

## Centum Electronics Ltd.

BUY

Choice

In Q1, CEL reported revenue of Rs 2.4bn (our est. Rs 2.5bn) vs Rs 2.3bn in the same period last year due to supply chain issues. Gross Profit came at Rs 1.2bn vs our est. Rs 1.4bn, decreased by 8% YoY / -13% QoQ, and gross margin came at 53%, contracted by 526bps YoY due to high raw material cost. EBITDA stood at Rs 155mn, de-grew by 13% YoY vs Rs 179mn in Q1FY24 vs our est. Rs 214mn. Margin came at 6.5% (contracted 111bps YoY) due to high staff cost and other expenses. At the subsidiary level, EBITDA Margins improved to 3.0% as compared to (0.7)% in Q1-FY24. APAT came at Rs -38mn vs Rs 14mn last year same period, led by high interest cost. Drag in margin on account of execution of higher share of low margin order execution. Subsidiary performance was also impacted due to higher expenditure and RM prices. Further standalone margin was also lowest in the Q1FY25. Management expects based on the current order book and order pipeline, the company could grow in the range of 18-20% with a margin band of 11-12% in FY25. Further management expects standalone margin to improve further and subsidiary performance to also improve by cost cutting measures.

- **Restructuring of French subsidiary:** Revenue contribution from the French subsidiary is roughly around 40-45% on console basis. To enhance the competitiveness of French and Canadian subsidiaries, the company has strategically transferred most of the test bench activities to India over the past year. Leveraging Indian talent and cost advantages. Furthermore, the company has successfully completed the transfer of production of Canadian subsidiary's products to India, allowing for better margin realization. Management expects material benefits of restructuring to start reflecting from H2FY25. We expect margin on console basis to improve from 8.3% in FY23 to 12.1% in FY26.
- **Focusing on BTS segment business:** In BTS segment margin for the business is comparatively better than BTP. Centum's current BTP share is around 39% and BTS share is around 29%. Company is working on various new programs where it is bidding for BTS projects from new and existing clients from the sectors like Defence & Aerospace, Transport & Automotive, Industrial and Healthcare & finalized in the short term. By FY26 this system will start to generate revenue.
- **View and valuation:** We remain positive on the stock led by 1) Gradual improvement in France subsidiary's performance due to restructuring effort, 2) focus on high margin segment BTS solution and to offer one stop solution to various industry such as defence, aerospace, space, industrial, medical and communications industry, 3) prefer partner for clients like Space Application Centre, ISRO, Defence Research and Development Organization (DRDO), ABB, Thales, Rafale, and 4) Upcoming opportunity in SSLV launches. We expect CEL to register a healthy revenue/EBIDTA growth of 21/37 CAGR over FY24-26. We ascribe a multiple of **35x on FY26E EPS** to arrive at a **TP of Rs.1,776** with a rating of **"BUY"**

## Quarterly performance

| Particulars            | Q1FY25     | Q1FY24     | YoY (%)        | Q4FY24     | QoQ (%)       |
|------------------------|------------|------------|----------------|------------|---------------|
| Net Sales (incl OOI)   | 2,459      | 2,443      | 0.6            | 2,969      | (17.2)        |
| Material Exp           | 1,193      | 1,074      | 11.1           | 1,512      | (21.1)        |
| Gross Profit           | 1,265      | 1,368      | (7.5)          | 1,457      | (13.2)        |
| Employee Exp           | 877        | 927        | (5.3)          | 952        | (7.8)         |
| Other Exp              | 233        | 263        | (11.5)         | 325        | (28.3)        |
| <b>EBITDA</b>          | <b>155</b> | <b>179</b> | <b>(13.1)</b>  | <b>181</b> | <b>(14.4)</b> |
| Depreciation           | 123        | 106        | 15.5           | 120        | 2.0           |
| EBIT                   | 33         | 73         | (55.0)         | 61         | (46.5)        |
| Other Income           | 13         | 48         | (73.4)         | 38         | (66.0)        |
| Interest Cost          | 76         | 81         | (6.3)          | 97         | (22.2)        |
| PBT                    | -30        | 40         | (175.7)        | 1          | (2,201.4)     |
| EO Items (Adj For Tax) | -          | -          | -              | -49        | -             |
| Tax                    | 8          | 26         | (68.1)         | 22         | (62.2)        |
| <b>RPAT</b>            | <b>-38</b> | <b>14</b>  | <b>(366.9)</b> | <b>-69</b> | <b>(44.3)</b> |
| APAT                   | -38        | 14         | (366.9)        | -69        | (44.3)        |
| Adj EPS (Rs)           | -2.5       | 2.5        | (198.0)        | -4.2       | (41.4)        |

| Margin Analysis          | Q1FY25      | Q1FY24      | YoY (%)        | Q4FY24      | QoQ (%)      |
|--------------------------|-------------|-------------|----------------|-------------|--------------|
| <b>Gross Margin (%)</b>  | <b>51.5</b> | <b>56.0</b> | <b>(454.7)</b> | <b>49.1</b> | <b>238.0</b> |
| Employee Exp. % of Sales | 35.7        | 37.9        | (225.1)        | 32.0        | 363.3        |
| Other Op. Exp % of Sales | 9.5         | 10.8        | (129.4)        | 10.9        | (146.2)      |
| <b>EBITDA Margin (%)</b> | <b>6.32</b> | <b>7.3</b>  | <b>(100.2)</b> | <b>6.1</b>  | <b>20.9</b>  |
| Tax Rate (%)             | NA          | 64.0        | NA             | NA          | NA           |
| APAT Margin (%)          | -1.6        | 0.6         | (215.3)        | -2.3        | 75.9         |

