

Bajaj Auto

HOLD

EBITDA below estimates; Outlook Positive

Summary

Bajaj Auto (BJAUT) Q1FY22 PAT was below our and consensus estimates on account of higher than expected contraction in EBITDA margins and lower average per unit realizations. We expect domestic 2W/3W market to post recovery during H2FY22 while export market continues to show improvement for BJAUT. The Company is anticipated to face margin pressure during Q2FY22, however based on strong operating leverage BJAUT is expected to mitigate cost pressure in the medium term. To factor in improved business outlook and raw material cost inflation, we revise our Sales and PAT estimates by 5.7%/1.3% and 2.6%/-2.9% for FY22E and FY23E respectively. The Company is expected to report EPS of Rs200 and Rs226 for FY22 and FY23 respectively. At CMP, BJAUT stock is quoting at PER of 17.1x FY23E earnings. We retain our HOLD rating on the stock with a revised price target of Rs4,071 (PE of 18x FY23E + KTM value of Rs91).

Result Highlights and Investment Rationale

- PAT below estimates:** During Q1FY22, BJAUT's sales grew by 139.9% YoY to Rs73.9bn (our Estimates Rs75.4bn), driven by 127% volume growth and a 5.6% increase in average realizations. EBITDA margins during the quarter contracted by 253bps YoY to 15.2% (Our estimates 17%) on account of gross margin compression of 592bps. PAT increased by 101% YoY to Rs10.6bn against our estimates of Rs11.4bn.
- Business Outlook and Earning Revision:** We expect domestic 2W/3W market to post recovery during H2FY22 while export market continues to show improvement for BJAUT. To factor in improved business outlook across domestic and export market, we revise our Sales and PAT estimates by 29.1%/11.7% and 27.1%/13.1% for FY22E and FY23E respectively.
- Retain Hold:** At CMP, BJAUT stock is quoting at PER of 17.1x FY23E earnings. We understand, business environment for BJAUT to improve across its markets in coming quarters. We retain our HOLD rating on the stock with a revised price target of Rs4,071 (PE of 18x FY23E + KTM value of Rs91).

TP	Rs4,071	
CMP	Rs3,844	
Potential upside / downside	6%	
V/s Consensus		
EPS (Rs)	FY22E	FY23E
IDBI Capital	200.0	226.0
Consensus	189.8	222.0
% difference	1.7	(2.1)

Shareholding Pattern (%)

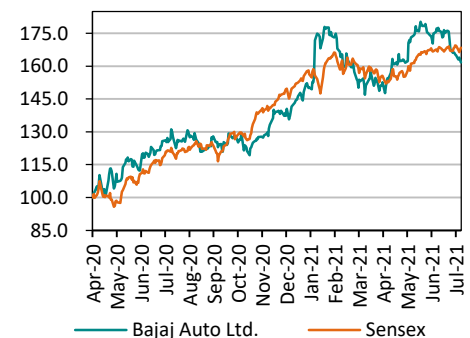
Promoters	53.7
FII	11.8
DII	12.7
Public	21.8

Price Performance (%)

	-1m	-3m	-12m
Absolute	(8.9)	4.4	28.8
Rel to Sensex	(9.7)	(5.8)	(11.1)

Key Stock Data	
Bloomberg / Reuters	BJAUT IN/BAJA.BO
Sector	Automobile
Shares o/s (mn)	289
Market cap. (Rs mn)	1,112,385
Market cap. (US\$ mn)	14,949
3-m daily avg Trd value (Rs mn)	1,126.8
52-week high / low	Rs4,361 / 2,823
Sensex / Nifty	52,976 / 15,856

Relative to Sensex (%)



Financial snapshot

Year	FY2019	FY2020	FY2021	FY2022E	FY2023E
Revenue	3,03,576	2,99,187	2,77,411	3,58,178	3,99,971
EBITDA	51,925	50,962	49,285	63,650	72,066
EBITDA (%)	17.1	17.0	17.8	17.8	18.0
Adj. PAT	46,752	51,000	45,546	57,882	65,440
EPS (Rs)	161.6	176.2	157.4	200.0	226.1
EPS Growth (%)	13.4	9.1	(10.7)	27.1	13.1
PE (x)	25.9	23.8	26.6	20.9	18.5
Dividend Yield (%)	1.4	4.3	3.3	3.3	3.8
EV/EBITDA (x)	23.2	23.7	24.5	18.6	16.2
RoE (%)	22.9	24.5	20.2	22.2	23.4
RoCE (%)	24.0	23.4	21.0	23.5	24.9

