

Patel Engineering

NOT RATED

An engineering behemoth

Summary

Patel Engineering (PEC) founded in 1949, is into construction of complex civil infra work like hydro power plant, tunnelling, Urban Infra, irrigation and others. It has seen multiple capex cycle in India, and currently has an order book of Rs191bn (which is 4x TTM revenue). Up-cycle in its order inflow has started post Covid and in FY23 it has received highest ever annual order inflow of Rs78bn. Company is one the major beneficiary of Infra capex for hydro plant & it expect bidding opportunity of 30GW+ in sector. After reporting revenue CAGR in double digit at 18% over FY20-23, its YTD FY24 revenue increased by 20% YoY. Leverage in PEC has tapered off to 0.6x in 9MFY24 vs ~1x before covid. This is led by internal accrual, non-core asset sale & equity raise in the last 4 years.

Key Highlights and Investment Rationale

- Experience of 7+ decades:** Headquartered in Mumbai, company has successfully completed 250 projects, including 85+ dams, 300kms+ tunnels, 12000+mwh hydroelectric projects & 1200kms+ roads. It currently has market share of 45% in under-construction hydro plant in India.
- Order book and margin:** PEC order book of Rs191bn is from sector like hydro, irrigation, tunnel work, which contributes 90% to its book. It's presence in construction of complex infra which is technology and machinery heavy, has enabled it to get EBITDA margin of 14% (9MFY24).
- Balance sheet, +ve OCF:** PEC has reported positive OCF in the last 4 years and its working capital days is 100 with large part coming from sticky arbitration claims and land. Out of Rs12bn arbitration awards it expects recovery of Rs2-3bn in the next 1 year & receive Rs2-3bn from sale of land in the next 2 years. Both to enable it to reduce leverage & provide funds for working capital.

TP	---
CMP	Rs57
Potential upside/downside	--

Price Performance (%)

	-1m	-3m	-12m
Absolute	(16.3)	(5.3)	279.9
Rel to Sensex	(16.1)	(7.3)	255.1

V/s Consensus

EPS (Rs)	FY25E	FY26E
IDBI Capital	--	--
Consensus	--	--
% difference	--	--

Key Stock Data

Bloomberg/Reuters	PEC IN/PENG.BO
Sector	Infrastructure
Shares o/s (mn)	774
Market cap. (Rs mn)	44,058
3-m daily avg Trd value(Rs mn)	78.0
52-week high / low	Rs79 / 14
Sensex / Nifty	73,651 / 22,327

Shareholding Pattern (%)

Promoters	39.4
FII	2.8
DII	5.6
Public	52.2

Financial snapshot

(Rs mn)

Year	FY19	FY20	FY21	FY22	FY23
Revenue	20,699	23,331	17,191	30,298	38,171
Change (yoy, %)	-	13	(26)	76	26
EBITDA	2,770	1,247	1,689	4,575	5,405
Change (yoy, %)	-	(55)	35	171	18
EBITDA Margin(%)	13.4	5.3	9.8	15.1	14.2
Net Profit	829	372	(1,384)	555	1,556
EPS (Rs)	5.0	0.9	(3.0)	1.2	2.0
Change (yoy, %)		(82)	(427)	(139)	74
PE(x)	6	89	(60)	28	27
Dividend Yield (%)	-	-	-	-	-
PBV (x)	6	23	18	7	8
RoE (%)	15	1	(2)	4	6
RoCE (%)	11	2	2	9	10

Source: IDBI Capital Research, Company

Vishal Periwal

vishal.periwal@idbicapital.com
+91-22-4069 1814

Shubham Shelar

Shubham.shelar@idbicapital.com
+91-22-4069 1859

About the company

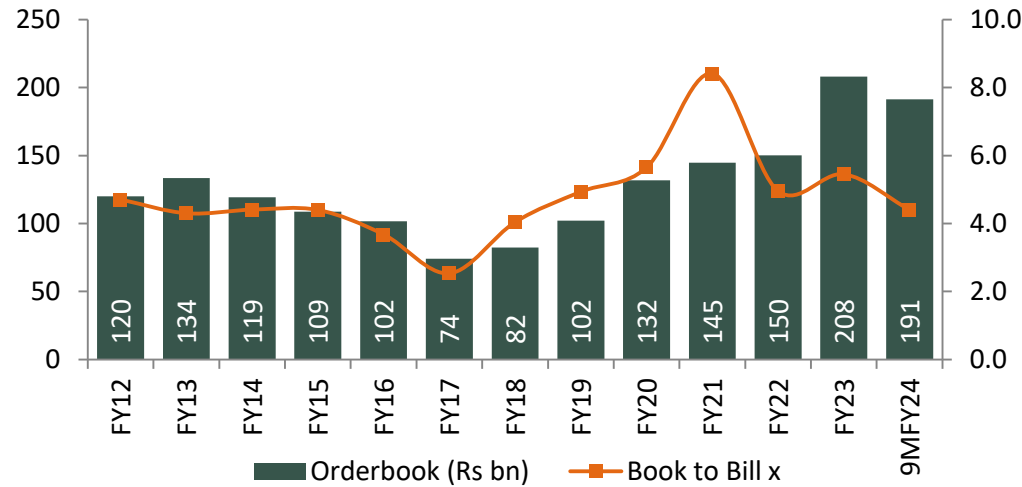
- Patel Engineering Ltd, founded in 1949, is one of the major Infrastructure and Construction services company in India. It has PQ (Pre-Qualification) in construction work in Infrastructure segment like dams, tunnels, micro-runnels, hydroelectric projects, irrigation projects, highways, roads, bridges, railways, refineries to real estates and townships.
- Company has successfully completed over 250 projects, including 85+ dams, 300kms+ tunnels, 12000+mwh hydroelectric projects & 1200kms+ roads.
- Headquartered in Mumbai, it also has experience in execution of projects international markets like Indonesia, Singapore, Nepal & Mauritius.
- Key projects executed are 520MW Tapovan Hydro Electric Project, 412MW Rampur Hydro plant, 800MW Parbati hydro, 600MW Kameng project, & various Irrigation projects.

