,648	4,424
EPS (Rs.)	25.4	38.7	40.4	49.0
Gr. (%)	39.2	52.4	4.5	21.3
DPS (Rs.)	3.0	3.0	4.0	4.0
Yield (%)	0.5	0.5	0.7	0.7
RoE (%)	15.2	19.8	17.6	18.2
RoCE (%)	16.0	25.0	22.9	23.9
EV/Sales (x)	2.0	1.3	1.1	0.9
EV/EBITDA (x)	11.5	6.9	6.2	4.8
PE (x)	22.2	14.6	13.9	11.5
P/BV (x)	3.1	2.7	2.3	1.9

Key Data

SHCR.BO | SHCR IN

52-W High / Low	Rs.769 / Rs.286
Sensex / Nifty	55,766 / 16,631
Market Cap	Rs.51bn/ \$ 638m
Shares Outstanding	90m
3M Avg. Daily Value	Rs.209.51m

Shareholding Pattern (%)

Promoter's	74.82
Foreign	2.16
Domestic Institution	12.76
Public & Others	10.26
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(5.9)	7.3	63.4
Relative	(11.0)	11.3	55.2

Himanshu Binani

himanshubinani@plindia.com | 91-22-66322232

Healthy revenue growth offset by adverse margins..!!

Quick Pointers:

- Volume/Price/FX growth of -2.5%/+38%/-3.3% YoY respectively.
- Citing robust global demand SHCR maintains revenue growth guidance of 15-20% YoY in FY23E.

Sharda Cropchem (SHCR) reported strong revenue growth of 32% YoY in 1QFY23. However, adverse currency impact coupled with increased freight cost has in turn resulted into an overall miss into estimates. Key highlights are: (1) Volume/Price/FX growth of -2.5%/+38%/-3.3% YoY respectively; (2) gross margins contracted by 390bps YoY to 25.4% largely led by adverse forex impact (Euro/USD depreciated by 7% during 1Q); (3) While higher freight cost coupled with higher legal and professional charges and one-off impact of Rs121.5mn pertaining to loss on fair value of investments has resulted into an EBITDA margin contraction of 480bps YoY to 11.7% (incl. IU&AD write-off of Rs28mn) and (4) Working capital days up by 3 days YoY to 91.

Citing positive growth momentum across regions coupled with price hikes in the recent past, management remains confident of achieving 15-20% YoY revenue growth for FY23E, however adverse currency movement is likely to exert pressure on the margins in the near term. That said, factoring in adverse pressure on margins we trim our EPS estimates for FY23/24E by 8%/2% respectively. Maintain 'BUY' with a revised TP of Rs740 (earlier INR750) based on 15x FY24E EPS.

- Healthy revenue growth across regions:** SHCR posted robust revenue growth of 32% YoY to Rs8.2bn (PL- Rs6.8bn) primarily driven by favorable price realizations and product mix of 38% YoY partly offset by 2.5%/3.3% YoY decline in volumes and FX impact. Agrochemical revenues increased 15% YoY to Rs6.1bn; while non-agrochemicals revenues grew by 137% YoY to Rs2.0bn respectively. Robust performance was primarily on the back of higher agrochemicals growth across regions (barring LATAM down 2% YoY) with Europe/ NAFTA/ ROW up 24%/10%/22%/ YoY respectively. While, non-agrochemicals segment also posted whooping growth of 135% YoY supported by 146%/192%/10%/160% YoY growth in Europe/NAFTA/ROW/LATAM respectively.

- Adverse forex impact resulted into contraction in margins:** SHCR reported strong revenue growth of 32% YoY largely led by favorable price and product mix. However, gross margins contracted by 390bps YoY to 25.4% was largely led by adverse forex impact (Euro/USD depreciated by 7% during 1Q). While higher freight cost up 31% YoY to Rs165mn coupled with higher legal and professional charges up 59% YoY to Rs490mn and one-off impact of Rs121.5mn (included in other expenses) pertaining to loss on fair value of investments has resulted into an EBITDA margin contraction of 480bps YoY to 11.7% (adj. IU&AD write-off). SHCR has written off Rs28mn against IU&AD write-offs in 1QFY23 v/s Rs35mn in 1QFY22 (Rs292mn in FY22).

