

October 23, 2024

Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	HOLD		HOLD	
Target Price	696		770	
Sales (Rs. m)	48,521	53,294	48,521	53,294
% Chng.	-	-	-	-
EBITDA (Rs. m)	5,601	6,850	5,601	6,850
% Chng.	-	-	-	-
EPS (Rs.)	16.1	20.1	16.5	21.4
% Chng.	(2.3)	(6.3)	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	41,358	42,633	48,521	53,294
EBITDA (Rs. m)	4,211	4,651	5,601	6,850
Margin (%)	10.2	10.9	11.5	12.9
PAT (Rs. m)	1,829	2,106	2,563	3,194
EPS (Rs.)	11.6	13.2	16.1	20.1
Gr. (%)	(40.1)	14.4	21.7	24.6
DPS (Rs.)	2.0	2.3	2.8	3.5
Yield (%)	0.3	0.3	0.4	0.5
RoE (%)	6.8	7.4	8.3	9.6
RoCE (%)	8.7	8.1	8.7	9.7
EV/Sales (x)	2.9	2.8	2.5	2.4
EV/EBITDA (x)	28.0	25.6	21.9	18.3
PE (x)	60.9	53.2	43.8	35.1
P/BV (x)	4.1	3.7	3.5	3.2

Key Data JUBN.BO | JUBLINGR IN

52-W High / Low	Rs.837 / Rs.406
Sensex / Nifty	80,221 / 24,472
Market Cap	Rs.112bn / \$ 1,336m
Shares Outstanding	159m
3M Avg. Daily Value	Rs.1060.37m

Shareholding Pattern (%)

Promoter's	51.47
Foreign	7.22
Domestic Institution	15.47
Public & Others	25.07
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(7.5)	30.5	55.7
Relative	(2.6)	19.8	26.9

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Saurabh Ahire

saurabhahire@plindia.com |

Margin improves on sequential basis

Quick Pointers:

- In Specialty Chemicals, Pharma continues to witness steady growth with stable volumes and pricing, while agrochem is showing signs of gradual improvement.
- In Q2 FY25, two CDMO contracts were signed with agro innovators. First contract is valued at USD300mn, while the second is of a smaller size.

Jubilant Ingrevia (JUBLINGR IN) witnessed modest 2% sequential growth in revenue, while margins improved by 120bps sequentially, led by Pharmaceutical segment, which experienced volume growth, along with prices increase for a few products. Agrochemical is expected to see gradual demand recovery, with global inventory destocking largely over. During the quarter, both volumes and prices for niacinamide increased. Specialty Chemicals saw 13% YoY growth driven by rising volumes of pyridine derivatives. Nutrition segment saw 12% YoY improvement in revenue, while acetyl segment, which contributes 41% to overall revenue, declined by 10% YoY due to lower demand coming from the paracetamol end-use segment and lower prices. The company has been adding capacities across segments and has signed two CDMO contracts during the quarter, but we believe the agrochemical side of the business will continue to face challenges and revival is unlikely till Q4FY25. Further, net debt/equity is expected to increase as cash flow generated is not expected to sustain capex. The stock is trading at 43x FY26E EPS. We maintain our 'HOLD' rating on the stock with SOTP-based target price of Rs696, valuing it on FY26/FY27.

- Specialty Chemicals segment sees 13% YoY growth:** Revenue at Rs10.4bn (2.5% YoY/ 2% QoQ; PLe: ~Rs10.6bn), saw modest improvement due to 13% and 12% YoY increase in Specialty Chemicals and Nutrition segment revenue, respectively. Topline for H1FY25 stood at Rs20.7bn vs Rs20.9bn in H1FY24, a decline of 1.2%.
- EBITDAM improves by 120bps sequentially due to lower RM prices:** EBITDA stood at Rs1246mn (5.9% YoY/ 13.7% QoQ) and EBITDA margin was at 11.9% (vs 11.5% in Q2FY24 and 10.7% in Q1FY25; PLe: 10.9%), up 120bps QoQ due to lower raw material cost. PAT increased to Rs591mn (2.9% YoY/ 21.5% QoQ); H1FY25 PAT was at Rs1.07bn, a decline of 6.3% YoY.
- EBIT margin of Nutrition & Health Solutions segment improves by 90bps:** Specialty EBIT margin remained stable at 14.5%, while Nutrition and Health Solutions segment saw an increase of 90bps sequentially. Chemical Intermediates segment also saw an increase of 70bps in EBIT margin sequentially, but margins declined by almost 180bps YoY.
- Concall takeaways: (1)** In Specialty chemicals, pharma segment witnessed steady demand and pricing, particularly in pyridine derivatives. **(2)** Acetyl business pressure continued due to low demand in paracetamol. **(3)** Agrochemical segment volumes are recovering in pyridine-based products,

