

# Voltamp Transformers (VAMP IN)

Rating: BUY | CMP: Rs1,379 | TP: Rs1,591

February 11, 2020

## Q3FY20 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY21E	FY22E	FY17E	FY18E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>1,591</b>		<b>1,610</b>	
Sales (Rs. m)	10,014	10,830	10,457	11,147
% Chng.	(4.2)	(2.8)		
EBITDA (Rs. m)	1,175	1,271	1,211	1,283
% Chng.	(3.0)	(0.9)		
EPS (Rs.)	113.7	123.9	115.0	122.6
% Chng.	(1.2)	1.0		

### Key Financials - Standalone

Y/e Mar	FY19	FY20E	FY21E	FY22E
Sales (Rs. m)	8,288	8,877	10,014	10,830
EBITDA (Rs. m)	936	1,046	1,175	1,271
Margin (%)	11.3	11.8	11.7	11.7
PAT (Rs. m)	844	1,022	1,150	1,253
EPS (Rs.)	83.4	101.0	113.7	123.9
Gr. (%)	13.3	21.1	12.6	9.0
DPS (Rs.)	22.5	27.2	30.7	33.4
Yield (%)	1.6	2.0	2.2	2.4
RoE (%)	12.9	14.1	14.4	14.2
RoCE (%)	13.2	13.3	13.6	13.2
EV/Sales (x)	1.6	1.5	1.3	1.2
EV/EBITDA (x)	14.6	12.8	11.4	10.5
PE (x)	16.5	13.7	12.1	11.1
P/BV (x)	2.0	1.8	1.7	1.5

### Key Data

### VOTL.BO | VAMP IN

52-W High / Low	Rs.1,444 / Rs.957
Sensex / Nifty	41,216 / 12,108
Market Cap	Rs.14bn/ \$ 196m
Shares Outstanding	10m
3M Avg. Daily Value	Rs.30.17m

### Shareholding Pattern (%)

Promoter's	50.00
Foreign	15.62
Domestic Institution	21.30
Public & Others	13.08
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	11.3	38.9	36.7
Relative	12.3	26.6	20.7

### Viral Shah

viralshah@plindia.com | 91-22-66322250

### Khushboo Parekh

khushbooparekh@plindia.com | 91-22-66322257

## Strong performance on all fronts

### Quick Pointers:

- Order backlog stands at Rs4.5bn as on date which includes TRANSCO's order worth Rs88mn (235 MVA).
- Managements effort of a payment worth Rs5.5mn stuck from Mcnally Bharat Engineering has been successful through NCLT mechanism. Till date, Rs3.6mn have been realized and balance is expected by Feb'20.
- We have modelled revenue/PAT to grow at CAGR of 9.9/16.7% over FY19-21E. The stock is currently trading at valuations of 13.7/12.3x FY20/21E.

**Voltamp Transformers reported good set of numbers for 3QFY20 given challenging economic environment. Revenue for the quarter was up 17% YoY led strong execution and pickup in deliveries of transformers. PBT for the quarter grew 28% YoY due to (1) 90bps YoY expansion in EBITDA margins at 12%, and (2) 31% YoY rise in other income. Order inflow for 3QFY20 stood at ~Rs2.1bn (down ~14% YoY) translating into order backlog to Rs4.5bn (executable over next two-three quarters). We expect Voltamp to report ~7% volume CAGR over next two years (FY19-21E). Voltamp continues to receive recurring orders from several industries mainly Infrastructure, Steel, Cement, Oil & Gas, and Chemicals etc. Renewables (especially Solar) offers large opportunity from medium to long-term perspective. However, management is cautious and will be bidding selectively due to tariff uncertainty. Overall pricing environment has been challenging for sector which may improve with pickup in demand.**

**We remain long-term positive on the company due to industrial focused business model, debt free balance sheet and consistent free cash flow generation (current cash + Investments of ~Rs4.6bn which is ~33% of the current market cap). We have modelled revenue/PAT to grow at CAGR of 9.7%/16% over next two years. The stock is currently trading at attractive valuations of 13.7/12.3x FY20/21E. We maintain BUY rating on the stock with TP of Rs1591 (14x FY21E).**

**Strong performance on all fronts:** Sales came in at ~Rs2.5bn (up 17% YoY) vs (PLe ~Rs2.4bn). In our view, this is mainly due to strong execution and pickup in deliveries of transformers. EBITDA grew by 26% YoY to Rs304mn with EBITDA margins expanding by 90bps YoY to 12.1% in Q3FY20 due to strong revenue growth, low raw material cost and better operational efficiencies. PBT increased by 28% YoY to Rs405mn on back of higher other income (up 31% YoY). Adj. PAT came in at Rs350mn (PLe Rs241mn), up 58% YoY on account of better operational performance and lower effective tax rate of 13.6% YoY.

