

January 28, 2021

## Q3FY21 Result Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY22E	FY23E	FY22E	FY23E
Rating	BUY		BUY	
Target Price	8,428		8,465	
Sales (Rs. m)	8,42,215	9,20,495	7,87,600	8,61,630
% Chng.	6.9	6.8		
EBITDA (Rs. m)	82,830	1,10,558	86,585	1,12,738
% Chng.	(4.3)	(1.9)		
EPS (Rs.)	226.6	302.3	233.5	305.4
% Chng.	(3.0)	(1.0)		

### Key Financials - Standalone

Y/e Mar	FY20	FY21E	FY22E	FY23E
Sales (Rs. bn)	756	699	842	920
EBITDA (Rs. bn)	73	54	83	111
Margin (%)	9.7	7.7	9.8	12.0
PAT (Rs. bn)	57	46	68	91
EPS (Rs.)	187.1	152.7	226.6	302.3
Gr. (%)	(23.2)	(18.4)	48.4	33.4
DPS (Rs.)	60.0	140.0	160.0	160.0
Yield (%)	0.8	1.8	2.1	2.1
RoE (%)	11.9	9.5	13.7	17.2
RoCE (%)	8.0	4.9	9.8	14.3
EV/Sales (x)	3.0	3.2	2.7	2.4
EV/EBITDA (x)	31.2	41.8	27.1	20.2
PE (x)	40.6	49.7	33.5	25.1
P/BV (x)	4.7	4.7	4.5	4.2

### Key Data

MRTI.BO | MSIL IN

52-W High / Low	Rs.8,400 / Rs.4,001
Sensex / Nifty	46,874 / 13,818
Market Cap	Rs.2,292bn/ \$ 31,384m
Shares Outstanding	302m
3M Avg. Daily Value	Rs.17521.51m

### Shareholding Pattern (%)

Promoter's	56.37
Foreign	23.09
Domestic Institution	15.66
Public & Others	4.88
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	1.4	20.8	8.5
Relative	2.4	(0.8)	(5.2)

### Deep Shah

deepshah@plindia.com | 91-22-66322235

### Amber Shukla

ambershukla@plindia.com | 91-22-66322426

## RM inflation, weak mix and fx dent margins

### Quick Pointers:

- Overall order backlog of 2.15lacs which is ~1.5 months of sales.
- Semiconductors shortage have not impacted MSIL's production so far.
- ~39% decline in average discount to Rs20.2k (v/s 33k/unit in 3QFY20).

**For Q3FY21, MSIL reported lower than estimated EBITDA at Rs22.3bn (PLe Rs25.6bn) led by combined impact of 1) RM inflation (+330bp QoQ), 2) weak product mix and 3) unfavorable forex. However higher other income at Rs9.9b (PLe Rs6.8b) boosted adj.PAT at Rs19.4b (Rs18.5b). The recent price hike should partially dilute RM inflation in 4Q, however we expect gross margins to remain under pressure. Positive demand sentiments even post festive have lead to MSIL's overall order backlog to remain healthy at ~1.5 months. We remain constructive on MSIL as we believe its not only the beneficiary of shift towards personal mobility but also structural shift towards petrol/CNG segments. We cut FY22/23 EPS by 3%/1% to factor in weaker mix. We factor in EBITDA/PAT CAGR of 15%/17% over FY20-23 and maintain Buy on the stock with revised price target of Rs8,428 (earlier Rs8,465) based on 27x Mar-23 EPS (unchanged, v/s 30x 5yr LPA).**

