

November 2, 2023

Q2FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	HOLD		HOLD	
Target Price	433		462	
Sales (Rs.m)	47,223	54,255	51,077	60,810
% Chng.	(7.5)	(10.8)		
EBITDA (Rs.m)	5,352	6,628	5,747	7,410
% Chng.	(6.9)	(10.5)		
EPS (Rs.)	17.6	22.6	19.9	26.9
% Chng.	(11.7)	(15.8)		

Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	47,727	47,223	54,255	60,506
EBITDA (Rs. m)	5,471	5,352	6,628	7,233
Margin (%)	11.5	11.3	12.2	12.0
PAT (Rs. m)	3,075	2,791	3,600	4,035
EPS (Rs.)	19.3	17.6	22.6	25.4
Gr. (%)	(35.5)	(9.2)	29.0	12.1
DPS (Rs.)	3.3	3.0	3.9	4.4
Yield (%)	0.8	0.7	1.0	1.1
RoE (%)	12.1	10.0	11.8	12.0
RoCE (%)	14.8	12.4	14.0	13.3
EV/Sales (x)	1.4	1.5	1.3	1.2
EV/EBITDA (x)	12.5	12.9	10.6	9.8
PE (x)	21.3	23.5	18.2	16.2
P/BV (x)	2.5	2.3	2.0	1.9

Key Data

JUBN.BO | JUBLINGR IN

52-W High / Low	Rs.593 / Rs.350
Sensex / Nifty	63,591 / 18,989
Market Cap	Rs.66bn / \$ 787m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.198.46m

Shareholding Pattern (%)

Promoter's	51.47
Foreign	6.30
Domestic Institution	9.18
Public & Others	33.04
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(14.1)	(2.3)	(19.7)
Relative	(11.0)	(6.1)	(22.8)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Weathering challenging times

Quick Pointers:

- Specialty Chemical (SPCM) & NHS margins at 16%/9% (vs 15%/8.5% QoQ) however CI business continues to drag.

We reduce our FY24/25E EPS estimates by +15% and cut our SOTP based TP to Rs433 (earlier Rs462 to factor (a) headwinds on global agro chemicals (generics) along with resultant margin pressure across segments and (b) spreads normalization in Chemical Intermediates (CI). Jubilant Ingrevia (JUBLINGR) consolidated revenue declined 22% YoY/ 5% QoQ to Rs 10.2 bn (PLe Rs10.7bn) largely led by CI revenue decline on lower raw material prices (key RM Acetic acid prices down 40% YoY). EBITDA declined 23% YoY/ +1% QoQ to Rs 1.2 bn (PLe 1.1bn) and EBITDA margin came at 11.5% (vs 11.7% YoY/ 10.9% QoQ). PAT declined 31% YoY/ 1% QoQ to Rs 574 mn (PLe Rs 500 mn), impacted by lower operating profit YoY and higher interest expense.

We believe, FY24E to be muted due to some demand concerns, yet we are positive on long term growth prospects given healthy volume recovery in NHS segment coupled with improved prices and strong traction in CDMO to aid absorption of new capacities. The stock trades at 24x P/E at EPS of Rs 17.6. Reiterate 'Hold' rating.

