

August 11, 2023

Q1FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	HOLD		HOLD	
Target Price	2,610		2,664	
Sales (Rs. m)	1,25,891	1,39,291	1,33,715	1,50,268
% Chng.	(5.9)	(7.3)		
EBITDA (Rs. m)	28,384	32,654	27,970	34,043
% Chng.	1.5	(4.1)		
EPS (Rs.)	38.7	45.4	37.8	47.6
% Chng.	2.6	(4.6)		

Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	99,210	1,17,991	1,25,891	1,39,291
EBITDA (Rs. m)	18,473	19,844	28,384	32,654
Margin (%)	18.6	16.8	22.5	23.4
PAT (Rs. m)	12,068	12,889	19,693	23,078
EPS (Rs.)	23.7	25.4	38.7	45.4
Gr. (%)	6.8	6.8	52.8	17.2
DPS (Rs.)	8.5	10.0	11.0	14.0
Yield (%)	0.3	0.4	0.4	0.6
RoE (%)	20.1	18.9	24.9	24.6
RoCE (%)	25.7	24.4	31.4	30.6
EV/Sales (x)	13.0	10.9	10.1	9.0
EV/EBITDA (x)	69.9	64.8	44.8	38.5
PE (x)	107.2	100.4	65.7	56.1
P/BV (x)	20.2	17.9	15.0	12.7

Key Data

PIDI.BO | PIDI IN

52-W High / Low	Rs.2,919 / Rs.2,250
Sensex / Nifty	65,323 / 19,428
Market Cap	Rs.1,294bn/ \$ 15,621m
Shares Outstanding	508m
3M Avg. Daily Value	Rs.1004.25m

Shareholding Pattern (%)

Promoter's	-
Foreign	-
Domestic Institution	-
Public & Others	-
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(3.6)	9.9	(3.6)
Relative	(3.1)	2.1	(12.5)

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Harish Advani

harishadvani@plindia.com | 91-22-66322242

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Volume growth a priority, VAM prices bottomed out

Quick Pointers:

- VAM prices at USD850-900/ton, 1Q24 usage at USD1150/ton (USD1300/ton in 4Q23), Margins to range between 20-24% in FY24
- Demand outlook steady in domestic markets, exports to pick up in 3-6 months

We adjust our FY24/25 EPS estimates by 2.6%/-4.6% given 1) stable VAM prices of USD 850-900/ton enabling 770/660bps of gross/EBITDA margin expansion over FY23-25, 2) double-digit growth in rural India and 3) tactical price corrections to maintain 10-15% price premium vs peers will keep incremental margin expansion under check. Long term demand trends remain favorable with 1) pick up in real estate, infra, repair & renovation activity 2) sustained traction in innovations with rising base of pioneer and growth segments from current 33% to 50% over next 3 years and 3) gains from deeper distribution reach in rural India and small towns. We estimate 34% EPS CAGR over FY23-25 and assign DCF based target price of Rs2610 (Rs2664 earlier). We expect moderate returns in near term given PE of 53.4xJun25 EPS. Maintain Hold.

