

February 1, 2023

Q3FY23 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	900		860	
Sales (Rs. m)	58,743	69,462	59,457	69,581
% Chng.	(1.2)	(0.2)		
EBITDA (Rs. m)	9,044	11,772	9,636	12,214
% Chng.	(6.1)	(3.6)		
EPS (Rs.)	32.0	42.7	34.7	44.8
% Chng.	(8.0)	(4.7)		

Key Financials - Consolidated

Y/e Mar	FY22	FY23E	FY24E	FY25E
Sales (Rs. m)	49,494	49,930	58,743	69,462
EBITDA (Rs. m)	8,318	6,419	9,044	11,772
Margin (%)	16.8	12.9	15.4	16.9
PAT (Rs. m)	4,767	3,561	5,081	6,787
EPS (Rs.)	30.0	22.4	32.0	42.7
Gr. (%)	609.6	(25.3)	42.7	33.6
DPS (Rs.)	5.0	3.9	5.5	7.4
Yield (%)	1.0	0.8	1.1	1.5
RoE (%)	21.9	13.8	17.3	19.8
RoCE (%)	27.6	17.8	22.3	25.3
EV/Sales (x)	1.6	1.6	1.4	1.2
EV/EBITDA (x)	9.5	12.5	9.0	6.9
PE (x)	16.2	21.7	15.2	11.4
P/BV (x)	3.2	2.8	2.4	2.1

Key Data JUBN.BO | JUBLINGR IN

52-W High / Low	Rs.615 / Rs.401
Sensex / Nifty	59,550 / 17,662
Market Cap	Rs.77bn/ \$ 943m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.224.56m

Shareholding Pattern (%)

Promoter's	51.57
Foreign	8.39
Domestic Institution	4.90
Public & Others	35.14
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(8.2)	(8.5)	(15.3)
Relative	(6.3)	(11.5)	(17.4)

Nitesh Dhoot

niteshdhoot@plindia.com | 91-22-66322260

Healthy overall performance amidst challenges

Quick Pointers:

- Specialty Chemical (SPCM) margin improves sequentially to 18.6% (vs 16% in Q2) on operating leverage benefit, despite non-availability of contracted coal.
- Slight delay in commissioning of GMP & Non-GMP plants; to be commissioned in Q4. Acetic Anhydride plant commissioning on track for Q4.

We reduce our FY24/25E EBITDA estimate by 6%/4% and EPS estimate by 8%/5% to factor persisting weakness in Nutrition & Health solutions (NHS) segment along with lower margins in SPCM (due to transient non-availability of FSA coal); roll forward to FY25 and reiterate BUY at SoTP based TP of Rs900 (earlier 860). The strategy on alternate energy sources, however, is encouraging and will offset contracted coal impact over medium-long term. We believe JUBLINGR is well placed to capitalize on long term growth opportunities given (1) New value-added products pipeline (2) strong traction in CDMO (3) import substitution (4) China+1 strategy and (5) commensurate capex outlay of ~Rs23bn (earlier Rs20bn) over FY22-25. SPCM segment to lead earnings growth aided by highest capital allocation (Rs13bn). EBITDA contribution from higher value segments (SPCM + NHS) is expected to increase to ~66% by FY25E from ~53% in FY22, as SPCM/ NHS EBITDA grows at ~25%/7% CAGR, while concentration of its commodity vertical (Chemical Intermediates) reduces to 34% by FY25E. Reiterate 'BUY'.

