

July 1, 2020

Q4FY20 Result Update

Change in Estimates | Target | Reco

Change in Estimates

| | Current | | Previous | |
|----------------|----------|----------|----------|----------|
| | FY21E | FY22E | FY21E | FY22E |
| Rating | HOLD | | HOLD | |
| Target Price | 90 | | 89 | |
| Sales (Rs. m) | 1,24,625 | 1,31,298 | 1,13,872 | 1,31,905 |
| % Chng. | 9.4 | (0.5) | | |
| EBITDA (Rs. m) | 21,797 | 25,196 | 20,485 | 24,917 |
| % Chng. | 6.4 | 1.1 | | |
| EPS (Rs.) | 6.0 | 7.0 | 11.2 | 13.7 |
| % Chng. | (46.9) | (49.2) | | |

Key Financials - Standalone

| Y/e Mar | FY19 | FY20 | FY21E | FY22E |
|----------------|----------|----------|----------|----------|
| Sales (Rs. m) | 1,20,846 | 1,29,211 | 1,24,625 | 1,31,298 |
| EBITDA (Rs. m) | 28,621 | 27,301 | 21,797 | 25,196 |
| Margin (%) | 23.7 | 21.1 | 17.5 | 19.2 |
| PAT (Rs. m) | 19,273 | 17,938 | 14,514 | 16,937 |
| EPS (Rs.) | 7.9 | 7.4 | 6.0 | 7.0 |
| Gr. (%) | 37.7 | (6.9) | (19.1) | 16.7 |
| DPS (Rs.) | 2.1 | 2.4 | 1.9 | 2.2 |
| Yield (%) | 2.4 | 2.7 | 2.1 | 2.5 |
| RoE (%) | 23.0 | 19.0 | 14.0 | 14.8 |
| RoCE (%) | 30.3 | 25.2 | 17.5 | 18.3 |
| EV/Sales (x) | 1.7 | 1.5 | 1.6 | 1.5 |
| EV/EBITDA (x) | 7.2 | 7.1 | 8.9 | 7.7 |
| PE (x) | 11.2 | 12.0 | 14.9 | 12.8 |
| P/BV (x) | 2.4 | 2.2 | 2.0 | 1.8 |

Key Data

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| | |
|---------------------|---------------------|
| 52-W High / Low | Rs.122 / Rs.56 |
| Sensex / Nifty | 35,414 / 10,430 |
| Market Cap | Rs.216bn/ \$ 2,859m |
| Shares Outstanding | 2,437m |
| 3M Avg. Daily Value | Rs.2532.03m |

Shareholding Pattern (%)

| | |
|-------------------------|-------|
| Promoter's | 55.14 |
| Foreign | 10.71 |
| Domestic Institution | 30.21 |
| Public & Others | 3.94 |
| Promoter Pledge (Rs bn) | - |

Stock Performance (%)

| | 1M | 6M | 12M |
|----------|------|--------|--------|
| Absolute | 27.8 | (11.4) | (20.0) |
| Relative | 20.2 | 3.3 | (10.3) |

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4Q reported strong execution

Quick Pointers:

- For 4QFY20 revenue increased 49% YoY (highest quarterly run rate) led by strong execution across the portfolio, amidst Covid-19.
- Due to deferments of orders, order Inflow was down 59% YoY at Rs28.7bn in 4Q. Order Book stands healthy at Rs520bn as on 4QFY20.

Bharat Electronics (BEL) reported a strong quarter where revenue grew by 49% YoY leading to high profitability. Perhaps Covid-19 pandemic deferred many orders thereby leading to decline in order Inflows by 59% YoY to Rs28.7bn, during the quarter. Order book stood healthy at Rs520bn providing revenue visibility going ahead. Key projects executed in FY20 include Part supply of Long Range Surface to Air Missile System, Smart City and Homeland Security Business, Integrated Air Command and Control System, Radar Systems, Thermal Imaging Cameras. Management highlighted that execution could have been higher, if not for COVID-19 outbreak and the economic slowdown. Further, it indicated that execution of some of its major projects could not be completed due to force majeure. Company continues its focus to increase contribution from non-defence segment going ahead.