- MSIL's Q3FY21 revenue came in-line at Rs234.6bn (+13% YoY/ +25% QoQ) largely led by ~13% YoY growth in volumes as realizations remain flat YoY at Rs473k/unit. Exports revenues grew 15% YoY at Rs13.2bn. Average discount declined 39% YoY (+17% QoQ) to Rs20.2k/unit.**
- Margins below estimate at 9.5% (-70bp YoY, PLe 11%) - Gross margins contracted ~160bp YoY at 27.5% (PLe 29%) due to RM inflation impact of 330bp QoQ. This coupled with higher employee cost at Rs9.5bn (PLe Rs9bn, due to increments and one offs against retirement benefits) led EBITDA lower at Rs22.3bn (+6% YoY, PLe Rs25.6bn). However, higher other income at Rs9.9bn (PLe Rs6.8bn) and lower tax at 20.8% (PLe 24%) led Adj. PAT at Rs19.4bn (+24% YoY, PLe Rs18.5bn).**
- Key con-call takeaways: (1) Demand outlook- Post festive demand was better than expected and MSIL currently has order backlog of 2.15lacs vehicles. Rural demand continues to be resilient (rural penetration at ~40%) with gradual pick up in inquiries for urban (2) First time buyers for Q3FY21 increased to ~48% (v/s ~43% YoY), while replacement buying came down to 19% (v/s 26% YoY). (3) Currently sitting at lower inventory level as channel inventory is ~21k while factory inventory is ~7k. (4) Price hike in Jan'21 is in the range of Rs6k-34k and it does not cover total impact of increased RM. (5) Average discounts at Rs20.2k/unit (v/s Rs33k/vehicles YoY). (6) Royalty rate for the quarter stood at 4.9% (v/s 5% in Q2). (7) No challenges visible in retail financing as of now with financing share of ~80% (flat MoM). (8) CNG sales peaking up with growth of 18% in 9MFY21 (with similar decline at industry level). (9) Digital inquiries increased to ~33% now (v/s 15-16% last year).**

**Exhibit 1: Q3FY21 Result Overview (Rs m)**

Y/e March	Q3FY21	Q3FY20	YoY gr. (%)	Q1FY21	9MFY21	9MFY20	YoY gr. (%)
<b>Net Revenues</b>	<b>2,34,578</b>	<b>2,07,068</b>	<b>13.3</b>	<b>1,87,445</b>	<b>4,63,088</b>	<b>5,74,119</b>	<b>(19.3)</b>
Raw Materials	1,70,156	1,46,811	15.9	1,31,143	3,30,663	4,06,364	(18.6)
<i>% of Net Sales</i>	<i>72.5</i>	<i>70.9</i>		<i>70.0</i>	<i>71.4</i>	<i>70.8</i>	
Personnel	9,455	8,670	9.1	8,268	25,026	25,645	(2.4)
<i>% of Net Sales</i>	<i>4.0</i>	<i>4.2</i>		<i>4.4</i>	<i>5.4</i>	<i>4.5</i>	
Manufacturing & Other Exp	32,706	30,566	7.0	28,698	74,436	84,548	(12.0)
<i>% of Net Sales</i>	<i>13.9</i>	<i>14.8</i>		<i>15.3</i>	<i>16.1</i>	<i>14.7</i>	
Total Expenditure	2,12,317	1,86,047	14.1	1,68,109	4,30,125	5,16,557	(16.7)
<b>EBITDA</b>	<b>22,261</b>	<b>21,021</b>	<b>5.9</b>	<b>19,336</b>	<b>32,963</b>	<b>57,562</b>	<b>(42.7)</b>
<i>EBITDA Margin (%)</i>	<i>9.5</i>	<i>10.2</i>		<i>10.3</i>	<i>7.1</i>	<i>10.0</i>	
Depreciation	7,413	8,580	(13.6)	7,659	22,905	27,027	(15.3)
<b>EBIT</b>	<b>14,848</b>	<b>12,441</b>	<b>19.3</b>	<b>11,677</b>	<b>10,058</b>	<b>30,535</b>	<b>(67.1)</b>
Interest Expenses	287	217	32.3	224	684	1,046	(34.6)
Non-operating income	9,937	7,840	26.7	6,025	29,145	25,404	14.7
<b>PBT</b>	<b>24,498</b>	<b>20,064</b>	<b>22.1</b>	<b>17,478</b>	<b>38,519</b>	<b>54,893</b>	<b>(29.8)</b>
Tax-Total	5,084	4,416	15.1	3,762	7,883	11,304	(30.3)
<i>Tax Rate (%) - Total</i>	<i>20.8</i>	<i>22.0</i>	<i>(5.7)</i>	<i>21.5</i>	<i>20.5</i>	<i>20.6</i>	<i>(0.6)</i>
<b>Reported PAT</b>	<b>19,414</b>	<b>15,648</b>	<b>24.1</b>	<b>13,716</b>	<b>30,636</b>	<b>43,589</b>	<b>(29.7)</b>
<b>Adj. PAT</b>	<b>19,414</b>	<b>15,648</b>	<b>24.1</b>	<b>13,716</b>	<b>30,636</b>	<b>43,589</b>	<b>(29.7)</b>

