

August 2, 2022

## Q1FY23 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

Rating	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Target Price	BUY 850		BUY 870	
Sales (Rs. m)	16,256	18,381	16,256	17,881
% Chng.	-	2.8		
EBITDA (Rs. m)	2,877	3,382	2,975	3,415
% Chng.	(3.3)	(1.0)		
EPS (Rs.)	49.6	56.8	50.4	57.9
% Chng.	(1.5)	(1.8)		

### Key Financials - Standalone

Y/e Mar	FY21	FY22	FY23E	FY24E
Sales (Rs. m)	13,875	14,778	16,256	18,381
EBITDA (Rs. m)	2,691	2,634	2,877	3,382
Margin (%)	19.4	17.8	17.7	18.4
PAT (Rs. m)	2,106	2,088	2,311	2,647
EPS (Rs.)	45.2	44.8	49.6	56.8
Gr. (%)	52.0	(0.8)	10.7	14.5
DPS (Rs.)	2.0	6.0	8.0	8.0
Yield (%)	0.3	0.9	1.2	1.2
RoE (%)	28.0	23.8	21.9	21.1
RoCE (%)	33.4	28.0	25.6	25.4
EV/Sales (x)	2.2	2.1	1.8	1.6
EV/EBITDA (x)	11.4	11.5	10.5	8.7
PE (x)	15.4	15.5	14.0	12.2
P/BV (x)	4.1	3.4	2.8	2.4

### Key Data

DHNP.BO | DAGRI IN

52-W High / Low	Rs.961 / Rs.635
Sensex / Nifty	58,136 / 17,345
Market Cap	Rs.32bn/ \$ 411m
Shares Outstanding	47m
3M Avg. Daily Value	Rs.19.03m

### Shareholding Pattern (%)

Promoter's	70.00
Foreign	3.90
Domestic Institution	17.18
Public & Others	8.92
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	1.0	(10.5)	(25.1)
Relative	(8.1)	(8.3)	(31.7)

Himanshu Binani

himanshubinani@plindia.com | 91-22-66322232

## Decent performance in challenging times.!!

### Quick Pointers:

- Growth completely driven by price; volumes remained flat YoY
- ITI for 1QFY23 stood at 18% (FY22 10%)

**Dhanuka Agritech (DAGRI) reported decent set of numbers amid a challenging domestic scenario led by delayed monsoons and inflationary RM scenario during 1QFY23. It reported Revenue/EBITDA/PAT growth of 8%/16%/1% YoY during 1QFY23 which was in-line with our estimates. Key highlights are: (a) volume growth remained flat; while growth was completely led by price growth of 8% YoY; (b) Inflated RM scenario and its inability to fully pass on prices resulted into lower margins; (c) ITI for 1QFY23 stood at 18% as against 10% in FY22; remains confident to improve going forward led by new product launches; (d) to launch 3 new 9(3) and 9(4) molecules each in 1HFY23; (e) capex program of INR3bn for setting up of formulation and technical units at Dahej is well on track; likely to be commissioned by 4QFY23.**

**Going forward, citing the positive demand outlook in the domestic market led by a) pick-up in rainfall activities; b) remunerative crop prices and c) lower 1H base of FY22, DAGRI remains confident of achieving double digit YoY revenue growth in FY23E with margins to be maintained at FY22 levels. We broadly maintain our FY23/24 EPS and expect DAGRI to clock Revenue/PAT CAGR of 12%/13% each over FY22-FY24E. Maintain 'BUY' with a revised TP of INR850(earlier Rs870) based on 15x FY24E EPS.**