- Consolidated Revenue stood at Rs10.2 bn (-21.8% YoY/ -5% QoQ (PLe ~Rs10.7bn) due to reduction in the revenue of Chemical intermediates led by lower pass-through of input cost of acetic acid and lower demand for Agro end-use products.
- EBITDA stood at Rs1.2bn (-23% YoY/ +1% QoQ) (PLe Rs 1.1bn) and EBITDA margins at 11.5% (vs 11.7% in Q2FY23 and 10.9% in Q1FY24; PLe ~10.3%).
- PAT at Rs574mn (-31% YoY/ -0.2% QoQ; PLe Rs500mn) was impacted by lower operating profits YoY.
- Specialty chemicals witnessed EBITDA growth QoQ owing to better product mix and higher sales mix including CDMO customers. While, Nutrition & Health solutions business witnessed stable demand and improved Naicinamide demand for Q2FY24. Chemical intermediates business remained weakest due to muted demand across industries such as pharmaceuticals and agrochemicals.
- Net debt increased to Rs 7bn & net debt to EBITDA at 1.3x due to steady capex expenditure & high working capital. Higher working capital in Q2FY24 is on account of decline in payables for earlier purchases, while fresh purchases were rationalized.
- Key managerial change:** Mr. Gosaliya Tarunkumar resigned as Sr VP – Chemicals Intermediates of the company wef 27th October 2023 and Mr Himanshu Dhapolav has been promoted as SBU Head – Acetyls wef 27th October 2023.

- Concall takeaways:** (1) Vitamin demand normalized after witnessing pent-up demand in Q1FY24 (2) Capex for cGMP facility for expansion of Food grade Vitamin B4 is in final stages of planning (3) Positive traction seen from CDMO, due to recently commissioned GMP and non-GMP plants (4) New cGMP compliant facility for cosmetic grade Niacinamide 3000mtpa capacity to commission by June'24 (5) New product – Bio-acetic acid is gaining acceptance as sustainable food preservative. (6) Acetic acid price in the range of \$400/MT-\$500/M. (7) Effective tax rate for the quarter stood at 28.1%. (8) Capex of Rs 20bn over FY23-FY25E, remains intact, of this Rs5.5-6bn to be spent this year. (9) Increase in employee costs is due to capacity building and new employee addition. (10) has become world's largest producer of Beta picoline and pyridine with global competitor shutting down (11) Overall volumes remain flat, as these were impacted in chemical intermediates and specialty business. (12) new capacities commercialized last year are working at 50% utilizations. (13) 60-65% of acetyl business is based on long term contracts and sticky. (14) for nutrition business, margins to stabilise within 2 quarters. (15) agrochemical is 25% of portfolio of which 40% is contributed by specialty part.

Exhibit 1: Q2FY24 Result Overview (Rs mn)

Y/e March	Q2FY24	Q2FY23	YoY gr.	Q1FY24	QoQ gr.	H1FY24	H1FY23	YoY gr.
Net Revenue	10,199	13,036	-21.8%	10,750	-5.1%	20,950	24,694	-15.2%
Material Cost	5,053	7,146	-29.3%	5,502	-8.2%	10,555	13,238	-20.3%
Gross Profit	5,147	5,890	-12.6%	5,248	-1.9%	10,395	11,456	-9.3%
<i>Gross Margin (%)</i>	<i>50.5%</i>	<i>45.2%</i>		<i>48.8%</i>		<i>49.6%</i>	<i>46.4%</i>	
Employee expenses	1,035	929	11.3%	934	10.7%	1,969	1,751	12.5%
Power & fuel expenses	1,331	1,881	-29.2%	1,594	-16.5%	2,925	3,799	-23.0%
Other operating expenses	1,604	1,550	3.5%	1,553	3.3%	3,157	2,969	6.4%
EBITDA	1,177	1,529	-23.1%	1,167	0.9%	2,343	2,938	-20.2%
<i>EBITDA margin (%)</i>	<i>11.5%</i>	<i>11.7%</i>		<i>10.9%</i>		<i>11.2%</i>	<i>11.9%</i>	
Depreciation	339	310	9.5%	323	5.0%	662	623	6.2%
EBIT	837	1,219	-31.3%	844	-0.7%	1,681	2,315	-27.4%
Other income	85	73	16.9%	85	0.2%	170	174	-2.0%
Interest cost	125	51	145.5%	115	9.2%	240	92	160.9%
PBT	797	1,241	-35.7%	814	-2.0%	1,611	2,396	-32.8%
Tax	224	398	-43.8%	237	-5.6%	461	759	-39.3%
Minority interests	0	0		0		0	0	
PAT	574	843	-31.9%	575	-0.2%	1,149	1,637	-29.8%
Tax on non-recurring items	0	0		0		0	0	
Adjusted PAT	574	843	-31.9%	575	-0.2%	1,149	1,637	-29.8%
<i>Adj. PAT margin (%)</i>	<i>5.6%</i>	<i>6.5%</i>		<i>5.3%</i>		<i>5.5%</i>	<i>6.6%</i>	
No. of shares (mn)	159	159	0.0%	159	0.0%	159	159	0.0%
Adj. EPS (Rs.)	3.6	5.3	-31.9%	3.6	-0.2%	7.2	10.3	-29.8%

