

October 24, 2024

Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,339		3,454	
Sales (Rs. m)	1,48,455	1,64,665	1,52,966	1,69,673
% Chng.	(2.9)	(3.0)		
EBITDA (Rs. m)	35,747	38,405	36,191	39,016
% Chng.	(1.2)	(1.6)		
EPS (Rs.)	49.7	53.9	50.2	54.8
% Chng.	(1.2)	(1.5)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	1,23,830	1,32,952	1,48,455	1,64,665
EBITDA (Rs. m)	27,073	32,105	35,747	38,405
Margin (%)	21.9	24.1	24.1	23.3
PAT (Rs. m)	18,191	22,352	25,242	27,417
EPS (Rs.)	35.8	44.0	49.7	53.9
Gr. (%)	41.1	22.9	12.9	8.6
DPS (Rs.)	11.0	16.5	18.0	20.0
Yield (%)	0.4	0.5	0.6	0.6
RoE (%)	23.3	24.6	23.9	22.4
RoCE (%)	29.7	30.9	29.5	27.3
EV/Sales (x)	12.6	11.7	10.4	9.3
EV/EBITDA (x)	57.8	48.4	43.1	39.7
PE (x)	87.2	71.0	62.9	57.9
P/BV (x)	18.9	16.2	14.0	12.1

Key Data

PIDI.BO | PIDI IN

52-W High / Low	Rs.3,415 / Rs.2,293
Sensex / Nifty	80,065 / 24,399
Market Cap	Rs.1,588bn / \$ 18,884m
Shares Outstanding	509m
3M Avg. Daily Value	Rs.1302.63m

Shareholding Pattern (%)

Promoter's	69.60
Foreign	11.96
Domestic Institution	8.91
Public & Others	9.53
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(4.4)	5.8	32.8
Relative	1.4	(2.4)	7.1

Amnish Aggarwal

amnishaggarwal@plindia.com | 91-22-66322233

Hasti Savla

hastisavla@plindia.com |

Vishwa Solanki

vishwasolanki@plindia.com | 91-22-66322244

Cautiously optimistic

Quick Pointers:

- 2Q UVG at 8.1%, PIDI maintains double digit volume growth guidance for FY25 while remaining cautiously optimistic for next 3-6 months
- 2Q25 VAM usage price is USD 980/ton. 3Q levels are expected in similar range

PIDI has posted a resilient quarter amid otherwise tepid demand environment with 8% UVG and 17.5% PAT growth. B2B continued its growth momentum driven by Industrial & Project verticals whereas B2C faced setback owing to rains & mild slowdown in urban markets. IBD reported improved profitability due to exit from loss making Americas business. Growth outlook remains cautious given monsoon & food inflation. PIDI will continue to benefit from the tailwinds from both residential and commercial Real estate (70% repairs & 30% new construction in sales). PIDI is well placed given continuous innovations, tie-ups to bring technologically advanced products and 2-3x growth in pioneer and growth categories (45% of sales). Near term margin outlook is positive given benign input costs. We estimate 14.7% EPS CAGR over FY24-27 and assign DCF based target price of Rs3339 (Rs3454 earlier) which assumes a target valuation multiple of 62x FY27. Retain Accumulate

B2C volumes up 8% YoY; EBITDA margins up 167bps; Consolidated Revenues grew by 5.2% YoY to Rs32.3bn (PL: Rs33.95bn) Gross margins expanded by 304bps YoY to 54.4%.(Pl: 53.8%)EBITDA grew by 13.1% YoY to Rs7.7bn (PL:Rs7.7bn); Margins expanded by 167bps YoY to 23.8% (PL:23.9%) PBT grew by 16.6% YoY to Rs 7.3bn (PL: Rs7.9bn) Adj PAT grew by 17.8% YoY to Rs5.4bn (PL:Rs5.7bn) **Standalone**— Sales increased 7.1% to Rs29.7bn, GM improved 277bps YoY/44bps QoQ to 54%. EBITDA grew 13.7% to Rs7.3bn; Margins expanded 143bps YoY to 24.5%. Adj. PAT grew 19.2% to Rs5.4bn. Consumer and Bazaar Sales grew by 2.9% YoY to Rs25.8bn; EBIT grew by 11% YoY to 7709.9mn Industrial Products grew by 14.3% YoY to Rs7bn; EBIT grew by 52% YoY to 1039.8mn. PIDI posted 6% UVG in C&B and 21% in B2B (Industrial and Projects driven) which shows sustained growth momentum.

