

January 21, 2021

## Q3FY21 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	HOLD		HOLD	
Target Price	3,489		3,215	
Sales (Rs. m)	3,17,139	3,43,435	3,06,568	3,30,634
% Chng.	3.4	3.9		
EBITDA (Rs. m)	54,081	59,816	50,506	52,903
% Chng.	7.1	13.1		
EPS (Rs.)	188.4	205.3	181.0	189.1
% Chng.	4.1	8.6		

### Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. m)	2,99,187	2,66,910	3,17,139	3,43,435
EBITDA (Rs. m)	50,962	46,660	54,081	59,816
Margin (%)	17.0	17.5	17.1	17.4
PAT (Rs. m)	54,215	46,374	54,524	59,396
EPS (Rs.)	187.4	160.3	188.4	205.3
Gr. (%)	13.3	(14.5)	17.6	8.9
DPS (Rs.)	120.0	80.0	90.0	123.9
Yield (%)	3.2	2.1	2.4	3.3
RoE (%)	26.0	22.3	24.2	24.5
RoCE (%)	23.1	21.1	22.5	23.2
EV/Sales (x)	3.6	4.0	3.4	3.1
EV/EBITDA (x)	21.1	23.0	19.8	17.9
PE (x)	19.9	23.3	19.8	18.2
P/BV (x)	5.4	5.0	4.6	4.3

### Key Data

BAJA.BO | BJAUT IN

52-W High / Low	Rs.3,808 / Rs.1,789
Sensex / Nifty	49,625 / 14,590
Market Cap	Rs.1,079bn/ \$ 14,775m
Shares Outstanding	289m
3M Avg. Daily Value	Rs.5427.27m

### Shareholding Pattern (%)

Promoter's	53.70
Foreign	13.06
Domestic Institution	9.13
Public & Others	24.11
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	15.1	24.1	20.4
Relative	5.7	(5.2)	0.2

### Deep Shah

deepshah@plindia.com | 91-22-66322235

### Amber Shukla

ambershukla@plindia.com | 91-22-66322426

## Cost control, favorable mix drive profitability

### Quick Pointers:

- Near term outlook positive for overall exports and domestic 2W while 3W weak.
- Capex guidance increased Rs5-6bn (v/s 2.5-3bn) for FY22/23 due to green field expansion.
- EV 3W launch in 2HFY22 while one/two new/upgrade per quarter for 2Ws.

**BJAUT's Q3FY21 revenues were in-line while there was ~6.6%/6% beat at EBITDA/adj. PAT. This was led by continued tight cost control. EBITDA margins expanded 150bp YoY at 19.4% (PLe 18%) helped by better gross margins at 29.2% (PLe 28.5%) due to favorable mix. While near term outlook looks positive given 1) healthy exports momentum both for 2W/3W and 2) likely beneficiary of RoDTEP scheme, the same is reflected in valuations. We raise FY22/23 EPS by 4%/8.6% to factor in for sharp increase in KTM profits and better export outlook. We retain Hold with revised TP of Rs3,489 (v/s Rs3,215, 17x Mar-23 EPS). BJAUT trades at 20x/18x FY22/23 EPS (v/s 18x 5yr LPA).**

