

July 25, 2023

## Q1FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	1,400		1,380	
Sales (Rs. m)	3,03,557	3,39,846	3,03,557	3,39,846
% Chng.	-	-	-	-
EBITDA (Rs. m)	32,632	40,272	32,238	39,762
% Chng.	1.2	1.3	-	-
EPS (Rs.)	39.7	50.6	38.8	49.9
% Chng.	2.2	1.5	-	-

### Key Financials - Standalone

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. m)	2,07,905	2,63,781	3,03,557	3,39,846
EBITDA (Rs. m)	19,617	26,747	32,632	40,272
Margin (%)	9.4	10.1	10.8	11.9
PAT (Rs. m)	9,158	14,125	18,850	24,039
EPS (Rs.)	19.3	29.7	39.7	50.6
Gr. (%)	49.6	54.2	33.4	27.5
DPS (Rs.)	3.8	4.0	5.0	6.0
Yield (%)	0.3	0.3	0.4	0.5
RoE (%)	20.4	26.0	27.4	27.5
RoCE (%)	20.3	24.3	25.5	27.8
EV/Sales (x)	3.1	2.5	2.1	1.9
EV/EBITDA (x)	32.8	24.4	19.7	15.7
PE (x)	67.8	44.0	32.9	25.8
P/BV (x)	12.9	10.3	8.1	6.3

### Key Data

TVSM.BO | TVSL IN

52-W High / Low	Rs.1,385 / Rs.837
Sensex / Nifty	66,385 / 19,672
Market Cap	Rs.621bn/ \$ 7,589m
Shares Outstanding	475m
3M Avg. Daily Value	Rs.1382.8m

### Shareholding Pattern (%)

Promoter's	50.27
Foreign	17.01
Domestic Institution	24.40
Public & Others	8.32
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.4	32.9	47.6
Relative	(4.7)	22.0	24.6

Himanshu Singh

himanshuksingh@plindia.com | 91-22-66322269

## Operating leverage help margins

### Quick Pointers:

- Operating leverage help margins expand QoQ by 30bp, as volume grew c10%.
- Exports likely bottomed out; should grow QoQ for remaining quarters.

**TVS Motor Company's (TVSL) 1QFY24 realization was flat QoQ, as lower EV volumes at c39k units (-10% QoQ) along with poor mix had an impact. The company plans to reach 25k unit monthly EV volumes by August month (18k units in May). EBITDA margins, on the other hand, benefited from operating leverage QoQ, price hikes, lower EV mix and inventorisation and expanded c30bp QoQ to 10.6%. We expect margins to further benefit from low raw material prices in the subsequent quarter, while exports volume should see sequential improvements.**

**TVS is well placed to outperform the industry given (1) new product launches in ICE & EV segments (2) higher focus on exports & premiumisation and (3) margin improvement helped by cost control, (4) operating leverage, (5) benign input prices and (6) price hikes which could more than offset negative impact from higher EV mix. We change our EPS estimates by c2% for FY24/FY25 each considering largely in-line revenue in 1Q and also incorporate the commentary on margins. Maintain 'ACCUMULATE' with TP of Rs1,400 (earlier TP at Rs. 1,380) at 27x Mar-25E EPS incl. Rs34 for TVS credit.**

- 1QFY24 – Revenue and margins largely in line:** TVSL's revenue of Rs. 66bn grew by 9.3% YoY (helped by volume growth of 5.3%) and came largely in line with our estimate and slightly below Bloomberg consensus. EBITDA margin at 10.6% was above our estimate of 10.2% and in line with Bloomberg estimates. Employee expenses were also in line while other operating expenses were higher than expected. Higher other income and lower taxes aided PAT beat.
- Key takeaways:** (1) TVSL noted seeing good demand in the urban market, while rural market remained moderate, and TVSL aims to grow faster than the industry in domestic and exports market. (2) On exports side, TVSL noted volumes have largely bottomed out and with inventory at desired levels, we could see volume improvement QoQ for remaining quarters too. Retail sales continued to remain higher than dispatches in 1QFY24. (3) Electric Vehicles: iQube's volumes de-grew c10% QoQ in 1QFY24 to 39k units due to cut in FAME subsidy (from Rs. 52k to Rs. 22k per unit). TVSL has only partially passed on the subsidy cut, however, EV business is still positive on the contribution side. TVSL aims at increasing EV volumes to 25k units per month from August onwards and has an order-book of 35k units. It plans to expand to more cities in India and will be introducing new EV product in 2QFY24 which should help volumes. It will also launch an EV 3W in upcoming quarters. TVSL started exporting iQube to Nepal and plans to expand to other markets in FY24. TVSL has developed the platform and designed BMW's CE 02 EV scooter. (4) TVSL took price hike of 0.5% in 2Q. It sees commodity prices to be lower in 2Q and benefit margins. (5) On margins, TVSL saw increase in employee and other expenses due to higher focus on EV hiring and increase in marketing and R&D spends. (6) Capex for FY24 is expected to be at Rs. 10bn and investments at Rs. 85-90bn. Effective borrowing rate is higher by c30bp QoQ.

