

# Power Grid Corporation

Refer to important disclosures at the end of this report

## Moderate growth with good dividend yield

<b>CMP</b>	<b>Target Price</b>
<b>Rs 213</b> as of (February 2, 2023)	<b>Rs 250 (■)</b> 12 months
<b>Rating</b>	<b>Upside</b>
<b>BUY (■)</b>	<b>15.5 %</b>

### Result highlights

- Power Grid (Standalone) reported 10% YoY PAT growth for the quarter, though PAT has been flattish for the last 4 quarters, as not much commissioning has happened in the last three quarters.
- Capex/commissioning during 3QFY23 stood at Rs12.3bn/Rs11.9bn at the standalone level and at Rs22bn/Rs20.6bn for the consolidated entity. On a YoY basis, 9MFY23 commissioning at the consolidated level stood at ~Rs52bn as against Rs185bn in 9MFY22.
- Earnings growth for the company is expected to considerably moderate for FY24/FY25, owing to commissioning of ~Rs100bn each in FY23 and FY24 at consolidated level. Over the medium term, Power Grid is expected to register ~5% EPS CAGR, with dividend yield of ~7%. Power Grid remains as a low risk, moderate-return profile utility, in our view.
- FY23 capex and commissioning expectation:** Capex/commissioning at the consolidated level is estimated at Rs88bn/Rs100bn, respectively, in FY23. The company is expected to clock a similar amount of capex and commissioning in FY24, unless it wins new projects.
- Work at hand:** PWGR has Rs476bn of Transmission projects at hand. These consists of Rs76bn/Rs270bn/Rs130bn for ongoing projects/new projects/TBCB projects, respectively. Management indicated that projects worth Rs230bn are in the 'bidding' stage, while projects worth Rs340bn have been approved and would thus be put to bid.
- CTUIL rolling plan for Transmission:** The present rolling plan of Central Transmission Utility of India (CTUIL) envisages investments of Rs1.25trn in transmission during FY23-FY27, with the addition of over 200,000MVA and 31,000ckm. Under the regulated tariff mechanism (RTM), PWGR has also been given the Rs270bn 5GW Leh-Kaithal Transmission corridor, which will be completed by FY27.
- Power Grid is a low-risk, moderate-return profile utility:** Over the years, the present capex has tapered, on the back of huge investment in the Transmission sector in India. Investment in the sector is mainly towards connecting the RE projects to the developed Transmission system. Given that a large portion of its earnings still comes from the regulated part, the downside risk to earnings is minimal.
- Valuation and outlook:** We maintain BUY on the stock, with Dec-24 TP of Rs250/share. Over the past 5 years, the average P/B for the stock has been ~1.7x, with RoE of 17-18%. At CMP of Rs213/share, the stock trades at ~1.7x. The stock provides dividend yield of ~7% presently. Risks include delay in commissioning of under-construction projects and deferral in bidding of new projects.

### Financial Snapshot (Standalone)

(Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Revenue	3,76,657	3,99,281	4,23,855	4,23,206	4,17,903
EBITDA	3,34,548	3,43,991	3,85,621	3,83,718	3,77,128
EBITDA Margin (%)	88.8	86.2	91.0	90.7	90.2
APAT	1,30,144	1,33,343	1,49,374	1,55,688	1,59,420
EPS (Rs)	24.9	19.1	21.4	22.3	22.9
EPS (% chg)	20.4	(23.2)	12.0	4.2	2.4
ROE (%)	19.4	18.3	18.9	18.3	17.4
P/E (x)	8.7	11.3	10.1	9.7	9.5
EV/EBITDA (x)	7.5	8.2	7.1	6.9	6.8
P/BV (x)	1.6	2.0	1.8	1.7	1.6

Source: Company, Emkay Research

### Change in Estimates

EPS Chg FY23E/FY24E (%)	11/10
Target Price change (%)	(0)
Target Period (Months)	12
Previous Reco	BUY

### Emkay vs Consensus

	EPS Estimates	
	FY23E	FY24E
Emkay	21.4	22.3
Consensus	20.5	21.5
Mean Consensus TP (12M)	Rs 245	

