

Estimate changes



TP change



Rating change



	PIDI IN
Bloomberg Equity Shares (m)	513
M.Cap.(INRb)/(USDb)	1256.1 / 15.3
52-Week Range (INR)	2917 / 1989
1, 6, 12 Rel. Per (%)	2/-7/0
12M Avg Val (INR M)	955

Financials & Valuations (INR b)

Y/E March	2023	2024E	2025E
Sales	118.0	130.9	149.2
Sales Gr. (%)	18.9	11.0	14.0
EBITDA	19.8	26.9	32.1
EBITDA Margin (%)	16.8	20.5	21.5
Adj. PAT	12.8	17.8	21.6
Adj. EPS (INR)	25.2	35.0	42.5
EPS Gr. (%)	7.3	38.6	21.7
BV/Sh.(INR)	141.9	160.8	183.4

Ratios

RoE (%)	18.8	23.1	24.7
RoCE (%)	16.9	21.2	23.2
Payout (%)	43.9	45.8	47.0

Valuations

P/E (x)	98.0	70.7	58.1
P/BV (x)	17.4	15.4	13.5
EV/EBITDA (x)	62.9	46.1	38.3
Div. Yield (%)	0.4	0.6	0.8

Shareholding pattern (%)

As On	Mar-23	Dec-22	Mar-22
Promoter	69.9	69.9	69.9
DII	8.5	8.1	7.3
FII	10.6	11.1	11.6
Others	11.0	10.9	11.2

FII includes depository receipts

CMP: INR2,471

TP: INR2,340 (-5%)

Neutral

In-line sales; margin expansion on cards

- In 4QFY23, PIDI reported in-line sales and gross margin, while EBITDA came in ~12% lower than our expectation due to increased marketing expenses. The rural and semi-urban markets grew faster than the urban market for the first time in the past few quarters.
- In the paints business, PIDI launched decorative paint, 'Haisha', after a careful survey and receiving input from dealers. It is currently launched in test markets (AP and Telengana) and the company will not rush to launch it nationally. PIDI will use the existing distribution network and facilities for 'Haisha' and it has adequate capacity to scale it if required.
- Although the sharp material cost reduction could lead to healthy earnings growth over FY23-FY25, expensive valuations lead us to reiterate our Neutral rating on the stock.

Sales and GM in line; EBITDA margin below estimate

- PIDI's net sales grew 7.3% YoY to INR26.9b (in line) in 4QFY23.
- Consumer & Bazaar (C&B) segment's** revenue was up 10.4% YoY at INR21.1b, EBIT improved 9.2% YoY to INR4.6b, and EBIT margin remained flat at 21.6% during the quarter.
- B2B segment's** revenue remained flat at INR6.3b, EBIT rose 59.3% to INR707m, and EBIT margin expanded 430bp to 11.2%.
- Overall **gross margin expanded 330bp YoY** to 46.8% (est. 47.0%).
- As a percentage of sales, higher employee expenses (+70bp YoY to 11.8%) and other expenses (+150bp YoY to 17.9%) resulted in a 110bp expansion YoY in EBITDA margin to **17.1% (est. 19.5%)**.
- 4QFY23 EBITDA grew 14.5% YoY to INR4.6b (est. INR5.2b).
- PBT grew 15.7% YoY to INR3.9b (est. INR4.4b).
- PIDI's adj. PAT increased 15.3% YoY to INR2.9b (est. INR3.2b) in 4QFY23.
- FY23 sales/EBITDA/adj. PAT rose 18.9%/7.4%/7.3% to INR118b/INR19.8b/INR12.8b.

Highlights from the management commentary

- 4Q revenue growth was primarily driven by domestic demand.
- Demand uncertainty in the international market is due to fears of recession in the west and currency crises in some developed countries.
- VAM consumption costs in 4QFY23 fell to USD1,300/ton from USD2,000/ton in 3QFY23. The current ordering rate is ~USD1100/ton.
- Araldite – There was RTM change in the distribution of araldite wherein a layer of distribution has been removed. As a result, primary sales were affected in 4QFY23, while there was no impact on secondary sales.
- Management noted that PIDI is investing in five major areas: 1) route-to-market, 2) increasing advertisement expense and sales promotion, 3) taking Digital initiatives by expanding e-commerce, 4) innovation, and 5) people.

