

September 3, 2021

## Analyst Meet Update

Change in Estimates |  Target |  Reco

### Change in Estimates

	Current		Previous	
	FY23E	FY24E	FY23E	FY24E
Rating	BUY		BUY	
Target Price	4,791		4,018	
Sales (Rs. m)	77,671	93,188	76,624	89,632
% Chng.	1.4	4.0		
EBITDA (Rs. m)	16,104	19,569	15,123	17,380
% Chng.	6.5	12.6		
EPS (Rs.)	107.2	124.3	100.5	109.5
% Chng.	6.7	13.5		

### Key Financials - Consolidated

Ye Mar	FY21	FY22E	FY23E	FY24E
Sales (Rs. m)	54,497	64,115	77,671	93,188
EBITDA (Rs. m)	10,074	13,208	16,104	19,569
Margin (%)	18.5	20.6	20.7	21.0
PAT (Rs. m)	6,633	8,718	11,260	13,046
EPS (Rs.)	63.8	83.8	107.2	124.3
Gr. (%)	(19.1)	31.4	28.0	15.9
DPS (Rs.)	20.8	27.4	35.4	61.5
Yield (%)	0.5	0.6	0.8	1.4
RoE (%)	21.3	23.3	26.0	25.7
RoCE (%)	25.2	29.7	31.1	32.4
EV/Sales (x)	8.0	6.8	5.6	3.0
EV/EBITDA (x)	43.5	33.1	27.0	14.3
PE (x)	68.0	51.8	40.5	34.9
P/BV (x)	13.1	11.4	9.7	5.6

### Key Data

LTEH.BO | LTTTS IN

52-W High / Low	Rs.4,436 / Rs.1,464
Sensex / Nifty	58,130 / 17,324
Market Cap	Rs.456bn / \$ 6,243m
Shares Outstanding	105m
3M Av g. Daily Value	Rs.2914.83m

### Shareholding Pattern (%)

Promoter's	74.23
Foreign	8.92
Domestic Institution	5.96
Public & Others	4.13
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	19.2	60.0	175.0
Relative	10.3	41.6	84.5

### Aniket Pande

aniketpande@plindia.com | 91-22-66322300

### Aditi Patil

aditipatil@plindia.com |

## Building blocks in place for strong growth ahead

### Quick Pointers:

- Announcement of revenue aspirations till FY25 indicates sustenance of strong growth tailwinds in ER&D led by digital engineering
- Margin guidance of 18% by FY25 is much above our expectations (~16.5%)

*We attended LTTTS investor and analyst meet in which management gave insights into company's growth strategies and changing industry landscape. Management aims to reach US\$ 1.5 Bn annualized revenue run-rate by Q4FY25 and US\$ 1 Bn by Q2/Q3FY23 implying ~18% growth over FY21-25E. Strong guidance till FY25 reinforces our belief in sustenance of strong demand tailwinds for next 3-5 years. We believe that the guidance is achievable given 1) strong broad-based ER&D spending and expansion in addressable market size, 2) LTTTS's focused bets on 6 strategic high growth areas, 3) increasing share of software and technology as compared to hardware in ER&D spends, and 4) investments in sales, large deals and talent pool.*

*We were positively surprised by management's confidence of improving margins gradually to 18% by FY25 despite near term supply headwinds and investments in 6 key strategic areas and sales supported by key margin levers of offshoring, utilization, pyramid optimization and revenue growth leverage. We have increased our revenue estimates by 2/4% for FY23/24 & margin estimates are revised upwards to ~17.5% for FY23/24 which led to EPS estimates increase of 6% & 13% for FY23/24. We anticipate 18% revenue CAGR over FY21-25E and margins to improve from 17.3% in FY22E to 18% in FY25E. We value LTTTS based on DCF valuation (risk free rate at 6.2%, equity risk premium at 5.7% & terminal growth rate at 7.5%) to arrive at TP of INR 4,791 (earlier: 4018). LTTTS is currently trading at 51.8x/40.5x on FY22/23 earnings of INR 83.8/107.2 respectively with Revenue/EPS CAGR of 18%/30% over FY21-23.*