with issues related to global inventory destocking largely over. **(4)** H2FY25 is expected to be better than H1FY25. **(5)** New capex is expected to be announced in Q3FY25, with focus on Specialty and Nutrition segments. **(6)** Capex was Rs910mn in Q2FY25 and Rs2.07bn in H1FY25, mainly sourced through internal accruals. **(7)** Diketene utilization is 75% for Phase 1 and a bit lower for Phase 2. Pyridine and picoline capacity is 30,000mtpa, and is running at 75-80% utilization. **(8)** Volumes and prices of niacinamide increased during the quarter. **(9)** Ethyl acetate and acetic anhydride volumes increased QoQ, but prices remained under pressure.

Exhibit 1: Q2FY25 Result Overview (Rs mn)

Y/e March	Q2FY25	Q2FY24	YoY gr. (%)	Q2FY25E	% Var.	Q1FY25	QoQ gr. (%)	H1FY25	H1FY24	YoY gr. (%)
Net Sales	10,452	10,199	2.5	10,658	(1.9)	10,243	2.0	20,696	20,950	(1.2)
Gross Profit	5,381	5,147	4.6	5,256	2.4	4,958	8.5	10,339	10,395	(0.5)
Margin (%)	51.5%	50.5%		49.3%		48.4%		50.0%	49.6%	
EBITDA	1,246	1,177	5.9	1,163	7.1	1,095	13.7	2,341	2,343	(0.1)
Margin (%)	11.9%	11.5%		10.9%		10.7%		11.3%	11.2%	1.1
Other Income	105	85.2	22.8	106	(1.2)	95.7	9.3	200	170	17.7
Depreciation	396	339	16.8	420	(5.7)	389	1.9	785	662	18.5
EBIT	954	923	3.4	849	12.4	802	19.0	1,757	1,851	(5.1)
Interest	151	125	20.4	147	2.7	143	5.6	293	240	22.4
PBT before excep	804	797	0.8	702	14.5	660	21.8	1,463	1,611	(9.2)
Total Tax	212	224	(5.2)	176	20.9	173	22.7	385	461	(16.5)
ETR (%)	26.4%	28.1%		0.3		26.2%		26.3%	28.6%	
Adj. PAT	591	574	3.1	527	12.3	487	21.5	1,078	1,150	(6.3)
Exceptional Items	0	1		-		0		0	0	
PAT	591	575	2.9	527	12.3	487	21.5	1,078	1,150	(6.3)

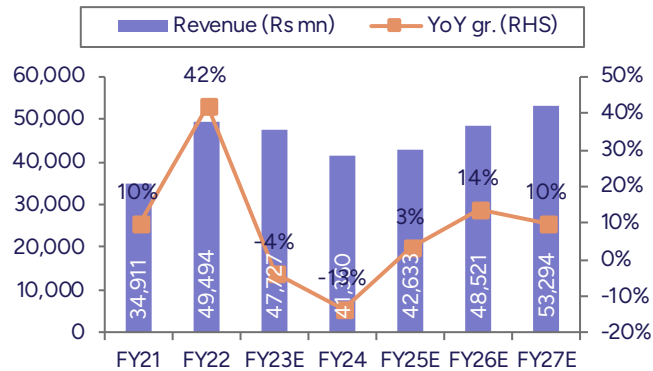
Source: Company, PL

Exhibit 2: Segmental breakup – Consolidated (Rs mn)