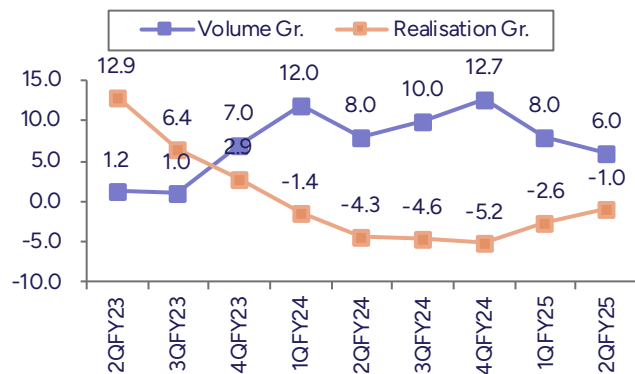
Concall Takeaways: 1) Demand trends remain steady and PIDI has reaffirmed double-digit UVG growth guidance for FY25 owing to its diverse portfolio quality across 37 verticals. 2) Rural/ semi-rural markets continue to grow ahead of urban markets for 3rd consecutive year due to higher scope for penetration vs peers. 3) 4Q VAM prices have been USD980 with current buying around USD 800-900/ton. 4) Paints business test launch in South India has seen satisfactory so far. 5) NBFC has successfully completed stage 1 of its two-stage pilot program. 6) Updates for both Paints & NBFC business would be available in Mar'25. 7) Nina Percept is expected to be profitable in the next 2-3 quarters. 8) Pioneer and growth categories continue to gain traction given focus on brand building and consumer awareness category.9) PIDI is in an exclusive distribution agreement with Colltech Group which is dedicated to the manufacture and sale of high-performance adhesives and thermal management solutions 10) Promotional & Advertising spends have been scheduled for 2HFY25

Exhibit 1: Revenues up 5.2%, GM /EBITDA margins improve 300bps/166bps YoY

Y/e March (Rs mn)	Q2FY25	Q2FY24	YoY gr. (%)	Q1FY25	H1FY25	H1FY24	YoY gr. (%)
Net Revenue	32,349	30,760	5.2	33,954	66,303	63,512	4.4
Gross Profit	17,583	15,783	11.4	18,268	35,851	31,836	12.6
Margin %	54.4	51.3	3.0	53.8	54.1	50.1	3.9
Other Expenditure	9,894	8,985	10.1	10,141	20,035	17,970	11.5
EBITDA	7,688	6,797	13.1	8,127	15,816	13,867	14.1
Margin %	23.8	22.1	1.7	23.9	23.9	21.8	2.0
Depreciation	879	752	16.8	844	1,723	1,486	15.9
Interest	117	131	(10.7)	118	236	250	(5.8)
Other Income	571	316	80.8	539	1,111	550	101.9
PBT	7,263	6,230	16.6	7,704	14,968	12,680	18.0
Tax	1,848	1,631	13.3	1,984	3,832	3,335	14.9
Tax rate %	25.4	26.2	(2.8)	25.7	25.6	26.3	(2.7)
Adj PAT	5,415	4,599	17.8	5,721	11,136	9,345	19.2

