

Bajaj Electricals

BSE SENSEX	S&P CNX
25,895	7,721
Bloomberg	BJE IN
Equity Shares (m)	100.3
M.Cap. (INR b)/(USD b)	28.7/0.5
52-Week Range (INR)	385/150
1, 6, 12 Rel. Per (%)	-18/10/40

Financials & Valuation (INR Million)

Y/E Mar	2015E	2016E	2017E
Net Sales	46,649	54,243	62,853
EBITDA	2,939	4,068	4,903
Adj PAT	1,234	1,910	2,397
EPS (INR)	12.3	19.1	24.0
Gr. (%)	-2,424	54.8	25.5
BV/Sh(INR)	78.6	90.7	107.7
RoE (%)	16.5	22.6	24.2
RoCE (%)	26.0	34.1	37.2
P/E (x)	23.2	15.0	12.0
P/BV (x)	3.6	3.2	2.7

CMP: INR287
TP: INR350
Buy

- Growth in line; margins below expectation:** Bajaj Electricals (BJE) reported revenue of INR8.9b (est. of INR8.9b), compared to INR7.8b in 1QFY14, marking a YoY growth of 12.5%. Consumer Durables reported strong 16% growth, while Lighting and E&P division's growth was weak this quarter at 7.2% and 7.4% respectively. EBITDA margin for 1QFY15 stood at 4.2% (est. 7.5%), against 2.6% in 1QFY14. While E&P reported better margins at -2.8%, against -13.7% in 1QFY14 (-4.7% 4QFY14), margins were below expectations due to unfavorable operating leverage. Margins for Lighting (1.5% v/s 4.9%) were weak due to a sharp decline in CFL business, which de-grew by 13% this quarter. Consumer Durables margins recovered on a QoQ basis (6.9% v/s 3.6%), though on a YoY basis were weak (6.9% v/s 9.2%) due to competitive pressure faced in Fans and Morphy Richards.
- E&P turnaround on track:** BJE's management maintained its guidance of 25% growth in E&P business for FY15, with each of the next three quarters witnessing progressive growth. Management expects 2Q revenue at INR3b, 3Q revenue at INR4b and 4Q revenue at INR6b respectively. Similarly, it is confident of posting 6% EBIT margin (est 4%) in E&P division for FY15 and RoCE of 20%.
- Consumer Durables outlook strong, Lighting segment to remain subdued:** We believe BJE's Consumer Durables division will continue to report robust growth in FY15 and expect 15% revenue growth from the same. Lighting segment is expected to remain under pressure due to accelerated shift from CFL (erstwhile high growth, high margin for BJE) to LED (where it has negligible market share). We expect Lighting to post 10% revenue growth in FY15E with stable margins YoY.
- Valuation and view:** With the expected turnaround of E&P business, we believe BJE's valuation gap with peers will narrow down. We cut the EPS estimates for FY15E and FY16E by 33% and 15% respectively to factor lower margins. We value BJE at 18x FY16E EPS of INR19 and arrive at a target price of INR350. Maintain **Buy**.

Quarterly performance (Standalone)

(INR Million)

Y/E March	FY14				FY15				FY14	FY15E	FY15	Var %
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE				
Net Sales	7,890	9,602	10,334	12,709	8,876	11,042	11,987	14,742	40,535	46,649	8,932	-0.6%
YoY Change (%)	18.4	30.8	18.3	14.1	12.5	15.0	16.0	16.0	19.7	15.1	14.0	
Total Expenditure	7,688	9,617	9,757	12,655	8,508	10,369	11,184	13,651	39,717	43,710	8,262	
EBITDA	202	-16	577	54	368	674	803	1,091	818	2,939	670	-45.0%
Margins (%)	2.6	-0.2	5.6	0.4	4.2	6.1	6.7	7.4	2.0	6.3	7.5	3.3
Depreciation	40	39	104	64	82	47	104	70	248	296	48	
Interest	164	196	197	226	233	248	249	250	783	989	245	
Other Income	19	20	25	89	23	25	30	109	153	187	23	-1%
PBT	17	-231	300	-147	76	404	480	880	-60	1,841	399	-81.0%
Tax	11	-77	99	-39	20	133	158	290	-7	608	132	
Rate (%)	61.3	33.4	33.1	26.8	26.1	33.0	33.0	33.0	10.8	33.0	33.0	
Reported PAT	7	-154	200	-107	56	271	322	589	-54	1,234	268	-79.0%
Adj PAT	7	-154	200	-107	56	271	322	589	-54	1,234	268	
YoY Change (%)	-94.4	-339.3	71.6	-1,803.2	738.8	-276.3	60.6	-649.2	-116.3	NM	3,955.3	
Margins (%)	0.1	-1.6	1.9	-0.8	0.6	2.5	2.7	4.0	-0.1	2.6	3.0	

E: MOSL Estimates

Atul Mehra (Atul.Mehra@MotilalOswal.com); +91 22 3982 5417

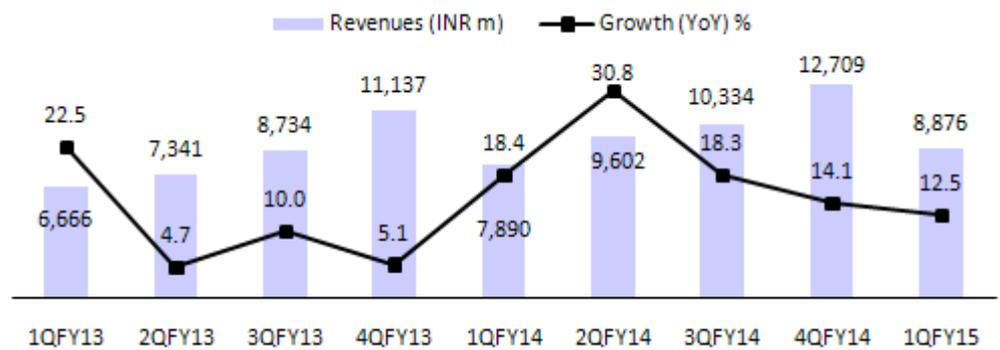
Niket Shah (Niket.Shah@MotilalOswal.com); +91 22 3982 5426

Investors are advised to refer through disclosures made at the end of the Research Report.