- **Better product mix restricted GM's decline by 90bps YoY:** DAGRI reported revenue growth of 8% YoY to Rs3.9bn (PLe Rs3.9bn) completely driven by prices as volumes remained flat YoY during 1QFY23. Gross margins declined 90bps YoY to 32.8% owing to higher RM prices coupled with inability to fully pass on inflated cost. The management alluded that better product mix (higher contribution of newly launched products to the overall volumes (higher volumes and realizations) despite overall flat volumes has restricted gross margins contraction during 1QFY23. Lower gross margins coupled with higher other expenses up 260bps YoY (normalized operational cost post COVID-19) has resulted in EBITDA margins contraction of 370bps YoY to 13.1% (PLe 16.2%). EBITDA came in at Rs515mn down 16% YoY (PLe Rs632mn). PAT stood flat YoY to Rs491mn (PLe Rs493mn).
- **Remains confident of achieving double digit growth in FY23E:** Going forward, DAGRI remains optimistic on the remaining half of the season citing better rainfall leading to higher liquidation of inventories and remains hopeful to achieve double digit revenue growth in FY23E led by a) better demand scenario; b) pick up in rainfall activities; c) remunerative crop prices and d) calibrated price hikes taken in the recent past to support growth and margins.
- **Product pipeline remains strong for FY23:** DAGRI has recently received registrations for 3 new 9(3) molecules which are expected to be launched in

1HFY23. Zanet (Thiophanate Methyl + Kasugamycin) is developed jointly in partnership with Nippon Soda, Japan and Hokko Chemicals, Japan for horticulture crops. Çornex (Halosulfuron Methyl + Atrazine) is developed in collaboration with Nissan Chemicals Corporation, Japan is an herbicide for maize crop. Decide (Etofenprox + Diafenthturon) developed in collaboration with Mitsui Chemicals Ltd, Japan- is an insecticide to fight against thrips in cotton and chilly crop. Management expects revenue potential of Rs500mn from these products combined together over the next 3-4 years. Additionally, the company intends to launch 3 new 9(4) molecules in 2QFY23 namely Craze-X (Pretilachlor), Fuzi Super (Bisparibac Sodium). While the have launched one 9(4) product Terminal (Glufosinate Ammonium) in 1QFY23.

- **Capex plans well on track:** Management has cited for INR3bn capex to be spend over FY22-24 (Rs500mn/Rs1.5bn/Rs1.1bn in FY22/FY23/FY24). The capex is towards setting up formulation unit, 2 MPP's of pesticides in Dahej. The formulation unit is expected to be operational by FY23 and technical unit by FY24. DAGRI targets to achieve Rs2bn of revenues in FY24 and Rs3bn/PA in FY25/26 with EBITDA margins in the range of 12-15%.

### Conference Call Highlights:

**Category-wise revenue mix:** Contribution from Insecticides/ Fungicides/ Herbicides and others (PGR) stood at 27%/11%/52%/10% in 1QFY22 as against 29%/12%/48%/11% in the corresponding period last year respectively. Delayed monsoons during the month of June'22 has in turn resulted into slower placements and ground level activities which has restricted growth to mid-single digits.

**Zone-wise revenue mix:** North/West/East/South contributed to 30%/44%/9%/17% in 1QFY23 as against 28%/44%/10%/18% respectively in 1QFY22.

**Innovation turnover index (ITI)** stood at 18% in 1QFY23 as against 11%/10% in FY21/FY22 respectively. Going forward, the management opined that ITI index may correct a bit due to seasonality however it would continue its upward trajectory. DAGRI remains confident to improve it led by new product launches and robust pipeline.

**Guidance:** DAGRI had guided for a double digit revenue growth in FY23E, with margins to be flat as compared to FY22 owing to inflated RM cost.