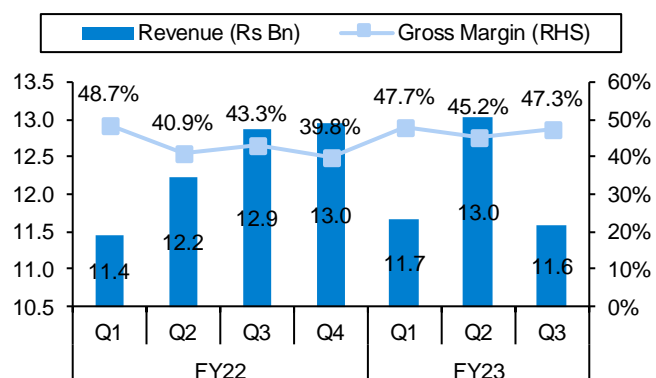
- Consolidated revenue declined 10% YoY/ 11% QoQ to Rs11.6 bn** (PLe Rs 12.2 bn) due lower CI revenue (-23% YoY/ -21% QoQ) on sharp RM price decline, offset by improvement in SPCM sales (+34% YoY/ -3% QoQ). SPCM revenue growth was led by higher volumes across pyridine and pyridine derivatives. NHS segment revenue at Rs 1.32 bn (-39% YoY/ +16% QoQ) reflects continuing impact of Avian Flu in Europe and US.
- EBITDA margin improved sequentially to 13.1%** (vs 11.7% QoQ/ 16.5% YoY; PLe 12.7%) led by better product mix and higher volumes in SPCM, despite persisting demand weakness in NHS and price normalization in CI (base effect on elevated price of key RM acetic acid; price corrected >50% YoY). EBITDA declined 29% YoY/ 1% QoQ to Rs1.51 bn.
- PAT increased 8% QoQ to Rs 914 mn** (PLe 840 mn), aided by lower effective tax rate at 25% offsetting higher finance costs at Rs67mn vs 51mn QoQ on increase in working capital borrowing and higher interest rates. Net debt stood at Rs3.5bn at end of Q3FY23 vs Rs2.8bn in Q2.
- Capex outlay enhanced to Rs22.8bn from Rs20.5bn**, on account of 1) debottlenecking in SPCM segment 2) GMP plant for Vitamin B4 towards food and pharma grade and 3) R&D expansion on increased traction in CDMO.
- Strategy on alternate energy sources is encouraging**, as the company plans to significantly reduce overall energy cost in phased manner through various initiatives by sourcing power from grid and renewable sources.

- Concall takeaways: (1)** Strong demand for SPCM products (pyridine and pyridine derivatives) in domestic and international markets, including Chinese customers; capacity utilization at 70-75% and can be further increased **(2)** Diketene derivatives witnessed demand weakness in Q3, however seeing recovery in Q4, management is confident of ~75% utilization in FY24 **(3)** Q4 to see further margin improvement on softer coal prices and as procurement of contracted coal is allowed through road transportation (partial benefit) **(4)** CDMO pipeline healthy, besides commissioning of GMP and non-GMP facilities in Q4FY23 to aid capturing demand **(5)** Flu situation continues in US and EU, impacting NHS business, though there is improvement in EU **(6)** Company intends to increase presence in Vitamin-B3 in food and cosmetic grade **(7)** Domestic sales of B4 (Choline Chloride) and specialty premix increased in volume and value terms, both YoY and QoQ **(8)** Improvement in volume and market share in acetic anhydride continues in domestic and international markets **(9)** Increase in net working capital to 71days in 9MFY23 vs 64 days YoY; is on strategic decision to build inventory of certain products and temporary lower creditors due to domestic procurement of ethanol **(10)** Cash outflow on capex in Q3 at Rs1.48bn

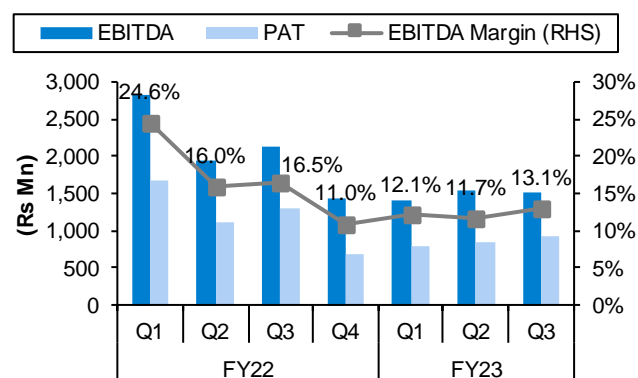
Exhibit 1: Q3FY23 Result Overview (Rs mn)

