

November 13, 2023

## Q2FY24 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	HOLD		BUY	
Target Price	1,032		1,421	
Sales (Rs.m)	50,847	56,937	54,928	62,921
% Chng.	(7.4)	(9.5)		
EBITDA (Rs.m)	3,789	4,690	4,311	5,881
% Chng.	(12.1)	(20.3)		
EPS (Rs.)	19.7	25.5	25.2	35.7
% Chng.	(21.8)	(28.5)		

### Key Financials - Standalone

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	48,774	50,847	56,937	64,477
EBITDA (Rs. m)	3,744	3,789	4,690	5,507
Margin (%)	7.7	7.5	8.2	8.5
PAT (Rs. m)	2,296	2,264	2,935	3,452
EPS (Rs.)	19.9	19.7	25.5	30.0
Gr. (%)	52.7	(1.4)	29.6	17.6
DPS (Rs.)	4.0	5.0	5.0	6.0
Yield (%)	0.4	0.5	0.5	0.6
RoE (%)	12.4	11.0	13.0	13.7
RoCE (%)	19.2	17.4	19.7	20.6
EV/Sales (x)	2.3	2.2	1.9	1.7
EV/EBITDA (x)	30.2	29.2	23.2	19.4
PE (x)	51.0	51.7	39.9	33.9
P/BV (x)	6.0	5.5	4.9	4.4

### Key Data

BJEL.BO | BJE IN

52-W High / Low	Rs.1,193 / Rs.862
Sensex / Nifty	65,259 / 19,526
Market Cap	Rs.117bn/ \$ 1,406m
Shares Outstanding	115m
3M Avg. Daily Value	Rs.93.25m

### Shareholding Pattern (%)

Promoter's	62.85
Foreign	10.49
Domestic Institution	12.06
Public & Others	14.60
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	(5.2)	(3.4)	(2.2)
Relative	(3.7)	(8.2)	(7.4)

### Praveen Sahay

praveensahay@plindia.com | 91-22-66322369

## Weak performance, results below est.

### Quick Pointers:

- CP segment decline 2.3%, mainly with double digit decline in appliances.
- Lighting segment decline 7.4%, with muted demand & price erosion in LED.

**We downward revise our FY24/25/FY26E earnings by 21.8%/28.5%/26.2% to factor in slowdown in demand and margin contraction across businesses with higher overhead expenses. We downgrade the stock to 'Hold' from Buy with revised TP of Rs1,032, valuing at 37x Sep'25 earnings. BJE reported weak numbers with sales decline of 3.5% and PAT decline of 37.2% YoY on account of muted demand environment and margins contraction. Demand sentiment continue to be weak impacting appliances segment while some pickup observed in Oct-23. The contraction in margin was due to negative operating leverage and investment in growth. BJE focused on market share gain with expanding SKUs, investment in brand and premiumisation. We estimate FY23-26E Revenue/EBITDA/PAT CAGR of 9.8%/13.7%/14.6%.**

**Rev. decline by 3.5%, PAT decline by 37.2% YoY:** Rev. decline by 3.5% YoY to Rs11.1bn, excl. EPC business (PLe:Rs12.1bn). Consumer Products/Lighting revenue decline by 2.3%/7.4% YoY respectively. CP segment reported decline due to weak consumer demand, while appliance de-growth offset by double digit growth in Fan segment. The lighting segment was impacted due to sluggish demand & price erosion in LED by 15-20% YoY while cost reduced by 10% led margins contraction. Gross margins contracted by 80bps YoY to 29.6% due to lighting segment and weak product mix. EBITDA decline by 41.6% YoY to Rs581mn. EBITDA margin contracted by 340bps YoY to 5.2%. (PLe:7.3%) mainly with increase in overhead expenses due to higher logistics cost, increase in Ad spends, higher emp. cost with annual increment and investment in digital. CP/lighting reported contraction in EBIT margin by 180bps/380bps YoY to 5.1%/5.6%. PAT decline by 37.2% YoY to Rs378mn. Net Cash balance stands at Rs2.0bn. In terms of product category, appliances decline by double digit YoY, Fans grew double digit YoY and Morphy Richards flat YoY. Reduction in working capital days to ~50days.

