

May 14, 2024

Q1CY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	CY24E	CY25E	CY24E	CY25E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	8,400		5,331	
Sales (Rs.m)	1,31,374	1,59,180	1,29,318	1,53,468
% Chng.	1.6	3.7		
EBITDA (Rs.m)	20,875	26,106	18,156	21,639
% Chng.	15.0	20.6		
EPS (Rs.)	80.2	99.6	69.1	82.0
% Chng.	16.0	21.4		

Key Financials - Standalone

Y/e Dec	CY23	CY24E	CY25E	CY26E
Sales (Rs. m)	1,04,465	1,31,374	1,59,180	1,90,835
EBITDA (Rs. m)	14,898	20,875	26,106	31,774
Margin (%)	14.3	15.9	16.4	16.7
PAT (Rs. m)	12,482	16,988	21,098	25,744
EPS (Rs.)	58.9	80.2	99.6	121.5
Gr. (%)	62.0	36.1	24.2	22.0
DPS (Rs.)	29.3	24.1	29.9	36.4
Yield (%)	0.4	0.3	0.4	0.5
RoE (%)	22.9	26.0	26.8	27.1
RoCE (%)	25.0	29.7	31.0	31.4
EV/Sales (x)	15.7	12.5	10.3	8.5
EV/EBITDA (x)	110.4	78.6	62.6	51.1
PE (x)	135.5	99.6	80.2	65.7
P/BV (x)	28.5	23.7	19.6	16.2

Key Data

ABB.BO | ABB IN

52-W High / Low	Rs.8,189 / Rs.3,805
Sensex / Nifty	72,776 / 22,104
Market Cap	Rs.1,692bn/ \$ 20,256m
Shares Outstanding	212m
3M Avg. Daily Value	Rs.3341.65m

Shareholding Pattern (%)

Promoter's	75.00
Foreign	11.89
Domestic Institution	5.95
Public & Others	7.16
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	18.2	87.3	102.8
Relative	20.6	67.1	72.8

Amit Anwani

amitanwani@plindia.com | 91-22-66322250

Shirom Kapur

shiromkapur@plindia.com | 91-22-66322344

Stellar quarter; outlook remains very robust

Quick Pointers:

- Order inflows grew 15.4% YoY to Rs36.1bn, including large orders worth Rs3.7bn (vs nil in Q1CY23) led by data centers segment.
- Services revenue contribution increased to ~16% (vs ~13% in Q1CY23).

We revise our CY24/25E EPS estimates by +16.0%/+21.4% factoring in a robust demand environment and healthy margin improvement. ABB India (ABB) reported robust quarterly performance with revenue growing 27.8% YoY and EBITDA margin expanding by 652bps YoY to 18.3%. ABB is building a technologically strong portfolio to cater to high growth segments such as data centers, rail & metro and electronics which continue to see good traction. Demand is particularly scaling up in Data Centers with traction from global majors. Buildings & Infrastructure is another growing opportunity in India for Motion and Electrification, led by affordable housing and building automation. Meanwhile, the company continues to penetrate Tier II & III cities.

We remain positive on ABB given 1) increasing traction for energy efficient products, 2) changing customer preference towards premium quality products, 3) diversified business model, 4) focus on high growth segments such as Data Centers, Electronics, Rail & Metro, Renewables, etc., and 5) strong domestic order pipeline. The stock is trading at a P/E of 99.6x/80.2x/65.7x CY24/25/26E.. We roll forward to Jun-26E and maintain 'Accumulate' rating with a revised TP of Rs8,400 (Rs5,331 earlier) valuing it at a P/E of 76x Jun-26E (65x CY25 earlier) on account of robust long-term demand, strong moat, and improving mix & profitability.