### Stock Details

Bloomberg Code	PWGR IN
Face Value (Rs)	10
Shares outstanding (mn)	6,975
52 Week H/L	248 / 186
M Cap (Rs bn/USD bn)	1,507 / 18.39
Daily Avg Volume (nos.)	92,31,783
Daily Avg Turnover (USD mn)	24.5

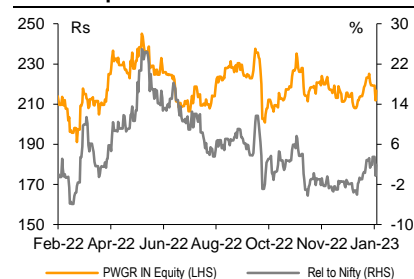
### Shareholding Pattern Dec '22

Promoters	51.3%
FIIIs	32.8%
DIIIs	12.7%
Public and Others	3.2%

### Price Performance

(%)	1M	3M	6M	12M
<b>Absolute</b>	1	(8)	(1)	1
<b>Rel. to Nifty</b>	4	(5)	(3)	1

### Relative price trend



Source: Bloomberg

This report is solely produced by Emkay Global. The following person(s) are responsible for the production of the recommendation:

#### Abhineet Anand

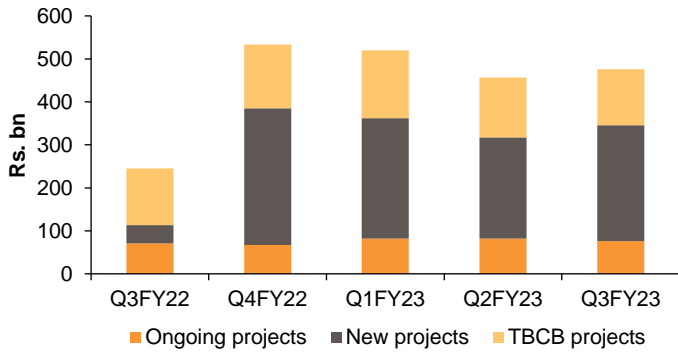
abhineet.anand@emkayglobal.com  
+91 22 6624 2466

