

May 18, 2024

## Q4FY24 Result Update

☒ Change in Estimates | ☒ Target | ☒ Reco

### Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		HOLD	
Target Price	1,781		1,554	
Sales (Rs. m)	21,693	25,568	20,791	24,427
% Chng.	4.3	4.7		
EBITDA (Rs. m)	5,562	6,710	5,116	6,031
% Chng.	8.7	11.3		
EPS (Rs.)	37.2	44.5	35.0	41.5
% Chng.	6.4	7.2		

### Key Financials - Standalone

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	20,727	19,000	21,693	25,568
EBITDA (Rs. m)	5,712	4,701	5,562	6,710
Margin (%)	27.6	24.7	25.6	26.2
PAT (Rs. m)	4,192	3,234	3,860	4,616
EPS (Rs.)	40.4	31.2	37.2	44.5
Gr. (%)	20.9	(22.8)	19.4	19.6
DPS (Rs.)	7.0	7.0	8.4	10.0
Yield (%)	0.4	0.4	0.5	0.6
RoE (%)	20.7	13.8	14.8	15.7
RoCE (%)	25.0	16.8	17.1	17.3
EV/Sales (x)	8.1	8.8	7.8	6.7
EV/EBITDA (x)	29.4	35.7	30.6	25.6
PE (x)	40.1	51.9	43.5	36.4
P/BV (x)	7.6	6.8	6.1	5.4

### Key Data

VNTI.BO | VO IN

52-W High / Low	Rs.1,985 / Rs.1,462
Sensex / Nifty	73,917 / 22,466
Market Cap	Rs.168bn/ \$ 2,015m
Shares Outstanding	104m
3M Avg. Daily Value	Rs.159.23m

### Shareholding Pattern (%)

Promoter's	74.28
Foreign	4.94
Domestic Institution	7.32
Public & Others	13.46
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	3.8	(6.4)	(17.4)
Relative	2.5	(16.6)	(31.2)

**Swarnendu Bhushan**

swarnendubhushan@plindia.com | 91-22-66322260

**Saurabh Ahire**

saurabhahire@plindia.com |

# Vinati Organics (VO IN)

Rating: ACCUMULATE | CMP: Rs1,620 | TP: Rs1,781

## Antioxidants to lead future growth

### Quick Pointers:

- Planned capex of Rs 5.5bn in FY25 including capex in subsidiary
- ATBS expansion to 60,000mtpa by Dec'24 primarily to align with demand, new antioxidants to be launched in H2QFY25

**Vinita Organics (VO IN) reported a topline of Rs 5.5bn, marking a 23% QoQ growth driven by increased volumes, particularly in ATBS, which contributes 32% to the company's revenue. With destocking now taking a back seat, volumes are expected to rise in FY25. Additionally, the company commenced production of MEHQ and Guaiacol in March 2024, which will begin contributing to revenue in the second half of FY25. Despite facing threats from China in the antioxidant segment, strong domestic demand is expected to double its revenue to Rs 2.5-2.8bn in FY25. The ATBS expansion, phenol plant and the launch of several additional antioxidants are on track and expected in H2FY25.**

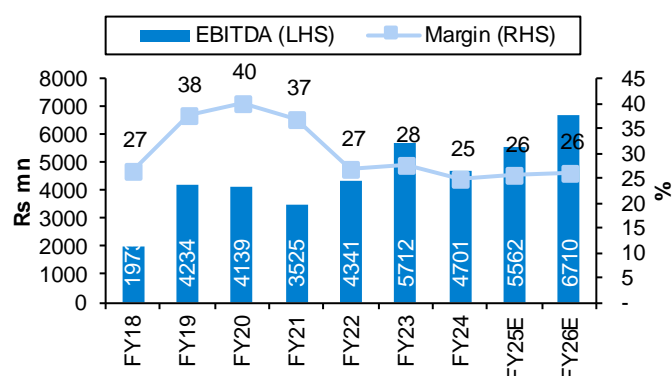
**We believe the company's performance will improve from here on due to: 1) Oil and gas companies focusing more on Enhanced Oil Recovery (EOR) rather than drilling in new fields, leading to increased ATBS demand; and 2) increasing contribution of new products to revenue 3) Butyl Phenol leading to its full capacity utilization. The stock currently trades at ~44x FY25 P/E with return ratios > 15%. We upgrade the stock to 'Accumulate' rating with revised TP of Rs 1,781 valuing at 40x P/E on FY26E EPS of ~Rs 44.**