Strong execution, better mix and stable RM costs drive margin expansion:

Revenue rose 27.8% YoY to Rs30.8bn (PLe: Rs30.0bn) driven by healthy execution of a strong order backlog across Electrification, Automation and Robotics. Electrification revenue grew 29.7% YoY to Rs12.9bn; Automation grew 72.9% YoY to Rs7.3bn with increased contribution from services & exports; Robotics grew 62.1% YoY to Rs1.1bn led by execution of industry & automotive orders; and Motion revenue grew by 4.2% YoY to Rs10.1bn. Gross margin increased by 393bps YoY to 40.2% (PLe: 38.2%) aided by higher share of services, positive pricing and stable commodity costs. EBITDA rose 98.1% YoY to Rs5.7bn (PLe: Rs4.0bn) with EBITDA margin rising by 652bps YoY to 18.3% (PLe: 13.5%) led by gross margin expansion, operating leverage and cost optimization. Operational EBITA margin expanded by 532bps YoY to 16.7%. PAT rose 87.5% YoY to Rs4.6bn (PLe: Rs3.4bn) on account of a robust operating performance.

Order book stands at Rs89.4bn (0.8x TTM revenue):

Order inflows for Q1CY23 grew 15.4% YoY to Rs36.1bn with growth in Electrification (+34% YoY) and Automation (+17% YoY) offsetting the sluggishness in Motion (-3% YoY) and Robotics (-3% YoY). Growth was led by data centers, smart buildings, energy and logistics, as well as expansion in tier 2 & 3 cities. Order book comprised of Motion – 41%, Automation – 30%, Electrification – 27%, and Robotics – 2%.

Exhibit 1: Robust EBITDA margin expansion of 652bps YoY led by strong execution, better mix, and operating leverage

Y/e March (Rs mn)	Q1CY23	Q2CY23	Q3CY23	Q4CY23	Q1CY24	YoY gr. (%)	QoQ gr. (%)	CY23	CY22	YoY gr. (%)
Revenue	24,112	25,086	27,692	27,575	30,804	27.8	11.7	1,05,264	85,675	22.9
Total Revenues	24,112	25,086	27,692	27,575	30,804	27.8	11.7	1,05,264	85,675	22.9
Expenditure	21,259	21,599	23,307	23,403	25,152	18.3	7.5	89,567	76,057	17.8
<i>as % of sales</i>	<i>88.2</i>	<i>86.1</i>	<i>84.2</i>	<i>84.9</i>	<i>81.7</i>			<i>85.1</i>	<i>88.8</i>	
Consumption of RM	15,356	15,920	17,522	17,227	18,408	19.9	6.9	66,025	55,426	19.1
<i>as % of sales</i>	<i>63.7</i>	<i>63.5</i>	<i>63.3</i>	<i>62.5</i>	<i>59.8</i>			<i>62.7</i>	<i>64.7</i>	
Employee Cost	1,878	1,681	1,780	1,813	2,211	17.7	22.0	7,152	6,353	12.6
<i>as % of sales</i>	<i>7.8</i>	<i>6.7</i>	<i>6.4</i>	<i>6.6</i>	<i>7.2</i>			<i>6.8</i>	<i>7.4</i>	
Other expenditure	4,025	3,998	4,005	4,363	4,533	12.6	3.9	16,391	14,277	14.8
<i>as % of sales</i>	<i>16.7</i>	<i>15.9</i>	<i>14.5</i>	<i>15.8</i>	<i>14.7</i>			<i>15.6</i>	<i>16.7</i>	
EBITDA	2,853	3,487	4,385	4,172	5,652	98.1	35.5	15,696	9,619	63.2
Depreciation	275	292	303	329	314	14.3	(4.6)	1,199	1,047	14.5
EBIT	2,578	3,195	4,082	3,843	5,338	107.0	38.9	14,497	8,572	69.1
Other Income	723	750	768	776	871	20.6	12.3	3,017	1,795	68.1
Interest	22	14	9	82	38	70.9	(53.3)	127	131	(3.4)
Exceptional Item	-	-	-	-	-			-	(3,393)	
PBT	3,279	3,931	4,842	4,537	6,171	88.2	36.0	17,387	13,628	27.6
Total Tax	827	973	1,222	1,085	1,575	90.5	45.1	4,107	3,372	21.8
Reported PAT	2,452	2,958	3,620	3,452	4,596	87.5	33.1	13,280	10,256	29.5
Adjusted PAT	2,452	2,958	3,620	3,452	4,596	87.5	33.1	12,482	7,703	62.0
Adj. EPS	11.6	14.0	17.1	16.3	21.7	87.5	33.1	58.9	36.4	62.0
Margins (%)						YoY bps	QoQ bps			YoY bps
Gross	36.3	36.5	36.7	37.5	40.2	393	271	37.3	35.3	197
EBITDA	11.8	13.9	15.8	15.1	18.3	652	322	14.9	11.2	368
EBIT	10.7	12.7	14.7	13.9	17.3	663	339	13.8	10.0	377
EBT	13.6	15.7	17.5	16.5	20.0	644	358	16.5	15.9	61
PAT	10.2	11.8	13.1	12.5	14.9	475	240	11.9	9.0	287
Effective Tax rate	25.2	24.8	25.2	23.9	25.5	30	160	23.6	24.7	(112)