Y/e March	Q3FY23	Q3FY22	YoY gr.	Q2FY23	QoQ gr.	9MFY23	9MFY22	YoY gr.
Net Revenue	11,583	12,865	-10.0%	13,036	-11.1%	36,277	36,536	-0.7%
Material Cost	6,100	7,291	-16.3%	7,146	-14.6%	19,338	20,388	-5.2%
Gross Profit	5,483	5,574	-1.6%	5,890	-6.9%	16,939	16,148	4.9%
<i>Gross Margin (%)</i>	<i>47.3%</i>	<i>43.3%</i>		<i>45.2%</i>		<i>46.7%</i>	<i>44.2%</i>	
Employee expenses	824	883	-6.7%	929	-11.3%	2,575	2,452	5.0%
Power & fuel expenses	1,789	1,335	34.1%	1,881	-4.9%	5,588	3,236	72.7%
Other operating expenses	1,358	1,230	10.4%	1,550	-12.4%	4,327	3,566	21.3%
EBITDA	1,512	2,126	-28.9%	1,529	-1.1%	4,450	6,895	-35.5%
<i>EBITDA margin (%)</i>	<i>13.1%</i>	<i>16.5%</i>		<i>11.7%</i>		<i>12.3%</i>	<i>18.9%</i>	
Depreciation	300	303	-0.9%	310	-3.2%	923	925	-0.1%
EBIT	1,212	1,824	-33.5%	1,219	-0.6%	3,527	5,970	-40.9%
Other income	70	94	-25.2%	73	-4.0%	244	223	9.3%
Interest cost	67	49	37.9%	51	31.2%	159	248	-36.0%
PBT	1,215	1,869	-35.0%	1,241	-2.1%	3,611	5,945	-39.3%
Tax	301	578	-48.0%	398	-24.4%	1,060	1,863	-43.1%
Minority interest	0	0		0		0	0	
PAT	914	1,291	-29.2%	843	8.4%	2,551	4,081	-37.5%
Tax on non-recurring items	0	0		0		0	0	
Adjusted PAT	914	1,291	-29.2%	843	8.4%	2,551	4,081	-37.5%
<i>Adj. PAT margin (%)</i>	<i>7.9%</i>	<i>10.0%</i>		<i>6.5%</i>		<i>7.0%</i>	<i>11.2%</i>	
No. of shares (mn)	159	159	0.0%	159	0.0%	159	159	0.0%
Adj. EPS (Rs.)	5.8	8.1	-29.2%	5.3	8.4%	16.0	25.7	-37.5%