- Healthy QoQ topline growth:** Standalone revenue stood at Rs 5.5bn (6% YoY/ 22.8% QoQ) (PLe: Rs 4.67bn, Consensus: Rs 4.85bn), actual topline was higher than our and consensus estimates. For FY24, topline declined by 8.3% to Rs 19bn from Rs 20.7bn, while EBITDA & PAT margins declined to 24.7%/17% from 27.6%/20% respectively.
- EBITDAM improved by 200 bps:** EBITDA stood at Rs1.5bn (2% YoY/ 31% QoQ), (PLe: Rs 1.18bn, Consensus: Rs 1.17bn), EBITDA margin came at 27.3% (vs 28.3% in Q4FY23 and 25.6% in Q3FY24). FY24 EBITDA stood at Rs 4.7bn, almost 17.7% down YoY.
- Con Call Highlights:** (1) ATBS sales were down in FY24, they have normalized now, anticipate the demand for ATBS to increase in FY25, the company maintains 62-65% global share in ATBS (2) Revenue for Butyl Phenol segment in FY24 was Rs 3bn, in FY24 utilization was 65-70%, this has reached 100% utilization in Q4FY24 (3) Iso-butyl, Benzene and other customised products had flat revenue for FY24, approx. Rs 1.5bn (4) Antioxidant segment total revenue was Rs 1.3bn in FY24, in FY25 this segment is expected to be growth driver with expected revenue between Rs 2.8-3bn (5) Revenue expected to grow at 20% CAGR in next 3 years (6) FY25 EBITDA guidance of 26% (7) Capex of Rs 5.5bn in FY25 including capex in subsidiary (8) Veeral Organics Sales in FY25 expected close to Rs 500mn

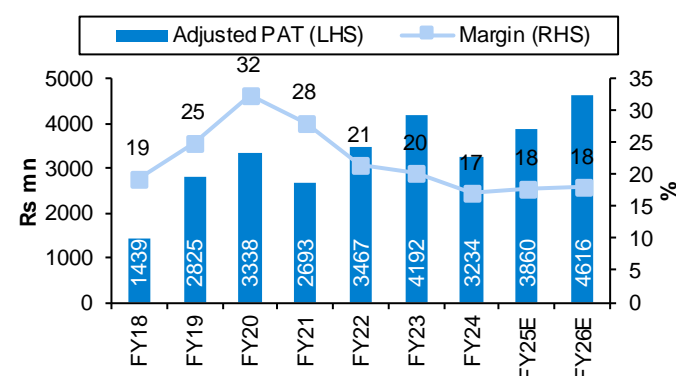
**Exhibit 1: Q4FY24 Result Overview - Standalone (Rs mn)**

Y/e March	Q4FY24	Q4FY23	YoY gr. (%)	Q4FY24E	% Var.	Q3FY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
<b>Net Sales</b>	<b>5,503</b>	<b>5,193</b>	<b>6.0</b>	<b>4,677</b>	<b>17.7</b>	<b>4,480</b>	<b>22.8</b>	<b>19,000</b>	<b>20,727</b>	<b>(8.3)</b>
Gross Profit	2,563	2,576	(0.5)	2,219	15.5	2,114	21.2	8,886	9,982	(11.0)
Margin (%)	46.6	49.6		47.4		47.2		46.8	48.2	
<b>EBITDA</b>	<b>1,502</b>	<b>1,472</b>	<b>2.0</b>	<b>1,180</b>	<b>27.3</b>	<b>1,146</b>	<b>31.0</b>	<b>4,701</b>	<b>5,712</b>	<b>(17.7)</b>
Margin (%)	27.3	28.3		25.2		25.6		24.7	27.6	
Other Income	96	116	(16.7)	105	(8.5)	88	9.1	388	524	(26.0)
Depreciation	194	165	17.5	196	(0.8)	193	0.4	728	590	23.3
<b>EBIT</b>	<b>1,404</b>	<b>1,422</b>	<b>(1.3)</b>	<b>1,090</b>	<b>28.9</b>	<b>1,041</b>	<b>34.9</b>	<b>4,361</b>	<b>5,646</b>	<b>(22.8)</b>
Interest	9	7	19.2	13	(36.1)	10	(13.9)	36	14	154.8
<b>PBT before exp</b>	<b>1,396</b>	<b>1,415</b>	<b>(1.4)</b>	<b>1,076</b>	<b>29.7</b>	<b>1,031</b>	<b>35.3</b>	<b>4,325</b>	<b>5,632</b>	<b>(23.2)</b>
Total Tax	351	368	(4.8)	269	30.5	262	33.9	1,091	1,440	(24.2)
ETR (%)	25.1	26.0		25.0		25.4		25.2	25.6	
<b>Adj. PAT</b>	<b>1,045</b>	<b>1,047</b>	<b>(0.2)</b>	<b>807</b>	<b>29.4</b>	<b>769</b>	<b>35.8</b>	<b>3,234</b>	<b>4,192</b>	<b>(22.8)</b>
Exceptional Items	0	0		0		0				
<b>PAT</b>	<b>1,045</b>	<b>1,047</b>	<b>(0.2)</b>	<b>807</b>	<b>29.4</b>	<b>769</b>	<b>35.8</b>	<b>3,234</b>	<b>4,192</b>	<b>(22.8)</b>