Segmental Details	Q4FY23	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	11,450	10,750	10,199	9,664	10,744	10,243	10,452
Specialty Chemicals	4,680	3,638	3,817	3,648	4,753	4,307	4,332
Nutrition & Health Solutions	1,552	2,023	1,620	1,512	1,645	1,861	1,821
Chemical Intermediates	5,217	5,090	4,762	4,504	4,347	4,076	4,300
Segment EBIT	895	1017	1,044	867	830	1,057	1,117
Specialty Chemicals	380	387.1	495	349	454	625	629
Nutrition & Health Solutions	16	135.6	153	141	57	196	208
Chemical Intermediates	499	494.4	396	377	320	235	280
Less: Unallocable & exceptional items	83	89.4	120	166	180	254	164
EBIT	812	928	924	701	650	803	953
Less: Interest Cost	57	114.6	125	151	136	143	151
PBT	755	813	799	551	514	660	802
Segment EBIT Margin (%)	7.8%	9.5%	10.2%	9.0%	7.7%	10.3%	10.7%
Specialty Chemicals	8.1%	10.6%	13.0%	9.6%	9.5%	14.5%	14.5%
Nutrition & Health Solutions	1.0%	6.7%	9.5%	9.3%	3.4%	10.5%	11.4%
Chemical intermediates	9.6%	9.7%	8.3%	8.4%	7.4%	5.8%	6.5%

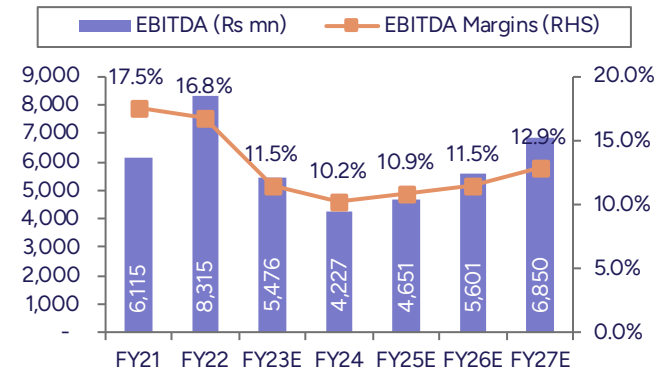
Source: Company, PL

Exhibit 3: Revenue to grow at CAGR of 13% from FY24-27E



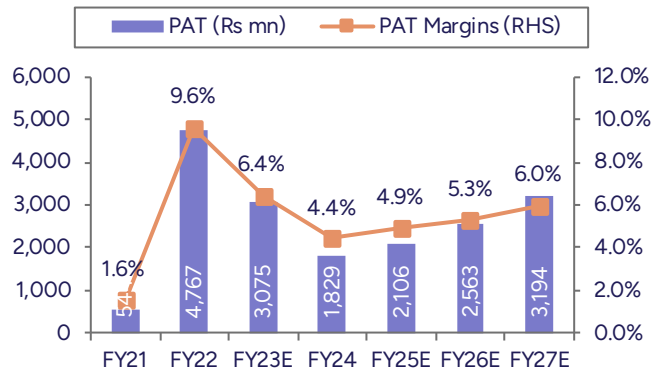
Source: Company, PL

Exhibit 4: EBITDAM expected at 11-13%



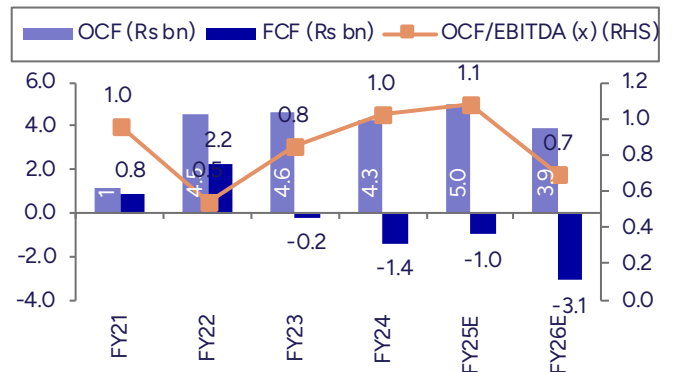
Source: Company, PL

Exhibit 5: PAT margin at 5-7%



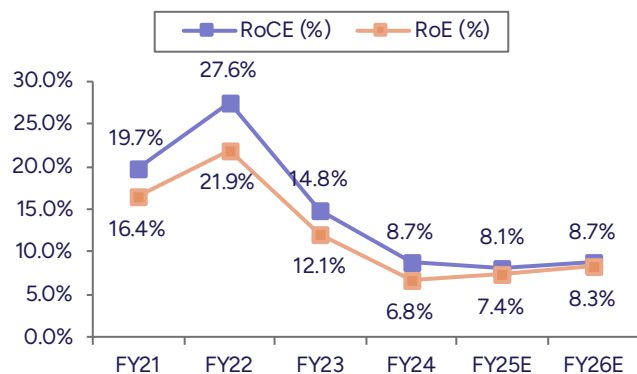
Source: Company, PL

Exhibit 6: OCF/EBITDA to decrease (FY24-27E)



