

DELHI MEETING

SECTOR UPDATE

Decadal capex across grid and thermal

We engaged with policymakers and sector stakeholders across the power value chain. **Key highlights:** i) T&D/HV transformers demand to remain strong through current decade; no oversupply risk anticipated despite expansions in near to medium term ([exhibit 3](#)). ii) Thermal pipeline may extend further if targets are revised up ([97GW currently versus 80GW a year ago](#)). iii) **New HVDCs** order likely in FY27 ([Lakadia—Alephata](#): pending NCT approval [see exhibit](#)).

Key beneficiaries in T&D, HVDC space: GVTG ('BUY', TP: INR3,450); Hitachi ('BUY', INR24,000); CG Power ('BUY', INR840); TARIL ('BUY', INR705). Beneficiaries in Thermal/Nuclear/Pumped Hydro market: BHEL ('BUY', INR335) – FY27 recovery play; L&T ('BUY', INR4,200).

Key takeaways

Supply shortage in HV transformers (> 220KV) is likely to ease from FY27–28, as new capacities come up. However, with elevated T&D demand likely for next decade driven by RE transition in India and worldwide, an oversupply scenario (such as FY09–10) **is not expected** ([exhibit 1–3](#)). India's grid capex is multi-fold—inter-state capex for RE followed by intra-state grid strengthening post-FY28. PGCIL has guided for INR450bn capex by FY28 (previous peak capex of ~INR250bn in FY18). RE typically needs 3–4x step up/down transformers with grid stability equipment, with added grid capex likely for Nuclear, PSP and thermal additions.

High transformer pricing today driven by short supply in HV space (400–765KV). However, this gap may taper off after FY28, as new capacities come up. We reckon this *shall affect pricing and margins of HV transformers only post-FY28 (as current OB has high margin orders, which are executable over FY26–28)*. However, a down cycle is unlikely given sustenance of RE transition-led demand.

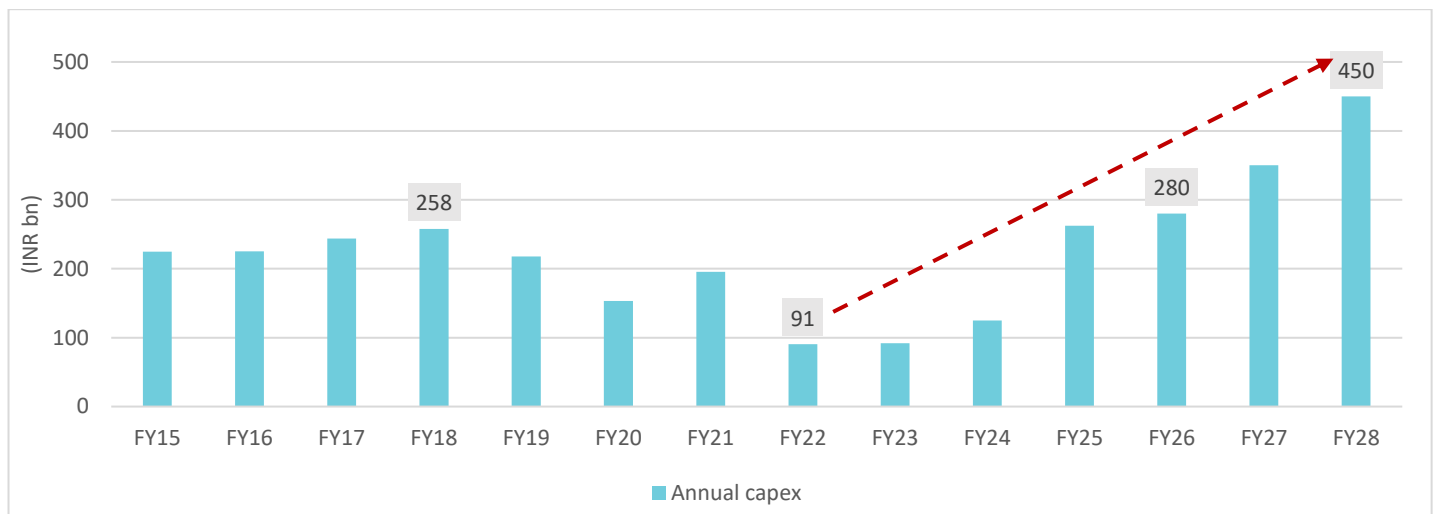
New approvals in HV space—New capacity in HV transformers is coming up based on robust demand projection, easing of qualification criteria for transformers with approved designs. E.g. earlier short circuit test for HV transformer could exceed one year, as testing bays were unavailable in India. However with new testing facilities available domestically now—approval timeline has shrunk from years to months.

Thermal addition targets—Current thermal capex target is [97GW until FY35](#) (pending tendering of estimate ~45GW). A pickup in power demand growth over FY27–28 (+0.5% YoY in YTD FY26 versus 5–6% average) coupled with replacement of older thermal plants (37GW to be more than 35 years by FY32— [see exhibit 6](#)) can lead to higher thermal capex. We reckon these can lead to potential addition of another 15–20GW of thermal addition beyond the 97GW target.

On ground (transmission) execution challenges—Right of Way (RoW) is the biggest challenge. Recent compensation change is beneficial though progress is slow due to rise in costs/logistical issues, especially in urban areas. However higher RoW costs are likely to be a *pass through in tariffs under 'change in law'*.

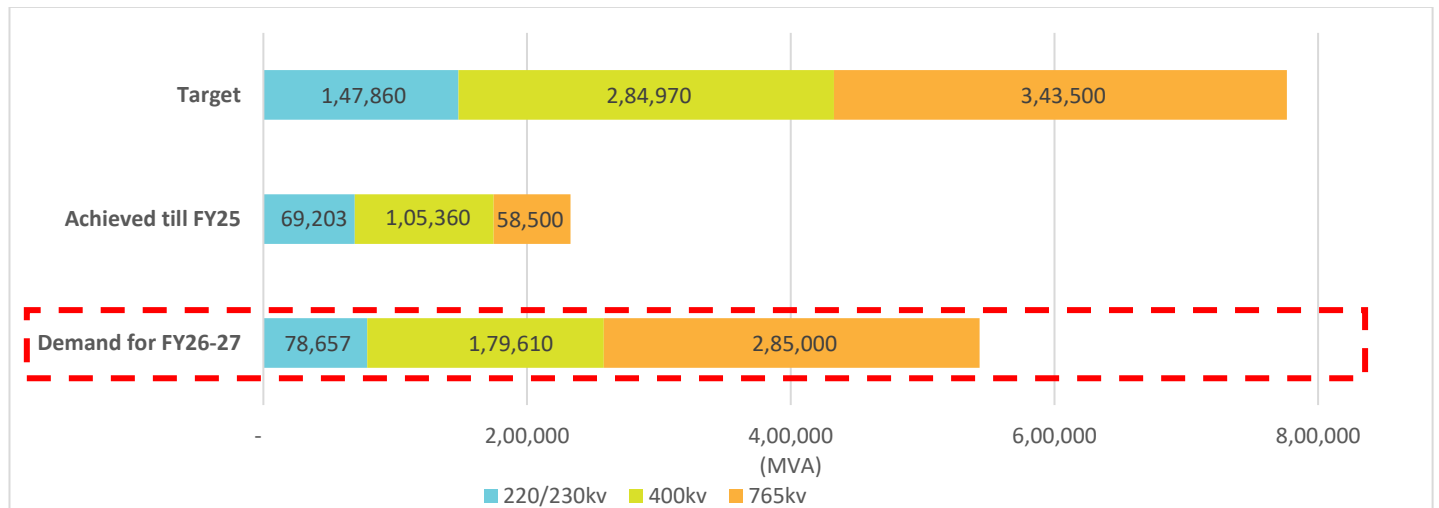
DELHI MEETING

Exhibit 1: PGCIL's capex to grow 2–3x, assuming 40–50% share of INR9.15tn capex



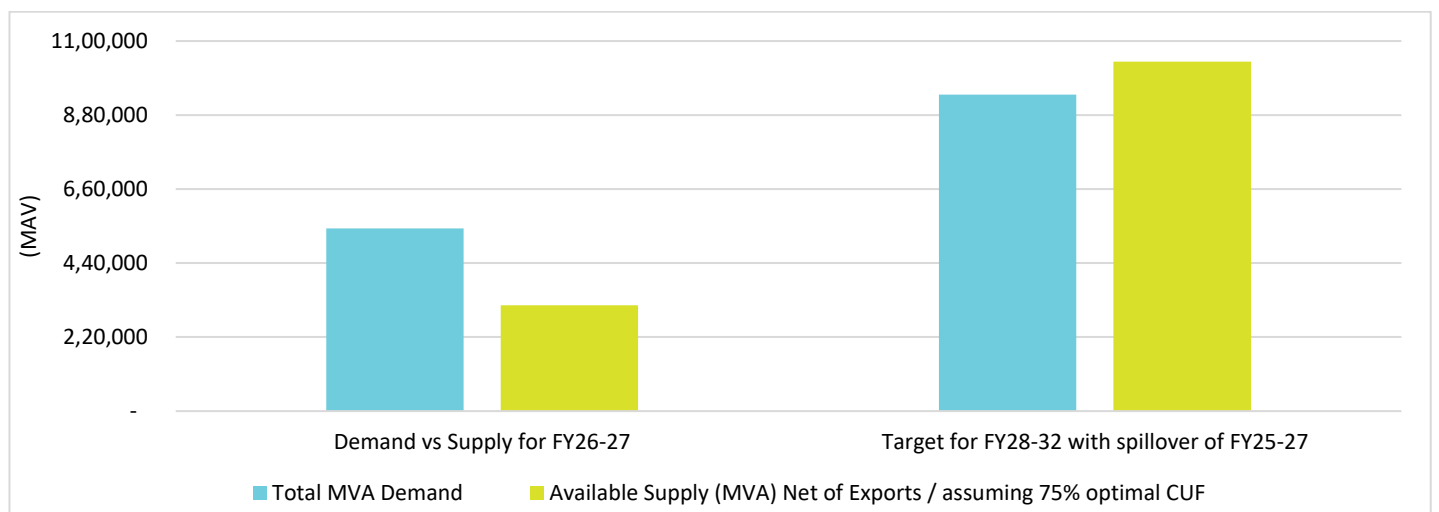
Source: PGCIL, Nuvama Research

Exhibit 2: Transformer demand robust: more than 50% of target set for FY22–27 to be achieved over next two years



Source: IEEMA, NEP, Nuvama Research

Exhibit 3: HV transformers: large overcapacity unlikely; deficits to correct by FY28–32



Source: Company, IEEMA, NEP, Nuvama Research.