Source: Company; IDBI Capital Research

Concall Highlights:

- **Supply Chain:** The supply chain has shown resilience, due to lessons learned from the last time. Coordination with authority was better. Supply-side ready to serve higher demand. However, poor visibility of semiconductors and availability of containers is the problem.
- **Exports:**
 - **Outlook:** African market returns to near normalcy. The situation in ASEAN (Cambodia, Philippines), South Asia (Nepal, Bangladesh, and Sri Lanka) are still recovering. The company is crossing ~200 thousand unit's exports every month despite the drop in sales to ASEAN countries. The company is the biggest player in the Philippines (in 2W), Cambodia (in 3W), and Uganda (it has a 90% market share). Uganda is the biggest market in Eastern Africa, it went through a lockdown and hence sales were impacted. Exports in KTM continue to grow at a significant pace i.e. 48% QoQ due to better demand in North America, Europe. The company has increases its revenue mix toward exports in Motorcycle/3W by 2%/6% respectively. Export Revenue is Rs45bn/USD580mn. USD/INR realization forQ1FY22 is Rs74.
 - **Decline in Market share of West Africa:** The largest market in Nigeria, the company has 50%+ market share, the company has lost 3%-4% to Chinese competition. In March, 2020 when India was under Covid impact the Chinese company was back and able to capture the market on the basis of lower prices. The company has invested heavily in the service network, product quality, and engagement with the customer and believes this to be a better strategy than price leadership.
- **Domestic Motorcycle:** The company now holds the 2nd position in the 125cc segment. It derives 60% of sales from 125cc segment; the growth in the segment was driven by 125cc Pulsar. The company launched a new variant in May Pulsar 125cc NS. It is the most expensive 125cc bike. The company has an all-time high market share of 28% in 125cc. The company has launched a new model of CT, Platina Electric start. This model contributed to driving growth and market share. Market share in domestic business increased by 1.5%. The company has reprised its Dominar250cc. Pulsar & Dominar's share increased from 19% in Q4FY21 to 21% in Q1FY22. The company will introduce its 3 new products in the sports segment and commuter segment to inspire customers to upgrade.
- **3W**
 - **Domestic 3W Outlook:** The Company has leadership in all segments of CV i.e. Cargo/Passenger/ Diesel/CNG/Petrol. In the domestic CV business. The 3W return to normalcy was interrupted in April and May. June volume will be lower than June of FY20. The management expects a faster recovery in Q2.

- **3W CNG:** The CNG footprint in the country is increasing at a good pace. The company's market share in the segment is 85%-90%. The govt. push to build a wide CNG network across the country targeting 9000 pumps by 2025 from 1500 pumps. The addition of 100 pumps creates a market for 10K units of 3W. CNG run rate is Rs1.25/Km better than Diesel. CNG pump leads to faster adoption from Diesel to CNG as the driver switches its vehicle within 5 years of usage and sells it to the Non-CNG market.
- **EBITDA Margin Impact:** The cost increased by 3.7% in Q1FY22, the company was able to recover 1.5% of the cost. The price increase in India and Overseas was ahead of the competition. Margins were further hurt by 1.6% due to loss of operating leverage. Better Product mix and better FOREX realization help in mitigating the losses by 1.3%.
- **EV:**
 - **EV Subsidiary:** The Company wants to be a dominant player in the EV and wants to create a corporate space to pursue its EV ambition. The company started 100% subsidiary with the authorized share capital of Rs.100crs and Paid Up share capital of Rs.5crs.
 - **Chetak:** Chetak booking was opened in Pune and Bangalore and company need to close it in 48 hrs due to a very strong response. The Company has filed an application of Chetak with the FAME and waits for its approval. The chetak does not have FAME benefit as of now as the company wants to continue some of the localization configurations, as it operationally smoother and convenient.
 - **EV Outlook:** The management expects the EV to contribute some meaningful volume only after 5 years as there is a significant acquisition cost between IC and EV vehicles. The anxiety issue is a big hurdle. The ability to give a good experience to early adopters through services and network is important. So that the bad experience will not damage the category.
- **Outlook:** Restoration of normal retail is higher in motorcycles and lower in 3W. The management expects improvement to continue due to higher vaccination. The Company expects a steady improvement in domestic 3Ws by Q2FY22. The bottom of the pyramid has impacted higher. The Middle class will continue to do better in the next 12 months as job loss, salary cuts are over and the segment is in better shape. The commodity price increased further by 3+% and the company was able to mitigate only 2/3rd through price hikes in July in domestic and overseas markets. The improvement in ASEAN countries will help in boosting exports. The management expects better operating leverage, better FOREX and better product mix to support EBITDA Margin in Q2.