**Exhibit 1: Q1FY23 Result Overview (Rs mn)**

Y/e March	Q1FY23	Q1FY22	YoY gr. (%)	Q4FY22	QoQ gr. (%)	FY23E	FY22	YoY gr. (%)
<b>Revenues</b>	<b>3,927</b>	<b>3,638</b>	<b>8.0</b>	<b>3,183</b>	<b>23.4</b>	<b>16,256</b>	<b>14,778</b>	<b>10.0</b>
Raw material	2,640	2,411	9.5	1,893	39.5	10,306	9,391	9.7
Staff costs	322	293	9.7	275	17.0	1,317	1,205	9.3
Others	450	323	39.5	364	23.6	1,756	1,548	13.4
Total expenditure	<b>3,413</b>	<b>3,027</b>	<b>12.7</b>	<b>2,532</b>	<b>34.8</b>	<b>13,378</b>	<b>12,144</b>	<b>10.2</b>
<b>EBITDA</b>	<b>515</b>	<b>611</b>	<b>(15.8)</b>	<b>651</b>	<b>(20.9)</b>	<b>2,877</b>	<b>2,634</b>	<b>9.2</b>
Depreciation	38	38	(0.7)	45	(15.0)	177	163	8.8
<b>EBIT</b>	<b>477</b>	<b>573</b>	<b>(16.8)</b>	<b>606</b>	<b>(21.3)</b>	<b>2,700</b>	<b>2,471</b>	<b>9.3</b>
Less: Interest Expense	8	9	(10.4)	8	5.0	30	32	(6.3)
Add: Other income	169	77	117.5	122	38.2	420	336	25.0
<b>Profit Before Tax</b>	<b>637</b>	<b>642</b>	<b>(0.6)</b>	<b>721</b>	<b>(11.5)</b>	<b>3,090</b>	<b>2,775</b>	<b>11.4</b>
Less: Provision for Tax	146	156	(5.9)	178	(17.6)	779	687	13.3
<b>Adjusted Profit</b>	<b>491</b>	<b>486</b>	<b>1.1</b>	<b>543</b>	<b>(9.5)</b>	<b>2,311</b>	<b>2,088</b>	<b>10.7</b>
Add: Exceptional items	0	0	NA	0	NA	-	-	-
<b>Reported Profit</b>	<b>491</b>	<b>486</b>	<b>1.1</b>	<b>543</b>	<b>(9.5)</b>	<b>2,311</b>	<b>2,088</b>	<b>10.7</b>
Equity capital (FV INR 2)	93	93		93		93	93	
No. of Diluted shares outstanding (mn)	47	47		47		47	47	
<b>Adjusted Diluted EPS</b>	<b>10.5</b>	<b>10.4</b>	<b>1.1</b>	<b>11.7</b>	<b>(9.5)</b>	<b>49.6</b>	<b>44.8</b>	<b>10.7</b>
<b>As % of net revenues</b>								
Raw material	67.2	66.3		59.5		63.4	63.5	
Staff expenses	8.2	8.1		8.6		8.1	8.2	
Other expenses	11.5	8.9		11.4		10.8	10.5	
EBITDA	13.1	16.8		20.4		17.7	17.8	
Net profit	12.5	13.4		17.1		14.2	14.1	

Source: Company, PL

**Exhibit 2: Zone-wise revenue Break-up**

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
North	18	27	31	26	21	25	28	22	21	28	30
West	25	21	42	34	27	19	44	36	31	22	44
East	13	11	10	10	13	12	10	12	11	13	9
South	44	41	17	30	39	44	18	30	37	37	17
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company, PL