Exhibit 1: Key numbers, highlighting company's track record

<p>7+ decades Experience</p>	<p>14 States Current Domestic Presence</p>	<p>15,000+ MW Hydro Project</p>
<p>87+ Dams</p>	<p>300+ Kms of Tunnels</p>	<p>5.5+ Lakhs Acres Irrigated</p>
<p>1,200+ Kms Road</p>	<p>₹ 1,91,347 Mn Order book (Including LI Orders)</p>	<p>BBB+ Credit rating</p>

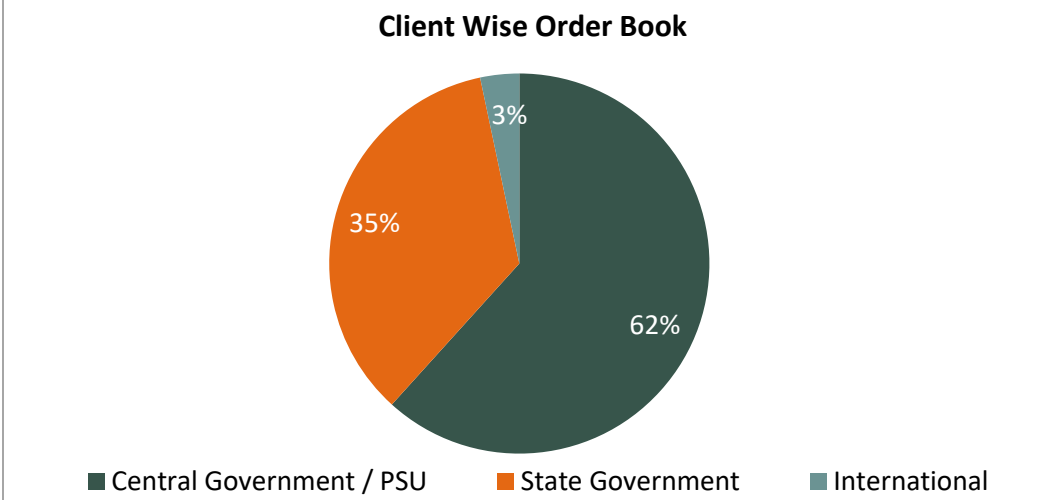
Source: Company

Exhibit 2: Order book at Rs191bn as of 9MFY24 i.e. 4.4x years TTM revenue



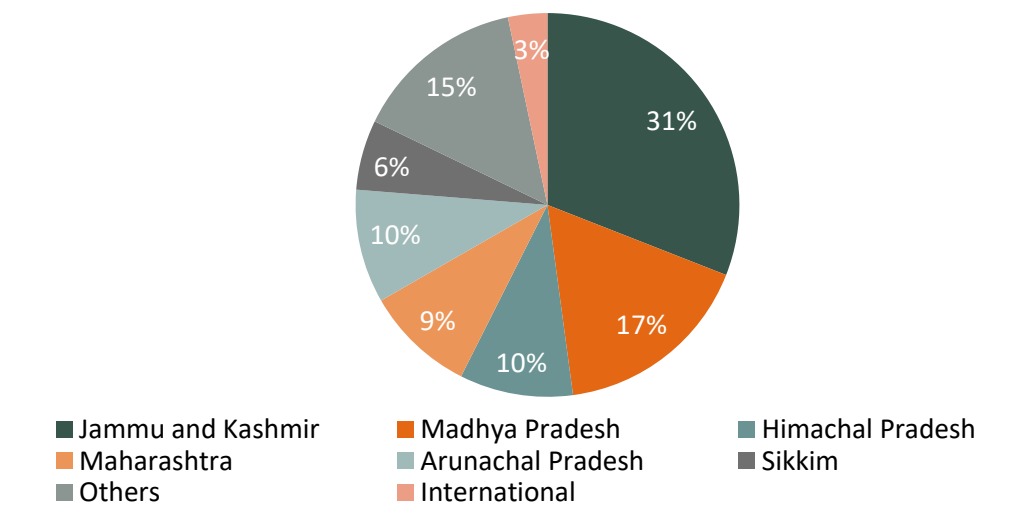
Source : Company, IDBI Capital Research

