

October 31, 2024

Q2FY25 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	247		250	
Sales (Rs. m)	44,489	50,742	44,483	50,752
% Chng.	-	-	-	-
EBITDA (Rs. m)	5,629	6,963	5,760	7,148
% Chng.	(2.3)	(2.6)	-	-

Key Financials - Consolidated

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. m)	32,809	35,357	44,489	50,742
EBITDA (Rs. m)	2,971	3,856	5,629	6,963
Margin (%)	9.1	10.9	12.7	13.7
PAT (Rs. m)	4,034	4,857	6,472	7,582
EPS (Rs.)	7.2	8.6	11.5	13.5
Gr. (%)	16.5	20.4	33.2	17.2
DPS (Rs.)	3.0	3.2	4.5	6.1
Yield (%)	1.6	1.7	2.4	3.2
RoE (%)	19.1	20.5	24.6	25.6
RoCE (%)	12.3	14.6	19.6	21.9
EV/Sales (x)	2.8	2.6	2.0	1.7
EV/EBITDA (x)	30.8	23.5	15.7	12.6
PE (x)	26.0	21.6	16.2	13.8
P/BV (x)	4.7	4.2	3.8	3.4

Key Data

ENGI.BO | ENGR IN

52-W High / Low	Rs.304 / Rs.122
Sensex / Nifty	79,942 / 59,749
Market Cap	Rs.105bn / \$ 1,249m
Shares Outstanding	562m
3M Avg. Daily Value	Rs.1102.29m

Shareholding Pattern (%)

Promoter's	51.32
Foreign	7.31
Domestic Institution	11.00
Public & Others	30.37
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(11.8)	(23.6)	47.3
Relative	(6.9)	(28.8)	18.2

Amit Anwani

amitanwani@plindia.com | 91-22-66322250

Shirom Kapur

shiromkapur@plindia.com | 91-22-66322344

Prathmesh Salunkhe

prathmeshsalunkhe@plindia.com |

Soft Q2; strong intake with eyes now on execution

Quick Pointers:

- YTD order intake stands at Rs68.7bn, including Rs17.3bn worth of orders secured in Oct'24, taking current order book to Rs120bn+.
- EIL targets to achieve Rs50bn annual revenue in the next 2 years.

We revise our FY25/26E core EPS estimates by -3.8%/-1.8% factoring in lower margins in the Consultancy segment. Engineers India (EIL) reported 12.8% YoY decline in revenue and 347bps contraction in EBITDA margin to 8.2%. The company has secured Rs68.7bn worth of orders till date in FY25, and expects additional intake of Rs10-15bn from opportunities in the Turnkey business as well as IOCL's Paradip expansion, where it is L1 in two consultancy packages. The order book has ramped up to over Rs120bn, but execution has been soft; hence, execution will be a key monitorable in H2. Higher rate of execution will lead to better efficiencies, enabling margin improvement. Overall, the project pipeline remains healthy across oil & gas, green hydrogen, biofuels, and infrastructure. On the international front, EIL continues to see opportunities in the Middle East, Nigeria, Algeria, and Guyana.

We believe EIL's long-term growth prospects remain intact given 1) strong order book and oil & gas project pipeline, 2) opportunities in energy transition & infrastructure, 3) growing exports business, and 4) lean balance sheet. The stock is trading at a P/E of 28.2x/20.1x/16.8x on FY25/26/27E core EPS. We maintain 'Buy' rating with a revised SoTP-derived TP of Rs247 (Rs250 earlier), valuing the Consultancy/Turnkey segments at 25x/10x on FY26E EPS (same as earlier).

Soft execution leads to miss on all estimates: Consol revenue fell 12.8% YoY to Rs6.9bn (PLe: Rs8.8bn). Turnkey revenue declined 29.5% YoY to Rs2.9bn, while Consultancy revenue rose 5.8% YoY to Rs4.0bn. Gross margin increased by 442bps YoY to 57.8% (PLe: 50.0%) on account of a favorable revenue mix. Consultancy/Turnkey mix stood at 57%/43% (vs 47%/53% in Q2FY24). EBITDA fell 36.7% YoY to Rs624mn (PLe: Rs876mn) and margin declined by 347bps YoY to 9.1% (PLe: 10.0%; consensus: 10.9%) due to higher employee costs and other expenses. Consultancy EBIT margin fell to 20.3% (vs 23.1% in Q2FY24). Turnkey margin declined by 620bps YoY to 5.6%. PAT (excl JVs/associates) fell 24.2% YoY to Rs769mn (PLe: Rs959mn). PAT (incl JVs/associates) fell 21.8% YoY to Rs996mn.