Source: Company, PL

Exhibit 2: Electrification and Process Automation segments see both strong execution and healthy margin improvement

Segment Performance	Q1CY23	Q2CY23	Q3CY23	Q4CY23	Q1CY24	YoY gr. (%)	QoQ gr. (%)	CY23	CY22	YoY gr. (%)
Revenue (Rs mn)										
Robotics & Discrete Automation	675	1,225	1,183	1,077	1,095	62.1	1.6	4,161	2,333	78.3
Motion	9,722	9,173	9,810	9,146	10,128	4.2	10.7	37,851	33,671	12.4
Electrification	9,994	10,056	10,420	11,302	12,963	29.7	14.7	41,772	35,297	18.3
Process Automation	4,202	5,096	6,756	6,307	7,263	72.9	15.2	22,361	15,732	42.1
Others	19	53	24	29	26	37.1	(11.5)	125	290	(57.0)
Less Intersegmental	(500)	(517)	(502)	(286)	(667)	33.4	133.4	(1,804)	(1,647)	9.5
Total	24,112	25,086	27,692	27,575	30,807	27.8	11.7	1,04,465	85,675	21.9
EBIT (Rs mn)										
Robotics & Discrete Automation	107	155	142	127	168	58.0	32.9	530	293	80.8
Motion	1,168	1,329	1,899	1,619	2,163	85.2	33.6	6,014	4,125	45.8
Electrification	1,946	1,640	2,011	2,148	3,078	58.2	43.3	7,746	4,878	58.8
Process Automation	389	568	983	810	1,181	203.9	45.8	2,749	2,007	37.0
EBIT Margin (%)						YoY bps	QoQ bps			YoY bps
Robotics & Discrete Automation	15.8	12.6	12.0	11.8	15.4	(40)	362	12.7	12.6	17
Motion	12.0	14.5	19.4	17.7	21.4	935	366	15.9	12.3	364
Electrification	19.5	16.3	19.3	19.0	23.7	427	474	18.5	13.8	472
Process Automation	9.2	11.1	14.5	12.8	16.3	701	342	12.3	12.8	(46)

