

Telecom Products and Defence will accelerate the growth.

CMP: INR 101

Rating: ACCUMULATE

Target Price: INR 114

Stock Info

BSE	500183
NSE	HFCL
Bloomberg	HFCD:LI
Reuters	HFCL.NS
Sector	Cables
Face Value (INR)	1
Equity Capital (INR cr)	144
Mkt Cap (INR cr)	14,545
52w H/L (INR)	118 / 61.5
Avg Yearly Volume (in 000')	18,576

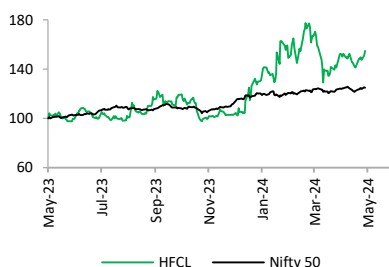
Shareholding Pattern %

(As on Mar, 2024)

Promoters	37.69
Public & Others	62.31

Stock Performance (%)	3m	6m	12m
HFCL	-9.0	14.3	55.0
NIFTY	0.3	4.5	24.2

HFCL vs Nifty



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HFCL Ltd reported numbers, Q4FY24 revenue stood at INR 1,326cr (-7.5% YoY/+28.5% QoQ); above our estimates of INR 1,185cr. Gross Profit stood at INR 380cr (+14.4% YoY/+37.1% QoQ); above our estimates of INR 299cr. Gross margins improved by 548 bps YoY (up by 182 bps QoQ) to 28.7% vs 23.2% in Q4FY23. The raw material cost in terms of sales stood at 71.3% vs 76.8% in Q4FY23. EBITDA stood at INR 196cr (+26.7% YoY/+66.2% QoQ); above our estimates of INR 132cr. EBITDA margin improved by 398 bps YoY (up by 335 bps QoQ) to 14.8% vs 10.8% in Q4FY23. PAT stood at INR 109cr (+39% YoY/+31.1% QoQ); above our estimates of INR 78cr. PAT margin improved by 276 bps YoY (up by 17 bps QoQ) to 8.2% vs 5.5% in Q4FY23.

Key Highlights

Telecom product launches will lead to additional revenue: Telecom Products revenue stood at INR 362cr (-44.6% YoY/-0.4% QoQ). EBIT stood at INR 18cr (-85.7% YoY/-49.3% QoQ); EBIT margin contracted by 1417 bps YoY (down by 476 bps QoQ) to 4.9% vs 19.1% in Q4FY23. Telecom Products revenue share decreased to 27% vs 46% in Q4FY23. The company has launched 5G Fixed wireless access equipment, IP/MPLS Routers, 1728 high fiber intermittently bonded ribbon cable, etc. Ultra high-capacity point-to-point and point-to-multipoint unlicensed band backhaul radios are under development. Telecom products revenue is expected from Q2FY25E onwards. Telecom products and equipment's revenue is expected to improve from INR 150cr (FY24) to INR 2,000cr in FY25E.

Defence products would lead further acceleration: HFCL's subsidiary Raddef has developed state-of-the-art ground surveillance radars. The current generation radars are used in India. Currently, the radar weights are 30-35 kgs and the company is designing with better features and performance weighting 7-8 kgs. Drone detection radar is under development and coming up in the next 6 months. The software development is in the final stage and the ability to detect 10 objects simultaneously. The company has participated in tenders and trials are going on for night vision devices. Electronic fuses are completely ready and 200 fuses are under trial in army firing ranges. There are 9 types of fuses are there. The price ranges are between INR 5,000 to INR 20,000 per fuse. The company has installed new machines for special types of OFC and supplies to defense forces. We believe, commercialization of trail products and tailwinds in defence industry would lead to business visibility going forward.

Capacity expansion will drive business growth: The capex stood at INR 140cr in FY24. The capex is expected to be around INR 900cr over the next 2 years. The funding is expected through internal accruals and debt. HFCL is expanding optical fibre cable (OFC) capacities from 25 mn fkm to 35 mn fkm. As part of its backward integration, HFCL is expanding its optic fibre capacities from 12 mn fkm to 33.9 mn fkm. The company is doing a Capex of Euro 15.9mn in the Poland Plant. The capacity is expected 3.2mn fkm, which is expected to be operational on Apr-25. Further, the scale up is expected to 7.5mn fkm. The revenue peak potential from the plant is around INR 350cr. The inventory build-up is expected to normalize in the next couple of quarters. The capacity expansion would cater to the new applications, BharatNet and US subsidy programs.

Outlook & Valuation: HFCL has a strong order book of INR 7,600+cr (~1.7x of FY24 revenue) and regular order inflows in Telecom products. New telecom product launches will bring additional revenue of more than INR 1,500cr in FY25E. Defence products are under trial stage and commercialization would be growth driver. The Capex for OF & OFC would bring additional revenue going forward. The BharatNet and US subsidy program would lead to great opportunities for the company. The revival of exports backed by inventory normalization, capacity expansion, product portfolio expansion, and a strong client base that would drive the business going forward. We upgrade to a "ACCUMULATE" rating (earlier "HOLD") with a Target Price of INR 114 per share based on DCF; an upside of 13.1%.