Adjusted financials indicate some improvement in profitability: In Q2FY24, Turnkey segment included revenue and profit of Rs448.9mn and Rs445.7mn, respectively, in relation to a liquidated damages settlement with a client. Adjusting for this, consol revenue fell 7.5% YoY with Turnkey revenue falling 20.9% YoY. Meanwhile, gross margin expanded by 723bps YoY, EBITDA rose 15.6% YoY and margin increased by 181bps YoY. Turnkey EBIT margin rose by 437bps YoY. Adj PAT (excl JVs/associates) grew 13.8% YoY, and adj PAT (incl JVs/associates) rose 6.4% YoY.

Healthy order book stands at Rs111.6trn: Q2FY25 order inflow came in at Rs27.7bn vs Rs11.4bn in Q2FY24 with Consultancy Domestic/Consultancy Overseas/Turnkey mix of 58%/4%/39%. Order book at the end of Q2FY25 stood at Rs111.6bn (3.7x TTM revenue), with Consultancy Domestic/Consultancy Overseas/Turnkey mix of 44%/14%/42%.

Exhibit 1: Favorable Consultancy/Turnkey mix drives significant gross margin expansion

Y/e March (Rs mn)	Q2FY25	Q2FY24*	YoY gr.	Q2FY25E	% Var.	Q1FY25	QoQ gr.	H1FY25	H1FY24*	YoY gr.
Revenue	6,889	7,898	-12.8%	8,760	-21.4%	6,238	10.4%	13,128	16,081	-18.4%
Gross Profit	3,985	4,220	-5.6%	4,380	-9.0%	3,621	10.1%	7,606	7,852	-3.1%
Margin (%)	57.8	53.4	442	50.0	784	58.0	(20)	57.9	48.8	911
Employee Cost	2,519	2,448	2.9%	2,628	-4.1%	2,420	4.1%	4,939	4,805	2.8%
as % of sales	36.6	31.0	557	30.0	657	38.8	(222)	37.6	29.9	774
Other expenditure	842	786	7.1%	876	-3.9%	691	21.8%	1,533	1,352	13.5%
as % of sales	12.2	10.0	227	10.0	222	11.1	114	11.7	8.4	328
EBITDA	624	985	-36.7%	876	-28.8%	510	22.3%	1,134	1,695	-33.1%
Margin (%)	9.1	12.5	(342)	10.0	(95)	8.2	88	8.6	10.5	(190)
Depreciation	95	83	15.2%	11	807.7%	98	-3.2%	194	158	22.5%
EBIT	528	902	-41.4%	866	-38.9%	412	28.4%	940	1,537	-38.8%
Margin (%)	7.7	11.4	(376)	9.9	(221)	6.6	107	7.2	9.6	(240)
Other Income	470	438	7.2%	420	11.8%	389	20.8%	858	819	4.8%
Interest	7	4	76.2%	7	5.5%	8	-4.9%	15	16	-3.5%
PBT (ex. Extra-ordinaries)	991	1,336	-25.9%	1,279	-22.5%	793	25.0%	1,783	2,341	-23.8%
Margin (%)	14.4	16.9	(254)	14.6	(21)	12.7	168	13.6	14.6	(97)
Extraordinary Items	-	-	-	-	-	-	-	-	556	-
PBT	991	1,336	-25.9%	1,279	-22.5%	793	25.0%	1,783	2,897	-38.4%
Total Tax	222	322	-31.1%	320	-30.6%	203	9.1%	425	719	-40.9%
Effective Tax Rate (%)	22.4	24.1	(171)	25.0	(262)	25.6	(325)	23.8	24.8	(98)
PAT before JVs/Assoc.	769	1,014	-24.2%	959	-19.8%	589	30.5%	1,358	2,178	-37.6%
Adj. PAT before JVs/Assoc.	769	1,014	-24.2%	959	-19.8%	589	30.5%	1,358	1,763	-23.0%
Profit from JVs/Assoc.	227	260	-12.7%	-	-	327	-30.4%	554	486	14.0%
Reported PAT	996	1,275	-21.8%	959	3.9%	916	8.8%	1,912	2,664	-28.2%
Adj. PAT	996	1,275	-21.8%	959	3.9%	916	8.8%	1,912	2,249	-15.0%
Adj. EPS	1.8	2.3	-21.8%	1.7	3.9%	1.6	8.8%	3.4	4.0	-15.0%

