August 13, 2021

Q1FY22 Result Update

■ Change in Estimates | ■ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	**BUY**		**BUY**	
Target Price	**129**		**129**	
Sales (Rs. m)	33,910	37,046	33,910	37,046
% Chng.	-	-		
EBITDA (Rs. m)	3,949	5,437	3,949	5,437
% Chng.	-	-		
EPS (Rs.)	8.2	10.7	8.2	10.7
% Chng.	-	-		

Key Financials - Consolidated

Y/e Mar	FY20	FY21	FY22E	FY23E
Sales (Rs. m)	32,365	31,442	33,910	37,046
EBITDA (Rs. m)	4,532	3,499	3,949	5,437
Margin (%)	*14.0*	*11.1*	*11.6*	*14.7*
PAT (Rs. m)	4,238	4,039	4,630	6,029
EPS (Rs.)	6.7	7.2	8.2	10.7
Gr. (%)	*14.7*	*7.1*	*14.6*	*30.2*
DPS (Rs.)	4.4	2.0	3.7	4.8
Yield (%)	*6.1*	*2.8*	*5.2*	*6.8*
RoE (%)	*17.8*	*19.4*	*24.7*	*27.8*
RoCE (%)	*18.0*	*15.7*	*19.4*	*23.5*
EV/Sales (x)	0.5	0.8	0.6	0.5
EV/EBITDA (x)	3.6	7.0	5.5	3.7
PE (x)	10.5	9.8	8.6	6.6
P/BV (x)	1.9	2.3	2.0	1.7

Key Data	ENGI.BO | ENGR IN
52-W High / Low	Rs.94 / Rs.60
Sensex / Nifty	55,437 / 16,529
Market Cap	Rs.45bn/ $ 603m
Shares Outstanding	632m
3M Avg. Daily Value	Rs.577.3m

Shareholding Pattern (%)

Promoter's	51.50
Foreign	5.55
Domestic Institution	21.29
Public & Others	21.66
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(9.1)	(5.5)	5.0
Relative	(13.5)	(12.1)	(27.4)

Viral Shah
viralshah@plindia.com | 91-22-66322250

Nilesh Soni
nileshsoni@plindia.com |

Engineers India (ENGR IN)

Rating: BUY | CMP: Rs71 | TP: Rs129

Turnkey execution picks up

Quick Pointers:

- Despite second wave of Covid order inflows came in healthy at Rs2.8bn (100% consultancy orders, primarily from hydrocarbon segment)
- Execution momentum continues across both segments; Consultancy (up 32.9% YoY) and Turnkey (up 91.5% YoY).

Engineers India (EIL) reported strong performance in 1Q, led by execution ramp up in turnkey segment. EBITDA margin came in at 14.2% led by higher execution and better absorption of fixed overheads. Order inflows came in at Rs2.8bn, mainly driven by orders from hydrocarbon sector. Order book stands strong at Rs75.3bn, with consultancy constituting 60% and turnkey segment comprises 40% off the total order book. With most oil companies reviving their capex plan, we expect ordering momentum will continue to remain strong, going forward. Tender pipeline remains strong given projects such as petrochemical expansion of BPCL and HMEL, MRPL refinery expansion, order from Rajasthan refinery, Kaveri basin (few package) and Bina refinery expansion to be awarded in FY22.

We expect EIL's healthy order book, lean balance sheet, strong project pipeline and strong growth visibility augurs well in the long run and expect EIL to report revenue/PAT CAGR of 9%/22% from FY21 to FY23. The stock is currently trading at 8.6x/6.6xFY22/FY23E. We maintain 'Buy' rating on stock with TP of Rs129 (same as earlier).

Turnkey Segment drives growth: Sales came in at Rs7.3bn (up 57% YoY) (PLe ~Rs6.1bn), led by strong execution in both segment; turnkey/consultancy which grew 91.5%/32.9% YoY. EBITDA came in at Rs1bn (PLe ~Rs271mn) with EBITDA margins coming in at 14.2% vs 4.6% in Q1FY21, owing to better absorption of fixed overheads. PBT came in at Rs1.2bn led by better operating performance. Adj. PAT came in at Rs906mn beating our estimate of Rs490mn. The beat in PAT was mainly led by stellar execution and better operating performance.

