

February 10, 2022

## Q3FY22 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
<b>Rating</b>	<b>BUY</b>		<b>BUY</b>	
<b>Target Price</b>	<b>1,919</b>		<b>1,981</b>	
Sales (Rs. m)	90,080	104,632	93,675	102,045
% Chng.	(3.8)	2.5		
EBITDA (Rs. m)	14,651	17,439	15,771	17,504
% Chng.	(7.1)	(0.4)		
EPS (Rs.)	53.1	67.2	59.1	68.0
% Chng.	(10.2)	(1.2)		

### Key Financials - Consolidated

Y/e Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	65,470	72,666	90,080	104,632
EBITDA (Rs. m)	10,402	9,450	14,651	17,439
Margin (%)	15.9	13.0	16.3	16.7
PAT (Rs. m)	5,286	4,413	7,469	9,453
EPS (Rs.)	37.6	31.4	53.1	67.2
Gr. (%)	(6.5)	(16.5)	69.2	26.6
DPS (Rs.)	6.0	6.5	7.0	7.5
Yield (%)	0.4	0.4	0.5	0.5
RoE (%)	16.1	11.8	17.7	19.1
RoCE (%)	17.0	13.3	21.8	23.6
EV/Sales (x)	3.1	2.7	2.1	1.8
EV/EBITDA (x)	19.3	20.9	13.1	10.5
PE (x)	38.9	46.6	27.5	21.8
P/BV (x)	5.8	5.3	4.5	3.8

### Key Data

ENDU.BO | ENDU IN

52-W High / Low	Rs.1,989 / Rs.1,249
Sensex / Nifty	58,466 / 17,464
Market Cap	Rs.206bn / \$ 2,749m
Shares Outstanding	141m
3M Avg. Daily Value	Rs.143.66m

### Shareholding Pattern (%)

Promoter's	75.00
Foreign	8.03
Domestic Institution	15.33
Public & Others	1.64
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(13.8)	(14.5)	(0.5)
Relative	(11.9)	(20.5)	(12.7)

**Varun Baxi**

varunbaxi@plindia.com | 91-22-66322235

**Mansi Lall**

mansilall@plindia.com | 91-22-66322391

## New product addition to drive growth ahead of Industry

### Quick Pointers:

- Won new business worth ~Rs 5.9b/Euro 53.9m for India/Europe in 9MFY22.
- Forayed in non-automotive casting business for gensets & teleom 5G and drive shaft business for 3Ws & 4Ws.

**We tweak FY23/24 EPS by 10%/1% and upgrade to 'BUY' after recent correction in the stock at revised TP of Rs1,919 (v/s Rs1,981) based on 29x (28x earlier) Dec'23 EPS, to factor in growth from new product addition, strong FCF generation and improving return ratios. ENDU's 3QFY22 S/A revenues declined 1%YoY at Rs14.9b 7% ahead of PLe against 2W industry decline of 19.7%, in volume terms. Europe's business revenues were impacted by low scale of operations due to chip shortage and declined 19.4%YoY at Euro 47.6mn. However, new business win remained strong for India (Rs 5.9b) and EU (Euro 53.9mn) in 9M. Company also forayed into new products like Drive shaft (commencing supply from May'22) and non-auto casting (new orders ~1b); also won orders from EV worth Rs 1.4b.**

**We believe ENDU will continue to outperform the industry led by i) Addition of new and value added products (ABS, Drive shaft business and non-automotive castings, clutch and brakes for 200cc+ MC etc.) ii) Ability to add new customers as well as increased penetration with existing customers (PV share in standalone revenue grew by 1%) and iii) Increased share of AM & Exports. Furthermore, company's balance sheet is well placed to cash on inorganic opportunities, going ahead.**

### 3QFY22 results impacted by commodity costs, lower scale of operations & increasing power costs-

Endu consol revenue at Rs 18.9b (5% ahead of PLe 18.0b) was adversely impacted by lower sales from EU operations and lower offtake from 2W OEMs. Standalone sales grew 1% YoY against 2W industry decline of 19.7%. The cons. EBITDA declined ~38% YoY to Rs2.0b (PLe Rs2.3b), led by higher commodity cost and negative operating leverage in EU and higher power costs. Stand. EBITDA was mainly impacted by RM cost inflation

**Call takeaways:** 1) Capacity addition at Waluj- **Increasing disc brake assembly capacities to 570k sets/month from 285k and disk capacity to 675k sets/month (from 375k).** 2) Venturing into Drive Shaft business: **Have received orders from Bajaj and also have interest from TVS (for 3Ws) and Mahindra (for 3W/4W). Expect Rs 2b revenue by FY25** 3) Increasing alloy wheel capacities in Chakan **from 240k/month to 320k/month.** 4) ABS production started from this quarter, initially full capacity of 400k to be achieved by Sep'23: **Bajaj and RE main customers.** 5) Domestic orderwins of Rs 5.9b excl. Bajaj EV orders at 1.4b (Rs530m Ather for Brakes, Rs700m Polarity) Rs 1b from non-auto casting and Rs2.4b alloy wheels 6) Eu order wins at Euro 53.9m including 40.5m orders from Stellantis for TM case.