Source: Company, CEBPL

|                              | Aug 13 <sup>th</sup> , 2024 |
|------------------------------|-----------------------------|
| <b>CMP (Rs)</b>              | <b>1570</b>                 |
| <b>Target Price (Rs)</b>     | <b>1776</b>                 |
| <b>Potential Up-side (%)</b> | <b>13.1</b>                 |

## Company Info

|                    |               |
|--------------------|---------------|
| BB Code            | CTE IN EQUITY |
| ISIN               | INE320B01020  |
| Face Value (Rs.)   | 10.0          |
| 52 Week High (Rs.) | 2097.1        |
| 52 Week Low (Rs.)  | 1251.0        |
| Mkt Cap (Rs bn.)   | 20.2          |
| Mkt Cap (\$ bn.)   | 0.24          |
| Shares o/s (Mn.)   | 12.9          |
| Adj. TTM EPS (Rs)  | 28.1          |
| FY26E EPS (Rs)     | 50.7          |

## Shareholding Pattern (%)

|           | Jun-24 | Mar-24 | Dec-23 |
|-----------|--------|--------|--------|
| Promoters | 58.75  | 58.79  | 58.79  |
| FII's     | 0.37   | 0.37   | 0.38   |
| DII's     | 8.13   | 7.69   | 7.25   |
| Public    | 32.76  | 33.15  | 33.57  |

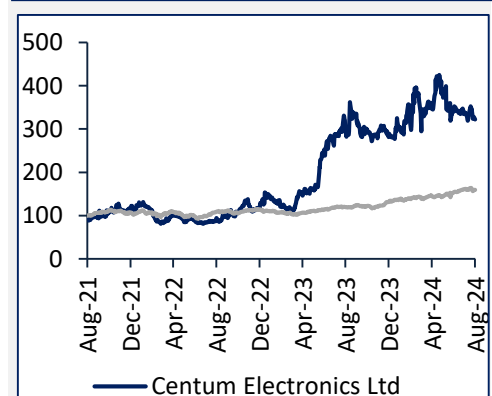
## Relative Performance (%)

| YTD     | 3Y    | 2Y    | 1Y   |
|---------|-------|-------|------|
| BSE 200 | 59.8  | 46.3  | 33.7 |
| CEL     | 222.2 | 240.9 | 6.3  |

## Year end March (INR bn)

| Particular       | FY24         | FY25E        | FY26E        |
|------------------|--------------|--------------|--------------|
| <b>Revenue</b>   | <b>10.91</b> | <b>12.88</b> | <b>16.21</b> |
| Gross Profit     | 5.65         | 7.31         | 9.30         |
| <b>EBITDA</b>    | <b>0.86</b>  | <b>1.42</b>  | <b>1.97</b>  |
| EBITDA (%)       | 7.9          | 11.0         | 12.2         |
| <b>EPS (INR)</b> | <b>(0.4)</b> | <b>28.4</b>  | <b>50.7</b>  |

## Rebased Price Performance



Kripashankar Maurya, AVP

kripashankar.maurya@choiceindia.com

Ph: +91 22 6707 9949

Putta Ravi Kumar, Associate

Email: ravi.putta@choiceindia.com

Ph: +91 22 6707 9908

## Management Call - Highlights

- In Q1FY25 the E&RD business contributes 32%, EMS business 42%, BTS business contributes 26% of the total revenue and BTS is for domestic use.
- Flat year-on-year at a consolidated level due to a new accounting treatment for a specific contract. Gross invoicing for this contract was INR 23 crore, with revenue recognized at INR 4 crore.
- Revenue would have been 7% higher year-on-year if not for the new accounting treatment.
- Defence contracts skewed towards the second half of the year, with 70% of invoicing expected in H2 FY25.
- At the subsidiary level, EBITDA Margins improved to 3.0% as compared to (0.7)% in Q1-FY24.
- Standalone Margin declined due to lower contribution from high-margin BTS business. Expected to recover in H2 FY25.
- Healthy pipeline with a focus on domestic defense and space BTS business.
- The contract with a UAE defense customer had a gross value of INR 23cr, but recognized revenue was INR 4cr due to the net accounting basis. Remaining revenue will be recognized in future quarters. This treatment affects only the revenue side, not margins.
- The company aims for 18-20% growth for the full year FY25, accounting for the new contract's impact. Margins are expected to improve in H2FY25 as high-margin BTS business increases.
- Standalone EBITDA margins are expected around 13% for the full year, while consolidated margins are projected between 10-11%. Margins were impacted by the product mix and the low contribution from high-margin BTS business, expected to recover in H2FY25.
- Higher-margin BTS business will increase in H2 FY25, improving margins. Raw material costs are expected to remain stable as a percentage of sales.
- Cost Reduction steps taken in manpower and other expenses from the subsidiary is due to actions taken in the past six months. Expected to maintain current cost levels moving forward.
- EMS (Electronics Manufacturing Services) will be a significant growth driver, with defense and aerospace expected to contribute more than earlier anticipated.
- Supply chain issues, particularly with PCB boards from France, are being closely monitored.
- The management has guided EBITDA margin target for FY25 is 10-11% at a consolidated level, excluding other income.
- Strong order intake expected from BTS (Defense, Space, and Technology) projects, which should positively impact margins in the future.
- Net debt expected to reduce from INR 190cr to around INR 180cr by September, with a target of INR 170cr by year-end.
- Working capital increased slightly in Q1 but expected to stabilize by September.
- BTS segment revenue was 26% for Q1 and is expected to be around 30% for FY25.
- In Defense and Aerospace, the focus is on missile systems, communication radios, and air traffic management. The Industrial sector works on grid and automation solutions. Transport and Automotive efforts center on railway systems and electric vehicles. Healthcare advancements include digital radiography and diagnostic equipment.
- Focus is on growth rates and new customer additions. Customer Engagement: Targets minimum USD 10 million per customer, with larger customers around USD 20 million. Expect new customers to contribute 10-15% to FY25 growth.
- North America healthy pipeline, especially in defense and aerospace. In India strong opportunities in defense, space, and railway sectors.
- Employee costs around 15% of revenues, expected to remain stable.
- Top five contribute about 50% of total revenue.
- Increased competition, but leveraging strong customer relationships and export orientation. Aim for 13-15% margin in the medium term.