Source: Company, PL

Conference Call Highlights

- **Order inflows grew 15.1% YoY in Q1CY24** with a healthy mix of long & short cycle orders across market segments, led by industrial, data centers, and rail & metro.
- **Q1CY24 domestic/export revenue mix stood at 92%/8%**; product/service/project mix was 71%/16%/14%; and channel mix was 40%/40%/9%/11% across direct sales/partners/EPCs/OEMs.
- **Electrification:** Order inflows grew 34% YoY to Rs17.9bn owing to growth from data centers, smart buildings, and expansion in tier 2 & 3 cities. Key order received for compact substations, smart power products, and MV switchgear for a large data center project. Margin improved by 427bps YoY to 23.7% on the back of better mix with growth in services, execution of higher margin orders, stable commodity prices, no major forex impact, and efficient capacity utilization.
- **Motion:** Order inflows fell 3% YoY to Rs11.8bn delays in customer decisions on system orders as well as pricing pressure on standard products. Margin jumped by 935bps YoY to 21.4% owing to better mix, price advantage in select products, higher service revenue, and cost controls. Traction continues in railway propulsion & metro electrification. Demand for drives will be led by customer focus on efficiency. ABB continues to localize its best products from the global portfolio for local markets. It is well placed to cater to green energy areas such as electrolyzers, ethanol blending, hydrogen transportation, etc.
- **Process Automation:** Order inflows rose 12% YoY to Rs7.0bn driven by power, metals and logistics. Margin rose 701bps YoY to 16.3% aided by better mix, higher service revenue, and project cost optimization.
- **Robotics:** Order inflows fell 3% YoY to Rs1.5bn but are expected to pick up in the coming quarters. There was continued momentum in automotive and electronics sectors. Margin dipped 40bps YoY to 15.4%. There is good uptake in food & beverages for production as well as packaging, while Robotics are also increasingly being applied in electronics manufacturing – particularly consumer goods & mobile phone assembly.
- **Buildings & Infrastructure Industry** in India expected to reach \$1.4trn in the medium term at a CAGR of ~9%. The segment contributes 8-10% of ABB's revenue. It is a sweet spot for the Electrification and Motion segments. Demand for affordable housing and building automation will aid growth.
- **Services revenue mix in Q1CY24** was Process Automation – 40%; Electrification – 22%; Motion – 6%; Robotics – 32%. Services margin is 25%+.
- **During the quarter, launched compact drive ACH180** catering to the heating, ventilation, AC, and refrigeration (HVACR) equipment sector.
- **Continued premiumization** with customers choosing reliability & availability versus just price has enabled a large section of customers to shift towards ABB.
- **Will maintain capex investments of ~Rs2bn per year** on capacity expansion and productivity improvements as demand expands.

Financials

Income Statement (Rs m)

Y/e Dec	CY23	CY24E	CY25E	CY26E
Net Revenues	1,04,465	1,31,374	1,59,180	1,90,835
YoY gr. (%)	21.9	25.8	21.2	19.9
Cost of Goods Sold	63,286	76,920	92,723	1,10,780
Gross Profit	41,180	54,455	66,458	80,055
Margin (%)	39.4	41.5	41.8	42.0
Employee Cost	7,152	8,605	10,347	12,213
Other Expenses	8,854	11,035	13,292	15,839
EBITDA	14,898	20,875	26,106	31,774
YoY gr. (%)	54.9	40.1	25.1	21.7
Margin (%)	14.3	15.9	16.4	16.7
Depreciation and Amortization	1,199	1,304	1,545	1,727
EBIT	13,699	19,572	24,561	30,047
Margin (%)	13.1	14.9	15.4	15.7
Net Interest	127	145	175	210
Other Income	3,017	3,284	3,820	4,580
Profit Before Tax	16,589	22,712	28,206	34,418
Margin (%)	15.9	17.3	17.7	18.0
Total Tax	4,107	5,723	7,108	8,673
Effective tax rate (%)	24.8	25.2	25.2	25.2
Profit after tax	12,482	16,988	21,098	25,744
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
Adjusted PAT	12,482	16,988	21,098	25,744
YoY gr. (%)	62.0	36.1	24.2	22.0
Margin (%)	11.9	12.9	13.3	13.5
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	12,482	16,988	21,098	25,744
YoY gr. (%)	21.7	36.1	24.2	22.0
Margin (%)	11.9	12.9	13.3	13.5
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	12,482	16,988	21,098	25,744
Equity Shares O/s (m)	212	212	212	212
EPS (Rs)	58.9	80.2	99.6	121.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Dec	CY23	CY24E	CY25E	CY26E
Non-Current Assets				
Gross Block	15,393	18,893	22,393	25,393
Tangibles	15,393	18,893	22,393	25,393
Intangibles	-	-	-	-
Acc: Dep / Amortization	5,638	6,941	8,486	10,213
Tangibles	5,638	6,941	8,486	10,213
Intangibles	-	-	-	-
Net fixed assets	9,755	11,951	13,906	15,180
Tangibles	9,755	11,951	13,906	15,180
Intangibles	-	-	-	-
Capital Work In Progress	784	784	784	784
Goodwill	-	-	-	-
Non-Current Investments	88	158	175	305
Net Deferred tax assets	1,027	1,027	1,027	1,027
Other Non-Current Assets	2,883	5,255	7,163	8,588
Current Assets				
Investments	-	-	1,000	3,000
Inventories	15,608	17,996	20,497	24,573
Trade receivables	25,443	32,034	38,814	47,055
Cash & Bank Balance	48,162	50,638	56,931	66,284
Other Current Assets	4,476	5,912	7,959	9,542
Total Assets	1,08,985	1,30,836	1,55,666	1,85,425
Equity				
Equity Share Capital	424	424	424	424
Other Equity	59,022	70,914	85,683	1,03,704
Total Network	59,446	71,338	86,106	1,04,127
Non-Current Liabilities				
Long Term borrowings	289	289	289	289
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	201	201	201	201
Trade payables	31,091	35,993	43,611	52,284
Other current liabilities	18,985	24,043	26,486	29,551
Total Equity & Liabilities	1,08,985	1,30,836	1,55,666	1,85,425

