

April 25, 2025

Q4FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	1,636		1,568	
Sales (Rs. m)	18,973	22,394	18,980	22,386
% Chng.	-	-	-	-
EBITDA (Rs. m)	3,529	4,255	3,530	4,253
% Chng.	-	-	-	-
EPS (Rs.)	38.8	46.7	38.8	46.7
% Chng.	-	-	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	13,226	16,402	18,973	22,394
EBITDA (Rs. m)	2,024	2,919	3,529	4,255
Margin (%)	15.3	17.8	18.6	19.0
PAT (Rs. m)	1,417	2,151	2,514	3,028
EPS (Rs.)	21.8	33.2	38.8	46.7
Gr. (%)	30.5	51.9	17.0	20.4
DPS (Rs.)	6.5	10.3	12.2	14.7
Yield (%)	0.5	0.8	1.0	1.2
RoE (%)	16.5	21.3	21.2	21.8
RoCE (%)	18.9	25.2	25.6	26.7
EV/Sales (x)	5.7	4.5	3.9	3.2
EV/EBITDA (x)	37.3	25.5	20.8	17.0
PE (x)	56.3	37.1	31.7	26.3
P/BV (x)	8.6	7.3	6.2	5.3

Key Data

KIRP.BO | KKPC IN

52-W High / Low	Rs.1,818 / Rs.786
Sensex / Nifty	79,801 / 24,247
Market Cap	Rs.80bn / \$ 936m
Shares Outstanding	65m
3M Avg. Daily Value	Rs.184.93m

Shareholding Pattern (%)

Promoter's	38.85
Foreign	7.73
Domestic Institution	29.13
Public & Others	24.29
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(10.5)	(8.1)	54.7
Relative	(12.5)	(7.8)	43.2

Amit Anwani

amitanwani@plindia.com | 91-22-66322250

Prathmesh Salunkhe

prathmeshsalunkhe@plindia.com | 91-22-66322324

Het Patel

hetpatel@plindia.com |

Healthy quarter; revenue scale up in sight

Quick Pointers:

- The company received orders worth Rs18.6bn (up ~23% YoY) in FY25 while the order book stood at Rs16.2bn (up ~12% YoY).
- Management targets ~Rs20bn revenue and ~18-20% EBITDA margin for FY26 and expect ~20% revenue CAGR over the next two years.

Kirloskar Pneumatic (KKPC) reported a healthy quarter registering 20.7% YoY revenue growth while maintaining an 18.5% EBITDA margin. During the year, KKPC gained market share in its Air compression segment aided by stronger adoption and demand for Tezcatlipoca compressors while the Refrigeration compression segment remained a growth driver with traction from dairy, food processing, pharma, chemicals etc. Meanwhile, the demand for the Gas compression segment was subdued owing to higher gas prices and limited gas availability to CGD companies. Going forward, management aims to achieve revenue of ~Rs20bn with margins between 18-20% in FY26 driven by continued traction in refrigeration compression, market share gains in Air compression, scale up of key products (Tezcatlipoca, Khione) and new product launches (Tai Chi).

We believe KKPC is well placed for healthy long-term growth driven by 1) products launches in air compression (Tezcatlipoca, ARiA) to capture centrifugal and low-end screw compressor markets that are import-dominated, 2) market leadership in up/mid/downstream oil & gas and CNG mother stations, where the investment pipelines are robust, 3) new products – Calana and Jarilo – to address opportunities in CNG daughter stations and CBG plants respectively, 4) launch of Khione and acquisition of S&C India to enhance penetration in commercial and industrial refrigeration, 5) focus on building in house IP and backward integration capabilities, and 6) strong cash flows and balance sheet. The stock is trading at a PE of 31.7x/26.3x on FY25/26/27E earnings. We roll forward to Mar'27 and maintain 'Buy' rating with a TP of Rs1,636 (Rs1,564 earlier) valuing the business at a PE of 35x Mar'27E (37x Sep'26E earlier).