## Changes in Estimates

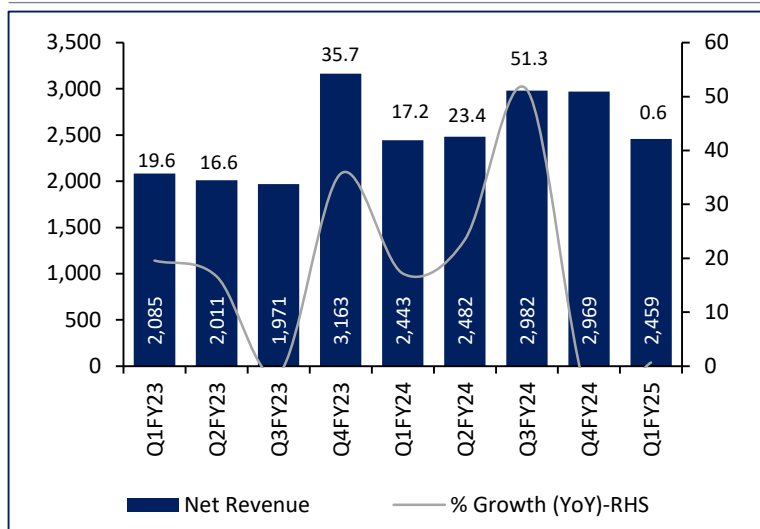
| Particulars(Rs.Mn) | Actual | Choice Est. | Deviation(%) |
|--------------------|--------|-------------|--------------|
| Revenue            | 2,459  | 2,555       | (3.8)        |
| EBITDA             | 155    | 214         | (27.5)       |
| EBITDA Margins(%)  | 6.3    | 8.4         | (207.4)      |
| APAT               | -38    | 25          | NA           |

Source: Company, CEBPL

| Income Statement<br>(INR Mn.) | FY25E  |        |          | FY26E  |        |          |
|-------------------------------|--------|--------|----------|--------|--------|----------|
|                               | New    | Old    | Dev. (%) | New    | Old    | Dev. (%) |
| Net sales                     | 12,876 | 12,876 | -        | 16,207 | 16,207 | -        |
| EBITDA                        | 1,416  | 1,416  | -        | 1,973  | 2,054  | (4.0)    |
| EBITDA margin(%)              | 11.0   | 11.0   | -        | 12.2   | 12.7   | (50.2)   |
| APAT                          | 396    | 396    | -        | 694    | 746    | (7.0)    |
| EPS                           | 28.4   | 28.4   | -        | 50.7   | 54.8   | (7.4)    |