- Guidance indicates strong growth to persist for next 3-5 years:** LTTTS management aims to reach \$1 Bn annual revenue run-rate by Q2-Q3 FY23 implying strong growth of ~18% over FY21-23. Management is confident of sustenance of strong growth rate beyond FY23 as well and aims to reach \$1.5 Bn annual run-rate by Q4FY25 implying ~18% revenue CAGR over FY21-25. Guidance includes organic as well as impact from potential acquisitions. Management stated that they are open for potential acquisitions (~USD 20-100m in size) given their healthy cash balance of (~USD 200m cash).
- EBIT margin guidance much above our and cons estimates:** Management aspires EBIT margin to increase gradually to 18% by FY25 (vs 14.5% in FY21, 17.3% in Q1FY22 and our estimates of 16.5% for FY25) on back of favourable operating metrics such as utilization and offshore mix (significantly improved to 58.1% in 1QFY22) and scope for margin improvement in Telecom and Hi-tech vertical, which have seen subdued margins for some time. Management expects offshoring to further improve led by remote technologies. Though there

*LTTS works with 57 out of top 100 global ER&D spenders and aspires to be amongst top 5 global pure play engineering services providers of choice.*

*LTTS targets super-sizing of client accounts through broadening regions and divisions, carving out new products, labs and services and solutioning with partners.*

will be near term pressure from attrition, it is expected to be below industry average for LTTS.

- **Strong growth in global ER&D spending led by digital engineering:** Global ER&D spending is expected to grow to \$1.7-1.9 trillion by FY23 led by digital engineering. LTTS is well positioned to benefit from this trend with consistent increase in share of digital revenue (54% of revenue share in 1QFY22). **Total addressable market size of ER&D is increasing** with increased softwarization, (use of technologies such as cloud, data, AI, IoT, 5G etc.), move towards connected and automated ecosystem across industries and new focus areas such as sustainability
- **LTTS has identified 6 strategic high growth areas for investment:** LTTS is investing and scaling in six strategic high growth areas – 1) EACV (Electric, Connected, Autonomous Vehicles), 2) MedTech, 3) 5G, 4) AI & Digital products, 5) Digital Manufacturing, 6) Sustainability (Exhibit 2) The company has already won 23 large deals (>\$5mn in size) and has around 51 deals in pipeline spread across the 6 key areas. LTTS won 6 deals, which includes 2 USD25 mn+ deals and 4 deals with TCV of USD10-15mn. LTTS has already developed and scaled digital twin and cloud where it is seeing strong traction.
- **Strong client mining programs and focus on large deals:** LTTS gets largest share of ER&D spends for 4 out of its top 5 clients and ranks among top 2 for several of its top 30 clients. The company has set-up large deal team to proactively identify problems and offer solutions which can be scaled across clients in order to get access to larger share of client spends. They are expanding local presence in Europe and also targeting various functions – marketing, supplychain, operations across the organization. LTTS expects to have one US\$50 mn account, six US\$30-50 mn and twelve US\$20-30 mn accounts by FY2024. (Exhibit 3)
- LTTS has built 69 innovation labs up from 38 in 1QFY18 with dedicated labs for EV and 5G providing strong technology capabilities. LTTS targets new wins from disruptors (Netflix, Intuitive, DJI) and scale solutions developed for them to early adopters and conventional players.
- **Pyramid optimization and focus on strengthening tech capabilities of talent pool:** Company plans to increase fresher hiring with focus on hiring more qualified tech talent such as PGs and Ph.Ds/research associates. LTTS has created global engineering academy in FY21. It is collaborating with academic institutions to create unique solutions and IPs and also strengthening leadership team through various internal programs.

