

October 30, 2024

Q2FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	BUY		BUY	
Target Price	14,586		15,045	
Sales (Rs. m)	16,51,091	18,17,167	17,51,432	19,18,058
% Chng.	(5.7)	(5.3)		
EBITDA (Rs. m)	2,14,532	2,36,183	2,30,461	2,52,070
% Chng.	(6.9)	(6.3)		
EPS (Rs.)	555.6	611.3	575.5	628.1
% Chng.	(3.5)	(2.7)		

Key Financials - Standalone

Y/e Mar	FY24	FY25E	FY26E	FY27E
Sales (Rs. bn)	1,409	1,509	1,651	1,817
EBITDA (Rs. bn)	164	190	215	236
Margin (%)	11.6	12.6	13.0	13.0
PAT (Rs. bn)	132	149	175	192
EPS (Rs.)	420.1	474.6	555.6	611.3
Gr. (%)	57.6	13.0	17.1	10.0
DPS (Rs.)	125.0	140.0	160.0	180.0
Yield (%)	1.1	1.3	1.4	1.6
RoE (%)	18.3	16.7	17.3	16.9
RoCE (%)	18.4	17.8	17.4	16.7
EV/Sales (x)	2.0	1.8	1.6	1.5
EV/EBITDA (x)	17.0	14.5	12.6	11.2
PE (x)	26.3	23.3	19.9	18.1
P/BV (x)	4.1	3.7	3.2	2.9

Key Data

MRTI.BO | MSIL IN

52-W High / Low	Rs.13,680 / Rs.9,738
Sensex / Nifty	80,369 / 24,467
Market Cap	Rs.3,473bn / \$ 41,305m
Shares Outstanding	314m
3M Avg. Daily Value	Rs.7462.46m

Shareholding Pattern (%)

Promoter's	58.19
Foreign	19.65
Domestic Institution	18.99
Public & Others	3.17
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	(18.2)	(13.0)	4.6
Relative	(12.9)	(19.1)	(17.0)

Swarnendu Bhushan

swarnendubhushan@plindia.com | 91-22-66322260

Rise in input & promotional cost impact margins

Quick Pointers:

- CNG penetration remained stable at ~33% in Q2FY25 in the domestic market
- Optimistic retail growth outlook at 4-5% for FY25

MSIL's Q2FY25 standalone revenue increased by a mere 0.4% YoY, mainly driven by ASP expansion of 2.6% YoY as volume declined by 1.9% for the quarter. Prices of key commodities increased by and promotional expenses increased, leading to a contraction in its gross margin by 130bps YoY. As a consequence, the EBITDA margin contracted by 100bps YoY to 11.9%. Withdrawal of indexation benefits on long term gains saw a rise in taxes impacting profitability with PAT declining by 17.4% YoY.

The sluggishness in the small car segment and slowdown in the industry shall impact wholesale growth for FY25, however, could be partially offset by healthy growth in UVs and export market. Given the grim outlook for FY25, we cut our volume/revenue/EPS estimates by ~-2-8% over FY24-FY27E. We continue to maintain our positive view on a long-term basis due to its 1) Diverse range of product offerings, 2) Revival in rural demand, 3) Beneficiary of state policies towards hybrids and other flex fuel powertrains. 4) Healthy traction in export markets and 5) Introduction of EVs and new launches. Factoring this, we retain our "BUY" rating with a TP of Rs 14,586 (previous Rs 15,045) valuing it at 25x on its Sept'27 earnings.

Miss on estimates led by higher input and promotional cost: MSIL's Q2FY25 revenue came in at Rs 372bn, against PL: Rs 377.6bn; BBGe; Rs 372.3bn. Gross profit came in at Rs 104.6bn, against PL: Rs 112.9bn, while margin came in at 28.1%. Gross margin was impacted by 50bps YoY/80bps rise in commodity prices and promotional expenses respectively. Consequently, EBITDA declined by 7.7% YoY to Rs 44.2bn (PL: Rs 48.7bn; BBGe: Rs 47.1bn) while margin contracted by 100bps YoY to 11.9%. PAT declined by 17.4% YoY to Rs 30.7bn (PL: Rs 38.7bn; BBGe Rs 37.1bn).