Revenue growth in line

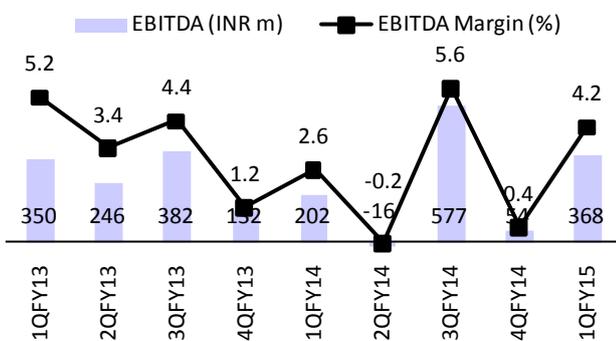
- BJE reported revenues of INR8.9b (est of INR8.9b) as compared to INR7.8b in 1QFY14, marking a YoY growth of 12.5%.
- Lighting business grew by 7% YoY to INR1.68b, while consumer durables grew by 16% to INR5.05b. E&P business grew by 13% YoY to INR2.14b
- EBITDA stood at INR368m (est INR670m) as against INR202m in 1QFY14, marking a YoY growth of 82%. EBITDA margins for 1QFY15 stood at 4.2% (est 7.5%) against 2.6% in 1QFY14.
- Margins for the lighting division stood at 1.5% as against 4.9% in 1QFY14, while consumer durable margins stood at 6.9% as against 9.2% in 1QFY14. E&P posted a turn-around with margins for the quarter standing at -2.8% as against -13.7% in 1QFY14 (however lower than management guidance of +5% EBIT margins).
- Capital employed as of 1QFY15 stood at INR8.3b as against INR7.6b in 1QFY14 marking a YoY growth of 10%. On a YoY basis, capital employed grew by -13% in lighting division and stood at INR796m, grew by -60% in consumer durables division and stood at INR700m and grew 40% in E&P division and stood at INR5137m.
- PAT for 1QFY15 stood at INR56m (est INR268m) as compared to INR7m in 1QFY14.
- Capex for FY15 expected at INR900m including INR500m for R&D centre.

Revenue growth at 12.5%



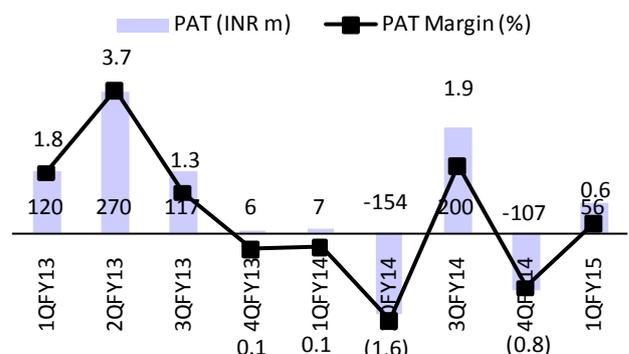
Source: Company, MOSL

EBITDA growth subdued led by lower margins



Source: Company, MOSL

PAT muted due to E&P losses

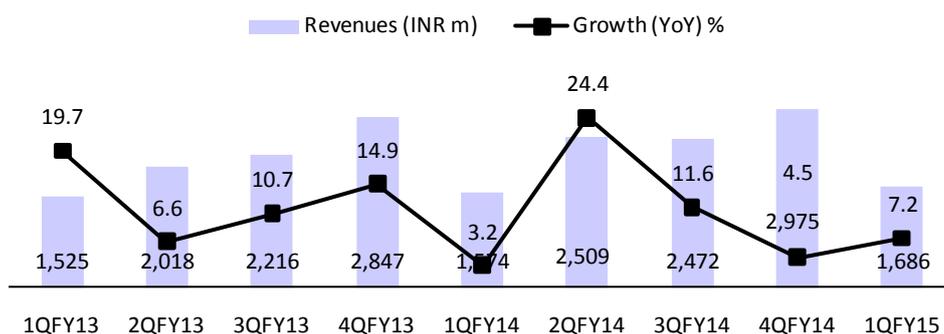


Source: Company, MOSL

Lighting and Luminaires business margins worsen further

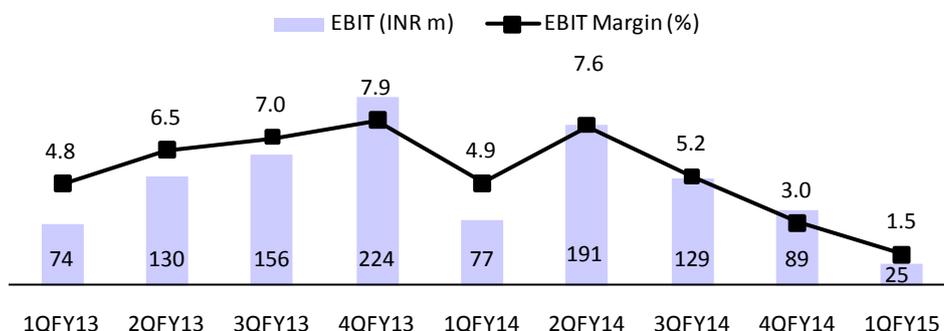
- Lighting and Luminaires business revenues grew by 7% YoY to INR3b.
- While lighting posted 0.3% growth, Luminaires grew by 17% YoY.
- Margins for the lighting division stood at 1.5% as against 4.9% in 1QFY14.
- Lighting reported 0% margin, Luminaires margins stood at 7%.
- Lighting segment is expected to remain under pressure due to accelerated shift from CFL (erstwhile high growth, high margin segment for BJE) to LED (where BJE has negligible market share).
- We expect lighting to post 10% revenue growth in FY15 and stable margins.