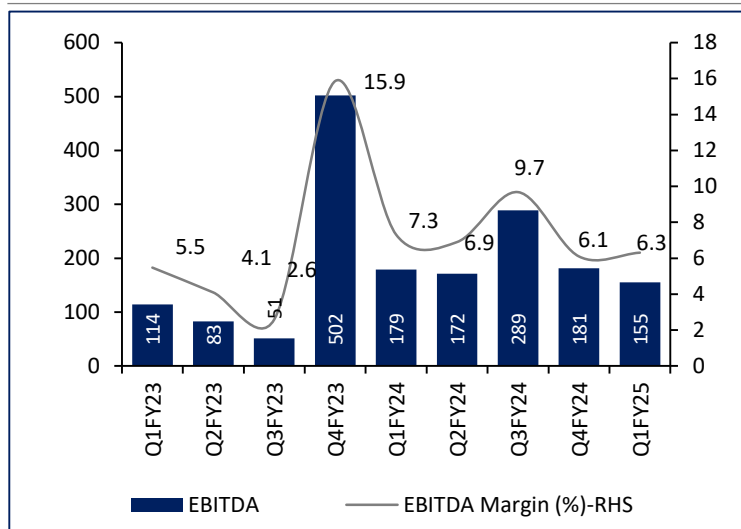
Source: Company, CEBPL

Revenue dgrw by 0.6% YoY



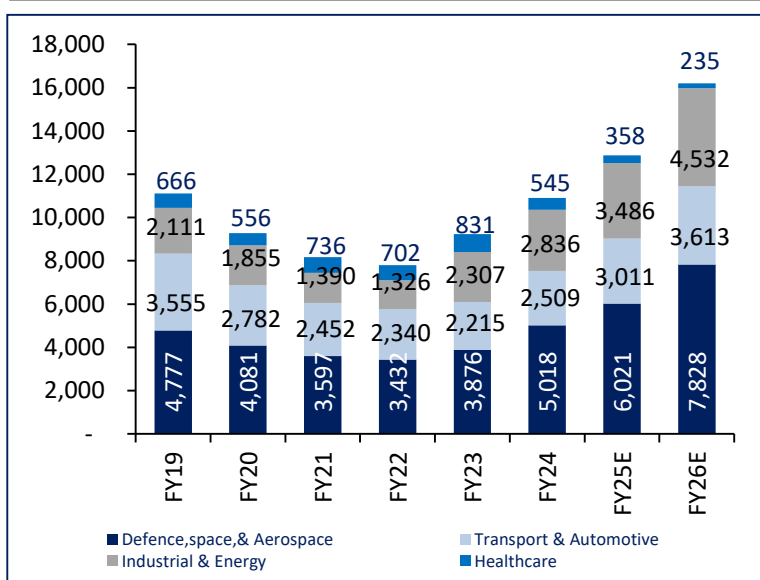
Source: Company, CEBPL

EBITDA Margin trend



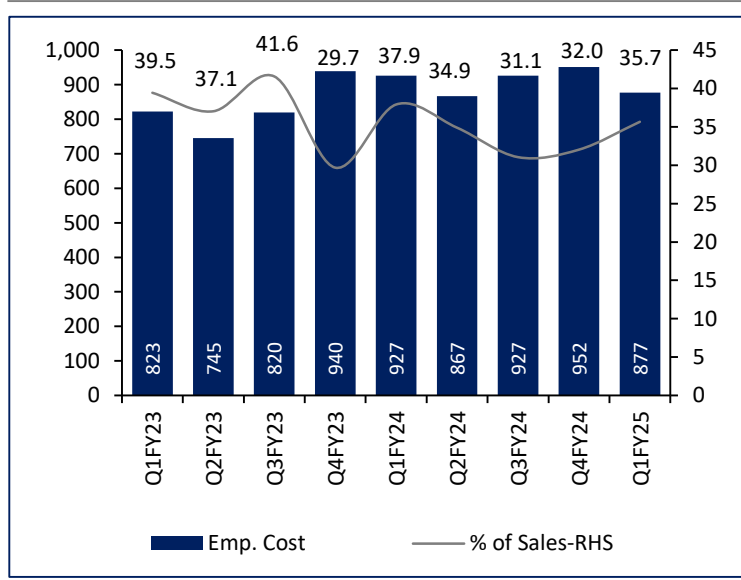
Source: Company, CEBPL

Revenue Mix by Sector-wise



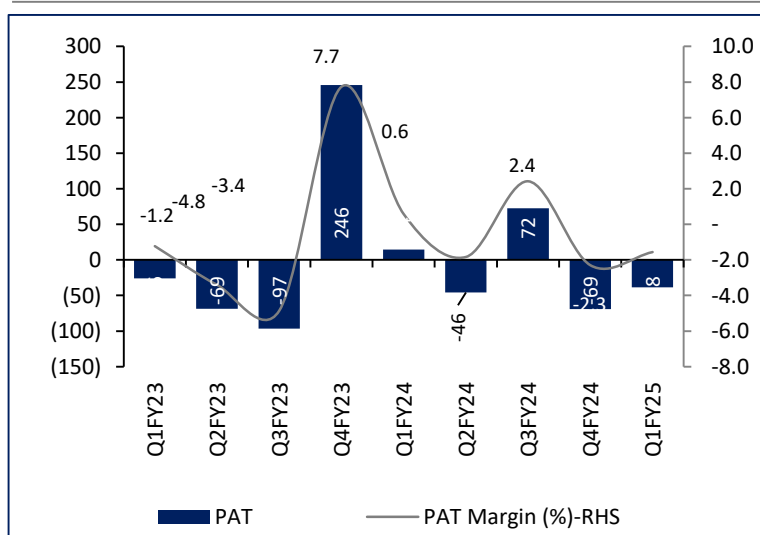
Source: Company, CMIE, CEBPL

Reduction in Emp. Cost would support margins further

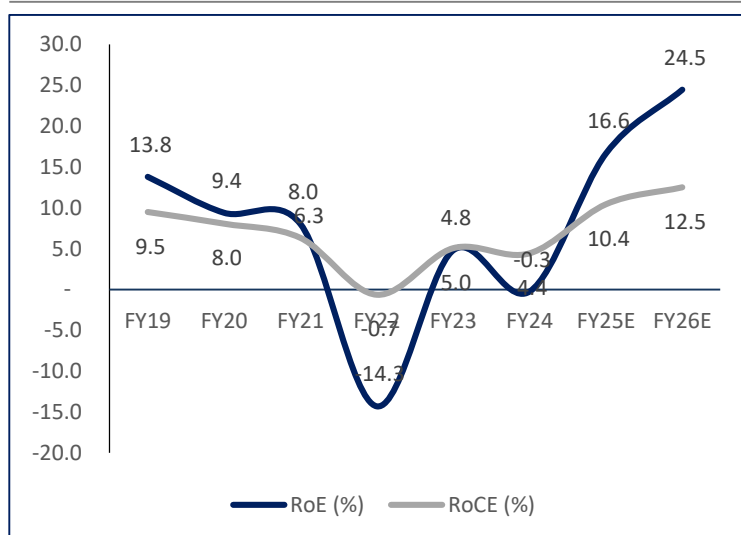


Source: Company, CEBPL

Revenue Mix (%)