#### Chinmay Kabra

chinmay.kabra@emkayglobal.com  
+91 22 6624 2453

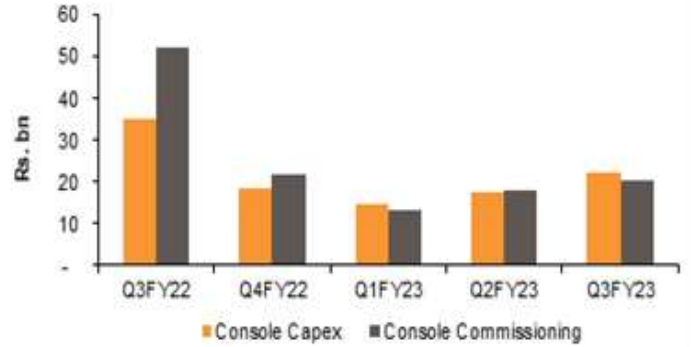
# Story in Charts

**Exhibit 1: New projects are a big chunk of the total work in hand**



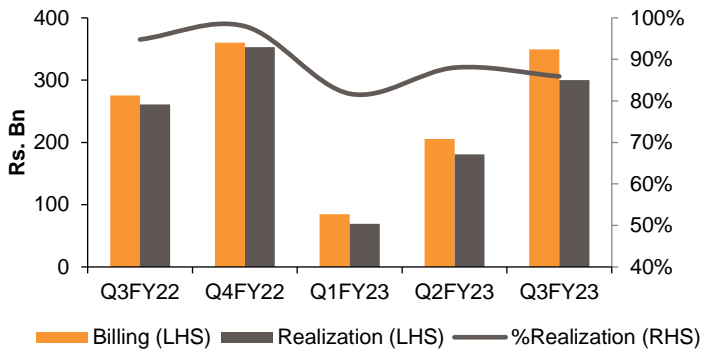
Source: Company, Emkay Research

**Exhibit 2: In line to achieve Rs88bn capex for FY23**



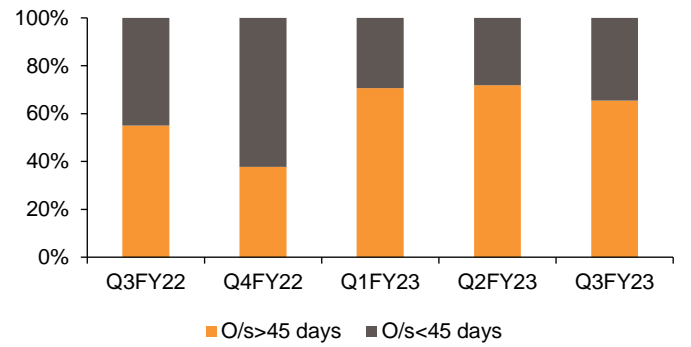
Source: Company, Emkay Research

**Exhibit 3: % Realization has been lower on a YoY basis**



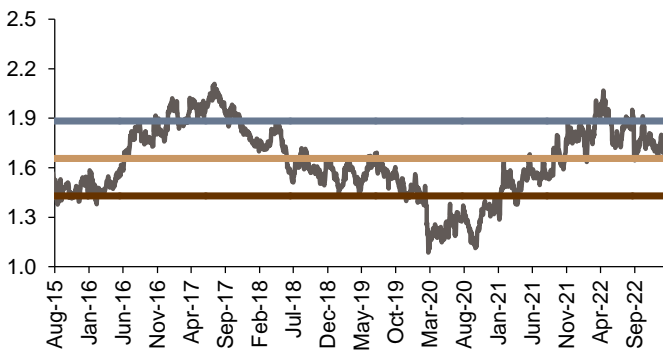
Source: Company, Emkay Research

**Exhibit 4: Receivable o/s of more than 45 days has been increasing**



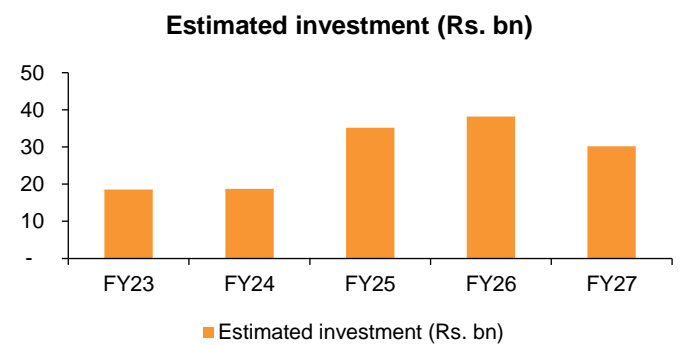
Source: Company, Emkay Research

**Exhibit 5: P/B trend – Average PER of 1.7x**



Source: Company, Emkay Research

**Exhibit 6: Estimated investment by ISTS up till FY27**



Source: Company, Emkay Research

**Exhibit 7: Change in Estimates**

Y/E, Mar (Rs mn)	FY23E			FY24E			FY25E		
	Earlier	Revised	Change	Earlier	Revised	Change	Earlier	Revised	Change
Revenue	4,04,910	4,23,855	5%	4,05,454	4,23,206	4%	4,01,349	4,17,903	4%
EBITDA	3,53,622	3,85,621	9%	3,52,910	3,83,718	9%	3,47,516	3,77,128	9%
EBITDAM (%)	87.3%	91.0%	-365 bps	87.0%	90.7%	-363 bps	86.6%	90.2%	-366 bps
APAT	1,34,970	1,49,374	11%	1,40,907	1,55,688	10%	1,45,678	1,59,420	9%
EPS (Rs)	19.3	21.4	11%	20.2	22.3	10%	20.9	22.9	9%