**Exhibit 1 : Key Assumptions**

Industry	FY21	FY22E	FY23E	FY24E	FY25E
Revenue (USD mn)	737	867	1022	1210	1416
Growth %	-6.4%	17.7%	17.9%	18.4%	17%
EBIT margin	14.5%	17.3%	17.4%	17.6%	18.0%
EPS (Basic)	63.8	83.8	107.2	124.3	149.0

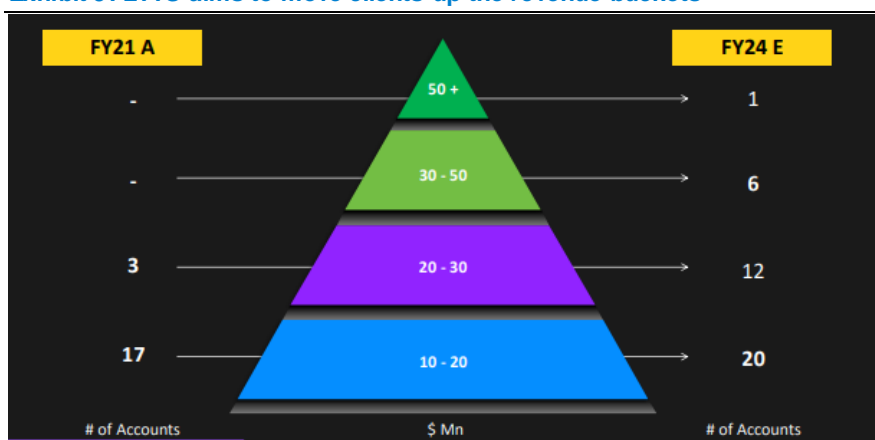
Source: Company, PL

**Exhibit 2: Market size of six key bets**

Industry	Estimated size of Industry by 2025E(USD Bn)
<b>EVAC</b>	
Electrification market	129
Connected	32
Autonomous	7
MedTech	200
5G	155
AI & Digital products	100
Digital manufacturing	475
Sustainability	400

Source: Company, PL

**Exhibit 3: LTTS aims to move clients up the revenue buckets**



Source: Company, PL

**Exhibit 4: Strong large deal pipeline across 6 key bets**

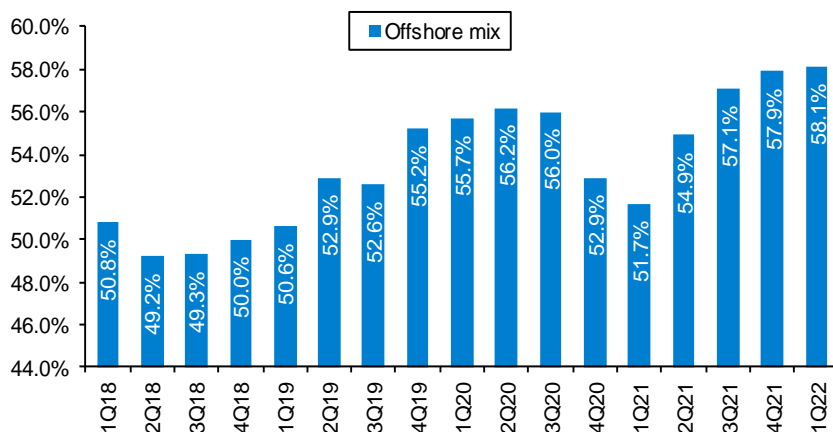
Industry	Number of large deal wins LTM	Number of large deals in pipeline
<b>EVAC</b>	4	16
MedTech	1	12
5G	3	5
AI & Digital products	7	6
Digital manufacturing	8	7
Sustainability	0	5

Source: Company, PL

**Exhibit 5: Strong large deal pipeline across 6 key bets**

Industry	Number of large deal wins LTM	Number of large deals in pipeline
<b>EVAC</b>	4	16
MedTech	1	12
5G	3	5
AI & Digital products	7	6
Digital manufacturing	8	7
Sustainability	0	5