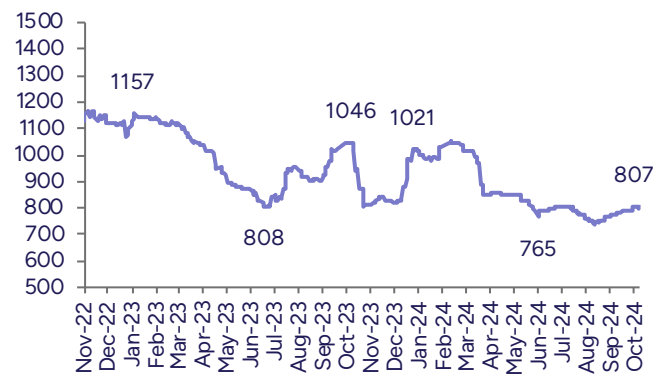
Source: Company, PL

Exhibit 2: C&B UVG grew 6 YoY



Source: Company, PL

Exhibit 3: VAM prices down 23% from 4Q 24 levels



Source: Company, PL

Exhibit 4: B2C/ B2B sales grew by 2.9%/14.3%, B2B margin up by 223/365bps YoY

Segmental	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25
B2C									
Sales (Rs m)	24315	24216	21128	26609	25083	25413	22472	27408	25805
Growth (%)	14.1	6.9	10.4	9.2	3.2	4.9	6.4	3.0	2.9
EBIT (Rs m)	5265	5372	4560	7078	6935	7704	5448	8039	7710
EBIT Growth %	-9.6	-4.6	9.2	32.3	31.7	43.4	19.5	13.6	11.2
EBIT margin %	21.7	22.2	21.6	26.6	27.6	30.3	24.2	29.3	29.9
B2B									
Sales (Rs m)	6237	5999	6340	6780	6153	6373	7079	7256	7036
Growth (%)	17.2	-3.0	-1.8	-6.1	-1.3	6.2	11.7	7.0	14.3
EBIT (Rs m)	495	391	707	917	685	757	835	1103	1040
EBIT Growth %	88.4	-2.2	59.3	22.5	38.3	93.4	18.1	20.3	51.9
EBIT margin %	7.9	6.5	11.2	13.5	11.1	11.9	11.8	15.2	14.8

Source: Company, PL

Domestic subs – Margins drag performance

- Sales growth in domestic subs continued to remain tepid due to poor performance in B2C segment.
- C&B subs (includes ICA Pidilite) registered 9% sales degrowth. Margins drop by 670bps YoY, although they increased by 60bps QoQ. EBITDA degrew 38.4% YoY.
- B2B business (NINA Precept) sales improved by 7% YoY with EBITDA loss of Rs2mn as margins declined 148bps YoY, EBITDA declined 117.8% YoY

Exhibit 5: Domestic subsidiary margins decline 200bps YoY on tepid sales

(Rs mn)	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Consumer & Bazar (C&B)	1,368	1,080	1,148	1,146	1,247
Business to Business (B2B)	709	911	962	844	761
Total Sales	2077	1991	2110	1990	2008
Sales Growth (YoY)	24	14	9	-1	-3
Consumer & Bazar (C&B)	34	13	10	2	(9)
Business to Business (B2B)	9	16	8	(4)	7
EBITDA (Rs mn)	293	109	268	198	173
Consumer & Bazar (C&B)	284	77	94	154	175
Business to Business (B2B)	9	32	174	44	(2)
EBITDA margin %	14.1%	5.5%	12.7%	9.9%	8.6%
Consumer & Bazar (C&B)	20.8%	7.1%	8.2%	13.4%	14.0%
Business to Business (B2B)	1.3%	3.5%	18.1%	5.2%	-0.2%
EBITDA growth (YoY)	47	-40	68	-17	-41
Consumer & Bazar (C&B)	37.9	(54.2)	(18.3)	(19.4)	(38.4)
Business to Business (B2B)	NA	146.2	286.7	(6.4)	(117.8)

Source: Company, PL

IBD – Exit from Americas and benign inputs enable EBITDA growth

International business (IBD) reported 12.8% decline in sales while EBITDA increased by 116.2% due to exit from loss making Americas business. Excluding the impact of Americas in the base, sales increased by 13% and EBITDA increased by 12%.

