

October 27, 2022

## Q2FY23 Result Update

■ Change in Estimates | ■ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
<b>Rating</b>	BUY		BUY	
<b>Target Price</b>	125		125	
Sales (Rs. m)	2,11,409	2,42,484	2,11,409	2,42,484
% Chng.	-	-	-	-
EBITDA (Rs. m)	46,611	53,807	46,611	53,807
% Chng.	-	-	-	-
EPS (Rs.)	4.7	5.4	4.7	5.4
% Chng.	-	-	-	-

### Key Financials - Standalone

Y/e Mar	FY22	FY23E	FY24E	FY25E
Sales (Rs. m)	1,53,138	1,80,136	2,11,409	2,42,484
EBITDA (Rs. m)	33,092	39,522	46,611	53,807
Margin (%)	21.6	21.9	22.0	22.2
PAT (Rs. m)	23,489	28,629	34,240	39,724
EPS (Rs.)	3.2	3.9	4.7	5.4
Gr. (%)	13.7	21.9	19.6	16.0
DPS (Rs.)	1.5	1.9	2.2	2.6
Yield (%)	1.4	1.7	2.1	2.4
RoE (%)	20.6	22.5	23.8	24.4
RoCE (%)	25.7	27.6	29.2	30.0
EV/Sales (x)	4.7	3.9	3.3	2.8
EV/EBITDA (x)	21.6	17.7	14.8	12.6
PE (x)	33.6	27.5	23.0	19.8
P/BV (x)	6.6	5.9	5.2	4.6

### Key Data

BAJE.BO | BHE IN

52-W High / Low	Rs.115 / Rs.61
Sensex / Nifty	59,757 / 17,737
Market Cap	Rs.788bn / \$ 9,556m
Shares Outstanding	7,310m
3M Avg. Daily Value	Rs.2517.21m

### Shareholding Pattern (%)

Promoter's	51.14
Foreign	16.73
Domestic Institution	26.25
Public & Others	5.88
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	8.1	31.3	56.3
Relative	3.4	26.0	60.4

**Amit Anwani**

amitanwani@plindia.com | 91-22-66322250

**Nilesh Soni**

nileshsoni@plindia.com | 91-22-66322214

## In-line quarterly performance

### Quick Pointers:

- EBITDA margins for H1FY23 came in at 19.4% vs 17.4% in H1FY22, owing to better absorption of fixed overheads.
- Order book to sales ratio stands healthy at 3.1x TTM revenue, thereby providing revenue visibility for a couple of years.

**Bharat Electronics (BEL) results were broadly in-line with estimates. BEL reported revenue of Rs39.5bn (up 7.8% YoY) and PAT came in at Rs6.1bn (flat YoY) in Q2FY23. H1FY23 EBITDA margin improved 204bps YoY to 19.4%, owing to better absorption of fixed overheads. Order inflows came in at ~Rs13.6bn (down 49.3% YoY) in Q2FY23, while order book stood at ~Rs528bn (3.1x TTM revenue), providing revenue visibility for next couple of years. Order pipeline stands strong from Akash weapon system, QRSAM, LRSAM and Naval equipment's like surveillance system, radars, navigation systems etc. Company has been focusing on diversification in non-defense verticals such as EV, metros, electronic warfare, healthcare, homeland security etc. Moreover, BEL recently signed a MoU with Triton Electric Vehicle Pvt. Ltd (TEV) for manufacturing Hydrogen Fuel cells, with technology transfer from TEV. BEL also bagged order worth Rs80.6bn from Triton Electric Vehicle India Pvt Ltd. (in Q3FY23), for supplying Li-Ion Battery Packs. Earlier management guided for revenue growth of ~15%, with EBITDA margin in range of 20-22% and order inflows of ~Rs200bn for FY23.**

**We remain positive on long term growth story of BEL given 1) its strong order backlog & order pipeline 2) recent MoU in hydrogen fuel cell, 4) diversification in newer business verticals like, medical equipment's, hydrogen fuel cell, EV batteries etc., 5) focus on export markets and 6) government focus on product indigenization etc. We expect BEL to report revenue and PAT CAGR of 16.6%/19.1% from FY22 to FY25E. The stock is currently trading at PE of 27.5x/23x/19.8x FY23/24/25E. We maintain 'BUY' rating on stock with TP of Rs125 (same as earlier) valuing it at 23x FY25E EPS.**