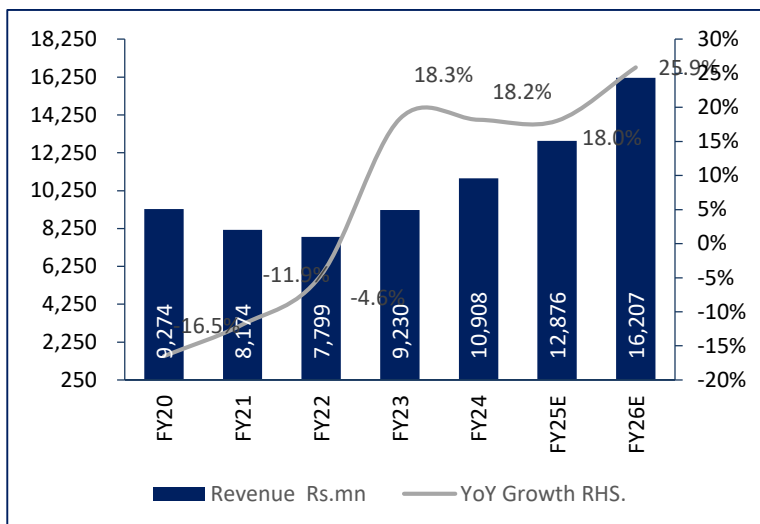


Source: Company, CMIE, CEBPL



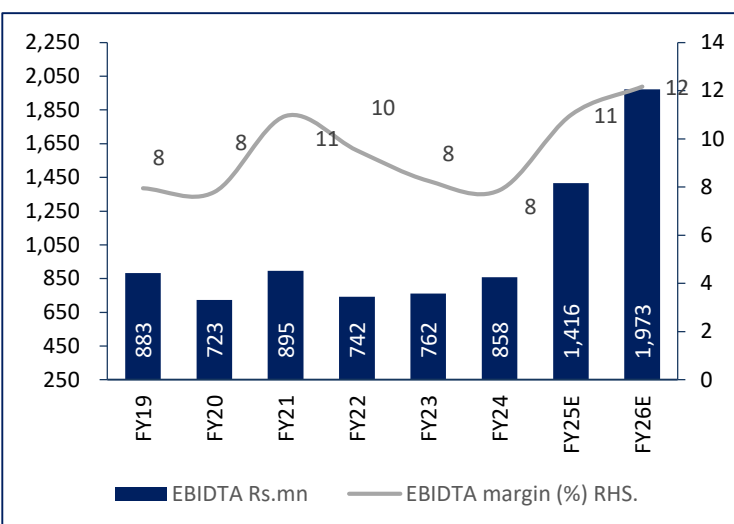
Source: Company, CMIE, CEBPL

Significant Revenue to grow over FY23-26E



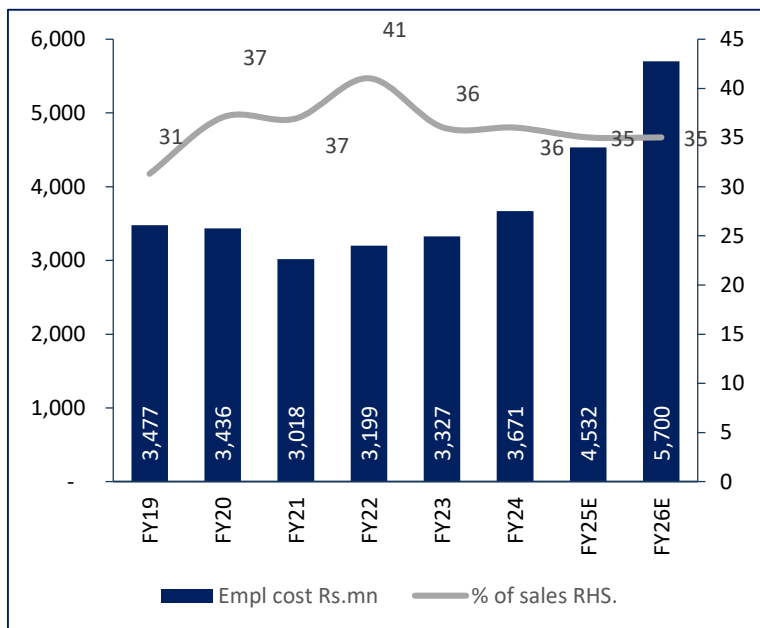
Source: Company, CEBPL

EBIDTA margin to improve led by better mix



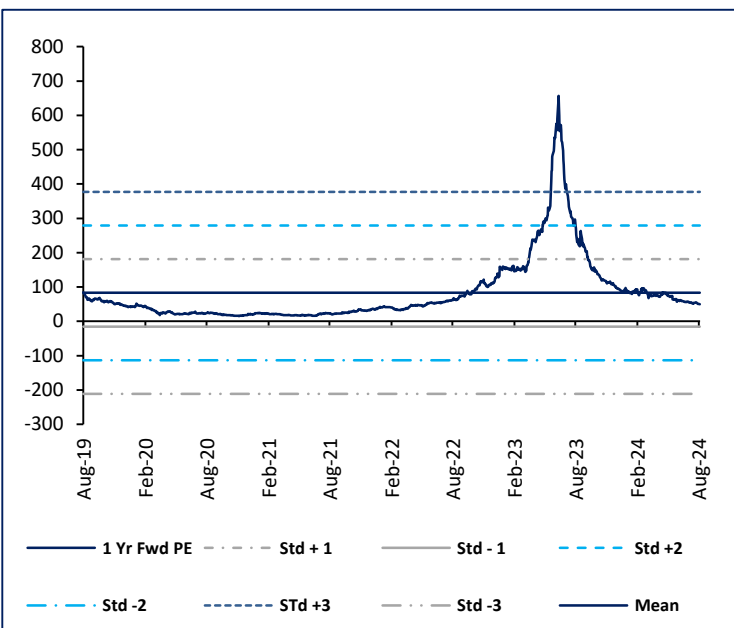
Source: Company, CEBPL

Emp. Cost Trend



Source: Company, CEBPL

1 Year Forward PE Band



Source: Company, CEBPL

## Income statement (Consolidated in INR Mn.)

| Particular                        | FY22          | FY23         | FY24          | FY25E         | FY26E         |
|-----------------------------------|---------------|--------------|---------------|---------------|---------------|
| <b>Revenue</b>                    | <b>7,799</b>  | <b>9,230</b> | <b>10,908</b> | <b>12,876</b> | <b>16,207</b> |
| Gross profit                      | 4,780         | 5,078        | 5,653         | 7,308         | 9,302         |
| <b>EBITDA</b>                     | <b>742</b>    | <b>762</b>   | <b>858</b>    | <b>1,416</b>  | <b>1,973</b>  |
| Depreciation                      | 432           | 438          | 453           | 473           | 501           |
| EBIT                              | 311           | 324          | 406           | 942           | 1,472         |
| Interest expense                  | 263           | 273          | 346           | 397           | 467           |
| Other Income (Including EO Items) | 80            | 59           | 68            | 74            | 79            |
| EO Items                          | (604)         | -            | (49)          | -             | -             |
| <b>Reported PAT</b>               | <b>(535)</b>  | <b>67</b>    | <b>(28)</b>   | <b>396</b>    | <b>694</b>    |
| Minority Interest                 | (229)         | (33)         | 22            | 30            | 40            |
| Adjusted PAT                      | (305.4)       | 99.5         | (50)          | 366           | 654           |
| <b>EPS (Rs)</b>                   | <b>(23.7)</b> | <b>7.7</b>   | <b>(0.4)</b>  | <b>28.4</b>   | <b>50.7</b>   |
| NOPAT                             | 318           | 179          | 260           | 603           | 942           |

## Balance sheet (Consolidated in INR Mn.)

| Particular                               | FY22         | FY23         | FY24         | FY25E        | FY26E        |
|--|--------------|--------------|--------------|--------------|--------------|