Aditya Kasat – Research analyst (Aditya.Kasat@motilaloswal.com)

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Valuations and view

- Factoring in margin expansion, we increase our FY24 and FY24 EPS estimates by 5.5% and 4.3%, respectively.
- VAM costs have fallen significantly, which should lead to healthy earnings growth despite relatively moderate sales growth prospects. We expect a robust 27-30% CAGR in EBITDA, PBT and PAT over FY23-FY25. Nevertheless, expensive valuation of ~58x FY25E EPS more than discounts this growth and does not leave room for any upside. We reiterate our Neutral rating on the stock.

Consolidated - Quarterly Earning Model (INR m)

Y/E March	FY22				FY23				FY22	FY23	FY23	Var. (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Net Sales	19,368	26,264	28,507	25,071	31,011	30,112	29,976	26,893	99,210	1,17,991	26,885	0.0
YoY change (%)	120.6	39.7	24.0	12.1	60.1	14.7	5.2	7.3	36.0	18.9	7.2	
Gross Profit	9,511	11,924	12,425	10,908	12,931	12,342	12,541	12,582	44,768	50,397	12,625	-0.3
Margin (%)	49.1	45.4	43.6	43.5	41.7	41.0	41.8	46.8	45.1	42.7	47.0	
EBITDA	3,476	5,496	5,490	4,011	5,295	4,999	4,959	4,592	18,473	19,844	5,232	-12.2
YoY change (%)	423.7	7.2	-14.3	-13.0	52.3	-9.0	-9.7	14.5	9.9	7.4	30.4	
Margins (%)	17.9	20.9	19.3	16.0	17.1	16.6	16.5	17.1	18.6	16.8	19.5	
Depreciation	566	603	605	622	613	636	686	762	2,396	2,697	784	
Interest	96	124	108	94	90	117	151	118	421	476	171	
Other Income	61	139	52	111	107	110	51	228	363	496	121	
PBT	2,875	4,908	4,830	3,407	4,698	4,355	4,173	3,940	16,019	17,166	4,397	-10.4
Tax	721	1,159	1,275	915	1,157	1,098	1,052	1,038	4,070	4,344	1,135	
Rate (%)	25.1	23.6	26.4	26.9	24.6	25.2	25.2	26.3	25.4	25.3	25.8	
Adj PAT	2,154	3,749	3,555	2,491	3,541	3,347	3,061	2,873	11,949	12,822	3,233	-11.1
YoY change (%)	1,303.0	5.4	-20.1	-19.6	64.4	-10.7	-13.9	15.3	6.1	7.3	29.8	
Margins (%)	11.1	14.3	12.5	9.9	11.4	11.1	10.2	10.7	12.0	10.9	12.0	

Key Performance Indicators

Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2Y CAGR (%)								
Sales	-2.0	20.6	21.6	27.4	88.0	26.5	14.2	9.7
EBITDA	-11.5	22.2	8.9	15.5	182.4	-1.3	-12.0	-0.2
PAT	-14.4	4.1	1.6	14.7	380.3	-3.0	-17.0	-3.7
% of Sales								
COGS	50.9	54.6	56.4	56.5	58.3	59.0	58.2	53.2
Operating Expenses	31.2	24.5	24.3	27.5	24.6	24.4	25.3	29.7
Depreciation	2.9	2.3	2.1	2.5	2.0	2.1	2.3	2.8
YoY change (%)								
COGS	141.3	73.1	54.6	28.8	83.4	23.9	8.4	1.0
Operating Expenses	49.8	19.2	12.2	2.2	26.5	14.2	9.3	15.8
Other Income	-69.4	-35.9	-74.6	-35.9	74.5	-21.0	-0.8	105.4
EBIT	1,335.4	5.3	-17.4	-16.0	60.9	-10.8	-12.6	13.0