**Order backlog Rs4.5bn (~6,492 MVA):** Order inflow de-grew by 13.7% YoY due to subdued ordering environment. The company expects order inflow in 4QFY20E from different verticals like Oil & Gas, Cement, Chemical and Fertilizer, Solar Power (from select states), and other SMEs.

**Robust balance sheet:** Voltamp being debt-free and with good working-capital management, the company has managed its cash-flows better and enjoys healthy return ratios. Prudent payment terms and a diversified clientele with more private clients help it maintain healthy working capital.

**Exhibit 1: Q3FY20 Result Overview (Rs mn) - Beat on all counts due to strong operating performance.**

Y/e March	Q3FY20	Q3FY19	YoY gr. (%)	Q2FY20	QoQ gr. (%)	9MFY20	9MFY19	YoY gr. (%)
<b>Net Revenue</b>	<b>2,513</b>	<b>2,152</b>	<b>16.8</b>	<b>1,949</b>	<b>29.0</b>	<b>6,335</b>	<b>5,700</b>	<b>11.1</b>
<b>EBITDA</b>	<b>304</b>	<b>241</b>	<b>26.0</b>	<b>210</b>	<b>45.1</b>	<b>720</b>	<b>596</b>	<b>20.7</b>
<i>EBITDA Margin (%)</i>	<i>12.1</i>	<i>11.2</i>		<i>10.8</i>		<i>11.4</i>	<i>10.5</i>	
Other Income	126	96	31.0	99	27.2	291	224	29.9
Depreciation	24	20	24.0	21	15.7	64	51	26.5
Interest	0	1	(97.3)	-	NA	0.0	4.2	(99.0)
<b>Profit before Tax</b>	<b>405</b>	<b>316</b>	<b>28.3</b>	<b>287</b>	<b>41.1</b>	<b>947</b>	<b>766</b>	<b>23.7</b>
Tax	55	94		28		169	239	
<b>Reported PAT</b>	<b>350</b>	<b>222</b>	<b>57.6</b>	<b>259</b>	<b>35.2</b>	<b>778</b>	<b>527</b>	<b>47.8</b>
<b>Adjusted PAT</b>	<b>350</b>	<b>222</b>	<b>57.6</b>	<b>259</b>	<b>35.2</b>	<b>778</b>	<b>527</b>	<b>47.8</b>
<i>Net Margin (%)</i>	<i>13.9</i>	<i>10.3</i>		<i>13.3</i>		<i>12.3</i>	<i>9.2</i>	
<b>Adjusted EPS</b>	<b>34.6</b>	<b>22.0</b>		<b>25.6</b>		<b>76.9</b>	<b>52.1</b>	