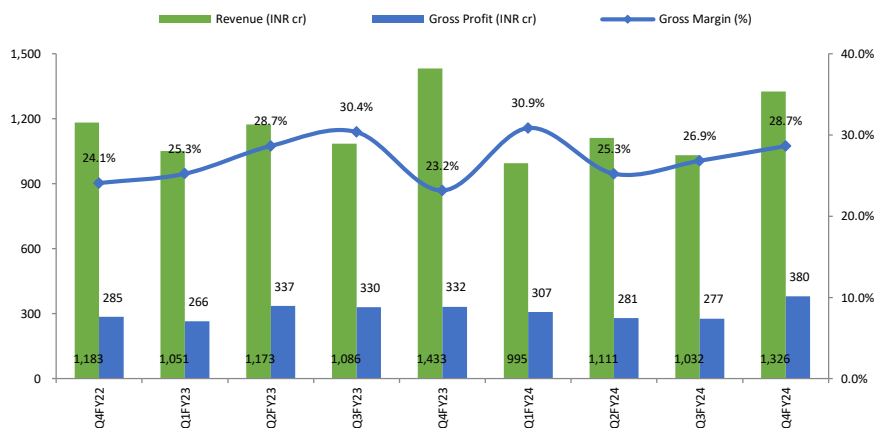
Q4FY24 Results

Income statement summary

Particular (INR cr)	Q4FY23	Q3FY24	Q4FY24	YoY (%)	QoQ (%)
Revenue	1,433	1,032	1,326	-7.5%	28.5%
Net Raw Materials	1,101	755	946	-14.1%	25.3%
Employee Cost	92	90	88	-5.0%	-2.8%
Other Expenses	86	69	97	13.1%	39.7%
EBITDA	154	118	196	26.7%	66.2%
EBITDA Margin (%)	10.8%	11.4%	14.8%	+398 bps	+335 bps
Depreciation	21	19	20		
Interest expense	38	37	40		
Other income	13.7	46.7	13.6		
Profit before tax	109	109	149	37.2%	37.3%
Taxes	30	25	40		
PAT	79	83	109	39.0%	31.1%
PAT Margin (%)	5.5%	8.1%	8.2%	+276 bps	+17 bps
EPS (INR)	0.6	0.6	0.8		

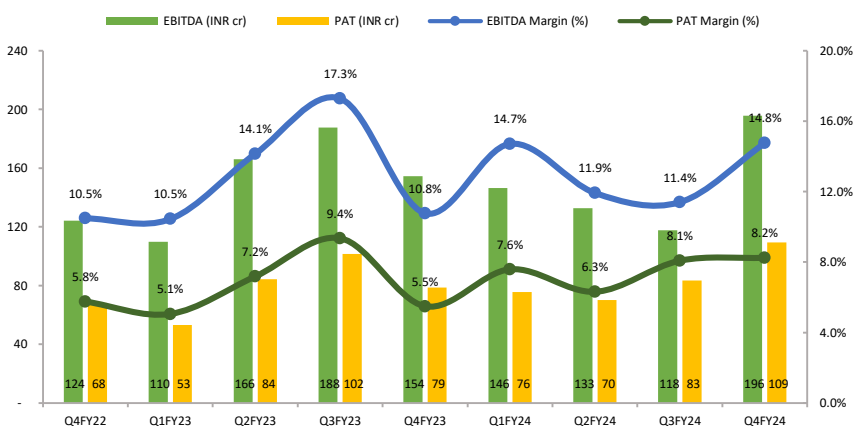
Source: Company Reports, Aриhant Capital Research

Exhibit 1: Gross margins improved by 548 bps YoY (up by 182 bps QoQ) to 28.7% Q4FY24 due to lower RM costs.



Source: Company Reports, Aриhant Capital Research

Exhibit 2: EBITDA margin improved by 398 bps YoY (up by 335 bps QoQ) to 14.8% in Q4FY24, however employee & other expenses in-terms of sales remain elevated.



Source: Company Reports, Aриhant Capital Research

Q4FY24 Concall Highlights

Revenue

- Telecom products and equipment's revenue is expected to improve from INR 150cr (FY24) to INR 2,000cr in FY25E.
- OFC revenue is expected INR 2,000+cr in FY25E.
- Turnkey projects revenue is expected INR 1,750cr to INR 2,000cr in FY25E.
- Products and EPC mix is expected to be 70:30 by FY27E.

Margins

- EBITDA margins are expected around 15%-17% depending on orders.

Capex

- The company is doing a Capex of Euro 15.9mn in Poland Plant. The capacity is expected 3.2mn fkm, which is expected to be operational on Apr-25. Further, the scaleup is expected to 7.5mn fkm. The revenue peak potential from the plant is around INR 350cr.
- The capex stood at INR 140cr in FY24. The capex is expected to be around INR 900cr over the next 2 years. The funding is expected through internal accruals and debt.