| Net worth                                | 2,040        | 2,107        | 2,033        | 2,364        | 2,981        |
| Minority Interest                        | -            | -            | (66)         | (66)         | (66)         |
| Deferred tax                             | 17           | (43)         | 5            | 5            | 5            |
| Total debt                               | 2,401        | 2,310        | 1,737        | 3,454        | 3,890        |
| Other liabilities & provisions           | 534          | 562          | 1,164        | 1,279        | 1,405        |
| <b>Total Net Worth &amp; liabilities</b> | <b>4,991</b> | <b>4,936</b> | <b>4,873</b> | <b>7,037</b> | <b>8,216</b> |
| Net Fixed Assets                         | 2,393        | 2,198        | 1,126        | 1,722        | 1,571        |
| Capital Work in progress                 | 0            | 54           | 3            | 150          | 200          |
| Investments                              | 73           | 96           | 85           | 129          | 486          |
| Cash & bank balance                      | 574          | 422          | 716          | 1,077        | 1,420        |
| Loans & Advances & other assets          | 858          | 900          | 1,824        | 1,680        | 2,275        |
| Net Current Assets                       | 1,666        | 1,687        | 1,836        | 3,357        | 3,684        |
| <b>Total Assets</b>                      | <b>4,991</b> | <b>4,936</b> | <b>4,873</b> | <b>7,037</b> | <b>8,216</b> |
| Capital Employed                         | 4,440        | 4,417        | 3,770        | 5,819        | 6,871        |
| Invested Capital                         | 3,866        | 3,995        | 2,988        | 4,676        | 5,385        |
| Net Debt                                 | 1,826        | 1,888        | 1,021        | 2,377        | 2,470        |
| <b>FCFF</b>                              | <b>844</b>   | <b>491</b>   | <b>2,807</b> | <b>(960)</b> | <b>1,588</b> |

Source: Company, CEBPL

| Cash Flows (INR Mn.) | FY22  | FY23  | FY24    | FY25E   | FY26E |
|----------------------|-------|-------|---------|---------|-------|
| CFO                  | 1,035 | 709   | 2,136   | 256     | 1,988 |
| Capex                | (191) | (218) | 671     | (1,216) | (400) |
| FCF                  | 844   | 491   | 2,807   | (960)   | 1,588 |
| CFI                  | (149) | (247) | (440)   | (1,260) | (757) |
| CFF                  | (811) | (596) | (1,448) | 1,256   | (109) |