Strong order book: During Q1FY22 company secured orders worth Rs2.8bn (100% consultancy). Order book stands strong at Rs75.3bn, with consultancy constituting Rs45bn and turnkey segment comprises Rs30.3bn off the total order book. Major orders bagged in consultancy segment during the quarter include 1) Bio-Refinery Project at Numaligarh 2) Upgradation of Facilities of Numaligarh-Siliguri Product Pipeline (NSPL) 3) Licensing and EPCM Consultancy Services for Delayed Coker Unit (DCU) Revamp of Numaligarh Refinery Expansion Project and 4) Consultancy Services for Guru Gobind Singh Polymer Addition Project, Bathinda. With most oil companies reviving their capex plan, ordering momentum is expected to remain strong.

Exhibit 1: Strong Execution momentum

Y/e March (Rs mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY gr. (%)	QoQ gr. (%)	FY21	FY20	YoY gr. (%)
Revenue	**4,678**	**6,834**	**8,367**	**11,167**	**7,349**	***57.1***	***(34.2)***	**31,047**	**32,031**	***(3.1)***
Total Revenues	**4,678**	**6,834**	**8,367**	**11,167**	**7,349**	***57.1***	***(34.2)***	**31,047**	**32,031**	***(3.1)***
Expenditure	**4,464**	**6,062**	**7,617**	**9,527**	**6,306**	***41.2***	***(33.8)***	**27,669**	**27,600**	***0.3***
as % of sales	*95.4*	*88.7*	*91.0*	*85.3*	*85.8*			*89.1*	*86.2*	
Consumption of RM	1,919	3,292	4,592	6,828	3,535	*84.2*	*(48.2)*	16,631	15,576	*6.8*
as % of sales	*41.0*	*48.2*	*54.9*	*61.1*	*48.1*			*53.6*	*48.6*	
Employee Cost	2,073	2,139	2,170	2,200	2,202	*6.2*	*0.1*	8,583	8,444	*1.6*
as % of sales	*44.3*	*31.3*	*25.9*	*19.7*	*30.0*			*27.6*	*26.4*	
Other expenditure	472	631	855	498	568	*20.3*	*14.0*	2,456	3,581	*(31.4)*
as % of sales	*10.1*	*9.2*	*10.2*	*4.5*	*7.7*			*7.9*	*11.2*	
EBITDA	**214**	**773**	**751**	**1,640**	**1,043**	***387.1***	***(36.4)***	**3,377**	**4,430**	***(23.8)***
Depreciation	53	60	51	71	49	*(8.5)*	*(30.9)*	234	238	*(1.7)*
EBIT	**161**	**713**	**700**	**1,569**	**995**	***518.2***	***(36.6)***	**3,143**	**4,192**	***(25.0)***
Other Income	497	533	480	440	225	*(54.8)*	*(48.9)*	1,949	2,580	*(24.5)*
Interest	4	5	4	24	3	*(38.9)*	*(88.9)*	37	17	*110.9*
Extra ordinary items	-	-	-	(1,550)	-			(1,550)	-	
PBT	**653**	**1,241**	**1,176**	**436**	**1,217**	***86.2***	***179.0***	**3,506**	**6,755**	***(48.1)***
Total Tax	172	315	294	131	311	*80.2*	*137.6*	911	2,453	*(62.9)*
Reported PAT	**481**	**926**	**882**	**305**	**906**	***88.4***	***196.7***	**2,595**	**4,302**	***(39.7)***
(Profit)/loss from JV's/Ass/MI	-	-	-	-	-	-	-	-	-	-
PAT after MI	**481**	**926**	**882**	**305**	**906**	***88.4***	***196.7***	**2,595**	**4,302**	***(39.7)***
Adjusted PAT	**481**	**926**	**882**	**1,391**	**906**	***88.4***	***(34.8)***	**3,742**	**4,302**	***(13.0)***
Adjusted EPS (diluted)	**0.9**	**1.6**	**1.6**	**2.5**	**1.6**	***88.4***	***(34.8)***	**6.7**	**7.7**	***(13.0)***
Margins (%)	**Q1FY21**	**Q2FY21**	**Q3FY21**	**Q4FY21**	**Q1FY22**	***bps***	***bps***	**FY21**	**FY20**	***bps***
EBIDTA	4.6	11.3	9.0	14.7	14.2	*962*	*(49)*	10.9	13.8	*(295)*
EBIT	3.4	10.4	8.4	14.1	13.5	*1,009*	*(52)*	10.1	13.1	*(296)*
EBT	14.0	18.2	14.0	3.9	16.6	*259*	*1,265*	11.3	21.1	*(980)*
PAT	20.6	27.1	21.1	15.2	24.7	*410*	*947*	20.4	26.9	*(645)*
Effective Tax rate	26.4	25.4	25.0	30.0	25.5	*(86)*	*(444)*	26.0	36.3	*(1,033)*