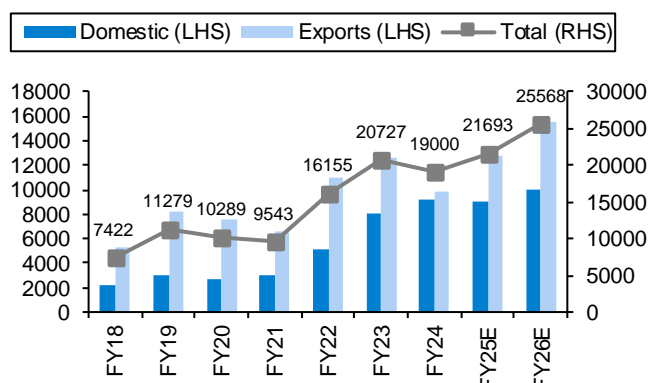
Source: Company, PL

**Exhibit 2: EBITDA margins to be maintained at 26%**


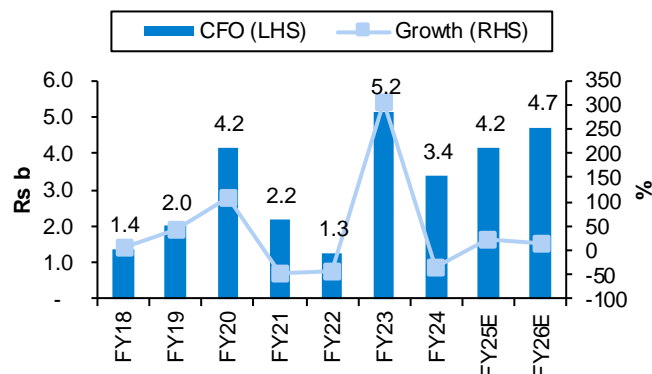
Source: Company, PL

**Exhibit 3: PAT to grow at 3% CAGR over FY23-FY26E**


Source: Company, PL

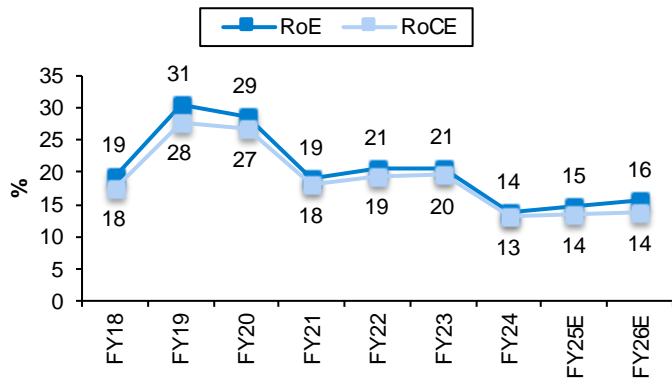
**Exhibit 4: Revenue to grow 7% CAGR over FY23-FY26E**