**Exhibit 1: Q1FY24 Result Overview (Rs m)**

Y/e March	Q1FY24	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)	FY24E	FY23	YoY gr. (%)
<b>Net Revenues</b>	<b>72,179</b>	<b>60,087</b>	<b>20.1</b>	<b>66,048</b>	<b>9.3</b>	<b>3,03,557</b>	<b>2,63,781</b>	<b>15.1</b>
Raw Materials	53,818	45,728	17.7	49,797	8.1	2,27,061	1,99,928	13.6
<i>% of Net Sales</i>	<i>74.6%</i>	<i>76.1%</i>		<i>75.4%</i>		<i>74.8%</i>	<i>75.8%</i>	
Personnel	3,789	3,209	18.1	3,377	12.2	15,633	13,451	16.2
<i>% of Net Sales</i>	<i>5.2%</i>	<i>5.3%</i>		<i>5.1%</i>		<i>5.2%</i>	<i>5.1%</i>	
Manufacturing & Other Exp	6,935	5,156	34.5	6,076	14.1	28,231	23,655	19.3
<i>% of Net Sales</i>	<i>9.6%</i>	<i>8.6%</i>		<i>9.2%</i>		<i>9.3%</i>	<i>9.0%</i>	
Total Expenditure	64,542	54,093	19.3	59,250	8.9	2,70,925	2,37,034	14.3
<b>EBITDA</b>	<b>7,638</b>	<b>5,995</b>	<b>27.4</b>	<b>6,798</b>	<b>12.4</b>	<b>32,632</b>	<b>26,747</b>	<b>22.0</b>
<i>EBITDA Margin (%)</i>	<i>10.6%</i>	<i>10.0%</i>		<i>10.3%</i>		<i>10.8%</i>	<i>10.1%</i>	
Depreciation	1,636	1,520	7.6	1,674	(2.3)	6,818	6,312	8.0
<b>EBIT</b>	<b>6,002</b>	<b>4,474</b>	<b>34.1</b>	<b>5,124</b>	<b>17.1</b>	<b>25,815</b>	<b>20,435</b>	<b>26.3</b>
Interest Expenses	474	376	26.2	363	30.7	1,665	1,407	18.3
Non-operating income	576	222	159.2	705	(18.4)	1,040	389	167.6
Extraordinary Income	0	0		0		0	0	
<b>PBT</b>	<b>6,104</b>	<b>4,321</b>	<b>41.3</b>	<b>5,466</b>	<b>11.7</b>	<b>25,190</b>	<b>19,417</b>	<b>29.7</b>
Tax-Total	1,427	1,115	28.0	1,364	4.6	6,340	5,123	23.8
<i>Tax Rate (%) - Total</i>	<i>23.4%</i>	<i>25.8%</i>	<i>(9.4)</i>	<i>24.9%</i>		<i>25.2%</i>	<i>26.4%</i>	<i>(4.6)</i>
<b>Reported PAT</b>	<b>4,677</b>	<b>3,205</b>	<b>45.9</b>	<b>4,103</b>	<b>14.0</b>	<b>18,850</b>	<b>14,293</b>	<b>31.9</b>
<b>Adj. PAT</b>	<b>4,677</b>	<b>3,205</b>	<b>45.9</b>	<b>4,103</b>	<b>14.0</b>	<b>18,850</b>	<b>14,293</b>	<b>31.9</b>
<i>PAT Margin</i>	<i>6.5%</i>	<i>5.3%</i>		<i>6.2%</i>		<i>6.2%</i>	<i>5.4%</i>	