1QFY15 saw weak revenue growth for lighting division



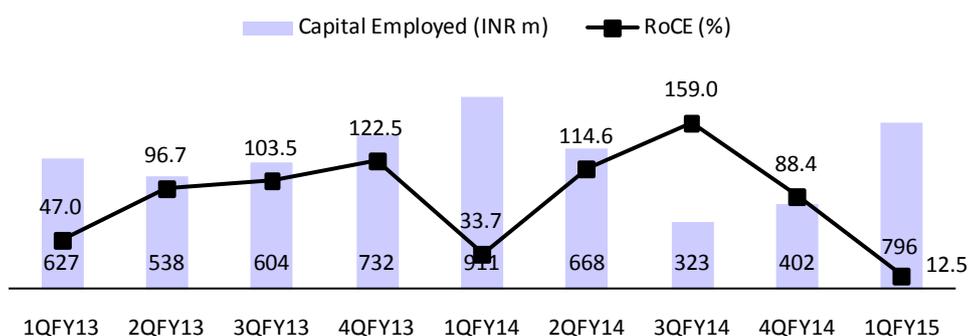
Source: Company, MOSL

Margins stood at 1.5% as against 4.9%, decline 340bp YoY



Source: Company, MOSL

RoCE profile deteriorates due to decline in margins

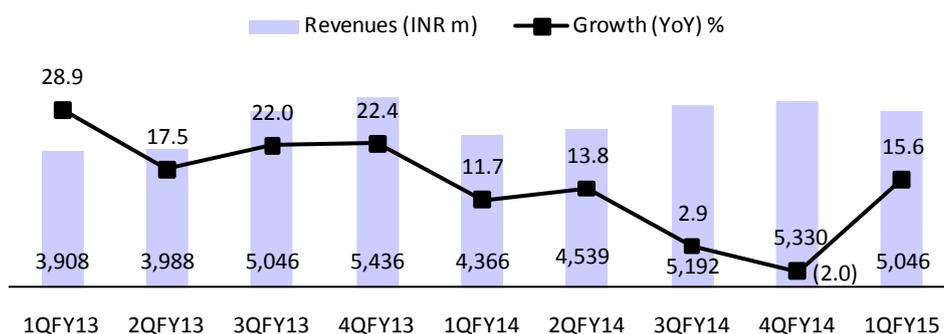


Source: Company, MOSL

Consumer durables growth bounces back; margins yet to fully recover

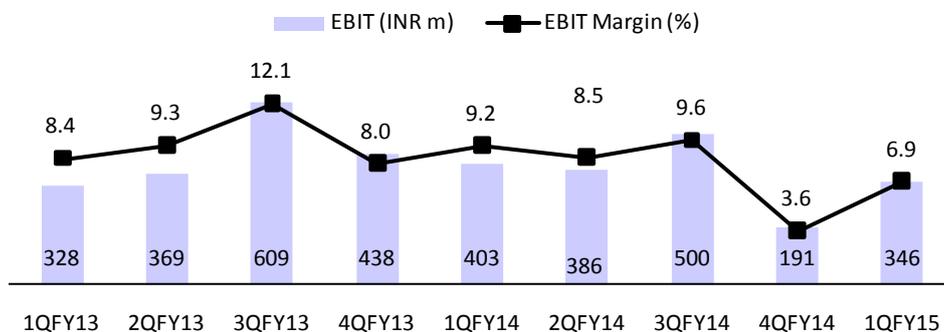
- Consumer durables (CD) business revenues grew by 16% YoY to INR5.0b.
- Growth was led by Kitchen Appliances Division (KAP) which posted 18% growth YoY. Domestic Appliances Division (DAP) posted 9.1% growth during the quarter.
- Fans business grew by 19% during the quarter while Morphy Richards (MR) witnessed 7% growth during the quarter.
- Margins for the CD division stood at 6.9% as against 9.2% in 1QFY14.
- Margins were impacted due to higher competitive pressure in MR and Fans.
- Management expects margins at 8% levels for FY15.