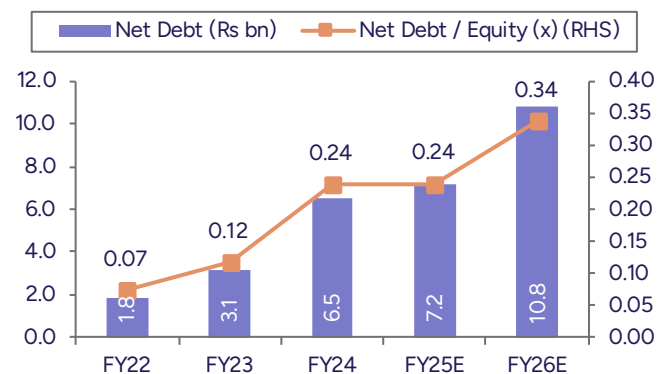
Source: Company, PL

Exhibit 7: Return ratios to be at 10-11%



Source: Company, PL

Exhibit 8: Net debt/ equity to increase



Source: Company, PL

Exhibit 9: SOTP – Reiterate HOLD with SOTP-based TP of Rs696

SOTP	FY23	FY24	FY25E	FY26E	FY27E	CAGR (FY24-27E)
EBITDA (Rs mn)						
Specialty Chemicals	2,840	2,480	3,201	3,986	4,756	24%
Nutrition & Health Solutions	460	620	709	845	1,147	23%
Chemical Intermediates	2,830	2,020	1,706	1,812	2,109	1%
Segment EBITDA - Total	6,130	5,120	5,616	6,644	8,012	16%
Less: Unallocable items	(654)	(893)	(965)	(1,043)	(1,162)	9%
Consolidated EBITDA (Rs mn)	5,476	4,227	4,651	5,601	6,850	17%
EV/EBITDA Target Multiple (x)						
Specialty Chemicals				22	20	
Nutrition & Health Solutions				18	16	
Chemical Intermediates				15	13	
Unallocable items				11	12	
Enterprise Value (Rs mn)						
						Per Share
Specialty Chemicals				87,698	95,112	552
Nutrition & Health Solutions				15,217	18,348	96
Chemical Intermediates				27,183	27,420	171
Less: Unallocable items				(11,473)	(13,940)	(72)
Enterprise Value (Rs mn)				1,18,624	1,26,940	746
Less: Net Debt and Investments				(10,803)	(13,463)	(69)
Equity Value / MCap (Rs mn)				1,07,821	1,13,477	678
Target Price (Rs/ sh)				678	714	696

Source: PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	41,358	42,633	48,521	53,294
YoY gr. (%)	(13.3)	3.1	13.8	9.8
Cost of Goods Sold	21,426	21,608	24,216	26,377
Gross Profit	19,932	21,025	24,305	26,917
Margin (%)	48.2	49.3	50.1	50.5
Employee Cost	3,840	4,223	4,730	5,145
Other Expenses	11,882	12,150	13,974	14,922
EBITDA	4,211	4,651	5,601	6,850
YoY gr. (%)	(23.0)	10.5	20.4	22.3
Margin (%)	10.2	10.9	11.5	12.9
Depreciation and Amortization	1,362	1,680	2,018	2,317
EBIT	2,850	2,971	3,583	4,533
Margin (%)	6.9	7.0	7.4	8.5
Net Interest	527	587	760	986
Other Income	353	424	593	712
Profit Before Tax	2,676	2,808	3,416	4,258
Margin (%)	6.5	6.6	7.0	8.0
Total Tax	847	702	854	1,065
Effective tax rate (%)	31.7	25.0	25.0	25.0
Profit after tax	1,829	2,106	2,562	3,194
Minority interest	-	-	-	-
Share Profit from Associate	0	0	0	0
Adjusted PAT	1,829	2,106	2,563	3,194
YoY gr. (%)	(40.5)	15.2	21.7	24.6
Margin (%)	4.4	4.9	5.3	6.0
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,829	2,106	2,563	3,194
YoY gr. (%)	(40.5)	15.2	21.7	24.6
Margin (%)	4.4	4.9	5.3	6.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,829	2,106	2,563	3,194
Equity Shares O/s (m)	158	159	159	159
EPS (Rs)	11.6	13.2	16.1	20.1