Realization growth led by mix improvement: The increase in the mix of UVs in the domestic portfolio by 176bps YoY to 39.6% reflecting continued higher preference towards UVs. Meanwhile, CNG penetration remained steady at 33% sequentially. The strong 12.1% YoY growth in exports has further contributed to the overall improvement in the product mix. As a result, blended realization increased by 2.3% YoY/1% QoQ to Rs 686,969/unit. Domestic realization increased by 1.6% YoY to Rs 688,647/unit while export realization increased by 8.3% YoY to Rs 676,952/unit.

Optimistic retail growth outlook: The management has noted a 14% YoY growth in festive sales for FY25, projecting sales of ~300,000 units during the festive period. This growth is largely attributed to a revival in rural sales, which have increased in the mid-single digits, while urban sales have experienced a slight decline. Looking ahead, the management anticipates overall retail sales in the domestic market to grow by 4-5% over FY24. Factoring this outlook, we expect its wholesale volume to grow by 2% for FY25.

Exhibit 1: Q2FY25 Result Overview (Rs mn)

Y/e March	Q2FY25	Q2FY24	YoY gr. (%)	Q2FY25E	Var (%)	Q1FY25	QoQ gr. (%)	H1FY25	H1FY24	YoY gr. (%)
Net Revenues	3,72,028	3,70,621	0.4	3,77,558	(1.5)	3,55,314	4.7	7,27,342	6,93,890	4.8
Raw Materials	2,67,459	2,61,690	2.2	2,64,668	1.1	2,49,329	7.3	5,16,788	4,97,007	4.0
% of Net Sales	71.9%	70.6%		70.1%		70.2%		71.1%	71.6%	
Personnel	14,688	13,127	11.9	15,857	(7.4)	15,576	(5.7)	30,264	27,736	9.1
% of Net Sales	3.9%	3.5%		4.2%		4.4%		4.2%	4.0%	
Manufacturing & Other Exp	45,715	47,962	(4.7)	48,327	(5.4)	45,386	0.7	91,101	91,475	(0.4)
% of Net Sales	12.3%	12.9%		12.8%		12.8%		12.5%	13.2%	
Total Expenditure	3,27,862	3,22,779	1.6	3,28,853	(0.3)	3,10,291	5.7	6,38,153	6,16,218	3.6
EBITDA	44,166	47,842	(7.7)	48,705	(9.3)	45,023	(1.9)	89,189	77,672	14.8
EBITDA Margin (%)	11.9%	12.9%		12.9%		12.7%		12.3%	11.2%	
Depreciation	7,509	7,941	(5.4)	7,895	(4.9)	7,310	2.7	14,819	15,416	(3.9)
EBIT	36,657	39,901	(8.1)	40,810	(10.2)	37,713	(2.8)	74,370	62,256	19.5
Interest Expenses	402	351	14.5	573	(29.8)	573	(29.8)	975	816	19.5
Non-operating income	14,750	8,436	74.8	9,701	52.0	9,751	51.3	24,501	18,448	32.8
PBT	51,005	47,986	6.3	49,939	2.1	46,891	8.8	97,896	79,888	22.5
Tax-Total	20,313	10,821	87.7	11,236	80.8	10,392	95.5	30,705	17,872	71.8
Tax Rate (%) - Total	39.8%	22.6%		22.5%		22.2%		31.4%	22.4%	
Reported PAT	30,692	37,165	(17.4)	38,702	(20.7)	36,499	(15.9)	67,191	62,016	8.3
Adj. PAT	30,692	37,165	(17.4)	38,702	(20.7)	36,499	(15.9)	67,191	62,016	8.3
PAT Margin	8.2%	10.0%		10.3%		10.3%		9.2%	8.9%	