- BJAUT's Q3FY21 revenue in-line at Rs89bn (+16.6% YoY/ +24.5% QoQ)** as volume for the quarter grew by ~9% YoY while realizations grew by ~7% YoY at Rs68.2bn (PLe Rs68.5bn). The growth in realizations was led by favorable mix due to higher exports, higher share of premium products in sales mix and price hikes (~1% in Q3). Exports revenues grew ~24% YoY to Rs40.8bn.
- Better operating performance drives margin beat at 19.4%** (+150bp YoY, PLe 18%)- Gross margins remained flat QoQ at 29.2% (-90bp YoY, PLe 28.5%). However, led by lower other expenses at Rs5.5bn (-6% YoY, PLe Rs5.8bn), EBITDA came in higher at Rs17.3bn (+27% YoY, PLe Rs16.2bn). Better operating performance coupled with higher other income at Rs3.7bn (PLe Rs3.5bn) drive adj PAT beat at Rs15.6bn (+23.4% YoY, PLe Rs14.7bn).
- Key takeaways from the con-call: (1) Demand outlook:** Domestic- 2W sales back to last year's level while expect double digit industry growth (15-20%) in FY22. **(2) Domestic 3W recovery slow** with sales recovered to 40% of pre-COVID level wherein cargo demand recovering faster (~70% of normal). **(3) Exports -** Motorcycles retail at 90% levels and 3Ws back to pre-COVID level (except for LATAM at 50% and ASIAN at 25% recovery). **(4) During Q3,** share of 125CC segment improved to ~23% (v/s ~19% YoY) within which market share for Bajaj increased to ~23% (v/s ~13% YoY). **(5) Capex guidance of Rs5-6bn/annum for next 2 years (v/s Rs2.5-3bn).** **(6) 3Q financing was at ~63% level** (v/s ~53% in Q2) while collections are coming back to normalcy. BAF accounts for ~50% of overall financing for the company. **(7) Price hikes- ~1% in Dec** for both 2W/3W and ~1%+ for 2Ws in Jan. **(8) Actively pursuing ecosystem for EV 3W** and focus is to address range anxieties. Will launch EV 3W towards 2HFY22. **(9) New product launch -** Will see upgrades and new products in 100/110cc/150cc/250cc. Expect to launch 1 or 2 new launches/upgrades every quarter.

**Exhibit 1: Q3FY21 Result Overview (Rs m)**

Y/e March	Q3FY20	Q3FY19	YoY gr. (%)	Q2FY20	9MFY20	9MFY19	YoY gr. (%)
<b>Net Revenues</b>	<b>89,099</b>	<b>76,397</b>	<b>16.6</b>	<b>71,559</b>	<b>1,91,450</b>	<b>2,31,028</b>	<b>(17.1)</b>
Raw Materials	63,082	53,422	18.1	50,581	1,34,330	1,63,430	(17.8)
<i>% of Net Sales</i>	<i>70.8</i>	<i>69.9</i>		<i>70.7</i>	<i>70.2</i>	<i>70.7</i>	
Personnel	3,172	3,482	(8.9)	3,246	9,790	10,471	(6.5)
<i>% of Net Sales</i>	<i>3.6</i>	<i>4.6</i>		<i>4.5</i>	<i>5.1</i>	<i>4.5</i>	
Manufacturing & Other Exp	5,538	5,820	(4.8)	5,069	13,276	18,692	(29.0)
<i>% of Net Sales</i>	<i>6.2</i>	<i>7.6</i>		<i>7.1</i>	<i>6.9</i>	<i>8.1</i>	
Total Expenditure	71,792	62,725	14.5	58,896	1,57,396	1,92,593	(18.3)
<b>EBITDA</b>	<b>17,307</b>	<b>13,672</b>	<b>26.6</b>	<b>12,662</b>	<b>34,054</b>	<b>38,435</b>	<b>(11.4)</b>
<i>EBITDA Margin (%)</i>	<i>19.4</i>	<i>17.9</i>		<i>17.7</i>	<i>17.8</i>	<i>16.6</i>	
Depreciation	650	617	5.4	643	1,931	1,832	5.4
<b>EBIT</b>	<b>16,657</b>	<b>13,055</b>	<b>27.6</b>	<b>12,019</b>	<b>32,123</b>	<b>36,603</b>	<b>(12.2)</b>
Interest Expenses	10	5	117.0	27	46	23	105.3
Non-operating income	3,692	3,662	0.8	2,858	9,929	12,009	(17.3)
Extraordinary Expenses	0	0		0	0	0	
<b>PBT</b>	<b>20,338</b>	<b>16,713</b>	<b>21.7</b>	<b>14,851</b>	<b>42,005</b>	<b>48,590</b>	<b>(13.6)</b>
Tax-Total	4,765	4,097	16.3	3,469	9,770	10,693	(8.6)
<i>Tax Rate (%) - Total</i>	<i>23.4</i>	<i>24.5</i>		<i>23.4</i>	<i>23.3</i>	<i>22.0</i>	
<b>Reported PAT</b>	<b>15,573</b>	<b>12,616</b>	<b>23.4</b>	<b>11,382</b>	<b>32,236</b>	<b>37,897</b>	<b>(14.9)</b>
<b>Adj. PAT</b>	<b>15,573</b>	<b>12,616</b>	<b>23.4</b>	<b>11,382</b>	<b>32,236</b>	<b>37,897</b>	<b>(14.9)</b>