**Exhibit 1: Q3FY22 Result Overview – Consolidated (Rs mn)**

Y/e March	Q3FY22	Q3FY21	YoY gr. (%)	Q2FY22	9MFY22	9MFY21	YoY gr. (%)
<b>Net Revenues</b>	<b>18,891</b>	<b>20,174</b>	<b>(6.4)</b>	<b>18,876</b>	<b>54,703</b>	<b>43,627</b>	<b>25.4</b>
Raw Materials	11,482	11,031	4.1	11,058	31,648	23,484	34.8
<i>% of Net Sales</i>	<i>60.8</i>	<i>54.7</i>		<i>58.6</i>	<i>57.9</i>	<i>53.8</i>	
Personnel	1,669	1,825	(8.5)	1,648	5,260	4,826	9.0
<i>% of Net Sales</i>	<i>8.8</i>	<i>9.0</i>		<i>8.7</i>	<i>9.6</i>	<i>11.1</i>	
Manufacturing & Other Exp	3,708	4,031	(8.0)	3,569	10,721	8,751	22.5
<i>% of Net Sales</i>	<i>19.6</i>	<i>20.0</i>		<i>18.9</i>	<i>19.6</i>	<i>20.1</i>	
Total Expenditure	16,859	16,887	(0.2)	16,276	47,628	37,061	28.5
<b>EBITDA</b>	<b>2,032</b>	<b>3,287</b>	<b>(38.2)</b>	<b>2,600</b>	<b>7,075</b>	<b>6,566</b>	<b>7.7</b>
<i>EBITDA Margin (%)</i>	<i>10.8</i>	<i>16.3</i>		<i>13.8</i>	<i>12.9</i>	<i>15.1</i>	
Depreciation	914	1,045	(12.5)	940	2,836	2,873	(1.3)
<b>EBIT</b>	<b>1,119</b>	<b>2,243</b>	<b>(50.1)</b>	<b>1,660</b>	<b>3,120</b>	<b>3,693</b>	<b>(15.5)</b>
Interest Expenses	14	42	(67.1)	18	47	119	(60.9)
Non-operating income	75	58	27.9	82	284	238	18.9
Extraordinary Expenses	0	63	(1.0)	0	-315	272	
<b>PBT</b>	<b>1,179</b>	<b>2,259</b>	<b>(47.8)</b>	<b>1,724</b>	<b>4,476</b>	<b>3,813</b>	<b>17.4</b>
Tax-Total	233	421	(44.7)	391	916	762	20.2
<i>Tax Rate (%) - Total</i>	<i>19.8</i>	<i>18.6</i>		<i>22.7</i>	<i>1.7</i>	<i>1.7</i>	
<b>Reported PAT</b>	<b>946</b>	<b>1,838</b>	<b>(48.5)</b>	<b>1,333</b>	<b>3,560</b>	<b>3,051</b>	<b>16.7</b>
<b>Profit after MI</b>	<b>946</b>	<b>1,838</b>	<b>(48.5)</b>	<b>1,333</b>	<b>3,560</b>	<b>3,051</b>	<b>16.7</b>
<b>Adj. PAT</b>	<b>946</b>	<b>1,838</b>	<b>(48.5)</b>	<b>1,333</b>	<b>3,560</b>	<b>3,051</b>	<b>16.7</b>