Exhibit 1: Quarterly Snapshot

(Rs mn)	Q1FY22	Q1FY21	Q4FY21	YoY (%)	QoQ(%)
Volumes	10,06,014	4,43,103	11,69,664	127.0	(14.0)
Net Revenue	73,860	30,792	85,961	139.9	(14.1)
Expenditure	62,663	26,707	70,720	134.6	(11.4)
<i>as % of sales</i>	<i>84.8</i>	<i>86.7</i>	<i>82.3</i>		
Consumption of RM	53,944	20,666	61,767	161.0	(12.7)
<i>as % of sales</i>	<i>73.0</i>	<i>67.1</i>	<i>71.9</i>		
Employee Cost	3,615	3,373	3,070	7.2	17.8
<i>as % of sales</i>	<i>4.9</i>	<i>11.0</i>	<i>3.6</i>		
Other expenditure	5,103	2,668	5,884	91.3	(13.3)
<i>as % of sales</i>	<i>6.9</i>	<i>8.7</i>	<i>6.8</i>		
EBITDA	11,198	4,085	15,241	174.1	(26.5)
Depreciation	641	638	662	0.4	(3.2)
EBIT	10,557	3,447	14,579	206.2	(27.6)
Other Income	3,293	3,379	2,836	(2.5)	16.1
Interest	23	10	20	141.1	12.3
PBT	13,827	6,817	17,395	102.8	(20.5)
Total Tax	3,215	1,536	4,074	109.3	(21.1)
Adjusted PAT after MI	10,612	5,280	13,321	101.0	(20.3)
Extra ordinary items Loss/(Gain)	-	-	-	NA	NA
Reported PAT	10,612	5,280	13,321	101.0	(20.3)
Adjusted EPS	36.7	18.2	46.0	101.0	(20.3)
Margins (%)				(bps)	(bps)
EBIDTA	15.2	13.3	17.7	189	(257)
EBIT	14.3	11.2	17.0	310	(267)
EBT	18.7	22.1	20.2	(342)	(152)
PAT	14.4	17.1	15.5	(278)	(113)
Effective Tax rate	23.3	22.5	23.4	72	(17)

Source: Company; IDBI Capital Research

Exhibit 2: Actual vs. Estimates

(Rs mn)

	Actual	IDBI Est	% Variance	Consensus	% Variance
Net sales	73,860	75,413	(2.1)	74,040	(0.2)
EBITDA	11,198	12,842	(12.8)	11,904	(5.9)
EBITDA margin (%)	15.2	17.0	(187 bps)	16.1	(92 bps)
Adj net income	10,612	11,474	(7.5)	10,969	(3.3)
FDEPS (Rs)	36.7	39.65	(7.5)	36.6	0.1

Source: Company; IDBI Capital Research

Exhibit 3: Change in estimates

(Rs mn)	FY22E			FY23E		
	Earlier	Revised	% Change	Earlier	Revised	% Change
Revenues	3,38,822	3,58,178	5.7	3,94,939	3,99,971	1.3
EBITDA	63,590	63,650	0.1	77,554	72,066	(7.1)
Margin (%)	18.8	18.8	0 bps	19.6	19.6	0 bps
Net Profit	56,428	57,882	2.6	67,417	65,440	(2.9)
FDEPS	195.0	200.0	2.6	233.0	226.1	(2.9)