Exhibit 3: Central govt. major client, comprises 62% of 9MFY24 order book



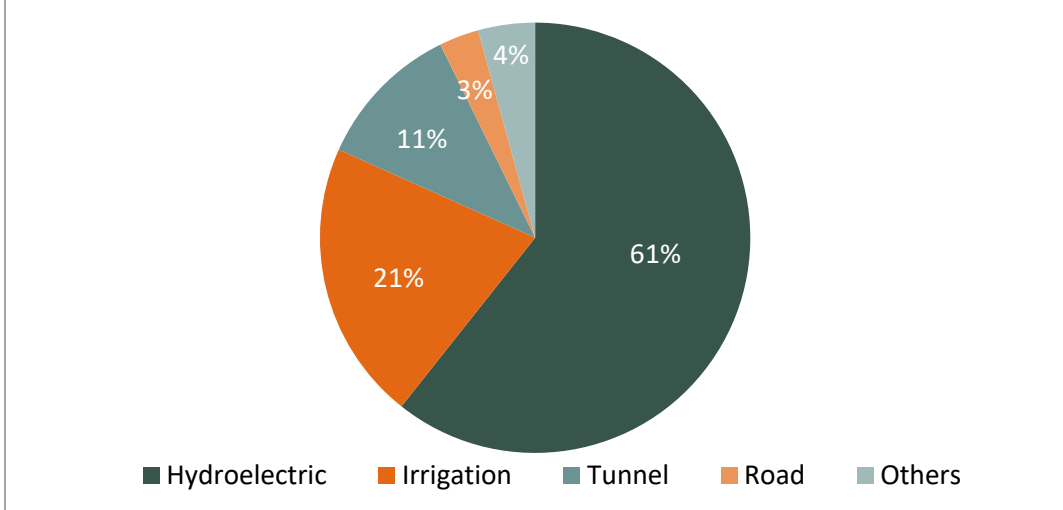
Source : Company

Exhibit 4: 80% of 9MFY24 order book in 6 states , J&K highest at 31%



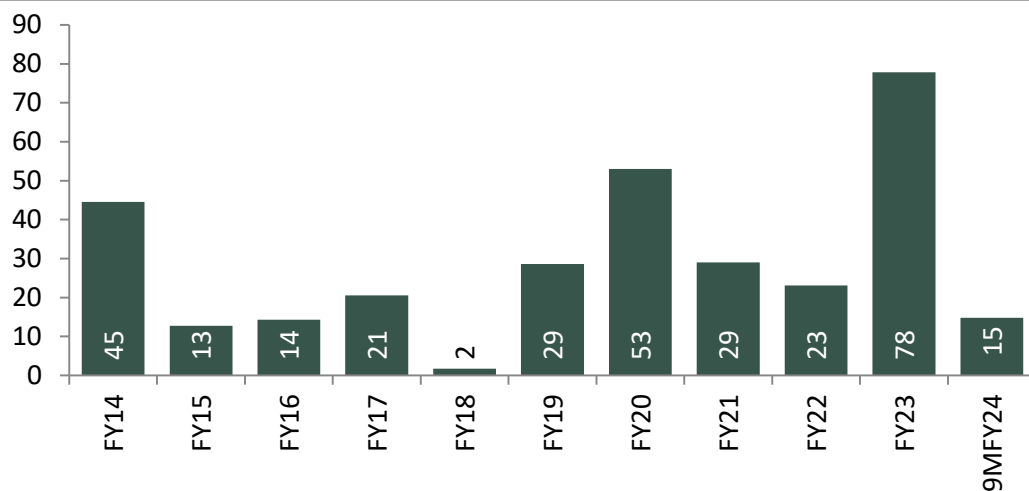
Source : Company

Exhibit 5: Major share from Hydroelectric sector in 9MFY24 order book



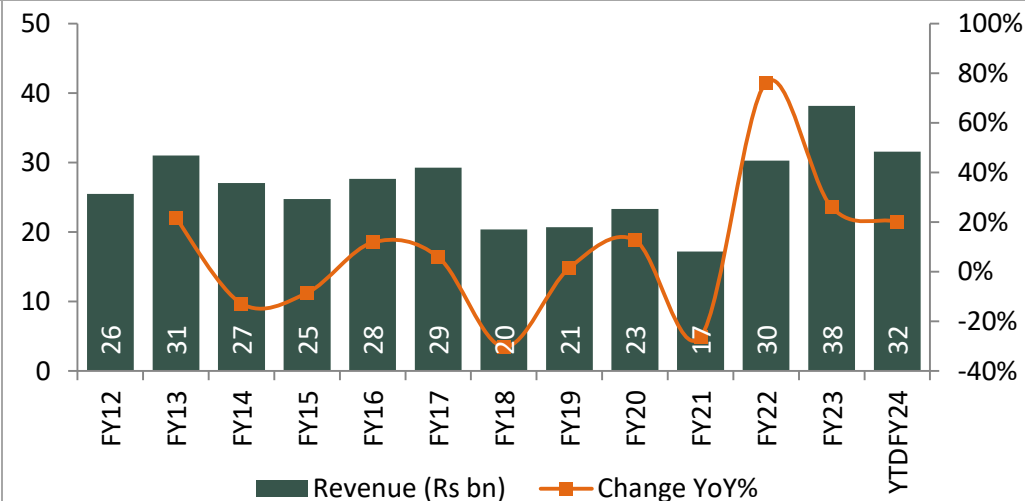
Source : Company

Exhibit 6: Order inflow over the years Rs bn



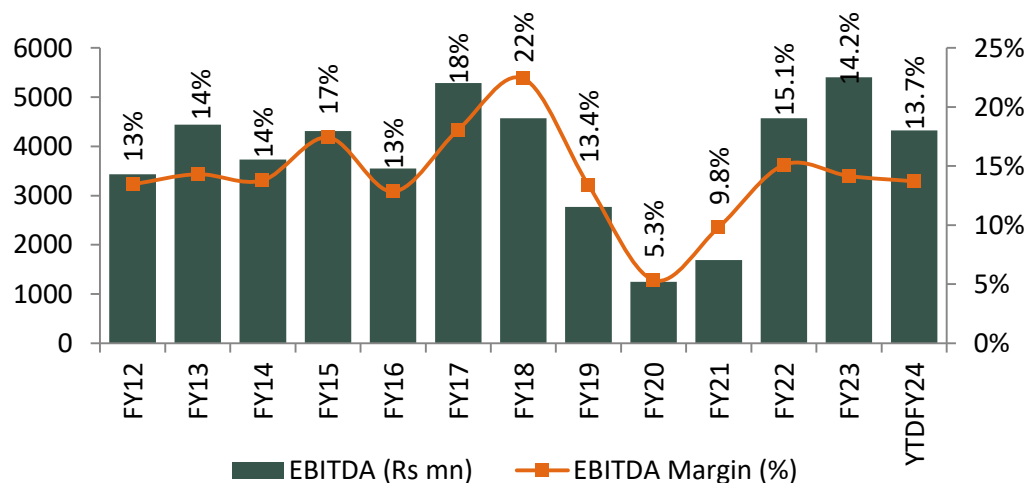
Source : Company, IDBI Capital Research

Exhibit 7: Revenue up 20% YoY in 9MFY24