Healthy top line growth amid marginal miss on profitability: Revenue rose 20.7% YoY to Rs5.9bn (Ple: Rs5.1bn) with Compression Systems sales jumping 20.3% YoY to Rs5.6bn. EBITDA came in at Rs1.1bn vs Rs916mn in Q4FY24 (Ple: Rs1.0bn). EBITDA margin remained flat at 18.5% YoY (Ple: 20.2%). Compression Systems EBIT margin stood at 21.3% (vs 21.2% in Q4FY24). Adj. PBT rose by 29.0% YoY to Rs1.1bn (Ple: Rs957mn). Adj. PAT increased by 24.7% YoY to Rs830mn (Ple: Rs714mn) driven by lower depreciation expenses (-15.9% YoY to Rs71mn) and lower effective tax rate (23.1% vs 25.4% in Q4FY24).

Healthy order book of Rs16.2bn provides strong visibility: Q4FY25 order intake stood at ~Rs3.6bn (down 30.8% YoY) while the full year FY25 order intake was Rs18.6bn (up ~23% YoY). Order book stood at Rs16.2bn (1.0x of TTM revenue) up ~12% YoY.

Exhibit 1: Adj. PAT rose 24.7% YoY to Rs830mn driven by lower depreciation (-15.9% YoY) and lower tax rate (23.1% vs 25.4% YoY)

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Revenue	5,916	4,900	20.7%	5,116	15.6%	3,426	72.7%	16,402	13,226	24.0%
Gross Profit	2,578	2,145	20.2%	2,392	7.8%	1,659	55.4%	7,753	6,107	27.0%
Margin (%)	43.6	43.8	(20)	46.7	(317.1)	48.4	(484)	47.3	46.2	110
Employee Cost	470	379	24.0%	506	-7.2%	450	4.4%	1,789	1,639	9.1%
as % of sales	7.9	7.7	21	9.9	(195.3)	13.1	(519)	10.9	12.4	(149)
Other expenditure	1,011	851	18.9%	853	18.6%	715	41.4%	3,045	2,444	24.6%
as % of sales	17.1	17.4	(27)	16.7	42.7	20.9	(377)	18.6	18.5	9
EBITDA	1,097	916	19.8%	1,033	6.2%	494	122.0%	2,919	2,024	44.3%
Margin (%)	18.5	18.7	(15)	20.2	(164.5)	14.4	412	17.8	15.3	250
Depreciation	71	84	-15.9%	104	-32.0%	65	8.3%	291	355	-17.8%
EBIT	1,026	832	23.4%	929	10.5%	429	139.3%	2,628	1,669	57.5%
Margin (%)	17.3	17.0	38	18.2	(80.7)	12.5	483	16.0	12.6	340
Other Income	56	60	-5.5%	29	95.7%	60	-6.6%	223	194	14.6%
Interest	3	0	2500.0%	1	293.9%	1	271.4%	4	1	483.3%
PBT (ex. Extra-ordinaries)	1,080	891	21.2%	957	12.9%	488	121.1%	2,847	1,862	52.8%
Margin (%)	18.3	18.2	7	18.7	(45.0)	14.3	400	17.4	14.1	327
Extraordinary Items	(39)	(84)	-	-	-	-	-	(39)	(84)	-
PBT	1,041	807	29.0%	957	8.8%	488	113.2%	2,808	1,779	57.9%
Total Tax	241	205	17.4%	242	-	121	99.5%	696	446	56.0%
Effective Tax Rate (%)	23.1	25.4	-	25.3	-	24.7	-	24.8	25.1	-
Reported PAT	801	602	33.0%	714	12.1%	368	117.7%	2,113	1,333	58.5%
Adj. PAT	830	665	24.7%	714	16.1%	368	125.6%	2,142	1,396	53.5%
Margin (%)	14.0	13.6	45	14.0	5.9	10.7	329	13.1	10.6	251
Adj. EPS	12.8	10.3	24.8%	11.0	16.1%	5.7	125.7%	33.1	21.5	53.5%

Source: Company, PL

Exhibit 2: Compression systems revenue increased by 20.3% YoY to Rs5.6bn while margins remained flat at ~21.3%