Source: Company, PL

**Exhibit 2: Operating Metrics – Average realization flattish QoQ impacted by lower share of EV in the mix**

Y/e March	Q1FY24	Q1FY23	YoY gr. (%)	Q4FY23	QoQ gr. (%)	FY24E	FY23	YoY gr. (%)
<b>Sales Volume (nos)</b>	<b>9,53,244</b>	<b>9,05,443</b>	<b>5.3</b>	<b>8,68,417</b>	<b>9.8</b>	<b>40,68,238</b>	<b>36,82,068</b>	<b>10.5</b>
Net Realisation/Vehicle	75,719	66,362	14.1	76,055	(0.4)	74,616	71,639	4.2
Material cost / vehicle	56,458	50,503	11.8	57,342	(1.5)	55,813	54,298	2.8
Gross Profit / vehicle	19,262	15,859	21.5	18,714	2.9	18,803	17,342	8.4
Employee cost /vehicle	3,974	3,544	12.1	3,889	2.2	3,843	3,653	5.2
Other expenses / vehicle	7,275	5,694	27.8	6,997	4.0	6,939	6,424	8.0
EBITDA/vehicle	8,012	6,621	21.0	7,828	2.4	8,021	7,264	10.4
Net Profit/vehicle	4,906	3,540	38.6	4,724	3.8	4,633	3,882	19.4

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Net Revenues</b>	<b>2,07,905</b>	<b>2,63,781</b>	<b>3,03,557</b>	<b>3,39,846</b>
YoY gr. (%)	24.1	26.9	15.1	12.0
Cost of Goods Sold	1,58,082	1,99,928	2,27,061	2,52,505
Gross Profit	49,823	63,853	76,496	87,340
Margin (%)	24.0	24.2	25.2	25.7
Employee Cost	11,364	13,451	15,633	16,652
Other Expenses	18,842	23,655	28,231	30,416
<b>EBITDA</b>	<b>19,617</b>	<b>26,747</b>	<b>32,632</b>	<b>40,272</b>
YoY gr. (%)	37.3	36.3	22.0	23.4
Margin (%)	9.4	10.1	10.8	11.9
Depreciation and Amortization	6,114	6,312	6,818	7,296
<b>EBIT</b>	<b>13,503</b>	<b>20,435</b>	<b>25,815</b>	<b>32,975</b>
Margin (%)	6.5	7.7	8.5	9.7
Net Interest	1,259	1,407	1,665	1,560
Other Income	190	389	1,040	709
<b>Profit Before Tax</b>	<b>12,132</b>	<b>18,800</b>	<b>25,190</b>	<b>32,125</b>
Margin (%)	5.8	7.1	8.3	9.5
Total Tax	3,197	5,123	6,340	8,086
Effective tax rate (%)	26.3	27.3	25.2	25.2
<b>Profit after tax</b>	<b>8,936</b>	<b>13,677</b>	<b>18,850</b>	<b>24,039</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>9,158</b>	<b>14,125</b>	<b>18,850</b>	<b>24,039</b>
YoY gr. (%)	49.6	54.2	33.4	27.5
Margin (%)	4.4	5.4	6.2	7.1
Extra Ord. Income / (Exp)	(222)	(449)	-	-
<b>Reported PAT</b>	<b>8,936</b>	<b>13,677</b>	<b>18,850</b>	<b>24,039</b>
YoY gr. (%)	46.0	53.1	37.8	27.5
Margin (%)	4.3	5.2	6.2	7.1
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	8,936	13,677	18,850	24,039
<b>Equity Shares O/s (m)</b>	<b>475</b>	<b>475</b>	<b>475</b>	<b>475</b>
<b>EPS (Rs)</b>	<b>19.3</b>	<b>29.7</b>	<b>39.7</b>	<b>50.6</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>72,064</b>	<b>79,879</b>	<b>87,429</b>	<b>94,979</b>
Tangibles	72,064	79,879	87,429	94,979
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>38,998</b>	<b>43,920</b>	<b>50,738</b>	<b>58,034</b>
Tangibles	38,998	43,920	50,738	58,034
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>33,066</b>	<b>35,959</b>	<b>36,691</b>	<b>36,945</b>
Tangibles	33,066	35,959	36,691	36,945
Intangibles	-	-	-	-
Capital Work In Progress	4,245	6,277	6,727	7,177
Goodwill	-	-	-	-
Non-Current Investments	47,160	56,839	61,839	66,839
Net Deferred tax assets	(1,979)	(2,041)	(2,041)	(2,041)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	-	-	-	-
Inventories	11,227	12,364	16,633	19,553
Trade receivables	9,507	9,551	16,633	18,622
Cash & Bank Balance	4,013	2,420	10,430	18,915
Other Current Assets	9,260	16,515	18,497	20,717
<b>Total Assets</b>	<b>1,18,477</b>	<b>1,39,924</b>	<b>1,67,450</b>	<b>1,88,766</b>
<b>Equity</b>				
Equity Share Capital	475	475	475	475
Other Equity	47,745	60,003	76,478	97,666
<b>Total Network</b>	<b>48,220</b>	<b>60,479</b>	<b>76,953</b>	<b>98,141</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	14,478	15,248	13,998	12,748
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	11,428	18,107	17,786	17,482
Trade payables	39,914	41,306	54,058	55,865
Other current liabilities	2,458	2,744	2,614	2,489
<b>Total Equity &amp; Liabilities</b>	<b>1,18,477</b>	<b>1,39,924</b>	<b>1,67,450</b>	<b>1,88,766</b>