Source: Company, PL

**Exhibit 5: Strong growth in CFO**


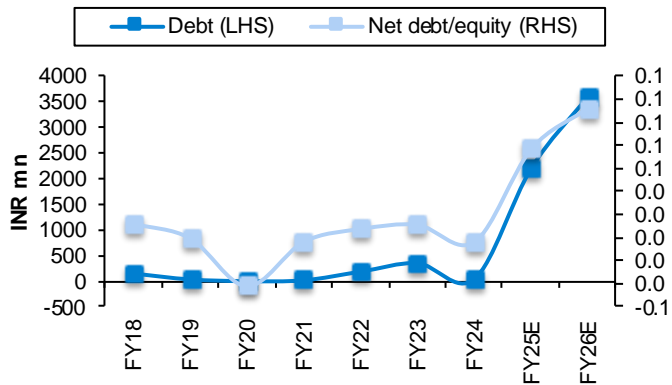
Source: Company, PL

Exhibit 6: Return ratios at around 15%



Source: Company, PL

Exhibit 7: Net Debt/Equity at around 0-0.1



Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
<b>Net Revenues</b>	<b>20,727</b>	<b>19,000</b>	<b>21,693</b>	<b>25,568</b>
YoY gr. (%)	28.3	(8.3)	14.2	17.9
Cost of Goods Sold	10,745	10,113	11,280	13,168
Gross Profit	9,982	8,886	10,413	12,401
Margin (%)	48.2	46.8	48.0	48.5
Employee Cost	996	1,189	1,379	1,600
Other Expenses	3,274	2,996	3,471	4,091
<b>EBITDA</b>	<b>5,712</b>	<b>4,701</b>	<b>5,562</b>	<b>6,710</b>
YoY gr. (%)	31.6	(17.7)	18.3	20.6
Margin (%)	27.6	24.7	25.6	26.2
Depreciation and Amortization	590	728	896	1,119
<b>EBIT</b>	<b>5,122</b>	<b>3,973</b>	<b>4,666</b>	<b>5,590</b>
Margin (%)	24.7	20.9	21.5	21.9
Net Interest	14	36	4	7
Other Income	524	388	497	586
<b>Profit Before Tax</b>	<b>5,632</b>	<b>4,325</b>	<b>5,159</b>	<b>6,169</b>
Margin (%)	27.2	22.8	23.8	24.1
Total Tax	1,640	1,327	1,298	1,553
Effective tax rate (%)	29.1	30.7	25.2	25.2
<b>Profit after tax</b>	<b>4,192</b>	<b>3,234</b>	<b>3,860</b>	<b>4,616</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>4,192</b>	<b>3,234</b>	<b>3,860</b>	<b>4,616</b>
YoY gr. (%)	20.9	(22.8)	19.4	19.6
Margin (%)	20.2	17.0	17.8	18.1
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>4,192</b>	<b>3,234</b>	<b>3,860</b>	<b>4,616</b>
YoY gr. (%)	20.9	(22.8)	19.4	19.6
Margin (%)	20.2	17.0	17.8	18.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,192	3,234	3,860	4,616
<b>Equity Shares O/s (m)</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>
<b>EPS (Rs)</b>	<b>40.4</b>	<b>31.2</b>	<b>37.2</b>	<b>44.5</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>14,122</b>	<b>16,566</b>	<b>21,566</b>	<b>26,066</b>
Tangibles	14,122	16,566	21,566	26,066
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>2,534</b>	<b>3,262</b>	<b>4,158</b>	<b>5,277</b>
Tangibles	2,534	3,262	4,158	5,277
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>11,588</b>	<b>13,296</b>	<b>17,409</b>	<b>20,789</b>
Tangibles	11,588	13,296	17,409	20,789
Intangibles	-	-	-	-
Capital Work In Progress	2,290	2,461	2,461	2,461
Goodwill	-	-	-	-
Non-Current Investments	2,555	2,373	2,373	2,373
Net Deferred tax assets	(1,099)	(1,335)	(1,335)	(1,335)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	2,330	1,984	2,266	2,670
Trade receivables	4,638	5,296	6,047	7,127
Cash & Bank Balance	97	127	61	77
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>25,836</b>	<b>28,268</b>	<b>33,733</b>	<b>39,171</b>
<b>Equity</b>				
Equity Share Capital	103	104	104	104
Other Equity	22,032	24,540	27,534	31,115
<b>Total Network</b>	<b>22,135</b>	<b>24,644</b>	<b>27,638</b>	<b>31,218</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	352	46	2,200	3,600
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	1,214	1,007	1,149	1,355
Other current liabilities	1,036	1,235	1,411	1,663
<b>Total Equity &amp; Liabilities</b>	<b>25,837</b>	<b>28,268</b>	<b>33,733</b>	<b>39,171</b>