**Con call highlights:** **1)** CP segment growth was impacted due to weak consumer sentiment, while de-growth in the appliance segment offset by positive trend in Fan segment, grew double digit in vol. **2)** Positive trend in Fan segment continue from last six months, sub-economy fan contribution dropped from 80% (FY22) to 58%, while economy and premium fans gained traction. **3)** The professional lighting business remained stable, but decreased demand in consumer lighting resulted in lower segment revenue. BJE introduced several SKUs in consumer lighting & an efficient distribution network, anticipating growth with the expected revival in demand. **4)** Mgmt indicated pick-up in demand in Oct-23 & expects growth in business will come from Q3FY24 with improvement in demand scenario. **5)** EBITDA margin was impacted due to increase in cost related marketing, digital transmission & setting up of the consumer lighting business. **6)** Planned capex for FY24 is Rs 1.5bn and capacity expansion capex will come from FY25 onwards. **7)** BJE witnessed better growth across key alternate channels—MFR(+28%), E-Com(+22%), Institutional(+20%), CSD(+22%) & Exports(+15%) compared to drop of 9% in general trade.

**Exhibit 1: Q2FY24 Result Overview: Rev. decline by 3.5% YoY to Rs11.1bn; PAT decline by 37.2% at Rs378mn**

Y/e March (Rs mn)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	1HFY24	1HFY23	YoY gr. (%)
<b>Net Sales</b>	<b>11,128</b>	<b>11,534</b>	<b>(3.5)</b>	<b>11,120</b>	<b>0.1</b>	<b>22,248</b>	<b>22,770</b>	<b>(2.3)</b>
<b>Expenditure</b>								
Operating & Manufacturing Expenses	7,838	8,031	(2.4)	7,837	0.0	15,675	16,034	(2.2)
<i>% of Net Sales</i>	<i>70.4</i>	<i>69.6</i>	<i>0.8</i>	<i>70.5</i>	<i>(0.0)</i>	<i>70.5</i>	<i>70.4</i>	<i>0.0</i>
Gross Profit	3,289	3,503	(6.1)	3,284	0.2	6,573	6,736	(2.4)
<i>% of Net Sales</i>	<i>29.6</i>	<i>30.4</i>	<i>(0.8)</i>	<i>29.5</i>	<i>0.0</i>	<i>29.5</i>	<i>29.6</i>	<i>(0.0)</i>
Personnel Cost	945	833	13.4	881	7.3	1,826	1,627	12.2
<i>% of Net Sales</i>	<i>8.5</i>	<i>7.2</i>	<i>1.3</i>	<i>7.9</i>	<i>0.6</i>	<i>8.2</i>	<i>7.1</i>	<i>1.1</i>
Other Expenses	1,764	1,676	5.2	1,709	3.2	3,473	3,385	2.6
<i>% of Net Sales</i>	<i>15.8</i>	<i>14.5</i>	<i>1.3</i>	<i>15.4</i>	<i>0.5</i>	<i>15.6</i>	<i>14.9</i>	<i>0.7</i>
Total Expenditure	10,547	10,540	0.1	10,427	1.1	20,974	21,046	(0.3)
<b>EBITDA</b>	<b>581</b>	<b>994</b>	<b>(41.6)</b>	<b>693</b>	<b>(16.2)</b>	<b>1,274</b>	<b>1,724</b>	<b>(26.1)</b>
<i>Margin (%)</i>	<i>5.2</i>	<i>8.6</i>	<i>(3.4)</i>	<i>6.2</i>	<i>(1.0)</i>	<i>5.7</i>	<i>7.6</i>	<i>(1.8)</i>
Other income	321	67	379.5	224	43.3	545	166	227.7
Depreciation	256	158	62.3	214	19.7	470	309	52.4
<b>EBIT</b>	<b>645</b>	<b>903</b>	<b>(28.6)</b>	<b>703</b>	<b>(8.2)</b>	<b>1,348</b>	<b>1,582</b>	<b>(14.8)</b>
Interest	141	91	54.7	115	22.2	256	161	59.2
<b>PBT before exceptional item</b>	<b>505</b>	<b>812</b>	<b>(37.9)</b>	<b>588</b>	<b>(14.2)</b>	<b>1,093</b>	<b>1,421</b>	<b>(23.1)</b>
Total Taxes	126	210		158	(20.0)	284	368	(22.8)
<i>ETR (%)</i>	<i>25.0</i>	<i>25.8</i>	<i>(0.8)</i>	<i>26.8</i>	<i>(1.8)</i>	<i>26.0</i>	<i>25.9</i>	<i>0.1</i>
<b>Adj. PAT</b>	<b>378</b>	<b>602</b>	<b>(37.2)</b>	<b>430</b>	<b>(12.0)</b>	<b>809</b>	<b>1,054</b>	<b>(23.3)</b>
Exceptional item	-	-		-		-	-	
<b>PAT</b>	<b>378</b>	<b>602</b>	<b>(37.2)</b>	<b>430</b>	<b>(12.0)</b>	<b>809</b>	<b>1,054</b>	<b>(23.3)</b>