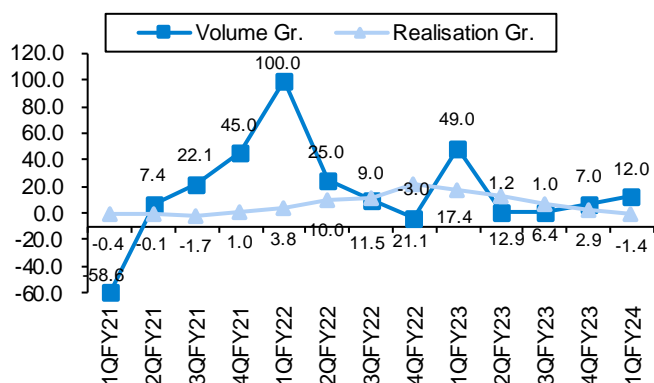
GM expands by 732bps YoY/223bps QoQ; C&B volumes up 9% YoY: Consolidated Revenues grew by 5.6% YoY to Rs32.8bn. Gross margins expanded by 732bps YoY/223bps QoQ to 49%. EBITDA grew by 33.5% YoY to Rs7.1bn; Margins expanded by 451bps YoY/451bps QoQ to 21.6%. PBT grew by 37.3% YoY to Rs 6.5bn. Adj. PAT grew by 34% YoY to Rs4.7bn. **Standalone** – Sales increased 6.2% to Rs29.6bn, GM improved by 809bps YoY/243bps QoQ to 48.9%. EBITDA grew by 37.8% to Rs6.7bn; Margins expanded by 519bps YoY/435bps QoQ to 22.7%. PBT grew by 42.2% to Rs6.3bn. Adj. PAT grew by 40.2% to Rs4.7bn. Volumes in Consumer and Bazaar grew by 9% YoY. **Consumer and Bazaar** Sales grew by 9.2% YoY to Rs26.6bn; EBIT grew by 32% YoY to 7078.2mn. **Industrial Products** declined by 6.1% YoY to Rs6.8bn; EBIT grew by 22% YoY to 916.5mn.

Concall Takeaways: 1) Demand trends remain strong with double digit volume growth across rural (1.5x urban growth) & urban markets 2) Industrial seeing sluggish demand in export/export oriented biz's like wood, furniture, textiles & leather 3) International markets like Nepal, Sri Lanka and Bangladesh are expected to improve in the next 3 months 4) Investment in infra will take 3-6 months before any demand improvement 5) Pioneer categories such as tile adhesives & joinery biz have acquired scale and have become growth categories 6) GM's may show near term uptick, but VAM prices are near bottom and should expand over the course of year 7) To reinvest GM gains to support ad spends and grow rural & semi urban markets 8) Expect VAM prices to return back to USD1000/ton over the next 6 months 9) Opened 8k+ 'Pidilite Ki Duniya' shops (vs 500 - 3 years back) in villages with 5-10k population 10) Opened 7 manufacturing facilities over the last 6 months with 4 facilities for new categories such as epoxy grouts, tile adhesives, marble & stone glues 11) Digital sales now contribute 25% of total sales

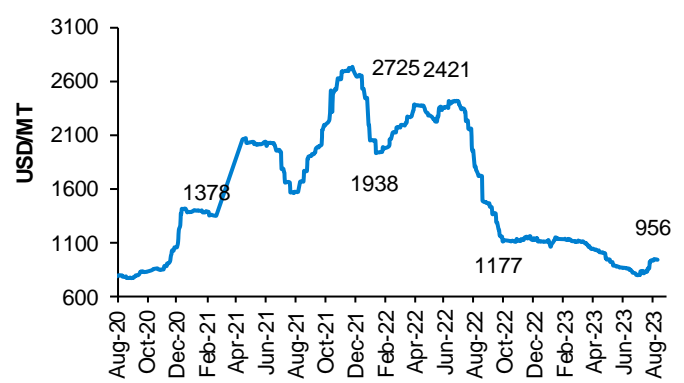
Exhibit 1: Revenues up 5.6%, EBITDA margins improve 451bps YoY/QoQ

Consolidated	1QFY24	1QFY23	YoY gr. (%)	4QFY23	FY23	FY22	YoY gr. (%)
Net Revenue	32,751	31,011	5.6	26,893	1,17,991	99,210	18.9
Gross Profit	16,054	12,931	24.1	12,582	50,397	44,768	12.6
Margin %	49.0	41.7	7.3	46.8	42.7	45.1	(2.4)
Other Expenditure	8,984	7,637	17.7	7,991	30,553	26,295	16.2
EBITDA	7,070	5,295	33.5	4,592	19,844	18,473	7.4
Margin %	21.6	17.1	4.5	17.1	16.8	18.6	(1.8)
Depreciation	734	613	19.7	762	2,697	2,396	12.6
Interest	119	90	31.6	118	476	421	13.2
Other Income	234	107	119.4	228	496	363	36.7
PBT	6,451	4,698	37.3	3,940	17,166	16,019	7.2
Tax	1,704	1,157	47.3	1,067	4,344	4,070	6.7
Tax rate %	26.4	24.6		27.1	25.3	25.4	
Adj PAT	4,746	3,541	34.0	2,873	12,822	11,949	7.3