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	34,629	41,685	47,992	54,992
Tangibles	34,338	41,393	47,700	54,700
Intangibles	292	292	292	292
Acc: Dep / Amortization	9,298	10,978	12,996	15,313
Tangibles	9,148	10,828	12,846	15,163
Intangibles	150	150	150	150
Net fixed assets	25,332	30,707	34,996	39,679
Tangibles	25,190	30,565	34,854	39,537
Intangibles	142	142	142	142
Capital Work In Progress	3,314	2,314	3,007	3,007
Goodwill	-	-	-	-
Non-Current Investments	159	160	160	160
Net Deferred tax assets	(2,009)	(2,009)	(2,009)	(2,009)
Other Non-Current Assets	533	533	533	533
Current Assets				
Investments	-	-	-	-
Inventories	9,413	8,410	9,571	10,513
Trade receivables	5,720	5,896	6,710	7,370
Cash & Bank Balance	796	1,140	1,139	894
Other Current Assets	1,866	1,924	2,189	2,405
Total Assets	47,263	51,214	58,437	64,693
Equity				
Equity Share Capital	158	159	159	159
Other Equity	27,217	29,758	31,877	34,518
Total Networth	27,375	29,917	32,036	34,677
Non-Current Liabilities				
Long Term borrowings	4,256	5,756	9,756	11,956
Provisions	648	713	798	868
Other non current liabilities	44	44	44	44
Current Liabilities				
ST Debt / Current of LT Debt	3,074	2,561	2,186	2,401
Trade payables	7,667	7,903	8,994	9,879
Other current liabilities	2,120	2,185	2,487	2,732
Total Equity & Liabilities	47,319	51,214	58,437	64,693

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	2,676	2,808	3,417	4,258
Add. Depreciation	1,362	1,680	2,018	2,317
Add. Interest	527	587	760	986
Less Financial Other Income	353	424	593	712
Add. Other	137	(424)	(593)	(712)
Op. profit before WC changes	4,701	4,652	5,601	6,850
Net Changes-WC	59	1,058	(907)	(736)
Direct tax	(460)	(689)	(795)	(1,017)
Net cash from Op. activities	4,300	5,021	3,898	5,097
Capital expenditures	(5,662)	(6,000)	(7,000)	(7,000)
Interest / Dividend Income	7	424	593	712
Others	(34)	(1)	-	-
Net Cash from Invst. activities	(5,688)	(5,577)	(6,407)	(6,288)
Issue of share cap. / premium	(429)	1	-	-
Debt changes	3,363	987	3,625	2,415
Dividend paid	(786)	(364)	(443)	(553)
Interest paid	(679)	(587)	(760)	(986)
Others	(27)	65	86	70
Net cash from Fin. activities	1,441	101	2,508	946
Net change in cash	53	(455)	(1)	(245)
Free Cash Flow	(1,384)	(979)	(3,102)	(1,903)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	11.6	13.2	16.1	20.1
CEPS	20.2	23.8	28.8	34.7
BVPS	173.3	188.2	201.5	218.1
FCF	(8.8)	(6.2)	(19.5)	(12.0)
DPS	2.0	2.3	2.8	3.5
Return Ratio(%)				
RoCE	8.7	8.1	8.7	9.7
ROIC	6.1	6.3	6.7	7.5
RoE	6.8	7.4	8.3	9.6
Balance Sheet				
Net Debt : Equity (x)	0.2	0.2	0.3	0.4
Net Working Capital (Days)	66	55	55	55
Valuation(x)				
PER	60.9	53.2	43.8	35.1
P/B	4.1	3.7	3.5	3.2
P/CEPS	34.9	29.6	24.5	20.3
EV/EBITDA	28.0	25.6	21.9	18.3
EV/Sales	2.9	2.8	2.5	2.4
Dividend Yield (%)	0.3	0.3	0.4	0.5