Segment Revenue (Rs mn)	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Compression Systems	5,597	4,651	20.3%	4,887	14.5%	3,184	75.8%	15,403	12,300	25.2
Other Non reportable Segments	319	248	28.5%	229	39.5%	242	31.8%	999	927	7.8
Mix (%)										
Compression Systems	94.6	94.9	(32.6)	95.5	(92.4)	92.9	168	93.9	93.0	91.8
Other Non reportable Segments	5.4	5.1	32.6	4.5	92.4	7.1	(168)	6.1	7.0	(91.8)
Segment EBIT (Rs mn)										
Compression Systems	1,190	987	20.6%	1,092	8.9%	610	95.3%	3,330	2,436	36.7
Segment EBIT Margin (%)										
Compression Systems	21.3	21.2	4.4	22.4	-4.9%	19.1	212	21.6	19.8	181.5

Source: Company, PL

Conference Call Highlights

- **Guidance and Outlook:** Management aims to achieve revenue of ~ Rs20bn in FY26 with margins inching towards ~20%. The order intake momentum is expected to support ~20% revenue CAGR over the next few years reaching ~Rs40bn of revenue in 4-5 years. Management prioritizes the volume gain over the margin expansion hence expects to maintain margin at ~20% once achieved.
- **KKPC produced and sold more than 3,500 compressors in FY25.** Going forward, mix change in favor of Equipment to the extent of 60% will lower execution cycle and improve profitability. Currently, Equipment accounts for ~Rs4.0bn in the order book of Rs16.2bn.
- **Air Compression:** The order intake momentum in the segment remained strong in FY25 resulting in increased market share. The Tezcatlipoca compressors accounted for 15-18% of the air compression segment and continue to experience traction from metals, carbon black and cement industries. KKPC's indigenous capabilities of centrifugal compressor manufacturing in India is allowing them to capture the import substitution opportunity and help them improve segment margins.
- **Gas Compression:** Gas packages slowed down during the quarter and year primarily due to non-availability of gas and higher gas prices. Despite the overall slowdown, Calana booster packages saw good order inflow and execution. Management will remain selective on order booking of CNG booster stations due to ongoing headwinds relating to installation and delay in decision making.
- **Biogas:** KKPC's portfolio includes several products catering to biogas space including Jarillo compressor. Management is optimistic about the scale up of biogas industry. However, the growth momentum is expected to be slower given the persistent challenges relating to biogas generation from reliable feedstock and overall operational viability.
- **The Refrigeration Compression** continues to remain a growth driver with traction from industries such as dairy, food processing, pharmaceuticals and chemicals.
- **Tai Chi – Semi-Hermetic compressor:** KKPC is planning to introduce new commercial refrigeration compressor called Tai Chi which is the first semi-hermetic compressor to be made in India. Currently, ~1,000 semi-hermetic compressors are imported, and the **total market is estimated to be ~Rs30bn**. KKPC, with its indigenous manufacturing in India, is well-placed to capture this import substitution opportunity given its equal-to-better performance at significantly lower pricing.
- **Traction in new products:** KKPC considers products which are released during the last 3 years as new products. These new products include Tezcatlipoca, Jarillo, Khione Packages etc. All of the new products are now well accepted in the market and are expected to scale up going forward.
- During the year, company acquired Systems and Components India which will help KKPC to improve its presence in fast growth industries such as pharmaceuticals, chemicals and dairy products.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	13,226	16,402	18,973	22,394
YoY gr. (%)	6.7	24.0	15.7	18.0
Cost of Goods Sold	7,119	8,649	9,866	11,645
Gross Profit	6,107	7,753	9,107	10,749
Margin (%)	46.2	47.3	48.0	48.0
Employee Cost	1,639	1,789	2,144	2,486
Other Expenses	2,444	3,045	3,434	4,009
EBITDA	2,024	2,919	3,529	4,255
YoY gr. (%)	22.1	44.3	20.9	20.6
Margin (%)	15.3	17.8	18.6	19.0
Depreciation and Amortization	355	291	375	429
EBIT	1,669	2,628	3,154	3,826
Margin (%)	12.6	16.0	16.6	17.1
Net Interest	1	4	2	2
Other Income	194	223	209	224
Profit Before Tax	1,779	2,808	3,360	4,048
Margin (%)	13.4	17.1	17.7	18.1
Total Tax	446	696	847	1,020
Effective tax rate (%)	25.1	24.8	25.2	25.2
Profit after tax	1,333	2,113	2,514	3,028
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,417	2,151	2,514	3,028
YoY gr. (%)	30.5	51.9	16.8	20.4
Margin (%)	10.6	12.9	13.1	13.4
Extra Ord. Income / (Exp)	(84)	(39)	-	-
Reported PAT	1,333	2,113	2,514	3,028
YoY gr. (%)	22.7	58.5	19.0	20.4
Margin (%)	10.1	12.9	13.2	13.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,333	2,113	2,514	3,028
Equity Shares O/s (m)	65	65	65	65
EPS (Rs)	21.8	33.2	38.8	46.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	3,989	5,115	5,689	6,376
Tangibles	3,755	4,878	5,417	6,069
Intangibles	235	237	272	307
Acc: Dep / Amortization	1,670	1,961	2,337	2,766
Tangibles	1,475	1,763	2,116	2,521
Intangibles	195	199	221	245
Net fixed assets	2,319	3,154	3,352	3,610
Tangibles	2,280	3,116	3,301	3,548
Intangibles	39	38	51	62
Capital Work In Progress	349	213	339	352
Goodwill	-	-	-	-
Non-Current Investments	1,784	1,873	2,214	2,251
Net Deferred tax assets	(180)	(182)	(182)	(182)
Other Non-Current Assets	5	3	4	4
Current Assets				
Investments	3,747	4,804	5,198	6,135
Inventories	2,025	2,154	2,807	3,252
Trade receivables	1,855	2,686	2,700	3,700
Cash & Bank Balance	531	670	1,149	1,428
Other Current Assets	348	551	493	560
Total Assets	13,850	16,472	19,264	22,471
Equity				
Equity Share Capital	130	130	130	130
Other Equity	9,117	10,833	12,649	14,852
Total Network	9,246	10,962	12,778	14,982
Non-Current Liabilities				
Long Term borrowings	5	6	6	6
Provisions	76	102	129	137
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	3	100	100	100
Trade payables	2,027	2,159	2,911	3,374
Other current liabilities	2,312	2,834	3,032	3,563
Total Equity & Liabilities	13,850	16,472	19,264	22,471