Source: Company, PL

**Exhibit 2: Operating Metrics**

Y/e March	Q3FY20	Q3FY19	YoY gr. (%)	Q2FY20	9MFY20	9MFY19	YoY gr. (%)
<b>Sales Volume (nos)</b>	<b>13,06,810</b>	<b>12,02,486</b>	<b>8.7</b>	<b>10,53,337</b>	<b>28,03,250</b>	<b>36,23,251</b>	<b>(22.6)</b>
Net Realisation/Vehicle	68,180	63,532	7.3	67,935	68,296	63,763	7.1
Material cost / vehicle	48,272	44,427	8.7	48,020	47,919	45,106	6.2
Gross Profit / vehicle	19,908	19,106	4.2	19,915	20,376	18,657	9.2
Employee cost /vehicle	2,427	2,896	(16.2)	3,081	3,492	2,890	20.8
Other expenses / vehicle	4,238	4,840	(12.4)	4,813	4,736	5,159	(8.2)
EBITDA/vehicle	13,243	11,370	16.5	12,021	12,148	10,608	14.5
Net Profit/vehicle	11,917	10,492	13.6	10,806	11,499	10,459	9.9

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>2,99,187</b>	<b>2,66,910</b>	<b>3,17,139</b>	<b>3,43,435</b>
YoY gr. (%)	(1.4)	(10.8)	18.8	8.3
Cost of Goods Sold	2,10,083	1,88,171	2,26,755	2,44,526
Gross Profit	89,104	78,738	90,385	98,909
Margin (%)	29.8	29.5	28.5	28.8
Employee Cost	13,892	13,086	13,741	15,115
Other Expenses	24,249	18,992	22,563	23,979
<b>EBITDA</b>	<b>50,962</b>	<b>46,660</b>	<b>54,081</b>	<b>59,816</b>
YoY gr. (%)	(1.9)	(8.4)	15.9	10.6
Margin (%)	17.0	17.5	17.1	17.4
Depreciation and Amortization	2,464	2,593	2,881	3,191
<b>EBIT</b>	<b>48,498</b>	<b>44,067</b>	<b>51,200</b>	<b>56,625</b>
Margin (%)	16.2	16.5	16.1	16.5
Net Interest	32	40	42	46
Other Income	17,336	14,071	15,576	16,070
<b>Profit Before Tax</b>	<b>65,802</b>	<b>58,098</b>	<b>66,734</b>	<b>72,648</b>
Margin (%)	22.0	21.8	21.0	21.2
Total Tax	14,802	13,653	15,682	17,072
Effective tax rate (%)	22.5	23.5	23.5	23.5
<b>Profit after tax</b>	<b>51,000</b>	<b>44,445</b>	<b>51,051</b>	<b>55,576</b>
Minority interest	-	-	-	-
Share Profit from Associate	3,215	1,929	3,472	3,820
<b>Adjusted PAT</b>	<b>54,215</b>	<b>46,374</b>	<b>54,524</b>	<b>59,396</b>
YoY gr. (%)	13.3	(14.5)	17.6	8.9
Margin (%)	18.1	17.4	17.2	17.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>54,215</b>	<b>46,374</b>	<b>54,524</b>	<b>59,396</b>
YoY gr. (%)	7.9	(14.5)	17.6	8.9
Margin (%)	18.1	17.4	17.2	17.3
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	54,215	46,374	54,524	59,396
<b>Equity Shares O/s (m)</b>	<b>289</b>	<b>289</b>	<b>289</b>	<b>289</b>
<b>EPS (Rs)</b>	<b>187.4</b>	<b>160.3</b>	<b>188.4</b>	<b>205.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>41,416</b>	<b>45,018</b>	<b>51,018</b>	<b>59,018</b>
Tangibles	41,416	45,018	51,018	59,018
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>24,425</b>	<b>27,018</b>	<b>29,899</b>	<b>33,090</b>
Tangibles	24,425	27,018	29,899	33,090
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>16,990</b>	<b>17,999</b>	<b>21,118</b>	<b>25,927</b>
Tangibles	16,990	17,999	21,118	25,927
Intangibles	-	-	-	-
Capital Work In Progress	602	1,000	1,000	1,000
Goodwill	-	-	-	-
Non-Current Investments	1,81,960	2,01,960	2,06,960	2,11,960
Net Deferred tax assets	(3,464)	(4,045)	(4,712)	(1,443)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	10,635	9,506	11,295	12,459
Trade receivables	17,251	13,163	18,246	19,168
Cash & Bank Balance	2,773	5,994	7,954	9,166
Other Current Assets	17,136	15,356	18,246	20,126
<b>Total Assets</b>	<b>2,47,733</b>	<b>2,65,322</b>	<b>2,85,228</b>	<b>3,00,257</b>
<b>Equity</b>				
Equity Share Capital	2,894	2,894	2,894	2,894
Other Equity	1,96,361	2,12,981	2,32,728	2,46,622
<b>Total Network</b>	<b>1,99,255</b>	<b>2,15,874</b>	<b>2,35,622</b>	<b>2,49,516</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	1,677	1,527	1,451	1,378
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	31,997	32,907	30,411	33,544
Other current liabilities	11,340	10,969	13,033	14,376
<b>Total Equity &amp; Liabilities</b>	<b>2,47,733</b>	<b>2,65,322</b>	<b>2,85,228</b>	<b>3,00,257</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	65,802	58,098	51,200	56,625
Add. Depreciation	2,464	2,593	2,881	3,191
Add. Interest	9,495	14,071	15,576	16,070
Less Financial Other Income	17,336	14,071	15,576	16,070
Add. Other	(26,132)	(14,031)	(15,534)	(16,023)
Op. profit before WC changes	51,629	60,731	54,123	59,862
Net Changes-WC	3,765	7,577	(10,259)	469
Direct tax	(16,777)	(13,072)	(15,015)	(20,342)
<b>Net cash from Op. activities</b>	<b>38,618</b>	<b>55,236</b>	<b>28,849</b>	<b>39,989</b>
Capital expenditures	(2,800)	(4,000)	(6,000)	(8,000)
Interest / Dividend Income	-	-	-	-
Others	20,345	(20,000)	(5,000)	(5,000)
<b>Net Cash from Inv. activities</b>	<b>17,545</b>	<b>(24,000)</b>	<b>(11,000)</b>	<b>(13,000)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	(150)	(76)	(73)
Dividend paid	(62,444)	(27,826)	(31,304)	(41,682)
Interest paid	(21)	(40)	(42)	(46)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(62,465)</b>	<b>(28,016)</b>	<b>(31,422)</b>	<b>(41,801)</b>
<b>Net change in cash</b>	<b>(6,302)</b>	<b>3,220</b>	<b>(13,573)</b>	<b>(14,811)</b>
Free Cash Flow	35,818	51,236	22,849	31,989