Exhibit 4: Four–five HVDCs in near-term pipeline — to be ordered out over next two–three years

HVDC Projects	Technology	Size (MW)	Cost (INR bn)	Likely award	Comments
±800 kV Bhadla-III - Fatehpur HVDC line	LCC	6,000	200-250	FY24-25E	6,000MW, + 800 kV HVDC system between Bhadla-III and Fatehpur Adani Group won the project Equipment order placed to Hitachi Energy
±350kV Pang - Kaithal HVDC line (Leh Ladakh)	VSC	5,000	320	FY26-27E	- + 350kV, 5,000MW VSC-based HVDC link from Pang to Kaithal - Allocated to PGCIL in Jan'22 through RTM route - Converted to HVAC
±800kV Barmer-II - Jabalpur HVDC line	LCC	6,000	150-200	FY26-27E	- ±800kV HVDC line between Barmer-II (HVDC) - Jabalpur PS (~1,100km) - Expected to see ordering in FY26/27E
±800kV Khavda - Aurangabad HVDC line	LCC	8,000	200-250	FY24-25E	- Khavda – Aurangabad 8,000MW, ±800kV HVDC line - PGCIL won the project - Equipment order placed to Hitachi Energy
±500kV Khavda – South Olepad HVDC line	VSC	2,500	120-150	FY26-27E	- Expected to see ordering in FY26/27E.
Total		25,000	990-1100	FY24-30E	

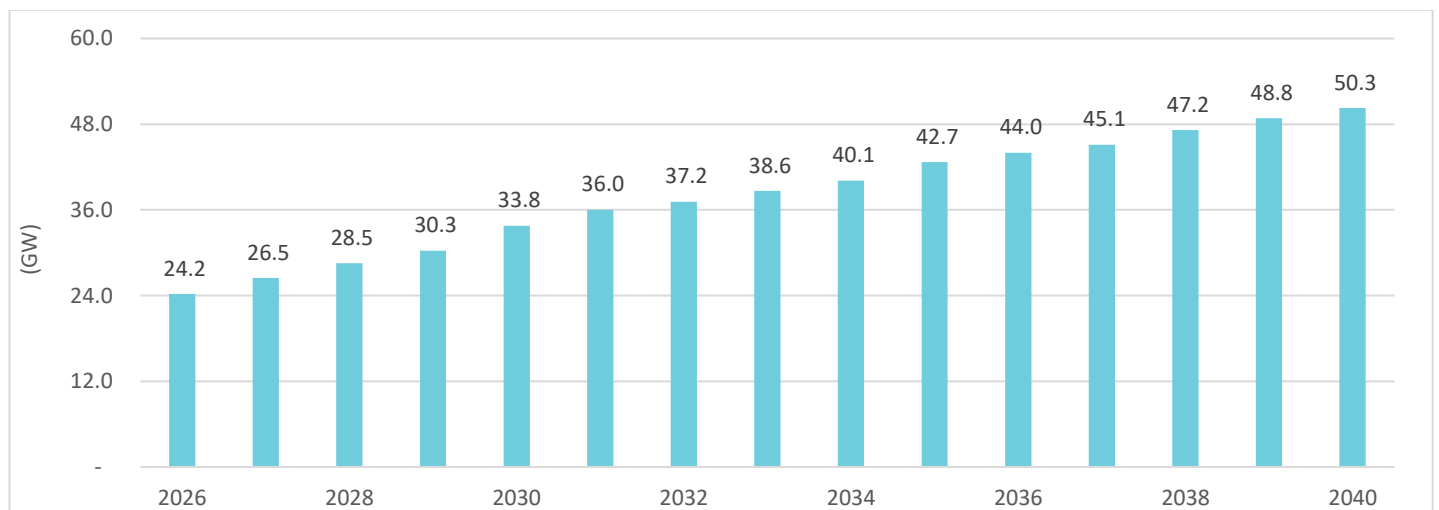
Source: NEP, CEA, Nuvama Research. Note: Khavda and Bhadla HVDCs, both have been won by consortium of Hitachi Energy and BHEL.

Exhibit 5: HVDCs under planning

HVDC Projects	Technology	Cost (INR bn)	Size (MW)
Bikaner-Begunia (Rajasthan-Odisha)	LCC (±800 kV)	NA	6,000
Beawar (Rajasthan)	LCC (±800 kV)	NA	6,000
Paradeep – Andaman	VSC (±320 kV)	160	500
Sri-Lanka HVDC Phase I	VSC (±320 kV)	99	500
Lakadia–Alephata	*±800 kV LCC / ±600 kV VSC	NA	6,000

Source: Nuvama Research. *Under discussions

Exhibit 6: Growing thermal replacement demand; plants >35 years at 37GW by FY32/50GW by FY40



Source: Nuvama Research

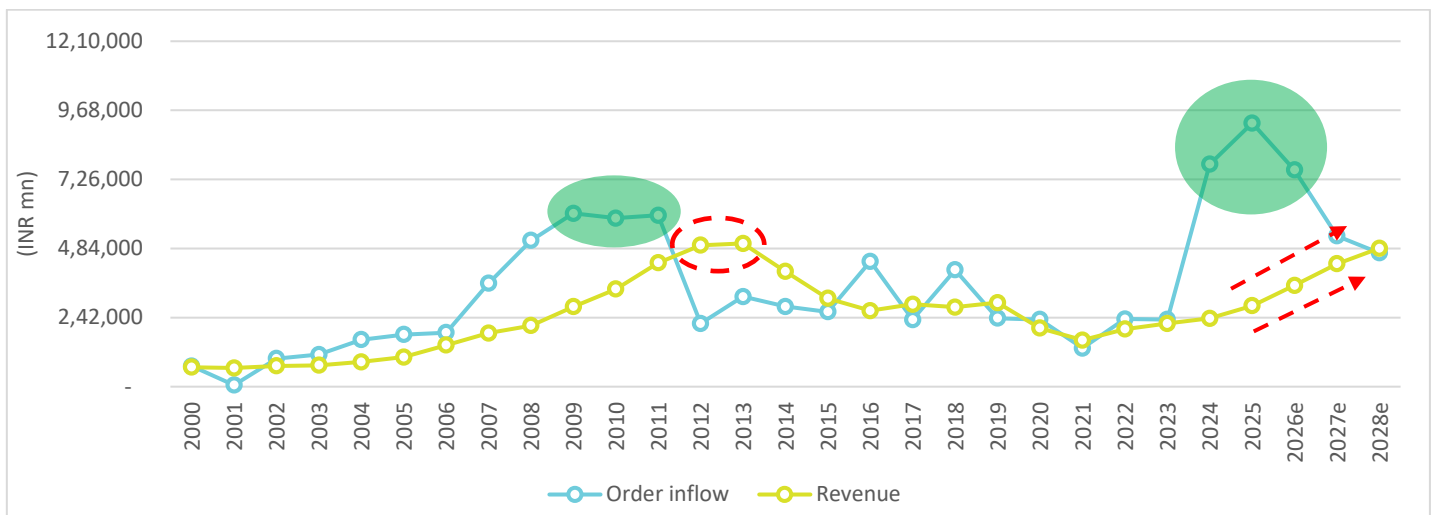
Key beneficiaries

BHEL – Maintain ‘BUY’ with a TP of INR335

We retain ‘BUY’ as we are increasing FY26E EPS by 14.8%, but trimming FY27/28E by (1%)/(3%) as we believe that H2FY26 should start recording an uptick in execution and margins. We envisage:

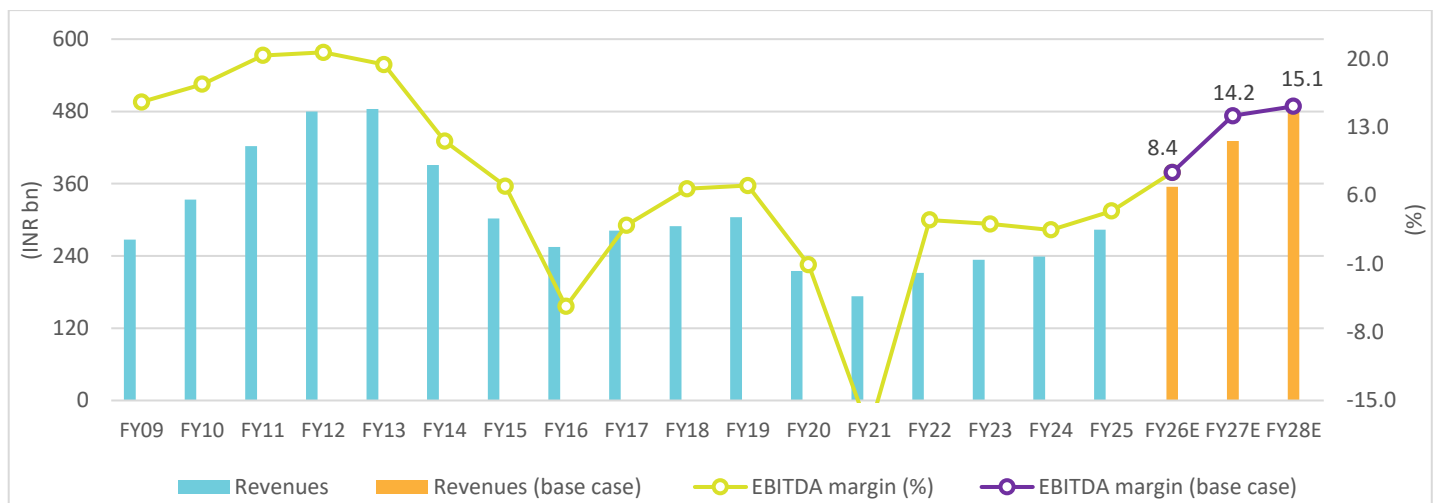
- i) 7-8GW yearly of thermal OI in FY26–28E as it has already won 18.4GW in FY25 (versus 9.6GW in FY24).
- ii) Strong execution of INR448bn/INR504bn over FY27E/28E (on robust order book of INR2tn-plus in FY25).
- iii) 14.2%/15.1% OPM by FY27E/28E (operating leverage + GMs at pre-covid levels of 35%-plus) translating to FY27E EPS of INR13.2; at 25x FY27E EPS, yields a TP of INR335.