We believe near term challenges would continue on the execution and order inflow front due to the pandemic. Given the strong FY20 numbers we have increased our revenue/PAT estimate by 9%/6% for FY21E with largely maintaining our estimate for FY22E. We expect BEL to report revenue/PAT of Rs125bn/Rs131bn and Rs15bn/17bn for FY21E/22E respectively. The stock is currently trading at 14.9x/12.8x FY21E/22E. We maintain Hold rating with revised TP of Rs90.

Strong performance on all fronts: Sales came in at ~Rs58.1bn (up 49% YoY) vs (PLe ~Rs53bn) lead by strong execution. EBITDA increased by 60% YoY to Rs14.8bn (PLe ~Rs10.4bn) with EBITDA margins expanded by 160bps coming in at 25.5% vs 23.9% in 4QFY19 on account of lower other expenses (down 20% YoY). PBT was up by 48.5% YoY to Rs14bn (PLe ~Rs10bn) due to lower interest cost (down, 87% YoY). Other income declined by 78% YoY at Rs283mn. PAT came in at Rs10.3bn (PLe Rs7.6bn), up 55% YoY on strong execution.

Healthy Order book provides revenue visibility: Order inflows for the quarter stood at Rs28.7bn down 59% YoY (OI for FY20 stood at Rs132bn, down 44% YoY). Major orders acquired during FY20 were Akash Missile System (7 Sqdn), Coastal Surveillance System - Phase II, Upgrade of EW System, Annual Maintenance Contracts, Software Defined Radios and Smart City Business. FY20 order book remains robust at Rs520bn, providing strong revenue visibility over the next 2-3 years.

Orders expected during FY21E: EW System, Avionics Package for Light Combat Aircraft, Smart City Business, Spares / Services are various orders expected during FY21E.

Exhibit 1: Q4FY20 Result Overview (Rs mn)- Strong execution leads to higher profitability, Results above estimates

| Y/e March | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | YoY gr. (%) | QoQ gr. (%) | FY20 | FY19 | YoY gr. (%) |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| Revenue | 38,846 | 21,015 | 27,427 | 22,710 | 58,058 | 49.5 | 155.6 | 129,211 | 120,846 | 6.9 |
| Total Revenues | 38,846 | 21,015 | 27,427 | 22,710 | 58,058 | 49.5 | 155.6 | 129,211 | 120,846 | 6.9 |
| Expenditure | 29,556 | 17,534 | 21,980 | 19,163 | 43,233 | 46.3 | 125.6 | 101,910 | 92,225 | 10.5 |
| <i>as % of sales</i> | <i>76.1</i> | <i>83.4</i> | <i>80.1</i> | <i>84.4</i> | <i>74.5</i> | | | <i>78.9</i> | <i>76.3</i> | |
| Consumption of RM | 19,657 | 10,565 | 14,599 | 12,758 | 33,130 | 68.5 | 159.7 | 71,052 | 59,477 | 19.5 |
| <i>as % of sales</i> | <i>50.6</i> | <i>50.3</i> | <i>53.2</i> | <i>56.2</i> | <i>57.1</i> | | | <i>55.0</i> | <i>49.2</i> | |
| Employee Cost | 4,420 | 5,242 | 5,073 | 4,513 | 5,747 | 30.0 | 27.3 | 20,575 | 18,791 | 9.5 |
| <i>as % of sales</i> | <i>11.4</i> | <i>24.9</i> | <i>18.5</i> | <i>19.9</i> | <i>9.9</i> | | | <i>15.9</i> | <i>15.5</i> | |
| Other expenditure | 5,479 | 1,728 | 2,308 | 1,892 | 4,356 | (20.5) | 130.3 | 10,283 | 13,957 | (26.3) |
| <i>as % of sales</i> | <i>14.1</i> | <i>8.2</i> | <i>8.4</i> | <i>8.3</i> | <i>7.5</i> | | | <i>8.0</i> | <i>11.5</i> | |
| EBITDA | 9,290 | 3,481 | 5,447 | 3,547 | 14,826 | 59.6 | 318.0 | 27,301 | 28,621 | (4.6) |
| Depreciation | 933 | 828 | 857 | 861 | 950 | 1.9 | 10.3 | 3,496 | 3,162 | 10.6 |
| EBIT | 8,358 | 2,653 | 4,591 | 2,686 | 13,875 | 66.0 | 416.6 | 23,805 | 25,459 | (6.5) |
| Other Income | 1,288 | 254 | 150 | 332 | 283 | (78.0) | (14.7) | 1,019 | 1,695 | (39.9) |
| Interest | 119 | 3 | 12 | 1 | 16 | (86.5) | 1,363.6 | 33 | 122 | (73.3) |
| PBT | 9,526 | 2,904 | 4,729 | 3,017 | 14,142 | 48.5 | 368.8 | 24,792 | 27,032 | (8.3) |
| Total Tax | 2,840 | 857 | 1,334 | 866 | 3,797 | 33.7 | 338.6 | 6,853 | 7,759 | (11.7) |
| Adjusted PAT | 6,686 | 2,047 | 3,395 | 2,151 | 10,345 | 54.7 | 381.0 | 17,938 | 19,273 | (6.9) |
| (Profit)/loss from JV's/Ass/MI | - | - | - | - | - | - | - | - | - | - |
| PAT after MI | 6,686 | 2,047 | 3,395 | 2,151 | 10,345 | 54.7 | 381.0 | 17,938 | 19,273 | (6.9) |
| Extra ordinary items | - | - | - | - | - | - | - | - | - | - |
| Reported PAT | 6,686 | 2,047 | 3,395 | 2,151 | 10,345 | 54.7 | 381.0 | 17,938 | 19,273 | (6.9) |
| Adjusted EPS | 2.7 | 0.8 | 1.4 | 0.9 | 4.2 | 54.7 | 381.0 | 7.4 | 7.9 | (6.9) |
| Margins (%) | Q4FY19 | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 | bps | bps | FY20 | FY19 | bps |
| EBIDTA | 23.9 | 16.6 | 19.9 | 15.6 | 25.5 | 162 | 992 | 21.1 | 23.7 | (255) |
| EBIT | 21.5 | 12.6 | 16.7 | 11.8 | 23.9 | 238 | 1,207 | 18.4 | 21.1 | (264) |
| EBT | 24.5 | 13.8 | 17.2 | 13.3 | 24.4 | (16) | 1,108 | 19.2 | 22.4 | (318) |
| PAT | 17.2 | 9.7 | 12.4 | 9.5 | 17.8 | 61 | 835 | 13.9 | 15.9 | (207) |
| Effective Tax rate | 29.8 | 29.5 | 28.2 | 28.7 | 26.8 | (296) | (185) | 27.6 | 28.7 | (106) |

