

May 22, 2024

Q4FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	REDUCE		REDUCE	
Target Price	2,268		1,985	
Sales (Rs. m)	86,525	91,223	82,181	91,307
% Chng.	5.3	(0.1)		
EBITDA (Rs. m)	13,616	14,864	14,546	16,186
% Chng.	(6.4)	(8.2)		
EPS (Rs.)	64.5	68.7	68.3	76.3
% Chng.	(5.5)	(10.0)		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	79,721	76,818	86,525	91,223
EBITDA (Rs. m)	12,894	11,233	13,616	14,864
Margin (%)	16.2	14.6	15.7	16.3
PAT (Rs. m)	8,520	7,311	8,802	9,374
EPS (Rs.)	62.5	53.6	64.5	68.7
Gr. (%)	(20.1)	(14.2)	20.4	6.5
DPS (Rs.)	7.5	7.5	8.1	8.7
Yield (%)	0.3	0.3	0.3	0.4
RoE (%)	22.9	16.5	17.0	15.7
RoCE (%)	28.9	20.9	20.8	18.7
EV/Sales (x)	4.2	4.3	3.9	3.8
EV/EBITDA (x)	26.1	29.7	25.0	23.2
PE (x)	39.4	46.0	38.2	35.8
P/BV (x)	8.2	7.0	6.0	5.3

Key Data

DPNT.BO | DN IN

52-W High / Low	Rs.2,620 / Rs.1,900
Sensex / Nifty	74,221 / 22,598
Market Cap	Rs.336bn/ \$ 4,035m
Shares Outstanding	136m
3M Avg. Daily Value	Rs.813.06m

Shareholding Pattern (%)

Promoter's	49.13
Foreign	6.72
Domestic Institution	19.27
Public & Others	24.87
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.0	15.5	26.7
Relative	6.2	2.7	5.7

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com |

Deepak Nitrite (DN IN)

Rating: REDUCE | CMP: Rs2,464 | TP: Rs2,268

Margin pressure to continue

Quick Pointers:

- Manufacturing operations at fluorination plant commissioned in Mar'24
- Phenolics production grew ~9% QoQ

Deepak Nitrate faced challenging business environment mainly due to dumping from China at low prices, Red sea crisis and general weakness in chemical market. The management expects performance to improve only after H1FY25, especially in Intermediates segment which saw a 16% decline in revenue YoY. Phenolic segment saw a 25% YoY growth in topline but margin pressure remains. The company is undertaking multiple new projects worth Rs 140bn to be completed by 2027 end.

We believe near-term headwinds would keep cash flow constrained with capex slightly higher than PAT+depr. Capex outlook also is not in sync with the projected MOUs. Considering weak outlook in agrochem which accounts for 30-35% of revenues, we cut our EPS estimates for FY26 by 10%. We anticipate ~3% EPS CAGR over FY23-26E. We value the stock at 33x P/E on FY26E EPS of Rs 69 and retain 'Reduce' rating with TP of Rs2,268.

- Phenolics division growth driver:** Consolidated revenue stood at Rs 21.2bn (8.4% YoY/ 5.8% QoQ; PLe: Rs 20.8bn, Consensus: Rs 20.09bn), driven by 25% YoY/9% QoQ increase in Phenolics division revenue to Rs 14.6bn. Advanced intermediates revenue was flat at Rs 6.7bn, -16% YoY. FY24, topline declined by 3.6% to Rs 76.8bn from Rs 79.7bn.
- Lower realization leads to decline in margin:** EBITDA was almost flat at Rs 3.01bn (vs Rs 3.4bn in Q4FY23 and Rs 3.04bn in Q3FY24), decline due to significant increase in raw material cost. EBITDA margin came at 14.2% (vs 17.7% in Q4FY23 and 15.2% in Q3FY24; PLe: 16%, Consensus: 15%). FY24 EBITDA stood at Rs 11.1bn, 13% down YoY.
- Segmental mix:** Phenolics was 60% of the total revenue in Q4FY24 with EBIT/kg at 16.6 Rs/kg vs 15.5 Rs/kg in Q3FY24 and 18.4 Rs/kg in Q4FY23, while Advanced Intermediates share was 40% with 20% EBIT margin inclusive of insurance claim. Excl'd insurance claim, management guided that EBIT margin was 12% for AI.
- Concall takeaways:** (1) DNL volumes increased by 16%, but realization led to revenue degrowth (2) Domestic & Export revenue mix for FY24– 80%:20% (3) During Q4FY24 manufacturing at fluorination plant at Dahej commissioned, this plant will bolster backward integration for crucial agrochemical intermediate and contract manufacturing opportunities (4) Acid unit manufacturing expected to begin in next quarter, MIBK, MIBC, Hydrogenation expected to commission in phases from Q2FY25 (5) Agro is 30-35% of AI, some revival will be expected after mid H1FY25 (6) For FY24 capex was around Rs 7bn, for FY25 expected to be between Rs 10-12bn