Exhibit 7: Revenue to accelerate as record thermal OI of 9.6GW/18.4GW in FY24/25 translates to incremental execution



Source: Company, Nuvama Research

Exhibit 8: OPMs to expand to 14–15% underpinned by strong operating leverage (OPMs in last cycle 15–20%)



Source: Company, Nuvama Research

Exhibit 9: Target price sensitivity

		Revenues CAGR (FY25-27E)				
		20%	25%	30%	35%	40%
OPMs (FY27E)	8%	110	129	150	172	194
	10%	168	193	219	246	274
	12%	227	257	288	320	354
	14%	285	320	357	394	433
	18%	403	447	494	543	593

Source: Company, Nuvama Research

Financial Statements — BHEL

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	2,83,395	3,68,828	4,47,870	5,04,033
Gross profit	94,943	1,23,726	1,58,515	1,83,574
Employee costs	59,234	62,414	60,657	61,227
Other expenses	23,293	30,509	34,452	46,139
EBITDA	12,416	30,803	63,407	76,208
Depreciation	2,720	3,401	4,110	4,275
Less: Interest expense	7,483	5,332	5,776	5,776
Add: Other income	5,034	5,776	7,961	10,679
Profit before tax	7,247	27,847	61,482	76,837
Prov for tax	2,117	6,962	15,370	19,209
Less: Other adj	0	0	0	0
Reported profit	5,130	20,885	46,111	57,628
Less: Excp.item (net)	0	0	0	0
Adjusted profit	5,130	20,885	46,111	57,628
Diluted shares o/s	3,482	3,482	3,482	3,482
Adjusted diluted EPS	1.5	6.0	13.2	16.5
DPS (INR)	0.5	1.2	1.2	1.2
Tax rate (%)	29.2	25.0	25.0	25.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	66.5	66.5	64.6	63.6
Employee cost (% of rev)	20.9	16.9	13.5	12.1
Other exp (% of rev)	8.2	8.3	7.7	9.2
EBITDA margin (%)	4.4	8.4	14.2	15.1
Net profit margin (%)	1.8	5.7	10.3	11.4
Revenue growth (% YoY)	19.3	29.6	21.4	12.5
EBITDA growth (% YoY)	102.7	148.1	105.8	20.2
Adj. profit growth (%)	97.4	307.1	120.8	25.0

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	7.0
Repo rate (%)	6.0	5.0	5.0	5.0
USD/INR (average)	84.0	82.0	81.0	81.0
Market size (GW)	6.0	6.0	6.0	6.0
BHEL market share (%)	70.0	70.0	70.0	70.0
Power OI (INR bn)	1,713.5	660.2	429.2	369.8
Industry OI (INR bn)	110.0	99.0	99.0	99.0
Power rev (% YoY)	0.6	0.3	1.3	2.0
Industry rev (% YoY)	35.6	(3.6)	6.8	5.3

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	162.9	40.0	18.1	14.5
Price/BV (x)	3.3	3.1	2.7	2.3
EV/EBITDA (x)	68.4	26.4	12.3	9.5
Dividend yield (%)	0.2	0.5	0.5	0.5

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	6,964	6,964	6,964	6,964
Reserves	2,44,166	2,60,873	3,02,806	3,56,255
Shareholders funds	2,51,130	2,67,837	3,09,770	3,63,219
Minority interest	0	0	0	0
Borrowings	90,146	88,860	88,860	88,860
Trade payables	1,17,117	1,67,878	1,98,188	2,19,493
Other liabs & prov	57,700	1,15,209	1,40,973	1,64,273
Total liabilities	6,44,116	7,67,807	8,65,813	9,63,867
Net block	28,625	27,942	26,616	25,195
Intangible assets	843	825	740	587
Capital WIP	1,954	1,954	1,954	1,954
Total fixed assets	31,422	30,721	29,311	27,736
Non current inv	6,717	6,717	6,717	6,717
Cash/cash equivalent	76,124	1,11,123	1,41,603	1,97,428
Sundry debtors	89,309	1,26,311	1,53,380	1,72,614
Loans & advances	10,167	10,370	10,578	10,789
Other assets	4,30,372	4,82,564	5,24,225	5,48,582
Total assets	6,44,116	7,67,807	8,65,813	9,63,867

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	5,130	20,885	46,111	57,628
Add: Depreciation	2,720	3,401	4,110	4,275
Interest (net of tax)	5,297	3,999	4,332	4,332
Others	(8,522)	1,333	1,444	1,444
Less: Changes in WC	17,295	18,873	(12,864)	802
Operating cash flow	21,919	48,491	43,134	68,480
Less: Capex	(2,681)	(2,700)	(2,700)	(2,700)
Free cash flow	19,238	45,791	40,434	65,780

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	2.1	8.0	16.0	17.1
RoCE (%)	4.3	9.5	17.8	19.4
Inventory days	166	173	185	190
Receivable days	109	107	114	118
Payable days	218	212	231	238
Working cap (% sales)	114.9	83.3	71.6	63.5
Gross debt/equity (x)	0.4	0.3	0.3	0.2
Net debt/equity (x)	0.1	(0.1)	(0.2)	(0.3)
Interest coverage (x)	1.3	5.1	10.3	12.5

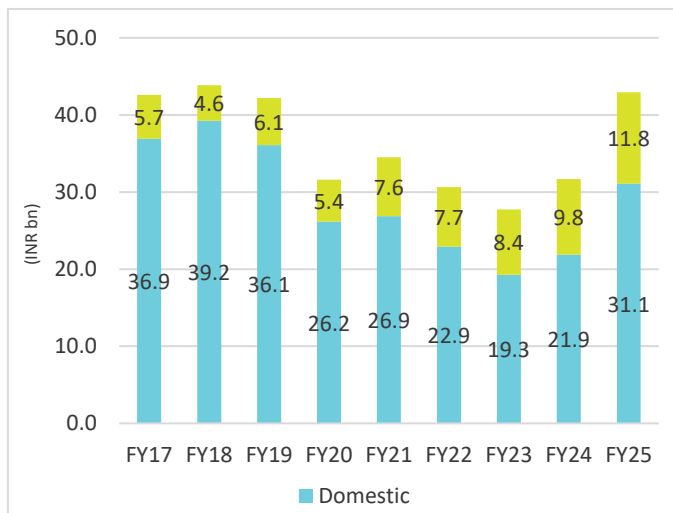
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	97.4	307.1	120.8	25.0
RoE (%)	2.1	8.0	16.0	17.1
EBITDA growth (%)	102.7	148.1	105.8	20.2
Payout ratio (%)	33.9	20.0	9.1	7.3

GVTD – Maintain ‘BUY’ with a TP of INR3,450

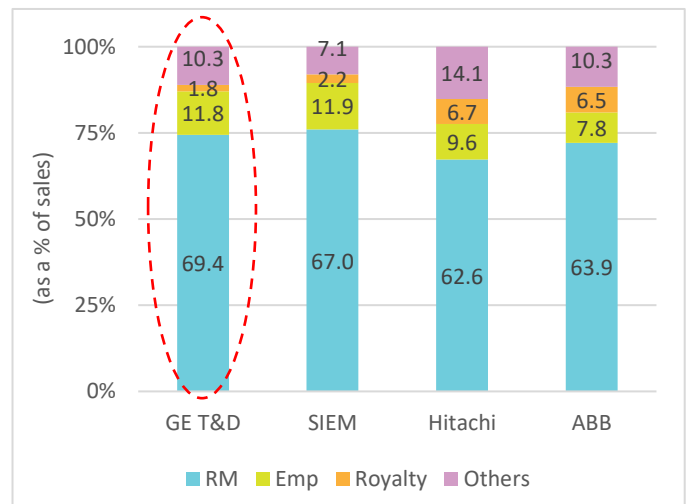
We maintain ‘BUY’ on the stock as one of our sector top picks, factoring in a revenue CAGR of ~27% over FY25–28E, EBITDA margins of ~23% (versus 19.1% in FY25) and EPS of INR53.7/INR61.3 (INR23.8 in FY25) for FY27E/28E. Backlog of ~INR130bn (3x FY25 sales) provides strong visibility while HVDC potential is an added trigger even as non-HVDC pipeline grows at 7–8%. We are valuing GVTD at 60x PE (earlier 55x) on Sep-27E EPS, yielding a TP of INR3,450 (earlier INR3,000).

Exhibit 10: Rising share of exports as % of total revenue



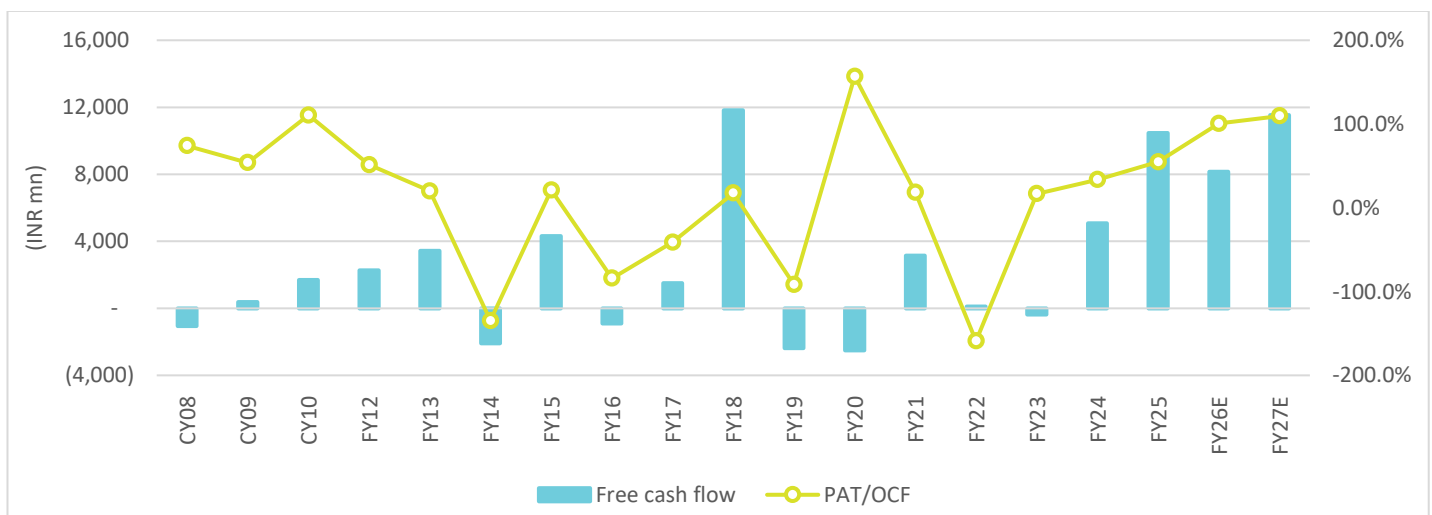
Source: Nuvama Research

Exhibit 11: MNCs’ cost breakdown analysis (average of past 5Y)