Telecom Products

- Telecom products revenue is expected from Q2FY25E onwards. Telecom products and equipment revenue is expected to be INR 2,000cr in FY25E.
- The company has launched 5G Fixed wireless access equipment, IP/MPLS Routers, 1728 high fiber intermittently bonded ribbon cable, etc. Ultra high-capacity point-to-point and point-to-multipoint unlicensed band backhaul radios are under development.

Defence

- Electronic fuses are completely ready and 200 fuses are under trial in army firing ranges. For night vision devices, the company has participated in tenders and trials are going on.
- Drone detection radar is under development and coming up in the next 6 months. The software development is in the final stage and the ability to detect 10 objects simultaneously.
- There are 9 types of fuses are there. The price ranges are between INR 5,000 to INR 20,000 per fuse.
- The company has installed new machines for special types of OFC and supplies to defense forces.
- HFCL's subsidiary Raddef has developed state-of-the-art ground surveillance radars. The current generation radars are used in India. Currently, the radar weights are 30-35 kgs and the company is designing with better features and performance weighting 7-8 kgs.

Exports

- The company is exporting OFC to more than 40 countries. It's focused on exporting products and 5G network solutions.
- Exports revenue share is expected to be 40% by FY27E.

OF and OFC Prices

- OF price realization stood at INR 250-260/fkm and OFC price realization was INR 1,000/f.km in Q4FY24.

Q4FY24 Concall Highlights

Order book

- The order book stood at INR 7,600+cr.
- The company has received order inflows of INR 3,725cr comprising product orders of INR 1,500+cr and system integration orders of INR 2,225cr.
- HFCL has secured an order of INR 141cr from BSNL to supply unlicensed band radios in the 5GHz frequency band and 1 GPBS capacity. The order aims to build a 4G network infra ensuring cost efficiency by minimizing equipment expenses by eliminating spectrum usage charges. BSNL order execution is expected from Q1FY25 onwards.
- HFCL has secured orders of INR 1,127cr from BSNL to transform optical transport network infrastructures.
- HFCL has secured orders of INR 1,500cr orders from Madhya Pradesh Jal Nigam for laying OFC in critical and important routes. Madhya Pradesh project orders have been executed for less than INR 50cr till now. The order execution is expected 8-9 months.
- HFCL has secured INR 80.9cr from Delhi Metro for advanced communication technology solutions.

Bharat Net Phase 3

- Bharat Net announcement is expected in the next 2 weeks. Bharat Net Phase 3 capex is around INR 60,000cr.

Order execution timeline

- Fixed Wi-Fi access order execution timeline around 5 months. UBR order execution is expected in 3-4 months.
- The order execution timeline is 3-12 months based on orders.

Other highlights

- Inventory build-up with major operators and expected to improve from Q2FY25E onwards.
- Debt to equity stood at 0.24x and it can go up to 0.3x.
- The receivables days are around 60-90 days.
- Intangibles and under development increase due to R&D capitalization for developed and under-development products. It will be amortized over a period of 5 years.
- Vodafone has raised INR 18,000cr via FPO and capex spending is expected INR 40,000cr. Some orders are expected to HFCL.

Products and New Launches

Exhibit 3: Product Offerings

Telecom

Networking Products

1. Point to Point Unlicensed Band Backhaul Radio (UBR)
2. Indoor & Outdoor Wi-Fi 5 and 6 Access Points
3. Unified Cloud based Network management system
4. Ethernet L2 Switches
5. Home Mesh Routers
6. 5G Indoor & Outdoor FWA CPE
7. IP/ MPLS Routers

Optic Fiber/ Optical Fibers Cables

1. Optic Fiber
2. Armoured and Unarmoured Cable
3. Micro Cable
4. Micro Module Cable
5. Ribbon Cable
6. FTTH Cable
7. IBR Cable

Empowering global telcos with a wide range of new age products

Defence

Electronics Products

1. Electronic FUZE
2. High-capacity radio relay
3. Ground Surveillance Radar
4. Thermal Imaging Core (TI Core)
5. Thermal Weapon Sights (TWS)

Innovator in Indian defence technology space through indigenously developed products

Passive Connectivity Solutions

1. Cable Assemblies
2. High Density Cabinets
3. Fiber Termination Box
4. PLC Splitters
5. Joint Closures
6. Aerial/ FTTH Accessories

Supplying high quality compatible passive connectivity solutions for catering to high speed networks

Aerospace & Automotive -Wire Harness Portfolio

1. Aerospace and Defense cable assemblies
2. Automotive cable assemblies

Supplier of highly specialised, custom designed cables for the aerospace and automotive sectors

Source: Company reports, Arianth Capital Research

Exhibit 4: HFCL has launched Telecom & Defence products and some of them under development. Telecom products revenue are expected to improve from INR 150cr (FY24) to INR 2,000cr in FY25E.