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Dec	CY23	CY24E	CY25E	CY26E
PBT	16,507	22,712	28,206	34,418
Add. Depreciation	1,199	1,304	1,545	1,727
Add. Interest	127	145	175	210
Less Financial Other Income	3,017	3,284	3,820	4,580
Add. Other	(2,346)	-	-	-
Op. profit before WC changes	15,486	24,160	29,926	36,354
Net Changes-WC	1,696	(7,235)	(5,520)	(5,395)
Direct tax	(3,667)	(5,723)	(7,108)	(8,673)
Net cash from Op. activities	13,515	11,201	17,298	22,286
Capital expenditures	(1,846)	(3,500)	(3,500)	(3,000)
Interest / Dividend Income	2,770	-	-	-
Others	40,432	16	(1,000)	(2,000)
Net Cash from Inv. activities	41,355	(3,484)	(4,500)	(5,000)
Issue of share cap. / premium	-	-	-	-
Debt changes	(237)	-	-	-
Dividend paid	(2,331)	(5,043)	(5,096)	(6,329)
Interest paid	(127)	(145)	(175)	(210)
Others	-	-	-	-
Net cash from Fin. activities	(2,695)	(5,188)	(5,272)	(6,539)
Net change in cash	52,176	2,529	7,527	10,746
Free Cash Flow	11,684	7,701	13,798	19,286

Source: Company Data, PL Research

Key Financial Metrics

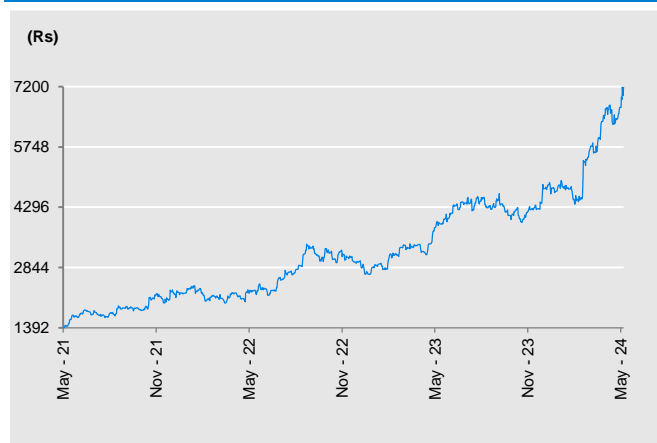
Y/e Dec	CY23	CY24E	CY25E	CY26E
Per Share(Rs)				
EPS	58.9	80.2	99.6	121.5
CEPS	64.6	86.3	106.9	129.6
BVPS	280.5	336.7	406.4	491.4
FCF	55.1	36.3	65.1	91.0
DPS	29.3	24.1	29.9	36.4
Return Ratio(%)				
RoCE	25.0	29.7	31.0	31.4
ROIC	154.6	96.0	86.3	85.4
RoE	22.9	26.0	26.8	27.1
Balance Sheet				
Net Debt : Equity (x)	(0.8)	(0.7)	(0.7)	(0.7)
Net Working Capital (Days)	35	39	36	37
Valuation(x)				
PER	135.5	99.6	80.2	65.7
P/B	28.5	23.7	19.6	16.2
P/CEPS	123.7	92.5	74.7	61.6
EV/EBITDA	110.4	78.6	62.6	51.1
EV/Sales	15.7	12.5	10.3	8.5
Dividend Yield (%)	0.4	0.3	0.4	0.5

