

# PSP Projects

**BUY**

## Resilient show

PSP delivered Rev/EBIDTA/APAT beat of 12/12/15%. Owing to recent price correction we upgrade the stock to BUY from NEU with Rs 579/sh TP (we value EPC business at 16x FY21E EPS). We have maintained our FY21E Rev/EBITDA/APAT estimates.

### HIGHLIGHTS OF THE QUARTER

- Strong execution:** PSP reported 1QFY20 revenue at Rs 3.1bn (+31/-10% YoY/QoQ, 12% beat). EBIDTA stood at Rs 427mn (12% beat). EBITDA margins came in at 13.9% (within the 12-14% guidance band). Led by strong execution, APAT stood at Rs 255mn (15% beat).
- Robust order book and pipeline:** PSP has already added orders worth ~Rs 8.5bn as of 2QFY20 with the order book at Rs 34bn (a 2.4x FY20E book to bill). With bids placed for orders worth ~Rs 25-30bn as of 2QFY20, PSP is likely to exceed its conservative ~Rs 15bn inflow guidance for FY20E. Some of these projects include a residential colony for Vedanta, a tower project in GIFT city and an IT park in Hyderabad. These projects are expected to be awarded in late 2Q/early 3QFY20.
- New opportunities in affordable housing:** The company continues to explore opportunities in the

affordable housing schemes and has secured an order for affordable housing project in Bhiwandi (Rs 6bn) in addition to the order secured for affordable housing in Pandharpur (Rs 1.8 bn). Receivable days stood at 35-40days and NWC is in line with 4QFY19 about 9-10days.

- SDB progress update:** SDB accounted for ~Rs 933mn of 1QFY20's revenue. With a pending contract value of ~Rs 10.6bn, PSP is expected to clock ~Rs 7-7.5bn from this project during FY20E.

### STANCE

**With bids placed for orders worth ~Rs 25-30bn, PSP expects to replenish its order book and maintain order book-to-bill ratio at around 2.5-3x. Opportunities in affordable housing schemes coupled with expansion into newer geographies like Maharashtra and Karnataka would enable the company to scale its operations and help grow and maintain sufficient order book backlog. We believe further re-rating is contingent on this successful transformation. We upgrade PSP to BUY. Key risks (1) Delay in diversification outside Gujrat; (2) Delays in receipt of new awards & (3) Slowdown in Private capex.**

### Financial Summary (Standalone)

YE March (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)	FY18	FY19	FY20E	FY21E
Net Revenues	3,073	2,347	30.9	3,383	(9.2)	7,298	10,441	14,057	16,012
EBIT	427	329	29.8	499	(14.4)	1,014	1,490	1,893	2,157
APAT	255	210	21.6	301	(15.1)	649	902	1,119	1,302
Diluted EPS (Rs)	7.1	5.8	21.6	8.4	(15.1)	18	25	31	36
P/E (x)						27.4	19.8	15.9	13.7
EV / EBITDA (x)						15.4	10.6	8.6	7.2
RoE (%)						31.7	26.8	26.8	25.2

Source: Company, HDFC sec Inst Research

INDUSTRY	INFRASTRUCTURE
<b>CMP (as on 9 Aug 2019)</b>	<b>Rs 495</b>
<b>Target Price</b>	<b>Rs 579</b>

Nifty	11,110
Sensex	37,582

### KEY STOCK DATA

Bloomberg	PSPPL IN
No. of Shares (mn)	36
MCap (Rs bn) / (\$ mn)	18/251
6m avg traded value (Rs mn)	15

### STOCK PERFORMANCE (%)

52 Week high / low	Rs 617/358		
	3M	6M	12M
Absolute (%)	11.2	27.3	2.5
Relative (%)	11.1	24.5	3.7

### SHAREHOLDING PATTERN (%)

	Mar-19	Jun-19
Promoters	73.28	73.28
FIs & Local MFs	6.43	6.84
FPIs	1.17	1.21
Public & Others	19.12	18.67
Pledged Shares	-	-