Source: Company, PL

Exhibit 2: Continued soft execution in Turnkey segment leads to decline in revenue

Segment Performance	Q2FY25	Q2FY24*	YoY gr.	Q1FY25	QoQ gr.	H1FY25	H1FY24*	YoY gr.
Consultancy & Engineering Projects	3,955	3,737	5.8%	3,597	9.9%	7,552	7,293	3.6%
Turnkey Projects*	2,935	4,161	-29.5%	2,641	11.1%	5,576	8,788	-36.6%
Total	6,889	7,898	-12.8%	6,238	10.4%	13,128	16,081	-18.4%
EBIT (Rs mn)								
Consultancy & Engineering Projects	802	863	-7.0%	573	40.1%	1,375	1,774	-22.5%
Turnkey Projects*	165	492	-66.5%	212	-22.0%	377	587	-35.8%
Total	967	1,355	-28.6%	784	23.3%	1,752	2,361	-25.8%
EBIT Margin (%)								
Consultancy & Engineering Projects	20.3	23.1	-281	15.9	437	18.2	24.3	-612
	5.6	11.8	-620	8.0	-239	6.8	6.7	8
Total	14.0	17.2	-312	12.6	147	13.3	14.7	-134

Source: Company, PL

*Note: In Q2FY24 last year, Turnkey segment included revenue & profit of Rs448.9mn Rs445.7mn respectively in relation to a liquidated damages settlement with a client. The numbers in the tables above are given as reported. The adjusted comparisons are given on Page 1.

Exhibit 3: SoTP Valuation – Valuing core Consultancy/Turnkey businesses at 25x/10x on FY26E EPS

	FY25	FY26	FY26 EPS	Multiple (x)	Basis (x)	Value Per Share
EIL Consol PAT (ex-JVs/Associates)	4,057	5,672				
Less: Post-Tax Dividend Income from Numaligarh	338	456				
EIL Core PAT	3,720	5,216	9.3			-
Core PAT - Consultancy	3,052	4,239	7.5	25	PE	189
Core PAT - LSTK	667	978	1.7	10	PE	17
Equity Investments						
Numaligarh Refinery		8,840		2.0	PB	31
Ramagundam Fertilizer Project		3,517		1.5	PB	9
Total Value per Share						247