Source: Company, PL

Financials

Income Statement (Rs m)

| Y/e Mar | FY19 | FY20 | FY21E | FY22E |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| Net Revenues | 1,20,846 | 1,29,211 | 1,24,625 | 1,31,298 |
| YoY gr. (%) | 17.1 | 6.9 | (3.5) | 5.4 |
| Cost of Goods Sold | 59,477 | 71,052 | 67,297 | 70,901 |
| Gross Profit | 61,369 | 58,160 | 57,327 | 60,397 |
| Margin (%) | 50.8 | 45.0 | 46.0 | 46.0 |
| Employee Cost | 18,791 | 20,575 | 24,925 | 23,634 |
| Other Expenses | 10,626 | 6,727 | 7,477 | 8,534 |
| EBITDA | 28,621 | 27,301 | 21,797 | 25,196 |
| YoY gr. (%) | 43.1 | (4.6) | (20.2) | 15.6 |
| Margin (%) | 23.7 | 21.1 | 17.5 | 19.2 |
| Depreciation and Amortization | 3,162 | 3,496 | 3,657 | 4,297 |
| EBIT | 25,459 | 23,805 | 18,140 | 20,899 |
| Margin (%) | 21.1 | 18.4 | 14.6 | 15.9 |
| Net Interest | 122 | 33 | 34 | 36 |
| Other Income | 1,695 | 1,019 | 1,246 | 1,720 |
| Profit Before Tax | 27,032 | 24,792 | 19,352 | 22,583 |
| Margin (%) | 22.4 | 19.2 | 15.5 | 17.2 |
| Total Tax | 7,759 | 6,853 | 4,838 | 5,646 |
| Effective tax rate (%) | 28.7 | 27.6 | 25.0 | 25.0 |
| Profit after tax | 19,273 | 17,938 | 14,514 | 16,937 |
| Minority interest | - | - | - | - |
| Share Profit from Associate | - | - | - | - |
| Adjusted PAT | 19,273 | 17,938 | 14,514 | 16,937 |
| YoY gr. (%) | 37.7 | (6.9) | (19.1) | 16.7 |
| Margin (%) | 15.9 | 13.9 | 11.6 | 12.9 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 19,273 | 17,938 | 14,514 | 16,937 |
| YoY gr. (%) | 37.7 | (6.9) | (19.1) | 16.7 |
| Margin (%) | 15.9 | 13.9 | 11.6 | 12.9 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 19,273 | 17,938 | 14,514 | 16,937 |
| Equity Shares O/s (m) | 2,437 | 2,437 | 2,437 | 2,437 |
| EPS (Rs) | 7.9 | 7.4 | 6.0 | 7.0 |