Other key highlights

- **Region-wise agrochemicals revenue break-up:** Agrochemicals revenues in Europe/ NAFTA/ LATAM/ RoW grew by 24%/10%/18%/-2% YoY in 1QFY23.
- **Category-wise Revenue break-up in 1QFY23:** Herbicide /Fungicide /Insecticides contributed 58%/25%/17% to overall revenues, as against 48%/27%/25% respectively in the same period last year. For 1QFY23, category-wise revenue stood at Rs3.54bn/Rs1.56bn/Rs1.05bn +39%/+8%/-23% YoY respectively.
- **Region-wise gross margins:** For 1QFY23 Europe /NAFTA /LATAM /RoW stood at 31%/24%/17%/23% as against 39%/23%/17%/28% respectively in the same period last year.
- **Capex:** SCHR has spent Rs1.02bn of capex in 1QFY23 as against Rs635mn in the same period last year.
- **Net Working Capital:** stood at 91 days in 1QFY23 as against 88 days in 1QFY22.
- **Maintains guidance:** Citing a better global industry demand scenario coupled with comfortable inventory position globally, SHCR maintains its revenue growth and EBITDA guidance for FY23E with top-line growth of 15-20% YoY for next few years with margins likely to be maintained at 18-20% range. Working capital is likely to be maintained at FY22 levels.

Exhibit 1: Q1FY23 Result Overview (Rs mn)

Y/e March	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)	FY23E	FY22	YoY gr. (%)
Revenue	8,245	6,227	32.4	14,345	(42.5)	42,796	35,798	19.5
Raw material costs	6,151	4,401	39.8	10,153	(39.4)	30,043	24,998	20.2
Gross profit	2,094	1,825	14.7	4,192	(50.1)	12,753	10,800	18.1
Employee costs	85	101	(15.9)	127	(33.6)	514	442	16.3
Other expenses	1,048	694	51.0	1,070	(2.0)	4,287	3,364	27.4
Total operating expenses	1,133	795	42.5	1,197	(5.4)	4,801	3,806	26.1
EBITDA	961	1,031	(6.7)	2,995	(67.9)	7,952	6,994	13.7
Depreciation	547	539	1.5	717	(23.7)	3,160	2,453	28.8
EBIT	414	491	(15.8)	2,278	(81.8)	4,792	4,540	5.5
Less: Interest Expense	8	6	24.7	7	4.0	23	22	3.9
Add : Other Income	-230	179	NA	-66	NA	95	124	(23.2)
Profit Before Tax	176	665	(73.5)	2,205	(92.0)	4,864	4,642	4.8
Less: Provision for Tax	-50	284	NA	435	NA	1,216	1,150	5.8
Adjusted Profit	226	381	(40.5)	1,770	(87.2)	3,648	3,493	4.5
Exceptional items	0	0		0		0	0	
Reported Profit	226	381	(40.5)	1,770	(87.2)	3,648	3,493	4.5
Equity capital (FV INR 10)	902	902		902		902	902	
No. of Diluted shares outstanding (mn)	90	90		90		90	90	
Adjusted Diluted EPS	2.5	4.2	(40.5)	19.6	(87.2)	40.4	38.7	4.5
As % of revenues								
COGS	74.6	70.7		70.8		70.2	69.8	
Gross profit	25.4	29.3		29.2		29.8	30.2	
Employee costs	1.0	1.6		0.9		1.2	1.2	
Other expenses	12.7	11.1		7.5		10.0	9.4	
Total operating expenses	13.7	12.8		8.3		11.2	10.6	
EBITDA	11.7	16.5		20.9		18.6	19.5	
Net profit	2.7	6.1		12.3		8.5	9.8	