Source: Company, PL

Exhibit 2: C&B volumes grew 12% YoY


Source: Company, PL

Exhibit 3: VAM prices down 61.0% YoY/17.5% QoQ


Source: Company, PL

Exhibit 4: C&B Sales grew 9.2% while B2B sales decline by 6.1%, B2B margins improve QoQ/YoY

Segmental	1QFY22	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Consumer and Bazaar									
Sales (Rs m)	14862	21304	22645	19132	24358	24315	24216	21128	26609
Growth (%)	111.7	39.5	22.5	10.6	63.9	14.1	6.9	10.4	9.2
EBIT (Rs m)	3704	5827	5629	4177	5352	5265	5372	4560	7078
EBIT Growth %	180.6	9.5	-12.7	-11.0	44.5	-9.6	-4.6	9.2	32.3
EBIT margin %	24.9	27.4	24.9	21.8	22.0	21.7	22.2	21.6	26.6
B2B									
Sales (Rs m)	4820	5324	6186	6453	7220	6237	5999	6340	6780
Growth (%)	156.1	41.2	30.2	20.6	49.8	17.2	-3.0	-1.8	-6.1
EBIT (Rs m)	420	263	400	444	748	495	391	707	917
EBIT Growth %	-285.4	-9.4	-28.3	-15.3	78.1	88.4	-2.2	59.3	22.5
EBIT margin %	8.7	4.9	6.5	6.9	10.4	7.9	6.5	11.2	13.5

Source: Company, PL

Domestic subsidiary margins at 12.1%, improve by 222bps YoY/280bps QoQ

- Domestic subsidiaries in C&B registered 25% sales growth. Margins improve by 429bps QoQ while declining 72bps YoY. EBITDA grows 19.5% YoY.
- B2B business (NINA Precept) saw sales growth of 6% with EBITDA of Rs51mn as margins improve 445bps YoY/61bps QoQ.

Exhibit 5: Domestic subsidiary margins up 222bps YoY/280bps QoQ

Sales - (Rs mn)	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Consumer & Bazar (C&B)	893	1,026	957	1039	1112
Business to Business (B2B)	832	649	786	892	884
Total	1725	1675	1743	1931	1996
Sales Growth (YoY)					
Consumer & Bazar (C&B)	105	25	12	22	25
Business to Business (B2B)	36	12	19	(2)	6
Total	65	20	15	10	16
EBITDA (Rs mn)					
Consumer & Bazar (C&B)	159	199	168	133	190
Business to Business (B2B)	11	(8)	13	46	51
Total	170	191	181	179	241
EBITDA margin %					
Consumer & Bazar (C&B)	17.8	19.4	17.6	12.8	17.1
Business to Business (B2B)	1.3	-1.2	1.7	5.2	5.8
Total	9.9	11.4	10.4	9.3	12.1
EBITDA growth (YoY)					
Consumer & Bazar (C&B)	269.8	40.1	80.6	(1.5)	19.5
Business to Business (B2B)	NA	NA	NA	NA	363.6
Total	NA	282	311	49	42

Source: Company, PL

Note: C&B contains ICA Pidilite Pvt Ltd; B2B contains Nina Percept Pvt Ltd

IBD - 30% EBITDA decline on scale down in Americas

International business (IBD) reported 6.6% decline in sales and 30% EBITDA decline; margins declined 245bps YoY but improved 190bps QoQ with sequentially better profitability across markets.

Americas: Sales declined 23.7%, EBITDA loss is Rs28mn as margins declined 1086bps YoY but improved 230bps QoQ. **Asia:** Sales declined 1.2% with EBITDA of Rs 129mn, down 17.8% YoY. **Middle East & Africa:** Sales grew by 8.1% with EBITDA of Rs46mn with a margin of 7.3%.