Source: Nuvama Research

Exhibit 12: FCF versus OCF/PAT—improving trajectory with cash generation



Source: Nuvama Research

Financial Statements — GVTD

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	42,923	55,979	79,347	88,830
Gross profit	17,356	22,391	31,739	35,532
Employee costs	3,999	5,052	5,868	7,100
Other expenses	5,171	4,478	7,617	7,995
EBITDA	8,187	12,861	18,253	20,438
Depreciation	473	572	679	729
Less: Interest expense	143	140	140	140
Add: Other income	626	787	899	1,359
Profit before tax	8,197	12,937	18,334	20,928
Prov for tax	2,113	3,234	4,583	5,232
Less: Other adj	0	0	0	0
Reported profit	6,083	9,702	13,750	15,696
Less: Excp.item (net)	0	0	0	0
Adjusted profit	6,083	9,702	13,750	15,696
Diluted shares o/s	256	256	256	256
Adjusted diluted EPS	23.8	37.9	53.7	61.3
DPS (INR)	5.0	7.6	10.7	10.7
Tax rate (%)	25.8	25.0	25.0	25.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	59.6	60.0	60.0	60.0
Employee cost (% of rev)	9.3	9.0	7.4	8.0
Other exp (% of rev)	12.0	8.0	9.6	9.0
EBITDA margin (%)	19.1	23.0	23.0	23.0
Net profit margin (%)	14.2	17.3	17.3	17.7
Revenue growth (% YoY)	35.5	30.4	41.7	12.0
EBITDA growth (% YoY)	156.7	57.1	41.9	12.0
Adj. profit growth (%)	236.0	59.5	41.7	14.2

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	6.3	6.3
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	82.0	82.0	82.0	82.0
Domestic rev gwth (%)	42.2	34.9	41.7	12.0
Exports rev gwth (%)	20.5	18.5	41.7	12.0
Gross margin (%)	40.4	40.0	40.0	40.0
EBITDA margin (%)	19.1	23.0	23.0	23.0
Tax rate (%)	25.8	25.0	25.0	25.0
Capex (INR mn)	622.4	1,500.0	1,000.0	1,000.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	126.3	79.2	55.9	48.9
Price/BV (x)	43.3	30.1	21.0	15.5
EV/EBITDA (x)	93.1	59.0	41.3	36.4
Dividend yield (%)	0.2	0.3	0.4	0.4

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	512	512	512	512
Reserves	17,219	24,981	35,981	48,927
Shareholders funds	17,731	25,493	36,493	49,439
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	10,259	13,803	19,565	21,903
Other liabs & prov	16,368	17,250	18,176	19,148
Total liabilities	45,341	57,528	75,217	91,473
Net block	4,263	5,191	5,512	5,784
Intangible assets	0	0	0	0
Capital WIP	473	473	473	473
Total fixed assets	4,735	5,663	5,985	6,256
Non current inv	0	0	0	0
Cash/cash equivalent	4,728	7,875	12,837	23,634
Sundry debtors	14,689	19,938	28,261	31,638
Loans & advances	4,571	4,799	5,039	5,291
Other assets	17,087	19,253	23,095	24,654
Total assets	45,341	57,528	75,217	91,473

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	6,083	9,702	13,750	15,696
Add: Depreciation	473	572	679	729
Interest (net of tax)	106	105	105	105
Others	2,466	2,482	3,720	3,908
Less: Changes in WC	1,962	(3,218)	(5,716)	(1,878)
Operating cash flow	11,090	9,643	12,537	18,560
Less: Capex	622	1,500	1,000	1,000
Free cash flow	10,468	8,143	11,537	17,560

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	40.3	44.9	44.4	36.5
RoCE (%)	55.3	60.5	59.6	49.0
Inventory days	92	88	85	95
Receivable days	124	113	111	123
Payable days	136	131	128	142
Working cap (% sales)	19.7	20.8	21.9	21.7
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.3)	(0.3)	(0.4)	(0.5)
Interest coverage (x)	53.9	87.8	125.5	140.8

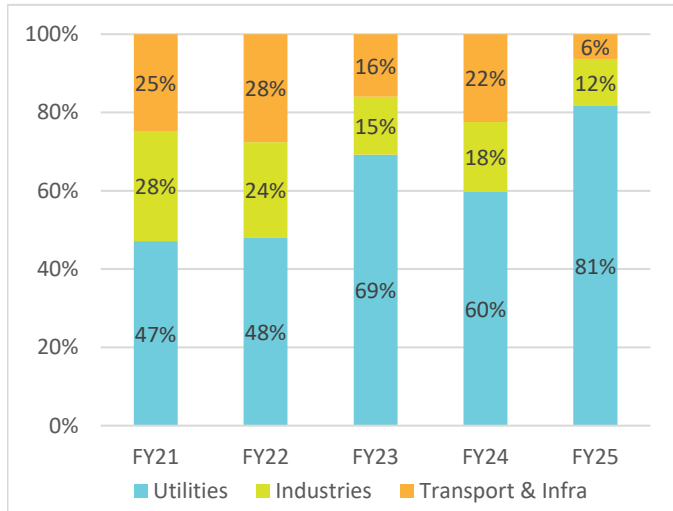
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	235.4	59.5	41.7	14.2
RoE (%)	40.3	44.9	44.4	36.5
EBITDA growth (%)	156.7	57.1	41.9	12.0
Payout ratio (%)	21.0	20.0	20.0	17.5

Hitachi Energy—Maintain 'BUY' with TP of INR24,000

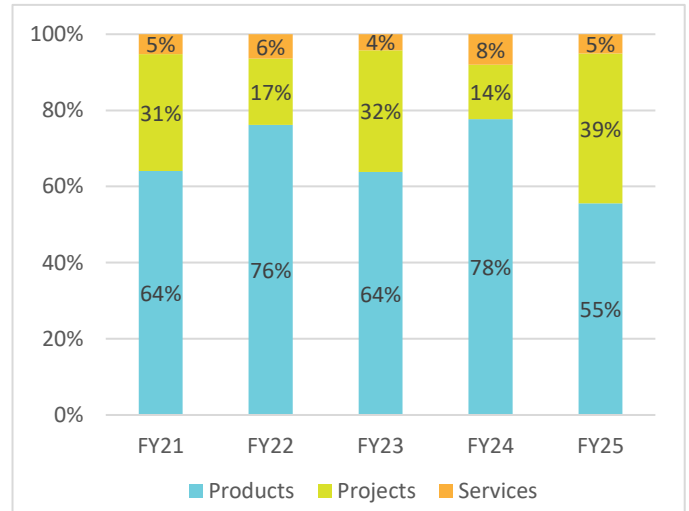
We factor-in a revenue CAGR of ~43% over FY25–28E; EBITDA margins of ~16% (versus 9.3% in FY25) and EPS of INR478.7 (INR90.4 in FY25) for FY28E. We are valuing Hitachi at 60x Sep-27E EPS, yielding a TP of INR24,000.

Exhibit 13: Order inflows split by sector



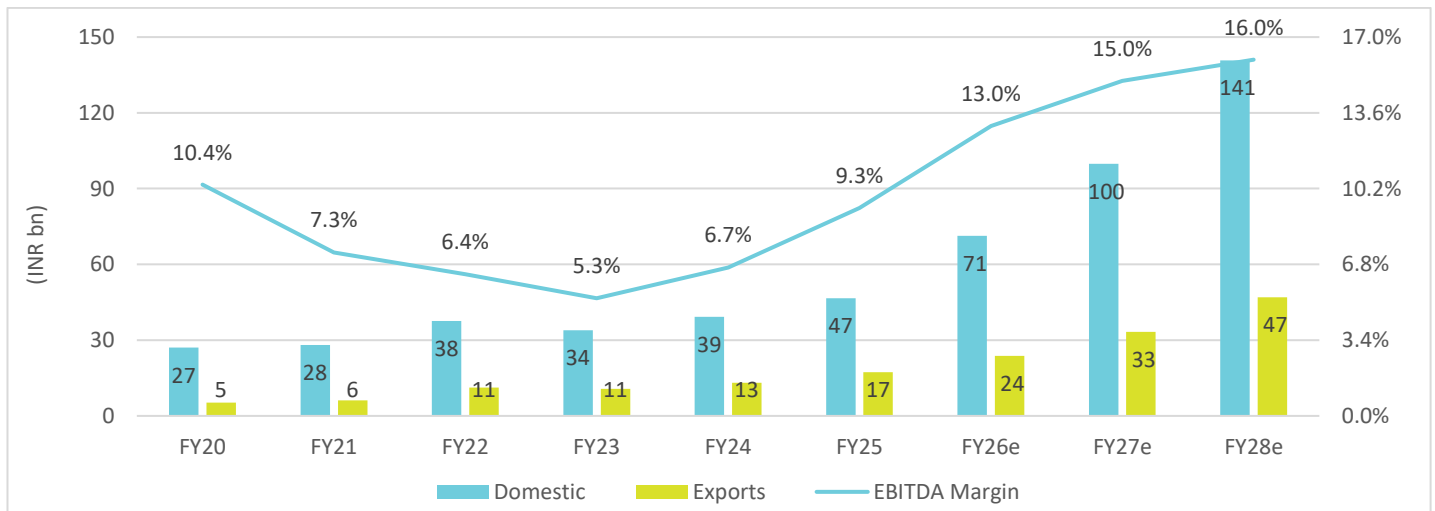
Source: Nuvama Research

Exhibit 14: Order inflows split by offerings



Source: Nuvama Research

Exhibit 15: We reckon OPM revival over FY25–28 as execution/supply chain challenges taper off



Source: Nuvama Research

Financial Statements — Hitachi Energy

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	63,849	95,066	1,33,019	1,87,611
Gross profit	24,192	36,790	52,543	74,106
Employee costs	5,448	7,317	9,261	12,035
Other expenses	12,787	17,112	23,278	32,081
EBITDA	5,958	12,361	20,004	29,990
Depreciation	914	1,237	1,642	2,207
Less: Interest expense	452	536	552	568
Add: Other income	572	761	1,105	1,444
Profit before tax	5,164	11,350	18,915	28,658
Prov for tax	1,324	2,894	4,823	7,308
Less: Other adj	0	0	0	0
Reported profit	3,840	8,456	14,091	21,351
Less: Excp.item (net)	0	0	0	0
Adjusted profit	3,840	8,456	14,091	21,351
Diluted shares o/s	45	45	45	45
Adjusted diluted EPS	86.1	189.6	316.0	478.7
DPS (INR)	6.0	0	0	0
Tax rate (%)	25.6	25.5	25.5	25.5