Source : Source : Company

Exhibit 8: 9MFY24 EBITDA margins at ~14%



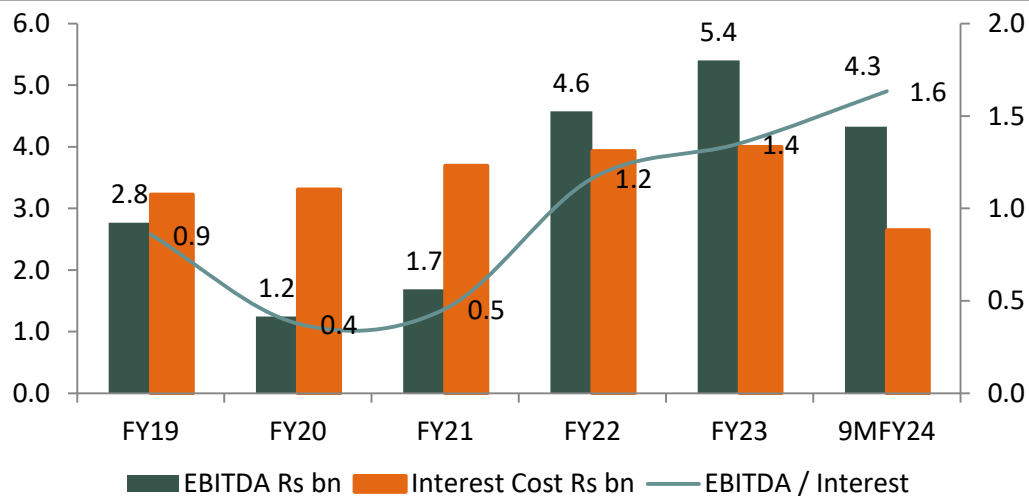
Source : Company

Exhibit 9: EBITDA margin trajectory segment wise

Segment	EBITDA Margin %
Hydro	16%
Road	10-11%
Tunnel	14%
Irrigation	12%

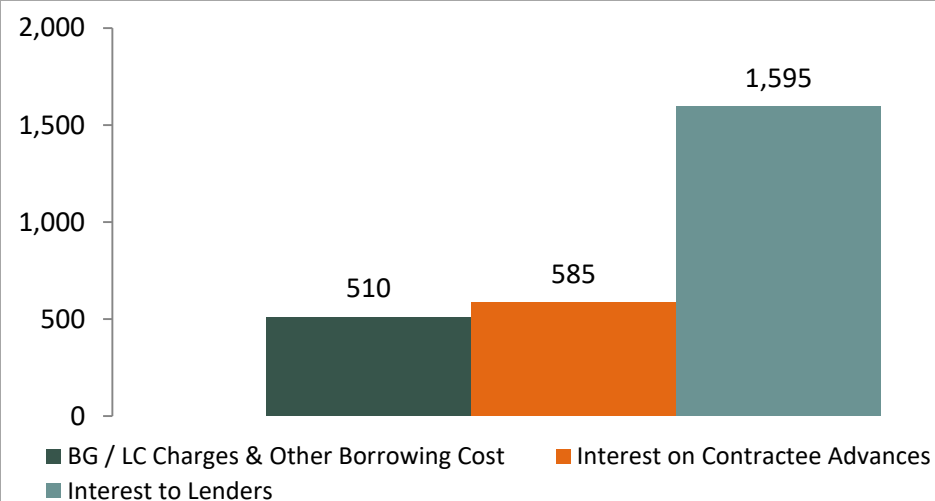
Source : Company

Exhibit 10: Interest coverage trajectory



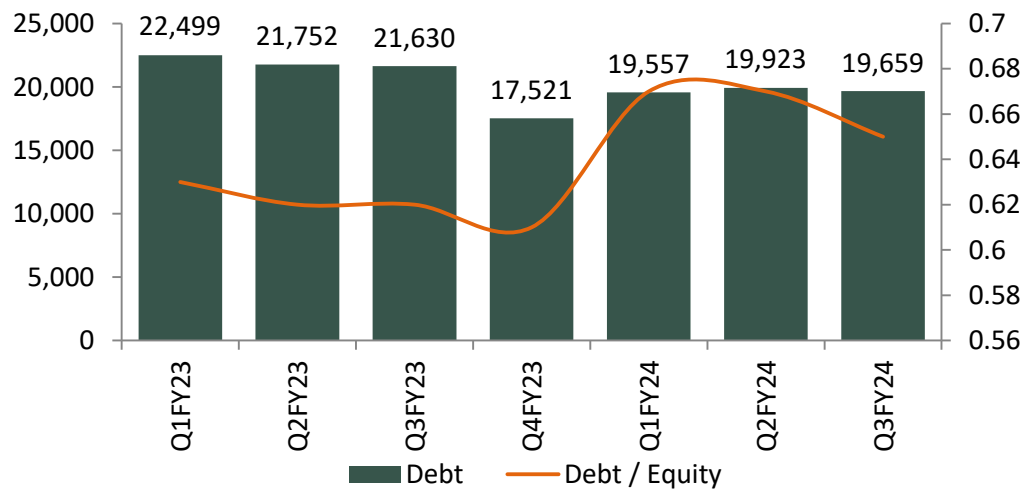
Source : Company, IDBI Capital Research

Exhibit 11: 9MFY24 interest break up Rs mn



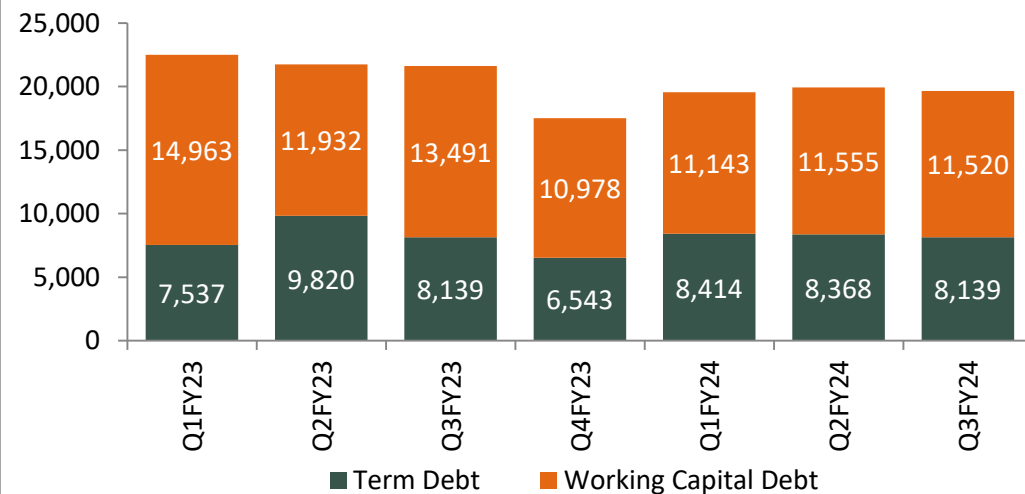
Source : Company, consolidated interest break up