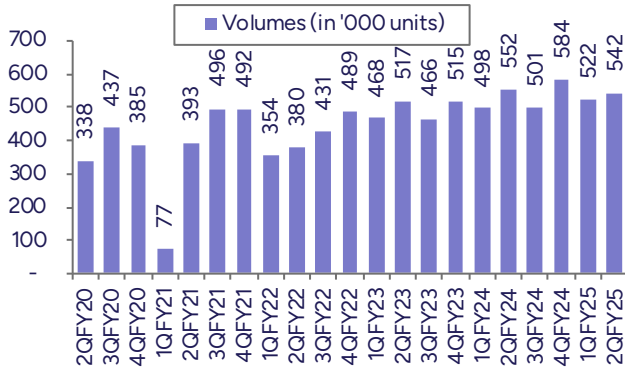
Source: Company, PL

Exhibit 2: Operating Metrics – Healthy realization growth amid high discounts

Y/e March	Q2FY25	Q2FY24	YoY gr. (%)	Q2FY25E	Var (%)	Q1FY25	QoQ gr. (%)	H1FY25	H1FY24	YoY gr. (%)
Volume (nos)	5,41,550	5,52,055	(1.9)	5,41,550	-	5,21,868	3.8	10,63,418	10,50,085	1.3
Net Realisation/Vehicle	6,86,969	6,71,348	2.3	6,97,872	(1.6)	6,80,850	0.9	6,83,966	6,60,794	3.5
Material cost/vehicle	4,93,877	4,74,029	4.2	4,88,724	1.1	4,77,763	3.4	4,85,969	4,73,302	2.7
Gross Profit / vehicle	1,93,092	1,97,319	(2.1)	2,09,148	(7.7)	2,03,088	(4.9)	1,97,997	1,87,492	5.6
Employee cost /vehicle	27,122	23,778	14.1	29,282	(7.4)	29,847	(9.1)	28,459	26,413	7.7
Other expenses / vehicle	84,415	86,879	(2.8)	89,239	(5.4)	86,968	(2.9)	85,668	87,112	(1.7)
EBITDA/vehicle	81,555	86,662	(5.9)	89,936	(9.3)	86,273	(5.5)	83,870	73,967	13.4
Net Profit/vehicle	56,674	67,321	(15.8)	71,466	(20.7)	69,939	(19.0)	63,184	59,058	7.0

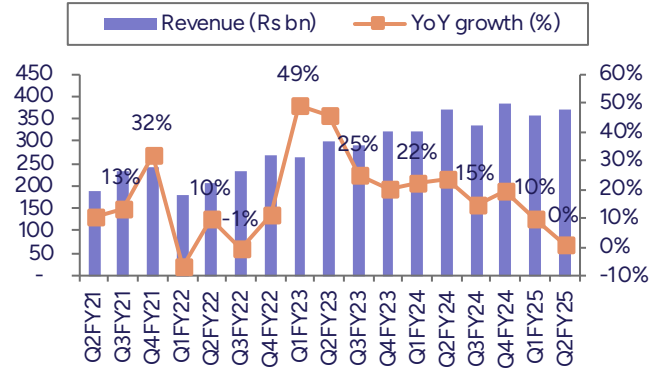
Source: Company, PL

Exhibit 3: UV/CNG mix at 39.6%/33% in domestic volume



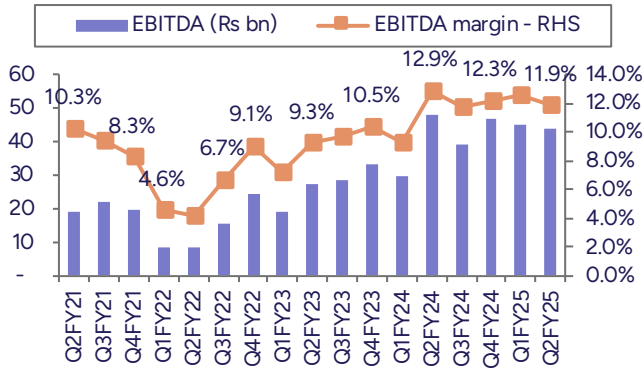
Source: Company, PL

Exhibit 4: Revenue increased by 0.4% YoY/4.7% QoQ



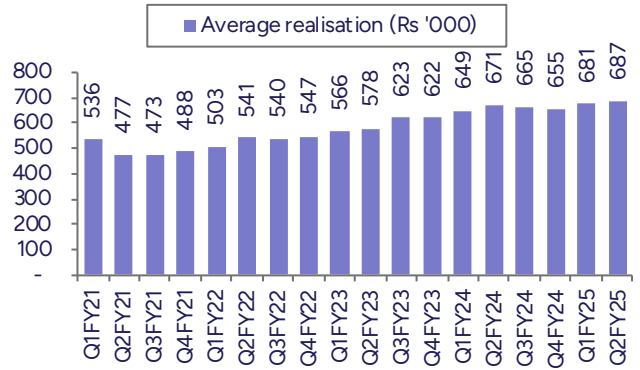
Source: Company, PL

Exhibit 5: Rise in input & promotional exp impact margin



Source: Company, PL

Exhibit 6: Realization up 2.3% YoY despite high discounts



Source: Company, PL



Key conference call takeaways:

Domestic business:

- Demand for PV remained muted in Q2FY25 due to multiple factors such as elections, monsoon and general slowdown in the industry
- MSIL deployed few initiatives such as model specific upgrades in features and discounts on vehicles to compliment sales, however, that has not seen meaningful traction
- The company will continue to put efforts to maximize the retail sales in the upcoming periods and bring inventory levels below 30 days across its dealers.
- Exports continues to deliver strong growth offsetting the pressure in the domestic market to some extent.
- As per the company, festive sales are up by 14% YoY. The company is considering the period of Shrad to Diwali on a like-to-like basis for comparison. MSIL expects FY25 growth to be in the range of 4-5% in retail sales.

Margin and profitability impact:

- MSIL indicated rise in commodity prices and promotional expenses impacted gross margin by 50bps/80bps respectively
- Royalty for Q2FY25 stood at 3.4%. Company will continue to monitor Yen movement and will position its hedging strategy accordingly
- Indexation impact and rise in taxes on investments had an impact of Rs 8,376 Mn during Q2FY25.
- There seems to be slight increase in few of commodities in its basket, however, expects it to remain stable on overall basis.

Exports business:

- Exports continues to deliver strong growth offsetting the pressure in the domestic market to some extent
- Company will be launching its 1st EV product by Q4FY25 which opens up opportunity for markets such as Europe and Japan

New launches:

- MSIL will start an EV campaign to increase the awareness about its upcoming EV product. The new EV launch is expected to have high range, 60kwh battery and will be for domestic as well as international market.
- MSIL has ~18 models in its portfolio with an aim to increase it to 28 models, which includes ~5-6 EVs.
- With multiple states offering benefits on Hybrids and healthy traction in the market, MSIL remains open to further expand its Hybrid offerings.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Net Revenues	14,09,326	15,09,040	16,51,091	18,17,167
YoY gr. (%)	19.9	7.1	9.4	10.1
Cost of Goods Sold	10,04,179	10,72,964	11,70,663	12,87,507
Gross Profit	4,05,147	4,36,076	4,80,427	5,29,660
Margin (%)	28.7	28.9	29.1	29.1
Employee Cost	54,784	57,111	61,986	67,240
Other Expenses	1,86,352	1,89,384	2,03,910	2,26,237
EBITDA	1,64,011	1,89,581	2,14,532	2,36,183
YoY gr. (%)	49.0	15.6	13.2	10.1
Margin (%)	11.6	12.6	13.0	13.0
Depreciation and Amortization	30,223	30,853	39,109	45,609
EBIT	1,33,788	1,58,727	1,75,423	1,90,574
Margin (%)	9.5	10.5	10.6	10.5
Net Interest	1,932	1,352	1,014	1,014
Other Income	38,548	44,253	50,996	58,414
Profit Before Tax	1,70,404	2,01,628	2,25,404	2,47,973
Margin (%)	12.1	13.4	13.7	13.6
Total Tax	38,310	52,423	50,716	55,794
Effective tax rate (%)	22.5	26.0	22.5	22.5
Profit after tax	1,32,094	1,49,205	1,74,688	1,92,179
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	1,32,094	1,49,205	1,74,688	1,92,179
YoY gr. (%)	-	-	-	-
Margin (%)	9.4	9.9	10.6	10.6
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	1,32,094	1,49,205	1,74,688	1,92,179
YoY gr. (%)	64.1	13.0	17.1	10.0
Margin (%)	9.4	9.9	10.6	10.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	-	-	-	-
Equity Shares O/s (m)	314	314	314	314
EPS (Rs)	420.1	474.6	555.6	611.3