Source: Company, PL

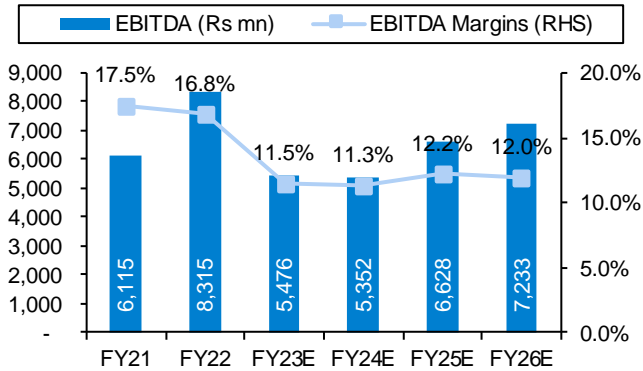
Exhibit 2: Segmental breakup – Consolidated (Rs mn)

Y/e March	Q1FY22	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Revenue (Rs mn)	11,446	12,226	12,865	12,958	11,658	13,036	11,590	11,450	10,750	10,200
Specialty Chemicals	3,047	2,951	3,488	4,441	3,825	4,804	4,680	4,680	3,640	3,820
Nutrition & Health Solutions	1,671	1,788	2,158	2,056	1,502	1,137	1,320	1,550	2,020	1,620
Chemical Intermediates	6,728	7,487	7,219	6,461	6,331	7,096	5,590	5,220	5,090	4,760
Change (% YoY)	56%	56%	44%	20%	2%	7%	-10%	-12%	-8%	-22%
Specialty Chemicals	19%	17%	22%	35%	26%	63%	34%	5%	-5%	-20%
Nutrition & Health Solutions	13%	43%	37%	3%	-10%	-36%	-39%	-25%	34%	43%
Chemical Intermediates	103%	84%	60%	18%	-6%	-5%	-23%	-19%	-20%	-33%
Revenue Mix (%)										
Specialty Chemicals	27%	24%	27%	34%	33%	37%	40%	41%	34%	37%
Nutrition & Health Solutions	15%	15%	17%	16%	13%	9%	11%	14%	19%	16%
Chemical Intermediates	59%	61%	56%	50%	54%	54%	48%	46%	47%	47%
EBITDA (Rs mn)	2,820	1,949	2,126	1,418	1,409	1,529	1,510	1,020	1,165	1,175
Specialty Chemicals	840	710	760	810	640	770	870	550	570	690
Nutrition & Health Solutions	270	349	530	500	190	136	90	50	170	190
Chemical Intermediates	1,840	1,030	1,000	300	760	767	710	590	600	500
Less: Unallocated	(70)	(70)	(70)	(100)	(80)	(70)	(90)	(80)	(90)	(120)
Less: Other Income	(60)	(70)	(94)	(92)	(101)	(73)	(70)	(90)	(85)	(85)
EBITDA Margin (%)	24.6%	15.9%	16.5%	10.9%	12.1%	11.7%	13.0%	8.9%	10.8%	11.5%
Specialty Chemicals	27.6%	24.1%	21.8%	18.2%	16.7%	16.0%	18.6%	11.8%	15.7%	16.0%
Nutrition & Health Solutions	16.2%	19.5%	24.6%	24.3%	12.6%	11.9%	6.8%	3.2%	8.4%	9.0%
Chemical Intermediates	27.3%	13.8%	13.9%	4.6%	12.0%	10.8%	12.7%	11.3%	11.8%	10.0%
EBITDA Change (% YoY)	122%	38%	36%	-29%	-50%	-22%	-29%	-28%	-17%	-23%
Specialty Chemicals	22%	0%	29%	17%	-24%	8%	14%	-32%	-11%	-10%
Nutrition & Health Solutions	-13%	25%	89%	16%	-30%	-61%	-83%	-90%	-11%	40%
Chemical Intermediates	667%	158%	47%	-71%	-59%	-26%	-29%	97%	-21%	-35%
EBITDA Mix (%)										
Specialty Chemicals	28%	34%	33%	50%	40%	46%	52%	46%	43%	50%
Nutrition & Health Solutions	9%	17%	23%	31%	12%	8%	5%	4%	13%	14%
Chemical Intermediates	62%	49%	44%	19%	48%	46%	43%	50%	45%	36%