Exhibit 1: Consolidated segmental performance

Segmental	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Consumer and Bazaar									
Sales (INRm)	17,303	14,862	21,304	22,645	19,132	24,358	24,315	24,216	21,128
Sales Growth (%)	53.9	111.7	39.5	22.5	10.6	63.9	14.1	6.9	10.4
EBIT (INRm)	4,692	3,704	5,827	5,629	4,177	5,352	5,265	5,372	4,560
% Contribution	89.7	89.7	95.8	93.5	90.6	87.5	91.5	92.6	86.5
EBIT Growth %	68.4	180.6	9.5	-12.7	-11.0	44.5	-9.6	-4.6	9.2
EBIT margin %	27.1	24.9	27.4	24.9	21.8	22.0	21.7	22.2	21.6
Business to Business									
Sales (INRm)	5,350	4,820	5,324	6,186	6,453	7,220	6,237	5,999	6,340
Sales Growth (%)	21.3	156.1	41.2	30.2	20.6	49.8	17.2	-3.0	-1.8
EBIT (INRm)	524	420	263	400	444	748	495	391	707
% Contribution	10.0	10.2	4.3	6.6	9.6	12.2	8.6	6.7	13.4
EBIT Growth %	-28.4	-285.4	-9.4	-28.3	-15.3	78.1	88.4	-2.2	59.3
EBIT margin %	9.8	8.7	4.9	6.5	6.9	10.4	7.9	6.5	11.2

Source: Company, MOFSL

**Highlights from the management commentary****Demand environment and outlook**

- 4Q revenue growth was primarily driven by domestic demand.
- Demand improved in the rural and semi-urban markets.
- In the Consumer and Bazaar (C&B) segment, PIDI increased prices by 8-10% in FY23 and 4-5% in Q4FY23.
- International demand is soft currently, while domestic demand is robust.
- Demand uncertainty in the international market is due to fears of recession in the west and currency crises in some developed countries.
- Management highlighted that they are investing in five major areas: 1) route-to-market, 2) increasing advertisement expense and sales promotion, 3) taking Digital initiatives by expanding e-commerce, 4) innovation and 5) people.
- In the long term, PIDI aims to achieve growth of 1.2x-1.4x of GDP.

Cost and margin

- The moderation in input costs led to improvement in gross margin.
- VAM consumption costs in 4QFY23 fell to USD1,300/ton from USD2,000/ton in 3QFY23. The current ordering rate is ~USD1100/ton.
- EBITDA margin would be in the range of 20-24% going ahead.
- There is no further price hike expected in the near term.

Segmental

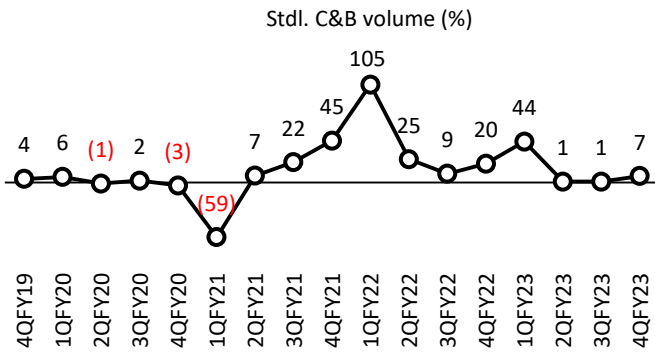
- Domestic C&B business revenue grew by 10%, underpinned by strong volume growth of 7%.
- B2B businesses faced headwinds due to lower exports and muted demand from export-related businesses.
- Araldite – There was RTM change in the distribution of araldite wherein a layer of distribution has been removed. Due to this, primary sales were affected in 4QFY23, while there was no impact on secondary sales.

Others

- PIDI has launched decorative paint with the brand name 'Haisha' in selected geographies.
- No additional teams are placed for the paint division. It is using the current dealership network.
- The company has been in the paint business for a long time.
- PIDI aims to be a one-stop shop for all home improvement products.
- FY24 growth would be driven by volume and improvement in the mix.
- Capex is broadly 3-5% of sales. It commissioned three plants in 4QFY23 and is on track to commission five more before Jun'23.
- It is optimistic about future owing to an increase in construction activities and government initiatives to increase capex and boost rural consumption.
- PIDI has a digital app wherein dealers can order directly with distributors. It crossed INR10b revenue from the C&B business.