Source: Company, PL

Exhibit 2: Revenue impacted by steep price correction in CI


Source: Company, PL

Exhibit 3: Sequential improvement in earnings


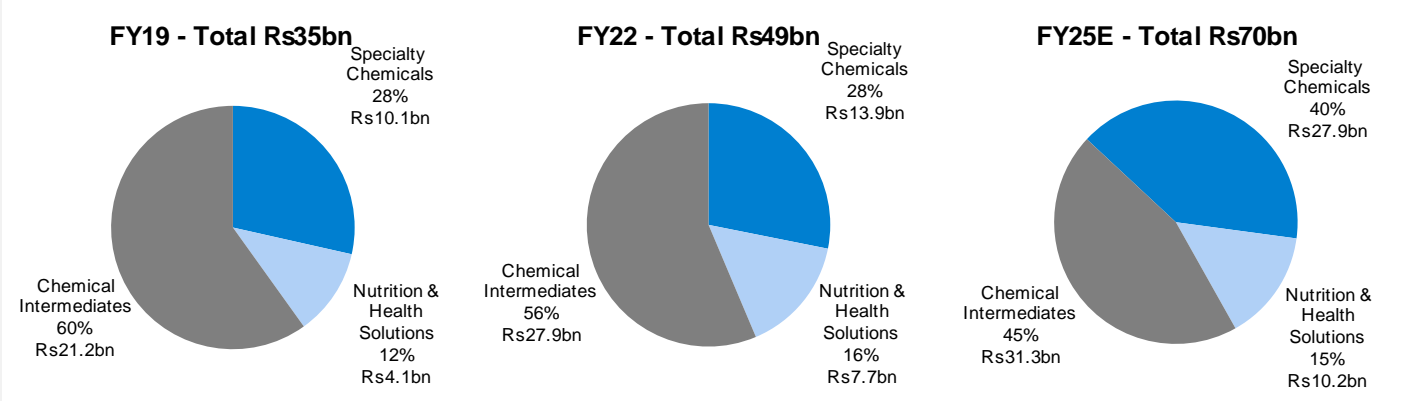
Source: Company, PL

Exhibit 4: Segmental breakup

Y/e March	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Revenue (Rs mn)	11,446	12,226	12,865	12,958	11,658	13,036	11,590
Specialty Chemicals	3,047	2,951	3,488	4,441	3,825	4,804	4,680
Nutrition & Health Solutions	1,671	1,788	2,158	2,056	1,502	1,137	1,320
Chemical Intermediates	6,728	7,487	7,219	6,461	6,331	7,096	5,590
Change (% YoY)	56%	56%	44%	20%	2%	7%	-10%
Specialty Chemicals	19%	17%	22%	35%	26%	63%	34%
Nutrition & Health Solutions	13%	43%	37%	3%	-10%	-36%	-39%
Chemical Intermediates	103%	84%	60%	18%	-6%	-5%	-23%
Revenue Mix (%)							
Specialty Chemicals	27%	24%	27%	34%	33%	37%	40%
Nutrition & Health Solutions	15%	15%	17%	16%	13%	9%	11%
Chemical Intermediates	59%	61%	56%	50%	54%	54%	48%
EBITDA (Rs mn)	2,820	1,949	2,126	1,418	1,409	1,529	1,510
Specialty Chemicals	840	710	760	810	640	770	870
Nutrition & Health Solutions	270	349	530	500	190	136	90
Chemical Intermediates	1,840	1,030	1,000	300	760	767	710
Less: Unallocated	(70)	(70)	(70)	(100)	(80)	(70)	(90)
Less: Unallocated + Other Income	(60)	(70)	(94)	(92)	(101)	(73)	(70)
EBITDA Margin (%)	24.6%	15.9%	16.5%	10.9%	12.1%	11.7%	13.0%
Specialty Chemicals	27.6%	24.1%	21.8%	18.2%	16.7%	16.0%	18.6%
Nutrition & Health Solutions	16.2%	19.5%	24.6%	24.3%	12.6%	11.9%	6.8%
Chemical Intermediates	27.3%	13.8%	13.9%	4.6%	12.0%	10.8%	12.7%
EBITDA Change (% YoY)	122%	38%	36%	-29%	-50%	-22%	-29%
Specialty Chemicals	22%	0%	29%	17%	-24%	8%	14%
Nutrition & Health Solutions	-13%	25%	89%	16%	-30%	-61%	-83%
Chemical Intermediates	667%	158%	47%	-71%	-59%	-26%	-29%
EBITDA Mix (%)							
Specialty Chemicals	28%	34%	33%	50%	40%	46%	52%
Nutrition & Health Solutions	9%	17%	23%	31%	12%	8%	5%
Chemical Intermediates	62%	49%	44%	19%	48%	46%	43%

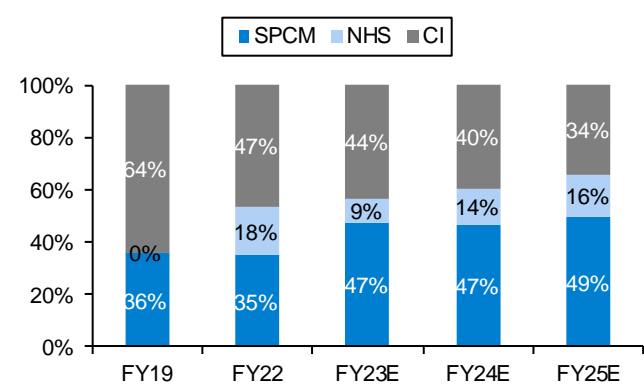
Source: Company, PL

Exhibit 5: Revenue share of higher value segments (SPCM +NHS) to increase to 55% by FY25E (from 44% in FY22)