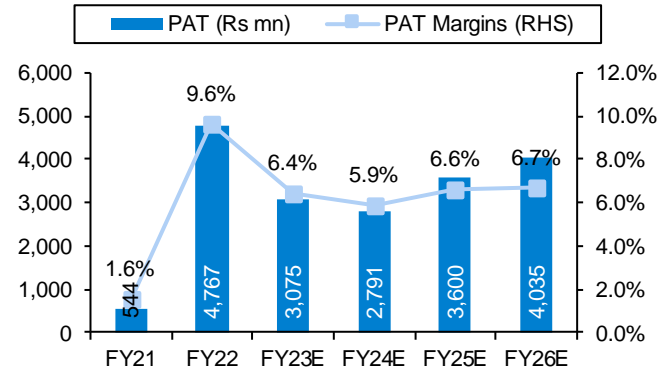
Source: Company, PL

Exhibit 3: Improving EBITDA mix as high value share rises

Exhibit 4: PAT Margins to be at 6-6.7%



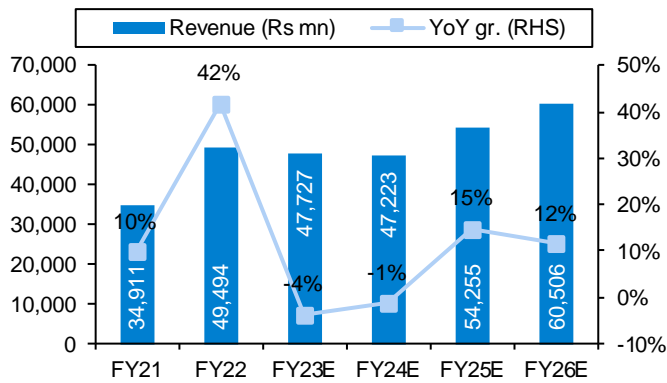
Source: Company, PL



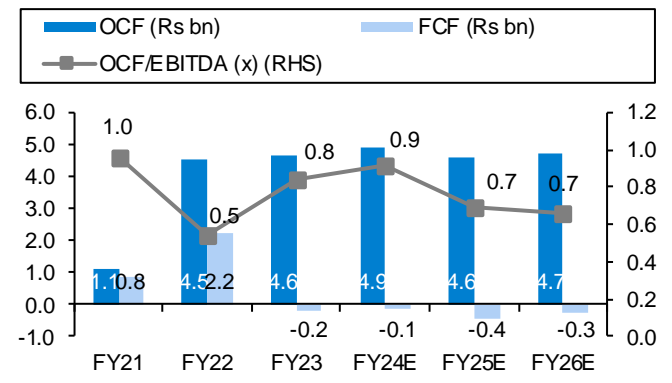
Source: Company, PL

Exhibit 5: Revenue to grow at CAGR of 8%

Exhibit 6: Strong OCF (FY23-25E) to aid self sustained capex