Recent Launches:

Public Communications

1. 5G Fixed Wireless Access Equipment
2. IP/ MPLS Routers
3. Low and Medium Capacity Unlicensed Band Radio
4. Unified Cloud Network Management System
5. 1728 High fiber Intermittently Bonded Ribbon Cable

Defence

1. Ground Surveillance Radars of various types
2. Electronic Fuses
3. Night Vision devices
4. High Capacity Radio Relay



Products Under Development

- Telecommunication**
- Ultra High-Capacity Point-to-point and Point-to-Multipoint Unlicensed Band Backhaul Radio
- Defense Communication & Electronics**
- Software defined radio
 - Drone Detection Radar

Source: Company reports, Arianth Capital Research

Outlook & Valuation

HFCL has a strong order book of INR 7,600+cr (~1.7x of FY24 revenue) and regular order inflows in Telecom products. New telecom product launches will bring additional revenue of more than INR 1,500cr in FY25E. Defence products are under trail stage and commercialization would be growth driver. The Capex for OF & OFC would bring additional revenue going forward. The BharatNet and US subsidy program would lead to great opportunities for the company. The revival of exports backed by inventory normalization, capacity expansion, product portfolio expansion, and a strong client base that would drive the business going forward. We upgrade to a "ACCUMULATE" rating (earlier "HOLD") with a Target Price of INR 114 per share based on DCF; an upside of 13.1%.

DCF Valuation

Valuation Assumptions

g (World Economic Growth)	3.5%
Rf	7.1%
	12.0
Rm	%
Beta	1.0
CMP	101

Valuation Data

Total Debt (long term borrowings) (2024)	178
Cash & Cash Equivalent (2024)	336
Number of Diluted Shares (2024)	144
Tax Rate (2025)	26%
Interest Expense Rate (2025)	12%
MV of Equity	14,545
Total Debt	178
Total Capital	14,723

WACC

We	98.8%
Wd	1.2%
Ke	11.9%
Kd	8.5%
WACC	11.8%

FCFF & Target Price

FCFF & Target Price Particular (INR cr)	Explicit Forecast Period						Linear Decline Phase					Terminal Yr
	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
EBIT * (1-Tax Rate)	510	668	909	1,162	1,376	1,628	1,885	2,138	2,371	2,570	2,724	2,819
Dep	100	130	140	147	154	161	186	211	234	254	269	278
Purchase of Assets	(508)	(526)	(113)	(124)	(121)	(107)	(125)	(141)	(157)	(170)	(180)	(186)
Changes in Working Capital	(1)	(165)	(391)	(110)	(10)	(228)	(152)	(172)	(191)	(207)	(220)	(227)
FCFF	100	107	546	1,075	1,399	1,453	1,795	2,035	2,257	2,447	2,593	2,684
Terminal Value												32,283
Total Cash Flow	100	107	546	1,075	1,399	1,453	1,795	2,035	2,257	2,447	34,876	

Enterprise Value (EV)	16,290
Less: Debt	178
Add: Cash	336
Equity Value	16,448
Equity Value per share (INR)	114

% Returns	13.1%
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Rating	ACCUMULATE
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Sensitivity Analysis

		Terminal Growth (%)								
		2.3%	2.5%	2.8%	3.0%	3.3%	3.5%	3.8%	4.0%	4.3%
WACC (%)	114	120	123	126	129	132	136	139	143	148
	10.8%	116	118	121	124	127	130	133	137	141
	11.0%	111	114	116	119	122	125	128	131	135
	11.3%	108	110	112	115	117	120	123	126	129
	11.5%	104	106	108	110	113	115	118	121	124
	11.8%	100	102	104	106	109	111	114	116	119
	12.0%	97	99	101	103	105	107	109	112	114
	12.3%	94	96	97	99	101	103	105	108	110
	12.5%	91	93	94	96	98	100	102	104	106
	12.8%									

Source: Company reports, Aриhant Capital Research

Financial Statements

Income statement summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Revenue	3,839	4,423	4,727	4,743	4,465	5,621	6,963
Net Raw Materials	2,934	3,404	3,499	3,479	3,220	4,047	4,993
Employee Cost	224	253	311	348	351	433	522
Other Expenses	186	217	268	298	313	351	413
EBITDA	494	550	650	619	582	790	1,035
EBITDA Margin (%)	12.9%	12.4%	13.8%	13.0%	13.0%	14.1%	14.9%
Depreciation	(42)	(69)	(78)	(83)	(82)	(100)	(130)
Interest expense	(115)	(175)	(166)	(152)	(147)	(153)	(176)
Other income	22	35	43	47	101	108	152
Profit before tax	358	337	442	431	454	646	880
Taxes	(121)	(91)	(116)	(113)	(117)	(169)	(231)
PAT	237	246	326	318	338	477	649
PAT Margin (%)	6.2%	5.6%	6.9%	6.7%	7.6%	8.5%	9.3%
Other Comprehensive income	1	5	2	2	130	-	-
Total comprehensive income	238	251	328	319	467	477	649
EPS (INR)	1.9	2.0	2.4	2.2	3.2	3.3	4.5