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	62.1	61.3	60.5	60.5
Employee cost (% of rev)	8.5	7.7	7.0	6.4
Other exp (% of rev)	20.0	18.0	17.5	17.1
EBITDA margin (%)	9.3	13.0	15.0	16.0
Net profit margin (%)	6.0	8.9	10.6	11.4
Revenue growth (% YoY)	21.9	48.9	39.9	41.0
EBITDA growth (% YoY)	70.7	107.5	61.8	49.9
Adj. profit growth (%)	134.4	120.2	66.7	51.5

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	5.5	6.3	6.3	6.3
Repo rate (%)	6.0	5.3	5.3	5.3
USD/INR (average)	84.0	82.0	82.0	82.0
Domestic rev gwth (%)	17.8	53.0	39.9	41.0
Exports rev gwth (%)	34.5	37.7	39.9	41.0
Gross margin (%)	37.9	38.7	39.5	39.5
EBITDA margin (%)	9.3	13.0	15.0	16.0
Tax rate (%)	25.6	25.5	25.5	25.5
Capex (INR mn)	1,050.0	4,050.0	5,050.0	7,050.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	242.4	110.1	66.1	43.6
Price/BV (x)	22.1	18.4	14.4	10.8
EV/EBITDA (x)	149.8	71.7	43.6	28.8
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	89	89	89	89
Reserves	42,052	50,507	64,599	85,949
Shareholders funds	42,141	50,597	64,688	86,039
Minority interest	0	0	0	0
Borrowings	0	0	0	0
Trade payables	20,419	31,932	44,097	62,194
Other liabs & prov	21,907	23,045	24,241	25,496
Total liabilities	85,273	1,06,380	1,33,831	1,74,534
Net block	4,921	7,734	11,142	15,984
Intangible assets	318	318	318	318
Capital WIP	902	902	902	902
Total fixed assets	6,141	8,954	12,361	17,204
Non current inv	0	0	0	0
Cash/cash equivalent	38,068	44,211	57,777	67,888
Sundry debtors	21,096	31,254	36,444	51,400
Loans & advances	1,452	1,524	1,601	1,681
Other assets	15,862	19,708	24,921	35,634
Total assets	85,273	1,06,380	1,33,831	1,74,534

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	3,840	8,456	14,091	21,351
Add: Depreciation	914	1,237	1,642	2,207
Interest (net of tax)	336	399	411	423
Others	1,376	2,269	3,859	6,008
Less: Changes in WC	10,040	(1,426)	2,882	(6,397)
Operating cash flow	16,506	10,936	22,886	23,593
Less: Capex	1,050	4,050	5,050	7,050
Free cash flow	15,456	6,886	17,836	16,543

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	13.8	18.2	24.4	28.3
RoCE (%)	19.6	25.6	33.8	38.8
Inventory days	83	69	69	73
Receivable days	104	100	93	85
Payable days	177	164	172	171
Working cap (% sales)	(7.5)	(3.5)	(4.7)	0.1
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.9)	(0.9)	(0.9)	(0.8)
Interest coverage (x)	11.2	20.8	33.3	48.9

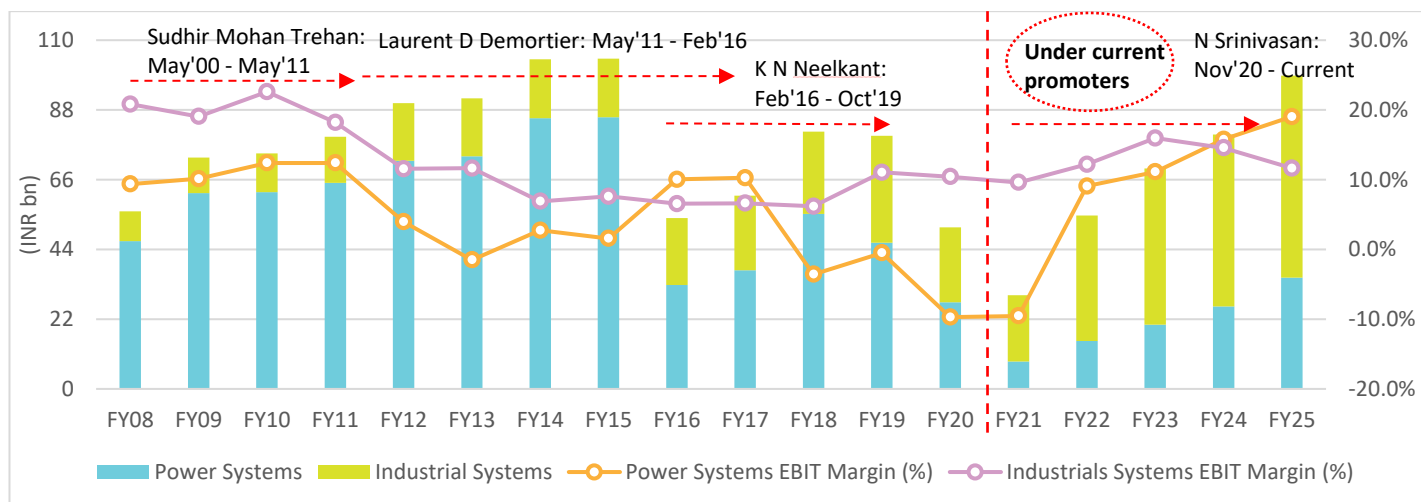
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	122.8	120.2	66.7	51.5
RoE (%)	13.8	18.2	24.4	28.3
EBITDA growth (%)	70.7	107.5	61.8	49.9
Payout ratio (%)	7.0	0	0	0

CG Power - Maintain 'BUY' with a TP of INR840

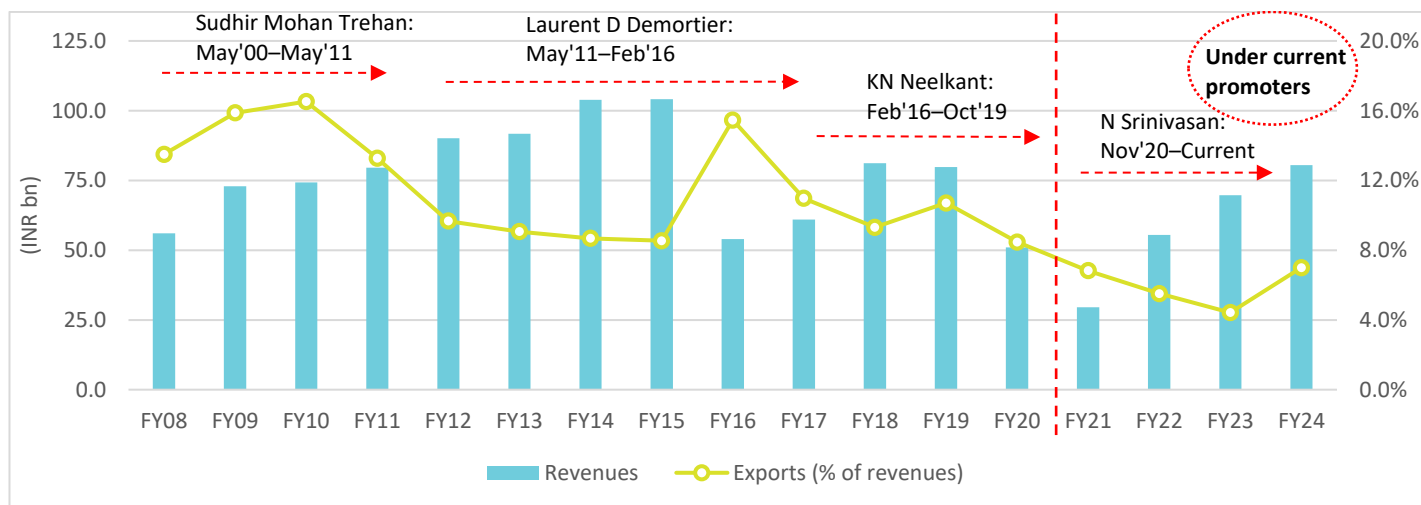
We revise up the target price to INR840 (from INR800) valuing the stock at 60x Sep-27E blended EPS, adding optionality of INR61/share for OSAT (FY30E EPS of INR1.8 at 45x, discounted to Sep-27E) and carrying Axiro at its acquisition value. We are factoring in a ~28% revenue CAGR over FY25–28E and EBITDA margins settling at 14.2%/14.5% by FY27E/28E (versus 13.2% in FY25).

Exhibit 16: Ramp up of Power + Railways business with steady margins in Industrials



Source: Nuvama Research

Exhibit 17: Revenue growth largely led by focus towards domestic market/exports a future optionality



Source: Nuvama Research

Exhibit 18: SotP valuation

Particulars (INR mn)	Valuation Methodology	Multiple	Sep-27 TP (INR)
Power segment	P/E	60	417
Industrial segment	P/E	60	361
OSAT Optionality	P/E	45	61
Axiro	At acquisition value		2
Total			840

Source: Nuvama Research

Financial Statements — CG Power

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	99,087	1,28,643	1,68,064	2,08,393
Gross profit	29,825	38,627	50,407	62,590
Employee costs	6,128	7,547	9,350	11,529
Other expenses	10,650	13,307	17,158	20,862
EBITDA	13,047	17,773	23,900	30,199
Depreciation	1,118	1,550	2,040	2,320
Less: Interest expense	71	80	90	100
Add: Other income	1,622	1,170	1,245	1,764
Profit before tax	13,480	17,313	23,014	29,542
Prov for tax	3,750	4,363	5,800	7,445
Less: Other adj	0	0	0	0
Reported profit	9,730	12,950	17,215	22,097
Less: Excp.item (net)	0	0	0	0
Adjusted profit	9,730	12,950	17,215	22,097
Diluted shares o/s	1,527	1,527	1,527	1,527
Adjusted diluted EPS	6.4	8.5	11.3	14.5
DPS (INR)	1.3	2.0	2.7	3.0
Tax rate (%)	27.8	25.2	25.2	25.2

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	69.9	70.0	70.0	70.0
Employee cost (% of rev)	6.2	5.9	5.6	5.5
Other exp (% of rev)	10.7	10.3	10.2	10.0
EBITDA margin (%)	13.2	13.8	14.2	14.5
Net profit margin (%)	9.8	10.1	10.2	10.6
Revenue growth (% YoY)	23.2	29.8	30.6	24.0
EBITDA growth (% YoY)	15.7	36.2	34.5	26.4
Adj. profit growth (%)	14.5	33.1	32.9	28.4