Source: Emkay Research

**Exhibit 8: Quarterly Results**

(Rs mn)	Q3 FY22	Q4 FY22	Q1 FY23	Q2 FY23	Q3 FY23	YoY (%)	QoQ (%)	YTD FY22	YTD FY23	YoY (%)
Revenue	1,00,010	1,02,212	1,04,461	1,06,557	1,07,464	7.45%	0.85%	2,97,069	3,18,482	7.2
Expenditure	(13,127)	(13,453)	(16,444)	(16,976)	(13,669)	4.13%	-19.48%	-36,611	-47,088	28.6
as % of sales	-13.1%	-13.2%	-15.7%	-15.9%	-12.7%			-12.3%	-14.8%	
Employee Cost	(6,111)	(5,675)	(5,606)	(6,585)	(6,118)	0.12%	-7.10%	-16,672	-18,308	9.8
as % of sales	-6.1%	-5.6%	-5.4%	-6.2%	-5.7%			-5.6%	-5.7%	
Other expenditure	(7,016)	(7,778)	(10,838)	(10,391)	(7,551)	7.62%	-27.32%	-19,939	-28,780	44.3
as % of sales	-7.0%	-7.6%	-10.4%	-9.8%	-7.0%			-6.7%	-9.0%	
EBITDA	86,883	88,759	88,017	89,582	93,795	7.96%	4.70%	2,60,458	2,71,393	4.2
Depreciation	(31,930)	(31,875)	(32,026)	(32,193)	(33,041)	3.48%	2.64%	-93,631	-97,260	3.9
EBIT	54,954	56,884	55,991	57,389	60,754	10.55%	5.86%	1,66,827	1,74,134	4.4
Other Income	6,356	7,207	5,708	5,347	7,261	14.24%	35.79%	16,871	18,316	8.6
Interest	(18,517)	(21,027)	(19,818)	(22,058)	(30,367)	64.00%	37.67%	-61,083	-72,243	18.3
Net movement in Regulatory Account	(674)	(6,352)	800	(341)	2,339					
PBT	42,119	36,713	42,682	40,337	39,987	-5.06%	-0.87%	1,23,740	1,23,005	-0.6
Total Tax	8,624	(594)	5,023	3,827	2,969	-65.57%	-22.41%	27,705	11,819	-57.3
Adjusted PAT	33,494	37,307	37,659	36,510	37,017	10.52%	1.39%	96,035	1,11,186	15.8
Extra ordinary items	-	5,899	-	-	-			31,696	0	
Reported PAT	33,494	43,206	37,659	36,510	37,017	10.52%	1.39%	1,27,731	1,11,186	-13.0
Adjusted EPS	4.8	5.3	5.4	5.2	5.3	10.52%	1.39%	15	16	5.1
<b>(%)</b>						<b>(bps)</b>	<b>(bps)</b>			<b>(bps)</b>
EBITDA margin	86.87	86.84	84.26	84.07	87.28	41	321	87.7	85.2	-246
EBIT margin	54.9	55.7	53.6	53.9	56.5	159	268	56.2	54.7	-148
EBT margin	42.1	35.9	40.9	37.9	37.2	-490	-65	41.7	38.6	-303
APAT margin	33.5	36.5	36.1	34.3	34.4	96	18	32.3	34.9	258
Effective Tax rate	20.5	-1.6	11.8	9.5	7.4	-1,305	-206	22.4	9.6	-1,278

Source: Company, Emkay Research

**Key Financials (Standalone)****Income Statement**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>Revenue</b>	<b>3,76,657</b>	<b>3,99,281</b>	<b>4,23,855</b>	<b>4,23,206</b>	<b>4,17,903</b>
<b>Expenditure</b>	<b>42,109</b>	<b>55,290</b>	<b>38,233</b>	<b>39,488</b>	<b>40,775</b>
<b>EBITDA</b>	<b>3,34,548</b>	<b>3,43,991</b>	<b>3,85,621</b>	<b>3,83,718</b>	<b>3,77,128</b>
Depreciation	1,17,117	1,25,506	1,32,229	1,34,534	1,34,534
<b>EBIT</b>	<b>2,17,431</b>	<b>2,18,485</b>	<b>2,53,393</b>	<b>2,49,184</b>	<b>2,42,594</b>
Other Income	28,615	24,078	25,065	31,343	37,069
Interest expenses	85,010	82,109	91,741	85,917	80,387
<b>PBT</b>	<b>1,61,036</b>	<b>1,60,453</b>	<b>1,86,717</b>	<b>1,94,610</b>	<b>1,99,276</b>
Tax	30,891	27,111	37,343	38,922	39,855
Extraordinary Items	(10,786)	37,595	0	0	0
Minority Int./Income from Assoc.	0	0	0	0	0
<b>Reported Net Income</b>	<b>1,19,358</b>	<b>1,70,938</b>	<b>1,49,374</b>	<b>1,55,688</b>	<b>1,59,420</b>
<b>Adjusted PAT</b>	<b>1,30,144</b>	<b>1,33,343</b>	<b>1,49,374</b>	<b>1,55,688</b>	<b>1,59,420</b>