Asia: Sales improved by 4.7% and EBITDA grew by 16.7% to Rs161mn on 210bps margin expansion enabled by benign raw material prices

Middle East & Africa: Sales grew by 21.9% with EBITDA of Rs66mn, Margins contracted by 162bps to 8.1%

Exhibit 6: EBITDA Margins remained flattish QoQ

Subsidiaries	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Sales (Rs. m)	1,838	1,976	1,587	1,511	1,603
Americas	417	365	-	-	-
Asia	751	807	837	783	786
Middle East & Africa	670	804	750	728	817
Sales growth (YoY)	(10.6)	(1.1)	(24.6)	(23.1)	(12.8)
Americas	(39.7)	(40.3)	(100.0)	(100.0)	(100.0)
Asia	(2.2)	7.9	3.5	(0.1)	4.7
Middle East & Africa	12.4	25.8	5.6	19.9	21.9
EBITDA (Rs m)	105.0	220.0	271.0	214.0	227.0
Americas	(98.0)	(36.0)	-	-	-
Asia	138.0	171.0	178.0	136.0	161.0
Middle East & Africa	65.0	85.0	93.0	78.0	66.0
EBITDA (margin %)	5.7	11.1	17.1	14.2	14.2
Americas	(23.5)	(9.9)	-	-	-
Asia	18.4	21.2	21.3	17.4	20.5
Middle East & Africa	9.7	10.6	12.4	10.7	8.1
EBITDA growth (YoY)	(28.6)	129.2	137.7	49.7	116.2
Americas	988.9	63.6	-	-	-
Asia	5.3	71.0	45.9	6.3	16.7
Middle East & Africa	160.0	372.2	173.5	81.4	1.5

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	1,23,830	1,32,952	1,48,455	1,64,665
YoY gr. (%)	4.9	7.4	11.7	10.9
Cost of Goods Sold	59,940	62,530	70,850	80,235
Gross Profit	63,890	70,422	77,605	84,429
Margin (%)	51.6	53.0	52.3	51.3
Employee Cost	14,651	15,233	16,893	18,610
Other Expenses	-	-	-	-
EBITDA	27,073	32,105	35,747	38,405
YoY gr. (%)	36.4	18.6	11.3	7.4
Margin (%)	21.9	24.1	24.1	23.3
Depreciation and Amortization	3,407	3,613	4,084	4,646
EBIT	23,666	28,493	31,663	33,759
Margin (%)	19.1	21.4	21.3	20.5
Net Interest	512	492	554	640
Other Income	1,397	2,064	2,846	3,764
Profit Before Tax	24,551	30,065	33,954	36,884
Margin (%)	19.8	22.6	22.9	22.4
Total Tax	6,319	7,667	8,658	9,405
Effective tax rate (%)	25.7	25.5	25.5	25.5
Profit after tax	18,231	22,398	25,296	27,478
Minority interest	-	-	-	-
Share Profit from Associate	(41)	(47)	(54)	(62)
Adjusted PAT	18,191	22,352	25,242	27,417
YoY gr. (%)	41.1	22.9	12.9	8.6
Margin (%)	14.7	16.8	17.0	16.7
Extra Ord. Income / (Exp)	(717)	-	-	-
Reported PAT	17,474	22,352	25,242	27,417
YoY gr. (%)	35.6	27.9	12.9	8.6
Margin (%)	14.1	16.8	17.0	16.7
Other Comprehensive Income	319	-	-	-
Total Comprehensive Income	17,793	22,352	25,242	27,417
Equity Shares O/s (m)	508	508	508	508
EPS (Rs)	35.8	44.0	49.7	53.9