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.0	6.2	7.0	0
Repo rate (%)	6.0	5.0	5.0	0
USD/INR (average)	84.0	84.0	84.0	0
Domestic rev gwth (%)	35.1	46.7	48.7	38.1
Exports rev gwth (%)	17.4	20.5	18.6	12.2
Gross margin (%)	30.1	30.0	30.0	30.0
EBITDA margin (%)	13.2	13.8	14.2	14.5
Tax rate (%)	27.8	25.2	25.2	25.2
Capex (INR mn)	4,254.2	9,000.0	8,000.0	8,000.0

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	117.7	88.5	66.5	51.8
Price/BV (x)	29.8	23.9	19.0	14.9
EV/EBITDA (x)	86.5	63.6	47.1	37.0
Dividend yield (%)	0.2	0.3	0.4	0.4

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	3,058	3,058	3,058	3,058
Reserves	35,382	44,825	57,185	73,868
Shareholders funds	38,440	47,883	60,243	76,926
Minority interest	1,937	1,937	1,937	1,937
Borrowings	0	0	0	0
Trade payables	18,700	22,196	29,011	35,952
Other liabs & prov	14,037	15,141	16,355	17,691
Total liabilities	74,126	88,168	1,08,558	1,33,517
Net block	9,350	14,257	26,425	32,313
Intangible assets	5,441	5,327	5,119	4,911
Capital WIP	3,857	9,857	3,857	3,857
Total fixed assets	18,647	29,442	35,401	41,081
Non current inv	8	8	8	8
Cash/cash equivalent	16,959	15,882	19,329	27,386
Sundry debtors	20,092	24,671	32,231	39,966
Loans & advances	183	198	214	231
Other assets	17,504	17,235	20,643	24,113
Total assets	74,126	88,168	1,08,558	1,33,517

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	9,730	12,950	17,215	22,097
Add: Depreciation	1,118	1,550	2,040	2,320
Interest (net of tax)	51	60	67	75
Others	(3,467)	(601)	(7,130)	(7,629)
Less: Changes in WC	(2,012)	275	(2,954)	(2,945)
Operating cash flow	9,444	13,685	15,147	19,809
Less: Capex	(4,254)	(9,000)	(8,000)	(8,000)
Free cash flow	5,190	4,685	7,147	11,809

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	28.4	30.0	31.8	32.2
RoCE (%)	38.4	38.6	41.3	42.0
Inventory days	50	46	40	41
Receivable days	65	64	62	63
Payable days	88	83	79	81
Working cap (% sales)	5.9	4.4	5.1	5.5
Gross debt/equity (x)	0	0	0	0
Net debt/equity (x)	(0.4)	(0.3)	(0.3)	(0.3)
Interest coverage (x)	168.2	202.8	242.9	278.8

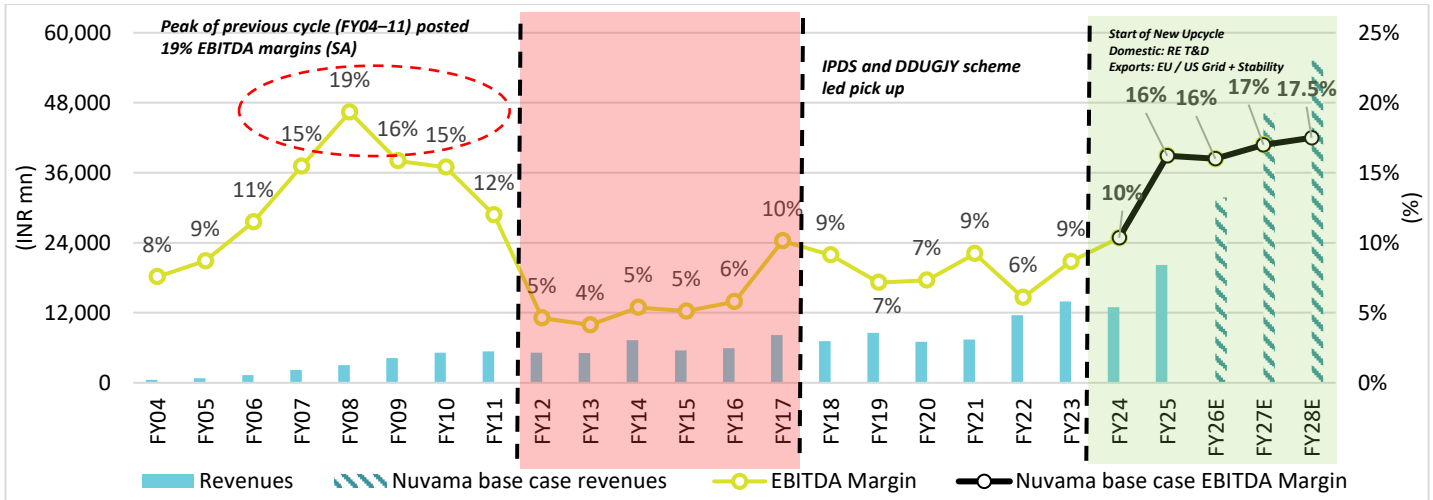
Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	14.5	33.1	32.9	28.4
RoE (%)	28.4	30.0	31.8	32.2
EBITDA growth (%)	15.7	36.2	34.5	26.4
Payout ratio (%)	20.1	23.2	24.2	21.0

TARIL—Maintain 'BUY' with a TP of INR705

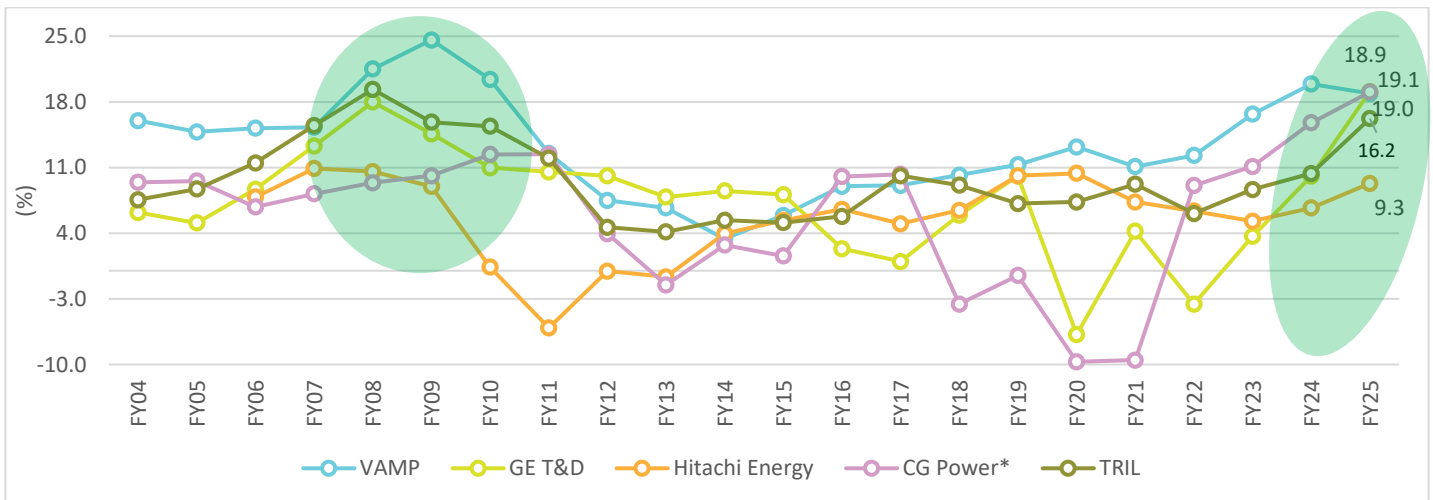
We are factoring-in a revenue CAGR of 51.3% over FY25–28E and OPM improvement to ~17–18% by FY27E (versus 16.2% in FY25) translating to an EPS CAGR of 58.4% over FY25–27E and FY27 EPS of INR17.6. At 40x FY27E EPS of INR17.6, we arrive at a TP of INR705.

Exhibit 19: Goldilocks period has begun for transformer players; TARIL's OPM likely to expand to ~17%-plus by FY27E



Source: Nuvama Research

Exhibit 20: Capex super-cycle spurs increase in EBITDA margins of transformer players



Source: Bloomberg, Company, Nuvama Research. *CG Power's power segment EBIT margin has been considered.

Exhibit 21: FY27E EPS sensitivity

		Revenue CAGR (FY25-27E)				
		48.0%	50.0%	55.0%	60.0%	70.0%
FY27E OPMs (%)	14.0%	14.0	14.4	15.5	16.6	19.0
	15.0%	15.1	15.6	16.7	17.9	20.4
	16.0%	16.2	16.7	17.9	19.2	21.9
	17.0%	17.3	17.8	19.1	20.5	23.3
	18.0%	18.4	19.0	20.4	21.8	24.8

Source: Nuvama Research

Financial Statements — TARIL

Income Statement (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Total operating income	20,194	31,800	46,202	55,233
Gross profit	6,349	9,858	14,554	17,675
Employee costs	601	954	1,386	1,657
Other expenses	2,474	3,816	5,313	6,352
EBITDA	3,274	5,088	7,854	9,666
Depreciation	270	372	613	974
Less: Interest expense	506	509	509	509
Add: Other income	317	570	326	228
Profit before tax	2,816	4,777	7,059	8,410
Prov for tax	684	1,194	1,765	2,103
Less: Other adj	0	0	0	0
Reported profit	2,110	3,583	5,294	6,308
Less: Excp.item (net)	0	0	0	0
Adjusted profit	2,110	3,583	5,294	6,308
Diluted shares o/s	300	300	300	300
Adjusted diluted EPS	7.0	11.9	17.6	21.0
DPS (INR)	0	0	0	0
Tax rate (%)	24.3	25.0	25.0	25.0

Important Ratios (%)

Year to March	FY25A	FY26E	FY27E	FY28E
COGS (% of rev)	68.6	69.0	68.5	68.0
Employee cost (% of rev)	3.0	3.0	3.0	3.0
Other exp (% of rev)	12.2	12.0	11.5	11.5
EBITDA margin (%)	16.2	16.0	17.0	17.5
Net profit margin (%)	10.4	11.3	11.5	11.4
Revenue growth (% YoY)	56.0	57.5	45.3	19.5
EBITDA growth (% YoY)	144.2	55.4	54.4	23.1
Adj. profit growth (%)	374.2	69.8	47.8	19.2

Assumptions (%)