**Balance Sheet**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
Equity share capital	52,316	69,755	69,755	69,755	69,755
Reserves & surplus	6,43,473	6,91,761	7,51,511	8,13,786	8,77,554
<b>Net worth</b>	<b>6,95,788</b>	<b>7,61,516</b>	<b>8,21,265</b>	<b>8,83,541</b>	<b>9,47,309</b>
<b>Minority Interest</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Loan Funds</b>	<b>14,30,515</b>	<b>13,46,653</b>	<b>12,74,514</b>	<b>11,80,248</b>	<b>11,16,527</b>
Net deferred tax liability	1,19,419	1,14,248	1,14,248	1,14,248	1,14,248
<b>Total Liabilities</b>	<b>22,45,722</b>	<b>22,22,416</b>	<b>22,10,027</b>	<b>21,78,037</b>	<b>21,78,084</b>
<b>Net block</b>	<b>17,53,921</b>	<b>17,81,756</b>	<b>17,00,376</b>	<b>16,09,908</b>	<b>14,75,374</b>
<b>Investment</b>	<b>45,262</b>	<b>74,735</b>	<b>88,522</b>	<b>1,10,914</b>	<b>1,34,174</b>
<b>Current Assets</b>	<b>5,48,907</b>	<b>5,32,964</b>	<b>6,06,934</b>	<b>6,27,740</b>	<b>7,05,161</b>
Cash & bank balance	52,735	29,710	52,092	22,715	49,282
Other Current Assets	2,50,979	1,66,539	1,69,804	1,73,135	1,76,532
<b>Current liabilities &amp; Provision</b>	<b>2,97,597</b>	<b>2,56,360</b>	<b>2,64,741</b>	<b>2,66,990</b>	<b>2,68,146</b>
<b>Net current assets</b>	<b>2,51,310</b>	<b>2,76,603</b>	<b>3,42,193</b>	<b>3,60,750</b>	<b>4,37,014</b>
Misc. exp	0	0	0	0	0
<b>Total Assets</b>	<b>22,45,722</b>	<b>22,22,416</b>	<b>22,10,027</b>	<b>21,78,037</b>	<b>21,78,083</b>

**Cash Flow**

Y/E Mar (Rs mn)	FY21	FY22	FY23E	FY24E	FY25E
<b>PBT (Ex-Other income) (NI+Dep)</b>	<b>1,32,421</b>	<b>1,36,375</b>	<b>1,61,652</b>	<b>1,63,267</b>	<b>1,62,207</b>
Other Non-Cash items	0	0	0	0	0
Chg in working cap	(48,905)	(53,490)	(43,208)	(47,934)	(49,697)
<b>Operating Cashflow</b>	<b>2,75,323</b>	<b>2,46,402</b>	<b>3,03,491</b>	<b>2,96,504</b>	<b>2,88,307</b>
Capital expenditure	(64,813)	(97,819)	(90,463)	(1,11,595)	(85,056)
<b>Free Cash Flow</b>	<b>2,10,511</b>	<b>1,48,583</b>	<b>2,13,028</b>	<b>1,84,909</b>	<b>2,03,251</b>
Investments	(7,625)	(29,473)	(13,787)	(22,392)	(23,260)
Other Investing Cash Flow	(33,394)	1,25,100	50,000	50,000	50,000
<b>Investing Cashflow</b>	<b>(77,217)</b>	<b>21,885</b>	<b>(29,184)</b>	<b>(52,644)</b>	<b>(21,248)</b>
Equity Capital Raised	0	17,439	0	0	0
Loans Taken / (Repaid)	(49,282)	(83,862)	(72,139)	(94,266)	(63,721)
Dividend paid (incl tax)	(68,220)	(1,08,120)	(89,624)	(93,413)	(95,652)
Other Financing Cash Flow	3,196	(34,660)	1,579	358	(732)
<b>Financing Cashflow</b>	<b>(1,99,316)</b>	<b>(2,91,312)</b>	<b>(2,51,925)</b>	<b>(2,73,237)</b>	<b>(2,40,492)</b>
<b>Net chg in cash</b>	<b>(1,210)</b>	<b>(23,025)</b>	<b>22,381</b>	<b>(29,377)</b>	<b>26,567</b>
Opening cash position	53,945	52,735	29,710	52,092	22,715
<b>Closing cash position</b>	<b>52,735</b>	<b>29,710</b>	<b>52,092</b>	<b>22,715</b>	<b>49,282</b>