Exhibit 6: EBITDA Margins decline 245bps YoY but improve 190bps QoQ

Subsidiaries	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24
Sales (Rs. m)	2,150	2,053	1,998	2,104	2,009
Americas	752	646	611	585	574
Asia	818	773	748	809	808
Middle East & Africa	580	634	639	710	627
Sales growth (YoY)	28.1	15.1	9.3	13.0	(6.6)
Americas	36.0	(7.3)	4.6	(0.3)	(23.7)
Asia	29.0	38.0	5.9	12.0	(1.2)
Middle East & Africa	18.1	20.3	18.8	28.4	8.1
EBITDA (Rs m)	210.0	139.0	96.0	114.0	147.0
Americas	45.0	(9.0)	(22.0)	(42.0)	(28.0)
Asia	157.0	125.0	100.0	122.0	129.0
Middle East & Africa	8.0	23.0	18.0	34.0	46.0
EBITDA (margin %)	9.8	6.8	4.8	5.4	7.3
Americas	6.0	(1.4)	(3.6)	(7.2)	(4.9)
Asia	19.2	16.2	13.4	15.1	16.0
Middle East & Africa	1.4	3.6	2.8	4.8	7.3
EBITDA growth (YoY)	20.7	(4.1)	(26.2)	107.3	(30.0)
Americas	(18.2)	(114.1)	(375.0)	68.0	(162.2)
Asia	25.6	56.3	(18.7)	43.5	(17.8)
Middle East & Africa	(233.3)	2,200.0	(1,900.0)	(780.0)	475.0

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Revenues	99,210	1,17,991	1,25,891	1,39,291
YoY gr. (%)	36.0	18.9	6.7	10.6
Cost of Goods Sold	54,442	67,594	63,618	69,027
Gross Profit	44,768	50,397	62,273	70,264
Margin (%)	45.1	42.7	49.5	50.4
Employee Cost	11,124	12,456	13,497	15,032
Other Expenses	-	-	-	-
EBITDA	18,473	19,844	28,384	32,654
YoY gr. (%)	9.9	7.4	43.0	15.0
Margin (%)	18.6	16.8	22.5	23.4
Depreciation and Amortization	2,396	2,697	2,998	3,396
EBIT	16,077	17,146	25,386	29,258
Margin (%)	16.2	14.5	20.2	21.0
Net Interest	421	476	460	499
Other Income	363	496	1,405	2,101
Profit Before Tax	16,019	17,166	26,331	30,860
Margin (%)	16.1	14.5	20.9	22.2
Total Tax	4,070	4,344	6,715	7,869
Effective tax rate (%)	25.4	25.3	25.5	25.5
Profit after tax	11,949	12,822	19,617	22,990
Minority interest	-	-	-	-
Share Profit from Associate	119	66	76	88
Adjusted PAT	12,068	12,889	19,693	23,078
YoY gr. (%)	6.8	6.8	52.8	17.2
Margin (%)	12.2	10.9	15.6	16.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12,068	12,889	19,693	23,078
YoY gr. (%)	7.2	6.8	52.8	17.2
Margin (%)	12.2	10.9	15.6	16.6
Other Comprehensive Income	(221)	325	-	-
Total Comprehensive Income	11,847	13,213	19,693	23,078
Equity Shares O/s (m)	508	508	508	508
EPS (Rs)	23.7	25.4	38.7	45.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Non-Current Assets				
Gross Block	48,408	52,372	56,357	60,783
Tangibles	31,822	36,137	40,525	45,355
Intangibles	16,586	16,235	15,832	15,428
Acc: Dep / Amortization	14,329	16,197	18,791	21,784
Tangibles	14,329	16,197	18,791	21,784
Intangibles	-	-	-	-
Net fixed assets	34,135	36,243	37,565	38,999
Tangibles	17,549	20,008	21,734	23,571
Intangibles	16,586	16,235	15,832	15,428
Capital Work In Progress	2,254	4,059	3,710	3,910
Goodwill	12,898	12,898	12,898	12,898
Non-Current Investments	3,546	4,239	4,345	4,454
Net Deferred tax assets	(3,772)	(3,780)	(4,227)	(4,736)
Other Non-Current Assets	1,955	1,994	2,266	2,507
Current Assets				
Investments	1,735	5,312	17,016	31,053
Inventories	16,951	18,171	17,430	18,912
Trade receivables	14,305	15,353	16,146	17,484
Cash & Bank Balance	3,552	3,267	5,722	6,279
Other Current Assets	2,581	2,379	2,526	2,794
Total Assets	95,157	1,05,250	1,20,919	1,40,592
Equity				
Equity Share Capital	508	508	508	508
Other Equity	63,529	71,614	85,560	1,01,366
Total Network	64,037	72,123	86,069	1,01,874
Non-Current Liabilities				
Long Term borrowings	17	-	-	-
Provisions	718	803	815	902
Other non current liabilities	960	1,756	2,394	3,137
Current Liabilities				
ST Debt / Current of LT Debt	2,856	1,633	1,633	1,633
Trade payables	10,493	10,636	9,935	10,780
Other current liabilities	9,901	11,838	13,048	14,618
Total Equity & Liabilities	95,156	1,05,250	1,20,919	1,40,593