Year to March	FY25A	FY26E	FY27E	FY28E
GDP (YoY %)	6.3	6.3	6.3	6.3
Repo rate (%)	5.3	5.3	5.3	5.3
USD/INR (average)	82.0	82.0	82.0	82.0
Domestic rev gwth (%)	56.0	57.5	45.3	19.5
Exports rev gwth (%)	119.7	19.2	15.0	15.0
Gross margin (%)	31.4	31.0	31.5	32.0
EBITDA margin (%)	16.2	16.0	17.0	17.5
Tax rate (%)	24.3	25.0	25.0	25.0
Capex (INR mn)	(2,348.0)	(3,000.0)	(2,000.0)	(1,500.0)

Valuation Metrics

Year to March	FY25A	FY26E	FY27E	FY28E
Diluted P/E (x)	73.0	43.0	29.1	24.4
Price/BV (x)	12.3	9.6	7.2	5.6
EV/EBITDA (x)	47.4	31.0	20.2	16.2
Dividend yield (%)	0	0	0	0

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Share capital	300	300	300	300
Reserves	12,219	15,802	21,096	27,403
Shareholders funds	12,519	16,102	21,396	27,703
Minority interest	204	204	204	204
Borrowings	2,828	2,828	2,828	2,828
Trade payables	4,119	6,613	9,538	11,319
Other liabs & prov	2,180	2,180	2,180	2,180
Total liabilities	21,850	27,926	36,145	44,234
Net block	2,482	5,109	6,496	7,022
Intangible assets	30	30	30	30
Capital WIP	618	618	618	618
Total fixed assets	3,129	5,757	7,144	7,669
Non current inv	0	0	0	0
Cash/cash equivalent	1,716	(990)	(2,084)	567
Sundry debtors	4,688	10,455	15,190	18,159
Loans & advances	659	659	659	659
Other assets	6,917	7,306	10,497	12,440
Total assets	21,850	27,926	36,145	44,234

Free Cash Flow (INR mn)

Year to March	FY25A	FY26E	FY27E	FY28E
Reported profit	2,110	3,583	5,294	6,308
Add: Depreciation	270	372	613	974
Interest (net of tax)	460	(61)	183	281
Others	0	0	0	0
Less: Changes in WC	(1,972)	(6,038)	(5,001)	(3,131)
Operating cash flow	867	(2,144)	1,089	4,432
Less: Capex	2,348	3,000	2,000	1,500
Free cash flow	(1,481)	(5,144)	(911)	2,932

Key Ratios

Year to March	FY25A	FY26E	FY27E	FY28E
RoE (%)	23.4	25.0	28.2	25.7
RoCE (%)	28.0	30.5	34.7	32.3
Inventory days	95	97	102	111
Receivable days	98	87	101	110
Payable days	86	89	93	101
Working cap (% sales)	29.5	30.3	31.7	32.2
Gross debt/equity (x)	0.2	0.2	0.1	0.1
Net debt/equity (x)	0.1	0.2	0.2	0.1
Interest coverage (x)	5.9	9.3	14.2	17.1

Valuation Drivers

Year to March	FY25A	FY26E	FY27E	FY28E
EPS growth (%)	350.5	69.8	47.8	19.2
RoE (%)	23.4	25.0	28.2	25.7
EBITDA growth (%)	144.2	55.4	54.4	23.1
Payout ratio (%)	0	0	0	0

PGCIL – Maintain ‘REDUCE’ with a TP of INR240

PGCIL management estimates that ~INR3tn out of NEP plan (INR9.2tn) has been awarded and the balance INR6tn would be awarded by FY30E; **this implies T&D capex cycle would last another five years.**

We remain cautious on PGCIL as even after high capex of INR350bn/450bn (FY27–28E), the benefits thereof would reflect in earnings growth only after FY30 given longer gestation period (HVDC) coupled with high base and new TBCB wins yielding lower RoEs. We find PGCIL expensive at 2.8x FY27E P/BV with an EPS CAGR of 5% FY25–27E onwards, dividend yield of ~3% and likely further cuts in future payouts.

Key variables to watch out for over the next 12–18 months: i) PGCIL’s capitalisation share in TBCB (expected at ~85% in FY26E and 90% in FY27E); and ii) RoE in new TBCB wins; retain ‘REDUCE’ with a TP of INR240.

Exhibit 22: Estimated core RoE weakening on increasing mix of TBCB projects and subdued commissioning

Particulars (INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q1FY26
Closing regulated equity	8,01,956	8,05,175	8,08,046	8,22,854	8,29,814	8,34,872	8,40,224	8,49,896	8,55,296
Reg PAT (ex other Income)	29,827	31,341	32,979	30,569	27,473	27,564	26,289	30,613	25,239
RoE on Reg equity	14.9%	15.6%	16.3%	14.9%	13.2%	13.2%	12.5%	14.4%	11.8%

Source: Company, Nuvama Research

Exhibit 23: SotP valuation

	Comments	Multiple	Value	Per share value
Regulated equity	FY27 regulated equity	2.0	19,70,073	212
CWIP	FY27 equity in CWIP	1.0	72,939	8
FY25 Cash and investments		1.0	1,77,336	19
InVit stake retained (15 %)	20% Discount to CMP	0.8	9,983	1
			Target price	240

Source: Company, Nuvama Research

Exhibit 24: TP sensitivity to core RoE and long-term growth rate

	Core RoE				
	240	13.5%	15.0%	16.0%	17.00%
Long term Growth (g)	1.5%	153	169	180	190
	3.5%	158	177	190	203
	5.5%	164	190	207	224
	7.5%	178	215	240	265

Source: Nuvama Research

Financial Statements—PGCIL

Income Statement (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Total operating income	4,23,912	4,14,315	4,41,429	4,78,626
Energy Cost	0	0	0	0
Employee costs	23,769	25,930	27,678	29,867
Other expenses	32,595	35,620	39,518	43,693
EBITDA	3,67,548	3,52,765	3,74,234	4,05,066
Depreciation	1,25,582	1,23,522	1,34,742	1,41,279
Less: Interest expense	90,469	94,793	1,05,125	1,15,588
Add: Other income	34,242	48,938	48,938	48,938
Profit before tax	1,85,740	1,83,388	1,83,306	1,97,138
Prov for tax	26,320	32,659	29,329	31,542
Less: Other adj	0	0	0	0
Reported profit	1,59,420	1,50,730	1,53,977	1,65,596
Less: Excp.item (net)	0	0	0	0
Adjusted profit	1,59,420	1,50,730	1,53,977	1,65,596
Diluted shares o/s	9,301	9,301	9,301	9,301
Adjusted diluted EPS	17.1	16.2	16.6	17.8
DPS (INR)	11.3	9.0	7.9	8.5
Tax rate (%)	14.2	17.8	16.0	16.0

Important Ratios (%)

Year to March	FY24A	FY25A	FY26E	FY27E
Transmission (% rev)	7.7	8.6	9.0	9.1
Employee cost (% rev)	5.6	6.3	6.3	6.2
Other exp (% rev)	0	0	0	0
EBITDA margin (%)	86.7	85.1	84.8	84.6
Net profit margin (%)	37.6	36.4	34.9	34.6
Revenue growth (% YoY)	(0.6)	(2.3)	6.5	8.4
EBITDA growth (% YoY)	(0.6)	(4.0)	6.1	8.2
Adj. profit growth (%)	(1.0)	3.6	3.6	3.6

Assumptions (%)

Year to March	FY24A	FY25A	FY26E	FY27E
GDP (YoY %)	5.8	6.3	6.3	6.3
Repo rate (%)	5.5	5.0	5.0	5.0
USD/INR (average)	81.0	84.0	82.0	82.0
Capex (INR bn)	125.0	262.6	280.0	350.0
Commissioning (INR bn)	76.2	90.1	220.0	300.0
Reg Eq Cl (INR bn)	836.7	849.9	882.9	960.9
Telecom Rev (INR mn)	9,657.6	10,180.1	10,730.9	11,311.5
Telecom EBIT (INR mn)	5,921.7	6,391.2	6,888.2	7,414.3
Consulting Rev (INR mn)	6,342.6	7,692.8	9,231.4	11,077.6

Valuation Metrics

Year to March	FY24A	FY25A	FY26E	FY27E
Diluted P/E (x)	17.0	18.0	17.6	16.4
Price/BV (x)	3.5	3.3	3.0	2.8
EV/EBITDA (x)	9.6	10.9	10.7	10.2
Dividend yield (%)	3.9	3.1	2.7	2.9

Source: Company and Nuvama estimates

Balance Sheet (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Share capital	93,006	93,006	93,006	93,006
Reserves	7,75,665	8,29,151	8,97,619	9,71,253
Shareholders funds	8,68,671	9,22,157	9,90,625	10,64,259
Minority interest	0	0	0	0
Borrowings	12,34,486	13,09,650	14,93,672	15,88,672
Trade payables	2,44,174	3,33,598	2,76,147	3,02,302
Other liabs & prov	12,265	13,292	13,292	13,292
Total liabilities	24,54,214	26,78,094	28,73,133	30,67,923
Net block	16,27,005	15,36,349	16,21,607	17,80,328
Intangible assets	0	0	0	0
Capital WIP	95,812	1,21,669	1,93,129	2,43,129
Total fixed assets	17,22,817	16,58,017	18,14,736	20,23,457
Non current inv	93,417	1,13,142	1,13,142	1,13,142
Cash/cash equivalent	50,267	64,194	96,283	74,502
Sundry debtors	1,11,088	73,150	77,937	84,504
Loans & advances	2,19,530	3,69,655	3,69,655	3,69,655
Other assets	2,57,095	3,99,937	4,01,381	4,02,663
Total assets	24,54,214	26,78,094	28,73,133	30,67,923

Free Cash Flow (INR mn)

Year to March	FY24A	FY25A	FY26E	FY27E
Reported profit	1,80,062	1,86,788	1,83,306	1,97,138
Add: Depreciation	1,26,014	1,23,522	1,34,742	1,41,279
Interest (net of tax)	0	0	1,05,125	1,15,588
Others	66,106	45,254	0	0
Less: Changes in WC	8,197	(12,133)	(63,682)	18,305
Operating cash flow	3,47,901	3,13,569	3,30,161	4,40,767
Less: Capex	(55,115)	(51,154)	(2,91,460)	(3,50,000)
Free cash flow	2,92,786	2,62,415	38,701	90,767

Key Ratios

Year to March	FY24A	FY25A	FY26E	FY27E
RoE (%)	18.2	17.1	16.1	16.1
RoCE (%)	11.5	10.3	9.6	9.9
Inventory days	147	137	134	133
Receivable days	112	81	62	62
Payable days	34	34	34	34
Working cap (% sales)	5.9	6.2	6.2	6.2
Gross debt/equity (x)	1.4	1.4	1.5	1.5
Net debt/equity (x)	3.4	3.7	4.0	3.9
Interest coverage (x)	2.7	2.4	2.3	2.3

Valuation Drivers

Year to March	FY24A	FY25A	FY26E	FY27E
EPS growth (%)	(22.0)	(5.5)	2.2	7.5
RoE (%)	18.2	17.1	16.1	16.1
EBITDA growth (%)	(0.6)	(4.0)	6.1	8.2
Payout ratio (%)	65.6	55.5	47.5	47.5

All price charts cannot be included given the large of number of companies in our coverage. Specific charts may be available upon request.