Source: Company Reports, Aриhant Capital Research

Balance sheet summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Equity capital	128	128	137	138	144	144	144
Reserves	1,540	1,788	2,661	2,970	3,812	4,614	5,225
Net worth	1,668	1,916	2,798	3,108	3,956	4,758	5,369
Minority Interest	(0)	7	20	37	44	44	44
Provisions	43	49	45	53	60	32	40
Debt	1,218	1,348	1,172	1,137	1,432	1,567	1,502
Other non-current liabilities	-	-	-	29	77	34	42
Total Liabilities	2,929	3,320	4,035	4,363	5,569	6,435	6,997
Fixed assets	437	443	465	487	496	1,000	1,378
Capital Work In Progress	15	12	47	71	154	58	76
Other Intangible assets	40	42	74	215	433	523	523
Goodwill	26	26	26	26	26	26	26
Investments	87	46	87	102	255	309	313
Other non current assets	37	45	47	57	60	73	91
Net working capital	1,535	1,931	2,366	2,537	3,265	3,266	3,431
Inventories	344	435	573	758	774	954	1,122
Sundry debtors	1,730	3,056	2,492	2,309	2,736	2,772	2,957
Loans & Advances	21	18	37	31	29	22	28
Other current assets	341	318	401	548	644	693	763
Sundry creditors	(815)	(1,748)	(1,037)	(878)	(808)	(1,045)	(1,299)
Other current liabilities & Prov	(85)	(148)	(99)	(232)	(110)	(129)	(139)
Cash	192	306	528	323	336	505	358
Other Financial Assets	560	468	395	546	544	674	801
Total Assets	2,929	3,320	4,035	4,363	5,569	6,435	6,997

Source: Company Reports, Aриhant Capital Research

Financial Statements

Cashflow summary

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Profit before tax	358	337	442	431	454	646	880
Depreciation	42	69	78	83	82	100	130
Tax paid	(121)	(91)	(116)	(113)	(117)	(169)	(231)
Working capital Δ	(504)	(396)	(434)	(171)	(728)	(1)	(165)
Operating cashflow	(225)	(81)	(30)	230	(309)	576	615
Capital expenditure	(228)	(72)	(135)	(128)	(174)	(508)	(526)
Free cash flow	(452)	(153)	(166)	101	(483)	67	89
Equity raised	15	9	588	33	547	353	-
Investments	6	41	(41)	(15)	(153)	(54)	(4)
Others	47	81	39	(302)	(219)	(234)	(144)
Debt financing/disposal	422	130	(176)	(35)	295	135	(65)
Dividends paid	(15)	-	(19)	(24)	(29)	(28)	(38)
Other items	10	6	(4)	37	55	(71)	16
Net Δ in cash	32	115	222	(206)	14	168	(146)
Opening Cash Flow	159	192	306	528	323	336	505
Closing Cash Flow	192	306	528	323	336	505	358

Source: Company Reports, Arianth Capital Research

Ratio analysis

Y/e 31 Mar (INR cr)	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E
Growth matrix (%)							
Revenue growth	-19.0%	15.2%	6.9%	0.3%	-5.9%	25.9%	23.9%
Op profit growth	18.9%	11.2%	18.3%	-4.8%	-6.0%	35.9%	30.9%
Profitability ratios (%)							
OPM	12.9%	12.4%	13.8%	13.0%	13.0%	14.1%	14.9%
Net profit margin	6.2%	5.6%	6.9%	6.7%	7.6%	8.5%	9.3%
RoCE	12.1%	12.1%	12.4%	10.3%	9.2%	11.0%	11.8%
RoNW	15.3%	13.7%	13.8%	10.8%	9.6%	12.1%	12.8%
RoA	8.1%	7.4%	8.1%	7.3%	6.1%	7.4%	9.3%
Per share ratios (INR)							
EPS	1.9	2.0	2.4	2.3	3.2	3.3	4.5
Dividend per share	0.1	-	0.1	0.2	0.2	0.2	0.3
Cash EPS	2.2	2.5	2.9	2.9	2.9	4.0	5.4
Book value per share	13.0	14.9	20.4	22.6	27.5	33.0	37.3
Valuation ratios (x)							
P/E	54.4	51.6	42.4	43.5	31.1	30.5	22.4
P/CEPS	46.4	41.2	34.4	34.7	34.7	25.2	18.7
P/B	7.8	6.8	5.0	4.5	3.7	3.1	2.7
EV/EBITDA	28.2	25.4	22.2	23.6	26.5	19.4	14.9
Payout (%)							
Dividend payout	6.5%	0.0%	5.8%	7.7%	8.5%	5.8%	5.8%
Tax payout	33.8%	26.9%	26.3%	26.2%	25.7%	26.2%	26.2%
Liquidity ratios							
Debtor days	157	197	214	185	206	179	150
Inventory days	38	42	53	70	87	78	76
Creditor days	92	121	125	85	79	70	72
WC Days	103	118	142	170	214	187	154
Leverage ratios (x)							
Interest coverage	3.9	2.8	3.4	3.5	3.4	4.5	5.1
Net debt / equity	0.6	0.5	0.2	0.3	0.3	0.2	0.2
Net debt / op. profit	2.1	1.9	1.0	1.3	1.9	1.3	1.1

Source: Company Reports, Arianth Capital Research

Story in Charts

Exhibit 5: Revenue is expected to grow at 24.9% CAGR over the period of FY24-FY26E.