Source: Company, Emkay Research

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 02/03/2023 12:03 PM

Emkay Research is also available on www.emkayglobal.com and Bloomberg EMKAY&lt;GO&gt;. Please refer to the last page of the report on Restrictions on Distribution. In Singapore, this research report or research analyses may only be distributed to Institutional Investors, Expert Investors or Accredited Investors as defined in the Securities and Futures Act, Chapter 289 of Singapore.

**Key Ratios**

<b>Profitability (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EBITDA Margin	88.8	86.2	91.0	90.7	90.2
EBIT Margin	57.7	54.7	59.8	58.9	58.1
Effective Tax Rate	19.2	16.9	20.0	20.0	20.0
Net Margin	34.6	33.4	35.2	36.8	38.1
ROCE	11.0	10.9	12.6	12.8	12.8
ROE	19.4	18.3	18.9	18.3	17.4
RoIC	11.5	11.0	12.6	12.7	12.7

<b>Per Share Data (Rs)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
EPS	24.9	19.1	21.4	22.3	22.9
CEPS	47.3	37.1	40.4	41.6	42.1
BVPS	133.0	109.2	117.7	126.7	135.8
DPS	13.0	15.5	12.8	13.4	13.7

<b>Valuations (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
PER	8.7	11.3	10.1	9.7	9.5
P/CEPS	4.6	5.8	5.4	5.2	5.1
P/BV	1.6	2.0	1.8	1.7	1.6
EV / Sales	6.7	7.1	6.4	6.3	6.2
EV / EBITDA	7.5	8.2	7.1	6.9	6.8
Dividend Yield (%)	6.0	7.2	5.9	6.2	6.3

<b>Gearing Ratio (x)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Net Debt/ Equity	2.0	1.7	1.5	1.3	1.1
Net Debt/EBIDTA	4.1	3.8	3.2	3.0	2.8
Working Cap Cycle (days)	192.4	225.7	249.8	291.5	338.6

<b>Growth (%)</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23E</b>	<b>FY24E</b>	<b>FY25E</b>
Revenue	4.1	6.0	6.2	(0.2)	(1.3)
EBITDA	1.1	2.8	12.1	(0.5)	(1.7)
EBIT	(1.2)	0.5	16.0	(1.7)	(2.6)
PAT	10.4	43.2	(12.6)	4.2	2.4

<b>Quarterly (Rs mn)</b>	<b>Q3FY22</b>	<b>Q4FY22</b>	<b>Q1FY23</b>	<b>Q2FY23</b>	<b>Q3FY23</b>
Revenue	1,00,010	1,02,212	1,04,461	1,06,557	1,06,011
EBITDA	86,209	82,408	88,817	89,241	89,373
<b>EBITDA Margin (%)</b>	<b>86.2</b>	<b>80.6</b>	<b>85.0</b>	<b>83.7</b>	<b>84.3</b>
PAT	33,494	43,206	37,659	36,510	34,139
<b>EPS (Rs)</b>	<b>4.8</b>	<b>6.2</b>	<b>5.4</b>	<b>5.2</b>	<b>4.9</b>

Source: Company, Emkay Research

<b>Shareholding Pattern (%)</b>	<b>Dec-21</b>	<b>Mar-22</b>	<b>Jun-22</b>	<b>Sep-22</b>	<b>Dec-22</b>
Promoters	51.3	51.3	51.3	51.3	51.3
FIIs	28.2	29.4	30.3	31.7	32.8
DII	8.4	16.0	15.2	13.8	12.7
Public and Others	12.1	3.3	3.2	3.2	3.1