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
Non-Current Assets				
Gross Block	4,51,680	5,51,680	6,51,680	7,51,680
Tangibles	4,51,680	5,51,680	6,51,680	7,51,680
Intangibles	-	-	-	-
Acc: Dep / Amortization	2,66,727	2,97,580	3,36,690	3,82,299
Tangibles	2,66,727	2,97,580	3,36,690	3,82,299
Intangibles	-	-	-	-
Net fixed assets	1,84,953	2,54,100	3,14,990	3,69,381
Tangibles	1,84,953	2,54,100	3,14,990	3,69,381
Intangibles	-	-	-	-
Capital Work In Progress	65,339	75,140	84,157	92,572
Goodwill	-	-	-	-
Non-Current Investments	12,162	19,162	27,162	37,162
Net Deferred tax assets	1,124	1,124	1,124	1,124
Other Non-Current Assets	-	-	-	-
Current Assets				
Investments	6,72,975	7,22,975	7,82,975	8,47,975
Inventories	41,196	57,881	61,068	72,189
Trade receivables	46,013	39,276	42,974	49,785
Cash & Bank Balance	4,600	(7,058)	(11,092)	(12,301)
Other Current Assets	53,535	56,212	61,833	68,016
Total Assets	11,01,724	12,40,734	13,88,265	15,51,398
Equity				
Equity Share Capital	1,572	1,572	1,572	1,572
Other Equity	8,38,248	9,43,437	10,67,821	12,03,408
Total Network	8,39,820	9,45,009	10,69,393	12,04,980
Non-Current Liabilities				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	331	831	1,331	1,831
Trade payables	1,45,824	1,77,777	1,94,512	2,16,567
Other current liabilities	1,16,873	1,18,241	1,24,153	1,29,145
Total Equity & Liabilities	11,01,724	12,40,734	13,88,265	15,51,398

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25E	FY26E	FY27E
PBT	1,70,404	2,01,628	2,25,404	2,47,973
Add. Depreciation	30,223	30,853	39,109	45,609
Add. Interest	1,932	1,352	1,014	1,014
Less Financial Other Income	38,548	44,253	50,996	58,414
Add. Other	(38,548)	(44,253)	(50,996)	(58,414)
Op. profit before WC changes	1,64,011	1,89,581	2,14,532	2,36,183
Net Changes-WC	28,609	18,601	8,989	510
Direct tax	(36,023)	(52,423)	(50,716)	(55,794)
Net cash from Op. activities	1,56,597	1,55,758	1,72,805	1,80,899
Capital expenditures	(73,496)	(1,09,801)	(1,09,017)	(1,08,416)
Interest / Dividend Income	-	-	-	-
Others	38,548	37,253	42,996	48,414
Net Cash from Invt. activities	(34,948)	(72,548)	(66,021)	(60,002)
Issue of share cap. / premium	1,43,206	-	-	-
Debt changes	(11,827)	500	500	500
Dividend paid	(39,300)	(44,016)	(50,304)	(56,592)
Interest paid	(1,932)	(1,352)	(1,014)	(1,014)
Others	-	-	-	-
Net cash from Fin. activities	90,147	(44,868)	(50,818)	(57,106)
Net change in cash	2,11,796	38,342	55,966	63,791
Free Cash Flow	83,101	45,957	63,789	72,483

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q3FY24	Q4FY24	Q1FY25	Q2FY25
Net Revenue	3,33,087	3,82,349	3,55,314	3,72,028
YoY gr. (%)	14.7	19.3	9.9	0.4
Raw Material Expenses	2,36,176	2,72,884	2,49,329	2,67,459
Gross Profit	96,911	1,09,465	1,05,985	1,04,569
Margin (%)	29.1	28.6	29.8	28.1
EBITDA	39,079	46,850	45,023	44,166
YoY gr. (%)	37.9	39.8	50.9	(7.7)
Margin (%)	11.7	12.3	12.7	11.9
Depreciation / Depletion	7,517	7,290	7,310	7,509
EBIT	31,562	39,560	37,713	36,657
Margin (%)	9.5	10.3	10.6	9.9
Net Interest	354	762	573	402
Other Income	9,330	11,180	9,751	14,750
Profit before Tax	40,538	49,978	46,891	51,005
Margin (%)	12.2	13.1	13.2	13.7
Total Tax	9,238	11,200	10,392	20,313
Effective tax rate (%)	22.8	22.4	22.2	39.8
Profit after Tax	31,300	38,778	36,499	30,692
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	31,300	38,778	36,499	30,692
YoY gr. (%)	33.1	47.8	46.9	(17.4)
Margin (%)	9.4	10.1	10.3	8.2
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	31,300	38,778	36,499	30,692
YoY gr. (%)	33.1	47.8	46.9	(17.4)
Margin (%)	9.4	10.1	10.3	8.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	31,300	38,778	36,499	30,692
Avg. Shares O/s (m)	314	314	314	314
EPS (Rs)	99.6	123.3	116.1	97.6