Source: Company, PL

**Exhibit 2: Segmental Breakup: Consumer Products sales down 2.3%; EBIT margin at 5.1%**

Y/e March (Rs mn)	Q2FY24	Q2FY23	YoY gr. (%)	Q1FY24	QoQ gr. (%)	1HFY24	1HFY23	YoY gr. (%)
<b>Revenues</b>								
Consumer Products	8,575	8,777	(2.3)	8,725	(1.7)	17,300	17,275	0.1
Lighting	2,553	2,757	(7.4)	2,395	6.6	4,948	5,496	(10.0)
<b>Revenues</b>	<b>11,128</b>	<b>11,534</b>	<b>(3.5)</b>	<b>11,120</b>	<b>0.1</b>	<b>22,248</b>	<b>22,770</b>	<b>(2.3)</b>
<b>EBIT</b>								
Consumer Products	440	612	(28.1)	439	0.3	880	1,057	(16.8)
<i>EBIT margin (%)</i>	<i>5.1</i>	<i>7.0</i>	<i>(1.8)</i>	<i>5.0</i>	<i>0.1</i>	<i>5.1</i>	<i>6.1</i>	<i>(1.0)</i>
Lighting	144	260	(44.6)	193	(25.5)	337	477	(29.3)
<i>EBIT margin (%)</i>	<i>5.6</i>	<i>9.4</i>	<i>(3.8)</i>	<i>8.1</i>	<i>(2.4)</i>	<i>6.8</i>	<i>8.7</i>	<i>(1.9)</i>
EBIT	584	873	(33.0)	633	(7.6)	1,217	1,534	(20.7)
<i>EBIT margin (%)</i>	<i>5.3</i>	<i>7.6</i>	<i>(2.3)</i>	<i>5.7</i>	<i>(0.4)</i>	<i>5.5</i>	<i>6.7</i>	<i>(1.3)</i>