Source: Company Data, PL Research



## Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	12,434	19,417	25,190	32,125
Add. Depreciation	6,114	6,312	6,818	7,296
Add. Interest	1,259	1,407	1,665	1,560
Less Financial Other Income	190	389	1,040	709
Add. Other	(190)	(389)	(1,040)	(709)
Op. profit before WC changes	19,617	26,747	32,632	40,272
Net Changes-WC	(2,122)	(6,758)	(712)	(5,445)
Direct tax	(3,197)	(5,123)	(6,340)	(8,086)
<b>Net cash from Op. activities</b>	<b>14,299</b>	<b>14,865</b>	<b>25,580</b>	<b>26,741</b>
Capital expenditures	(9,812)	(9,847)	(8,000)	(8,000)
Interest / Dividend Income	-	-	-	-
Others	(13,810)	(1,811)	(3,960)	(4,291)
<b>Net Cash from Inv. activities</b>	<b>(23,622)</b>	<b>(11,659)</b>	<b>(11,960)</b>	<b>(12,291)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	8,037	7,006	(1,250)	(1,250)
Dividend paid	(1,782)	(1,900)	(2,376)	(2,851)
Interest paid	(1,259)	(1,407)	(1,665)	(1,560)
Others	302	(617)	-	-
<b>Net cash from Fin. activities</b>	<b>5,298</b>	<b>3,083</b>	<b>(5,290)</b>	<b>(5,660)</b>
<b>Net change in cash</b>	<b>(4,026)</b>	<b>6,289</b>	<b>8,330</b>	<b>8,790</b>
Free Cash Flow	4,487	5,018	17,580	18,741

Source: Company Data, PL Research

## Quarterly Financials (Rs m)

Y/e Mar	Q1FY23	Q2FY23	Q3FY23	Q4FY23
<b>Net Revenue</b>	<b>60,087</b>	<b>72,192</b>	<b>65,454</b>	<b>66,048</b>
YoY gr. (%)	52.7	28.5	14.7	19.4
Raw Material Expenses	45,728	54,975	49,429	49,797
Gross Profit	14,359	17,217	16,025	16,251
Margin (%)	23.9	23.8	24.5	24.6
<b>EBITDA</b>	<b>5,995</b>	<b>7,365</b>	<b>6,589</b>	<b>6,798</b>
YoY gr. (%)	119.0	30.9	16.0	22.1
Margin (%)	10.0	10.2	10.1	10.3
Depreciation / Depletion	1,520	1,535	1,583	1,674
<b>EBIT</b>	<b>4,474</b>	<b>5,830</b>	<b>5,006</b>	<b>5,124</b>
Margin (%)	7.4	8.1	7.6	7.8
Net Interest	376	352	316	363
Other Income	222	14	65	705
<b>Profit before Tax</b>	<b>4,321</b>	<b>5,492</b>	<b>4,755</b>	<b>5,466</b>
Margin (%)	7.2	7.6	7.3	8.3
Total Tax	1,115	1,418	1,227	1,364
Effective tax rate (%)	25.8	25.8	25.8	24.9
<b>Profit after Tax</b>	<b>3,205</b>	<b>4,075</b>	<b>3,528</b>	<b>4,103</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>3,205</b>	<b>4,075</b>	<b>3,528</b>	<b>4,103</b>
YoY gr. (%)	285.0	46.8	22.4	49.5
Margin (%)	5.3	5.6	5.4	6.2
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>3,205</b>	<b>4,075</b>	<b>3,528</b>	<b>4,103</b>
YoY gr. (%)	503.8	46.8	22.4	49.5
Margin (%)	5.3	5.6	5.4	6.2
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>3,205</b>	<b>4,075</b>	<b>3,528</b>	<b>4,103</b>
Avg. Shares O/s (m)	475	475	475	476
<b>EPS (Rs)</b>	<b>6.7</b>	<b>8.6</b>	<b>7.4</b>	<b>8.6</b>