Source: Company, PL

Exhibit 2: Segmental Performance

Y/e March (Rs mn)	Q1FY21	Q2FY21	Q3FY21	Q4FY21	Q1FY22	YoY gr. (%)	QoQ gr. (%)	FY21	FY20	YoY gr. (%)
Revenue										
Consultancy	2,751	3,452	3,583	4,047	3,658	*32.9*	*(9.6)*	13,833	15,653	*(11.6)*
Turnkey Projects	1,927	3,382	4,785	7,120	3,691	*91.5*	*(48.2)*	17,214	16,377	*5.1*
EBIT										
Consultancy	393	933	910	1,564	1,100	*180.3*	*(29.6)*	3,799	4,989	*(23.8)*
EBIT margin (%)	*14.3*	*27.0*	*25.4*	*38.6*	*30.1*			*27.5*	*31.9*	
Turnkey Projects	30	63	65	400	116	*291.3*	*(70.9)*	558	654	*(14.7)*
EBIT margin (%)	*1.5*	*1.9*	*1.4*	*5.6*	*3.2*			*3.2*	*4.0*	

Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Net Revenues	**32,365**	**31,442**	**33,910**	**37,046**
YoY gr. (%)	*30.7*	*(2.9)*	*7.9*	*9.2*
Cost of Goods Sold	15,499	16,615	17,972	18,894
Gross Profit	16,867	14,827	15,938	18,153
Margin (%)	*52.1*	*47.2*	*47.0*	*49.0*
Employee Cost	8,656	8,794	8,970	9,419
Other Expenses	1,429	333	678	741
EBITDA	**4,532**	**3,499**	**3,949**	**5,437**
YoY gr. (%)	*20.7*	*(22.8)*	*12.9*	*37.7*
Margin (%)	*14.0*	*11.1*	*11.6*	*14.7*
Depreciation and Amortization	240	237	293	330
EBIT	**4,292**	**3,262**	**3,656**	**5,106**
Margin (%)	*13.3*	*10.4*	*10.8*	*13.8*
Net Interest	17	37	17	18
Other Income	2,555	1,888	2,543	2,964
Profit Before Tax	**6,830**	**3,563**	**6,183**	**8,052**
Margin (%)	*21.1*	*11.3*	*18.2*	*21.7*
Total Tax	2,492	949	1,553	2,023
Effective tax rate (%)	*36.5*	*26.6*	*25.1*	*25.1*
Profit after tax	**4,339**	**2,615**	**4,630**	**6,029**
Minority interest	-	-	-	-
Share Profit from Associate	(100)	(125)	-	-
Adjusted PAT	**4,238**	**4,039**	**4,630**	**6,029**
YoY gr. (%)	*14.7*	*(4.7)*	*14.6*	*30.2*
Margin (%)	*13.1*	*12.8*	*13.7*	*16.3*
Extra Ord. Income / (Exp)	-	(1,550)	-	-
Reported PAT	**4,238**	**2,489**	**4,630**	**6,029**
YoY gr. (%)	*14.7*	*(41.3)*	*86.0*	*30.2*
Margin (%)	*13.1*	*7.9*	*13.7*	*16.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,238	2,489	4,630	6,029
Equity Shares O/s (m)	**632**	**562**	**562**	**562**
EPS (Rs)	**6.7**	**7.2**	**8.2**	**10.7**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
Non-Current Assets				
Gross Block	**3,211**	**3,407**	**3,907**	**4,407**
Tangibles	3,211	3,407	3,907	4,407
Intangibles	-	-	-	-
Acc: Dep / Amortization	**886**	**1,122**	**1,415**	**1,746**
Tangibles	886	1,122	1,415	1,746
Intangibles	-	-	-	-
Net fixed assets	**2,325**	**2,284**	**2,491**	**2,661**
Tangibles	2,325	2,284	2,491	2,661
Intangibles	-	-	-	-
Capital Work In Progress	54	37	37	37
Goodwill	-	-	-	-
Non-Current Investments	4,955	12,071	12,171	12,233
Net Deferred tax assets	2,720	3,362	3,362	3,362
Other Non-Current Assets	483	641	678	741
Current Assets				
Investments	520	2,071	3,089	4,437
Inventories	67	19	465	304
Trade receivables	6,802	5,325	5,760	6,293