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	1,779	2,808	3,360	4,048
Add. Depreciation	355	291	375	429
Add. Interest	1	4	2	2
Less Financial Other Income	194	223	209	224
Add. Other	(85)	-	-	-
Op. profit before WC changes	2,049	3,103	3,738	4,479
Net Changes-WC	182	(256)	(671)	(614)
Direct tax	(396)	(696)	(847)	(1,020)
Net cash from Op. activities	1,834	2,151	2,220	2,845
Capital expenditures	(698)	(1,000)	(700)	(700)
Interest / Dividend Income	43	-	-	-
Others	(709)	(863)	(342)	(1,040)
Net Cash from Inv. activities	(1,364)	(1,863)	(1,042)	(1,740)
Issue of share cap. / premium	21	0	-	-
Debt changes	-	98	-	-
Dividend paid	(356)	(518)	(698)	(824)
Interest paid	5	(4)	(2)	(2)
Others	(3)	-	-	-
Net cash from Fin. activities	(333)	(423)	(700)	(826)
Net change in cash	137	(135)	479	278
Free Cash Flow	1,119	1,151	1,520	2,145

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	21.8	33.2	38.8	46.7
CEPS	27.3	37.7	44.6	53.4
BVPS	142.6	169.1	197.3	231.3
FCF	17.2	17.8	23.5	33.1
DPS	6.5	10.3	12.2	14.7
Return Ratio(%)				
RoCE	18.9	25.2	25.6	26.7
ROIC	27.5	39.8	39.6	42.3
RoE	16.5	21.3	21.2	21.8
Balance Sheet				
Net Debt : Equity (x)	(0.5)	(0.5)	(0.5)	(0.5)
Net Working Capital (Days)	51	60	50	58
Valuation(x)				
PER	56.3	37.1	31.7	26.3
P/B	8.6	7.3	6.2	5.3
P/CEPS	45.0	32.7	27.6	23.1
EV/EBITDA	37.3	25.5	20.8	17.0
EV/Sales	5.7	4.5	3.9	3.2
Dividend Yield (%)	0.5	0.8	1.0	1.2