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Net Revenues</b>	<b>48,774</b>	<b>50,847</b>	<b>56,937</b>	<b>64,477</b>
YoY gr. (%)	1.9	4.3	12.0	13.2
Cost of Goods Sold	33,838	35,593	39,457	44,554
Gross Profit	14,936	15,254	17,480	19,923
Margin (%)	30.6	30.0	30.7	30.9
Employee Cost	3,365	3,636	3,986	4,513
Other Expenses	4,939	4,794	5,361	6,070
<b>EBITDA</b>	<b>3,744</b>	<b>3,789</b>	<b>4,690</b>	<b>5,507</b>
YoY gr. (%)	49.1	1.2	23.8	17.4
Margin (%)	7.7	7.5	8.2	8.5
Depreciation and Amortization	675	857	944	1,047
<b>EBIT</b>	<b>3,069</b>	<b>2,932</b>	<b>3,746</b>	<b>4,461</b>
Margin (%)	6.3	5.8	6.6	6.9
Net Interest	430	519	526	575
Other Income	525	639	703	729
<b>Profit Before Tax</b>	<b>3,165</b>	<b>3,052</b>	<b>3,923</b>	<b>4,614</b>
Margin (%)	6.5	6.0	6.9	7.2
Total Tax	869	787	989	1,163
Effective tax rate (%)	27.5	25.8	25.2	25.2
<b>Profit after tax</b>	<b>2,296</b>	<b>2,264</b>	<b>2,935</b>	<b>3,452</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>2,296</b>	<b>2,264</b>	<b>2,935</b>	<b>3,452</b>
YoY gr. (%)	53.0	(1.4)	29.6	17.6
Margin (%)	4.7	4.5	5.2	5.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>2,296</b>	<b>2,264</b>	<b>2,935</b>	<b>3,452</b>
YoY gr. (%)	67.8	(1.4)	29.6	17.6
Margin (%)	4.7	4.5	5.2	5.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,296	2,264	2,935	3,452
<b>Equity Shares O/s (m)</b>	<b>115</b>	<b>115</b>	<b>115</b>	<b>115</b>
<b>EPS (Rs)</b>	<b>19.9</b>	<b>19.7</b>	<b>25.5</b>	<b>30.0</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>11,139</b>	<b>11,775</b>	<b>13,030</b>	<b>13,807</b>
Tangibles	10,823	11,359	12,514	13,241
Intangibles	316	416	516	566
<b>Acc: Dep / Amortization</b>	<b>5,240</b>	<b>5,265</b>	<b>5,802</b>	<b>6,393</b>
Tangibles	5,100	5,073	5,543	6,056
Intangibles	140	192	259	337
<b>Net fixed assets</b>	<b>5,899</b>	<b>6,510</b>	<b>7,228</b>	<b>7,413</b>
Tangibles	5,723	6,286	6,971	7,185
Intangibles	176	224	257	229
Capital Work In Progress	420	615	115	115
Goodwill	1,636	1,636	1,636	1,636
Non-Current Investments	1,991	1,581	1,655	1,772
Net Deferred tax assets	(54)	(119)	(122)	(125)
Other Non-Current Assets	2,843	2,613	2,490	2,532
<b>Current Assets</b>				
Investments	408	-	-	-
Inventories	10,496	9,752	10,919	12,365
Trade receivables	14,805	12,538	14,039	15,898
Cash & Bank Balance	3,692	6,658	8,401	10,132
Other Current Assets	4,522	3,590	4,020	4,552
<b>Total Assets</b>	<b>47,148</b>	<b>46,130</b>	<b>51,147</b>	<b>57,095</b>
<b>Equity</b>				
Equity Share Capital	230	230	230	230
Other Equity	19,380	21,184	23,544	26,420
<b>Total Networkth</b>	<b>19,611</b>	<b>21,415</b>	<b>23,774</b>	<b>26,650</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	887	1,805	2,021	2,289
Other non current liabilities	577	458	569	645
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	2	-	-	-
Trade payables	15,603	13,931	15,599	17,665
Other current liabilities	10,414	8,402	9,061	9,721
<b>Total Equity &amp; Liabilities</b>	<b>47,148</b>	<b>46,130</b>	<b>51,147</b>	<b>57,095</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	3,156	3,052	3,923	4,614
Add. Depreciation	754	857	944	1,047
Add. Interest	499	519	526	575
Less Financial Other Income	525	639	703	729
Add. Other	926	859	413	229
Op. profit before WC changes	5,335	5,287	5,806	6,465
Net Changes-WC	739	722	(833)	(1,187)
Direct tax	(872)	(787)	(989)	(1,163)
<b>Net cash from Op. activities</b>	<b>5,201</b>	<b>5,222</b>	<b>3,984</b>	<b>4,115</b>
Capital expenditures	206	(1,662)	(1,161)	(1,233)
Interest / Dividend Income	-	-	-	-
Others	(168)	389	428	-
<b>Net Cash from Inv. activities</b>	<b>38</b>	<b>(1,274)</b>	<b>(733)</b>	<b>(1,233)</b>
Issue of share cap. / premium	0	-	-	-
Debt changes	(357)	(2)	-	-
Dividend paid	(345)	(460)	(576)	(576)
Interest paid	(499)	(519)	(526)	(575)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(1,199)</b>	<b>(982)</b>	<b>(1,101)</b>	<b>(1,151)</b>
<b>Net change in cash</b>	<b>4,040</b>	<b>2,967</b>	<b>2,150</b>	<b>1,731</b>
Free Cash Flow	5,408	3,559	2,823	2,882