Source: Company, PL

**Exhibit 2: Q1FY22 Result Overview – Standalone (Rs mn)**

Y/e March	Q3FY22	Q3FY21	YoY gr. (%)	Q2FY22	9MFY22	9MFY21	YoY gr. (%)
<b>Net Revenues</b>	<b>14,895</b>	<b>15,054</b>	<b>(1.1)</b>	<b>15,012</b>	<b>41,427</b>	<b>31,228</b>	<b>32.7</b>
Raw Materials	10,130	9,500	6.6	9,754	27,213	19,396	40.3
<i>% of Net Sales</i>	<i>68.0</i>	<i>63.1</i>		<i>65.0</i>	<i>65.7</i>	<i>62.1</i>	
Personnel	715	723	(1.1)	712	2,195	2,121	3.5
<i>% of Net Sales</i>	<i>4.8</i>	<i>4.8</i>		<i>4.7</i>	<i>5.3</i>	<i>6.8</i>	
Manufacturing & Other Exp	2,394	2,465	(2.9)	2,421	6,701	5,276	27.0
<i>% of Net Sales</i>	<i>16.1</i>	<i>16.4</i>		<i>16.1</i>	<i>16.2</i>	<i>16.9</i>	
Total Expenditure	13,240	12,688	4.4	12,887	36,108	26,793	34.8
<b>EBITDA</b>	<b>1,655</b>	<b>2,366</b>	<b>(30.0)</b>	<b>2,125</b>	<b>5,318</b>	<b>4,434</b>	<b>19.9</b>
<i>EBITDA Margin (%)</i>	<i>11.1</i>	<i>15.7</i>		<i>14.2</i>	<i>12.8</i>	<i>14.2</i>	
Depreciation	504	526	(4.2)	513	1,519	1,530	(0.8)
<b>EBIT</b>	<b>1,152</b>	<b>1,841</b>	<b>(37.4)</b>	<b>1,611</b>	<b>3,800</b>	<b>2,904</b>	<b>30.8</b>
Interest Expenses	6	10	(46.0)	5	14	45	(68.3)
Non-operating income	44	32	36.3	45	148	109	35.6
Extraordinary Expenses	0	63	(1.0)	0	-315	272	
<b>PBT</b>	<b>1,190</b>	<b>1,863</b>	<b>(36.1)</b>	<b>1,651</b>	<b>3,933</b>	<b>2,968</b>	<b>32.5</b>
Tax-Total	312	420	(25.8)	428	948	710	33.7
<i>Tax Rate (%) - Total</i>	<i>26.2</i>	<i>22.6</i>		<i>25.9</i>	<i>2.3</i>	<i>2.3</i>	
<b>Reported PAT</b>	<b>878</b>	<b>1,505</b>	<b>(41.6)</b>	<b>1,224</b>	<b>2,670</b>	<b>2,531</b>	<b>5.5</b>
<b>Profit after MI</b>	<b>878</b>	<b>1,505</b>	<b>(41.6)</b>	<b>1,224</b>	<b>2,670</b>	<b>2,530</b>	<b>5.5</b>
<b>Adj. PAT</b>	<b>878</b>	<b>1,505</b>	<b>(41.6)</b>	<b>1,224</b>	<b>2,670</b>	<b>2,530</b>	<b>5.5</b>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Net Revenues</b>	<b>65,470</b>	<b>72,666</b>	<b>90,080</b>	<b>104,632</b>
YoY gr. (%)	(5.4)	11.0	24.0	16.2
Cost of Goods Sold	35,706	41,958	51,326	59,502
Gross Profit	29,765	30,708	38,754	45,130
Margin (%)	45.5	42.3	43.0	43.1
Employee Cost	6,761	7,054	7,793	8,919
Other Expenses	12,602	14,205	16,310	18,772
<b>EBITDA</b>	<b>10,402</b>	<b>9,450</b>	<b>14,651</b>	<b>17,439</b>
YoY gr. (%)	(8.0)	(9.2)	55.0	19.0
Margin (%)	15.9	13.0	16.3	16.7
Depreciation and Amortization	3,991	4,022	4,951	5,414
<b>EBIT</b>	<b>6,411</b>	<b>5,428</b>	<b>9,700</b>	<b>12,024</b>
Margin (%)	9.8	7.5	10.8	11.5
Net Interest	138	84	142	119
Other Income	307	372	518	852
<b>Profit Before Tax</b>	<b>6,468</b>	<b>5,402</b>	<b>10,076</b>	<b>12,758</b>
Margin (%)	9.9	7.4	11.2	12.2
Total Tax	1,272	1,232	2,607	3,305
Effective tax rate (%)	19.7	22.8	25.9	25.9
<b>Profit after tax</b>	<b>5,196</b>	<b>4,170</b>	<b>7,469</b>	<b>9,453</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>5,286</b>	<b>4,413</b>	<b>7,469</b>	<b>9,453</b>
YoY gr. (%)	(6.5)	(16.5)	69.2	26.6
Margin (%)	8.1	6.1	8.3	9.0