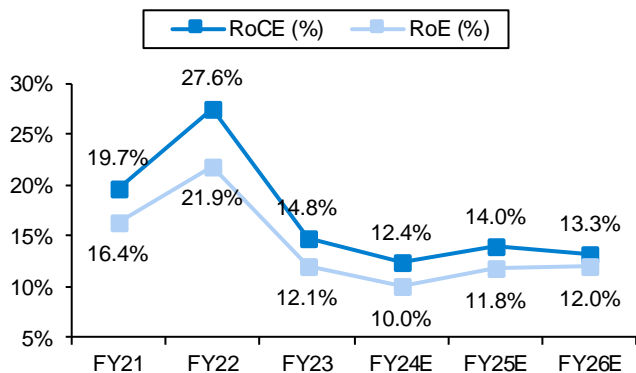
Source: Company, PL



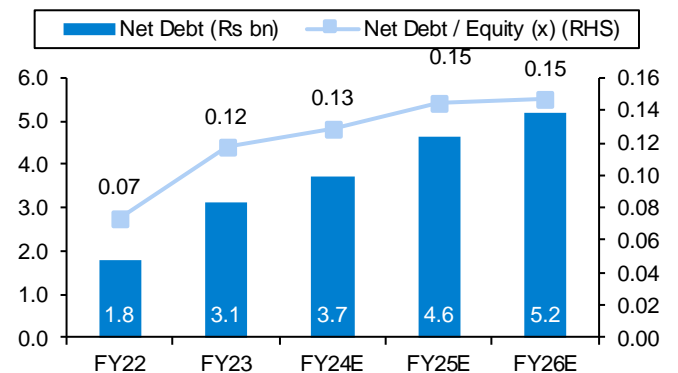
Source: Company, PL

Exhibit 7: Return ratios at 13-14%

Exhibit 8: BS remains healthy despite large capex



Source: Company, PL

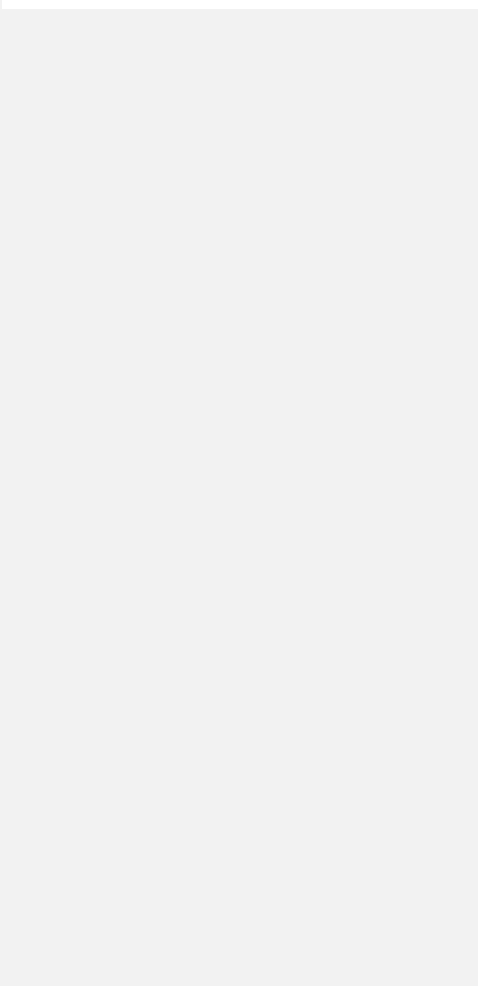


Source: Company, PL

Exhibit 9: SOTP – Reiterate BUY with SOTP based TP of Rs 433 (Rs 462 earlier)