| Ratio Analysis                        | FY22    | FY23    | FY24     | FY25E  | FY26E  |
|---------------------------------------|---------|---------|----------|--------|--------|
| <b>Growth Ratios (%)</b>              |         |         |          |        |        |
| Revenue                               | (4.6)   | 18.3    | 18.2     | 18.0   | 25.9   |
| EBITDA                                | (17.1)  | 2.6     | 12.6     | 64.9   | 39.4   |
| PAT                                   | (278.0) | (132.6) | (105.2)  | NA     | 78.6   |
| <b>Margin ratios (%)</b>              |         |         |          |        |        |
| EBITDA                                | 9.5     | 8.3     | 7.9      | 11.0   | 12.2   |
| PAT                                   | (3.9)   | 1.1     | (0.0)    | 2.8    | 4.0    |
| <b>Performance Ratios (%)</b>         |         |         |          |        |        |
| OCF/EBITDA (X)                        | 1.4     | 0.9     | 2.5      | 0.2    | 1.0    |
| OCF/IC                                | 26.8    | 17.8    | 71.5     | 5.5    | 36.9   |
| RoE                                   | (15.0)  | 4.7     | (2.5)    | 15.5   | 21.9   |
| ROCE                                  | 7.0     | 7.3     | 10.8     | 16.2   | 21.4   |
| <b>Turnover Ratios (Days)</b>         |         |         |          |        |        |
| Inventory                             | 105     | 103     | 100      | 103    | 110    |
| Debtor                                | 117     | 151     | 140      | 150    | 120    |
| Payables (days)                       | 53      | 83      | 80       | 70     | 70     |
| Cash Conversion Cycle                 | 51      | 50      | 95       | 65     | 51     |
| <b>Financial Stability ratios (x)</b> |         |         |          |        |        |
| Net debt to Equity                    | 0.9     | 0.9     | 0.5      | 1.0    | 0.8    |
| Net debt to EBITDA                    | 2.5     | 2.5     | 1.2      | 1.7    | 1.3    |
| Interest Cover                        | 1.2     | 1.2     | 1.2      | 2.4    | 3.2    |
| <b>Valuation metrics</b>              |         |         |          |        |        |
| Fully diluted shares (mn)             | 13      | 13      | 13       | 13     | 13     |
| Price (Rs)                            | 1570    | 1570    | 1570     | 1570   | 1570   |
| Market Cap(Rs. Mn)                    | 21,427  | 20,235  | 20,235   | 20,235 | 20,235 |
| PE(x)                                 | -66     | 203     | -3,891.3 | 55.3   | 30.9   |
| EV (Rs.mn)                            | 23,254  | 22,122  | 21,190   | 22,546 | 22,639 |
| EV/EBITDA (x)                         | 31      | 29      | 25       | 16     | 11     |
| Book value (Rs/share)                 | 158     | 163     | 158      | 183    | 231    |
| Price to BV (x)                       | 10.5    | 9.6     | 10.0     | 8.6    | 6.8    |
| EV/OCF (x)                            | 22      | 31      | 10       | 88     | 11     |

Source: Company, CEBPL

## Historical recommendations and target price: Astra Microwave Products Limited



### Centum Electronics Limited

- |    |            |             |                      |
|----|------------|-------------|----------------------|
| 1. | 02-02-2024 | OUTPERFORM, | Target Price Rs.2175 |
| 2. | 25-05-2024 | BUY,        | Target Price Rs.1917 |
| 3. | 13-08-2024 | BUY,        | Target Price Rs.1776 |

### Institutional Research Team

|                        |   |                                     |                            |
|------------------------|---|-------------------------------------|----------------------------|
| Kripashankar Maurya    | AVP - Institutional Research – Automobiles/Defence/Healthcare | kripashankar.maurya@choiceindia.com | +91 22 6707 9949           |
| CA Vatsal Vinchhi      | Analyst - Information Technology                              | vatsal.vinchhi@choiceindia.com      | +91 22 6707 9224           |
| Deepika Murarka        | Analyst - Pharmaceuticals                                     | deepika.murarka@choiceindia.com     | +91 22 6707 9513           |
| Ashutosh Murarka       | Associate – Cement / Building Material                        | ashutosh.murarka@choiceindia.com    | +91 22 6707 9442           |
| Putta Ravi Kumar       | Associate - Goods & Defence                                   | ravi.putta@choiceindia.com          | +91 22 6707 9908           |
| Aayush saboo           | Associate – Real Estate                                       | aayush.saboo@choiceindia.com        | +91 22 6707 9811           |
| Maitri Sheth           | Associate – Pharmaceuticals                                   | maitri.sheth@choiceindia.com        | +91 22 6707 9811           |
| Bharat Kumar Kudikyala | Associate – Cement / Building Material                        | bharat.kudikyala@choiceindia.com    | +91 22 6707 9798           |
| Heet Chheda            | Associate – Automobile  | heet.chheda@choiceindia.com         | +91 22 6707 9422           |
| Rushil Katiyar         | Associate - Information Technology                            | Rushil.katiyar@choiceindia.com      | +91 22 6707 9811           |
| CA Sheetal Murarka     | Vice President - Institutional Sales                          | sheetal.murarka@choiceindia.com     | +91 22 6707 9857           |
| Nitesh Jalan           | AVP – Institutional Sales                                     | nitesh.jalan@choiceindia.com        | +91 22 6707 9877 /878 /879 |

### CHOICE RATING DISTRIBUTION & METHODOLOGY

|                   |   |
|-------------------|---|
| <b>OUTPERFORM</b> | The security is expected to generate more than 25% returns over the next 12 months                    |
| <b>BUY</b>        | The security is expected to generate greater than 5% to less than 25% returns over the next 12 months |
| <b>REDUCE</b>     | The security expected to show downside or upside returns by 0% to 5% over the next 12 months          |
| <b>SELL</b>       | The security expected to show Below 0% next 12 months   |

### Disclaimer

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Choice Equity Broking Private Limited-Research Analyst - INH00000222. (CIN. NO.: U65999MH2010PTC198714). Reg. Add.: Sunil Patodia Tower, J B Nagar, Andheri(East), Mumbai 400099. Tel. No. 022-6707 9999

Compliance Officer--Prashant Salian, Email Id – Prashant.salain@choiceindia.com Contact no. 022- 67079999- Ext-2310

Grievance officer-Deepika Singhvi Tel.022-67079999- Ext-834. Email- [ig@choiceindia.com](mailto:ig@choiceindia.com)

Investment in securities market are subject to market risks. Read all the related documents carefully before investing. Registration granted by SEBI, and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors

This Research Report (hereinafter referred as “Report”) has been prepared by Choice Equity Broking Private Limited as a Research Entity (hereinafter referred as “CEBPL RE” Limited. The Research Analysts, strategists are principally responsible for the preparation of “CEBPL RE” research. The research analysts have received compensation based upon various factors, which may include quality of research, investor client feedback, stock picking, competitive factors and firm revenues etc.