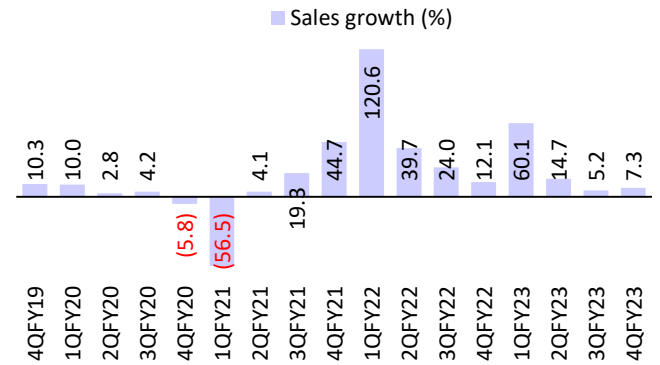
Key exhibits

Exhibit 2: Standalone C&B volume grew 7% YoY in 4QFY23



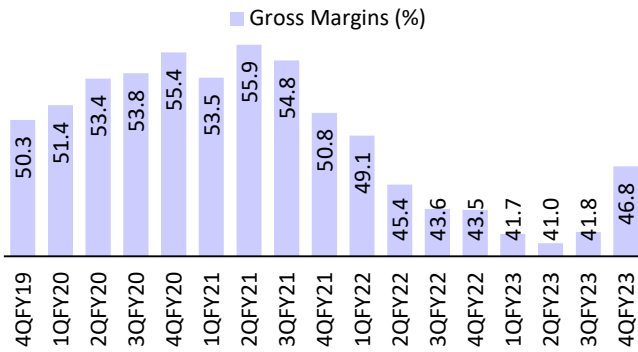
Source: Company, MOFSL

Exhibit 3: Consolidated sales grew 7.3% YoY to INR26.9b



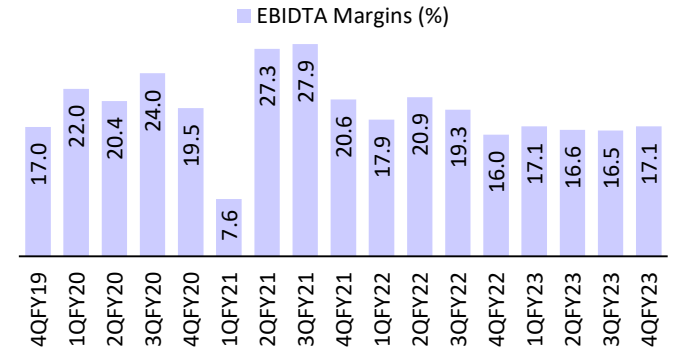
Source: Company, MOFSL

Exhibit 4: Consolidated gross margin expanded 330bp YoY to 46.8% in 4QFY23



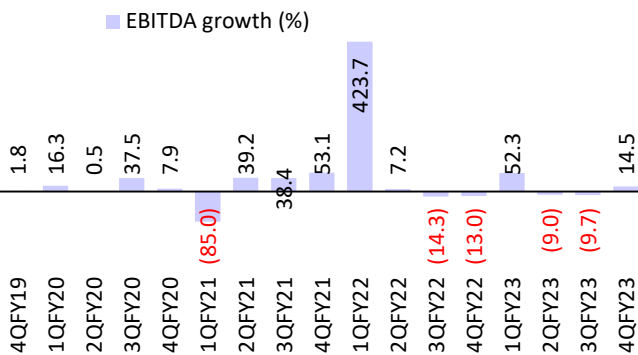
Source: Company, MOFSL

Exhibit 5: Consolidated EBITDA margin increase 110bp YoY to 17.1% in 4QFY23



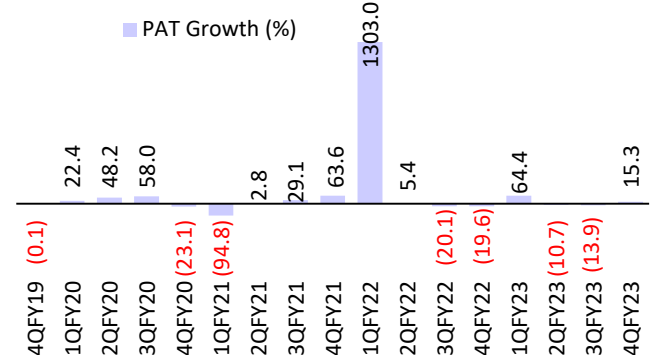
Source: Company, MOFSL

Exhibit 6: Consolidated EBITDA grew 14.5% YoY to INR4.6b



Source: Company, MOFSL

Exhibit 7: Consolidated adjusted PAT grew 15.3% YoY to INR2.9b



Source: Company, MOFSL

Standalone performance for 4QFY23

- Net sales grew 6.8% YoY to INR23.8b.
- **C&B segment's** revenue was up 9.9% YoY at INR18.8b, EBIT grew 9.7% YoY to INR4.5b, and EBIT margin was flat YoY at 24.1%.
- **B2B segment's** revenue was flat YoY at INR5.4b, EBIT grew 33.7% YoY to INR640m, and margin expanded 330bp YoY to 11.9%.
- Overall gross margin expanded 360bp YoY to 46.5% and EBITDA margin expanded 90bp YoY to 18.3%.
- EBITDA grew 12.3% YoY to INR4.4b.
- PBT grew 13.6% YoY to INR3.9b.
- Adj. PAT grew 15.3% to INR2.9b.

Standalone Quarterly Performance

(INR m)

Y/E March	FY22				FY23			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Sales	17,194	22,134	24,163	22,298	27,897	27,152	27,097	23,824
Change (%)	122.6	35.8	23.5	20.1	62.3	22.7	12.1	6.8
Gross Profit	8,393	10,082	10,435	9,563	11,388	10,944	11,126	11,074
Gross Margin %	48.8	45.5	43.2	42.9	40.8	40.3	41.1	46.5
EBITDA	3,241	4,790	4,781	3,882	4,872	4,641	4,678	4,361
EBITDA Margin %	18.8	21.6	19.8	17.4	17.5	17.1	17.3	18.3
Change (%)	239.7	1.5	-16.5	-4.8	50.3	-3.1	-2.2	12.3
Depreciation	453	443	444	509	504	527	575	614
Interest	63	87	67	53	44	71	101	69