Source: Company, PL

**Exhibit 6 : Considerable improvement in offshore mix**


Source: Company, PL

**Exhibit 7 : Scope for improvement in Telecom segment margins**

Particulars (Rs mn)	1QFY19	2QFY19	3QFY19	4QFY19	1QFY20	2QFY20	3QFY20	4QFY20	1QFY21	2QFY21	3QFY21	4QFY21	1QFY22
Transportation	12.8%	16.3%	17.5%	19.4%	20.6%	18.1%	17.7%	14.7%	10.0%	15.4%	16.4%	16.8%	19.3%
Plant Engineering	22.6%	24.9%	22.5%	21.0%	24.4%	26.7%	27.8%	22.6%	16.4%	19.2%	23.9%	23.2%	25.1%
Industrial Products	23.5%	25.6%	25.6%	24.8%	25.4%	26.1%	26.7%	26.3%	25.2%	25.5%	28.4%	28.6%	29.2%
Medical Devices	21.6%	24.8%	24.6%	27.6%	26.6%	26.9%	27.5%	28.0%	29.6%	30.3%	31.5%	31.8%	32.7%
Telecom	15.2%	13.0%	14.6%	19.4%	18.5%	18.5%	14.7%	13.9%	13.9%	11.3%	11.5%	11.5%	12.1%
<b>Total</b>	17.6%	19.1%	19.6%	21.3%	22.1%	21.9%	21.5%	19.4%	17.2%	19.0%	20.6%	20.7%	22.1%

Source: Company, PL

## Financials

### Income Statement (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Net Revenues</b>	<b>54,497</b>	<b>64,115</b>	<b>77,671</b>	<b>93,188</b>
YoY gr. (%)	(3.0)	17.6	21.1	20.0
Employee Cost	33,615	38,606	47,587	56,845
Gross Profit	20,882	25,509	30,085	36,343
Margin (%)	38.3	39.6	38.7	39.0
SG&A Expenses	10,808	12,301	13,981	16,774
Other Expenses	-	-	-	-
<b>EBITDA</b>	<b>10,074</b>	<b>13,208</b>	<b>16,104</b>	<b>19,569</b>
YoY gr. (%)	(9.3)	31.1	21.9	21.5
Margin (%)	18.5	20.6	20.7	21.0
Depreciation and Amortization	2,183	2,120	2,624	3,147
<b>EBIT</b>	<b>7,891</b>	<b>11,088</b>	<b>13,480</b>	<b>16,422</b>
Margin (%)	14.5	17.3	17.4	17.6
Net Interest	455	456	40	200
Other Income	1,537	1,192	1,600	1,200
<b>Profit Before Tax</b>	<b>8,973</b>	<b>11,824</b>	<b>15,040</b>	<b>17,422</b>
Margin (%)	16.5	18.4	19.4	18.7
Total Tax	2,308	3,083	3,760	4,355
Effective tax rate (%)	25.7	26.1	25.0	25.0
<b>Profit after tax</b>	<b>6,665</b>	<b>8,741</b>	<b>11,280</b>	<b>13,066</b>
Minority interest	32	23	20	20
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>6,633</b>	<b>8,718</b>	<b>11,260</b>	<b>13,046</b>
YoY gr. (%)	(19.0)	31.4	29.2	15.9
Margin (%)	12.2	13.6	14.5	14.0
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>6,633</b>	<b>8,718</b>	<b>11,260</b>	<b>13,046</b>
YoY gr. (%)	(19.0)	31.4	29.2	15.9
Margin (%)	12.2	13.6	14.5	14.0
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,633	8,718	11,260	13,046
<b>Equity Shares O/s (m)</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>70</b>
<b>EPS (Rs)</b>	<b>63.8</b>	<b>83.8</b>	<b>107.2</b>	<b>124.3</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>6,997</b>	<b>8,697</b>	<b>10,297</b>	<b>11,997</b>
Tangibles	6,260	7,280	8,240	9,260
Intangibles	737	1,417	2,057	2,737
<b>Acc: Dep / Amortization</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Tangibles	-	-	-	-
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>6,997</b>	<b>8,697</b>	<b>10,297</b>	<b>11,997</b>
Tangibles	6,260	7,280	8,240	9,260
Intangibles	737	1,417	2,057	2,737
Capital Work In Progress	119	119	119	119
Goodwill	5,827	5,827	5,827	5,827
Non-Current Investments	1,644	1,644	1,644	1,644
Net Deferred tax assets	(511)	(511)	(511)	(511)
Other Non-Current Assets	1,049	1,049	1,049	1,049
<b>Current Assets</b>				
Investments	15,149	15,249	15,349	15,449
Inventories	-	-	-	-
Trade receivables	12,346	14,931	18,088	21,701
Cash & Bank Balance	2,327	3,411	5,726	8,645
Other Current Assets	3,519	3,719	3,919	4,119
<b>Total Assets</b>	<b>50,729</b>	<b>56,598</b>	<b>64,170</b>	<b>72,902</b>
<b>Equity</b>				
Equity Share Capital	210	210	210	210
Other Equity	34,521	39,775	46,562	54,424
<b>Total Networkth</b>	<b>34,731</b>	<b>39,985</b>	<b>46,772</b>	<b>54,634</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	-	-	-	-
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	-	-	-	-
Trade payables	2,352	2,767	3,352	4,022
Other current liabilities	8,630	8,830	9,030	9,230
<b>Total Equity &amp; Liabilities</b>	<b>50,729</b>	<b>56,598</b>	<b>64,170</b>	<b>72,902</b>