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY19	FY20E	FY21E	FY22E
<b>Net Revenues</b>	<b>8,288</b>	<b>8,877</b>	<b>10,014</b>	<b>10,830</b>
YoY gr. (%)	29.7	7.1	12.8	8.1
Cost of Goods Sold	6,495	6,792	7,668	8,303
Gross Profit	1,793	2,085	2,346	2,528
Margin (%)	21.6	23.5	23.4	23.3
Employee Cost	295	328	371	401
Other Expenses	563	710	801	856
<b>EBITDA</b>	<b>936</b>	<b>1,046</b>	<b>1,175</b>	<b>1,271</b>
YoY gr. (%)	39.7	11.8	12.3	8.2
Margin (%)	11.3	11.8	11.7	11.7
Depreciation and Amortization	72	83	89	101
<b>EBIT</b>	<b>864</b>	<b>963</b>	<b>1,086</b>	<b>1,170</b>
Margin (%)	10.4	10.8	10.8	10.8
Net Interest	5	-	-	-
Other Income	362	402	451	505
<b>Profit Before Tax</b>	<b>1,222</b>	<b>1,365</b>	<b>1,537</b>	<b>1,675</b>
Margin (%)	14.7	15.4	15.3	15.5
Total Tax	378	344	387	421
Effective tax rate (%)	31.0	25.2	25.2	25.2
<b>Profit after tax</b>	<b>844</b>	<b>1,022</b>	<b>1,150</b>	<b>1,253</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>844</b>	<b>1,022</b>	<b>1,150</b>	<b>1,253</b>
YoY gr. (%)	13.3	21.1	12.6	9.0
Margin (%)	10.2	11.5	11.5	11.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>844</b>	<b>1,022</b>	<b>1,150</b>	<b>1,253</b>
YoY gr. (%)	13.3	21.1	12.6	9.0
Margin (%)	10.2	11.5	11.5	11.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	844	1,022	1,150	1,253
<b>Equity Shares O/s (m)</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>EPS (Rs)</b>	<b>83.4</b>	<b>101.0</b>	<b>113.7</b>	<b>123.9</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY19	FY20E	FY21E	FY22E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>647</b>	<b>755</b>	<b>868</b>	<b>985</b>
Tangibles	631	739	852	969
Intangibles	16	16	16	16
<b>Acc: Dep / Amortization</b>	<b>166</b>	<b>236</b>	<b>310</b>	<b>395</b>
Tangibles	166	236	310	395
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>481</b>	<b>519</b>	<b>558</b>	<b>591</b>
Tangibles	466	503	542	575
Intangibles	16	16	16	16
Capital Work In Progress	2	2	2	3
Goodwill	-	-	-	-
Non-Current Investments	3,772	3,956	4,338	4,759
Net Deferred tax assets	(38)	(38)	(38)	(38)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	204	204	204	204
Inventories	1,077	1,153	1,301	1,407
Trade receivables	1,766	1,891	2,134	2,433
Cash & Bank Balance	114	361	390	455
Other Current Assets	-	-	-	-
<b>Total Assets</b>	<b>7,506</b>	<b>8,208</b>	<b>9,064</b>	<b>10,000</b>
<b>Equity</b>				
Equity Share Capital	101	101	101	101
Other Equity	6,766	7,490	8,304	9,192
<b>Total Networkth</b>	<b>6,867</b>	<b>7,591</b>	<b>8,405</b>	<b>9,293</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	65	68	72	75
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	10	24	27	30
Other current liabilities	525	486	521	564
<b>Total Equity &amp; Liabilities</b>	<b>7,506</b>	<b>8,208</b>	<b>9,064</b>	<b>10,000</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY19	FY20E	FY21E	FY22E
PBT	1,227	1,365	1,537	1,675
Add. Depreciation	72	83	89	101
Add. Interest	0	-	-	-
Less Financial Other Income	362	402	451	505
Add. Other	(297)	(402)	(451)	(505)
Op. profit before WC changes	1,002	1,046	1,175	1,271
Net Changes-WC	(307)	(255)	(364)	(364)
Direct tax	370	344	387	421
<b>Net cash from Op. activities</b>	<b>325</b>	<b>447</b>	<b>424</b>	<b>485</b>
Capital expenditures	(109)	(121)	(128)	(135)
Interest / Dividend Income	107	402	451	505
Others	(107)	(184)	(382)	(420)
<b>Net Cash from Inv. activities</b>	<b>(109)</b>	<b>97</b>	<b>(59)</b>	<b>(50)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(183)	(298)	(335)	(366)
Interest paid	0	-	-	-
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(183)</b>	<b>(298)</b>	<b>(335)</b>	<b>(366)</b>
<b>Net change in cash</b>	<b>33</b>	<b>247</b>	<b>29</b>	<b>70</b>
Free Cash Flow	325	447	424	485

Source: Company Data, PL Research

**Key Financial Metrics**

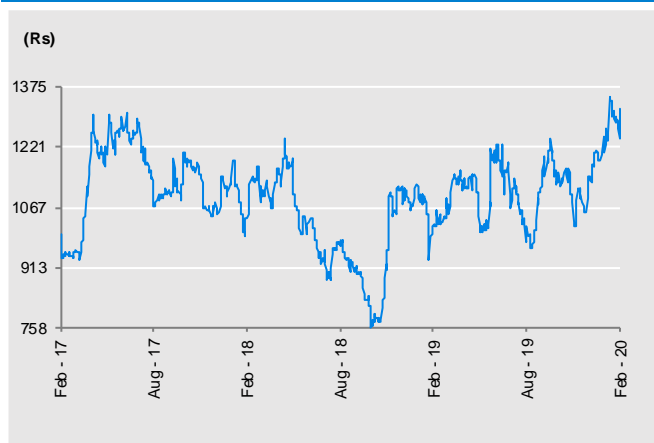
Y/e Mar	FY19	FY20E	FY21E	FY22E
<b>Per Share(Rs)</b>				
EPS	83.4	101.0	113.7	123.9
CEPS	90.5	109.2	122.4	133.9
BVPS	678.8	750.3	830.8	918.5
FCF	32.1	44.2	41.9	48.0
DPS	22.5	27.2	30.7	33.4
<b>Return Ratio(%)</b>				
RoCE	13.2	13.3	13.6	13.2
ROIC	9.6	10.8	11.0	10.7
RoE	12.9	14.1	14.4	14.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	125	124	124	128
<b>Valuation(x)</b>				
PER	16.5	13.7	12.1	11.1
P/B	2.0	1.8	1.7	1.5
P/CEPS	15.2	12.6	11.3	10.3
EV/EBITDA	14.6	12.8	11.4	10.5
EV/Sales	1.6	1.5	1.3	1.2
Dividend Yield (%)	1.6	2.0	2.2	2.4