Exhibit 12: Debt trajectory Rs mn



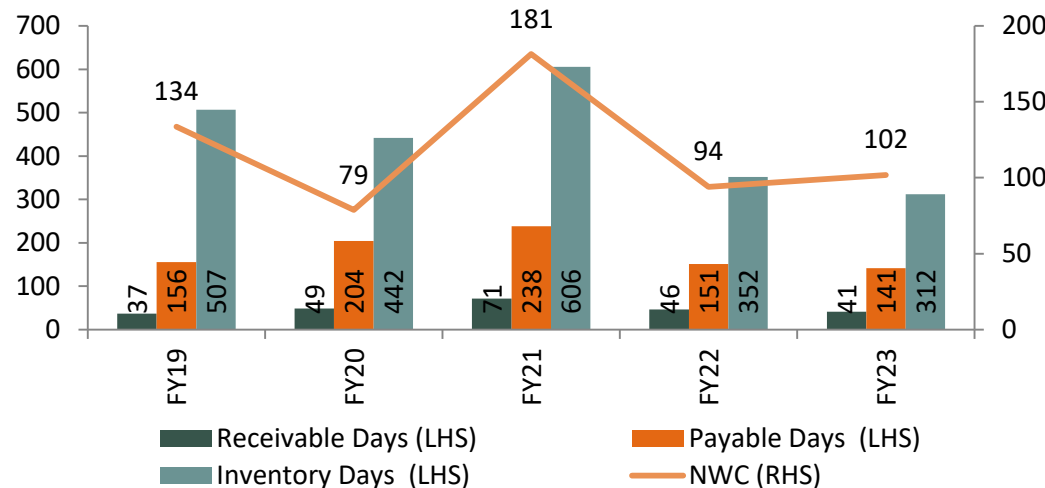
Source : Company, IDBI Capital Research, consolidated debt

Exhibit 13: Working capital debt is ~60% in it



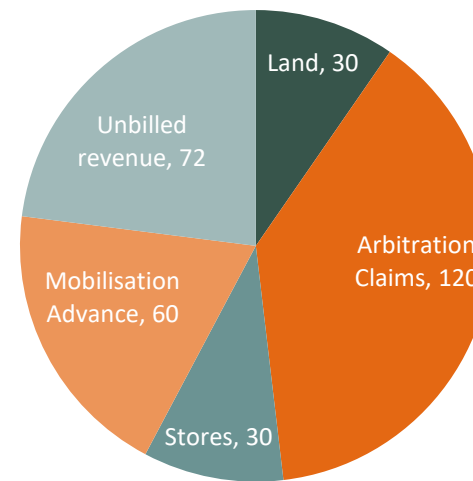
Source : Company

Exhibit 14: Working capital days



Source : Company

Exhibit 15: Inventory break up (in days)



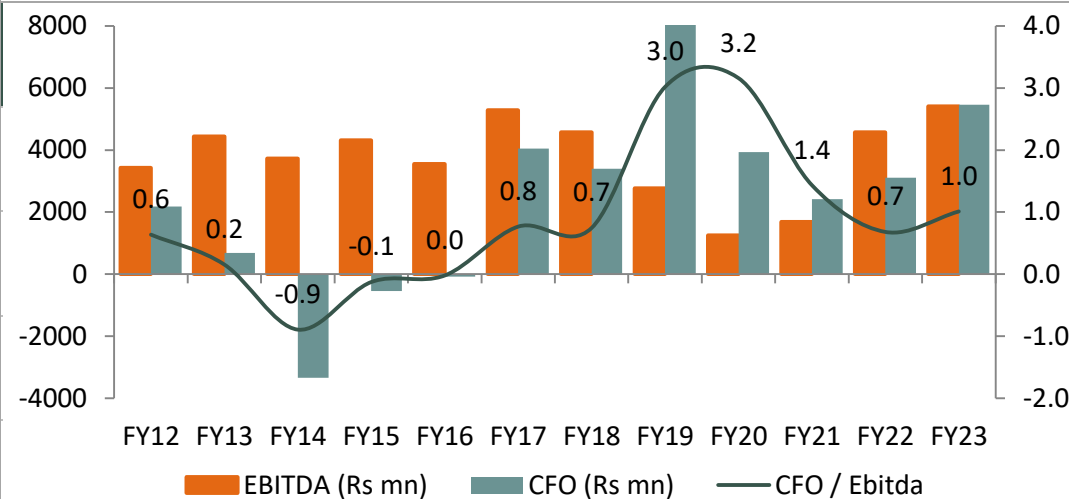
Source : Company, IDBI Capital Research

Exhibit 16: Dupont working : ROE

	FY19	FY20	FY21	FY22	FY23
Asset turnover (x)	0.6	0.3	0.2	0.4	0.5
Leverage factor (x)	3.1	3.0	3.0	3.1	3.0
Net margin (%)	8.1	1.1	-2.6	3.2	4.2
ROE %	4%	1.5%	-5.5%	2.3%	6.0%