	FY22	FY23	FY24E	FY25E	FY26E	CAGR (FY23-26E)
EBITDA (Rs mn)						
Specialty Chemicals	3,120	2,840	2,973	3,539	4,042	12%
Nutrition & Health Solutions	1,640	460	438	515	763	18%
Chemical Intermediates	4,170	2,830	2,377	3,206	3,452	7%
Segment EBITDA - Total	8,930	6,130	5,789	7,260	8,257	10%
Less: Unallocable items	(615)	(654)	(436)	(632)	(1,023)	16%
Consolidated EBITDA (Rs mn)	8,315	5,476	5,352	6,628	7,233	10%
EV/EBITDA Target Multiple (x)					FY26E	
Specialty Chemicals					12	
Nutrition & Health Solutions					8	
Chemical Intermediates					8	
Unallocable items					8	
Enterprise Value (Rs mn)					FY26E	Per Share
Specialty Chemicals					48,505	305
Nutrition & Health Solutions					6,101	38
Chemical Intermediates					27,617	174
Less: Unallocable items					(8,187)	(51)
Enterprise Value (Rs mn)					74,036	466
Less: Net Debt and Investments					(5,180)	(34)
Equity Value / MCap (Rs mn)					68,857	433
Target Price (Rs/ sh)					433	

Source: PL



Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Net Revenues	47,727	47,223	54,255	60,506
YoY gr. (%)	(3.6)	(1.1)	14.9	11.5
Cost of Goods Sold	25,816	26,985	30,985	35,491
Gross Profit	21,911	20,239	23,270	25,015
Margin (%)	45.9	42.9	42.9	41.3
Employee Cost	3,435	3,789	4,434	4,954
Other Expenses	13,005	11,098	12,207	12,827
EBITDA	5,471	5,352	6,628	7,233
YoY gr. (%)	(34.2)	(2.2)	23.8	9.1
Margin (%)	11.5	11.3	12.2	12.0
Depreciation and Amortization	1,222	1,387	1,651	1,945
EBIT	4,250	3,965	4,977	5,288
Margin (%)	8.9	8.4	9.2	8.7
Net Interest	216	288	336	404
Other Income	334	200	360	721
Profit Before Tax	4,368	3,877	5,001	5,605
Margin (%)	9.2	8.2	9.2	9.3
Total Tax	1,292	1,086	1,400	1,569
Effective tax rate (%)	29.6	28.0	28.0	28.0
Profit after tax	3,075	2,792	3,601	4,036
Minority interest	-	-	-	-
Share Profit from Associate	0	0	0	0
Adjusted PAT	3,075	2,791	3,600	4,035
YoY gr. (%)	(35.5)	(9.2)	29.0	12.1
Margin (%)	6.4	5.9	6.6	6.7
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	3,075	2,791	3,600	4,035
YoY gr. (%)	(35.5)	(9.2)	29.0	12.1
Margin (%)	6.4	5.9	6.6	6.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,075	2,791	3,600	4,035
Equity Shares O/s (m)	159	159	159	159
EPS (Rs)	19.3	17.6	22.6	25.4