Source: Company, PL

**Exhibit 2: Operating Metrics**

Y/e March	Q3FY21	Q3FY20	YoY gr. (%)	Q2FY21	9MFY21	9MFY20	YoY gr. (%)
<b>Car Sales Volume (nos)</b>	<b>4,95,897</b>	<b>4,37,361</b>	<b>13.4</b>	<b>3,93,130</b>	<b>9,65,626</b>	<b>11,78,272</b>	<b>(18.0)</b>
Net Realisation/Vehicle	4,73,038	4,73,449	(0.1)	4,76,802	4,79,573	4,87,255	(1.6)
Material cost / vehicle	3,43,128	3,35,675	2.2	3,33,587	3,42,434	3,44,881	(0.7)
Gross Profit / vehicle	1,29,910	1,37,774	(5.7)	1,43,215	1,37,139	1,42,374	(3.7)
Employee cost /vehicle	19,066	19,823	(3.8)	21,031	25,917	21,765	19.1
Other expenses / vehicle	65,953	69,887	(5.6)	72,999	77,086	71,756	7.4
EBITDA/vehicle	44,890	48,063	(6.6)	49,185	34,136	48,853	(30.1)
Net Profit/vehicle	39,149	35,778	9.4	34,889	31,727	36,994	(14.2)

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Net Revenues</b>	<b>7,56,106</b>	<b>6,98,710</b>	<b>8,42,215</b>	<b>9,20,495</b>
YoY gr. (%)	(12.1)	(7.6)	20.5	9.3
Cost of Goods Sold	5,31,566	5,03,978	6,10,464	6,54,249
Gross Profit	2,24,540	1,94,732	2,31,752	2,66,246
Margin (%)	29.7	27.9	27.5	28.9
Employee Cost	33,839	34,177	34,861	35,558
Other Expenses	1,17,675	1,06,564	1,14,061	1,20,130
<b>EBITDA</b>	<b>73,026</b>	<b>53,990</b>	<b>82,830</b>	<b>1,10,558</b>
YoY gr. (%)	(32.4)	(26.1)	53.4	33.5
Margin (%)	9.7	7.7	9.8	12.0
Depreciation and Amortization	35,257	30,316	33,838	34,530
<b>EBIT</b>	<b>37,769</b>	<b>23,674</b>	<b>48,992</b>	<b>76,028</b>
Margin (%)	5.0	3.4	5.8	8.3
Net Interest	1,329	1,196	1,316	1,447
Other Income	34,208	36,644	40,074	42,508
<b>Profit Before Tax</b>	<b>70,648</b>	<b>59,122</b>	<b>87,750</b>	<b>1,17,089</b>
Margin (%)	9.3	8.5	10.4	12.7
Total Tax	14,142	13,007	19,305	25,760
Effective tax rate (%)	20.0	22.0	22.0	22.0
<b>Profit after tax</b>	<b>56,506</b>	<b>46,116</b>	<b>68,445</b>	<b>91,329</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>56,506</b>	<b>46,116</b>	<b>68,445</b>	<b>91,329</b>
YoY gr. (%)	-	-	-	-
Margin (%)	7.5	6.6	8.1	9.9
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>56,506</b>	<b>46,116</b>	<b>68,445</b>	<b>91,329</b>
YoY gr. (%)	(24.7)	(18.4)	48.4	33.4
Margin (%)	7.5	6.6	8.1	9.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	56,506	46,116	68,445	91,329
<b>Equity Shares O/s (m)</b>	<b>302</b>	<b>302</b>	<b>302</b>	<b>302</b>
<b>EPS (Rs)</b>	<b>187.1</b>	<b>152.7</b>	<b>226.6</b>	<b>302.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>2,97,969</b>	<b>3,30,343</b>	<b>3,67,343</b>	<b>3,97,343</b>
Tangibles	2,97,969	3,30,343	3,67,343	3,97,343
Intangibles	-	-	-	-
<b>Acc: Dep / Amortization</b>	<b>1,40,157</b>	<b>1,70,473</b>	<b>2,04,311</b>	<b>2,38,841</b>
Tangibles	1,40,157	1,70,473	2,04,311	2,38,841
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>1,57,812</b>	<b>1,59,870</b>	<b>1,63,032</b>	<b>1,58,502</b>
Tangibles	1,57,812	1,59,870	1,63,032	1,58,502
Intangibles	-	-	-	-
Capital Work In Progress	13,374	8,000	1,000	1,000
Goodwill	-	-	-	-
Non-Current Investments	3,52,594	3,28,430	3,17,556	3,46,420
Net Deferred tax assets	(5,984)	(6,164)	(6,348)	(6,539)
Other Non-Current Assets	-	-	-	-
<b>Current Assets</b>				
Investments	12,082	36,246	47,120	61,256
Inventories	32,149	38,285	46,149	50,438
Trade receivables	21,270	15,314	18,460	20,175
Cash & Bank Balance	211	2,063	2,743	3,118
Other Current Assets	25,514	26,790	32,148	38,577
<b>Total Assets</b>	<b>6,20,252</b>	<b>6,20,244</b>	<b>6,33,453</b>	<b>6,84,732</b>
<b>Equity</b>				
Equity Share Capital	1,510	1,510	1,510	1,510
Other Equity	4,82,860	4,86,684	5,06,797	5,49,793
<b>Total Network</b>	<b>4,84,370</b>	<b>4,88,195</b>	<b>5,08,307</b>	<b>5,51,304</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,707	1,707	1,707	1,707
Trade payables	74,941	72,742	94,605	95,832
Other current liabilities	53,250	51,436	22,486	29,351
<b>Total Equity &amp; Liabilities</b>	<b>6,20,252</b>	<b>6,20,244</b>	<b>6,33,453</b>	<b>6,84,732</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY20	FY21E	FY22E	FY23E
PBT	70,648	59,122	87,750	1,17,089
Add. Depreciation	35,257	30,316	33,838	34,530
Add. Interest	1,329	1,196	1,316	1,447
Less Financial Other Income	34,208	36,644	40,074	42,508
Add. Other	(33,167)	(36,644)	(40,074)	(42,508)
Op. profit before WC changes	74,067	53,990	82,830	1,10,558
Net Changes-WC	(25,659)	(5,469)	(23,454)	(4,343)
Direct tax	(14,357)	(12,827)	(19,120)	(25,569)
<b>Net cash from Op. activities</b>	<b>34,051</b>	<b>35,694</b>	<b>40,255</b>	<b>80,646</b>
Capital expenditures	(33,963)	(27,000)	(30,000)	(30,000)
Interest / Dividend Income	-	-	-	-
Others	29,324	36,644	40,074	(492)
<b>Net Cash from Inv. activities</b>	<b>(4,639)</b>	<b>9,644</b>	<b>10,074</b>	<b>(30,492)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(524)	-	-	-
Dividend paid	(29,134)	(42,291)	(48,333)	(48,333)
Interest paid	(1,342)	(1,196)	(1,316)	(1,447)
Others	-	-	-	-
<b>Net cash from Fin. activities</b>	<b>(31,000)</b>	<b>(43,487)</b>	<b>(49,649)</b>	<b>(49,780)</b>
<b>Net change in cash</b>	<b>(1,588)</b>	<b>1,851</b>	<b>681</b>	<b>375</b>
Free Cash Flow	88	8,694	10,255	50,646