Source: Company Data, PL Research



## Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	5,632	4,325	5,159	6,169
Add. Depreciation	590	728	896	1,119
Add. Interest	14	36	4	7
Less Financial Other Income	524	388	497	586
Add. Other	(15)	(152)	-	-
Op. profit before WC changes	6,221	4,937	6,059	7,295
Net Changes-WC	244	(683)	(599)	(1,028)
Direct tax	(1,310)	(871)	(1,298)	(1,553)
<b>Net cash from Op. activities</b>	<b>5,155</b>	<b>3,383</b>	<b>4,162</b>	<b>4,715</b>
Capital expenditures	(3,435)	(2,445)	(5,000)	(4,500)
Interest / Dividend Income	16	89	-	-
Others	83	(1,178)	(387)	(557)
<b>Net Cash from Invt. activities</b>	<b>(3,336)</b>	<b>(3,534)</b>	<b>(5,387)</b>	<b>(5,057)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	65	(306)	2,154	1,400
Dividend paid	(670)	(723)	(866)	(1,036)
Interest paid	3	(36)	(4)	(7)
Others	3	-	-	-
<b>Net cash from Fin. activities</b>	<b>(600)</b>	<b>(1,065)</b>	<b>1,283</b>	<b>357</b>
<b>Net change in cash</b>	<b>1,220</b>	<b>(1,216)</b>	<b>58</b>	<b>15</b>
Free Cash Flow	1,720	938	(838)	215

Source: Company Data, PL Research

## Key Financial Metrics

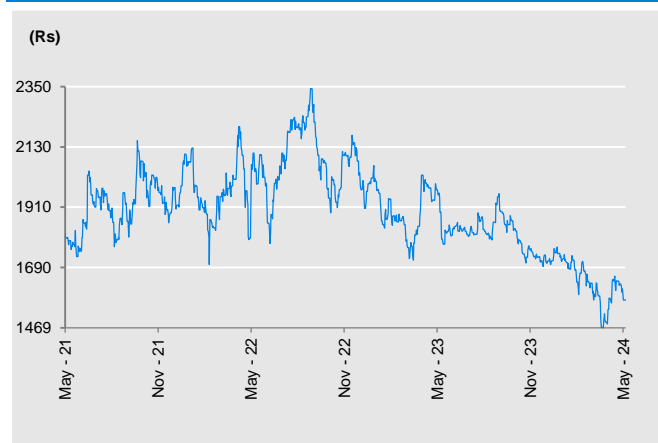
Y/e Mar	FY23	FY24	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	40.4	31.2	37.2	44.5
CEPS	46.1	38.2	45.9	55.3
BVPS	213.5	237.7	266.6	301.1
FCF	16.6	9.0	(8.1)	2.1
DPS	7.0	7.0	8.4	10.0
<b>Return Ratio(%)</b>				
RoCE	25.0	16.8	17.1	17.3
ROIC	17.8	11.7	12.9	13.0
RoE	20.7	13.8	14.8	15.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	-	0.1	0.1
Net Working Capital (Days)	101	121	121	121
<b>Valuation(x)</b>				
PER	40.1	51.9	43.5	36.4
P/B	7.6	6.8	6.1	5.4
P/CEPS	35.1	42.4	35.3	29.3
EV/EBITDA	29.4	35.7	30.6	25.6
EV/Sales	8.1	8.8	7.8	6.7
Dividend Yield (%)	0.4	0.4	0.5	0.6