Source: Company Data, PL Research

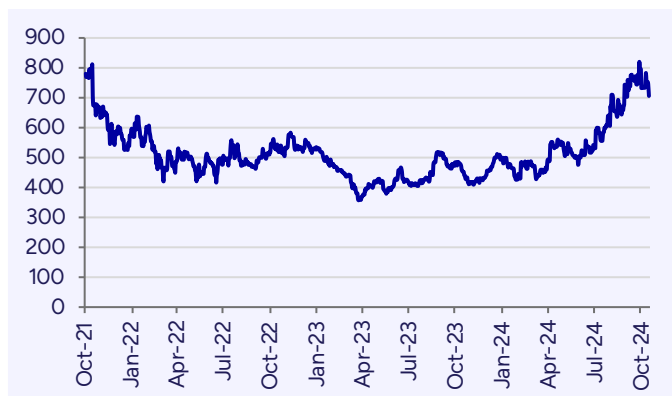
Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	9,664	10,744	10,243	10,452
YoY gr. (%)	(16.6)	(6.2)	(4.7)	2.5
Raw Material Expenses	5,086	5,959	5,286	5,071
Gross Profit	4,578	4,785	4,958	5,381
Margin (%)	47.4	44.5	48.4	51.5
EBITDA	956	912	1,095	1,246
YoY gr. (%)	(36.8)	(10.6)	(6.1)	5.9
Margin (%)	9.9	8.5	10.7	11.9
Depreciation / Depletion	342	357	389	396
EBIT	613	555	707	850
Margin (%)	6.3	5.2	6.9	8.1
Net Interest	151	136	143	151
Other Income	88	95	96	105
Profit before Tax	550	514	660	804
Margin (%)	5.7	4.8	6.4	7.7
Total Tax	165	221	173	212
Effective tax rate (%)	30.0	43.0	26.2	26.4
Profit after Tax	385	293	487	591
Minority interest	-	-	-	-
Share Profit from Associates	-	(1)	1	(1)
Adjusted PAT	385	293	487	590
YoY gr. (%)	(57.9)	(44.1)	(15.2)	2.6
Margin (%)	4.0	2.7	4.8	5.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	385	293	487	590
YoY gr. (%)	(57.9)	(44.1)	(15.2)	2.6
Margin (%)	4.0	2.7	4.8	5.6
Other Comprehensive Income	31	31	31	-
Total Comprehensive Income	416	324	518	590
Avg. Shares O/s (m)	159	159	159	-
EPS (Rs)	2.4	1.8	3.1	-

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	05-Oct-24	Hold	770	794
2	17-Jul-24	Hold	592	586
3	04-Jul-24	Hold	445	542
4	15-May-24	Hold	526	512
5	09-Apr-24	Hold	480	486
6	15-Feb-24	Hold	497	484
7	30-Jan-24	Hold	433	439
8	08-Jan-24	Hold	433	498
9	02-Nov-23	Hold	433	412

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	512	551
2	Ashok Leyland	Accumulate	257	222
3	Bajaj Auto	Hold	11,859	11,617
4	Bharat Forge	Accumulate	1,369	1,437
5	Bharat Petroleum Corporation	Sell	279	335
6	Bharti Airtel	Accumulate	1,831	1,657
7	CEAT	Hold	3,063	2,973
8	Clean Science and Technology	Hold	1,561	1,579
9	Deepak Nitrite	Reduce	2,582	3,000
10	Divgi Torqtransfer Systems	Hold	633	591
11	Eicher Motors	BUY	5,416	4,668
12	Endurance Technologies	Accumulate	2,569	2,182
13	Exide Industries	Hold	520	481
14	Fine Organic Industries	Accumulate	5,568	5,142
15	GAIL (India)	Sell	205	224
16	Gujarat Fluorochemicals	Reduce	3,771	4,065
17	Gujarat Gas	Hold	646	596
18	Gujarat State Petronet	Hold	422	411
19	Hero Motocorp	Accumulate	5,906	5,495
20	Hindustan Petroleum Corporation	Sell	362	394
21	Indian Oil Corporation	Reduce	156	163
22	Indraprastha Gas	Sell	407	543
23	Jubilant Ingrevia	Hold	770	794
24	Laxmi Organic Industries	Sell	218	276
25	Mahanagar Gas	Hold	2,050	1,825
26	Mahindra & Mahindra	BUY	3,458	3,060
27	Mangalore Refinery & Petrochemicals	Sell	128	173
28	Maruti Suzuki	BUY	15,045	12,528
29	Navin Fluorine International	Accumulate	3,680	3,419

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