**EBITDA margin improves in H1FY23:** Standalone revenue grew ~7.8% YoY to Rs~39.5bn (PLe ~Rs40.5bn), led by healthy order book execution in Q2FY23. EBITDA came in at Rs8.6bn (flat YoY) (PLe ~Rs8.5bn), while EBITDA margins declined 171bps YoY to 21.7% in Q2FY23, owing to higher employee cost (up 11.8% YoY) and other expenses (up 25.2% YoY). PAT came in at Rs6.1bn, flat YoY (PLe ~Rs6.2bn). H1FY23 revenue grew 33.3% YoY to Rs70.6bn. EBITDA grew ~48.9% YoY to Rs13.7bn, while EBITDA margin expanded 204bps YoY to 17.4% in H1FY23. PAT grew 67.1% YoY to Rs10.4bn in H1FY23.

**Healthy order book:** Order book stands healthy at Rs528bn, 3.1x TTM revenue (down 3.4% YoY) providing revenue visibility for next couple of years. Implied order inflows during the quarter came in at Rs13.6bn.

**Exhibit 1: EBITDA margins improves in H1FY23**

Y/e March	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	YoY gr. (%)	QoQ gr. (%)	H1FY23	H1FY22	YoY gr. (%)
<b>Revenue</b>	<b>36,606</b>	<b>36,937</b>	<b>63,249</b>	<b>31,128</b>	<b>39,458</b>	<b>7.8</b>	<b>26.8</b>	<b>70,586</b>	<b>52,952</b>	<b>33.3</b>
<b>Total Revenues</b>	<b>36,606</b>	<b>36,937</b>	<b>63,249</b>	<b>31,128</b>	<b>39,458</b>	<b>7.8</b>	<b>26.8</b>	<b>70,586</b>	<b>52,952</b>	<b>33.3</b>
Expenditure	28,041	28,716	47,571	25,993	30,901	10.2	18.9	56,894	43,758	30.0
<i>as % of sales</i>	<i>76.6</i>	<i>77.7</i>	<i>75.2</i>	<i>83.5</i>	<i>78.3</i>			<i>80.6</i>	<i>82.6</i>	
Consumption of RM	20,666	22,002	36,811	18,085	22,383	8.3	23.8	40,467	30,213	33.9
<i>as % of sales</i>	<i>56.5</i>	<i>59.6</i>	<i>58.2</i>	<i>58.1</i>	<i>56.7</i>			<i>57.3</i>	<i>57.1</i>	
Employee Cost	5,327	5,039	5,778	5,764	5,955	11.8	3.3	11,719	10,277	14.0
<i>as % of sales</i>	<i>14.6</i>	<i>13.6</i>	<i>9.1</i>	<i>18.5</i>	<i>15.1</i>			<i>16.6</i>	<i>19.4</i>	