Extra Ord. Income / (Exp)	(90)	(243)	-	-
<b>Reported PAT</b>	<b>5,196</b>	<b>4,170</b>	<b>7,469</b>	<b>9,453</b>
YoY gr. (%)	(8.1)	(19.7)	79.1	26.6
Margin (%)	7.9	5.7	8.3	9.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	5,196	4,170	7,469	9,453
<b>Equity Shares O/s (m)</b>	<b>141</b>	<b>141</b>	<b>141</b>	<b>141</b>
<b>EPS (Rs)</b>	<b>37.6</b>	<b>31.4</b>	<b>53.1</b>	<b>67.2</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>44,649</b>	<b>50,249</b>	<b>55,549</b>	<b>60,749</b>
Tangibles	44,649	50,249	55,549	60,749
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>20,363</b>	<b>24,385</b>	<b>29,336</b>	<b>34,750</b>
Tangibles	20,363	24,385	29,336	34,750
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>24,286</b>	<b>25,864</b>	<b>26,213</b>	<b>25,998</b>
Tangibles	24,286	25,864	26,213	25,998
Intangibles	-	-	-	-
Capital Work In Progress	962	562	462	462
Goodwill	-	-	-	-
Non-Current Investments	12	12	12	12
Net Deferred tax assets	-	-	-	-
Other Non-Current Assets	3,284	3,284	3,284	3,284
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	6,118	5,260	6,622	7,504
Trade receivables	10,410	8,740	11,307	12,729
Cash & Bank Balance	9,565	11,061	15,175	22,588
Other Current Assets	2,786	2,355	3,024	3,410
<b>Total Assets</b>	<b>57,475</b>	<b>57,184</b>	<b>66,156</b>	<b>76,053</b>
<b>Equity</b>				
Equity Share Capital	1,407	1,407	1,407	1,407
Other Equity	34,215	37,470	43,954	52,352
<b>Total Network</b>	<b>35,621</b>	<b>38,877</b>	<b>45,361</b>	<b>53,759</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	3,792	2,792	1,792	792
Provisions	4,000	3,514	4,315	4,920
Other non current liabilities	829	829	829	829
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	450	50	50	50
Trade payables	12,783	11,123	13,809	15,703
Other current liabilities	-	-	-	-
<b>Total Equity &amp; Liabilities</b>	<b>57,475</b>	<b>57,184</b>	<b>66,156</b>	<b>76,053</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	6,580	5,717	10,076	12,758
Add. Depreciation	3,991	4,022	4,951	5,414
Add. Interest	-	-	-	-
Less Financial Other Income	307	372	518	852
Add. Other	77	(315)	-	-
Op. profit before WC changes	10,648	9,424	15,027	18,172
Net Changes-WC	(2,695)	819	(1,121)	(200)
Direct tax	(1,739)	(1,232)	(2,607)	(3,305)
<b>Net cash from Op. activities</b>	<b>6,215</b>	<b>9,011</b>	<b>11,299</b>	<b>14,667</b>
Capital expenditures	(3,114)	(5,200)	(5,200)	(5,200)
Interest / Dividend Income	-	-	-	-
Others	(2,792)	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(5,906)</b>	<b>(5,200)</b>	<b>(5,200)</b>	<b>(5,200)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(1,216)	(1,400)	(1,000)	(1,000)
Dividend paid	-	-	-	-
Interest paid	-	-	-	-
Others	(214)	(914)	(985)	(1,055)
<b>Net cash from Fin. activities</b>	<b>(1,430)</b>	<b>(2,314)</b>	<b>(1,985)</b>	<b>(2,055)</b>
<b>Net change in cash</b>	<b>(1,122)</b>	<b>1,497</b>	<b>4,114</b>	<b>7,412</b>
Free Cash Flow	3,101	3,811	6,099	9,467