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Dec	Q2CY23	Q3CY23	Q4CY23	Q1CY24
Net Revenue	25,086	27,692	27,575	30,804
YoY gr. (%)	22.2	30.6	13.6	22.8
Raw Material Expenses	15,280	16,842	16,461	17,612
Gross Profit	9,806	10,850	11,114	13,191
Margin (%)	39.1	39.2	40.3	42.8
EBITDA	3,487	4,385	4,172	5,652
YoY gr. (%)	75.4	107.9	14.5	62.1
Margin (%)	13.9	15.8	15.1	18.3
Depreciation / Depletion	292	303	329	314
EBIT	3,195	4,082	3,843	5,338
Margin (%)	12.7	14.7	13.9	17.3
Net Interest	14	9	82	38
Other Income	750	768	776	871
Profit before Tax	3,931	4,842	4,537	6,171
Margin (%)	15.7	17.5	16.5	20.0
Total Tax	973	1,222	1,085	1,575
Effective tax rate (%)	24.8	25.2	23.9	25.5
Profit after Tax	2,958	3,620	3,452	4,596
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
Adjusted PAT	2,958	3,620	3,452	4,596
YoY gr. (%)	101.1	114.5	12.8	55.4
Margin (%)	11.8	13.1	12.5	14.9
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	2,958	3,620	3,452	4,596
YoY gr. (%)	101.1	78.8	12.8	55.4
Margin (%)	11.8	13.1	12.5	14.9
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	2,958	3,620	3,452	4,596
Avg. Shares O/s (m)	212	212	212	212
EPS (Rs)	14.0	17.1	16.3	21.7

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	12-Apr-24	Accumulate	5,331	6,645
2	22-Feb-24	Accumulate	5,329	4,985
3	09-Jan-24	Accumulate	4,984	4,753
4	09-Nov-23	Accumulate	4,950	4,311
5	05-Oct-23	Accumulate	5,013	4,068
6	12-Aug-23	Accumulate	5,013	4,511
7	06-Jul-23	Accumulate	4,119	4,400

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	5,331	6,645
2	Apar Industries	Accumulate	6,564	7,153
3	BEML	BUY	3,345	3,465
4	Bharat Electronics	Hold	182	229
5	BHEL	UR	-	263
6	Carborundum Universal	Accumulate	1,631	1,516
7	Cummins India	Hold	2,480	3,001
8	Engineers India	Hold	257	223
9	GE T&D India	UR	-	930
10	Grindwell Norton	Accumulate	2,512	2,196
11	Harsha Engineers International	Accumulate	441	412
12	Hindustan Aeronautics	Hold	2,787	3,565
13	Kalpataru Projects International	Hold	1,211	1,188
14	KEC International	Hold	750	737
15	Larsen & Toubro	BUY	4,047	3,487
16	Praj Industries	BUY	636	520
17	Siemens	Accumulate	4,617	5,570
18	Thermax	UR	-	4,550
19	Triveni Turbine	BUY	532	555
20	Voltamp Transformers	Hold	10,018	9,985

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 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 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