Other expenditure	2,048	1,675	4,983	2,145	2,563	25.2	19.5	4,708	3,268	44.0
<i>as % of sales</i>	<i>5.6</i>	<i>4.5</i>	<i>7.9</i>	<i>6.9</i>	<i>6.5</i>			<i>6.7</i>	<i>6.2</i>	
<b>EBITDA</b>	<b>8,565</b>	<b>8,221</b>	<b>15,678</b>	<b>5,135</b>	<b>8,558</b>	<b>(0.1)</b>	<b>66.7</b>	<b>13,693</b>	<b>9,193</b>	<b>48.9</b>
Depreciation	941	929	1,010	941	1,042	10.7	10.7	1,983	1,863	6.4
<b>EBIT</b>	<b>7,623</b>	<b>7,292</b>	<b>14,668</b>	<b>4,194</b>	<b>7,516</b>	<b>(1.4)</b>	<b>79.2</b>	<b>11,710</b>	<b>7,330</b>	<b>59.8</b>
Other Income	659	593	638	1,597	750	13.9	(53.0)	2,348	1,105	112.4
Interest	5	2	41	10	17	262.5	70.6	28	6	345.2
<b>PBT</b>	<b>8,277</b>	<b>7,883</b>	<b>15,266</b>	<b>5,781</b>	<b>8,249</b>	<b>(0.3)</b>	<b>42.7</b>	<b>14,030</b>	<b>8,429</b>	<b>66.4</b>
Total Tax	2,151	2,050	3,848	1,466	2,138	(0.6)	45.8	3,604	2,192	64.5
<b>Adjusted PAT</b>	<b>6,126</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>	<b>(0.3)</b>	<b>41.6</b>	<b>10,425</b>	<b>6,238</b>	<b>67.1</b>
(Profit)/loss from JV's/Ass/MI	-	-	-	-	-	-	-	-	-	-
<b>PAT after MI</b>	<b>6,126</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>	<b>(0.3)</b>	<b>41.6</b>	<b>10,425</b>	<b>6,238</b>	<b>67.1</b>
Extra ordinary items	-	-	-	-	-	-	-	-	-	-
<b>Reported PAT</b>	<b>6,126</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>	<b>(0.3)</b>	<b>41.6</b>	<b>10,425</b>	<b>6,238</b>	<b>67.1</b>
<b>Adjusted EPS</b>	<b>0.8</b>	<b>0.8</b>	<b>1.6</b>	<b>0.6</b>	<b>0.8</b>	<b>(0.3)</b>	<b>41.6</b>	<b>1.4</b>	<b>0.9</b>	<b>67.1</b>
Margins (%)	Q2FY22	Q3FY22	Q4FY22	Q1FY23	Q2FY23	bps	bps	H1FY23	H1FY22	bps
EBIDTA	23.4	22.3	24.8	16.5	21.7	(171)	519	19.4	17.4	204
EBIT	20.8	19.7	23.2	13.5	19.0	(178)	557	16.6	13.8	275
EBT	22.6	21.3	24.1	18.6	20.9	(171)	233	19.9	15.9	396
PAT	16.7	15.8	18.1	13.9	15.5	(125)	162	14.8	11.8	299
Effective Tax rate	26.0	26.0	25.2	25.4	25.9	(7)	56	25.7	26.0	(31)