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	60,859	64,892	69,840	75,300
Tangibles	44,715	49,494	54,846	60,710
Intangibles	16,145	15,398	14,994	14,591
Acc: Dep / Amortization	19,170	22,379	26,059	30,301
Tangibles	19,170	22,379	26,059	30,301
Intangibles	-	-	-	-
Net fixed assets	41,689	42,513	43,781	44,999
Tangibles	25,545	27,115	28,787	30,409
Intangibles	16,145	15,398	14,994	14,591
Capital Work In Progress	1,481	1,555	1,755	1,955
Goodwill	12,817	12,898	12,898	12,898
Non-Current Investments	4,443	4,554	4,668	4,784
Net Deferred tax assets	(3,640)	(4,422)	(5,036)	(5,679)
Other Non-Current Assets	1,962	2,393	2,672	2,964
Current Assets				
Investments	18,702	28,192	43,657	59,306
Inventories	14,149	17,131	19,799	23,081
Trade receivables	16,747	16,689	18,230	20,221
Cash & Bank Balance	5,333	4,942	3,929	3,482
Other Current Assets	2,831	2,661	2,971	3,295
Total Assets	1,21,040	1,34,273	1,55,069	1,77,656
Equity				
Equity Share Capital	508	508	508	508
Other Equity	83,563	97,150	1,13,087	1,30,181
Total Networth	84,071	97,658	1,13,595	1,30,690
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	987	861	961	1,066
Other non current liabilities	1,938	3,045	3,999	5,262
Current Liabilities				
ST Debt / Current of LT Debt	1,312	1,633	1,633	1,633
Trade payables	11,476	9,765	11,064	12,530
Other current liabilities	15,188	13,983	15,792	17,730
Total Equity & Liabilities	1,21,039	1,34,273	1,55,069	1,77,656

Source: Company Data, PL Research



Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	24,551	30,065	33,954	36,884
Add. Depreciation	3,407	3,613	4,084	4,646
Add. Interest	512	492	554	640
Less Financial Other Income	1,397	2,064	2,846	3,764
Add. Other	(1,078)	(2,064)	(2,846)	(3,764)
Op. profit before WC changes	27,392	32,105	35,747	38,405
Net Changes-WC	(6,401)	(13,802)	(15,560)	(16,193)
Direct tax	(6,319)	(7,667)	(8,658)	(9,405)
Net cash from Op. activities	14,672	10,637	11,528	12,806
Capital expenditures	(6,194)	(4,591)	(5,552)	(6,064)
Interest / Dividend Income	1,397	2,064	2,846	3,764
Others	(193)	(138)	(147)	(157)
Net Cash from Invt. activities	(4,990)	(2,665)	(2,853)	(2,457)
Issue of share cap. / premium	(814)	(222)	-	-
Debt changes	(321)	321	-	-
Dividend paid	(5,591)	(8,387)	(9,149)	(10,166)
Interest paid	(512)	(492)	(554)	(640)
Others	(394)	394	-	-
Net cash from Fin. activities	(7,632)	(8,385)	(9,704)	(10,806)
Net change in cash	2,050	(413)	(1,029)	(456)
Free Cash Flow	8,478	6,046	5,977	6,742

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	35.8	44.0	49.7	53.9
CEPS	42.5	51.1	57.7	63.1
BVPS	165.4	192.1	223.5	257.1
FCF	16.7	11.9	11.8	13.3
DPS	11.0	16.5	18.0	20.0
Return Ratio(%)				
RoCE	29.7	30.9	29.5	27.3
ROIC	24.4	28.2	29.5	29.4
RoE	23.3	24.6	23.9	22.4
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.4)	(0.5)
Net Working Capital (Days)	57	66	66	68
Valuation(x)				
PER	87.2	71.0	62.9	57.9
P/B	18.9	16.2	14.0	12.1
P/CEPS	73.5	61.1	54.1	49.5
EV/EBITDA	57.8	48.4	43.1	39.7
EV/Sales	12.6	11.7	10.4	9.3
Dividend Yield (%)	0.4	0.5	0.6	0.6