1QFY15 saw revenue growth bounce back for consumer durable division



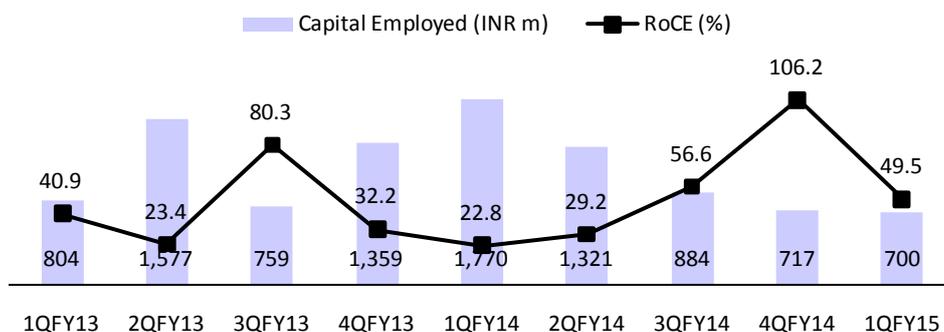
Source: Company, MOSL

Margins stood at 6.9% as against 9.2%, decline 240bp YoY, improve 330bp QoQ



Source: Company, MOSL

RoCE improves significantly YoY; as capital employed declines by 60% YoY



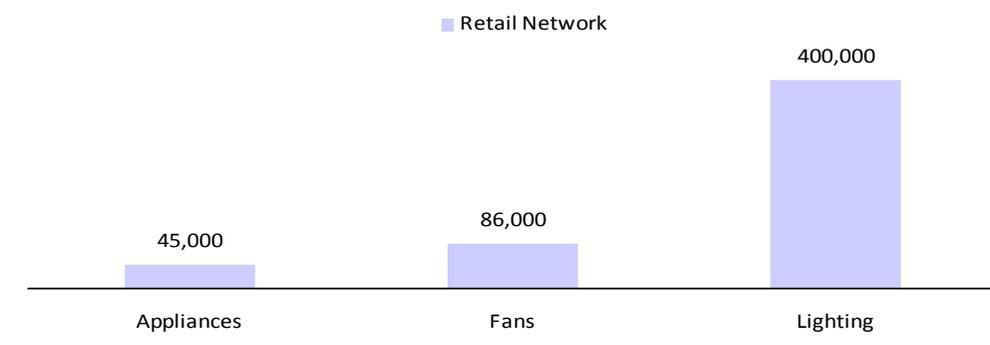
Source: Company, MOSL

Bajaj Electricals has a huge mass market product portfolio

Segment	Sub-Segment	Mkt Size (INR m)	Organized (%)	Mkt Share (%)	Description	Competition
Lighting	Lighting	50,000	65%	8%	GLS lamps, fluorescent tube lights, compact fluorescent lamps, domestic luminaries, ballasts & starters, LED torches	Philips, Crompton, Surya, Havells, etc
	Luminaries	25,000	65%	5%	Industrial, commercial, decorative, street light, floodlight, LED, lighting electronics, lighting control, HID Lamps: Mercury & sodium vapor lamps, halogen lamps, metal halide & fluorescent lamps	Phillips, Crompton, Wipro, Thorn
Consumer Durables	Fans	35,000	65%	17%	Ceiling, table, pedestal & wall mounted fans, personal fans, Bajaj-Disney children's fans, Industrial exhaust fans, commercial air industrial fans, circulators, cooler kits and pumps	Crompton, Usha, Orient, Khaitan, Polar, Havells
	Appliances	68,000	70%	20%	Mixers grinders, juicers, food processors, water heaters, air coolers, iron, ovens toasters grillers (OTG), room heaters, toasters & S/W makers, hand blenders, water filters microwave ovens gas stove purifiers & filters, ovens, stoves, electric kettles, coffee/tea makers	Philips, Kenstar, Usha, Maharaja, Preeti, Prestige, Kenwood

Source: Company, MOSL

Bajaj has a strong retail network



Source: Company, MOSL

BJE has the highest reach as compared to peers like Havells and TTK Prestige

Bajaj leads the distribution game...

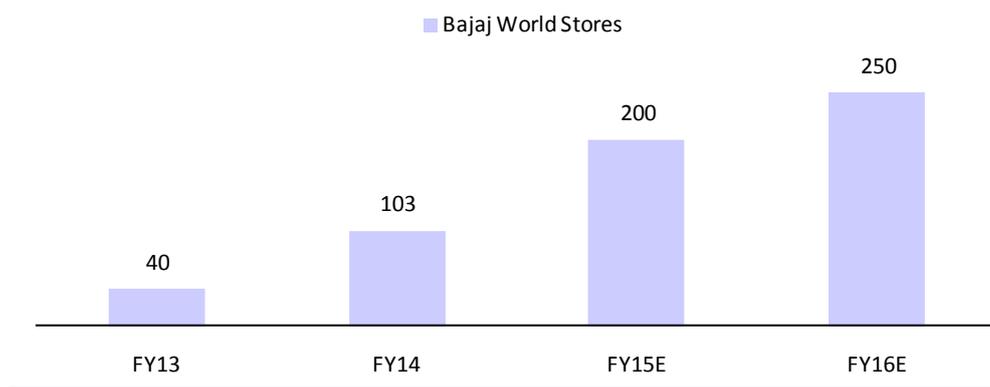
Channel	Bajaj Electricals	Havells	TTK Prestige
Retail Network	4,00,000	> 1,00,000	25,000
EBOs	103 'Bajaj World' Stores	210 'Havells Galaxy' Stores	500 'Prestige Smart Kitchen' Stores

Source: Company, MOSL

Bajaj World Stores to be expanded aggressively

- BJE has aggressively grown Bajaj World Stores from 40 in FY13 to 103 in FY14. Management is confident of doubling store count to 200 by FY15.
- Bajaj World Stores to improve brand visibility and loyalty.