Source: Company Data, PL Research

**Key Financial Metrics**

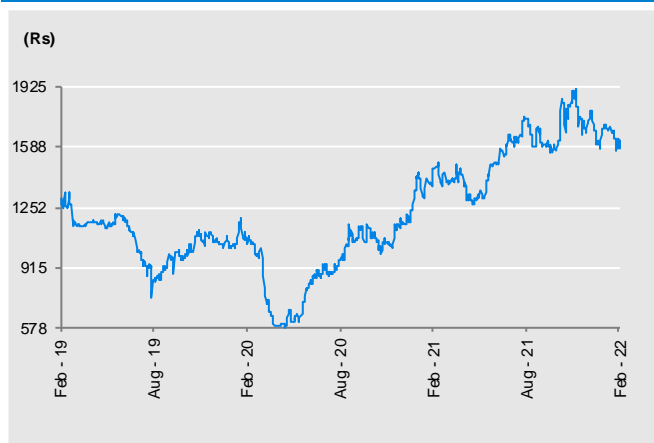
Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	37.6	31.4	53.1	67.2
CEPS	66.0	60.0	88.3	105.7
BVPS	253.2	276.4	322.5	382.2
FCF	22.0	27.1	43.4	67.3
DPS	6.0	6.5	7.0	7.5
<b>Return Ratio(%)</b>				
RoCE	17.0	13.3	21.8	23.6
ROIC	19.2	14.5	24.4	30.9
RoE	16.1	11.8	17.7	19.1
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.2)	(0.3)	(0.4)
Net Working Capital (Days)	21	14	17	16
<b>Valuation(x)</b>				
PER	38.9	46.6	27.5	21.8
P/B	5.8	5.3	4.5	3.8
P/CEPS	22.2	24.4	16.6	13.8
EV/EBITDA	19.3	20.9	13.1	10.5
EV/Sales	3.1	2.7	2.1	1.8
Dividend Yield (%)	0.4	0.4	0.5	0.5

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY21	Q4FY21	Q1FY22	Q2FY22
<b>Net Revenue</b>	<b>20,174</b>	<b>21,329</b>	<b>16,937</b>	<b>18,876</b>
YoY gr. (%)	-	-	-	-
Raw Material Expenses	11,031	12,222	9,107	11,058
Gross Profit	9,143	9,107	7,829	7,817
Margin (%)	45.3	42.7	46.2	41.4
<b>EBITDA</b>	<b>3,287</b>	<b>3,322</b>	<b>2,443</b>	<b>2,600</b>
YoY gr. (%)	26.2	39.7	471.8	(8.8)
Margin (%)	16.3	15.6	14.4	13.8
Depreciation / Depletion	1,045	1,118	983	940
<b>EBIT</b>	<b>2,243</b>	<b>2,204</b>	<b>1,460</b>	<b>1,660</b>
Margin (%)	11.1	10.3	8.6	8.8
Net Interest	42	19	15	18
Other Income	58	69	127	82
<b>Profit before Tax</b>	<b>2,321</b>	<b>2,254</b>	<b>1,258</b>	<b>1,724</b>
Margin (%)	11.5	10.6	7.4	9.1
Total Tax	421	381	293	391
Effective tax rate (%)	18.1	16.9	23.3	22.7
<b>Profit after Tax</b>	<b>1,901</b>	<b>1,873</b>	<b>966</b>	<b>1,333</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>1,849</b>	<b>1,873</b>	<b>1,207</b>	<b>1,333</b>
YoY gr. (%)	49.1	75.3	(583.6)	(11.5)
Margin (%)	9.2	8.8	7.1	7.1
Extra Ord. Income / (Exp)	52	-	(241)	-
<b>Reported PAT</b>	<b>1,901</b>	<b>1,873</b>	<b>966</b>	<b>1,333</b>
YoY gr. (%)	53.2	75.3	(486.9)	(20.2)
Margin (%)	9.4	8.8	5.7	7.1
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,901</b>	<b>1,873</b>	<b>966</b>	<b>1,333</b>
Avg. Shares O/s (m)	141	141	141	141
<b>EPS (Rs)</b>	<b>13.1</b>	<b>13.3</b>	<b>8.6</b>	<b>9.5</b>

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Jan-22	BUY	1,981	1,625
2	13-Nov-21	Accumulate	1,989	1,818
3	07-Oct-21	BUY	1,844	1,605
4	12-Aug-21	BUY	1,832	1,716
5	07-Jul-21	BUY	1,772	1,635
6	20-May-21	BUY	1,615	1,396
7	07-Apr-21	BUY	1,605	1,369
8	10-Feb-21	BUY	1,662	1,483

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	181	123
2	Bajaj Auto	BUY	3,911	3,309
3	Bharat Forge	BUY	1,110	702
4	CEAT	Hold	1,174	1,135
5	Eicher Motors	BUY	3,398	2,480
6	Endurance Technologies	BUY	1,981	1,625
7	Exide Industries	BUY	210	174
8	Hero Motocorp	BUY	3,194	2,418
9	Mahindra & Mahindra	BUY	1,004	839
10	Maruti Suzuki	Accumulate	9,607	8,603
11	Motherson Sumi Systems	BUY	249	207
12	Tata Motors	BUY	632	518
13	TVS Motors	BUY	751	637

**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. Varun Baxi- MBA Finance & BTech, Ms. Mansi Lall- 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](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. Varun Baxi- MBA Finance & BTech, Ms. Mansi Lall- 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](http://www.plindia.com)