Source: Company Data, PL Research

**Key Financial Metrics**

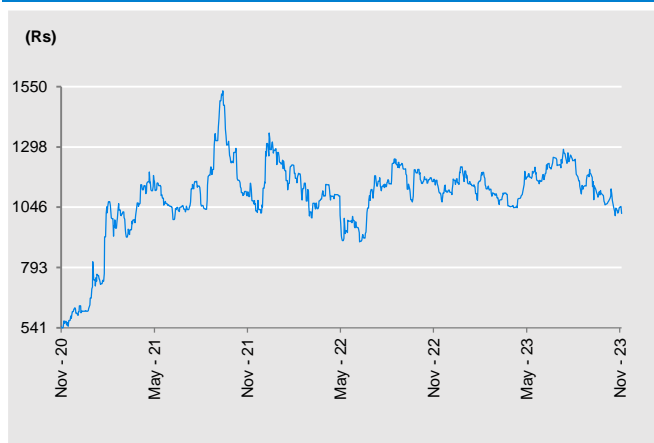
Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	19.9	19.7	25.5	30.0
CEPS	25.8	27.1	33.7	39.1
BVPS	170.4	186.1	206.5	231.5
FCF	47.0	30.9	24.5	25.0
DPS	4.0	5.0	5.0	6.0
<b>Return Ratio(%)</b>				
RoCE	19.2	17.4	19.7	20.6
ROIC	15.2	15.7	19.7	22.1
RoE	12.4	11.0	13.0	13.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.2)	(0.3)	(0.4)	(0.4)
Net Working Capital (Days)	73	60	60	60
<b>Valuation(x)</b>				
PER	51.0	51.7	39.9	33.9
P/B	6.0	5.5	4.9	4.4
P/CEPS	39.4	37.5	30.2	26.0
EV/EBITDA	30.2	29.2	23.2	19.4
EV/Sales	2.3	2.2	1.9	1.7
Dividend Yield (%)	0.4	0.5	0.5	0.6

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q3FY23	Q4FY23	Q1FY24	Q2FY24
<b>Net Revenue</b>	<b>14,831</b>	<b>12,951</b>	<b>11,120</b>	<b>11,128</b>
YoY gr. (%)	13.7	(2.1)	(1.0)	(3.5)
Raw Material Expenses	10,093	9,318	7,837	7,838
Gross Profit	4,738	3,634	3,284	3,289
Margin (%)	31.9	28.1	29.5	29.6
<b>EBITDA</b>	<b>1,005</b>	<b>772</b>	<b>693</b>	<b>581</b>
YoY gr. (%)	22.3	30.4	(5.1)	(41.6)
Margin (%)	6.8	6.0	6.2	5.2
Depreciation / Depletion	178	208	214	256
<b>EBIT</b>	<b>827</b>	<b>564</b>	<b>479</b>	<b>324</b>
Margin (%)	5.6	4.4	4.3	2.9
Net Interest	167	119	115	141
Other Income	194	227	224	321
<b>Profit before Tax</b>	<b>854</b>	<b>671</b>	<b>588</b>	<b>505</b>
Margin (%)	5.8	5.2	5.3	4.5
Total Tax	219	278	158	126
Effective tax rate (%)	25.7	41.5	26.8	25.0
<b>Profit after Tax</b>	<b>635</b>	<b>393</b>	<b>430</b>	<b>378</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>635</b>	<b>393</b>	<b>430</b>	<b>378</b>
YoY gr. (%)	2.7	(18.1)	(4.7)	(37.2)
Margin (%)	4.3	3.0	3.9	3.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>635</b>	<b>393</b>	<b>430</b>	<b>378</b>
YoY gr. (%)	21.6	(11.4)	(4.7)	(37.2)
Margin (%)	4.3	3.0	3.9	3.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>635</b>	<b>393</b>	<b>430</b>	<b>378</b>
Avg. Shares O/s (m)	115	115	115	115
<b>EPS (Rs)</b>	<b>5.5</b>	<b>3.4</b>	<b>3.8</b>	<b>3.3</b>

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-23	BUY	1,421	1,056
2	10-Aug-23	Accumulate	1,337	1,220
3	06-Jul-23	Accumulate	1,326	1,219
4	23-May-23	Accumulate	1,301	1,213
5	11-Apr-23	Accumulate	1,280	1,053
6	03-Feb-23	Accumulate	1,286	1,154
7	06-Jan-23	Hold	1,147	1,196

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Astral Ltd.	Hold	1,983	1,844
2	Bajaj Electricals	BUY	1,421	1,056
3	Century Plyboard (I)	BUY	860	639
4	Cera Sanitaryware	Accumulate	8,926	8,132
5	Crompton Greaves Consumer Electricals	BUY	377	283
6	Finolex Industries	Accumulate	238	203
7	Greenpanel Industries	BUY	464	345
8	Havells India	Accumulate	1,538	1,363
9	Kajaria Ceramics	Accumulate	1,368	1,230
10	KEI Industries	BUY	2,908	2,469
11	Polycab India	Accumulate	5,943	5,339
12	R R Kabel	BUY	1,800	1,605
13	Supreme Industries	Accumulate	4,645	4,522
14	Voltas	Hold	909	819

**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. Praveen Sahay- 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 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. Praveen Sahay- 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)