Source: Company; IDBI Capital Research

Exhibit 4: One-year forward P/E

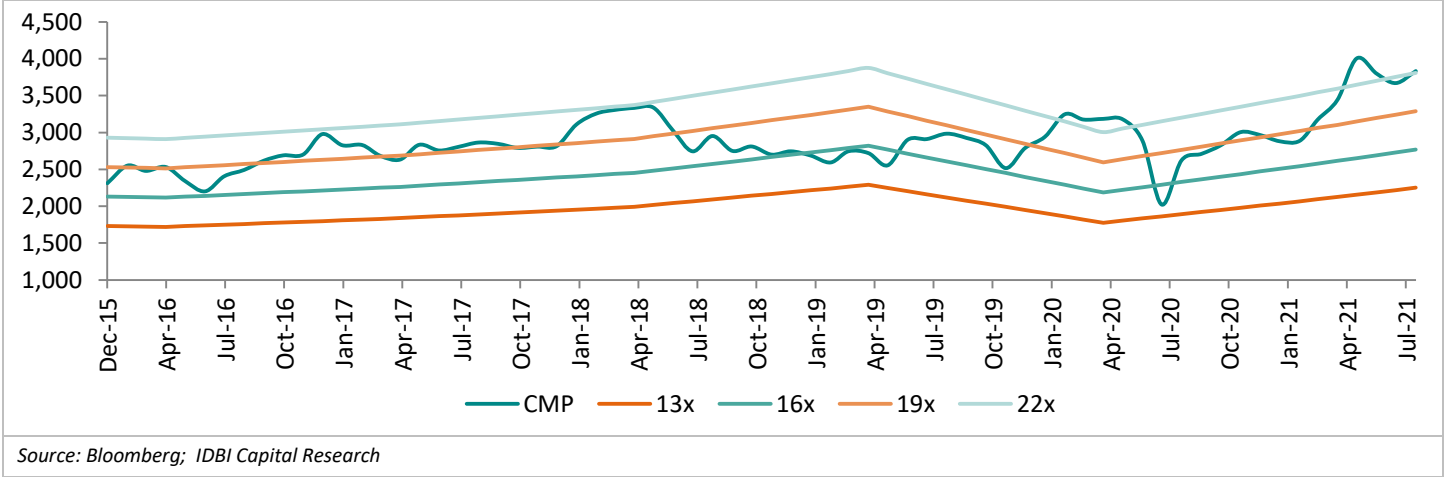


Exhibit 5: Domestic Motorcycles sales mix - Region and Top 10 states (%)

	Q1FY19	Q2FY19	Q3FY19	Q4FY19	Q1FY20	Q2FY20	Q3FY20	Q4FY20	Q1FY21	Q2FY21	Q3FY21	Q4FY21
Region Wise												
North	29	28	30	26	28	24	30	21	27	24	27	21
East	18	14	16	17	18	17	15	18	21	21	19	20
West	25	29	30	24	25	28	33	27	21	27	29	24
South	28	29	24	33	29	30	22	34	31	28	26	35
Total	100	100	100	100	100	100	100	100	100	100	100	100
Top 10 State Wise Sales												
U.P.	16	12	15	14	19	9	15	13	17	12	16	12
Maharashtra	6	7	8	6	6	7	9	9	3	6	8	7
Tamil Nadu	9	9	8	11	9	11	7	12	8	8	8	11
Karnataka	7	7	6	7	6	6	5	7	7	5	5	6
Madh. Prad.	7	7	9	6	8	7	9	7	9	9	8	7
Punjab	5	7	7	4	3	7	6	3	3	5	4	3
Rajasthan	5	7	6	5	5	6	7	4	4	5	5	4
Andhra Prad.	5	6	4	6	6	6	4	7	7	7	6	9
Gujarat	4	5	5	4	4	5	5	4	2	3	4	4
West Bengal	4	3	4	4	4	5	4	5	6	7	5	5
Others	26	25	24	27	27	27	23	27	31	28	26	30

Source: SIAM; IDBI Capital Research

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Net sales	2,99,187	2,77,411	3,58,178	3,99,971
<i>Growth (%)</i>	<i>(1.4)</i>	<i>(7.3)</i>	<i>29.1</i>	<i>11.7</i>
Operating expenses	(2,48,224)	(2,28,126)	(2,94,528)	(3,27,905)
EBITDA	50,962	49,285	63,650	72,066
<i>Growth (%)</i>	<i>(1.9)</i>	<i>(3.3)</i>	<i>29.1</i>	<i>13.2</i>
Depreciation	(2,464)	(2,593)	(2,794)	(3,036)
EBIT	48,498	46,692	60,856	69,030
Interest paid	(32)	(67)	(67)	(67)
Other income	17,336	12,765	16,387	18,290
Pre-tax profit	65,802	59,390	77,176	87,254
Tax	(14,802)	(13,844)	(19,294)	(21,813)
<i>Effective tax rate (%)</i>	<i>22.5</i>	<i>23.3</i>	<i>25.0</i>	<i>25.0</i>
Net profit	51,000	45,546	57,882	65,440
Exceptional items	-	-	-	-
Adjusted net profit	51,000	45,546	57,882	65,440
<i>Growth (%)</i>	<i>9.1</i>	<i>(10.7)</i>	<i>27.1</i>	<i>13.1</i>
<i>Shares o/s (mn nos)</i>	<i>289</i>	<i>289</i>	<i>289</i>	<i>289</i>