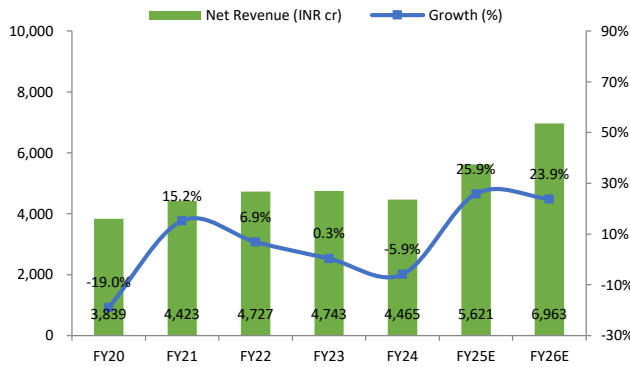


Exhibit 6: Softening of RM costs will lead to improvement in gross margins.

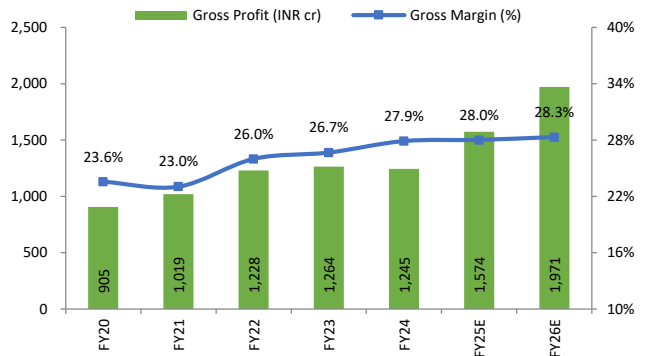


Exhibit 7: Growth in EBITDA & PAT levels

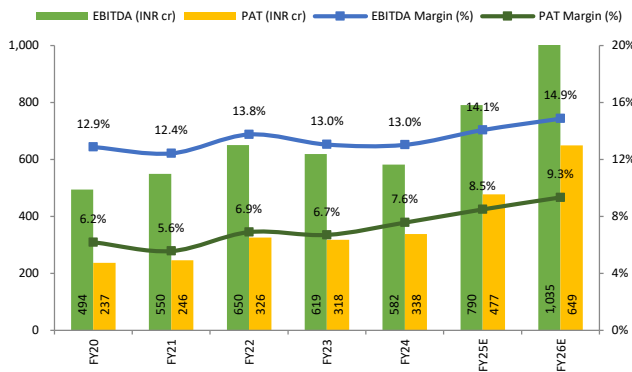


Exhibit 8: Return ratios to be improve

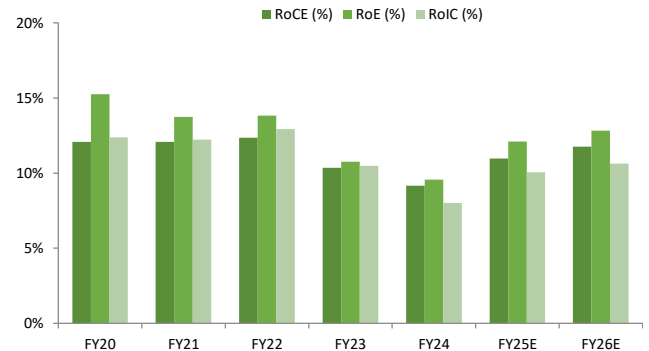


Exhibit 9: Telecom products WC cycle is lower and increase in products shares would improved working capital days.

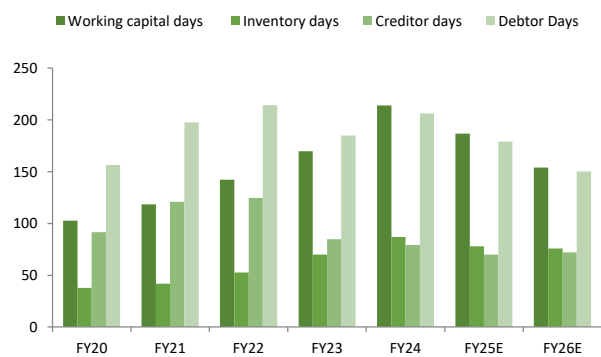
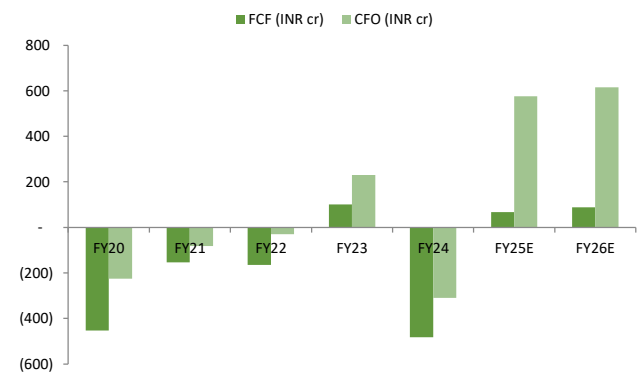


Exhibit 10: Cash flows to be improve



Source: Company reports, Arianth Capital Research

Story in Charts

Exhibit 11: Working capital in-terms of sales is expected to reduce going forward due to change in products mix.