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

| Y/e Mar | FY19 | FY20 | FY21E | FY22E |
|---------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Non-Current Assets | | | | |
| Gross Block | 29,849 | 37,713 | 45,713 | 53,713 |
| Tangibles | 29,849 | 37,713 | 45,713 | 53,713 |
| Intangibles | - | - | - | - |
| Acc: Dep / Amortization | 9,251 | 12,747 | 16,404 | 20,701 |
| Tangibles | 9,251 | 12,747 | 16,404 | 20,701 |
| Intangibles | - | - | - | - |
| Net fixed assets | 20,598 | 24,966 | 29,309 | 33,012 |
| Tangibles | 20,598 | 24,966 | 29,309 | 33,012 |
| Intangibles | - | - | - | - |
| Capital Work In Progress | 7,459 | 7,059 | 7,059 | 7,059 |
| Goodwill | - | - | - | - |
| Non-Current Investments | 10,874 | 13,048 | 13,903 | 14,602 |
| Net Deferred tax assets | 4,712 | 4,974 | 4,974 | 4,974 |
| Other Non-Current Assets | 2,966 | 3,408 | 4,362 | 4,595 |
| Current Assets | | | | |
| Investments | - | - | - | - |
| Inventories | 44,137 | 39,628 | 52,923 | 50,361 |
| Trade receivables | 53,692 | 58,410 | 63,166 | 61,152 |
| Cash & Bank Balance | 8,840 | 23,263 | 21,291 | 23,105 |
| Other Current Assets | 50,671 | 63,321 | 64,805 | 65,649 |
| Total Assets | 1,99,922 | 2,34,137 | 2,58,065 | 2,60,848 |
| Equity | | | | |
| Equity Share Capital | 2,437 | 2,437 | 2,437 | 2,437 |
| Other Equity | 87,753 | 96,093 | 1,05,962 | 1,17,480 |
| Total Network | 90,189 | 98,529 | 1,08,399 | 1,19,916 |
| Non-Current Liabilities | | | | |
| Long Term borrowings | - | - | - | - |
| Provisions | - | - | - | - |
| Other non current liabilities | - | - | - | - |
| Current Liabilities | | | | |
| ST Debt / Current of LT Debt | - | - | - | - |
| Trade payables | 14,350 | 15,930 | 17,072 | 16,187 |
| Other current liabilities | 1,00,095 | 1,24,651 | 1,37,568 | 1,29,719 |
| Total Equity & Liabilities | 1,99,922 | 2,34,137 | 2,58,065 | 2,60,848 |

Source: Company Data, PL Research

Cash Flow (Rs m)

| Y/e Mar | FY19 | FY20 | FY21E | FY22E |
|---------------------------------------|----------------|----------------|----------------|----------------|
| PBT | 27,032 | 24,792 | 19,352 | 22,583 |
| Add. Depreciation | 3,162 | 3,496 | 3,657 | 4,297 |
| Add. Interest | 122 | 33 | 34 | 36 |
| Less Financial Other Income | 1,695 | 1,019 | 1,246 | 1,720 |
| Add. Other | (192) | - | - | - |
| Op. profit before WC changes | 30,125 | 28,321 | 23,043 | 26,916 |
| Net Changes-WC | (7,796) | 12,352 | (6,886) | (5,359) |
| Direct tax | (7,347) | (6,853) | (4,838) | (5,646) |
| Net cash from Op. activities | 14,982 | 33,819 | 11,319 | 15,912 |
| Capital expenditures | (7,376) | (9,504) | (8,612) | (8,642) |
| Interest / Dividend Income | 1,291 | - | - | - |
| Others | (2,775) | - | - | - |
| Net Cash from Invt. activities | (8,860) | (9,504) | (8,612) | (8,642) |
| Issue of share cap. / premium | - | - | - | - |
| Debt changes | (333) | - | - | - |
| Dividend paid | (5,463) | (6,911) | (4,644) | (5,420) |
| Interest paid | (122) | (33) | (34) | (36) |
| Others | (367) | (2,949) | - | - |
| Net cash from Fin. activities | (6,285) | (9,893) | (4,679) | (5,456) |
| Net change in cash | (163) | 14,423 | (1,971) | 1,814 |
| Free Cash Flow | 7,603 | 26,355 | 3,319 | 7,912 |