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Net Revenue</b>	<b>68,159</b>	<b>30,792</b>	<b>71,559</b>	<b>89,099</b>
YoY gr. (%)	(8.1)	(60.3)	(7.2)	16.6
Raw Material Expenses	46,653	20,666	50,581	63,082
Gross Profit	21,506	10,126	20,977	26,016
Margin (%)	31.6	32.9	29.3	29.2
<b>EBITDA</b>	<b>12,528</b>	<b>4,085</b>	<b>12,662</b>	<b>17,307</b>
YoY gr. (%)	2.1	(65.9)	(0.9)	26.6
Margin (%)	18.4	13.3	17.7	19.4
Depreciation / Depletion	633	638	643	650
<b>EBIT</b>	<b>11,895</b>	<b>3,447</b>	<b>12,019</b>	<b>16,657</b>
Margin (%)	17.5	11.2	16.8	18.7
Net Interest	9	10	27	10
Other Income	5,327	3,379	2,858	3,692
<b>Profit before Tax</b>	<b>17,212</b>	<b>6,817</b>	<b>14,851</b>	<b>20,338</b>
Margin (%)	25.3	22.1	20.8	22.8
Total Tax	4,109	1,536	3,469	4,765
Effective tax rate (%)	23.9	22.5	23.4	23.4
<b>Profit after Tax</b>	<b>13,103</b>	<b>5,280</b>	<b>11,382</b>	<b>15,573</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>13,103</b>	<b>5,280</b>	<b>11,382</b>	<b>15,573</b>
YoY gr. (%)	36.0	(53.1)	(18.8)	23.4
Margin (%)	19.2	17.1	15.9	17.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>13,103</b>	<b>5,280</b>	<b>11,382</b>	<b>15,573</b>
YoY gr. (%)	0.4	(53.1)	(18.8)	23.4
Margin (%)	19.2	17.1	15.9	17.5
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>13,103</b>	<b>5,280</b>	<b>11,382</b>	<b>15,573</b>
Avg. Shares O/s (m)	289	289	289	289
<b>EPS (Rs)</b>	<b>45.3</b>	<b>18.2</b>	<b>39.3</b>	<b>53.8</b>