Source: Company Data, PL Research

## Key Financial Metrics

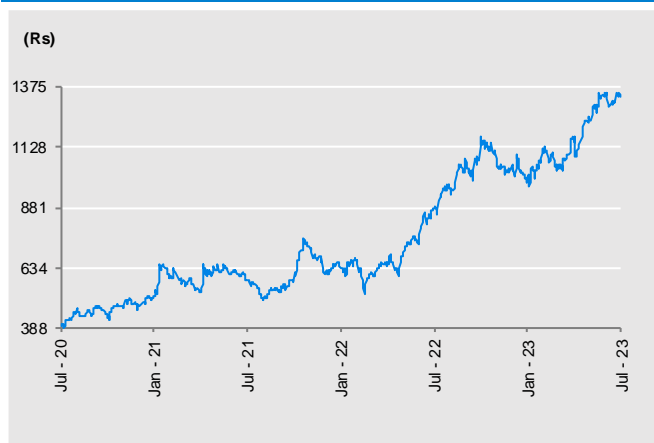
Y/e Mar	FY22	FY23	FY24E	FY25E
<b>Per Share(Rs)</b>				
EPS	19.3	29.7	39.7	50.6
CEPS	32.1	43.0	54.0	66.0
BVPS	101.5	127.3	162.0	206.6
FCF	9.4	10.6	37.0	39.4
DPS	3.8	4.0	5.0	6.0
<b>Return Ratio(%)</b>				
RoCE	20.3	24.3	25.5	27.8
ROIC	15.9	18.2	21.3	24.8
RoE	20.4	26.0	27.4	27.5
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.5	0.5	0.3	0.1
Net Working Capital (Days)	(34)	(27)	(25)	(19)
<b>Valuation(x)</b>				
PER	67.8	44.0	32.9	25.8
P/B	12.9	10.3	8.1	6.3
P/CEPS	40.7	30.4	24.2	19.8
EV/EBITDA	32.8	24.4	19.7	15.7
EV/Sales	3.1	2.5	2.1	1.9
Dividend Yield (%)	0.3	0.3	0.4	0.5

Source: Company Data, PL Research

## Key Operating Metrics

Y/e Mar	FY22	FY23	FY24E	FY25E
Scooter volume (units)	9,22,578	13,33,925	14,99,898	16,04,288
Motorcycle volume (units)	17,31,729	17,33,256	19,11,513	21,54,570
Moped volume (units)	4,83,396	4,45,773	4,90,627	5,20,249
Total two-wheeler volume (units)	31,37,703	35,12,954	39,02,038	42,79,107
Three-wheeler volume (units)	1,71,875	1,69,114	1,66,200	1,79,862
Total volume (units)	33,09,578	36,82,068	40,68,238	44,58,969
Realisation per unit (Rs)	62,819	71,639	74,616	76,216

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Jul-23	Accumulate	1,380	1,314
2	05-May-23	BUY	1,300	1,169
3	12-Apr-23	BUY	1,300	1,129
4	25-Jan-23	BUY	1,240	984
5	05-Jan-23	BUY	1,240	1,025
6	06-Nov-22	BUY	1,275	1,114
7	06-Oct-22	BUY	1,085	1,036
8	28-Jul-22	BUY	950	868

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	215	165
2	Bajaj Auto	Reduce	4,450	4,918
3	Bharat Forge	BUY	955	855
4	CEAT	Hold	2,330	2,485
5	Eicher Motors	Accumulate	3,460	3,222
6	Endurance Technologies	Accumulate	1,745	1,654
7	Exide Industries	UR	-	185
8	Hero Motocorp	Accumulate	3,460	3,172
9	Mahindra & Mahindra	BUY	1,685	1,549
10	Maruti Suzuki	BUY	11,100	9,859
11	Tata Motors	BUY	675	601
12	TVS Motor Company	Accumulate	1,380	1,314

**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. Himanshu Singh- MMS-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 a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

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. Himanshu Singh- MMS-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)