Source: Company, PL

Exhibit 2: Revenue break-up and growth (%)

Sales Breakup	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Agrochemicals	3,072	3,443	4,022	10,048	5,343	5,029	7,232	12,432	6,149
Non - Agrochemicals	817	805	916	834	884	1,399	1,566	1,913	2,097
Total	3,889	4,248	4,938	10,881	6,227	6,428	8,798	14,345	8,245
Growth %									
Agrochemicals	(2.4)	45.6	29.1	22.1	73.9	46.1	79.8	23.7	15.1
Non - Agrochemicals	(22.8)	(8.2)	28.7	56.2	8.2	73.9	71.0	129.4	137.2
Total	(7.5)	31.0	29.0	24.2	60.1	51.3	78.2	31.8	32.4

Source: Company, PL

Exhibit 3: Geography-wise analysis of revenue from agrochemicals segment

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Europe	1,567	2,142	1,351	5,353	2,510	2,162	3,037	6,100	3,120
NAFTA	882	799	1,709	3,859	1,750	1,810	3,110	4,870	1,920
RoW	218	200	571	434	230	352	579	360	280
Latam	405	303	390	402	850	704	506	1,100	830
Total Agrochem Sales	3,072	3,443	4,022	10,048	5,340	5,029	7,232	12,430	6,150
Growth %									
Europe	(6.1)	61.1	34.3	14.4	60.2	1.0	124.8	14.0	24.3
NAFTA	(6.9)	40.7	24.1	34.8	98.5	126.6	81.9	26.2	9.7
RoW	3.4	4.2	41.0	5.9	5.5	76.3	1.3	(17.1)	21.7
Latam	26.3	9.5	19.3	46.2	109.6	132.4	29.8	173.6	(2.4)
Total	(2.4)	45.6	29.1	22.1	73.8	46.1	79.8	23.7	15.2

Source: Company, PL

Exhibit 4: Geography-wise analysis of revenue from non-agrochemicals segment

	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Europe	299	250	262	265	240	420	595	540	590
NAFTA	340	359	438	352	390	700	689	1,100	1,140
RoW	149	130	131	158	210	210	235	170	230
Latam	29	65	85	59	50	70	47	100	130
Total	817	805	916	834	890	1,399	1,566	1,910	2,090
Growth %									
Europe	30.7	32.2	11.5	35.6	(19.7)	67.7	127.2	103.8	145.8
NAFTA	(18.3)	(13.1)	63.6	57.4	14.7	94.9	57.4	212.5	192.3
RoW	(59.3)	(46.3)	(12.4)	64.4	41.2	61.0	79.3	7.6	9.5
Latam	(22.8)	106.5	42.5	215.7	70.0	7.3	(44.9)	69.5	160.0
Total	(22.1)	(8.2)	28.7	56.2	8.9	73.9	71.0	129.0	134.8

Source: Company, PL

Exhibit 5: Volume growth, pricing and forex impact on total sales growth

Particulars	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Volume	(3.7)	23.2	17.0	36.0	48.2	60.8	51.0	(11.0)	(2.5)
Price	(8.2)	2.4	5.0	(17.0)	8.2	(10.6)	26.5	42.0	38.0
Exchange	4.4	5.4	7.0	5.0	3.7	1.1	0.8	0.3	(3.3)
Total	(7.5)	31.0	29.0	24.0	60.1	51.3	78.3	31.3	32.2

Source: Company, PL

Exhibit 6: No. of registrations

Geography	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Europe	NA	1,270	1,290	1,326	1,347	1,370	NA	1,420	1,445
NAFTA	NA	215	225	236	237	252	NA	273	280
RoW	NA	235	240	237	238	238	NA	241	241
Latam	NA	740	740	744	748	750	NA	752	753
No. of registrations	2,439	2,460	2,495	2,543	2,570	2,610	2,645	2,686	2,719