Source: Company Data, PL Research

## Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
<b>Net Revenue</b>	<b>4,310</b>	<b>4,629</b>	<b>4,480</b>	<b>5,503</b>
YoY gr. (%)	(14.9)	(18.3)	(13.3)	6.0
Raw Material Expenses	2,259	2,507	2,366	2,941
Gross Profit	2,051	2,122	2,114	2,563
Margin (%)	47.6	45.8	47.2	46.6
<b>EBITDA</b>	<b>1,090</b>	<b>1,048</b>	<b>1,146</b>	<b>1,502</b>
YoY gr. (%)	(16.7)	(29.4)	(22.5)	2.0
Margin (%)	25.3	22.6	25.6	27.3
Depreciation / Depletion	132	173	193	194
<b>EBIT</b>	<b>958</b>	<b>875</b>	<b>953</b>	<b>1,308</b>
Margin (%)	22.2	18.9	21.3	23.8
Net Interest	3	9	10	9
Other Income	153	106	88	96
<b>Profit before Tax</b>	<b>1,109</b>	<b>972</b>	<b>1,031</b>	<b>1,396</b>
Margin (%)	25.7	21.0	23.0	25.4
Total Tax	276	247	262	351
Effective tax rate (%)	24.9	25.4	25.4	25.1
<b>Profit after Tax</b>	<b>832</b>	<b>725</b>	<b>769</b>	<b>1,045</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>832</b>	<b>725</b>	<b>769</b>	<b>1,045</b>
YoY gr. (%)	(17.7)	(37.5)	(28.1)	(0.2)
Margin (%)	19.3	15.7	17.2	19.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>832</b>	<b>725</b>	<b>769</b>	<b>1,045</b>
YoY gr. (%)	(17.7)	(37.5)	(28.1)	(0.2)
Margin (%)	19.3	15.7	17.2	19.0
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>832</b>	<b>725</b>	<b>769</b>	<b>1,045</b>
Avg. Shares O/s (m)	103	103	103	103
<b>EPS (Rs)</b>	<b>8.1</b>	<b>7.1</b>	<b>7.5</b>	<b>10.2</b>

Source: Company Data, PL Research

**Price Chart**

**Recommendation History**

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	Hold	1,554	1,489
2	05-Mar-24	Hold	1,626	1,638
3	12-Feb-24	Reduce	1,626	1,613
4	08-Jan-24	Accumulate	1,885	1,741
5	10-Nov-23	Accumulate	1,997	1,759
6	09-Oct-23	Accumulate	1,974	1,863
7	16-Aug-23	Accumulate	1,955	1,815

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	595	669
2	Ashok Leyland	BUY	210	176
3	Bajaj Auto	Sell	7,267	9,021
4	Bharat Forge	BUY	1,615	1,405
5	Bharat Petroleum Corporation	Reduce	547	619
6	Bharti Airtel	Accumulate	1,373	1,310
7	CEAT	BUY	3,017	2,545
8	Clean Science and Technology	Hold	1,383	1,328
9	Deepak Nitrite	Reduce	1,985	2,208
10	Divgi Torqtransfer Systems	BUY	1,135	843
11	Eicher Motors	BUY	5,335	4,658
12	Endurance Technologies	Accumulate	2,346	2,168
13	Exide Industries	Accumulate	495	472
14	Fine Organic Industries	Accumulate	4,779	4,287
15	GAIL (India)	Sell	162	201
16	Gujarat Fluorochemicals	Reduce	3,120	3,638
17	Gujarat Gas	Accumulate	589	553
18	Gujarat State Petronet	BUY	400	294
19	Hero Motocorp	BUY	5,629	4,614
20	Hindustan Petroleum Corporation	Sell	420	501
21	Indian Oil Corporation	Reduce	151	169
22	Indraprastha Gas	Sell	368	452
23	Jubilant Ingrevia	Hold	526	512
24	Laxmi Organic Industries	Sell	206	251
25	Mahanagar Gas	Sell	1,116	1,300
26	Mahindra & Mahindra	BUY	2,716	2,372
27	Mangalore Refinery & Petrochemicals	Sell	142	233
28	Maruti Suzuki	BUY	14,432	12,703
29	Navin Fluorine International	Accumulate	3,621	3,377

**PL's Recommendation Nomenclature (Absolute Performance)**

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly

## ANALYST CERTIFICATION

### (Indian Clients)

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

### (US Clients)

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

## DISCLAIMER

### Indian Clients

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### US Clients

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

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

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

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

---

### Prabhudas Lilladher Pvt. Ltd.

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

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