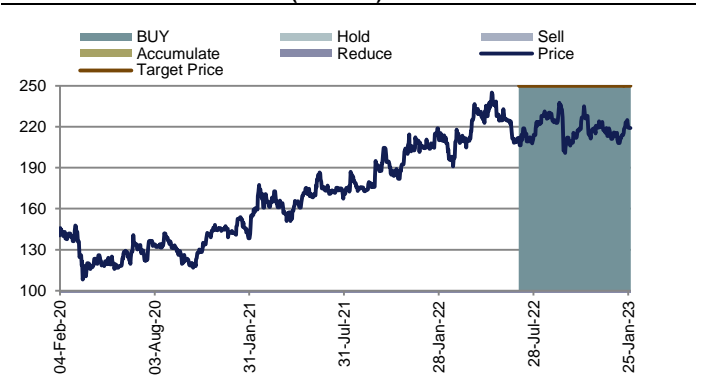
Source: Capitaline

## RECOMMENDATION HISTORY (Rs/share)

Date	Closing Price	TP	Period	Rating	Analyst
04-Jan-23	211	250	12m	Buy	Abhineet Anand
06-Dec-22	224	250	12m	Buy	Abhineet Anand
27-Sep-22	205	250	12m	Buy	Abhineet Anand
11-Sep-22	223	250	12m	Buy	Abhineet Anand
30-Jun-22	212	250	12m	Buy	Abhineet Anand

Source: Company, Emkay Research

## RECOMMENDATION HISTORY (Rs/share)



Source: Bloomberg, Company, Emkay Research

## Emkay Rating Distribution

Ratings	Expected Return within the next 12-18 months.
BUY	Over 15%
HOLD	Between -5% to 15%
SELL	Below -5%

Completed Date: 03 Feb 2023 08:32:04 (SGT)

Dissemination Date: 03 Feb 2023 08:33:04 (SGT)

Sources for all charts and tables are Emkay Research unless otherwise specified.

### GENERAL DISCLOSURE/DISCLAIMER BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):

Emkay Global Financial Services Limited (CIN-L67120MH1995PLC084899) and its affiliates are a full-service, brokerage, investment banking, investment management and financing group. Emkay Global Financial Services Limited (EGFSL) along with its affiliates are participants in virtually all securities trading markets in India. EGFSL was established in 1995 and is one of India's leading brokerage and distribution house. EGFSL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE), MCX Stock Exchange Limited (MCX-SX). EGFSL along with its subsidiaries offers the most comprehensive avenues for investments and is engaged in the businesses including stock broking (Institutional and retail), merchant banking, commodity broking, depository participant, portfolio management, insurance broking and services rendered in connection with distribution of primary market issues and financial products like mutual funds, fixed deposits. Details of associates are available on our website i.e. [www.emkayglobal.com](http://www.emkayglobal.com)

EGFSL is registered as Research Analyst with SEBI bearing registration Number INH000000354 as per SEBI (Research Analysts) Regulations, 2014. EGFSL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years, except that NSE had disabled EGFSL from trading on October 05, October 08 and October 09, 2012 for a manifest error resulting into a bonafide erroneous trade on October 05, 2012. However, SEBI and Stock Exchanges have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on EGFSL for certain operational deviations in ordinary/routine course of business. EGFSL has not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

EGFSL offers research services to clients as well as prospects. The analyst 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.

Other disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report

EGFSL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Emkay may have issued or may issue other reports that are inconsistent with and reach different conclusion from the information, recommendations or information presented in this report or are contrary to those contained in this report. Emkay Investors may visit [www.emkayglobal.com](http://www.emkayglobal.com) to view all Research Reports. The views and opinions expressed in this document may or may not match or may be contrary with the views, estimates, rating, and target price of the research published by any other analyst or by associate entities of Emkay; our proprietary trading, investment businesses or other associate entities 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 including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject EGFSL or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom. All material presented in this report, unless specifically indicated otherwise, is under copyright to Emkay. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of EGFSL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of EGFSL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

- This publication has not been reviewed or authorized by any regulatory authority. There is no planned schedule or frequency for updating research publication relating to any issuer.
- Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets

**Disclaimer for U.S. persons only:** This research report is a product of Emkay Global Financial Services Limited (Emkay), 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 Financial Institutions Regulatory Authority (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 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.