Cash Flow Statement

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Pre-tax profit	65,802	59,390	77,176	87,254
Depreciation	(5,606)	2,593	2,794	3,036
Tax paid	(18,069)	(12,087)	(19,294)	(21,813)
Chg in working capital	1,973	(1,457)	9,982	2,426
Other operating activities	13,883	(8,284)	(4,085)	(2,114)
Cash flow from operations (a)	57,983	40,155	66,573	68,788
Capital expenditure	7,518	(2,231)	(4,000)	(4,000)
Chg in investments	10,184	(44,350)	-	-
Other investing activities	(10,667)	1,395	-	-
Cash flow from investing (b)	7,036	(45,186)	(4,000)	(4,000)
Equity raised/(repaid)	-	-	-	-
Debt raised/(repaid)	(1,625)	-	-	-
Dividend (incl. tax)	(62,579)	(48,658)	(40,517)	(45,808)
Chg in minorities	-	-	-	-
Other financing activities	(6,965)	55,880	-	-
Cash flow from financing (c)	(71,169)	7,222	(40,517)	(45,808)
Net chg in cash (a+b+c)	(6,150)	2,191	22,056	18,980

Balance Sheet

(Rs mn)

Year-end: March	FY20	FY21	FY22E	FY23E
Net fixed assets	15,652	15,290	16,496	17,460
Investments	1,81,960	2,26,310	2,26,310	2,26,310
Other non-curr assets	-	-	-	-
Current assets	38,979	64,020	96,995	1,24,104
Inventories	10,635	14,939	19,507	21,783
Sundry Debtors	17,251	27,169	28,676	32,022
Cash and Bank	3,083	5,274	27,329	46,309
Marketable Securities	-	-	-	-
Loans and advances	868	2,607	3,366	3,759
Total assets	2,36,591	3,05,619	3,39,800	3,67,873
Shareholders' funds	1,99,255	2,52,023	2,69,387	2,89,019
Share capital	2,894	2,894	2,894	2,894
Reserves & surplus	1,96,361	2,49,129	2,66,493	2,86,126
Total Debt	-	-	-	-
Secured loans	-	-	-	-
Unsecured loans	-	-	-	-
Other liabilities	(3,684)	(1,927)	(1,927)	(1,927)
Curr Liab & prov	41,020	55,524	72,340	80,780
Current liabilities	38,636	53,980	70,347	78,555
Provisions	2,385	1,544	1,993	2,225
Total liabilities	37,336	53,597	70,413	78,854
Total equity & liabilities	2,36,591	3,05,619	3,39,800	3,67,873
Book Value (Rs)	689	871	931	999

Source: Company; IDBI Capital Research

Financial Ratios

Year-end: March	FY20	FY21	FY22E	FY23E
Adj. EPS (Rs)	176.2	157.4	200.0	226.1
Adj. EPS growth (%)	9.1	(10.7)	27.1	13.1
EBITDA margin (%)	17.0	17.8	17.8	18.0
Pre-tax margin (%)	22.0	21.4	21.5	21.8
ROE (%)	24.5	20.2	22.2	23.4
ROCE (%)	23.4	21.0	23.5	24.9
Turnover & Leverage ratios (x)				
Asset turnover (x)	1.2	1.0	1.1	1.1
Leverage factor (x)	1.2	1.2	1.2	1.3
Net margin (%)	17.0	16.4	16.2	16.4
Net Debt/Equity (x)	0.0	0.0	(0.1)	(0.2)
Working Capital & Liquidity ratio				
Inventory days	13	20	20	20
Receivable days	21	36	29	29
Payable days	47	71	72	72

Valuation

Year-end: March	FY20	FY21	FY22E	FY23E
P/E (x)	23.8	26.6	20.9	18.5
Price / Book value (x)	6.1	4.8	4.5	4.2
PCE (x)	22.7	25.2	20.0	17.7
EV / Net sales (x)	4.0	4.3	3.3	2.9
EV / EBITDA (x)	23.7	24.5	18.6	16.2
Dividend Yield (%)	4.3	3.3	3.3	3.8



Notes

Dealing	(91-22) 6836 1111	dealing@idbicapital.com
---------	-------------------	-------------------------

Key to Ratings Stocks:

BUY: 15%+; **HOLD:** -5% to 15%; **SELL:** -5% and below.