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY19	Q1FY20	Q2FY20	Q3FY20
<b>Net Revenue</b>	<b>2,588</b>	<b>1,873</b>	<b>1,949</b>	<b>2,513</b>
YoY gr. (%)	17.9	12.9	3.1	16.8
Raw Material Expenses	1,995	1,438	1,509	1,910
Gross Profit	593	435	440	603
Margin (%)	22.9	23.2	22.6	24.0
<b>EBITDA</b>	<b>344</b>	<b>206</b>	<b>210</b>	<b>304</b>
YoY gr. (%)	18.4	25.3	9.9	26.0
Margin (%)	13.3	11.0	10.8	12.1
Depreciation / Depletion	21	19	21	24
<b>EBIT</b>	<b>323</b>	<b>187</b>	<b>189</b>	<b>280</b>
Margin (%)	12.5	10.0	9.7	11.1
Net Interest	-	-	-	-
Other Income	138	67	99	126
<b>Profit before Tax</b>	<b>461</b>	<b>254</b>	<b>287</b>	<b>405</b>
Margin (%)	17.8	13.6	14.7	16.1
Total Tax	139	85	28	55
Effective tax rate (%)	30.2	33.6	9.8	13.6
<b>Profit after Tax</b>	<b>321</b>	<b>169</b>	<b>259</b>	<b>350</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>321</b>	<b>169</b>	<b>259</b>	<b>350</b>
YoY gr. (%)	59.9	12.3	68.2	57.6
Margin (%)	12.4	9.0	13.3	13.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>321</b>	<b>169</b>	<b>259</b>	<b>350</b>
YoY gr. (%)	59.9	12.3	68.2	57.6
Margin (%)	12.4	9.0	13.3	13.9
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>321</b>	<b>169</b>	<b>259</b>	<b>350</b>
Avg. Shares O/s (m)	10	10	10	10
<b>EPS (Rs)</b>	<b>31.8</b>	<b>16.7</b>	<b>25.6</b>	<b>34.6</b>

Source: Company Data, PL Research

**Price Chart**
**Recommendation History**


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	3-Jan-20	BUY	1,610	1,250
2	12-Nov-19	BUY	1,610	1,073
3	3-Oct-19	BUY	1,601	1,128
4	4-Jul-19	BUY	1,505	1,160
5	31-May-19	BUY	1,510	1,224
6	5-Apr-19	BUY	1,380	1,125

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB	Reduce	1,514	1,322
2	Ahluwalia Contracts (India)	Accumulate	283	295
3	Apar Industries	Accumulate	646	396
4	Ashoka Buildcon	BUY	167	107
5	Bharat Electronics	Hold	108	101
6	BHEL	Hold	60	45
7	Capacite's Infraprojects	BUY	292	200
8	Container Corporation of India	Accumulate	595	572
9	Cummins India	Hold	580	601
10	Engineers India	BUY	146	95
11	GE T&D India	Reduce	150	157
12	H.G. Infra Engineering	BUY	304	266
13	IRB Infrastructure Developers	BUY	130	77
14	ITD Cementation India	BUY	80	58
15	J.Kumar Infraprojects	BUY	239	153
16	Kalpataru Power Transmission	BUY	662	421
17	KEC International	BUY	397	348
18	KNR Constructions	BUY	304	278
19	Larsen & Toubro	BUY	1,800	1,294
20	NCC	BUY	98	51
21	PNC Infratech	BUY	264	196
22	Power Grid Corporation of India	BUY	224	187
23	Sadbhav Engineering	BUY	203	125
24	Siemens	BUY	1,687	1,511
25	Simplex Infrastructure	NR	-	31
26	Thermax	Accumulate	1,143	1,073
27	Triveni Turbine	BUY	130	100
28	Voltamp Transformers	BUY	1,610	1,250

**PL's Recommendation Nomenclature (Absolute Performance)**

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



## ANALYST CERTIFICATION

### (Indian Clients)

We/I, Mr. Viral Shah- BE Chemical Engineering, MBA Finance, Ms. Khushboo Parekh- MBA 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](http://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, Ms. Khushboo Parekh- MBA 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](http://www.plindia.com)