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
Non-Current Assets				
Gross Block	26,398	31,398	37,398	43,647
Tangibles	26,106	31,106	37,106	43,355
Intangibles	292	292	292	292
Acc: Dep / Amortization	7,936	9,323	10,974	12,919
Tangibles	7,786	9,173	10,824	12,769
Intangibles	150	150	150	150
Net fixed assets	18,462	22,075	26,424	30,728
Tangibles	18,320	21,933	26,282	30,586
Intangibles	142	142	142	142
Capital Work In Progress	5,249	5,249	4,249	3,000
Goodwill	-	-	-	-
Non-Current Investments	87	87	87	87
Net Deferred tax assets	(1,801)	(1,801)	(1,801)	(1,801)
Other Non-Current Assets	512	512	512	512
Current Assets				
Investments	-	-	-	-
Inventories	10,351	9,703	10,702	11,935
Trade receivables	5,109	5,055	5,808	6,477
Cash & Bank Balance	846	656	1,325	1,297
Other Current Assets	1,869	1,849	2,124	2,369
Total Assets	42,589	45,291	51,337	56,511
Equity				
Equity Share Capital	159	159	159	159
Other Equity	26,503	28,812	31,789	35,126
Total Networkth	26,662	28,971	31,948	35,285
Non-Current Liabilities				
Long Term borrowings	1,500	2,000	3,000	4,000
Provisions	661	730	854	954
Other non current liabilities	70	70	70	70
Current Liabilities				
ST Debt / Current of LT Debt	2,467	2,391	2,961	2,477
Trade payables	8,011	7,927	9,107	10,156
Other current liabilities	1,317	1,303	1,497	1,670
Total Equity & Liabilities	42,589	45,291	51,337	56,511

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	4,367	3,877	5,001	5,605
Add. Depreciation	1,222	1,387	1,651	1,945
Add. Interest	216	288	336	404
Less Financial Other Income	334	200	360	721
Add. Other	45	(200)	(360)	(721)
Op. profit before WC changes	5,850	5,352	6,628	7,233
Net Changes-WC	(452)	625	(685)	(954)
Direct tax	(774)	(1,088)	(1,369)	(1,541)
Net cash from Op. activities	4,625	4,889	4,574	4,738
Capital expenditures	(4,782)	(5,000)	(5,000)	(5,000)
Interest / Dividend Income	11	200	360	721
Others	52	(1)	-	-
Net Cash from Inv. activities	(4,719)	(4,800)	(4,640)	(4,279)
Issue of share cap. / premium	-	-	-	-
Debt changes	1,676	424	1,570	516
Dividend paid	(793)	(483)	(623)	(698)
Interest paid	(440)	(288)	(336)	(404)
Others	2	68	124	100
Net cash from Fin. activities	445	(279)	735	(487)
Net change in cash	351	(190)	670	(28)
Free Cash Flow	(189)	(111)	(426)	(262)

Source: Company Data, PL Research

Key Financial Metrics

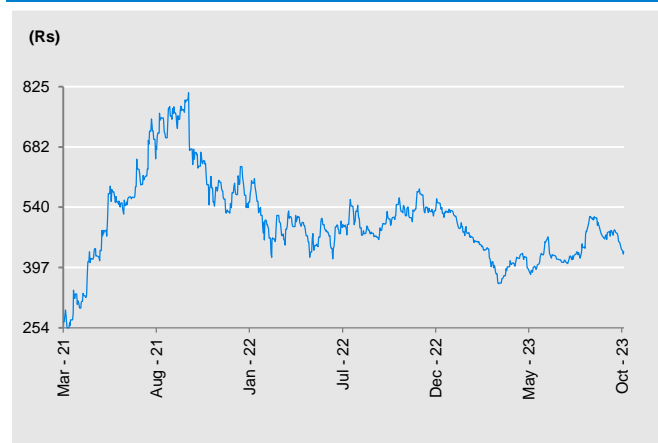
Y/e Mar	FY23	FY24E	FY25E	FY26E
Per Share(Rs)				
EPS	19.3	17.6	22.6	25.4
CEPS	27.0	26.3	33.0	37.6
BVPS	167.7	182.2	200.9	221.9
FCF	(1.2)	(0.7)	(2.7)	(1.6)
DPS	3.3	3.0	3.9	4.4
Return Ratio(%)				
RoCE	14.8	12.4	14.0	13.3
ROIC	10.7	9.1	10.3	9.9
RoE	12.1	10.0	11.8	12.0
Balance Sheet				
Net Debt : Equity (x)	0.1	0.1	0.1	0.1
Net Working Capital (Days)	57	53	50	50
Valuation(x)				
PER	21.3	23.5	18.2	16.2
P/B	2.5	2.3	2.0	1.9
P/CEPS	15.2	15.7	12.5	10.9
EV/EBITDA	12.5	12.9	10.6	9.8
EV/Sales	1.4	1.5	1.3	1.2
Dividend Yield (%)	0.8	0.7	1.0	1.1