Cash & Bank Balance	27,775	13,216	15,073	15,402
Other Current Assets	2,129	1,969	2,204	2,408
Total Assets	**48,244**	**41,053**	**45,630**	**48,518**
Equity				
Equity Share Capital	3,160	2,810	2,810	2,810
Other Equity	20,901	14,697	17,243	20,559
Total Networth	**24,060**	**17,507**	**20,053**	**23,369**
Non-Current Liabilities				
Long Term borrowings	49	40	40	40
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,749	4,122	2,787	2,537
Other current liabilities	24,106	22,745	26,111	25,932
Total Equity & Liabilities	**48,244**	**41,053**	**45,630**	**48,518**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY20	FY21	FY22E	FY23E
PBT	6,830	3,563	6,183	8,052
Add. Depreciation	240	237	293	330
Add. Interest	17	37	17	18
Less Financial Other Income	2,555	1,888	2,543	2,964
Add. Other	(641)	151	-	-
Op. profit before WC changes	6,446	3,988	6,493	8,401
Net Changes-WC	(432)	(638)	535	(1,469)
Direct tax	(2,258)	(1,635)	(1,553)	(2,023)
Net cash from Op. activities	**3,756**	**1,714**	**5,475**	**4,909**
Capital expenditures	(175)	(114)	(500)	(500)
Interest / Dividend Income	2,027	1,807	-	-
Others	(4,145)	6,063	(1,018)	(1,349)
Net Cash from Invt. activities	**(2,294)**	**7,756**	**(1,518)**	**(1,849)**
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(3,314)	(1,744)	(2,083)	(2,713)
Interest paid	-	-	(17)	(18)
Others	(27)	(7,294)	-	-
Net cash from Fin. activities	**(3,341)**	**(9,037)**	**(2,100)**	**(2,732)**
Net change in cash	**(1,879)**	**433**	**1,857**	**329**
Free Cash Flow	3,756	1,714	5,475	4,909

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
Net Revenue	**6,834**	**8,367**	**11,167**	**7,349**
YoY gr. (%)	*(5.6)*	*(6.1)*	*30.8*	*57.1*
Raw Material Expenses	3,292	4,592	6,828	3,535
Gross Profit	3,542	3,776	4,339	3,814
Margin (%)	*51.8*	*45.1*	*38.9*	*51.9*
EBITDA	**773**	**751**	**1,640**	**1,043**
YoY gr. (%)	*(27.8)*	*(12.3)*	*47.7*	*387.1*
Margin (%)	*11.3*	*9.0*	*14.7*	*14.2*
Depreciation / Depletion	60	51	71	49
EBIT	**713**	**700**	**1,569**	**995**
Margin (%)	*10.4*	*8.4*	*14.1*	*13.5*
Net Interest	5	4	24	3
Other Income	533	480	440	225
Profit before Tax	**1,241**	**1,176**	**436**	**1,217**
Margin (%)	*18.2*	*14.0*	*3.9*	*16.6*
Total Tax	315	294	131	311
Effective tax rate (%)	*25.4*	*25.0*	*30.0*	*25.5*
Profit after Tax	**926**	**882**	**305**	**906**
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	**926**	**882**	**1,391**	**906**
YoY gr. (%)	*36.6*	*(18.8)*	*7.2*	*88.4*
Margin (%)	*13.5*	*10.5*	*12.5*	*12.3*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**926**	**882**	**1,391**	**906**
YoY gr. (%)	*36.6*	*(18.8)*	*7.2*	*88.4*
Margin (%)	*13.5*	*10.5*	*12.5*	*12.3*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**926**	**882**	**1,391**	**906**
Avg. Shares O/s (m)	562	562	562	562
EPS (Rs)	**1.6**	**1.6**	**2.5**	**1.6**