IDBI Capital Markets & Securities Ltd.

Equity Research Desk

6th Floor, IDBI Tower, WTC Complex, Cuffe Parade, Colaba, Mumbai – 400 005. Phones: (91-22) 2217 1700; Fax: (91-22) 2215 1787; Email: info@idbicapital.com

SEBI Registration: BSE & NSE (Cash & FO) – INZ000007237, NSDL – IN-DP-NSDL-12-96, Research – INH000002459, CIN – U65990MH1993GOI075578

Compliance Officer: Christina D’souza; Email: compliance@idbicapital.com; Telephone: (91-22) 2217 1907

Disclaimer

This report has been published by IDBI Capital Markets & Securities Ltd. (hereinafter referred to as “IDBI Capital”) for private circulation. This report should not be reproduced or copied or made available to others. No person associated with IDBI Capital is obligated to call or initiate contact with you for the purposes of elaborating or following up on the information contained in this report. The information contained herein is strictly confidential and meant for solely for the selected recipient and may not be altered in any way, transmitted to copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without the prior written consent of IDBI Capital.

Recipients may not receive this report at the same time as other recipients. IDBI Capital will not treat recipients as customers by virtue of their receiving this report.

The information contained herein is from the public domain or sources believed to be reliable, but we do not make any representation or warranty that it is accurate, complete or up-to-date and it should not be relied upon as such. While reasonable care has been taken to ensure that information given is at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the very nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. In so far as this report includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

Opinions expressed are current opinions as of the date appearing on this material only. While we endeavor to update on a reasonable basis, the information discussed in this material, IDBI Capital, its directors, employees are under no obligation to update or keep the information current. Further there may be regulatory, compliance, or other reasons that prevent us from doing so.

Prospective investors and others are cautioned that any forward-looking statements are not predictions and may be subject to change without notice.

IDBI Capital, its directors and employees and any person connected with it, will not in any way be responsible for the contents of this report or for any losses, costs, expenses, charges, including notional losses/lost opportunities incurred by a recipient as a result of acting or non-acting on any information/material contained in the report.

This is not an offer to sell or a solicitation to buy any securities or an attempt to influence the opinion or behavior of investors or recipients or provide any investment/tax advice.

This report is for information only and has not been prepared based on specific investment objectives. The securities discussed in this report may not be suitable for all investors. Investors must make their own investment decision based on their own investment objectives, goals and financial position and based on their own analysis.

Trading in stocks, stock derivatives, and other securities is inherently risky and the recipient agrees to assume complete and full responsibility for the outcomes of all trading decisions that the recipient makes, including but not limited to loss of capital.

Opinions, projections and estimates in this report solely constitute the current judgment of the author of this report as of the date of this report and do not in any way reflect the views of IDBI Capital, its directors, officers, or employees.

This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject IDBI Capital and associates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this report may come are required to inform themselves of and to observe such restriction.

E-mail is not a secure method of communication. IDBI Capital cannot accept responsibility for the accuracy or completeness of any e-mail message or any attachment(s).

This transmission could contain viruses, be corrupted, destroyed, incomplete, intercepted, lost or arrived late. IDBI Capital, its directors or employees or associates accept no liability for any damage caused, directly or indirectly, by this email.

Analyst Disclosures

We, Mahesh Bendre and Sonaal Sharma, hereby certify that the views expressed in this report accurately reflect our personal views about the subject companies and / or securities. We also certify that no part of our compensation were, are or would be directly or indirectly related to the specific recommendations or views expressed in this report. Principally, We will be responsible for the preparation of this research report and have taken reasonable care to achieve and maintain independence and objectivity in making any recommendations herein.