**Exhibit 3: Category-wise revenue Break-up**

	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23
Herbicides	32	23	46	21	31	20	48	23	36	24	52
Insecticide	38	48	31	47	37	50	29	43	32	46	27
Fungicide	15	18	11	20	19	18	12	23	19	19	11
Others	15	11	12	12	13	12	11	11	13	11	10
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Net Revenues</b>	<b>13,875</b>	<b>14,778</b>	<b>16,256</b>	<b>18,381</b>
YoY gr. (%)	23.9	6.5	10.0	13.1
Cost of Goods Sold	8,633	9,391	10,306	11,580
Gross Profit	5,242	5,387	5,950	6,801
Margin (%)	37.8	36.5	36.6	37.0
Employee Cost	1,183	1,205	1,317	1,489
Other Expenses	1,368	1,548	1,756	1,930
<b>EBITDA</b>	<b>2,691</b>	<b>2,634</b>	<b>2,877</b>	<b>3,382</b>
YoY gr. (%)	55.1	(2.1)	9.2	17.5
Margin (%)	19.4	17.8	17.7	18.4
Depreciation and Amortization	152	163	177	191
<b>EBIT</b>	<b>2,539</b>	<b>2,471</b>	<b>2,700</b>	<b>3,191</b>
Margin (%)	18.3	16.7	16.6	17.4
Net Interest	27	32	30	30
Other Income	337	336	420	378
<b>Profit Before Tax</b>	<b>2,849</b>	<b>2,775</b>	<b>3,090</b>	<b>3,539</b>
Margin (%)	20.5	18.8	19.0	19.3
Total Tax	744	687	779	892
Effective tax rate (%)	26.1	24.8	25.2	25.2
<b>Profit after tax</b>	<b>2,106</b>	<b>2,088</b>	<b>2,311</b>	<b>2,647</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>2,106</b>	<b>2,088</b>	<b>2,311</b>	<b>2,647</b>
YoY gr. (%)	48.8	(0.8)	10.7	14.5
Margin (%)	15.2	14.1	14.2	14.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>2,106</b>	<b>2,088</b>	<b>2,311</b>	<b>2,647</b>
YoY gr. (%)	48.8	(0.8)	10.7	14.5
Margin (%)	15.2	14.1	14.2	14.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,106	2,088	2,311	2,647
<b>Equity Shares O/s (m)</b>	<b>47</b>	<b>47</b>	<b>47</b>	<b>47</b>
<b>EPS (Rs)</b>	<b>45.2</b>	<b>44.8</b>	<b>49.6</b>	<b>56.8</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>2,339</b>	<b>2,419</b>	<b>2,619</b>	<b>2,819</b>
Tangibles	2,320	2,404	2,604	2,804
Intangibles	19	15	15	15
<b>Acc: Dep / Amortization</b>	<b>670</b>	<b>832</b>	<b>1,010</b>	<b>1,200</b>
Tangibles	670	832	1,010	1,200
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>1,669</b>	<b>1,587</b>	<b>1,610</b>	<b>1,619</b>
Tangibles	1,650	1,571	1,594	1,604
Intangibles	19	15	15	15
Capital Work In Progress	76	483	1,800	3,000
Goodwill	-	-	-	-
Non-Current Investments	903	1,398	1,398	1,398
Net Deferred tax assets	(83)	(56)	(56)	(56)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	1,877	1,961	1,961	1,961
Inventories	2,955	3,472	3,810	4,281
Trade receivables	2,427	2,825	3,107	3,514
Cash & Bank Balance	15	24	355	1,014
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>11,311</b>	<b>13,122</b>	<b>15,413</b>	<b>18,158</b>
<b>Equity</b>				
Equity Share Capital	93	93	93	93
Other Equity	7,870	9,511	11,374	13,572
<b>Total Network</b>	<b>7,963</b>	<b>9,604</b>	<b>11,467</b>	<b>13,666</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	84	10	-	-
Trade payables	1,086	1,747	1,917	2,154
Other current liabilities	2,096	1,705	1,973	2,283
<b>Total Equity &amp; Liabilities</b>	<b>11,311</b>	<b>13,122</b>	<b>15,413</b>	<b>18,158</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22	FY23E	FY24E
PBT	2,849	2,775	3,090	3,539
Add. Depreciation	152	163	177	191
Add. Interest	27	32	30	30
Less Financial Other Income	337	336	420	378
Add. Other	(276)	(250)	(420)	(378)
Op. profit before WC changes	2,752	2,720	2,877	3,382
Net Changes-WC	169	(1,018)	(183)	(330)
Direct tax	(610)	(660)	(779)	(892)
<b>Net cash from Op. activities</b>	<b>2,311</b>	<b>1,043</b>	<b>1,915</b>	<b>2,160</b>
Capital expenditures	(263)	(192)	(1,517)	(1,400)
Interest / Dividend Income	41	221	420	378
Others	(1,045)	(456)	-	-
<b>Net Cash from Inv. activities</b>	<b>(1,266)</b>	<b>(426)</b>	<b>(1,097)</b>	<b>(1,022)</b>
Issue of share cap. / premium	(1,232)	-	-	-
Debt changes	4	(74)	(10)	-
Dividend paid	(35)	(502)	(449)	(449)
Interest paid	(27)	(32)	(30)	(30)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(1,291)</b>	<b>(608)</b>	<b>(488)</b>	<b>(479)</b>
<b>Net change in cash</b>	<b>(246)</b>	<b>9</b>	<b>330</b>	<b>659</b>
Free Cash Flow	2,311	1,043	1,915	2,160