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q4FY20	Q1FY21	Q2FY21	Q3FY21
<b>Net Revenue</b>	<b>1,81,987</b>	<b>41,065</b>	<b>1,87,445</b>	<b>2,34,578</b>
YoY gr. (%)	(15.2)	(79.2)	10.4	13.3
Raw Material Expenses	1,27,914	29,364	1,31,143	1,70,156
Gross Profit	54,073	11,701	56,302	64,422
Margin (%)	29.7	28.5	30.0	27.5
<b>EBITDA</b>	<b>15,464</b>	<b>(8,634)</b>	<b>19,336</b>	<b>22,261</b>
YoY gr. (%)	(31.7)	(142.2)	20.4	5.9
Margin (%)	8.5	(21.0)	10.3	9.5
Depreciation / Depletion	8,230	7,833	7,659	7,413
<b>EBIT</b>	<b>7,234</b>	<b>(16,467)</b>	<b>11,677</b>	<b>14,848</b>
Margin (%)	4.0	(40.1)	6.2	6.3
Net Interest	283	173	224	287
Other Income	8,804	13,183	6,025	9,937
<b>Profit before Tax</b>	<b>15,755</b>	<b>(3,457)</b>	<b>17,478</b>	<b>24,498</b>
Margin (%)	8.7	(8.4)	9.3	10.4
Total Tax	2,838	(963)	3,762	5,084
Effective tax rate (%)	18.0	27.9	21.5	20.8
<b>Profit after Tax</b>	<b>12,917</b>	<b>(2,494)</b>	<b>13,716</b>	<b>19,414</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>12,917</b>	<b>(2,494)</b>	<b>13,716</b>	<b>19,414</b>
YoY gr. (%)	(28.1)	(117.4)	1.0	24.1
Margin (%)	7.1	(6.1)	7.3	8.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>12,917</b>	<b>(2,494)</b>	<b>13,716</b>	<b>19,414</b>
YoY gr. (%)	(28.1)	(117.4)	1.0	24.1
Margin (%)	7.1	(6.1)	7.3	8.3
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>12,917</b>	<b>(2,494)</b>	<b>13,716</b>	<b>19,414</b>
Avg. Shares O/s (m)	302	302	302	302
<b>EPS (Rs)</b>	<b>42.8</b>	<b>(8.3)</b>	<b>45.4</b>	<b>64.3</b>