Other Income	65	164	65	98	107	283	32	208
PBT	2,790	4,424	4,335	3,419	4,431	4,326	4,034	3,886
Tax	715	1,030	1,110	899	1,097	958	1,072	979
Effective Tax Rate (%)	25.6	23.3	25.6	26.3	24.8	22.1	26.6	25.2
Adj PAT	2,075	3,394	3,225	2,520	3,334	3,369	2,963	2,907
Change (%)	265.8	0.1	-21.2	-8.9	60.7	-0.7	-8.1	15.3

Exhibit 8: Standalone segmental performance

Segmental	4QFY21	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23
Consumer and Bazaar									
Sales (INRm)	14,510	13,213	18,026	19,251	17,132	21,983	21,964	22,106	18,824
Sales Growth (%)	46.0	115.0	35.0	20.5	18.1	66.4	21.8	14.8	9.9
EBIT (INRm)	4,295	3,489	5,143	5,019	4,144	5,104	5,118	5,189	4,546
% Contribution	87.4	86.2	92.5	91.1	89.8	87.0	91.9	92.1	87.6
EBIT Growth %	51.6	138.3	4.7	-15.1	-3.5	46.3	-0.5	3.4	9.7
EBIT margin %	29.6	26.4	28.5	26.1	24.2	23.2	23.3	23.5	24.1
Business to Business									
Sales (INRm)	4,207	4,204	4,394	5,117	5,549	6,329	5,517	5,128	5,365
Sales Growth (%)	26.3	149.7	39.5	35.2	31.9	50.6	25.5	0.2	-3.3
EBIT (INRm)	606	551	426	501	478	749	456	406	640
% Contribution	12.3	13.6	7.7	9.1	10.4	12.8	8.2	7.2	12.3
EBIT Growth %	-18.8	796.3	-2.7	-13.0	-21.1	35.9	7.0	-18.9	33.7
EBIT margin %	14.4	13.1	9.7	9.8	8.6	11.8	8.3	7.9	11.9

Source: Company, MOFSL

Valuation and view

PIDI has done exceptionally well in the past 10 years

- Stringent focus on revenue growth, market share gains, and pricing discipline have facilitated strong growth in the past decade. This has been further aided by gains from the unorganized segment.
- Its pioneering advertising strategy has strengthened the brand in a perceived commoditized category.
- Consistent performance across lines is reflected in a CAGR of ~12.2%/~12%/~11.8% in sales/EBITDA/PAT over the 10 years ending FY23.
- However, the earnings CAGR over the past two/five years has slowed to ~7%/~6% due to the pandemic and high commodity inflation.