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	16,019	17,166	26,331	30,860
Add. Depreciation	2,396	2,697	2,998	3,396
Add. Interest	421	476	460	499
Less Financial Other Income	363	496	1,405	2,101
Add. Other	(584)	(172)	(1,405)	(2,101)
Op. profit before WC changes	18,252	20,168	28,384	32,654
Net Changes-WC	(7,624)	(3,052)	(10,589)	(13,701)
Direct tax	(4,070)	(4,344)	(6,715)	(7,869)
Net cash from Op. activities	6,557	12,772	11,080	11,084
Capital expenditures	(4,565)	(6,611)	(3,970)	(5,030)
Interest / Dividend Income	363	496	1,405	2,101
Others	663	(579)	(11)	(2)
Net Cash from Inv. activities	(3,539)	(6,694)	(2,576)	(2,931)
Issue of share cap. / premium	572	112	-	-
Debt changes	647	(1,241)	-	-
Dividend paid	(4,319)	(5,083)	(5,591)	(7,116)
Interest paid	(421)	(476)	(460)	(499)
Others	(403)	192	-	-
Net cash from Fin. activities	(3,924)	(6,497)	(6,051)	(7,615)
Net change in cash	(906)	(419)	2,453	538
Free Cash Flow	1,992	6,161	7,110	6,054

Source: Company Data, PL Research

Key Financial Metrics

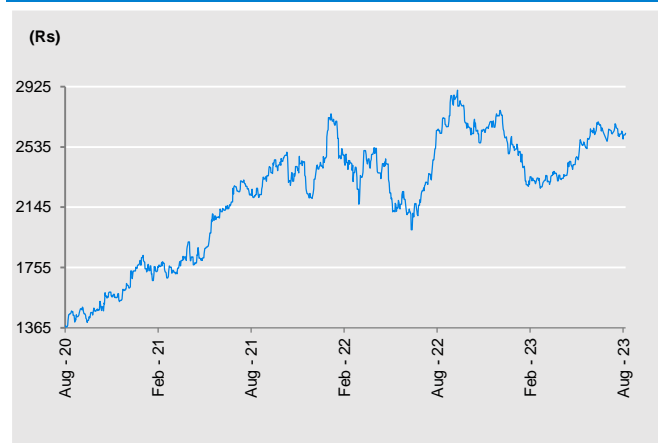
Y/e Mar	FY22	FY23	FY24E	FY25E
Per Share(Rs)				
EPS	23.7	25.4	38.7	45.4
CEPS	28.5	30.7	44.6	52.1
BVPS	126.0	141.9	169.3	200.4
FCF	3.9	12.1	14.0	11.9
DPS	8.5	10.0	11.0	14.0
Return Ratio(%)				
RoCE	25.7	24.4	31.4	30.6
ROIC	17.9	17.7	25.9	28.3
RoE	20.1	18.9	24.9	24.6
Balance Sheet				
Net Debt : Equity (x)	0.0	(0.1)	(0.2)	(0.4)
Net Working Capital (Days)	76	71	69	67
Valuation(x)				
PER	107.2	100.4	65.7	56.1
P/B	20.2	17.9	15.0	12.7
P/CEPS	89.4	83.0	57.0	48.9
EV/EBITDA	69.9	64.8	44.8	38.5
EV/Sales	13.0	10.9	10.1	9.0
Dividend Yield (%)	0.3	0.4	0.4	0.6