Source : BSE

**Parikshit D Kandpal, CFA**

parikshitd.kandpal@hdfcsec.com  
+91-22-6171-7317

**Shrey Pujari**

shrey.pujari@hdfcsec.com  
+91-22-6639-3035

**Revenue: Rs 3.1bn (+31/-  
10% YoY/QoQ, 12% beat)**

**EBITDA: Rs 427mn (+30/-  
15% YoY/QoQ, 12% beat)**

**Margins: 13.9% (+12/-85bps  
YoY/QoQ, in line)**

**RPAT: Rs 255mn (15% beat)**

### Standalone Quarterly Financials

Particulars (Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
<b>Net Revenues</b>	<b>3,073</b>	<b>2,347</b>	<b>30.9</b>	<b>3,383</b>	<b>(9.2)</b>
Material Expenses	(2,474)	(1,891)	30.8	(2,733)	(9.5)
Employee Expenses	(138)	(100)	37.9	(117)	17.8
Other Expenses	(34)	(27)	24.6	(34)	(0.7)
<b>EBITDA</b>	<b>427</b>	<b>329</b>	<b>29.8</b>	<b>499</b>	<b>(14.4)</b>
Depreciation	(59)	(48)	22.2	(74)	(20.5)
<b>EBIT</b>	<b>368</b>	<b>281</b>	<b>31.1</b>	<b>425</b>	<b>(13.4)</b>
Interest Cost	(28)	(15)	88.8	(32)	(14.1)
Other Income	52	61	(14.8)	66	(21.4)
<b>PBT</b>	<b>393</b>	<b>327</b>	<b>20.0</b>	<b>459</b>	<b>(14.5)</b>
Tax	(137)	(117)	17.0	(158)	(13.3)
<b>RPAT</b>	<b>255</b>	<b>210</b>	<b>21.6</b>	<b>301</b>	<b>(15.1)</b>

Source: Company, HDFC sec Inst Research

### Margin Analysis

	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)
Material Expenses % Net Sales	80.5	80.6	(5.0)	80.8	(26.5)
Employee Expenses % Net Sales	4.5	4.3	22.8	3.5	102.6
Other Operating Expenses % Net Sales	1.1	1.2	(5.6)	1.0	9.4
<b>EBITDA Margin (%)</b>	<b>13.9</b>	<b>14.0</b>	<b>(12.3)</b>	<b>14.8</b>	<b>(85.5)</b>
Tax Rate (%)	34.9	35.8	(87.6)	34.4	49.3
<b>APAT Margin (%)</b>	<b>8.3</b>	<b>9.0</b>	<b>(63.6)</b>	<b>8.9</b>	<b>(58.3)</b>

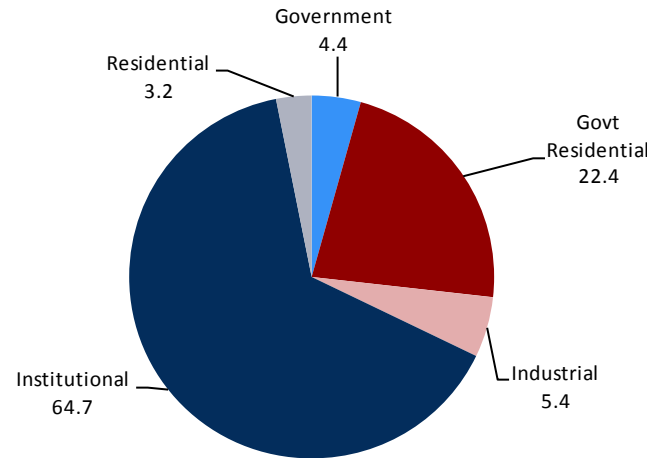
Source: Company, HDFC sec Inst Research

*Though Institutional orders continues to dominate order book backlog, share of government residential projects ha significantly increased as a percentage of order book up from 6% in 4QFY19 to 22.4% in 1QFY20*

*Gujarat continues to dominate the backlog with 74 % share led by the Surat Diamond Bourse project (32%)*

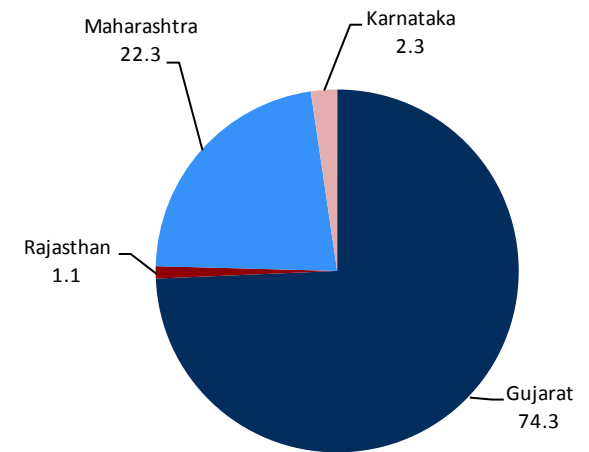
*Following its breakthrough in Maharashtra in FY19, the company secured another order for an affordable housing scheme in Bhiwandi in 1QFY20 (Rs 6bn)*