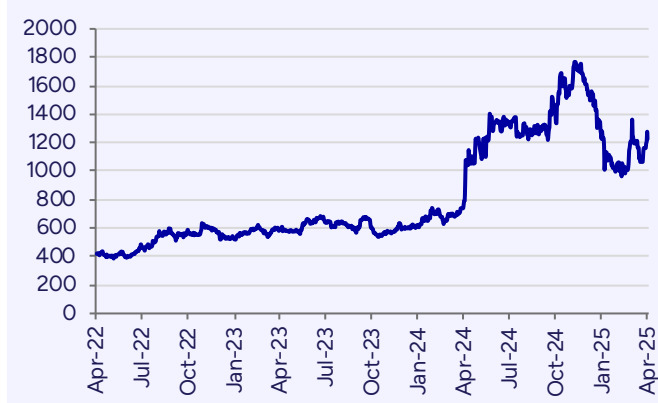
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	2,753	4,307	3,426	5,916
YoY gr. (%)	(2.4)	39.6	(30.1)	114.9
Raw Material Expenses	1,346	2,197	1,767	3,338
Gross Profit	1,407	2,110	1,659	2,578
Margin (%)	51.1	49.0	48.4	43.6
EBITDA	393	936	494	1,097
YoY gr. (%)	24.0	77.8	(46.0)	179.4
Margin (%)	14.3	21.7	14.4	18.5
Depreciation / Depletion	78	78	65	71
EBIT	315	858	429	1,026
Margin (%)	11.4	19.9	12.5	17.3
Net Interest	-	-	1	3
Other Income	44	62	60	56
Profit before Tax	359	919	488	1,080
Margin (%)	13.1	21.3	14.3	18.3
Total Tax	90	244	121	241
Effective tax rate (%)	25.2	26.5	24.7	22.3
Profit after Tax	269	675	368	839
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	269	675	368	839
YoY gr. (%)	50.0	234.6	5.3	22.3
Margin (%)	9.8	15.7	10.7	14.2
Extra Ord. Income / (Exp)	-	-	-	(39)
Reported PAT	269	675	368	801
YoY gr. (%)	50.0	234.6	5.3	33.0
Margin (%)	9.8	15.7	10.7	13.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	269	675	368	801
Avg. Shares O/s (m)	65	65	65	65
EPS (Rs)	4.2	10.4	5.7	13.0

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	BUY	1,568	1,108
2	19-Mar-25	BUY	1,564	1,148
3	29-Jan-25	BUY	1,564	1,013
4	24-Jan-25	BUY	1,564	1,283

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,955	5,064
2	Apar Industries	Accumulate	6,287	4,944
3	BEML	Accumulate	3,561	2,875
4	Bharat Electronics	BUY	340	281
5	BHEL	Accumulate	226	211
6	Carborundum Universal	Accumulate	1,052	950
7	Cummins India	BUY	3,309	2,746
8	Elgi Equipments	BUY	517	418
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	1,950	1,304
11	Grindwell Norton	Accumulate	1,716	1,548
12	Harsha Engineers International	Accumulate	440	376
13	Hindustan Aeronautics	Accumulate	4,134	4,042
14	Ingersoll-Rand (India)	BUY	4,540	3,376
15	Kalpataru Projects International	BUY	1,105	876
16	KEC International	Accumulate	801	665
17	Kirloskar Pneumatic Company	BUY	1,568	1,108
18	Larsen & Toubro	BUY	3,920	3,161
19	Praj Industries	BUY	751	496
20	Siemens	Accumulate	3,233	2,763
21	Thermax	Accumulate	3,456	3,222
22	Triveni Turbine	BUY	744	488
23	Voltamp Transformers	BUY	11,437	6,582

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. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance, Mr. Het Patel- CA 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. Amit Anwani- MBA (Finance), Mr. Prathmesh Salunkhe- MBA Finance, Mr. Het Patel- CA 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**