Source: Company Data, PL Research

**Key Financial Metrics**

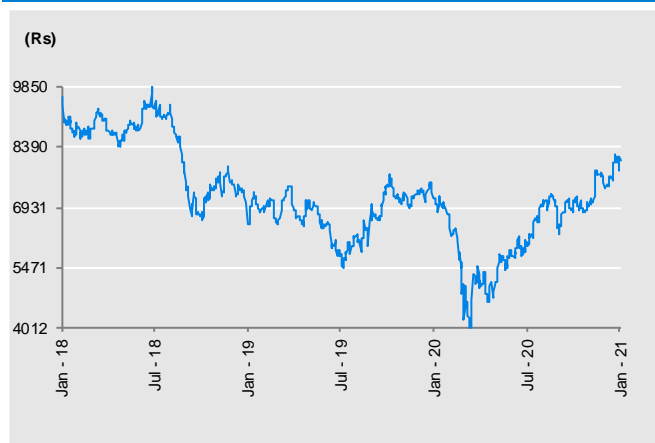
Y/e Mar	FY20	FY21E	FY22E	FY23E
<b>Per Share(Rs)</b>				
EPS	187.1	152.7	226.6	302.3
CEPS	303.8	253.0	338.6	416.6
BVPS	1,603.5	1,616.1	1,682.7	1,825.0
FCF	0.3	28.8	33.9	167.7
DPS	60.0	140.0	160.0	160.0
<b>Return Ratio(%)</b>				
RoCE	8.0	4.9	9.8	14.3
ROIC	6.5	4.1	8.5	12.7
RoE	11.9	9.5	13.7	17.2
<b>Balance Sheet</b>				
Net Debt : Equity (x)	0.0	(0.1)	(0.1)	(0.1)
Net Working Capital (Days)	(10)	(10)	(13)	(10)
<b>Valuation(x)</b>				
PER	40.6	49.7	33.5	25.1
P/B	4.7	4.7	4.5	4.2
P/CEPS	25.0	30.0	22.4	18.2
EV/EBITDA	31.2	41.8	27.1	20.2
EV/Sales	3.0	3.2	2.7	2.4
Dividend Yield (%)	0.8	1.8	2.1	2.1

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY20	FY21E	FY22E	FY23E
Volume (units)	15,63,297	14,44,963	17,31,968	18,58,691
Net realisation (Rs/unit)	4,58,585	4,59,507	4,63,453	4,71,400

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	11-Jan-21	BUY	8,465	8,015
2	29-Oct-20	BUY	7,642	7,118
3	9-Oct-20	BUY	7,642	7,062
4	29-Jul-20	BUY	6,858	6,192
5	11-Jul-20	BUY	6,442	5,956
6	14-May-20	BUY	5,830	5,036
7	9-Apr-20	BUY	5,848	5,327

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Ashok Leyland	BUY	133	113
2	Bajaj Auto	Hold	3,489	3,727
3	Bharat Forge	Hold	515	603
4	CEAT	Accumulate	1,434	1,310
5	Eicher Motors	Accumulate	2,901	2,761
6	Endurance Technologies	BUY	1,540	1,412
7	Exide Industries	BUY	236	198
8	Hero Motocorp	Accumulate	3,344	3,161
9	Mahindra & Mahindra	BUY	851	771
10	Maruti Suzuki	BUY	8,465	8,015
11	Motherson Sumi Systems	BUY	203	168
12	Tata Motors	Hold	172	198
13	TVS Motors	Sell	408	513

**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. Deep Shah- MBA Finance, Mr. Amber Shukla- MBA Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### **(US Clients)**

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## **DISCLAIMER**

### **Indian Clients**

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is in the process of applying for certificate of registration as Research Analyst under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Deep Shah- MBA Finance, Mr. Amber Shukla- MBA 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)**