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Net Revenues</b>	<b>1,53,138</b>	<b>1,80,136</b>	<b>2,11,409</b>	<b>2,42,484</b>
YoY gr. (%)	8.9	17.6	17.4	14.7
Cost of Goods Sold	89,025	1,04,479	1,22,617	1,39,186
Gross Profit	64,113	75,657	88,792	1,03,298
Margin (%)	41.9	42.0	42.0	42.6
Employee Cost	21,094	22,571	24,143	27,643
Other Expenses	6,809	9,403	12,520	14,792
<b>EBITDA</b>	<b>33,092</b>	<b>39,522</b>	<b>46,611</b>	<b>53,807</b>
YoY gr. (%)	4.0	19.4	17.9	15.4
Margin (%)	21.6	21.9	22.0	22.2
Depreciation and Amortization	3,802	4,406	4,604	5,030
<b>EBIT</b>	<b>29,291</b>	<b>35,116</b>	<b>42,008</b>	<b>48,778</b>
Margin (%)	19.1	19.5	19.9	20.1
Net Interest	49	51	53	56
Other Income	2,336	3,107	3,700	4,243
<b>Profit Before Tax</b>	<b>31,578</b>	<b>38,173</b>	<b>45,654</b>	<b>52,965</b>
Margin (%)	20.6	21.2	21.6	21.8
Total Tax	8,089	9,543	11,413	13,241
Effective tax rate (%)	25.6	25.0	25.0	25.0
<b>Profit after tax</b>	<b>23,489</b>	<b>28,629</b>	<b>34,240</b>	<b>39,724</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>23,489</b>	<b>28,629</b>	<b>34,240</b>	<b>39,724</b>
YoY gr. (%)	13.7	21.9	19.6	16.0
Margin (%)	15.3	15.9	16.2	16.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>23,489</b>	<b>28,629</b>	<b>34,240</b>	<b>39,724</b>
YoY gr. (%)	13.7	21.9	19.6	16.0
Margin (%)	15.3	15.9	16.2	16.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	23,489	28,629	34,240	39,724
<b>Equity Shares O/s (m)</b>	<b>7,310</b>	<b>7,310</b>	<b>7,310</b>	<b>7,310</b>
<b>EPS (Rs)</b>	<b>3.2</b>	<b>3.9</b>	<b>4.7</b>	<b>5.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>44,353</b>	<b>51,853</b>	<b>61,853</b>	<b>71,853</b>
Tangibles	44,353	51,853	61,853	71,853
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>19,808</b>	<b>24,214</b>	<b>28,817</b>	<b>33,847</b>
Tangibles	19,808	24,214	28,817	33,847
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>24,545</b>	<b>27,639</b>	<b>33,036</b>	<b>38,006</b>
Tangibles	24,545	27,639	33,036	38,006
Intangibles	-	-	-	-
Capital Work In Progress	9,281	9,281	9,281	9,281
Goodwill	-	-	-	-
Non-Current Investments	15,843	22,337	30,443	34,918
Net Deferred tax assets	6,207	6,207	6,207	6,207
Other Non-Current Assets	6,778	6,845	6,976	7,275
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	55,669	64,158	72,400	79,721
Trade receivables	61,034	81,431	92,672	1,02,973
Cash & Bank Balance	74,991	89,363	97,647	1,08,383
Other Current Assets	79,113	79,260	82,449	87,294
<b>Total Assets</b>	<b>3,28,292</b>	<b>3,81,702</b>	<b>4,26,385</b>	<b>4,69,427</b>
<b>Equity</b>				
Equity Share Capital	2,437	7,310	7,310	7,310
Other Equity	1,17,406	1,27,420	1,45,225	1,65,881
<b>Total Network</b>	<b>1,19,843</b>	<b>1,34,730</b>	<b>1,52,535</b>	<b>1,73,191</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	33,663	39,482	45,178	49,826
Other current liabilities	1,80,994	2,13,697	2,34,879	2,52,617
<b>Total Equity &amp; Liabilities</b>	<b>3,28,292</b>	<b>3,81,702</b>	<b>4,26,385</b>	<b>4,69,427</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY22	FY23E	FY24E	FY25E
PBT	31,578	38,173	45,654	52,965
Add. Depreciation	3,802	4,406	4,604	5,030
Add. Interest	49	51	53	56
Less Financial Other Income	2,336	3,107	3,700	4,243
Add. Other	(1,290)	-	-	-
Op. profit before WC changes	34,139	42,629	50,311	58,051
Net Changes-WC	15,498	8,652	3,856	(599)
Direct tax	(8,024)	(9,543)	(11,413)	(13,241)
<b>Net cash from Op. activities</b>	<b>41,612</b>	<b>41,739</b>	<b>42,754</b>	<b>44,211</b>
Capital expenditures	(5,461)	(13,574)	(17,981)	(14,351)
Interest / Dividend Income	1,778	-	-	-
Others	(44,923)	-	-	-
<b>Net Cash from Inv. activities</b>	<b>(48,606)</b>	<b>(13,574)</b>	<b>(17,981)</b>	<b>(14,351)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(10,233)	(13,742)	(16,435)	(19,067)
Interest paid	(18)	(51)	(53)	(56)
Others	(521)	-	-	-
<b>Net cash from Fin. activities</b>	<b>(10,772)</b>	<b>(13,793)</b>	<b>(16,489)</b>	<b>(19,123)</b>
<b>Net change in cash</b>	<b>(17,766)</b>	<b>14,372</b>	<b>8,284</b>	<b>10,737</b>
Free Cash Flow	36,077	34,239	32,754	34,211