Bajaj World Stores to be significantly expanded

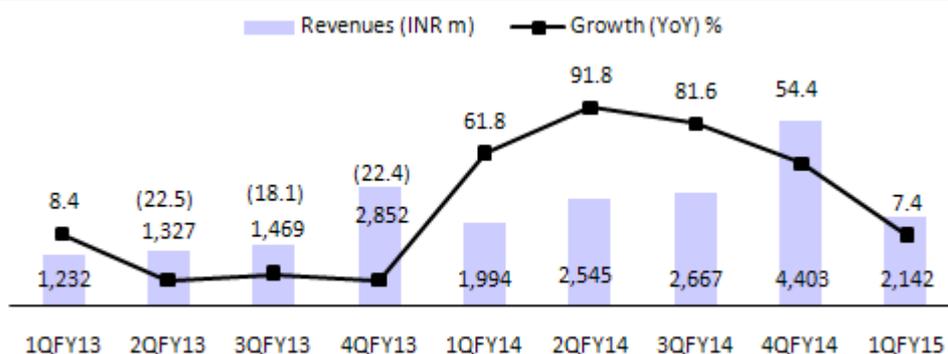


Source: Company, MOSL

Engineering and Projects turnaround on track

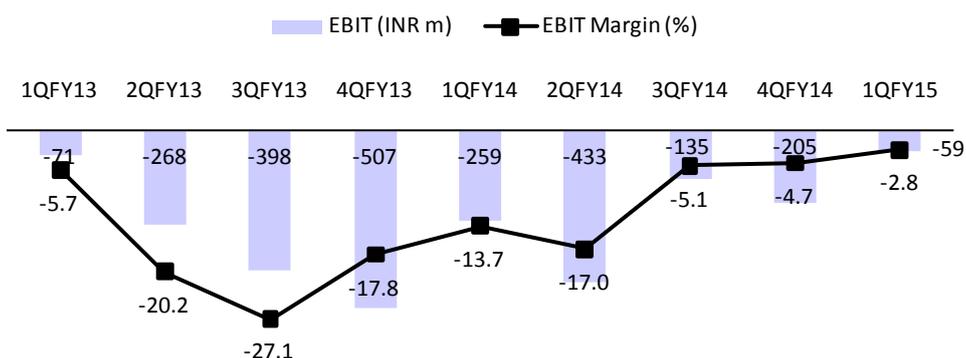
- Revenues for the E&P division grew by 7.4% to INR2.1b during the quarter.
- Margins for the division improved from -13.7% to -2.8% on a YoY basis. On a sequential basis, margins improved by 200bp from -4.7% to -2.8%.
- BJE has an outstanding order book amounting to INR23b in E&P.
- BJE’s management has maintained its guidance of 25% growth in E&P business for FY15 with each of the next three quarters witnessing progressive growth.
- Management expects 2Q revenues at INR3b, 3Q revenues at INR4b and 4Q revenues at INR6b.
- Management maintains that margins for the division will be 6% in FY15.
- Management is targeting to maintain capital employed at current levels of INR6b, even as business will expand by more than 20% annually over FY14-16.
- Consequently, asset turnover is expected to improve to 2.5x and RoCE for the division is expected to improve to 20%.

E&P division grows by 7.4% YoY



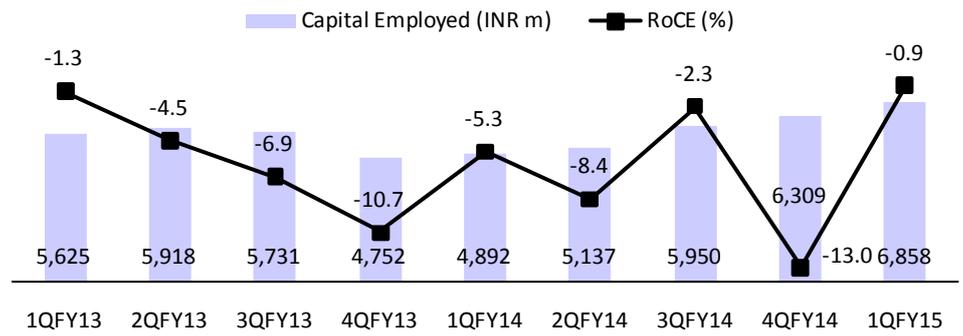
Source: Company, MOSL

E&P turnaround on track as profitability continues to improve



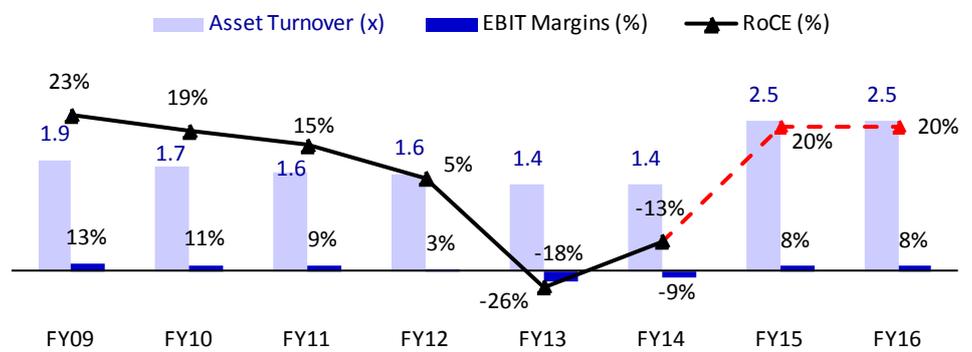
Source: Company, MOSL

Legacy contracts resulting in losses and sub-optimal return profile



Source: Company, MOSL

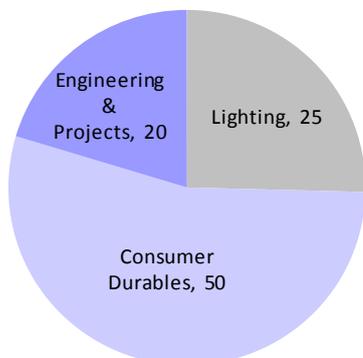
Management is targeting 20% RoCE, led by 2.5x asset turn and 8% EBIT margin