Source: Company Data, PL Research

Quarterly Financials (Rs m)

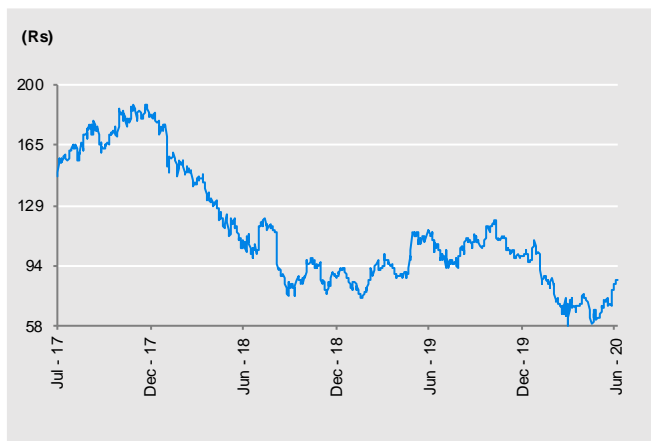
| Y/e Mar | Q1FY20 | Q2FY20 | Q3FY20 | Q4FY20 |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Net Revenue | 21,015 | 27,427 | 22,710 | 58,058 |
| YoY gr. (%) | - | (18.9) | (16.4) | 49.5 |
| Raw Material Expenses | 10,565 | 14,599 | 12,758 | 33,130 |
| Gross Profit | 10,451 | 12,828 | 9,952 | 24,929 |
| Margin (%) | 49.7 | 46.8 | 43.8 | 42.9 |
| EBITDA | 3,481 | 5,447 | 3,547 | 14,826 |
| YoY gr. (%) | 12.1 | (36.2) | (53.8) | 59.6 |
| Margin (%) | 16.6 | 19.9 | 15.6 | 25.5 |
| Depreciation / Depletion | 828 | 857 | 861 | 950 |
| EBIT | 2,653 | 4,591 | 2,686 | 13,875 |
| Margin (%) | 12.6 | 16.7 | 11.8 | 23.9 |
| Net Interest | 3 | 12 | 1 | 16 |
| Other Income | 254 | 150 | 332 | 283 |
| Profit before Tax | 2,904 | 4,729 | 3,017 | 14,142 |
| Margin (%) | 13.8 | 17.2 | 13.3 | 24.4 |
| Total Tax | 857 | 1,334 | 866 | 3,797 |
| Effective tax rate (%) | 29.5 | 28.2 | 28.7 | 26.8 |
| Profit after Tax | 2,047 | 3,395 | 2,151 | 10,345 |
| Minority interest | - | - | - | - |
| Share Profit from Associates | - | - | - | - |
| Adjusted PAT | 2,047 | 3,395 | 2,151 | 10,345 |
| YoY gr. (%) | 13.9 | (40.6) | (57.6) | 54.7 |
| Margin (%) | 9.7 | 12.4 | 9.5 | 17.8 |
| Extra Ord. Income / (Exp) | - | - | - | - |
| Reported PAT | 2,047 | 3,395 | 2,151 | 10,345 |
| YoY gr. (%) | 13.9 | (40.6) | (57.6) | 54.7 |
| Margin (%) | 9.7 | 12.4 | 9.5 | 17.8 |
| Other Comprehensive Income | - | - | - | - |
| Total Comprehensive Income | 2,047 | 3,395 | 2,151 | 10,345 |
| Avg. Shares O/s (m) | 2,234 | 2,234 | 2,234 | 2,234 |
| EPS (Rs) | 0.9 | 1.5 | 1.0 | 4.6 |