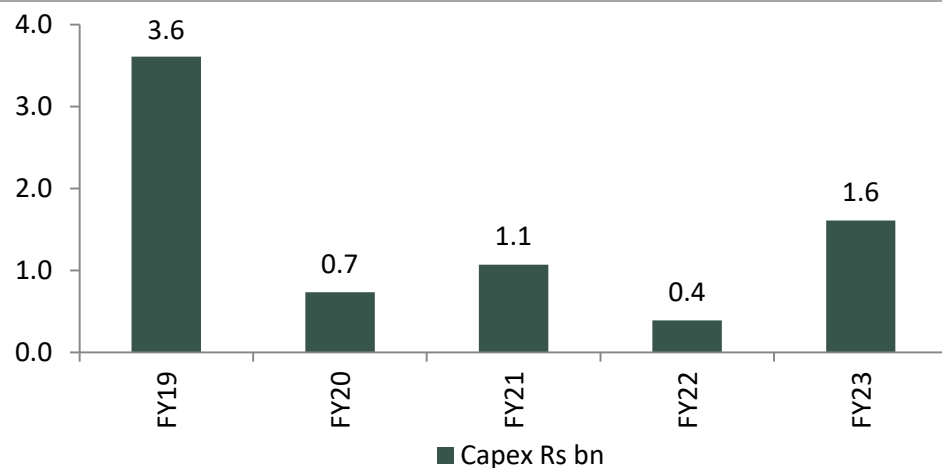
Source : Company, IDBI Capital Research

Exhibit 17: EBITDA conversion to CFO



Source : Company, IDBI Capital Research

Exhibit 18: Capex Rs bn



Source : Company

Exhibit 19: Operational stand

	FY21	FY22	FY23
No. of employees	2130	4273	4426
Equipment's base Rs mn	7986	9153	10404

Source : Compan

Exhibit 20: PEC share issue post covid

Year	Outstanding No. of sh	Shares issued Dilution	New Sh issued	Remarks
FY19	164			
FY20	408	149%	244	Right issue of 223mn share at Rs 9 / sh and Issued 20mn OCPS (preference share) to promoter which was converted to equity shares at Rs18.12 / sh
FY21	466	14%	58	Preferential issue 48mn shares at Rs14.78/sh to lenders as one time settlement
FY22	479	3%	13	Preferential issue of 13.7mn at Rs 14.78/ sh to lender as one time settlement
FY23	774	62%	295	Right issue at Rs12.6/sh – issue of 257 mn shares. ESOP Trust allotment of 25 mn shares and private placement to investor 13 mn shares at Rs. 25.36/share.

Source : Company, IDBI Capital Research

Exhibit 21: Shareholding pattern

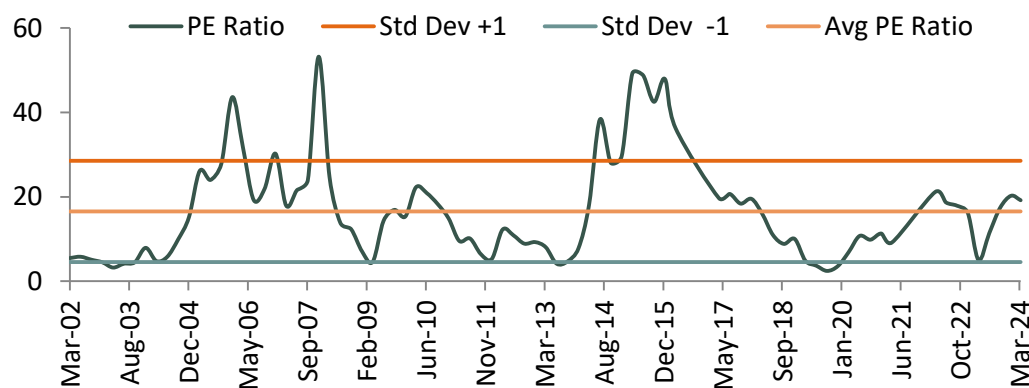
	FY19	FY20	FY21	FY22	FY23	9MFY24
Promoter	19.46%	61.87%	56.23%	54.62%	39.41%	39.41%
Public	72.45%	34.89%	40.94%	42.64%	55.79%	55.79%
Shares held by Employee Trust	8.09%	3.24%	2.83%	2.74%	4.79%	4.79%

Source: BSE

Key Risk

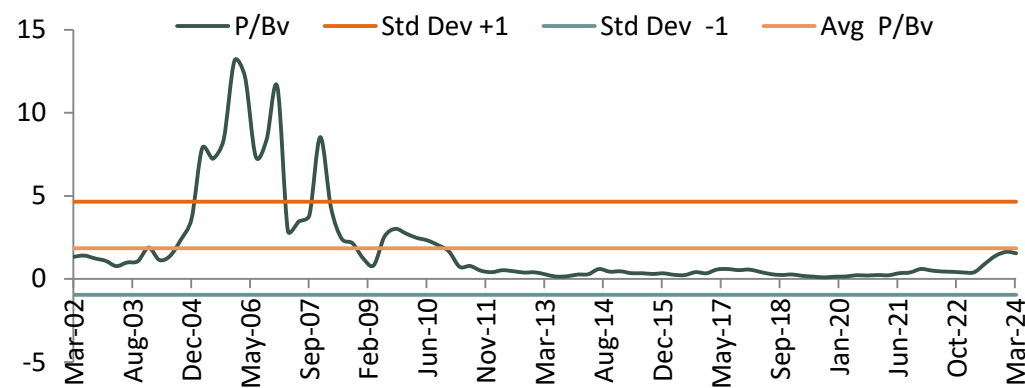
- Opportunity is huge but if/any delay in award of orders could impact growth trajectory.
- Change in the order book mix away from high margin hydro work could impact margin.
- Stretch in working capital and increase in the short term debt, company will have to maintain leverage under control.
- PEC operates in a highly competitive environment and increase in competitive intensity can pose risk to growth.