Exhibit 1: Q4FY24 Result Overview - Consolidated (Rs mn)

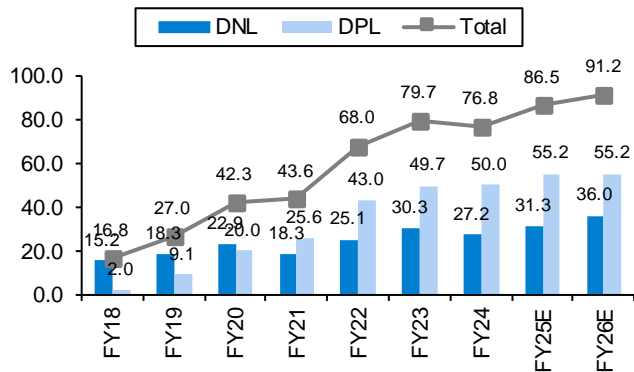
Y/e March	Q4FY24	Q4FY23	YoY gr. (%)	Q4FY24E	% Var.	Q3FY24	QoQ gr. (%)	FY24	FY23	YoY gr. (%)
Net Sales	21,262	19,614	8.4	20,850	2.0	20,092	5.8	76,818	79,721	(3.6)
Gross Profit	6,522	6,832	(4.5)	6,611	(1.4)	6,366	2.4	24,457	26,246	(6.8)
Margin (%)	30.7%	34.8%		31.7%	(3.3)	31.7%		31.8%	32.9%	
EBITDA	3,011	3,480	(13.5)	3,329	(9.5)	3,047	(1.2)	11,178	12,894	(13.3)
Margin (%)	14.2%	17.7%		16.0%	(11.3)	15.2%		14.6%	16.2%	
Other Income	191	126	52.2	139	37.2	136	41.2	816	476	71.5
Depreciation	464	409	13.5	589	(21.2)	417	11.4	1656	1663	(0.4)
EBIT	2,738	3,196	(14.3)	2,879	(4.9)	2,765	(1.0)	10,337	11,707	(11.7)
Interest	44	45	(1.1)	39	11.9	29	50.5	118	248	(52.3)
PBT before exceptional items	2,694	3,152	(14.5)	2,839	(5.1)	2,736	(1.5)	10,219	11,459	(10.8)
Total Tax	953	813	17.3	657	45.1	715	33.3	2,908	2,939	(1.0)
ETR (%)	35.4%	25.8%		23.1%	53.0	26.1%		28.5%	25.6%	
Adj. PAT	1,741	2,339	(25.6)	2,183	(20.2)	2,020	(13.8)	7,311	8,520	(14.2)
Exceptional Items	798	0	-	0	-	0		798	0	-
PAT	2,539	2,339	8.6	2,183	16.3	2,020	25.6	8,109	8,520	(4.8)

Source: Company, PL

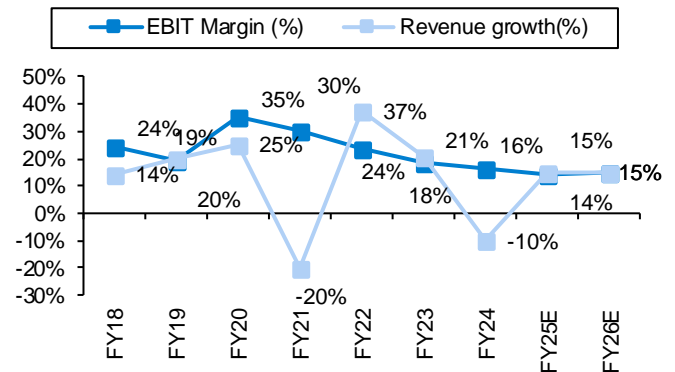
Exhibit 2: Q3FY24 - Segmental Performance (Rs mn)