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Net Revenue	30,112	29,976	26,893	32,751
YoY gr. (%)	14.7	5.2	7.3	5.6
Raw Material Expenses	17,769	17,435	14,310	16,697
Gross Profit	12,342	12,541	12,582	16,054
Margin (%)	41.0	41.8	46.8	49.0
EBITDA	4,999	4,959	4,592	7,070
YoY gr. (%)	(9.0)	(9.7)	14.5	33.5
Margin (%)	16.6	16.5	17.1	21.6
Depreciation / Depletion	636	686	762	734
EBIT	4,362	4,272	3,830	6,335
Margin (%)	14.5	14.3	14.2	19.3
Net Interest	117	151	118	119
Other Income	110	51	228	234
Profit before Tax	4,355	4,173	3,940	6,451
Margin (%)	14.5	13.9	14.7	19.7
Total Tax	1,009	1,111	1,067	1,704
Effective tax rate (%)	23.2	26.6	27.1	26.4
Profit after Tax	3,347	3,061	2,873	4,746
Minority interest	-	-	-	-
Share Profit from Associates	31	16	(15)	(10)
Adjusted PAT	3,378	3,077	2,859	4,737
YoY gr. (%)	(10.1)	(14.3)	12.4	32.5
Margin (%)	11.2	10.3	10.6	14.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,378	3,077	2,859	4,737
YoY gr. (%)	(10.3)	(14.3)	12.4	32.5
Margin (%)	11.2	10.3	10.6	14.5
Other Comprehensive Income	(4)	36	188	(163)
Total Comprehensive Income	3,373	3,114	3,047	4,574
Avg. Shares O/s (m)	508	508	508	508
EPS (Rs)	6.6	6.1	5.6	9.3

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-23	Hold	2,664	2,649
2	09-May-23	Hold	2,589	2,472
3	11-Apr-23	Hold	2,500	2,359
4	25-Jan-23	Hold	2,500	2,315
5	06-Jan-23	Hold	2,679	2,522
6	10-Nov-22	Hold	2,737	2,656
7	04-Oct-22	Hold	2,691	2,656

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Hold	3,527	3,400
2	Avenue Supermarts	BUY	4,574	3,678
3	Britannia Industries	Hold	4,500	4,670
4	Colgate Palmolive	Hold	1,869	1,898
5	Dabur India	Accumulate	600	555
6	Emami	Accumulate	517	460
7	Hindustan Unilever	Hold	2,775	2,700
8	ITC	Accumulate	478	465
9	Jubilant FoodWorks	Hold	490	476
10	Kansai Nerolac Paints	Accumulate	351	327
11	Marico	Hold	581	574
12	Mold-tek Packaging	Hold	956	1,003
13	Nestle India	Accumulate	23,585	22,325
14	Pidilite Industries	Hold	2,664	2,649
15	Restaurant Brands Asia	Accumulate	142	117
16	Titan Company	Accumulate	3,240	2,977
17	Westlife Foodworld	Accumulate	932	898

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

(US Clients)

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

DISCLAIMER

Indian Clients

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Mr. Harish Advani- PGDM Finance, Mr. Vishwa Solanki- PGDM - 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