Other Disclosure

IDBI Capital Markets & Securities Ltd.(hereinafter referred to as “IDBI Capital”) was incorporated in the year 1993 under Companies Act, 1956 and is a wholly owned subsidiary of IDBI Bank Limited. IDBI Capital is one of India’s leading securities firm which offers a full suite of products and services to individual, institutional and corporate clients namely Stock broking (Institutional and Retail) , Distribution of financial products, Merchant Banking, Corporate Advisory Services, Debt Arranging & Underwriting, Portfolio Manager Services and providing Depository Services. IDBI Capital is a registered trading and clearing member of BSE Ltd. (BSE) and National Stock Exchange of India Limited (NSE). IDBI Capital is also a SEBI registered Merchant Banker, Portfolio Manager and Research Analyst. IDBI Capital is also a SEBI registered depository participant with National Securities Depository Limited (NSDL) and is also a Mutual Fund Advisor registered with Association of Mutual Funds in India (AMFI).

IDBI Capital and its associates IDBI Bank Ltd. (Holding Company), IDBI Intech Ltd. (Fellow Subsidiary), IDBI Asset Management Ltd. (Fellow Subsidiary) and IDBI Trusteeship Services Ltd. (Fellow Subsidiary).

IDBI Group is a full-serviced banking, integrated investment banking, investment management, brokerage and financing group. Details in respect of which are available on www.idbicapital.com IDBI Capital along with its associates are leading underwriter of securities and participants in virtually all securities trading markets in India. We and our associates have investment banking and other business relationships with a significant percentage of the companies covered by our Research Department. Investors should assume that IDBI Capital and/or its associates are seeking or will seek investment banking or other business from the company or companies that are the subject of this material. IDBI Capital generally prohibits its analysts, persons reporting to analysts, and their dependent family members having a financial conflict of interest in the securities or derivatives of any companies that the analysts cover. Additionally, IDBI Capital 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 sales people, traders, and other professionals 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. Directors of IDBI Capital or its associates may have interest in the Companies under recommendation in this report either as Director or shareholder. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This material should not be construed as an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. We are not soliciting any action based on this material. It is for the general information of clients of IDBI Capital. It 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, clients 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. We and our associates, officers, directors, and employees, including persons involved in the preparation or issuance of this material, may from time to time have “long” or “short” positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. For the purpose of calculating whether IDBI Capital and its associates holds beneficially owns or controls, including the right to vote for directors, 1% or more of the equity shares of the subject issuer of a research report, the holdings does not include accounts managed by IDBI Asset Management Company/ IDBI Mutual Fund.

IDBI Capital hereby declares that our activities were neither suspended nor we have materially defaulted with any Stock Exchange authority with whom we are registered in last five years. However SEBI, Exchanges and Depositories have conducted the routine inspection and based on their observations have issued advice letters or levied minor penalty on IDBI Capital for certain operational deviations. We have not been debarred from doing business by any Stock Exchange / SEBI or any other authorities; nor has our certificate of registration been cancelled by SEBI at any point of time. IDBI Capital, its directors or employees or associates, may from time to time, have positions in, or options on, and buy and sell securities referred to herein. IDBI Capital or its associates, during the normal course of business, from time to time, may solicit from or perform investment banking or other services for any company mentioned in this document or their connected persons or 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 their affiliate companies or act as advisor or lender / borrower to such company(ies)/associates companies or have other potential conflict of interest. This report may provide hyperlinks to other websites. Except to the extent to which the report refers to the website of IDBI Capital, IDBI Capital states that it has not reviewed the linked site and takes no responsibility for the content contained in such other websites. Accessing such websites shall be at recipient's own risk. IDBI Capital encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. Accordingly, neither IDBI Capital nor Research Analysts have any material conflict of interest at the time of publication of this report. We offer our research services to primarily institutional investors and their employees, directors, fund managers, advisors who are registered with us. The Research Analyst has not served as an officer, director or employee of Subject Company. We or our associates may have received compensation from the subject company in the past 12 months. We or our associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. We or our associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. We or our associates may 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 12 months. We or our associates may have received any compensation or other benefits from the Subject Company or third party in connection with the research report. Research Analyst or his/her relative’s may have financial interest in the subject company. IDBI Capital or its associates may have financial interest in the subject company. Research Analyst or his/her relatives does not have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. IDBI Capital or its associates may have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report. The Subject Company may have been a client during twelve months preceding the date of distribution of the research report. Price history of the daily closing price of the securities covered in this note is available at www.bseindia.com; www.nseindia.com and www.economictimes.indiatimes.com/markets/stocks/stock-quotes.