Y/e March	Q4FY24	Q4FY23	YoY gr.	Q3FY24	QoQ gr.	FY24	FY23	YoY gr.
Advanced Intermediates	6,711	8,005	-16.2%	6,743	-0.5%	27,239	30,336	-10.2%
Phenolics	14,661	11,699	25.3%	13,493	8.7%	50,035	49,705	0.7%
Intersegment	(110)	90		144		455	320	
Total Revenue	21,482	19,614	9.5%	20,092	6.9%	76,818	79,721	-3.6%
Advanced Intermediates	1,339	1,365	-1.9%	937	42.9%	4,459	5,551	-19.7%
Phenolics	2,061	1,770	16.4%	1,798	14.7%	6,439	5,945	8.3%
Interest	44	45	-0.9%	29	50.5%	118	248	-52.2%
Other unallocable expenses	(136)	(60)	125.4%	(31)	340.6%	(238)	(211)	12.5%
Total EBIT	3,492	3,152	10.8%	2,736	27.6%	11,017	11,459	-3.9%
EBIT Margins								
Advanced Intermediates	20.0%	17.1%		13.9%		16.4%	18.3%	
Phenolics	14.1%	15.1%		13.3%		12.9%	12.0%	

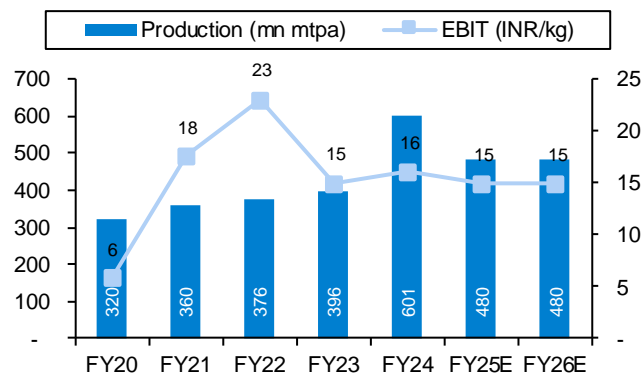
Source: Company, PL

Exhibit 3: Rev to grow at 5% CAGR (FY23-25E)