Comments on valuations

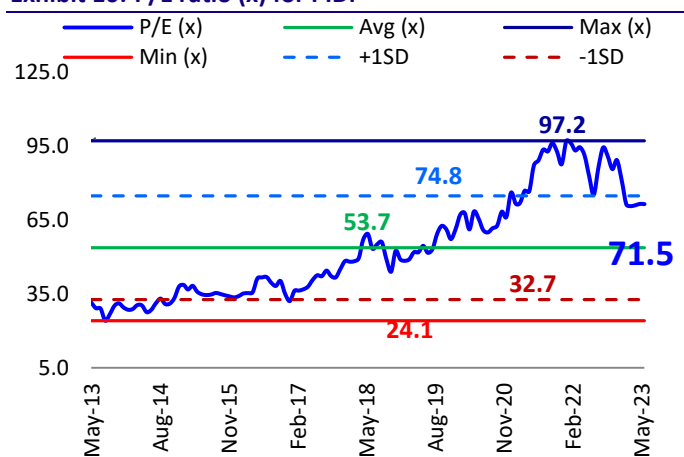
- Factoring in margin expansion, we increase our FY24 and FY25 EPS estimates by 5.5% and 4.3%, respectively.
- VAM costs have fallen significantly, which should lead to healthy earnings growth despite relatively moderate sales growth prospects. We expect a robust 27-30% CAGR in EBITDA, PBT and PAT over FY23-FY25. Nevertheless, expensive valuation of ~58x FY25E EPS more than discounts this growth and does not leave room for any upside. We reiterate our Neutral rating on the stock.

Exhibit 9: Our FY24/FY25 EPS estimate increases by 5.5%/4.3%, respectively

(INR b)	Old estimates		New estimates		Change (%)	
	FY24E	FY25E	FY24E	FY25E	FY24E	FY25E
Net Sales	130.9	149.2	129.8	148.0	0.9	0.8
EBITDA	26.9	32.1	25.8	31.1	4.2	3.4
Adjusted PAT	17.8	21.6	16.8	20.7	5.5	4.3

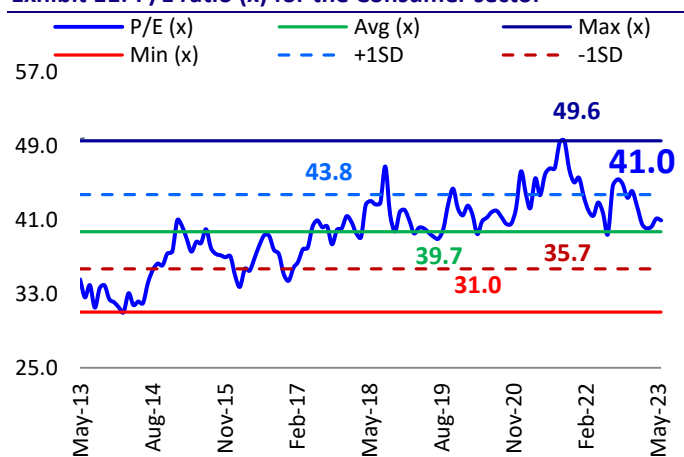
Source: Company, MOFSL

Exhibit 10: P/E ratio (x) for PIDI



Source: Company, MOFSL

Exhibit 11: P/E ratio (x) for the Consumer sector



Source: Company, MOFSL

Financials and valuations

Income Statement							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Net Sales	60.8	70.8	73.3	72.9	99.2	118.0	130.9	149.2
Change (%)	8.2	16.4	3.6	(0.6)	36.0	18.9	11.0	14.0
Raw Materials	28.9	35.9	34.0	33.8	54.4	67.6	67.4	75.3
Gross Profit	31.9	34.9	39.3	39.2	44.8	50.4	63.5	73.9
Margin (%)	52.5	49.3	53.6	53.7	45.1	42.7	48.5	49.5
Operating Expenses	18.5	21.2	23.2	22.4	26.3	30.6	36.6	41.8
EBITDA	13.4	13.7	16.2	16.8	18.5	19.8	26.9	32.1
Change (%)	6.5	2.0	18.1	4.0	9.9	7.4	35.5	19.5
Margin (%)	22.1	19.3	22.0	23.0	18.6	16.8	20.5	21.5
Depreciation	1.2	1.3	1.7	2.0	2.4	2.7	3.1	3.3
Int. and Fin. Charges	0.2	0.3	0.3	0.4	0.4	0.5	0.5	0.5
Other Income	1.5	1.5	1.5	0.8	0.4	0.5	0.5	0.5
Profit before Taxes	13.5	13.6	15.6	15.2	16.0	17.2	23.8	29.0
Change (%)	8.9	0.1	15.2	(2.6)	5.2	7.2	38.6	21.7
Margin (%)	22.3	19.2	21.3	20.9	16.1	14.5	18.2	19.4
Tax	3.9	4.1	3.5	4.0	4.1	4.3	6.0	7.3
Tax Rate (%)	29.0	30.5	22.3	26.0	25.4	25.3	25.3	25.3
Adj PAT	9.6	9.4	12.1	11.3	11.9	12.8	17.8	21.6
Change (%)	12.1	(1.9)	28.8	(7.3)	6.1	7.3	38.6	21.7
Margin (%)	15.8	13.3	16.6	15.4	12.0	10.9	13.6	14.5
Reported PAT	9.7	9.2	11.6	11.3	12.0	12.9	17.9	21.7