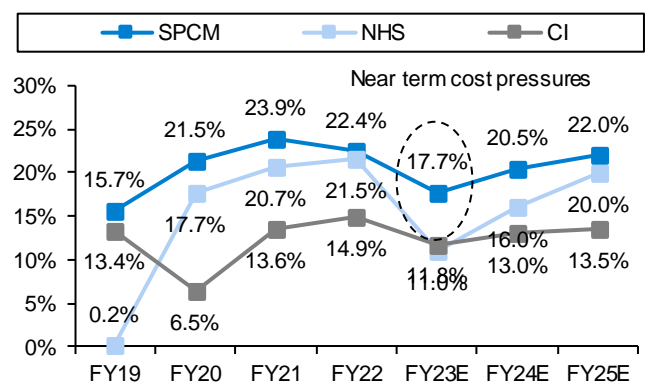
Source: Company, PL

Exhibit 6: Improving EBITDA mix as high value share rises



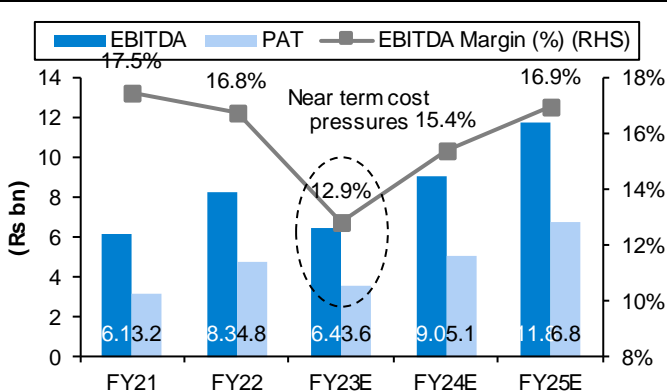
Source: Company, PL

Exhibit 7: Higher value segments margin to recover steadily



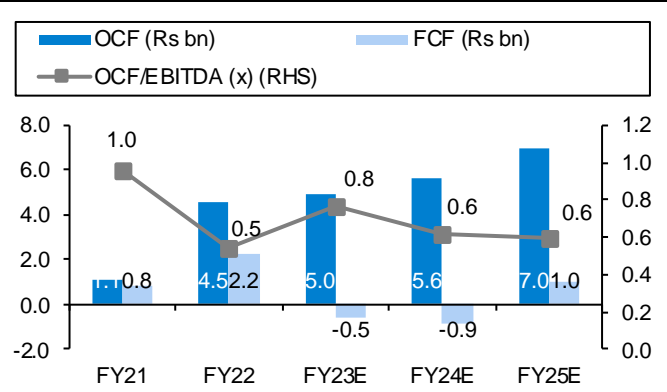
Source: Company, PL

Exhibit 8: Profitability to recover from FY23 trough levels



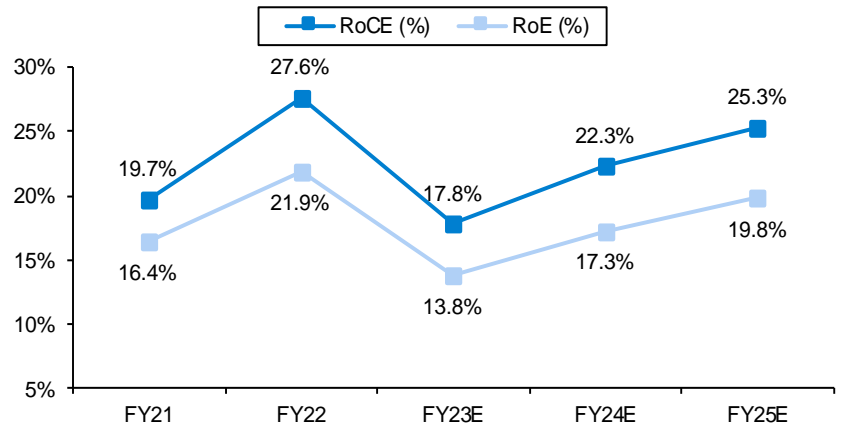
Source: Company, PL ^FY21 proforma financials

Exhibit 9: Strong OCF (FY23-25E) to aid self sustained capex



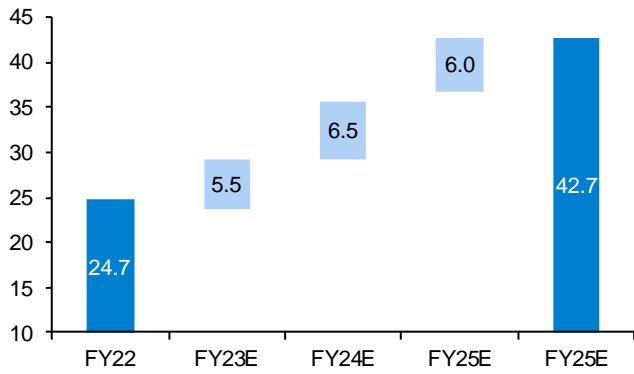
Source: Company, PL ^FY21 pertains to 2 months cash flows

Exhibit 10: Healthy return ratios (cyclical high in FY22 led by CI segment)