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Net Revenues	23,956	35,798	42,796	49,732
YoY gr. (%)	19.6	49.4	19.5	16.2
Cost of Goods Sold	16,360	24,998	30,043	34,415
Gross Profit	7,597	10,800	42,796	49,732
Margin (%)	31.7	30.2	100.0	100.0
Employee Cost	373	442	514	597
Other Expenses	2,672	3,072	3,937	4,675
EBITDA	4,168	6,994	7,952	9,696
YoY gr. (%)	40.4	67.8	13.7	21.9
Margin (%)	17.4	19.5	18.6	19.5
Depreciation and Amortization	1,704	2,453	3,160	3,872
EBIT	2,464	4,540	4,792	5,824
Margin (%)	10.3	12.7	11.2	11.7
Net Interest	28	22	23	25
Other Income	658	124	95	101
Profit Before Tax	3,095	4,642	4,864	5,899
Margin (%)	12.9	13.0	11.4	11.9
Total Tax	802	1,150	1,216	1,475
Effective tax rate (%)	25.9	24.8	25.0	25.0
Profit after tax	2,292	3,493	3,648	4,424
Minority interest	0	0	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	2,292	3,493	3,648	4,424
YoY gr. (%)	39.2	52.4	4.5	21.3
Margin (%)	9.6	9.8	8.5	8.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,292	3,493	3,648	4,424
YoY gr. (%)	39.2	52.4	4.5	21.3
Margin (%)	9.6	9.8	8.5	8.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,292	3,493	3,648	4,424
Equity Shares O/s (m)	90	90	90	90
EPS (Rs)	25.4	38.7	40.4	49.0

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
Non-Current Assets				
Gross Block	10,758	13,755	17,755	21,755
Tangibles	10,758	13,755	17,755	21,755
Intangibles	-	-	-	-
Acc: Dep / Amortization	5,527	7,981	11,141	15,013
Tangibles	5,527	7,981	11,141	15,013
Intangibles	-	-	-	-
Net fixed assets	5,231	5,774	6,614	6,741
Tangibles	5,231	5,774	6,614	6,741
Intangibles	-	-	-	-
Capital Work In Progress	1,519	2,266	2,266	2,266
Goodwill	4	0	0	0
Non-Current Investments	-	-	-	-
Net Deferred tax assets	(868)	(1,240)	(1,240)	(1,240)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	830	1,344	1,344	1,344
Inventories	5,255	8,928	9,877	11,314
Trade receivables	11,626	15,400	18,410	21,394
Cash & Bank Balance	2,605	1,660	474	2,659
Other Current Assets	-	-	-	-
Total Assets	27,710	36,143	39,756	46,489
Equity				
Equity Share Capital	902	902	902	902
Other Equity	15,241	18,222	21,436	25,426
Total Networkth	16,143	19,125	22,338	26,328
Non-Current Liabilities				
Long Term borrowings	678	380	-	-
Provisions	30	23	23	23
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	8,068	11,776	14,152	16,211
Other current liabilities	2,788	4,836	3,240	3,924
Total Equity & Liabilities	27,710	36,143	39,756	46,489

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	3,095	4,642	4,864	5,899
Add. Depreciation	1,704	2,453	3,160	3,872
Add. Interest	-	-	-	-
Less Financial Other Income	658	124	95	101
Add. Other	(76)	121	(260)	(265)
Op. profit before WC changes	4,723	7,217	7,765	9,506
Net Changes-WC	(1,662)	(3,798)	(3,180)	(1,678)
Direct tax	(575)	(748)	(1,216)	(1,475)
Net cash from Op. activities	2,486	2,671	3,369	6,354
Capital expenditures	(2,335)	(2,338)	(4,000)	(4,000)
Interest / Dividend Income	-	-	-	-
Others	(504)	259	260	265
Net Cash from Inv. activities	(2,839)	(2,079)	(3,740)	(3,735)
Issue of share cap. / premium	-	-	-	-
Debt changes	614	(350)	(380)	-
Dividend paid	(180)	(541)	(435)	(435)
Interest paid	-	-	-	-
Others	-	(19)	-	-
Net cash from Fin. activities	434	(910)	(815)	(435)
Net change in cash	1,827	804	(1,186)	2,184
Free Cash Flow	152	333	(631)	2,354