Whilst CEBPL has taken all reasonable steps to ensure that this information is correct, CEBPL does not offer any warranty as to the accuracy or completeness of such information. Any person

placing reliance on the report to undertake trading does so entirely at his or her own risk and CEBPL does not accept any liability as a result. Securities and Derivatives markets may be subject to rapid and unexpected price movements and past performance is not necessarily an indication of future performance.

**General Disclaimer:** This ‘Report’ is strictly meant for use by the recipient and is not for circulation. This Report does not take into account particular investment objectives, financial situations or specific needs of individual clients nor does it constitute a personal recommendation. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through CEBPL nor any solicitation or offering of any investment

/trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide

for the readers. No action is solicited based upon the information provided herein. Recipients of this “Report” should rely on information/data arising out of their own study/investigations. It is advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments.

This ‘Report’ has been prepared on the basis of publicly available information, internally developed data and other sources believed by CEBPL to be reliable. CEBPL or its directors, employees, affiliates or representatives shall not be responsible for, or warrant for the accuracy, completeness, adequacy and reliability of such information / opinions / views. Though due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of CEBPL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report.

The price and value of the investments referred to in this Report and the income from them may tend to go down as well as up, and investors may incur losses on any investments. Yester performance shall not be a guide for future performance. CEBPL does not provide tax advice to its clients, and all investors are strongly advised to take advice of their tax advisers regarding

taxation aspects of any potential investment. Opinions are based on the current scenario as of the date appearing on this ‘Report’ only. CEBPL does not undertake to advise you as to any change of our views expressed in this “Report” may differ on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold CEBPL, its employees and associates responsible for any losses, damages of any type whatsoever.



**Disclaimers in respect of jurisdiction:** This report is not directed to, 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 or regulation or which would subject “CEBPL RE” to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by “CEBPL RE” in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this ‘Report’ shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. “CEBPL” requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to “CEBPL”. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in Mumbai (India).

Statements on ownership and material conflicts of interest, compensation - CEBPL and Associates reciprocates to the best of the knowledge and belief of CEBPL/ its Associates/ research Analyst who is preparing this report.

**Disclosures of Interest (Additional):**

1. “CEBPL”, its research Analyst(s), or its associates or relatives of the Research Analyst does not have any financial interest in the company(ies) covered in this report.
2. “CEBPL” its research Analyst, or its associates or relatives of the research analyst
3. affiliates collectively do not hold more than 1 of the securities of the company(ies) covered in this report as of the end of the month immediately preceding the distribution of the research report.
4. “CEBPL”, its research analyst, his/her associate, his/her relative, do not have any other material conflict of interest at the time of publication of this research report.
5. “CEBPL”, its research analyst, and its associates have not received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in this report, in the past twelve months.
6. “CEBPL”, its research analyst, or its associates have not managed or co-managed in the previous twelve months, a private or public offering of securities for the company (ies) covered in this report.
7. “CEBPL”, or its associates have not received compensation or other benefits from the company(ies) covered in this report or from any third party, in connection with the research report.
8. CEBPL research analyst has not served as an Officer, Director, or employee of the company (ies) covered in the Research report.
9. “CEBPL”, its research analyst has not been engaged in market making activity for the company(ies) covered in the Research report.

Details of Associates of CEBPL and Brief History of Disciplinary action by regulatory authorities are available on our website i.e. [www. https://choiceindia.com/research-listing](https://choiceindia.com/research-listing)

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Research report are given below

| Sr. No. | Particulars   | Yes / No |
|---------|---|----------|
| 1.      | Whether compensation has been received from the company(ies) covered in the Research report in the past 12 months for investment banking transaction by CEBPL   | No       |
| 2       | Whether Research Analyst, CEBPL or its associates or relatives of the Research Analyst affiliates collectively hold more than 1 of the company(ies) covered in the Research report  | No       |
| 3.      | Whether compensation has been received by CEBPL or its associates from the company(ies) covered in the Research report  | No       |
| 4.      | CEBPL or its affiliates have managed or co-managed in the previous twelve months a private or public offering of securities for the company(ies) covered in the Research report   | No       |
| 5.      | CEBPL, its research analyst, his associate, or its associates have received compensation for investment banking or merchant banking or brokerage services or for any other products or services from the company(ies) covered in the Research report, in the last twelve months | No       |

**Copyright:** The copyright in this research report belongs exclusively to CEBPL. All rights are reserved. Any unauthorized use or disclosure is prohibited. No reprinting or reproduction, in whole or in part, is permitted without the CEBPL’s prior consent, except that a recipient may reprint it for internal circulation only and only if it is reprinted in its entirety.

This “Report” is for distribution only under such circumstances as may be permitted by applicable law. This “Report” has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This “Report” is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither CEBPL nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this “report” or lack of care in this report’s preparation or publication, or any losses or damages which may arise from the use of this research report.

Information barriers may be relied upon by CEBPL, such as “Chinese Walls” to control the flow of information within the areas, units, divisions, groups, or affiliates of CEBPL.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States. The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by CEBPL with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior written consent of CEBPL and CEBPL accepts no liability whatsoever for the actions of third parties in this respect.

The details of CEBPL, its research analyst and its associates pertaining to the companies covered in the Research report are given below