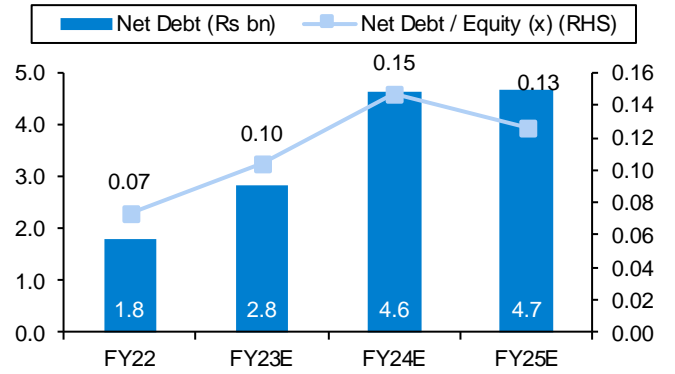
Source: Company, PL

Exhibit 11: Gross block to increase significantly (FY22-25E)



Source: Company, PL

Exhibit 12: BS remains healthy despite large capex

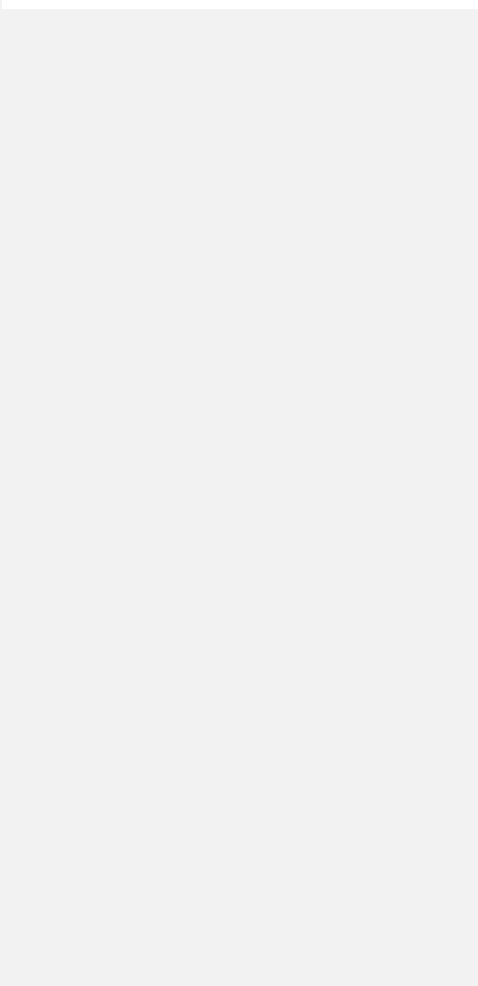


Source: Company, PL

Exhibit 13: SOTP – Reiterate BUY with SOTP based TP of Rs 900 (Rs 860 earlier) as we roll forward to FY25

	FY22	FY23E	FY24E	FY25E	CAGR (FY22-25E)
EBITDA (Rs mn)					
Specialty Chemicals	3,120	3,291	4,442	6,141	25%
Nutrition & Health Solutions	1,650	628	1,284	2,046	7%
Chemical Intermediates	4,170	3,024	3,776	4,228	0%
Segment EBITDA - Total	8,940	6,943	9,502	12,415	12%
Less: Unallocable items	(625)	(524)	(458)	(643)	
Consolidated EBITDA (Rs mn)	8,315	6,419	9,044	11,772	12%
EV/EBITDA Target Multiple (x)				FY25E	
Specialty Chemicals				16	
Nutrition & Health Solutions				10	
Chemical Intermediates				8	
Unallocable items				8	
Enterprise Value (Rs mn)				FY25E	Per Share
Specialty Chemicals				98,688	621
Nutrition & Health Solutions				20,456	129
Chemical Intermediates				33,826	213
Less: Unallocable items				(5,146)	(32)
Enterprise Value (Rs mn)				1,47,824	930
Less: Net Debt and Investments				(4,637)	(30)
Equity Value / MCap (Rs mn)				1,43,187	900
Target Price (Rs/ sh)				900	