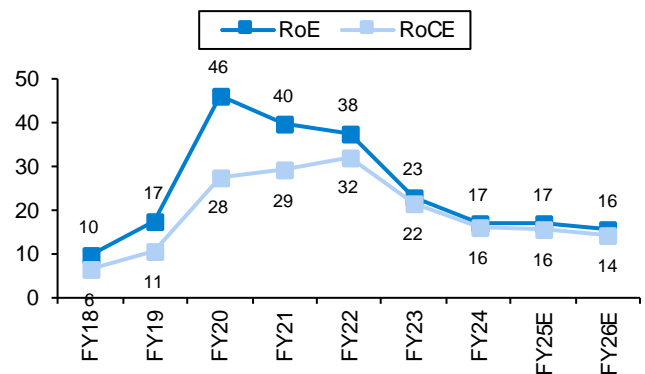
Source: Company, PL

Exhibit 4: AI EBIT margin to be at 15%


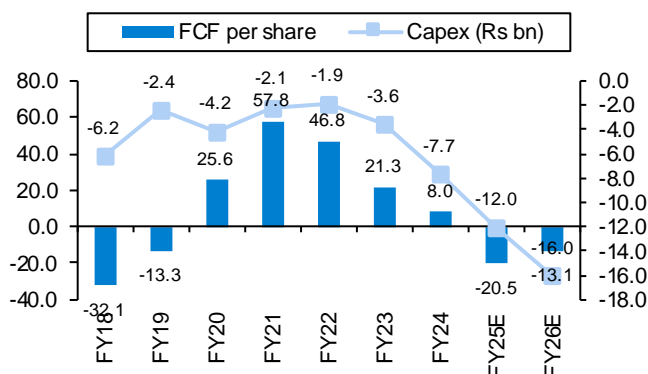
Source: Company, PL

Exhibit 5: Phenolics EBIT/kg to be at 15-16 Rs/kg


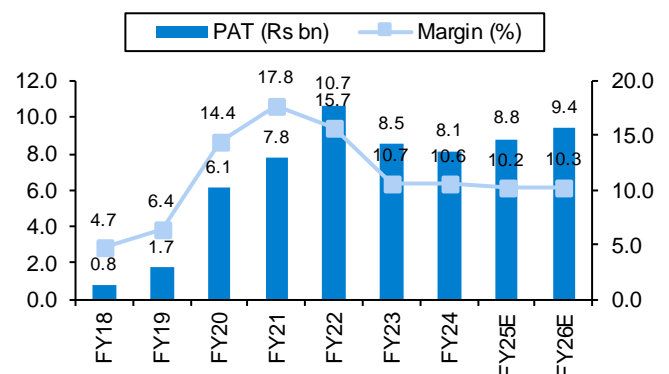
Source: Company, PL

Exhibit 6: Return Ratios to hover around 17-18%


Source: Company, PL

Exhibit 7: Capex not in syn with FCF


Source: Company, PL

Exhibit 8: PAT Margin at 9%


Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	79,721	76,818	86,525	91,223
YoY gr. (%)	17.2	(3.6)	12.6	5.4
Cost of Goods Sold	53,475	52,361	58,654	61,597
Gross Profit	26,246	24,457	27,871	29,627
Margin (%)	32.9	31.8	32.2	32.5
Employee Cost	3,183	3,511	3,872	4,271
Other Expenses	10,169	9,714	10,383	10,491
EBITDA	12,894	11,233	13,616	14,864
YoY gr. (%)	(19.6)	(12.9)	21.2	9.2
Margin (%)	16.2	14.6	15.7	16.3
Depreciation and Amortization	1,663	1,657	1,999	2,314
EBIT	11,231	9,576	11,617	12,550
Margin (%)	14.1	12.5	13.4	13.8
Net Interest	248	118	347	544
Other Income	476	761	493	520
Profit Before Tax	11,459	10,219	11,763	12,527
Margin (%)	14.4	13.3	13.6	13.7
Total Tax	2,939	2,908	2,961	3,153
Effective tax rate (%)	25.6	28.5	25.2	25.2
Profit after tax	8,520	7,311	8,802	9,374
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	8,520	7,311	8,802	9,374
YoY gr. (%)	(20.1)	(14.2)	20.4	6.5
Margin (%)	10.7	9.5	10.2	10.3
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	8,520	7,311	8,802	9,374
YoY gr. (%)	(20.1)	(14.2)	20.4	6.5
Margin (%)	10.7	9.5	10.2	10.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,520	7,311	8,802	9,374
Equity Shares O/s (m)	136	136	136	136
EPS (Rs)	62.5	53.6	64.5	68.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	26,705	34,390	46,390	62,390
Tangibles	26,705	34,390	46,390	62,390
Intangibles	-	-	-	-
Acc: Dep / Amortization	7,106	8,763	10,762	13,076
Tangibles	7,106	8,763	10,762	13,076
Intangibles	-	-	-	-
Net fixed assets	19,599	25,627	35,627	49,313
Tangibles	19,599	25,627	35,627	49,313
Intangibles	-	-	-	-
Capital Work In Progress	2,826	7,735	7,735	7,735
Goodwill	-	-	-	-
Non-Current Investments	3,794	1,219	1,219	1,219
Net Deferred tax assets	(1,566)	(1,736)	(1,736)	(1,736)
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	-	-	-	-
Inventories	8,931	7,599	8,448	8,847
Trade receivables	13,095	12,984	14,624	12,496
Cash & Bank Balance	400	4,655	1,271	259
Other Current Assets	2,644	3,844	4,330	4,565
Total Assets	51,287	63,662	73,254	84,435
Equity				
Equity Share Capital	273	273	273	273
Other Equity	40,627	47,693	55,385	63,576
Total Network	40,900	47,966	55,658	63,849
Non-Current Liabilities				
Long Term borrowings	545	2,170	6,000	8,500
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	6,618	5,823	6,473	6,779
Other current liabilities	1,659	3,007	3,387	3,571
Total Equity & Liabilities	51,287	60,702	73,254	84,435

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	11,459	11,017	11,763	12,527
Add. Depreciation	1,663	1,657	1,999	2,314
Add. Interest	309	118	347	544
Less Financial Other Income	476	761	493	520
Add. Other	(246)	(627)	-	-
Op. profit before WC changes	13,185	12,165	14,109	15,384
Net Changes-WC	(4,085)	(720)	(1,945)	1,983
Direct tax	(2,600)	(2,665)	(2,961)	(3,153)
Net cash from Op. activities	6,499	8,781	9,204	14,214
Capital expenditures	(3,599)	(7,685)	(12,000)	(16,000)
Interest / Dividend Income	22	40	-	-
Others	816	427	-	-
Net Cash from Invt. activities	(2,761)	(7,218)	(12,000)	(16,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(2,523)	1,679	3,831	2,500
Dividend paid	(955)	(1,023)	(1,110)	(1,183)
Interest paid	(233)	(98)	(347)	(544)
Others	120	(123)	-	-
Net cash from Fin. activities	(3,591)	435	2,373	774
Net change in cash	148	1,998	(424)	(1,012)
Free Cash Flow	2,900	1,096	(2,796)	(1,786)