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
Net Revenue	11,583	11,450	10,750	10,199
YoY gr. (%)	(10.0)	(11.6)	(7.8)	(21.8)
Raw Material Expenses	6,100	6,479	5,502	5,053
Gross Profit	5,483	4,971	5,248	5,147
Margin (%)	47.3	43.4	48.8	50.5
EBITDA	1,512	1,021	1,167	1,177
YoY gr. (%)	(28.9)	(28.3)	(17.2)	(23.1)
Margin (%)	13.1	8.9	10.9	11.5
Depreciation / Depletion	300	298	323	339
EBIT	1,212	722	844	838
Margin (%)	10.5	6.3	7.8	8.2
Net Interest	67	57	115	125
Other Income	70	90	85	85
Profit before Tax	1,215	755	813	799
Margin (%)	10.5	6.6	7.6	7.8
Total Tax	301	232	237	224
Effective tax rate (%)	24.7	30.7	29.2	28.0
Profit after Tax	914	523	576	575
Minority interest	-	-	-	-
Share Profit from Associates	-	-	(1)	(1)
Adjusted PAT	914	523	575	574
YoY gr. (%)	(29.2)	(23.7)	(27.5)	(31.9)
Margin (%)	7.9	4.6	5.3	5.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	914	523	575	574
YoY gr. (%)	(29.2)	(23.7)	(27.5)	(31.9)
Margin (%)	7.9	4.6	5.3	5.6
Other Comprehensive Income	10	31	31	31
Total Comprehensive Income	924	554	606	605
Avg. Shares O/s (m)	159	159	159	159
EPS (Rs)	5.8	3.3	3.6	3.6

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Oct-23	Hold	462	484
2	17-May-23	BUY	715	396
3	13-Apr-23	BUY	810	398
4	01-Feb-23	BUY	900	485
5	05-Jan-23	BUY	860	534

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Hold	472	489
2	Bayer Cropscience	Accumulate	4,720	5,270
3	Bharat Petroleum Corporation	Hold	365	347
4	Bharti Airtel	Accumulate	936	926
5	Clean Science and Technology	Hold	1,418	1,410
6	Deepak Nitrite	Reduce	1,854	2,125
7	Dhanuka Agritech	BUY	950	854
8	Fine Organic Industries	Hold	4,710	4,921
9	GAIL (India)	BUY	139	120
10	Godrej Agrovet	Hold	420	515
11	Gujarat Fluorochemicals	Accumulate	3,230	2,846
12	Gujarat Gas	Accumulate	480	425
13	Gujarat State Petronet	BUY	327	290
14	Hindustan Petroleum Corporation	Hold	263	258
15	Indian Oil Corporation	Hold	97	90
16	Indraprastha Gas	Hold	539	460
17	Insecticides India	Accumulate	550	514
18	Jubilant Ingrevia	Hold	462	484
19	Laxmi Organic Industries	Reduce	220	254
20	Mahanagar Gas	Hold	1,065	1,015
21	Mangalore Refinery & Petrochemicals	Hold	94	96
22	Navin Fluorine International	BUY	4,007	3,430
23	NOCIL	Hold	228	226
24	Oil & Natural Gas Corporation	BUY	202	181
25	Oil India	BUY	341	296
26	P.I. Industries	BUY	4,850	3,421
27	Petronet LNG	Hold	208	202
28	Rallis India	Reduce	190	217
29	Reliance Industries	BUY	2,618	2,266

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

(US Clients)

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

DISCLAIMER

Indian Clients

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

US Clients

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

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

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

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

Prabhudas Lilladher Pvt. Ltd.

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

www.plindia.com