Source: Company Data, PL Research

**Cash Flow (Rs m)**

Y/e Mar	FY21	FY22E	FY23E	FY24E
PBT	8,973	11,824	15,040	17,422
Add. Depreciation	2,183	2,120	2,624	3,147
Add. Interest	(126)	(259)	(920)	200
Less Financial Other Income	1,537	1,192	1,600	1,200
Add. Other	521	-	-	-
Op. profit before WC changes	11,551	13,685	16,744	20,769
Net Changes-WC	4,245	(2,370)	(2,772)	(3,144)
Direct tax	(2,523)	(3,083)	(3,760)	(4,355)
<b>Net cash from Op. activities</b>	<b>13,273</b>	<b>8,232</b>	<b>10,212</b>	<b>13,270</b>
Capital expenditures	(1,551)	(1,700)	(1,600)	(1,700)
Interest / Dividend Income	355	715	960	-
Others	(8,858)	(100)	(100)	(100)
<b>Net Cash from Inv. activities</b>	<b>(10,054)</b>	<b>(1,085)</b>	<b>(740)</b>	<b>(1,800)</b>
Issue of share cap. / premium	1	-	-	-
Debt changes	(287)	-	-	-
Dividend paid	(2,198)	(3,464)	(4,474)	(5,184)
Interest paid	(455)	(456)	(40)	(200)
Others	(688)	-	-	-
<b>Net cash from Fin. activities</b>	<b>(3,627)</b>	<b>(3,920)</b>	<b>(4,514)</b>	<b>(5,384)</b>
<b>Net change in cash</b>	<b>(408)</b>	<b>3,227</b>	<b>4,958</b>	<b>6,086</b>
Free Cash Flow	11,707	6,532	8,612	11,570