Source: PL



Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
Net Revenues	49,494	49,930	58,743	69,462
YoY gr. (%)	623.4	0.9	17.7	18.2
Cost of Goods Sold	27,941	27,150	32,029	38,233
Gross Profit	21,552	22,780	26,714	31,229
Margin (%)	43.5	45.6	45.5	45.0
Employee Cost	3,273	3,503	3,865	4,523
Other Expenses	9,961	12,857	13,805	14,934
EBITDA	8,318	6,419	9,044	11,772
YoY gr. (%)	610.2	(22.8)	40.9	30.2
Margin (%)	16.8	12.9	15.4	16.9
Depreciation and Amortization	1,234	1,267	1,460	1,803
EBIT	7,084	5,153	7,584	9,969
Margin (%)	14.3	10.3	12.9	14.4
Net Interest	309	189	276	282
Other Income	315	274	164	296
Profit Before Tax	7,090	5,238	7,473	9,982
Margin (%)	14.3	10.5	12.7	14.4
Total Tax	2,322	1,676	2,391	3,194
Effective tax rate (%)	32.8	32.0	32.0	32.0
Profit after tax	4,768	3,562	5,081	6,788
Minority interest	-	-	-	-
Share Profit from Associate	(1)	(1)	(1)	(1)
Adjusted PAT	4,767	3,561	5,081	6,787
YoY gr. (%)	608.3	(25.3)	42.7	33.6
Margin (%)	9.6	7.1	8.6	9.8
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	4,767	3,561	5,081	6,787
YoY gr. (%)	777.0	(25.3)	42.7	33.6
Margin (%)	9.6	7.1	8.6	9.8
Other Comprehensive Income	899	-	-	-
Total Comprehensive Income	5,666	3,561	5,081	6,787
Equity Shares O/s (m)	159	159	159	159
EPS (Rs)	30.0	22.4	32.0	42.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
Non-Current Assets				
Gross Block	24,697	29,197	35,697	42,697
Tangibles	24,473	28,973	35,473	42,473
Intangibles	224	224	224	224
Acc: Dep / Amortization	6,714	7,981	9,441	11,244
Tangibles	6,583	7,849	9,310	11,113
Intangibles	131	131	131	131
Net fixed assets	17,983	21,216	26,256	31,453
Tangibles	17,890	21,124	26,164	31,360
Intangibles	93	93	93	93
Capital Work In Progress	1,742	2,742	2,742	1,742
Goodwill	-	-	-	-
Non-Current Investments	67	67	67	67
Net Deferred tax assets	(1,220)	(1,220)	(1,220)	(1,220)
Other Non-Current Assets	385	385	385	385
Current Assets				
Investments	-	-	-	-
Inventories	9,112	8,892	10,139	11,989
Trade receivables	5,809	5,882	6,920	8,183
Cash & Bank Balance	485	1,184	540	411
Other Current Assets	2,235	2,255	2,653	3,137
Total Assets	37,972	42,776	49,857	57,523
Equity				
Equity Share Capital	159	159	159	159
Other Equity	24,172	27,117	31,319	36,932
Total Networkth	24,331	27,276	31,478	37,091
Non-Current Liabilities				
Long Term borrowings	997	2,000	2,900	2,400
Provisions	679	727	802	939
Other non current liabilities	67	67	67	67
Current Liabilities				
ST Debt / Current of LT Debt	1,291	2,018	2,277	2,693
Trade payables	7,978	8,048	9,469	11,197
Other current liabilities	1,259	1,270	1,495	1,768
Total Equity & Liabilities	37,972	42,776	49,857	57,523

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
PBT	7,089	5,237	7,472	9,982
Add. Depreciation	1,234	1,267	1,460	1,803
Add. Interest	309	189	276	282
Less Financial Other Income	315	274	164	296
Add. Other	188	(274)	(164)	(296)
Op. profit before WC changes	8,821	6,419	9,044	11,771
Net Changes-WC	(3,012)	207	(1,083)	(1,650)
Direct tax	(1,281)	(1,674)	(2,348)	(3,142)
Net cash from Op. activities	4,527	4,951	5,613	6,979
Capital expenditures	(2,276)	(5,500)	(6,500)	(6,000)
Interest / Dividend Income	13	274	164	296
Others	1,544	-	-	-
Net Cash from Invt. activities	(718)	(5,226)	(6,336)	(5,704)
Issue of share cap. / premium	(183)	-	-	-
Debt changes	(3,188)	1,730	1,160	(84)
Dividend paid	(452)	(616)	(879)	(1,174)
Interest paid	(330)	(189)	(276)	(282)
Others	(14)	48	75	137
Net cash from Fin. activities	(4,166)	973	80	(1,405)
Net change in cash	(357)	698	(643)	(129)
Free Cash Flow	2,226	(549)	(887)	979