Exhibit 22: PEC PER band (TTM basis)



Source : Company, IDBI Capital Research, Bloomberg

Exhibit 23: PBV (TTM basis)



Source : Company, IDBI Capital Research, Bloomberg

Exhibit 24: Peers set: Operational aspects

	Order Book (OB)		OB by Clients (%)		Major Geography	Infrastructure Segment
	Rs bn	Visibility (x TTM revenue)	Govt. / PSU	Private		
L&T	3843	2	80	20	Across India and International	Highways, Railways, Metro, Airport, Buildings, Hydro
ITD Ceme.	208	3	50	50	Across India	Metro, Port, Highway, Bridges, Marine
HCC	112	1	52	48	West, North	Building , Civil, Roads, Hydro
J Kumar	167	4	96	4	West, North	Metro, Flyovers, Bridges, Roads, Civil
NCC	574	3	100	0	Across India	Building, Transportation, Water, Rail, T&D
Patel Engineering	191	4	100	0	Across India	Hydro Power plant, Tunnel, Irrigation

Source: Company, IDBI Capital Research

Exhibit 25: Peers set: Financials

	Revenue gr. yoy, %			EBITDA Margin %			ROE %			Net DER (x) - FY23
	FY22	FY23	9MFY24	FY22	FY23	9MFY24	FY22	FY23	9MFY24	
L&T	15	17	23	11.6	11.3	12.1	11	12	14	0.6
ITD Ceme.	40	34	58	8.9	9	10.3	8	10	13	0.6
HCC	29	12	(10)	16.9	13.6	15.0	NA	NA	NA	5.7
J Kumar	37	19	13	14.3	14.2	14.5	10	12	9	0.2
NCC	34	32	37	10.0	10.1	8.9	7	9	7	0.1
Patel Eng.	76	26	19	15.1	14.2	14.1	2	6	6	0.6

Source: Bloomberg, IDBI Capital Research

Exhibit 26: Peers set : Valuation, consensus estimate

	Mkt Cap Rs bn	EV Rs bn	P/E x			P/BV x		
			FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
L&T	5188	6085	37	29	23	5.3	4.7	4.1
ITD Ceme.	57	59	20	14	11	3.5	2.8	2.1
HCC	53	73	31*	NA	NA	NA	NA	NA
J Kumar	48	50	14	12	10	1.7	1.5	1.3
NCC	146	156	18	14	12	2.0	1.7	1.5
Patel Eng.	44	61	21 *	NA	NA	1.5	NA	NA

*Source: Bloomberg, IDBI Capital Research, *Annualized EPS, NR = Not Rated, NA = Not Available*

Exhibit 27: Peers set : Revenue per employee

	FY23 Revenue Rs bn	Employees (FY23)	Revenue per employee (Rs mn)
ITD Ceme.	47	2398	19.5
HCC	99	4764	20.7
J Kumar	42	7434	5.6
NCC	128	20611	6.2
Patel Eng.	38	4400	8.6

Source: Companies, IDBI Capital Research

Key projects by PEC

Exhibit 28: USBRL Tunnel



Source : Company

Exhibit 29: Tapovan Hydroelectric underground Powerhouse



Source : Company

Exhibit 30: Parbati Hydro Electro Project (800 MW)



Source : Company

Exhibit 31: Tuirial Hydro Electro Project Mizoram (60 MW)



Source : Company

Exhibit 32: Milestones achieved:

- **1949:** Established as a partnership firm
- **1990:** Converted to Public Ltd Company
- **1992:** Listed on BSE
- **1995:** Revenue crossed Rs1bn
- **2002:** Achieved revenue of Rs5bn
- **2011:** Revenue crossed Rs30bn
- **2023:** Revenue surpassed Rs38bn
- **2023:** Order book touched Rs200bn

Source: Company

Exhibit 33: Management Profile

Name	Designation	Details
Mr Pravin Patel	Chairman Emeritus	He has graduated in Town Planning from USA and also studied Financial Management from the London School of Economics. He is the son of Mr. Arjun Patel, one of the initial promoters and has a wide experience of more than 45 years in financial management, town planning, architecture etc. Under his vision and erudite leadership the Company has acquired immense reputation as an engineering company.
Mr Rupen Patel	Chairman & Managing Director	He is a graduate in Commerce from Mumbai University and also holds an MBA degree from the Babson College, U.S.A. Mr. Rupen Patel has a wide experience of over 22 years in the construction industry and he joined the Company as a Director in October , 1995. He was elevated to the post of an Executive Director in September 1996. He has been trained under the supervision of his visionary father, Mr. Pravin Patel, one of the Promoters.
Ms. Kavita Shirvaikar	Wholetime Director & CFO	Ms. Kavita Shirvaikar is a qualified Chartered Accountant and a Graduate of the Institute of Cost & Works Accountants of India. She has vast experience of more than 20 years in the fields of Accountancy, Tax, Audit, Banking, Finance and Fund Management, etc. Her vast experience includes working with Hindustan Construction Company and Suzlon Energy Limited.
Mr Tirth Nath Singh	Wholetime Director (Projects & Corporate Affairs)	Mr.Tirth Nath Singh, a Civil Engineering graduate from North Maharashtra University (Jalgaon) and a postgraduate in Construction Management from NICMAR (Pune), stands as a paragon in the world of construction, Mr.Tirth Nath Singh joined the Company on October 9, 2022 as Head – Projects and within a short time has been elevated to the position of Whole Time Director w.e.f November 3, 2023.

Source : Company

Exhibit 34: PEC Major Land Parcels, Appox value at Rs10bn

State / City	Locality	Area Acres
Karnataka, Bangalore	Electronic City	15
Maharashtra, MMR	Panvel	11
Telangana	Outskirts of Hyderabad	430
Tamil Nadu	Chengalpattu	200
Tamil Nadu	Nagapattinum	1500
Total		2156

Source : Company

Exhibit 35: Awards & claims as on 1HFY24, Part of PEC inventory

Claims	Amount Rs bn
Pending With Client	10.8
Under Arbitration	13.0
Awards in PEC favour	13.4
Claims to be submitted	7.5
Total	44.7