Source: Company Data, PL Research

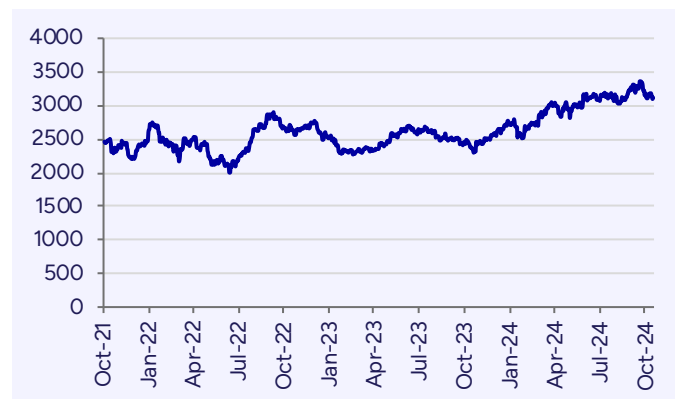
Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	31,300	29,019	33,954	32,349
YoY gr. (%)	4.4	7.9	3.7	5.2
Raw Material Expenses	14,749	13,516	15,685	14,767
Gross Profit	16,551	15,503	18,268	17,583
Margin (%)	52.9	53.4	53.8	54.4
EBITDA	7,425	5,769	8,127	7,688
YoY gr. (%)	49.7	25.6	15.0	13.1
Margin (%)	23.7	19.9	23.9	23.8
Depreciation / Depletion	795	1,125	844	879
EBIT	6,630	4,644	7,283	6,809
Margin (%)	21.2	16.0	21.5	21.0
Net Interest	128	134	118	117
Other Income	370	489	539	571
Profit before Tax	6,872	4,998	7,704	7,263
Margin (%)	22.0	17.2	22.7	22.5
Total Tax	1,765	1,219	1,984	1,848
Effective tax rate (%)	25.7	24.4	25.7	25.4
Profit after Tax	5,107	3,779	5,721	5,415
Minority interest	-	-	-	-
Share Profit from Associates	2	(20)	(8)	(12)
Adjusted PAT	5,109	3,759	5,713	5,403
YoY gr. (%)	66.0	31.5	20.6	17.8
Margin (%)	16.3	13.0	16.8	16.7
Extra Ord. Income / (Exp)	-	(717)	-	-
Reported PAT	5,109	3,043	5,713	5,403
YoY gr. (%)	66.0	6.4	20.6	17.8
Margin (%)	16.3	10.5	16.8	16.7
Other Comprehensive Income	16	594	(73)	(27)
Total Comprehensive Income	5,125	3,636	5,640	5,376
Avg. Shares O/s (m)	508	508	508	508
EPS (Rs)	10.1	7.4	11.2	10.6

Source: Company Data, PL Research

Price Chart

Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-24	Accumulate	3,454	3,226
2	08-Aug-24	Accumulate	3,383	3,168
3	09-Jul-24	Accumulate	3,141	3,100
4	08-May-24	Accumulate	2,980	2,815
5	09-Apr-24	Accumulate	2,764	3,019
6	24-Jan-24	Accumulate	2,764	2,590
7	08-Jan-24	Hold	2,704	2,720
8	09-Nov-23	Hold	2,644	2,458

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Asian Paints	Reduce	2,605	3,073
2	Avenue Supermarts	Hold	4,748	4,573
3	Britannia Industries	Accumulate	6,397	6,206
4	Colgate Palmolive	Reduce	3,130	3,740
5	Dabur India	Hold	603	572
6	Emami	Hold	836	743
7	Hindustan Unilever	Hold	2,744	2,659
8	ITC	Accumulate	541	504
9	Jubilant FoodWorks	Hold	582	629
10	Kansai Nerolac Paints	Reduce	286	292
11	Marico	Hold	681	690
12	Metro Brands	Hold	1,268	1,255
13	Mold-tekk Packaging	Accumulate	853	749
14	Nestle India	Accumulate	2,689	2,379
15	Pidilite Industries	Accumulate	3,454	3,226
16	Restaurant Brands Asia	Accumulate	129	110
17	Titan Company	Accumulate	3,969	3,670
18	Westlife Foodworld	Hold	889	889

PL's Recommendation Nomenclature (Absolute Performance)

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

ANALYST CERTIFICATION

(Indian Clients)

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

(US Clients)

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

DISCLAIMER

Indian Clients

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

It is confirmed that Mr. Amnish Aggarwal- MBA, CFA, Ms. Hasti Savla- CA, Mr. Vishwa Solanki- PGDM - Finance Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

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

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

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

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

US Clients

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

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

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

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

Prabhudas Lilladher Pvt. Ltd.

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

www.plindia.com