Source: Company Data, PL Research

**Quarterly Financials (Rs m)**

Y/e Mar	Q2FY21	Q3FY21	Q4FY21	Q1FY22
<b>Net Revenue</b>	<b>13,138</b>	<b>14,007</b>	<b>14,405</b>	<b>15,184</b>
YoY gr. (%)	(6.3)	(1.6)	(0.4)	17.3
Raw Material Expenses	8,161	8,556	8,496	8,758
Gross Profit	4,977	5,451	5,909	6,426
Margin (%)	37.9	38.9	41.0	42.3
<b>EBITDA</b>	<b>2,328</b>	<b>2,756</b>	<b>2,931</b>	<b>3,177</b>
YoY gr. (%)	(17.8)	(3.8)	9.2	54.3
Margin (%)	17.7	19.7	20.3	20.9
Depreciation / Depletion	527	624	540	554
<b>EBIT</b>	<b>1,801</b>	<b>2,132</b>	<b>2,391</b>	<b>2,623</b>
Margin (%)	13.7	15.2	16.6	17.3
Net Interest	109	114	125	108
Other Income	566	488	346	442
<b>Profit before Tax</b>	<b>2,258</b>	<b>2,506</b>	<b>2,612</b>	<b>2,957</b>
Margin (%)	17.2	17.9	18.1	19.5
Total Tax	595	637	659	787
Effective tax rate (%)	26.4	25.4	25.2	26.6
<b>Profit after Tax</b>	<b>1,663</b>	<b>1,869</b>	<b>1,953</b>	<b>2,170</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	-	-
<b>Adjusted PAT</b>	<b>1,663</b>	<b>1,869</b>	<b>1,953</b>	<b>2,170</b>
YoY gr. (%)	(19.4)	(9.2)	(5.3)	83.9
Margin (%)	12.7	13.3	13.6	14.3
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>1,663</b>	<b>1,869</b>	<b>1,953</b>	<b>2,170</b>
YoY gr. (%)	(19.4)	(9.2)	(5.3)	296.0
Margin (%)	12.7	13.3	13.6	14.3
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>1,663</b>	<b>1,869</b>	<b>1,953</b>	<b>2,170</b>
Av g. Shares O/s (m)	105	105	106	106
<b>EPS (Rs)</b>	<b>15.8</b>	<b>17.7</b>	<b>18.5</b>	<b>20.5</b>

Source: Company Data, PL Research

**Key Financial Metrics**

Y/e Mar	FY21	FY22E	FY23E	FY24E
<b>Per Share(Rs)</b>				
EPS	63.8	83.8	107.2	124.3
CEPS	84.0	103.2	132.2	231.3
BVPS	330.8	380.8	445.4	780.5
FCF	111.5	62.2	82.0	165.3
DPS	20.8	27.4	35.4	61.5
<b>Return Ratio(%)</b>				
RoCE	25.2	29.7	31.1	32.4
ROIC	34.0	38.4	39.3	40.3
RoE	21.3	23.3	26.0	25.7
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.5)	(0.5)	(0.5)	(0.4)
Debtor (Days)	83	85	85	85
<b>Valuation(x)</b>				
PER	68.0	51.8	40.5	34.9
P/B	13.1	11.4	9.7	5.6
P/CEPS	84.0	103.2	132.2	231.3
EV/EBITDA	43.5	33.1	27.0	14.3
EV/Sales	8.0	6.8	5.6	3.0
Dividend Yield (%)	0.5	0.6	0.8	1.4

Source: Company Data, PL Research

**Key Operating Metrics**

Y/e Mar	FY21	FY22E	FY23E	FY24E
---------	------	-------	-------	-------

Source: Company Data, PL Research

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


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Aug-21	BUY	4,018	3,697
2	15-Jul-21	BUY	3,149	2,911
3	02-Jul-21	BUY	3,117	2,914
4	04-May-21	BUY	3,006	2,797
5	05-Apr-21	BUY	3,006	2,721
6	21-Jan-21	BUY	3,057	2,658
7	04-Jan-21	BUY	2,509	2,410
8	22-Dec-20	BUY	2,509	2,157
9	20-Oct-20	Accumulate	1,860	1,754
10	05-Oct-20	Hold	1,529	1,587

**Analyst Coverage Universe**

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	Coforge	BUY	5,393	4,790
2	Cyient	BUY	1,088	967
3	HCL Technologies	BUY	1,239	1,050
4	Infosys	BUY	1,847	1,650
5	L&T Technology Services	BUY	4,018	3,697
6	Larsen & Toubro Infotech	BUY	5,416	4,763
7	Mindtree	BUY	3,450	2,842
8	Mphasis	BUY	3,348	2,695
9	Persistent Systems	BUY	3,603	3,118
10	Redington (India)	BUY	397	330
11	Sonata Software	BUY	927	842
12	Tata Consultancy Services	BUY	3,807	3,310
13	TeamLease Services	BUY	4,716	3,954
14	Tech Mahindra	BUY	1,509	1,265
15	Wipro	BUY	665	598
16	Zensar Technologies	BUY	424	429

**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. Aniket Pande- MBA, Ms. Aditi Patil- 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](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. Aniket Pande- MBA, Ms. Aditi Patil- 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](http://www.plindia.com)