Source : Company

Exhibit 36: Opportunity Landscape

Sector	Remarks
Hydro	27 GW Hydropower in pipeline to come up for bidding in next few years. In addition to this 39 Hydro PSPs of 47 GW is expected to get commissioned by the 2030
Irrigation	Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) for 2021-26 there has been an outlay allocation of Rs931bn
	Ministry of Jal Shakti Ministry got the major chunk from this year's budget outlay as Finance Minister Nirmala Sitharaman allocated Rs 98,418 crore in the interim budget for 2024-25 with its flagship Jal Jeevan Mission getting a 71 percent share

Source: Company

Financial Summary

Profit & Loss Account

(Rs mn)

Year-end: March	FY19	FY20	FY21	FY22	FY23
Net sales	20,699	23,331	17,191	30,298	38,171
<i>Change (yoy, %)</i>		13	(26)	76	26
Operating expenses	(17,929)	(22,084)	(15,503)	(25,723)	(32,766)
EBITDA	2,770	1,247	1,689	4,575	5,405
<i>Change (yoy, %)</i>		(55)	35	171	18
<i>Margin (%)</i>	13.4	5.3	9.8	15.1	14.2
Depreciation	(409)	(586)	(639)	(683)	(806)
EBIT	2,361	660	1,049	3,892	4,598
Interest paid	(3,225)	(3,309)	(3,694)	(3,934)	(3,997)
Other income	2,862	3,149	1,433	1,349	1,443
Pre-tax profit	1,154	612	(2,150)	883	1,983
Tax	(325)	(240)	767	(328)	(427)
<i>Effective tax rate (%)</i>	28.2	39.3	35.6	37.1	21.6
Minority Interest	-	-	-	-	-
Net profit	829	372	(1,384)	555	1,556
<i>Change (yoy, %)</i>		(55)	(472)	(140)	180
EPS	5.0	0.9	(3.0)	1.2	2.0
Dividend per sh	-	-	-	-	-
<i>Dividend Payout %</i>	-	-	-	-	-

Balance Sheet

(Rs mn)

Year-end: March	FY19	FY20	FY21	FY22	FY23
Shareholders' funds	23,039	25,701	24,924	23,525	28,578
Share capital	164	408	466	479	774
Reserves & surplus	22,875	25,293	24,458	23,046	27,804
Total Debt	21,837	18,689	19,091	19,907	15,422
Other liabilities	9,385	8,958	14,016	14,685	14,261
Curr Liab & prov	17,389	21,482	16,683	19,246	23,054
Current liabilities	17,377	21,460	16,621	19,188	23,004
Provisions	12	22	62	59	50
Total liabilities	48,611	49,129	49,791	53,839	52,737
Total equity & liabilities	71,650	74,830	74,714	77,364	81,314
Net fixed assets	2,728	3,119	3,656	10,754	11,974
Investments	6,005	6,692	6,540	2,578	2,257
Other non-curr assets	22,266	23,328	22,746	20,141	19,265
Current assets	40,650	41,691	41,773	43,891	47,818
Inventories	28,741	28,242	28,523	29,219	32,592
Sundry Debtors	2,108	3,111	3,359	3,826	4,332
Cash and Bank	1,098	1,066	1,139	1,915	1,706
Loans and advances	8,702	9,272	8,752	8,931	9,189
Total assets	71,650	74,830	74,714	77,364	81,314

Cash Flow Statement

(Rs mn)

Year-end: March	FY19	FY20	FY21	FY22	FY23
Pre-tax profit	1,541	372	(1,384)	555	1,556
Depreciation	502	586	639	683	806
Tax paid	695	619	(122)	(708)	(790)
Chg in working capital	2983	1954	328	-1021	446
Other operating activities	2,635	405	2,958	3,598	3,440
Cash flow from operations (a)	8,357	3,935	2,418	3,108	5,458
Capital expenditure	(3,125)	(656)	(1,035)	(607)	(1,597)
Chg in investments	(44)	-	(5)	116	62
Other investing activities	(105)	13	818	374	145
Cash flow from investing (b)	(3,274)	(643)	(223)	(117)	(1,390)
Equity raised/(repaid)	7	178	-	-	3,158
Debt raised/(repaid)	(2,167)	(1,068)	712	560	(4,523)
Dividend (incl. tax)					
Chg in minorities					
Other financing activities	(2,968)	(2,595)	(2,775)	(2,848)	(3,086)
Cash flow from financing (c)	(5,127)	(3,485)	(2,063)	(2,289)	(4,451)
Net chg in cash (a+b+c)	(45)	(193)	132	703	(384)

Financial Ratios

Year-end: March	FY19	FY20	FY21	FY22	FY23
Book Value (Rs)	140.3	63	54	49	37
Adj EPS (Rs)	5.0	0.9	-3.0	1.2	2.0
Adj EPS growth (%)		-82	-427	-139	74
EBITDA margin (%)	13.4	5.3	9.8	15.1	14.2
Pre-tax margin (%)	5.6	2.6	-12.5	2.9	5.2
Net Debt/Equity (x)	0.9	0.7	0.7	0.8	0.5
ROCE (%)	11.4	2	2	9	10
ROE (%)	14.5	1	-2	4	6

DuPont Analysis

Asset turnover (x)	0.6	0.3	0.2	0.4	0.5
Leverage factor (x)	3.1	3.0	3.0	3.1	3.0
Net margin (%)	8.1	1.1	-2.6	3.2	4.2

Working Capital & Liquidity ratio

Inventory days	507	442	606	352	312
Receivable days	37	49	71	46	41
Payable days	180	216	264	178	165

Valuations

Year-end: March	FY19	FY20	FY21	FY22	FY23
PER (x)	5.6	89.4	-59.7	27.9	27.3
Price/Book value (x)	0.4	0.9	1.1	1.2	1.5
EV/Net sales (x)	0.8	1.2	1.8	1.0	1.2
EV/EBITDA (x)	6.2	22.8	18.3	6.5	8.3
Dividend Yield (%)	-	-	-	-	-

Source: Company; IDBI Capital Research



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) 4069 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: Mr. Pushkar Vartak; Email: compliance@idbicapital.com; Telephone: (91-22) 4069 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, Vishal Periwal and Shubham Shelar, 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.(herein after 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% of 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.