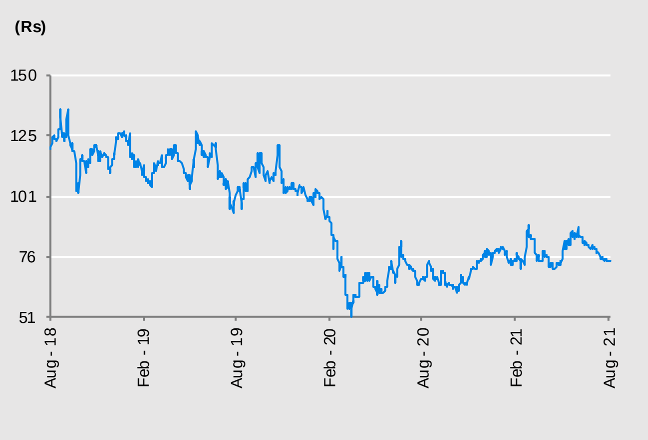
Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY20	FY21	FY22E	FY23E
Per Share(Rs)				
EPS	6.7	7.2	8.2	10.7
CEPS	7.1	7.6	8.8	11.3
BVPS	38.1	31.1	35.7	41.6
FCF	5.9	3.1	9.7	8.7
DPS	4.4	2.0	3.7	4.8
Return Ratio(%)				
RoCE	18.0	15.7	19.4	23.5
ROIC	(60.5)	43.2	415.5	200.0
RoE	17.8	19.4	24.7	27.8
Balance Sheet				
Net Debt : Equity (x)	(1.2)	(0.9)	(0.9)	(0.8)
Net Working Capital (Days)	46	14	37	40
Valuation(x)				
PER	10.5	9.8	8.6	6.6
P/B	1.9	2.3	2.0	1.7
P/CEPS	10.0	9.3	8.1	6.3
EV/EBITDA	3.6	7.0	5.5	3.7
EV/Sales	0.5	0.8	0.6	0.5
Dividend Yield (%)	6.1	2.8	5.2	6.8

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-21	BUY	129	79
2	09-Jun-21	BUY	129	84
3	07-Apr-21	BUY	115	76
4	01-Feb-21	BUY	115	73
5	08-Jan-21	BUY	104	79
6	23-Nov-20	BUY	104	73
7	08-Oct-20	BUY	104	64
8	16-Aug-20	BUY	104	68

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Hold	1,687	1,684
2	Ahluwalia Contracts (India)	Accumulate	410	370
3	Apar Industries	BUY	790	680
4	Ashoka Buildcon	BUY	160	102
5	Bharat Electronics	BUY	208	171
6	BHEL	Sell	34	59
7	Capacite's Infraprojects	BUY	270	207
8	Container Corporation of India	Hold	607	644
9	Cummins India	UR	-	869
10	Engineers India	BUY	129	79
11	GE T&D India	Hold	141	140
12	H.G. Infra Engineering	BUY	696	571
13	IRB Infrastructure Developers	BUY	192	152
14	ITD Cementation India	BUY	97	83
15	J.Kumar Infraprojects	BUY	272	215
16	Kalpataru Power Transmission	BUY	576	472
17	KEC International	Accumulate	445	419
18	KNR Constructions	Accumulate	253	245
19	Larsen & Toubro	BUY	1,855	1,598
20	NCC	BUY	111	89
21	PNC Infratech	BUY	372	310
22	Power Grid Corporation of India	BUY	205	170
23	Sadbhav Engineering	Accumulate	97	82
24	Siemens	Accumulate	2,310	2,192
25	Thermax	Accumulate	1,559	1,360
26	Triveni Turbine	BUY	156	125
27	Voltamp Transformers	Accumulate	1,565	1,462

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

(US Clients)

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

DISCLAIMER

Indian Clients

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

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

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

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

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

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

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

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. Viral Shah- BE Chemical Engineering, MBA Finance, Mr. Nilesh Soni- BCom, MBA (Finance) Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

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

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

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

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

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

US Clients

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

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

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

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

Prabhudas Lilladher Pvt. Ltd.

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

www.plindia.com