Balance Sheet							(INR b)	
Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Share Capital	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Reserves	35.2	41.0	44.0	55.4	63.5	71.6	81.2	92.7
Net Worth	35.7	41.5	44.6	55.9	64.0	72.1	81.8	93.2
Loans	1.2	1.1	2.8	3.2	4.2	3.9	1.3	1.0
Deferred Liability	1.0	1.1	0.7	3.8	3.8	3.8	3.8	3.8
Minority Interest	1.8	2.1	2.2	2.4	2.0	2.3	2.3	2.3
Capital Employed	39.8	45.8	50.2	65.4	74.0	82.1	89.2	100.4
Gross Block	21.6	23.5	28.7	45.5	50.1	54.9	59.4	63.4
Less: Accum. Depn.	10.0	10.9	12.5	14.2	16.0	18.7	21.8	25.0
Net Fixed Assets	11.6	12.6	16.2	31.3	34.2	36.2	37.7	38.4
Capital WIP	2.3	2.4	2.6	2.9	2.3	4.1	4.1	4.1
Goodwill	1.8	1.8	1.8	12.8	12.9	12.9	12.9	12.9
Others	0.8	0.9	0.7	0.9	0.6	0.5	0.5	0.5
Investments	12.5	15.5	11.9	5.2	4.6	8.8	13.1	18.2
Curr. Assets, L&A	23.0	25.8	32.0	34.9	40.5	42.5	46.6	55.2
Inventory	8.0	9.3	9.3	12.3	17.0	18.2	19.4	21.3
Account Receivables	9.4	10.6	10.9	13.2	14.3	15.4	17.2	20.4
Cash and Bank Balance	1.6	1.9	7.0	4.5	3.6	3.3	3.8	6.6
Others	4.0	4.0	4.8	4.9	5.7	5.7	6.3	6.9
Curr. Liab. and Prov.	12.2	13.3	15.0	22.8	21.0	22.9	25.6	28.9
Current liabilities	11.6	12.5	14.2	21.7	19.7	21.3	24.0	27.1
Provisions	0.6	0.7	0.8	1.1	1.3	1.6	1.6	1.8
Net Current Assets	10.8	12.5	17.0	12.1	19.5	19.6	21.0	26.3
Application of Funds	39.8	45.8	50.2	65.4	74.0	82.1	89.2	100.4

E: MOFSL Estimates

Financials and valuations

Ratios

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
Basic (INR)								
EPS	18.9	18.6	23.9	22.2	23.5	25.2	35.0	42.5
Cash EPS	21.3	21.2	27.2	26.1	28.2	30.5	41.0	49.0
BV/Share	70.4	81.7	87.7	110.1	126.0	141.9	160.8	183.4
DPS	6.0	6.5	7.0	7.5	8.0	11.0	16.0	20.0
Payout %	31.5	35.0	29.3	33.6	33.7	43.9	45.8	47.0
Valuation (x)								
P/E	130.5	133.1	103.4	111.6	105.1	98.0	70.7	58.1
Cash P/E	116.0	116.7	90.7	94.7	87.6	80.9	60.2	50.5
EV/Sales	20.4	17.5	16.9	17.1	12.6	10.6	9.5	8.3
EV/EBITDA	92.6	90.6	76.7	74.3	67.8	62.9	46.1	38.3
P/BV	35.1	30.3	28.2	22.5	19.6	17.4	15.4	13.5
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3	0.4	0.6	0.8
Return Ratios (%)								
RoE	27.3	24.4	28.2	22.4	19.9	18.8	23.1	24.7
RoCE	25.1	22.5	25.9	20.0	17.6	16.9	21.2	23.2
RoIC	39.1	34.8	41.1	26.9	20.6	19.8	26.5	30.9
Working Capital Ratios								
Debtor (Days)	56	54	54	66	53	47	48	50
Creditor (Days)	89	80	91	141	89	79	84	84
Asset Turnover (x)	2.7	2.8	2.2	1.7	1.8	2.1	2.2	2.3
Leverage Ratio								
Debt/Equity (x)	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0