Source: Company Data, PL Research

Key Financial Metrics

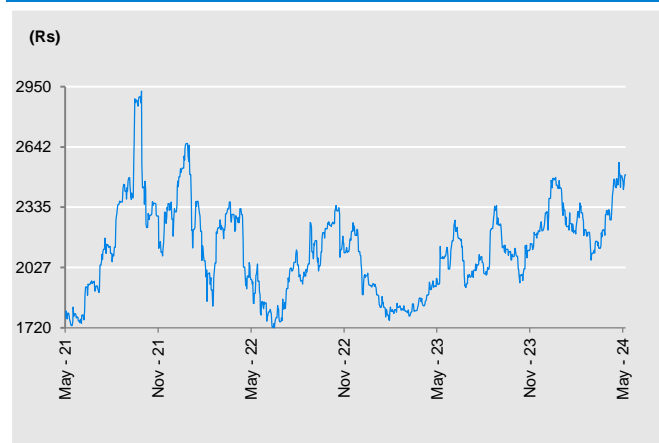
Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	62.5	53.6	64.5	68.7
CEPS	74.7	65.7	79.2	85.7
BVPS	299.9	351.7	408.0	468.1
FCF	21.3	8.0	(20.5)	(13.1)
DPS	7.5	7.5	8.1	8.7
Return Ratio(%)				
RoCE	28.9	20.9	20.8	18.7
ROIC	21.7	15.8	16.4	14.2
RoE	22.9	16.5	17.0	15.7
Balance Sheet				
Net Debt : Equity (x)	-	(0.1)	0.1	0.1
Net Working Capital (Days)	71	70	70	58
Valuation(x)				
PER	39.4	46.0	38.2	35.8
P/B	8.2	7.0	6.0	5.3
P/CEPS	33.0	37.5	31.1	28.8
EV/EBITDA	26.1	29.7	25.0	23.2
EV/Sales	4.2	4.3	3.9	3.8
Dividend Yield (%)	0.3	0.3	0.3	0.4

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	17,683	17,781	20,092	21,262
YoY gr. (%)	(14.1)	(9.4)	0.9	8.4
Raw Material Expenses	12,236	11,658	13,726	14,740
Gross Profit	5,447	6,122	6,366	6,522
Margin (%)	30.8	34.4	31.7	30.7
EBITDA	2,098	3,023	3,047	3,011
YoY gr. (%)	(41.1)	11.6	(3.2)	(13.5)
Margin (%)	11.9	17.0	15.2	14.2
Depreciation / Depletion	381	394	417	464
EBIT	1,717	2,628	2,630	2,547
Margin (%)	9.7	14.8	13.1	12.0
Net Interest	18	27	29	44
Other Income	319	170	136	191
Profit before Tax	2,017	2,772	2,736	2,694
Margin (%)	11.4	15.6	13.6	12.7
Total Tax	518	721	715	953
Effective tax rate (%)	25.7	26.0	26.1	35.4
Profit after Tax	1,499	2,051	2,020	1,741
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	1,499	2,051	2,020	1,741
YoY gr. (%)	(36.1)	17.7	(3.3)	(25.6)
Margin (%)	8.5	11.5	10.1	8.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,499	2,051	2,020	1,741
YoY gr. (%)	(36.1)	17.7	(3.3)	(25.6)
Margin (%)	8.5	11.5	10.1	8.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,499	2,051	2,020	1,741
Avg. Shares O/s (m)	136	136	136	136
EPS (Rs)	11.0	15.1	14.9	12.8

Source: Company Data, PL Research

Price Chart

Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-24	Reduce	1,985	2,208
2	15-Feb-24	Reduce	1,985	2,283
3	08-Jan-24	Reduce	1,881	2,451
4	10-Nov-23	Reduce	1,935	2,076
5	17-Oct-23	Reduce	1,854	2,125
6	09-Oct-23	Reduce	1,803	2,108
7	09-Aug-23	Reduce	1,803	2,092

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	163	209
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)

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, 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.

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