Source: Company, PL

Conference Call Highlights

- **YTD order intake has come in at Rs68.7bn**, with Rs51.4bn secured in H1FY25. Order intake in Oct'24 stands at Rs17.3bn, primarily from the Turnkey segment. The company expects Rs80-85bn total order intake in FY25. Current order book stands at over Rs120bn.
- **EIL has maintained revenue guidance** at Rs35bn for FY25, and targets Rs50bn in revenue in the next 2 years.
- **Consultancy segment:** EIL is L1 for two consultancy packages for IOCL's Paradip refinery expansion. Management maintained target margin of 20-25% for the segment.
- **Turnkey segment:** Revenue shortfall in H1 will be compensated in H2 by uptick in execution of ongoing projects and new projects secured in H1. Management has maintained target margin of 5-6% for the segment.
- **Green energy business:** EIL received a breakthrough order for EPC of MRPL's demo bio-ATF plant worth Rs3bn in the Turnkey segment. Further, several green energy projects are in the pipeline and under discussion, and the company has already conducted various studies and initial engineering assignments. It is providing initial study services for NRL's and NLCL's green hydrogen projects.
- **Major refinery & petrochemical projects planned** by GAIL, ONGC, BPCL, etc., are still in the feasibility study stages. The projects are yet to receive approval from their boards, following which major investments will take place.
- **International business:** Abu Dhabi office has seen its highest order booking of Rs1.8bn this year. EIL is working on Phase I of a petrochemical project in Nigeria and hopes to secure an order for Phase II by the end of the year. It is also bidding for a number of projects in Algeria. In Guyana, the company is providing PMC services for a natural gas power plant, and anticipates additional opportunities in the country's power facility expansion.
- **Revenue execution cycle:** ~10% in first 1.5 years, followed by 30-35% each over next 2 years, and balance in 4th & 5th years
- **Numaligarh expansion** is on track and expected to be completed by early 2025.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	32,809	35,357	44,489	50,742
YoY gr. (%)	(1.5)	7.8	25.8	14.1
Cost of Goods Sold	16,963	17,325	22,423	25,371
Gross Profit	15,845	18,032	22,067	25,371
Margin (%)	48.3	51.0	49.6	50.0
Employee Cost	9,854	10,446	11,699	12,928
Other Expenses	3,020	3,730	4,738	5,480
EBITDA	2,971	3,856	5,629	6,963
YoY gr. (%)	(3.6)	29.8	46.0	23.7
Margin (%)	9.1	10.9	12.7	13.7
Depreciation and Amortization	350	363	398	423
EBIT	2,621	3,493	5,231	6,541
Margin (%)	8.0	9.9	11.8	12.9
Net Interest	30	28	27	25
Other Income	1,636	1,945	2,358	2,588
Profit Before Tax	4,782	5,410	7,562	9,103
Margin (%)	14.6	15.3	17.0	17.9
Total Tax	1,180	1,352	1,891	2,321
Effective tax rate (%)	24.7	25.0	25.0	25.5
Profit after tax	3,602	4,057	5,672	6,782
Minority interest	-	-	-	-
Share Profit from Associate	851	800	800	800
Adjusted PAT	4,034	4,857	6,472	7,582
YoY gr. (%)	16.5	20.4	33.2	17.2
Margin (%)	12.3	13.7	14.5	14.9
Extra Ord. Income / (Exp)	419	-	-	-
Reported PAT	4,453	4,857	6,472	7,582
YoY gr. (%)	28.6	9.1	33.2	17.2
Margin (%)	13.6	13.7	14.5	14.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	4,453	4,857	6,472	7,582
Equity Shares O/s (m)	562	562	562	562
EPS (Rs)	7.2	8.6	11.5	13.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	4,213	4,713	5,213	5,713
Tangibles	4,213	4,713	5,213	5,713
Intangibles	-	-	-	-
Acc: Dep / Amortization	1,593	1,955	2,354	2,777
Tangibles	1,593	1,955	2,354	2,777
Intangibles	-	-	-	-
Net fixed assets	2,621	2,758	2,860	2,937
Tangibles	2,621	2,758	2,860	2,937
Intangibles	-	-	-	-
Capital Work In Progress	408	408	408	408
Goodwill	-	-	-	-
Non-Current Investments	13,651	14,056	14,723	15,284
Net Deferred tax assets	3,491	3,491	3,491	3,491
Other Non-Current Assets	297	884	1,112	1,269
Current Assets				
Investments	1,526	1,430	2,895	3,186
Inventories	6	10	12	14
Trade receivables	3,356	4,165	5,119	8,202
Cash & Bank Balance	12,187	13,311	14,078	14,413
Other Current Assets	3,671	4,066	4,671	5,074
Total Assets	43,927	47,294	52,997	58,145
Equity				
Equity Share Capital	2,810	2,810	2,810	2,810
Other Equity	19,743	21,974	25,094	28,464
Total Networth	22,553	24,785	27,904	31,274
Non-Current Liabilities				
Long Term borrowings	330	330	330	330
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	4,437	4,456	5,119	5,422
Other current liabilities	20,099	21,214	23,134	24,610
Total Equity & Liabilities	43,927	47,294	52,997	58,145

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	4,782	5,410	7,562	9,103
Add. Depreciation	350	363	398	423
Add. Interest	30	28	27	25
Less Financial Other Income	1,636	1,945	2,358	2,588
Add. Other	(2,132)	-	-	-
Op. profit before WC changes	3,031	5,801	7,987	9,551
Net Changes-WC	(255)	(666)	(286)	(2,166)
Direct tax	(556)	(1,352)	(1,891)	(2,321)
Net cash from Op. activities	2,220	3,782	5,810	5,064
Capital expenditures	(339)	(500)	(500)	(500)
Interest / Dividend Income	1,377	-	-	-
Others	413	(304)	(1,965)	(791)
Net Cash from Invt. activities	1,450	(804)	(2,465)	(1,291)
Issue of share cap. / premium	-	-	-	-
Debt changes	-	-	-	-
Dividend paid	(1,686)	(1,826)	(2,552)	(3,412)
Interest paid	-	(28)	(27)	(25)
Others	(112)	-	-	-
Net cash from Fin. activities	(1,798)	(1,854)	(2,579)	(3,437)
Net change in cash	1,872	1,124	767	335
Free Cash Flow	2,220	3,782	5,810	5,064