Source: Company, MOSL

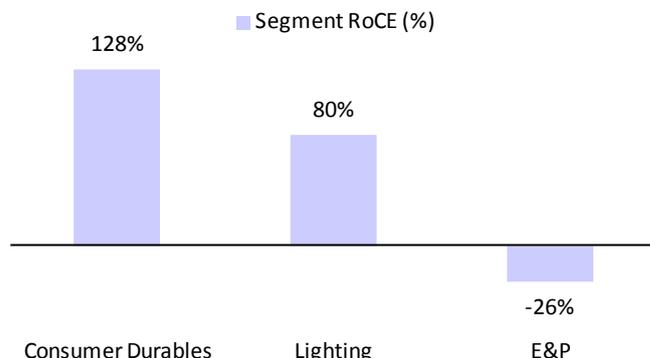
Story in charts

Revenue Contribution (%)



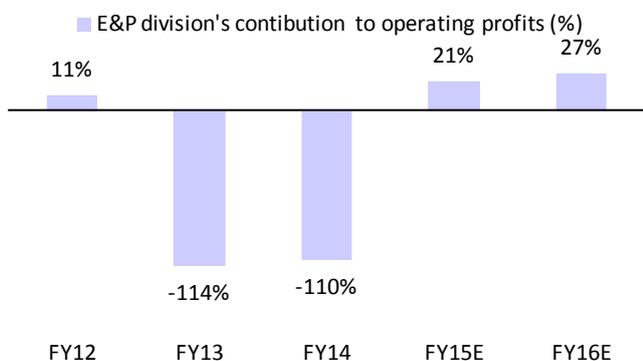
Source: MOSL, Company

Segment Profitability (%)



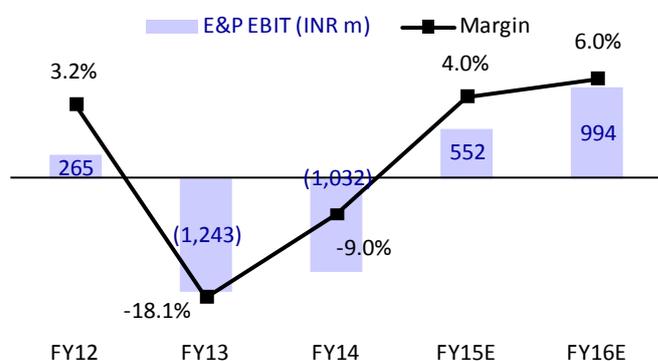
Source: MOSL, Company

E&P segment a drag on overall profitability



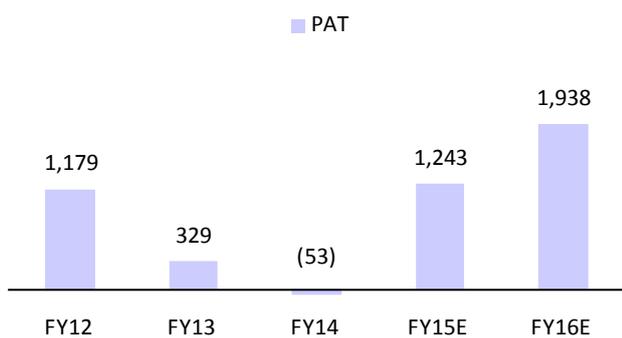
Source: MOSL, Company

Management changes to ensure turnaround



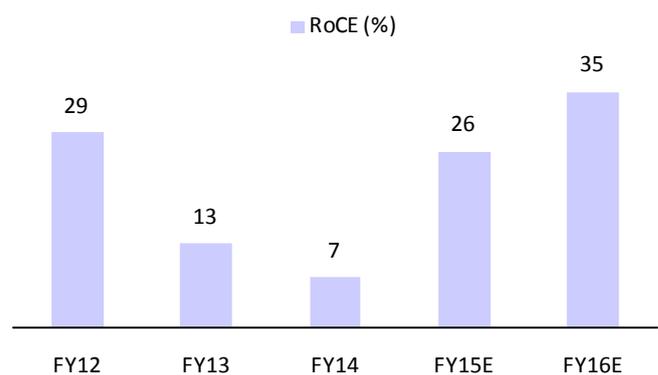
Source: MOSL, Company

Earnings to expand



Source: MOSL, Company

Bajaj Electricals reports strong overall capital efficiency



Source: MOSL, Company

Bajaj Electricals: an investment profile

Company description

BJE operates largely in three segments – Lighting & Luminaires (LL), Consumer Durables (CD) and Engineering & Projects (E&P). The CD segment contributes ~55% to revenues, while the LL segment contributes ~25% to revenues. Together, Consumer-facing Appliances and Lighting businesses, for which BJE is known for, contribute ~80% to revenues. The E&P segment contributes ~20% to revenues.

BJE has a wide distribution reach, with over 4,100 dealers and a 400k strong retail network for Lighting, 86k dealers for Fans and 45k dealers for Appliances across India. Manufacturing is entirely outsourced to 80 different vendors across India, leaving the management free to focus on innovation, brand building and distribution.

Key investments arguments

- Bajaj Electricals (BJE) enjoys enviable consumer franchise, with market leadership in Small Appliances. Given its asset-light model, large product portfolio and wide distribution network, the performance of its Consumer-facing businesses remains robust.
- BJE's Engineering & Projects (E&P) business, however, has been burning cash, impacting consolidated financials and stock performance.

- We expect the E&P business to witness a sharp turnaround in FY15 led by key initiatives undertaken over the last 12 months.
- Consolidated earnings are set to quadruple over FY14-16, driven by the expected turnaround in E&P and continued robust performance in Consumer-facing businesses. The stock should see a re-rating, as overall performance improves.

Key investments risks

- BJE's import content (includes 40% of Morphy Richards, 20% of Appliances, 10% each of Lighting and Fans) contributes ~15% of its revenues. INR depreciation could put pressure on near-term margins.
- Contrary to our expectations, if the E&P business does not recover, the stock price may be adversely impacted.