DISCLAIMER

Nuvama Wealth Management Limited (defined as “NWML” or “Research Entity”) a company duly incorporated under the Companies Act, 1956 (CIN No L67110MH1993PLC344634) having its Registered office situated at 801- 804, Wing A, Building No. 3, Inspire BKC, G Block, Bandra Kurla Complex, Bandra East, Mumbai – 400 051 is regulated by the Securities and Exchange Board of India (“SEBI”) and is licensed to carry on the business of broking, Investment Adviser, Research Analyst and other related activities. Name of Compliance/Grievance officer: Mr. Atul Bapna, E-mail address: complianceofficer.nwm@nuvama.com Contact details +91 (22) 6623 3478 Investor Grievance e-mail address- grievance.nwm@nuvama.com

This Report has been prepared by NWML in the capacity of a Research Analyst having SEBI Registration No.INH000011316 and Enlistment no. 5723 with BSE and distributed as per SEBI (Research Analysts) Regulations 2014. This report does not constitute an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. Securities as defined in clause (h) of section 2 of the Securities Contracts (Regulation) Act, 1956 includes Financial Instruments and Currency Derivatives. The information contained herein is from publicly available data or other sources believed to be reliable. This report is provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this report should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in Securities referred to in this document (including the merits and risks involved), and should consult his own advisors to determine the merits and risks of such investment. The investment discussed or views expressed may not be suitable for all investors.

This information is strictly confidential and is being furnished to you solely for your information. This information should not be reproduced or redistributed or passed on directly or indirectly in any form to any other person or published, copied, in whole or in part, for any purpose. 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 NWML and associates, subsidiaries / group companies to any registration or licensing requirements within such jurisdiction. The distribution of this report in certain jurisdictions may be restricted by law, and persons in whose possession this report comes, should observe, any such restrictions. The information given in this report is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. NWML reserves the right to make modifications and alterations to this statement as may be required from time to time. NWML or any of its associates / group companies shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. NWML is committed to providing independent and transparent recommendation to its clients. Neither NWML nor any of its associates, group companies, directors, employees, agents or representatives shall be liable for any damages whether direct, indirect, special or consequential including loss of revenue or lost profits that may arise from or in connection with the use of the information. Our proprietary trading and investment businesses may make investment decisions that are inconsistent with the recommendations expressed herein. Past performance is not necessarily a guide to future performance. The disclosures of interest statements incorporated in this report are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. The information provided in these reports remains, unless otherwise stated, the copyright of NWML. All layout, design, original artwork, concepts and other Intellectual Properties, remains the property and copyright of NWML and may not be used in any form or for any purpose whatsoever by any party without the express written permission of the copyright holders.

NWML shall not be liable for any delay or any other interruption which may occur in presenting the data due to any reason including network (Internet) reasons or snags in the system, break down of the system or any other equipment, server breakdown, maintenance shutdown, breakdown of communication services or inability of the NWML to present the data. In no event shall NWML be liable for any damages, including without limitation direct or indirect, special, incidental, or consequential damages, losses or expenses arising in connection with the data presented by the NWML through this report.

We offer our research services to clients as well as our prospects. Though this report is disseminated to all the customers simultaneously, not all customers may receive this report at the same time. We will not treat recipients as customers by virtue of their receiving this report.

NWML and its associates, officer, directors, and employees, research analyst (including relatives) worldwide may: (a) from time to time, have long or short positions in, and buy or sell the Securities, mentioned herein or (b) be engaged in any other transaction involving such Securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company/company(ies) discussed herein or act as advisor or lender/borrower to such company(ies) or have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance. (c) NWML may have proprietary long/short position in the above mentioned scrip(s) and therefore should be considered as interested. (d) The views provided herein are general in nature and do not consider risk appetite or investment objective of any particular investor; readers are requested to take independent professional advice before investing. This should not be construed as invitation or solicitation to do business with NWML (e) Registration granted by SEBI and certification from NISM in no way guarantee performance of NWML or provide any assurance of returns to investors and clients.

NWML or its associates may have received compensation from the subject company in the past 12 months. NWML or its associates may have managed or co-managed public offering of securities for the subject company in the past 12 months. NWML or its associates may have received compensation for investment banking or merchant banking or brokerage services from the subject company in the past 12 months. NWML or its 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. NWML or its associates have not 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 or NWML's associates may have financial interest in the subject company. NWML and/or its Group Companies, their Directors, affiliates and/or employees may have interests/ positions, financial or otherwise in the Securities/Currencies and other investment products mentioned in this report. NWML, its associates, research analyst and his/her relative may have other potential/material conflict of interest with respect to any recommendation and related information and opinions at the time of publication of research report or at the time of public appearance.

Participants in foreign exchange transactions may incur risks arising from several factors, including the following: (i) exchange rates can be volatile and are subject to large fluctuations; (ii) the value of currencies may be affected by numerous market factors, including world and national economic, political and regulatory events, events in equity and debt markets and changes in interest rates; and (iii) currencies may be subject to devaluation or government imposed exchange controls which could affect the value of the currency. Investors in securities such as ADRs and Currency Derivatives, whose values are affected by the currency of an underlying security, effectively assume currency risk.

Research analyst has served as an officer, director or employee of subject Company: No

NWML has financial interest in the subject companies: No

NWML's 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.

Research analyst or his/her relative has 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: No

NWML has 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: No

Subject company may have been client during twelve months preceding the date of distribution of the research report.

There were no instances of non-compliance by NWML on any matter related to the capital markets, resulting in significant and material disciplinary action during the last three years. A graph of daily closing prices of the securities is also available at www.nseindia.com

DELHI MEETING

Analyst Certification:

The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Additional Disclaimers

Disclaimer for U.S. Persons

This research report is a product of NWML, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by NWML only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a-6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, NWML has entered into an agreement with a U.S. registered broker-dealer, Nuvama Financial Services Inc. (formerly Edelweiss Financial Services Inc.) ("NFSI"). Transactions in securities discussed in this research report should be effected through NFSI.

Disclaimer for U.K. Persons

The contents of this research report have not been approved by an authorised person within the meaning of the Financial Services and Markets Act 2000 ("FSMA").

In the United Kingdom, this research report is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (the "Order"); (b) persons falling within Article 49(2)(a) to (d) of the Order (including high net worth companies and unincorporated associations); and (c) any other persons to whom it may otherwise lawfully be communicated (all such persons together being referred to as "relevant persons").

This research report must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this research report relates is available only to relevant persons and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this research report or any of its contents. This research report must not be distributed, published, reproduced or disclosed (in whole or in part) by recipients to any other person.

Disclaimer for Canadian Persons

This research report is a product of NWML, which is the employer of the research analysts who have prepared the research report. The research analysts preparing the research report are resident outside the Canada and are not associated persons of any Canadian registered adviser and/or dealer and, therefore, the analysts are not subject to supervision by a Canadian registered adviser and/or dealer, and are not required to satisfy the regulatory licensing requirements of the Ontario Securities Commission, other Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and are not required to otherwise comply with Canadian rules or regulations regarding, among other things, the research analysts' business or relationship with a subject company or trading of securities by a research analyst.

This report is intended for distribution by NWML only to "Permitted Clients" (as defined in National Instrument 31-103 ("NI 31-103")) who are resident in the Province of Ontario, Canada (an "Ontario Permitted Client"). If the recipient of this report is not an Ontario Permitted Client, as specified above, then the recipient should not act upon this report and should return the report to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any Canadian person.

NWML is relying on an exemption from the adviser and/or dealer registration requirements under NI 31-103 available to certain international advisers and/or dealers. Please be advised that (i) NWML is not registered in the Province of Ontario to trade in securities nor is it registered in the Province of Ontario to provide advice with respect to securities; (ii) NWML's head office or principal place of business is located in India; (iii) all or substantially all of NWML's assets may be situated outside of Canada; (iv) there may be difficulty enforcing legal rights against NWML because of the above; and (v) the name and address of the NWML's agent for service of process in the Province of Ontario is: Bamac Services Inc., 181 Bay Street, Suite 2100, Toronto, Ontario M5J 2T3 Canada.

Disclaimer for Singapore Persons

In Singapore, this report is being distributed by Nuvama Investment Advisors Private Limited (NIAPL) (Previously Edelweiss Investment Advisors Private Limited ("EIAPL")) (Co. Reg. No. 201016306H) which is a holder of a capital markets services license and an exempt financial adviser in Singapore and (ii) solely to persons who qualify as "institutional investors" or "accredited investors" as defined in section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore ("the SFA"). Pursuant to regulations 33, 34, 35 and 36 of the Financial Advisers Regulations ("FAR"), sections 25, 27 and 36 of the Financial Advisers Act, Chapter 110 of Singapore shall not apply to NIAPL when providing any financial advisory services to an accredited investor (as defined in regulation 36 of the FAR. Persons in Singapore should contact NIAPL in respect of any matter arising from, or in connection with this publication/communication. This report is not suitable for private investors.

Disclaimer for Hong Kong persons

This report is distributed in Hong Kong by Nuvama Investment Advisors (Hong Kong) Private Limited (NIAHK) (Previously Edelweiss Securities (Hong Kong) Private Limited (ESHK)), a licensed corporation (BOM -874) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to Section 116(1) of the Securities and Futures Ordinance "SFO". This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The report also does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of any individual recipients. The Indian Analyst(s) who compile this report is/are not located in Hong Kong and is/are not licensed to carry on regulated activities in Hong Kong and does not / do not hold themselves out as being able to do so.

INVESTMENT IN SECURITIES MARKET ARE SUBJECT TO MARKET RISKS. READ ALL THE RELATED DOCUMENTS CAREFULLY BEFORE INVESTING.

Abneesh Roy

Head of Research Committee

Abneesh.Roy@nuvama.com