Source: Company Data, PL Research

**Key Financial Metrics**

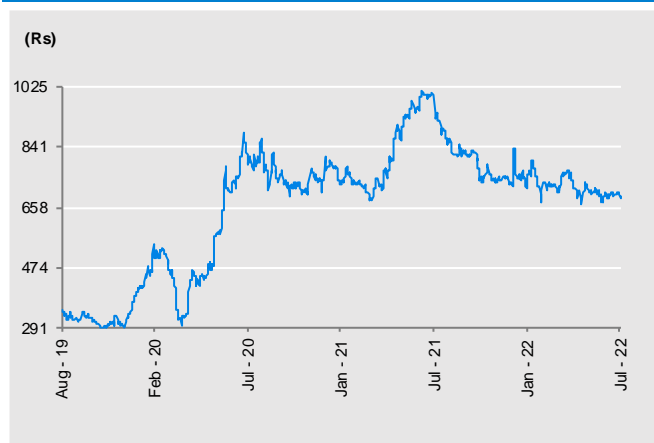
Y/e Mar	FY21	FY22	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	45.2	44.8	49.6	56.8
CEPS	48.5	48.3	53.4	60.9
BVPS	171.0	206.2	246.2	293.4
FCF	49.6	22.4	41.1	46.4
DPS	2.0	6.0	8.0	8.0
<b>Return Ratio(%)</b>				
RoCE	33.4	28.0	25.6	25.4
ROIC	32.9	27.2	24.6	24.9
RoE	28.0	23.8	21.9	21.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.2)	(0.2)
Net Working Capital (Days)	113	112	112	112
<b>Valuation(x)</b>				
PER	15.4	15.5	14.0	12.2
P/B	4.1	3.4	2.8	2.4
P/CEPS	14.3	14.4	13.0	11.4
EV/EBITDA	11.4	11.5	10.5	8.7
EV/Sales	2.2	2.1	1.8	1.6
Dividend Yield (%)	0.3	0.9	1.2	1.2

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY22	Q3FY22	Q4FY22	Q1FY23
<b>Net Revenue</b>	<b>4,388</b>	<b>3,569</b>	<b>3,183</b>	<b>3,927</b>
YoY gr. (%)	(0.8)	20.7	15.5	8.0
Raw Material Expenses	2,770	2,317	1,893	2,640
Gross Profit	1,618	1,251	1,290	1,287
Margin (%)	36.9	35.1	40.5	32.8
<b>EBITDA</b>	<b>822</b>	<b>550</b>	<b>651</b>	<b>515</b>
YoY gr. (%)	(7.7)	9.6	0.7	(15.8)
Margin (%)	18.7	15.4	20.4	13.1
Depreciation / Depletion	41	40	45	38
<b>EBIT</b>	<b>781</b>	<b>511</b>	<b>606</b>	<b>477</b>
Margin (%)	17.8	14.3	19.0	12.1
Net Interest	7	9	8	8
Other Income	69	67	122	169
<b>Profit before Tax</b>	<b>843</b>	<b>569</b>	<b>721</b>	<b>637</b>
Margin (%)	19.2	16.0	22.6	16.2
Total Tax	210	144	178	146
Effective tax rate (%)	24.9	25.3	24.7	23.0
<b>Profit after Tax</b>	<b>634</b>	<b>425</b>	<b>543</b>	<b>491</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>634</b>	<b>425</b>	<b>543</b>	<b>491</b>
YoY gr. (%)	(9.6)	6.2	11.6	1.1
Margin (%)	14.4	11.9	17.1	12.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>634</b>	<b>425</b>	<b>543</b>	<b>491</b>
YoY gr. (%)	(9.6)	6.2	11.6	1.1
Margin (%)	14.4	11.9	17.1	12.5
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>634</b>	<b>425</b>	<b>543</b>	<b>491</b>
Avg. Shares O/s (m)	47	47	47	47
<b>EPS (Rs)</b>	<b>13.6</b>	<b>9.1</b>	<b>11.7</b>	<b>10.5</b>

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	04-Jul-22	BUY	870	687
2	20-Jun-22	BUY	870	672
3	23-May-22	BUY	870	720
4	08-Apr-22	BUY	870	755
5	02-Feb-22	BUY	870	777
6	12-Jan-22	BUY	870	759
7	27-Dec-21	BUY	870	735

**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	740	564
9	Sumitomo Chemical India	BUY	510	423
10	UPL	BUY	1,020	767

**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. 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](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 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](http://www.plindia.com)