This report is intended for team.emkay@whitemarquesolutions.com use and downloaded at 02/03/2023 12:03 PM

**ANALYST CERTIFICATION BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL)**

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly or indirectly, related to specific recommendations or views expressed in the report. The research analyst (s) primarily responsible of the content of this research report, in part or in whole, certifies that he or his associate<sup>1</sup> does not serve as an officer, director or employee of the issuer or the new listing applicant (which includes in the case of a real estate investment trust, an officer of the management company of the real estate investment trust; and in the case of any other entity, an officer or its equivalent counterparty of the entity who is responsible for the management of the issuer or the new listing applicant). The research analyst(s) primarily responsible for the content of this research report or his associate does not have financial interests<sup>2</sup> in relation to an issuer or a new listing applicant that the analyst reviews. EGFSL has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the EGFSL and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately. There is no direct link of EGFSL compensation to any specific investment banking function of the EGFSL.

<sup>1</sup> An associate is defined as (i) the spouse, or any minor child (natural or adopted) or minor step-child, of the analyst; (ii) the trustee of a trust of which the analyst, his spouse, minor child (natural or adopted) or minor step-child, is a beneficiary or discretionary object; or (iii) another person accustomed or obliged to act in accordance with the directions or instructions of the analyst.

<sup>2</sup> Financial interest is defined as interest that are commonly known financial interest, such as investment in the securities in respect of an issuer or a new listing applicant, or financial accommodation arrangement between the issuer or the new listing applicant and the firm or analysis. This term does not include commercial lending conducted at the arm's length, or investments in any collective investment scheme other than an issuer or new listing applicant notwithstanding the fact that the scheme has investments in securities in respect of an issuer or a new listing applicant.

**COMPANY-SPECIFIC / REGULATORY DISCLOSURES BY EMKAY GLOBAL FINANCIAL SERVICES LIMITED (EGFSL):**

Disclosures by Emkay Global Financial Services Limited (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company(s) covered in this report:-

1. EGFSL, its subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of February 2, 2023
2. EGFSL, and/or Research Analyst does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report  
**Disclosure of previous investment recommendation produced:**
3. EGFSL may have published other investment recommendations in respect of the same securities / instruments recommended in this research report during the preceding 12 months. Please contact the primary analyst listed in the first page of this report to view previous investment recommendations published by EGFSL in the preceding 12 months.
4. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have any material conflict of interest in the securities recommended in this report as of February 2, 2023.
5. EGFSL, its subsidiaries and/or other affiliates and Research Analyst or his/her relative's does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the February 2, 2023
6. EGFSL, its subsidiaries and/or other affiliates and Research Analyst have not received any compensation in whatever form including compensation for investment banking or merchant banking or brokerage services or for products or services other than investment banking or merchant banking or brokerage services from securities recommended in this report (subject company) in the past 12 months.
7. EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst have not received any compensation or other benefits from securities recommended in this report (subject company) or third party in connection with the research report.
8. Securities recommended in this report (Subject Company) has not been client of EGFSL, its subsidiaries and/or other affiliates and/or and Research Analyst during twelve months preceding the February 2, 2023



**RESTRICTIONS ON DISTRIBUTION**

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is not for distribution into Australia.
Hong Kong	This report is not for distribution into Hong Kong.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Sekuritas Indonesia.
Malaysia	This report is not for distribution into Malaysia.
Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 16800306E) or DBSVS (Company Regn. No. 1860024G) both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an agreement under Regulation 32C of the financial Advisers Regulations. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd.
United Kingdom	This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom. In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.
Dubai International Financial Centre	This research report is being distributed by DBS Bank Ltd., (DIFC Branch) having its office at units 608-610, 6 <sup>th</sup> Floor, Gate Precinct Building 5, PO Box 506538, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United Arab Emirates	This report is provided by DBS Bank Ltd (Company Regn. No. 196800306E) which is an Exempt Financial Adviser as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. This report is for information purposes only and should not be relied upon or acted on by the recipient or considered as a solicitation or inducement to buy or sell any financial product. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situation, or needs of individual clients. You should contact your relationship manager or investment adviser if you need advice on the merits of buying, selling or holding a particular investment. You should note that the information in this report may be out of date and it is not represented or warranted to be accurate, timely or complete. This report or any portion thereof may not be reprinted, sold or redistributed without our written consent.
United States	DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

**Emkay Global Financial Services Ltd.**

CIN - L67120MH1995PLC084899

7th Floor, The Ruby, Senapati Bapat Marg, Dadar - West, Mumbai - 400028. India

Tel: +91 22 66121212 Fax: +91 22 66121299 Web: www.emkayglobal.com