Valuation and view

- With the expected turnaround of E&P business, we believe BJE's valuation gap with peers will narrow down. We cut the EPS estimates for FY15E and FY16E by 33% and 15% respectively to factor lower margins. We value BJE at 18x FY16E EPS of INR19 and arrive at a target price of INR350. Maintain **Buy**.

Target price and recommendation

Current Price (INR)	Target Price (INR)	Upside (%)	Reco
287	350	22.0	Buy

EPS: MOSL forecast v/s consensus (INR)

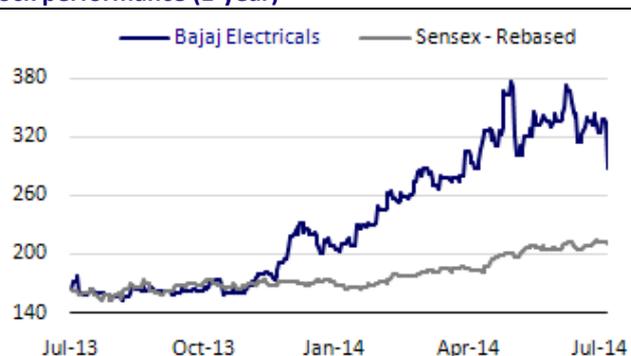
	MOSL Forecast	Consensus Forecast	Variation (%)
FY15	12.3	17.5	-29.7
FY16	19.1	22.6	-15.5

Shareholding pattern (%)

	Jun-14	Mar-14	Jun-13
Promoter	65.9	66.1	66.1
DII	3.9	3.8	5.9
FII	16.3	14.7	10.9
Others	14.0	15.4	17.2

Note: FII Includes depository receipts

Stock performance (1-year)



Financials and valuations

Income statement		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
Net Sales	40,298	46,649	54,243	62,853	
Change (%)	19.0	15.8	16.3	15.9	
EBITDA	818	2,939	4,068	4,903	
EBITDA Margin (%)	2.0	6.3	7.5	7.8	
Depreciation	247	296	345	381	
EBIT	571	2,643	3,723	4,522	
Interest	783	989	1,073	1,173	
Other Income	153	187	244	283	
Extraordinary items	0	0	0	0	
PBT	-60	1,841	2,894	3,631	
Tax	-7	608	984	1,235	
Tax Rate (%)	11.0	33.0	34.0	34.0	
Reported PAT	-53	1,234	1,910	2,397	
Adjusted PAT	-53	1,234	1,910	2,397	
Change (%)	-116.2	-2,423.8	54.8	25.5	
Min. Int. & Assoc. Share	0	0	0	0	
Adj Cons PAT	-53	1,234	1,910	2,397	

Balance sheet		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
Share Capital	200	200	200	200	
Reserves	6,896	7,662	8,870	10,565	
Net Worth	7,096	7,862	9,070	10,765	
Debt	3,484	3,284	3,084	2,884	
Deferred Tax	-253	-253	-253	-253	
Total Capital Employed	10,327	10,893	11,901	13,396	
Gross Fixed Assets	3,723	4,623	5,123	5,623	
Less: Acc Depreciation	1,231	1,526	1,872	2,252	
Net Fixed Assets	2,492	3,096	3,251	3,370	
Capital WIP	26	0	0	0	
Investments	673	673	673	673	
Current Assets	23,482	24,576	28,355	32,868	
Inventory	4,467	5,583	6,389	7,373	
Debtors	12,427	11,502	13,375	15,498	
Cash & Bank	544	494	455	569	
Loans & Adv, Others	6,045	6,997	8,136	9,428	
Curr Liabs & Provns	16,346	17,453	20,378	23,515	
Curr. Liabilities	15,421	16,080	18,588	21,506	
Provisions	925	1,373	1,791	2,009	
Net Current Assets	7,136	7,123	7,977	9,352	
Total Assets	10,327	10,893	11,901	13,396	

E: MOSL Estimates

Ratios		2014	2015E	2016E	2017E
Basic (INR)					
EPS		-0.5	12.3	19.1	24.0
Cash EPS		1.9	15.3	22.6	27.8
Book Value		71.0	78.6	90.7	107.7
DPS		1.5	4.0	6.0	6.0
Payout (incl. Div. Tax.)		-330.5	37.9	36.7	29.3
Valuation(x)					
P/E		-539.8	23.2	15.0	12.0
Cash P/E		147.4	18.7	12.7	10.3
Price / Book Value		4.0	3.6	3.2	2.7
EV/Sales		0.8	0.7	0.6	0.5
EV/EBITDA		38.6	10.7	7.7	6.3
Dividend Yield (%)		0.5	1.4	2.1	2.1
Profitability Ratios (%)					
RoE		-0.7	16.5	22.6	24.2
RoCE		7.4	26.0	34.1	37.2
Turnover Ratios (%)					
Asset Turnover (x)		3.9	4.3	4.6	4.7
Debtors (No. of Days)		111.6	89.2	89.2	89.2
Inventory (No. of Days)		40.5	43.7	43.0	42.8
Creditors (No. of Days)		50.5	49.9	49.7	49.7
Leverage Ratios (%)					
Net Debt/Equity (x)		0.5	0.4	0.3	0.3