Source: Company Data, PL Research

Key Financial Metrics

| Y/e Mar | FY19 | FY20 | FY21E | FY22E |
|----------------------------|-------|-------|-------|-------|
| Per Share(Rs) | | | | |
| EPS | 7.9 | 7.4 | 6.0 | 7.0 |
| CEPS | 9.2 | 8.8 | 7.5 | 8.7 |
| BVPS | 37.0 | 40.4 | 44.5 | 49.2 |
| FCF | 3.1 | 10.8 | 1.4 | 3.2 |
| DPS | 2.1 | 2.4 | 1.9 | 2.2 |
| Return Ratio(%) | | | | |
| RoCE | 30.3 | 25.2 | 17.5 | 18.3 |
| ROIC | 24.1 | 24.2 | 16.6 | 17.2 |
| RoE | 23.0 | 19.0 | 14.0 | 14.8 |
| Balance Sheet | | | | |
| Net Debt : Equity (x) | (0.1) | (0.2) | (0.2) | (0.2) |
| Net Working Capital (Days) | 252 | 232 | 290 | 265 |
| Valuation(x) | | | | |
| PER | 11.2 | 12.0 | 14.9 | 12.8 |
| P/B | 2.4 | 2.2 | 2.0 | 1.8 |
| P/CEPS | 9.6 | 10.1 | 11.9 | 10.2 |
| EV/EBITDA | 7.2 | 7.1 | 8.9 | 7.7 |
| EV/Sales | 1.7 | 1.5 | 1.6 | 1.5 |
| Dividend Yield (%) | 2.4 | 2.7 | 2.1 | 2.5 |

Source: Company Data, PL Research

Price Chart
Recommendation History


| No. | Date | Rating | TP (Rs.) | Share Price (Rs.) |
|-----|-----------|------------|----------|-------------------|
| 1 | 16-Apr-20 | Hold | 89 | 70 |
| 2 | 31-Jan-20 | Hold | 108 | 101 |
| 3 | 03-Jan-20 | Hold | 118 | 101 |
| 4 | 05-Nov-19 | Hold | 118 | 113 |
| 5 | 03-Oct-19 | Accumulate | 128 | 105 |
| 6 | 17-Sep-19 | Accumulate | 120 | 108 |
| 7 | 30-Jul-19 | Accumulate | 120 | 98 |
| 8 | 04-Jul-19 | Accumulate | 120 | 114 |

Analyst Coverage Universe

| Sr. No. | Company Name | Rating | TP (Rs) | Share Price (Rs) |
|---------|---------------------------------|------------|---------|------------------|
| 1 | ABB | Hold | 874 | 836 |
| 2 | Ahluwalia Contracts (India) | Accumulate | 264 | 142 |
| 3 | Apar Industries | BUY | 587 | 368 |
| 4 | Ashoka Buildcon | BUY | 147 | 56 |
| 5 | Bharat Electronics | Hold | 89 | 70 |
| 6 | BHEL | Hold | 34 | 31 |
| 7 | Capacite's Infraprojects | BUY | 162 | 114 |
| 8 | Container Corporation of India | Accumulate | 468 | 434 |
| 9 | Cummins India | BUY | 472 | 370 |
| 10 | Engineers India | BUY | 104 | 80 |
| 11 | GE T&D India | Hold | 91 | 86 |
| 12 | H.G. Infra Engineering | BUY | 259 | 201 |
| 13 | IRB Infrastructure Developers | BUY | 139 | 71 |
| 14 | ITD Cementation India | BUY | 67 | 50 |
| 15 | J.Kumar Infraprojects | BUY | 176 | 93 |
| 16 | Kalpataru Power Transmission | BUY | 261 | 193 |
| 17 | KEC International | BUY | 295 | 197 |
| 18 | KNR Constructions | BUY | 305 | 197 |
| 19 | Larsen & Toubro | BUY | 1,192 | 955 |
| 20 | NCC | BUY | 83 | 23 |
| 21 | PNC Infratech | BUY | 205 | 139 |
| 22 | Power Grid Corporation of India | BUY | 205 | 179 |
| 23 | Sadbhav Engineering | BUY | 128 | 25 |
| 24 | Siemens | BUY | 1,402 | 1,049 |
| 25 | Thermax | Accumulate | 798 | 752 |
| 26 | Triveni Turbine | BUY | 83 | 68 |
| 27 | Voltamp Transformers | BUY | 1,244 | 1,020 |

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, 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.

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