Source: Company Data, PL Research

Key Financial Metrics

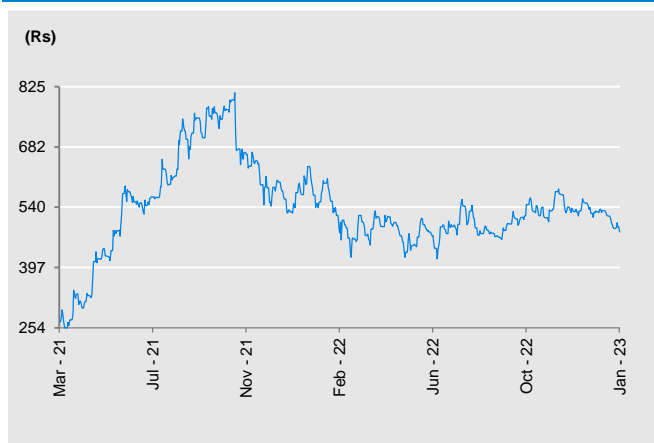
Y/e Mar	FY22	FY23E	FY24E	FY25E
Per Share(Rs)				
EPS	30.0	22.4	32.0	42.7
CEPS	37.7	30.4	41.1	54.0
BVPS	153.0	171.5	198.0	233.3
FCF	14.0	(3.5)	(5.6)	6.2
DPS	5.0	3.9	5.5	7.4
Return Ratio(%)				
RoCE	27.6	17.8	22.3	25.3
ROIC	19.2	12.5	15.6	17.4
RoE	21.9	13.8	17.3	19.8
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	0.1	0.1
Net Working Capital (Days)	51	49	47	47
Valuation(x)				
PER	16.2	21.7	15.2	11.4
P/B	3.2	2.8	2.4	2.1
P/CEPS	12.9	16.0	11.8	9.0
EV/EBITDA	9.5	12.5	9.0	6.9
EV/Sales	1.6	1.6	1.4	1.2
Dividend Yield (%)	1.0	0.8	1.1	1.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q4FY22	Q1FY23	Q2FY23	Q3FY23
Net Revenue	12,958	11,658	13,036	11,583
YoY gr. (%)	89.4	1.9	6.6	(10.0)
Raw Material Expenses	7,803	6,092	7,146	6,100
Gross Profit	5,155	5,566	5,890	5,483
Margin (%)	39.8	47.7	45.2	47.3
EBITDA	1,424	1,409	1,529	1,512
YoY gr. (%)	21.6	(50.0)	(21.7)	(28.9)
Margin (%)	11.0	12.1	11.7	13.1
Depreciation / Depletion	309	314	310	300
EBIT	1,115	1,095	1,219	1,212
Margin (%)	8.6	9.4	9.4	10.5
Net Interest	61	41	51	67
Other Income	92	101	73	70
Profit before Tax	1,145	1,155	1,241	1,215
Margin (%)	8.8	9.9	9.5	10.5
Total Tax	459	361	398	301
Effective tax rate (%)	40.1	31.3	32.1	24.7
Profit after Tax	686	794	843	914
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	686	794	843	914
YoY gr. (%)	1.9	(52.8)	(23.9)	(29.2)
Margin (%)	5.3	6.8	6.5	7.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	686	794	843	914
YoY gr. (%)	26.2	(52.8)	(23.9)	(29.2)
Margin (%)	5.3	6.8	6.5	7.9
Other Comprehensive Income	28	(8)	1	-
Total Comprehensive Income	714	786	844	914
Avg. Shares O/s (m)	159	159	159	159
EPS (Rs)	4.3	5.0	5.3	5.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Jan-23	BUY	860	534
2	21-Oct-22	BUY	860	534
3	06-Oct-22	BUY	860	518
4	07-Sep-22	BUY	860	463

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Accumulate	775	608
2	Fine Organic Industries	Accumulate	7,000	5,609
3	Jubilant Ingrevia	BUY	860	534
4	Laxmi Organic Industries	Hold	300	280
5	NOCIL	Accumulate	275	239

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. Nitesh Dhoot- B.Com (Hons), MBA 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. Nitesh Dhoot- B.Com (Hons), MBA 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