Cash Flow Statement

Y/E March	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E
(INR b)								
PBT before Extra Ord	13.6	13.4	14.7	15.2	16.1	17.2	23.8	29.0
Add: Depreciation	1.2	1.3	1.7	2.0	2.4	2.7	3.1	3.3
Interest Paid	0.1	0.1	0.2	0.2	0.4	0.4	0.5	0.5
Less: Taxes Paid	4.3	4.1	3.9	3.7	4.6	4.1	6.0	7.3
Non operating income	0.9	0.5	0.4	0.1	(0.4)	(0.1)	0.5	0.5
(Incr)/Decr in WC	(1.8)	(1.8)	0.6	0.3	(5.1)	(0.8)	(0.9)	(2.4)
CF from Operations	8.0	8.4	12.8	13.9	9.6	15.6	20.0	22.4
CFO after extraordinary	8.0	8.4	12.8	13.9	9.6	15.6	20.0	22.4
Incr in FA	(1.8)	(2.5)	(4.4)	(3.5)	(3.7)	(5.0)	(4.5)	(4.0)
Acquisition of companies	-	-	-	(20.6)	(2.6)	-	-	-
Free Cash Flow	6.2	5.9	8.4	(10.2)	3.2	10.6	15.5	18.4
Pur of Investments	2.9	(2.3)	4.7	7.1	0.7	(4.0)	(4.3)	(5.1)
Others	(0.6)	0.3	0.6	1.3	(0.2)	(0.3)	0.5	0.5
CF from Invest.	0.6	(4.6)	0.8	(15.7)	(5.8)	(9.3)	(8.3)	(8.6)
Change in share capital	0.0	0.0	0.0	(0.3)	(0.4)	0.2	-	-
Incr in Debt	(0.0)	(0.1)	0.3	0.2	0.8	(0.8)	(2.6)	(0.3)
Dividend Paid	(2.9)	(3.6)	(8.3)	(0.0)	(4.3)	(5.1)	(8.1)	(10.2)
Interest Paid	(0.2)	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.5)	(0.5)
Others	(4.8)	0.3	(0.3)	(0.3)	(0.5)	(0.5)	-	-
CF from Fin. Activity	(7.9)	(3.6)	(8.5)	(0.8)	(4.7)	(6.6)	(11.3)	(10.9)
Incr/Decr of Cash	0.6	0.3	5.1	(2.5)	(1.0)	(0.3)	0.5	2.9
Add: Opening Balance	1.0	1.6	1.9	7.0	4.5	3.6	3.3	3.8
Closing Balance	1.6	1.9	7.0	4.5	3.6	3.3	3.8	6.6

E: MOFSL Estimates

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://onlinereports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>

MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act" and together with the 1934 Act, the "Acts"), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered/qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets Singapore Pte Ltd ("MOCMSPL") (Co. Reg. NO. 201129401Z) which is a holder of a capital markets services license and an exempt financial adviser in Singapore. As per the approved agreement under Paragraph 9 of Third Schedule of Securities and Futures Act (CAP 289) and Paragraph 11 of First Schedule of Financial Advisers Act (CAP 110) provided to MOCMSPL by Monetary Authority of Singapore. Persons in Singapore should contact MOCMSPL in respect of any matter arising from, or in connection with this report/publication/communication. This report is distributed solely to persons who qualify as "Institutional Investors", of which some of whom may consist of "accredited" institutional investors as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Accordingly, if a Singapore person is not or ceases to be such an institutional investor, such Singapore Person must immediately discontinue any use of this Report and inform MOCMSPL.

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)
- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI:

ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dpgrievances@motilaloswal.com.