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	7.2	8.6	11.5	13.5
CEPS	7.8	9.3	12.2	14.2
BVPS	40.1	44.1	49.6	55.6
FCF	3.9	6.7	10.3	9.0
DPS	3.0	3.2	4.5	6.1
Return Ratio(%)				
RoCE	12.3	14.6	19.6	21.9
ROIC	25.9	28.3	40.4	39.6
RoE	19.1	20.5	24.6	25.6
Balance Sheet				
Net Debt : Equity (x)	(0.6)	(0.6)	(0.6)	(0.6)
Net Working Capital (Days)	(12)	(3)	0	20
Valuation(x)				
PER	26.0	21.6	16.2	13.8
P/B	4.7	4.2	3.8	3.4
P/CEPS	24.0	20.1	15.3	13.1
EV/EBITDA	30.8	23.5	15.7	12.6
EV/Sales	2.8	2.6	2.0	1.7
Dividend Yield (%)	1.6	1.7	2.4	3.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	8,676	8,051	6,238	6,889
YoY gr. (%)	3.0	(8.5)	(23.8)	(12.8)
Raw Material Expenses	4,812	3,923	2,617	2,904
Gross Profit	3,864	4,129	3,621	3,985
Margin (%)	44.5	51.3	58.0	57.8
EBITDA	501	775	510	624
YoY gr. (%)	0.6	(53.6)	(28.2)	(36.7)
Margin (%)	5.8	9.6	8.2	9.1
Depreciation / Depletion	85	107	98	95
EBIT	416	667	412	528
Margin (%)	4.8	8.3	6.6	7.7
Net Interest	7	8	8	7
Other Income	305	511	389	470
Profit before Tax	714	1,171	793	991
Margin (%)	8.2	14.5	12.7	14.4
Total Tax	187	275	203	222
Effective tax rate (%)	26.2	23.5	25.6	22.4
Profit after Tax	527	896	589	769
Minority interest	-	-	-	-
Share Profit from Associates	106	259	327	227
Adjusted PAT	633	1,155	916	996
YoY gr. (%)	293.1	(39.3)	9.9	(21.8)
Margin (%)	7.3	14.3	14.7	14.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	633	1,155	916	996
YoY gr. (%)	293.1	(39.3)	9.9	(21.8)
Margin (%)	7.3	14.3	14.7	14.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	633	1,155	916	996
Avg. Shares O/s (m)	562	562	562	562
EPS (Rs)	1.1	2.1	1.6	1.8

Source: Company Data, PL Research

Price Chart

Recommendation History



\	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	17-Oct-24	BUY	250	188
2	07-Oct-24	Accumulate	250	202
3	13-Aug-24	Accumulate	250	227
4	08-Jul-24	Hold	264	268
5	30-May-24	Hold	264	251
6	12-Apr-24	Hold	257	223
7	06-Feb-24	Hold	257	244
8	09-Jan-24	BUY	166	199
9	13-Nov-23	BUY	166	145

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	8,833	7,930
2	Apar Industries	BUY	10,399	9,514
3	BEML	Accumulate	4,484	3,664
4	Bharat Electronics	BUY	341	270
5	BHEL	Accumulate	260	230
6	Carborundum Universal	Hold	1,650	1,469
7	Cummins India	Accumulate	4,081	3,624
8	Engineers India	BUY	250	188
9	GE T&D India	Hold	1,601	1,661
10	Grindwell Norton	Accumulate	2,749	2,441
11	Harsha Engineers International	Hold	566	502
12	Hindustan Aeronautics	Hold	4,515	4,257
13	Kalpataru Projects International	Accumulate	1,413	1,348
14	KEC International	Hold	880	1,032
15	Larsen & Toubro	BUY	4,130	3,494
16	Praj Industries	BUY	804	700
17	Siemens	Accumulate	7,374	7,247
18	Thermax	Reduce	4,186	5,193
19	Triveni Turbine	BUY	719	671
20	Voltamp Transformers	BUY	14,326	10,516

PL's Recommendation Nomenclature (Absolute Performance)

Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

ANALYST CERTIFICATION

(Indian Clients)

We/I, Mr. Amit Anwani- MBA (Finance), Mr. Shirom Kapur- BSc, Passed CFA Level III, Mr. Prathmesh Salunkhe- 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.

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. Amit Anwani- MBA (Finance), Mr. Shirom Kapur- BSc, Passed CFA Level III, Mr. Prathmesh Salunkhe- 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