Source: Company Data, PL Research

**Key Financial Metrics**

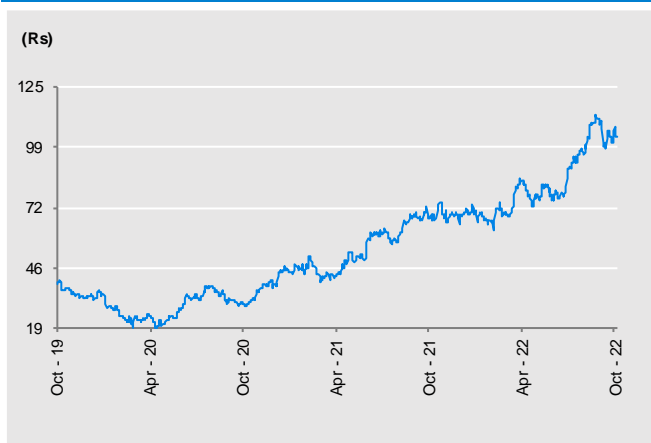
Y/e Mar	FY22	FY23E	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	3.2	3.9	4.7	5.4
CEPS	3.7	4.5	5.3	6.1
BVPS	16.4	18.4	20.9	23.7
FCF	4.9	4.7	4.5	4.7
DPS	1.5	1.9	2.2	2.6
<b>Return Ratio(%)</b>				
RoCE	25.7	27.6	29.2	30.0
ROIC	55.9	69.4	68.5	67.2
RoE	20.6	22.5	23.8	24.4
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.6)	(0.7)	(0.6)	(0.6)
Net Working Capital (Days)	198	215	207	200
<b>Valuation(x)</b>				
PER	33.6	27.5	23.0	19.8
P/B	6.6	5.9	5.2	4.6
P/CEPS	28.9	23.9	20.3	17.6
EV/EBITDA	21.6	17.7	14.8	12.6
EV/Sales	4.7	3.9	3.3	2.8
Dividend Yield (%)	1.4	1.7	2.1	2.4

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY22	Q4FY22	Q1FY23	Q2FY23
<b>Net Revenue</b>	<b>36,937</b>	<b>63,249</b>	<b>31,128</b>	<b>39,458</b>
YoY gr. (%)	60.9	(8.4)	90.4	7.8
Raw Material Expenses	22,002	36,811	18,085	22,383
Gross Profit	14,935	26,439	13,043	17,076
Margin (%)	40.4	41.8	41.9	43.3
<b>EBITDA</b>	<b>8,221</b>	<b>15,678</b>	<b>5,135</b>	<b>8,558</b>
YoY gr. (%)	86.7	(20.4)	716.8	(0.1)
Margin (%)	22.3	24.8	16.5	21.7
Depreciation / Depletion	929	1,010	941	1,042
<b>EBIT</b>	<b>7,292</b>	<b>14,668</b>	<b>4,194</b>	<b>7,516</b>
Margin (%)	19.7	23.2	13.5	19.0
Net Interest	2	41	10	17
Other Income	593	638	1,597	750
<b>Profit before Tax</b>	<b>7,883</b>	<b>15,266</b>	<b>5,781</b>	<b>8,249</b>
Margin (%)	21.3	24.1	18.6	20.9
Total Tax	2,050	3,848	1,466	2,138
Effective tax rate (%)	26.0	25.2	25.4	25.9
<b>Profit after Tax</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>
YoY gr. (%)	122.8	(15.6)	3,769.9	(0.3)
Margin (%)	15.8	18.1	13.9	15.5
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>
YoY gr. (%)	122.8	(15.6)	3,769.9	(0.3)
Margin (%)	15.8	18.1	13.9	15.5
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>5,834</b>	<b>11,418</b>	<b>4,315</b>	<b>6,111</b>
Avg. Shares O/s (m)	7,310	7,310	7,310	7,310
<b>EPS (Rs)</b>	<b>0.8</b>	<b>1.6</b>	<b>0.6</b>	<b>0.8</b>

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	20-Oct-22	BUY	125	106
2	04-Oct-22	BUY	98	102
3	21-Jul-22	BUY	295	269
4	18-Jul-22	BUY	285	246
5	05-Jul-22	BUY	265	230
6	24-May-22	BUY	265	232
7	08-Apr-22	BUY	258	234
8	01-Feb-22	BUY	265	210
9	11-Jan-22	BUY	245	211

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	3,115	3,100
2	Apar Industries	UR	-	1,445
3	Bharat Electronics	BUY	125	106
4	BHEL	Sell	36	62
5	Cummins India	Accumulate	1,296	1,214
6	Engineers India	BUY	89	65
7	GE T&D India	Hold	102	129
8	Kalpataru Power Transmission	BUY	442	419
9	KEC International	Accumulate	473	440
10	Larsen & Toubro	BUY	2,030	1,873
11	Praj Industries	BUY	520	434
12	Siemens	Accumulate	3,116	2,750
13	Thermax	Accumulate	2,190	2,199
14	Triveni Turbine	UR	-	268
15	Voltamp Transformers	Hold	2,748	2,616

**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. Amit Anwani- MBA (Finance), Mr. Nilesh Soni- BCom, 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. Amit Anwani- MBA (Finance), Mr. Nilesh Soni- BCom, 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)