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Per Share(Rs)				
EPS	420.1	474.6	555.6	611.3
CEPS	516.3	572.7	680.0	756.3
BVPS	2,671.2	3,005.8	3,401.4	3,832.6
FCF	264.3	146.2	202.9	230.5
DPS	125.0	140.0	160.0	180.0
Return Ratio(%)				
RoCE	18.4	17.8	17.4	16.7
ROIC	205.4	66.3	57.5	48.7
RoE	18.3	16.7	17.3	16.9
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.8)	(0.7)	(0.7)
Net Working Capital (Days)	(31)	(34)	(33)	(32)
Valuation(x)				
PER	26.3	23.3	19.9	18.1
P/B	4.1	3.7	3.2	2.9
P/CEPS	21.4	19.3	16.2	14.6
EV/EBITDA	17.0	14.5	12.6	11.2
EV/Sales	2.0	1.8	1.6	1.5
Dividend Yield (%)	1.1	1.3	1.4	1.6

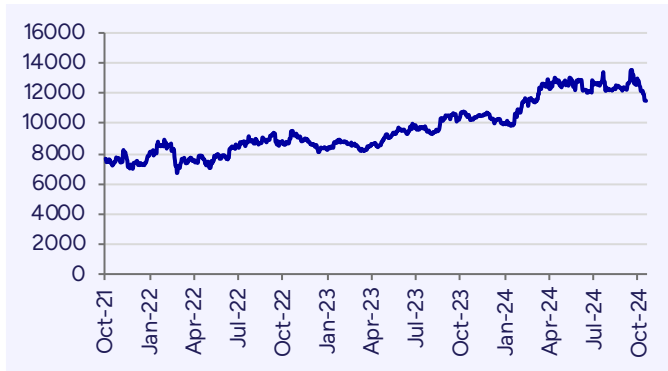
Source: Company Data, PL Research

Key Operating Metrics

Y/e Mar	FY24	FY25E	FY26E	FY27E
Volume (units)	21,35,323	21,87,426	22,86,759	24,05,848
Net realisation (Rs/unit)	6,60,006	6,89,870	7,22,022	7,55,312

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-Oct-24	BUY	15,045	12,528
2	01-Aug-24	BUY	15,145	13,116
3	08-Jul-24	BUY	14,432	12,104
4	27-Apr-24	BUY	14,432	12,703
5	08-Apr-24	BUY	14,350	12,422
6	31-Jan-24	BUY	12,200	10,187
7	08-Jan-24	BUY	12,100	10,000

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Aarti Industries	Reduce	512	551
2	Ashok Leyland	Accumulate	257	222
3	Bajaj Auto	Hold	11,859	11,617
4	Bharat Forge	Accumulate	1,369	1,437
5	Bharat Petroleum Corporation	Hold	316	310
6	Bharti Airtel	Accumulate	1,831	1,657
7	CEAT	Hold	3,063	2,973
8	Clean Science and Technology	Hold	1,561	1,579
9	Deepak Nitrite	Reduce	2,582	3,000
10	Divgi Torqtransfer Systems	Hold	633	591
11	Eicher Motors	BUY	5,416	4,668
12	Endurance Technologies	Accumulate	2,569	2,182
13	Exide Industries	Hold	520	481
14	Fine Organic Industries	Accumulate	5,568	5,142
15	GAIL (India)	Sell	205	224
16	Gujarat Fluorochemicals	Reduce	3,771	4,065
17	Gujarat Gas	Hold	646	596
18	Gujarat State Petronet	Hold	422	411
19	Hero Motocorp	Accumulate	5,906	5,495
20	Hindustan Petroleum Corporation	Accumulate	412	372
21	Indian Oil Corporation	Hold	156	147
22	Indraprastha Gas	Sell	407	543
23	Jubilant Ingrevia	Hold	695	682
24	Laxmi Organic Industries	Sell	218	276
25	Mahanagar Gas	Accumulate	1,627	1,497
26	Mahindra & Mahindra	BUY	3,458	3,060
27	Mangalore Refinery & Petrochemicals	Sell	128	173
28	Maruti Suzuki	BUY	15,045	12,528
29	Navin Fluorine International	Accumulate	3,523	3,307

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. Swarnendu Bhushan- IIT, 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. Swarnendu Bhushan- IIT, 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