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Net Revenue	6,428	8,798	14,345	8,245
YoY gr. (%)	51.3	78.2	31.8	32.4
Raw Material Expenses	4,629	5,814	10,153	6,151
Gross Profit	1,798	2,984	4,192	2,094
Margin (%)	28.0	33.9	29.2	25.4
EBITDA	1,029	1,939	2,995	961
YoY gr. (%)	81.3	101.5	38.5	(6.7)
Margin (%)	16.0	22.0	20.9	11.7
Depreciation / Depletion	606	590	717	547
EBIT	423	1,349	2,278	414
Margin (%)	6.6	15.3	15.9	5.0
Net Interest	4	4	7	8
Other Income	(3)	14	(66)	(230)
Profit before Tax	415	1,358	2,205	176
Margin (%)	6.5	15.4	15.4	2.1
Total Tax	95	336	435	(50)
Effective tax rate (%)	22.9	24.7	19.7	(28.4)
Profit after Tax	320	1,022	1,770	226
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	320	1,022	1,770	226
YoY gr. (%)	68.0	111.6	32.1	(40.5)
Margin (%)	5.0	11.6	12.3	2.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	320	1,022	1,770	226
YoY gr. (%)	68.0	111.6	32.1	(40.5)
Margin (%)	5.0	11.6	12.3	2.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	320	1,022	1,770	226
Avg. Shares O/s (m)	90	90	90	90
EPS (Rs)	3.5	11.3	19.6	2.5

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Per Share(Rs)				
EPS	25.4	38.7	40.4	49.0
CEPS	44.3	65.9	75.5	92.0
BVPS	178.9	212.0	247.6	291.8
FCF	1.7	3.7	(7.0)	26.1
DPS	3.0	3.0	4.0	4.0
Return Ratio(%)				
RoCE	16.0	25.0	22.9	23.9
ROIC	15.2	22.5	18.8	21.5
RoE	15.2	19.8	17.6	18.2
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.1)	(0.1)	(0.2)
Net Working Capital (Days)	134	128	121	121
Valuation(x)				
PER	22.2	14.6	13.9	11.5
P/B	3.1	2.7	2.3	1.9
P/CEPS	12.7	8.6	7.5	6.1
EV/EBITDA	11.5	6.9	6.2	4.8
EV/Sales	2.0	1.3	1.1	0.9
Dividend Yield (%)	0.5	0.5	0.7	0.7

Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY21	FY22	FY23E	FY24E
Revenues	23,958	35,800	42,796	49,732
Europe	10,413	13,790	16,548	19,858
NAFTA	7,249	11,530	13,260	15,248
LatAM	1,501	3,150	3,780	4,347
RoW	1,423	1,570	1,727	1,900

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Jul-22	BUY	750	619
2	13-May-22	BUY	750	646
3	08-Apr-22	BUY	630	664
4	24-Jan-22	BUY	570	438
5	12-Jan-22	BUY	450	349
6	27-Dec-21	BUY	450	340
7	27-Jul-21	BUY	457	350

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Bayer Cropscience	Accumulate	5,640	5,076
2	Coromandel International	BUY	960	745
3	Dhanuka Agritech	BUY	870	687
4	Godrej Agrovet	Accumulate	577	502
5	Insecticides India	Hold	680	881
6	P.I. Industries	BUY	3,340	2,581
7	Rallis India	BUY	230	205
8	Sharda Cropchem	BUY	750	619
9	Sumitomo Chemical India	BUY	510	423
10	UPL	BUY	1,010	644

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

(US Clients)

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

DISCLAIMER

Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at www.plindia.com.

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Himanshu Binani- MBA Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

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

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

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

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

US Clients

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

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

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Prabhudas Lilladher Pvt. Ltd.

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

www.plindia.com