Cash flow statement		(INR Million)			
Y/E March	2014	2015E	2016E	2017E	
OP/(Loss) before Tax	-60	1,841	2,894	3,631	
Depreciation	247	296	345	381	
Others	0	0	0	0	
Interest	728	802	829	890	
Direct Taxes Paid	302	608	984	1,235	
(Inc)/Dec in Wkg Cap	-1,294	-37	-892	-1,262	
CF from Op. Activity	-65	2,294	2,192	2,406	
(Inc)/Dec in FA & CWIP	-500	-874	-500	-500	
(Pur)/Sale of Invt	-376	0	0	0	
Others	111	187	244	283	
CF from Inv. Activity	-765	-688	-256	-217	
Inc/(Dec) in Net Worth	0	0	0	0	
Inc / (Dec) in Debt	1,813	-200	-200	-200	
Interest Paid	-688	-989	-1,073	-1,173	
Divd Paid (incl Tax)	-234	-468	-702	-702	
CF from Fin. Activity	891	-1,656	-1,975	-2,075	
Inc/(Dec) in Cash	62	-50	-39	114	
Add: Opening Balance	483	544	494	455	
Closing Balance	544	494	455	569	

NOTES

Disclosures

This research report has been prepared by MOST to provide information about the company(ies) and sector(s), if any, covered in the report and may be distributed by it and/or its affiliated company(ies). This report is for personal information of the select recipient and does not constitute to be any investment, legal or taxation advice to you. This research report does not constitute an offer, invitation or inducement to invest in securities or other investments and Motilal Oswal Securities Limited (hereinafter referred as MOST) is not soliciting any action based upon it. This report is not for public distribution and has been furnished to you solely for your general information and should not be reproduced or redistributed to any other person in any form. This report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Before acting on any advice or recommendation in this material, investors should consider whether it is suitable for their particular circumstances and, if necessary, seek professional advice. The price and value of the investments referred to in this material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance, future returns are not guaranteed and a loss of original capital may occur.

MOST and its affiliates are a full-service, integrated investment banking, investment management, brokerage and financing group. We and our affiliates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Our research professionals provide important input into our investment banking and other business selection processes. Investors should assume that MOST and/or its affiliates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material and that the research professionals who were involved in preparing this material may participate in the solicitation of such business. The research professionals responsible for the preparation of this document may interact with trading desk personnel, sales personnel and other parties for the purpose of gathering, applying and interpreting market information. Our research professionals are paid in part based on the profitability of MOST which include earnings from investment banking and other business. MOST generally prohibits its analysts, persons reporting to analysts, and members of their households from maintaining a financial interest in the securities or derivatives of any companies that the analysts cover. Additionally, MOST generally prohibits its analysts and persons reporting to analysts from serving as an officer, director, or advisory board member of any companies that the analysts cover. Our salespeople, 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. MOST and its affiliated company(ies), 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 company(ies) mentioned herein 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

Unauthorized disclosure, use, dissemination or copying (either whole or partial) of this information, is prohibited. The person accessing this information specifically agrees to exempt MOST or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOST or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOST or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays. The information contained herein is based on publicly available data or other sources believed to be reliable. Any statements contained in this report attributed to a third party represent MOST's interpretation of the data, information and/or opinions provided by that third party either publicly or through a subscription service, and such use and interpretation have not been reviewed by the third party. This Report is not intended to be a complete statement or summary of the securities, markets or developments referred to in the document. While we would endeavor to update the information herein on reasonable basis, MOST and/or its affiliates are under no obligation to update the information. Also there may be regulatory, compliance, or other reasons that may prevent MOST and/or its affiliates from doing so. MOST or any of its affiliates or employees shall not be in any way responsible and liable for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. MOST or any of its affiliates or employees do not provide, at any time, any express or implied warranty of any kind, regarding any matter pertaining to this report, including without limitation the implied warranties of merchantability, fitness for a particular purpose, and non-infringement. The recipients of this report should rely on their own investigations.

Recipients who are not institutional investors should seek advice of their independent financial advisor prior to taking any investment decision based on this report or for any necessary explanation of its contents.

MOST and/or its affiliates and/or employees may have interests/positions, financial or otherwise in the securities mentioned in this report. To enhance transparency, MOST has incorporated a Disclosure of Interest Statement in this document. This should, however, not be treated as endorsement of the views expressed in the report.

Disclosure of Interest Statement

BAJAJ ELECTRICALS LTD

Analyst ownership of the stock

No

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report. The research analysts, strategists, or research associates principally responsible for preparation of MOST research receive compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors and firm revenues.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOST & its group companies to registration or licensing requirements within such jurisdictions.

For U.K.

This report is intended for distribution only to persons having professional experience in matters relating to investments as described in Article 19 of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (referred to as "investment professionals"). This document must not be acted on or relied on by persons who are not investment professionals. Any investment or investment activity to which this document relates is only available to investment professionals and will be engaged in only with such persons.

For U.S.

Motilal Oswal Securities Limited (MOSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOSL, including the products and services described herein are not available to or intended for U.S. persons.

This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

Motilal Oswal Capital Markets Singapore Pte Limited is acting as an exempt financial advisor under section 23(1)(f) of the Financial Advisers Act (FAA) read with regulation 17(1)(d) of the Financial Advisers Regulations and is a subsidiary of Motilal Oswal Securities Limited in India. This research is distributed in Singapore by Motilal Oswal Capital Markets Singapore Pte Limited and it is only directed in Singapore to accredited investors, as defined in the Financial Advisers Regulations and the Securities and Futures Act (Chapter 289), as amended from time to time.

In respect of any matter arising from or in connection with the research you could contact the following representatives of Motilal Oswal Capital Markets Singapore Pte Limited:

Anosh Koppikar

Email: anosh.koppikar@motilalosal.com

Contact: (+65) 68189232

Office Address: 21 (Suite 31), 16 Collyer Quay, Singapore 04931

Kadambari Balachandran

Email: kadambari.balachandran@motilalosal.com

Contact: (+65) 68189233 / 65249115



Motilal Oswal Securities Ltd

Motilal Oswal Tower, Level 9, Sayani Road, Prabhadevi, Mumbai 400 025

Phone: +91 22 3982 5500 E-mail: reports@motilalosal.com