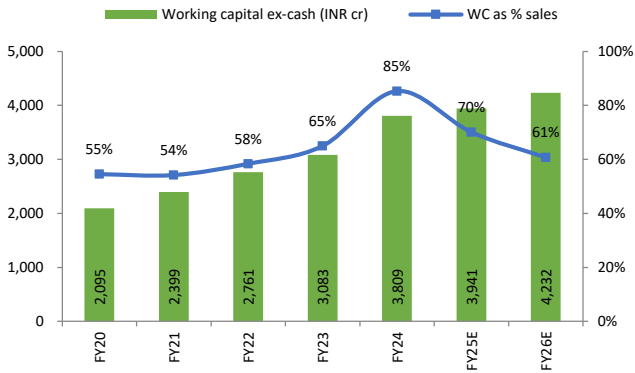


Exhibit 12: Interest cost as % of EBIT is expected to reduce going forward.

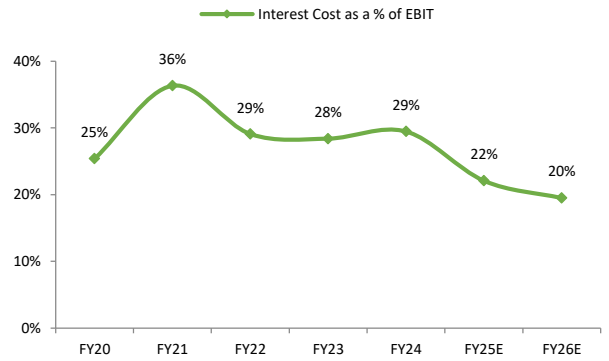


Exhibit 13: Exports are impacted due to inventory build-up. Exports are expected to normalize in the next couple of quarters.

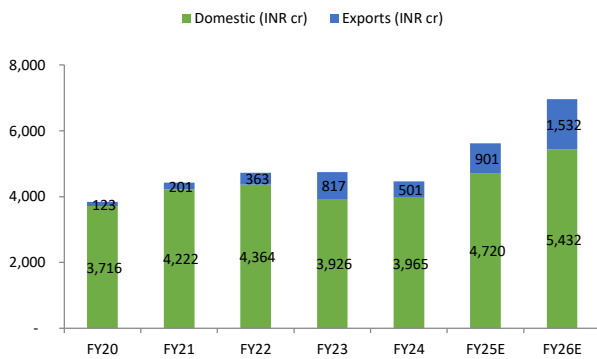


Exhibit 14: Exports revenue share is expected to be above 20% in FY26E and expected to reach 40% over 4-5 years.

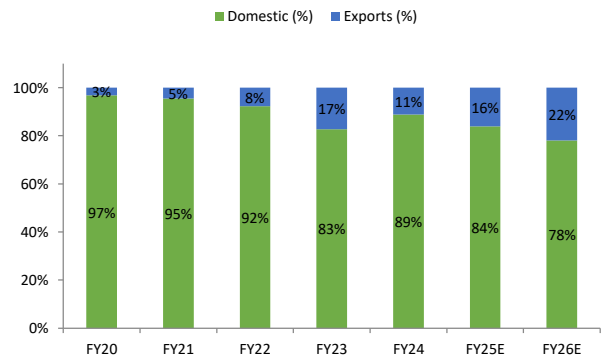


Exhibit 15: Telecom products growth is expected to be faster backed by new launches, while EPC revenue is expected to remain stagnant.

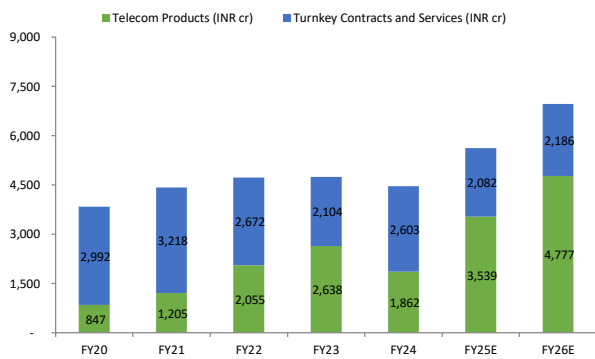
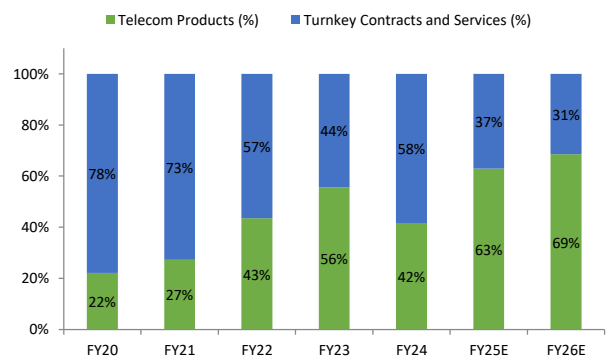


Exhibit 16: Telecom products share is expected to increase going forward.