Source: Company Data, PL Research

**Key Financial Metrics**

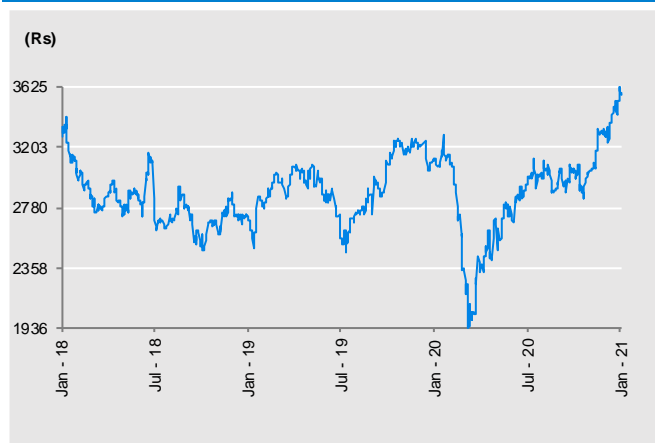
Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	187.4	160.3	188.4	205.3
CEPS	195.9	169.2	198.4	216.3
BVPS	688.6	746.0	814.3	862.3
FCF	123.8	177.1	79.0	110.5
DPS	120.0	80.0	90.0	123.9
<b>Return Ratio(%)</b>				
RoCE	23.1	21.1	22.5	23.2
ROIC	18.1	16.6	17.9	18.4
RoE	26.0	22.3	24.2	24.5
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	0.0	0.0	0.0
Net Working Capital (Days)	(5)	(14)	(1)	(2)
<b>Valuation(x)</b>				
PER	19.9	23.3	19.8	18.2
P/B	5.4	5.0	4.6	4.3
P/CEPS	19.0	22.0	18.8	17.2
EV/EBITDA	21.1	23.0	19.8	17.9
EV/Sales	3.6	4.0	3.4	3.1
Dividend Yield (%)	3.2	2.1	2.4	3.3

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY20	FY21E	FY22E	FY23E
Motorcycle volume (units)	39,47,550	36,21,291	41,10,090	44,99,819
Three-wheeler volume (units)	6,67,644	3,79,683	4,89,305	5,47,598
Net Realisation (Rs/unit)	63,078	65,111	67,351	66,745

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	Hold	3,215	3,529
2	22-Oct-20	Hold	3,108	3,006
3	09-Oct-20	Hold	2,904	3,060
4	22-Jul-20	Hold	2,713	2,985
5	11-Jul-20	Hold	2,664	2,895
6	21-May-20	Hold	2,504	2,556
7	09-Apr-20	Hold	2,554	2,436
8	30-Jan-20	Reduce	2,969	3,142

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	133	113
2	Bajaj Auto	Hold	3,215	3,529
3	Bharat Forge	Hold	515	603
4	CEAT	Accumulate	1,434	1,310
5	Eicher Motors	Accumulate	2,901	2,761
6	Endurance Technologies	BUY	1,540	1,412
7	Exide Industries	BUY	236	198
8	Hero Motocorp	Accumulate	3,344	3,161
9	Mahindra & Mahindra	BUY	851	771
10	Maruti Suzuki	BUY	8,465	8,015
11	Motherson Sumi Systems	BUY	203	168
12	Tata Motors	Hold	172	198
13	TVS Motors	Sell	408	513

**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. Deep Shah- MBA Finance, Mr. Amber Shukla- 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. Deep Shah- MBA Finance, Mr. Amber Shukla- 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)