Source: Company reports, Arianth Capital Research

Story in Charts

Exhibit 17: The order book stood at INR 7,600+cr which shows revenue visibility going forward.

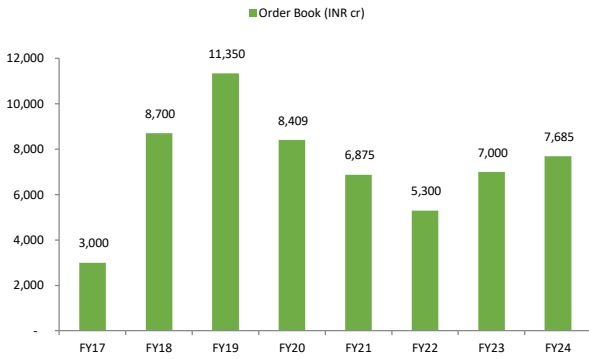


Exhibit 18: Public telecommunication revenue accounts 92% in FY24.

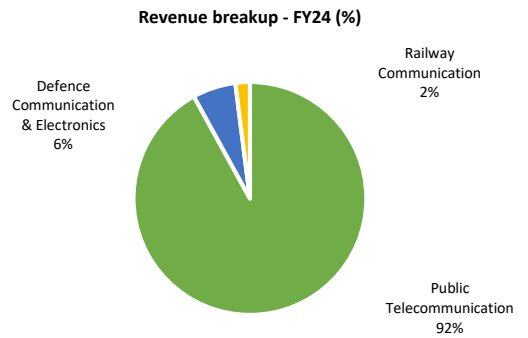


Exhibit 19: Network services order book is accounted for 62% as of FY24. However, Telecom orders keep coming on regular basis.

Order book (INR cr, %) - FY24

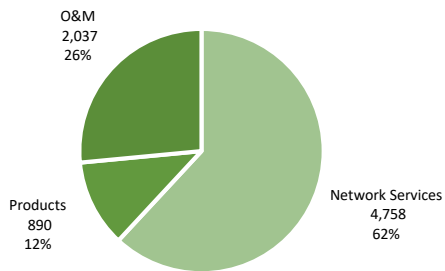


Exhibit 20: Telecom products business impacted due to lower volumes and realization in Q4FY24.

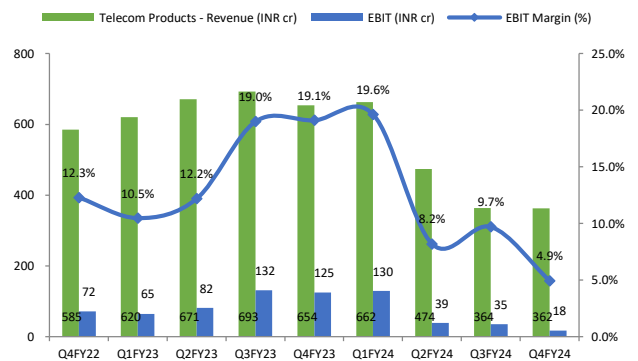
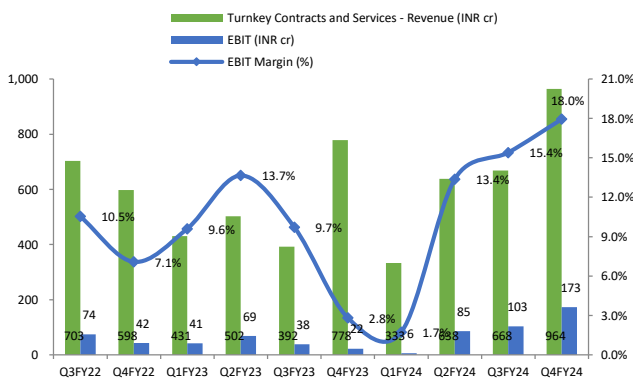
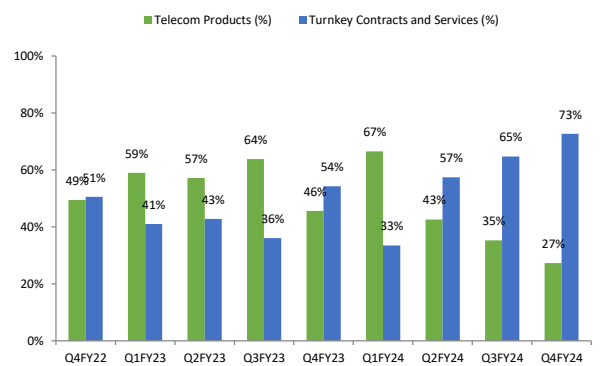


Exhibit 21: EPC margins reached above 18% in Q4FY24.



Source: Company reports, Arianth Capital Research

Exhibit 22: Telecom products revenue share stood at 27% as of Q4FY24. it's expected to reach 60%-70% going forward.



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Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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