**Order Book (Segment Wise) – 1QFY20 (%)**



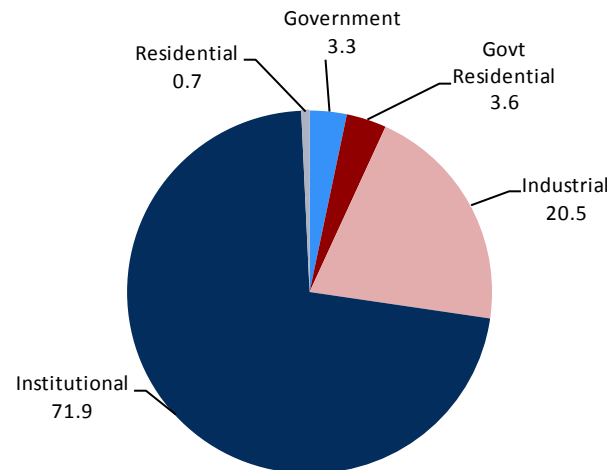
Source : Company, HDFC sec Inst Research

**Order Book (State Wise) – 1QFY20 (%)**



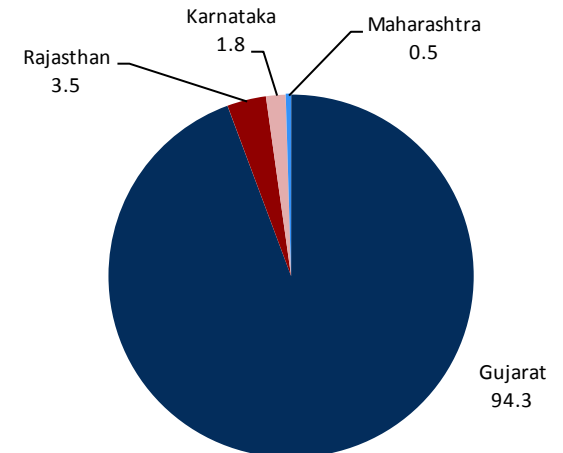
Source : Company, HDFC sec Inst Research

**Revenue (Segment Wise) – 1QFY20 (%)**



Source : Company, HDFC sec Inst Research

**Revenue (State Wise) – 1QFY20 (%)**



Source : Company, HDFC sec Inst Research

**Order book to grow at a CAGR of 15.5% over FY19-21E**

**Revenue to grow at a CAGR of 23.8% over FY19-21E with SDB project providing a significant contribution to the top-line**

**EBITDA margins to remain in the range of 13-14%**

**APAT will grow by 20.1% CAGR over FY19-21E**

### Key Assumptions And Estimates (Standalone)

Key Assumptions	FY20E	FY21E	Comments
<b>Closing order book</b>	35,723	39,711	<b>Order book to grow at a CAGR of 15.5% over FY19-21E</b>
Order book growth (%)	20%	11%	
New order booking	20,000	20,000	The company is expected to beat its guidance of Rs 15bn in new orders on the back of bids placed for orders worth Rs 25-30bn as of 2QFY20
Book to bill ratio	2.5	2.5	
<b>Total Revenue</b>	<b>14,057</b>	<b>16,012</b>	<b>Revenue to grow at a CAGR of 23.8% over FY19-21E</b>
Growth (%)	34.6	13.9	
<b>EBITDA</b>	<b>1,893</b>	<b>2,157</b>	<b>EBITDA to grow at a CAGR of 20.3% over FY19-21E</b>
EBITDA margin (%)	13.5	13.5	EBITDA margins to remain in the range of 13-14%
Depreciation	290	307	In line with increased capex requirements to support execution ramp up.
Financial Charges	112	119	
<b>PBT</b>	<b>1,718</b>	<b>1,999</b>	<b>Significant generation of other non operating income from fixed deposits to result in double digit PBT margins</b>
PBT margin (%)	12.2	12.5	
Tax	599.2	697.2	
Tax rate (%)	34.9	34.9	Company operates at a full tax rate and the same is expected to continue over FY19-21E
<b>RPAT</b>	<b>1,119</b>	<b>1,302</b>	
Net margin (%)	8.0	8.1	
Extraordinary	-	-	
<b>Adjusted PAT</b>	<b>1,119</b>	<b>1,302</b>	<b>APAT will grow by 20.1% CAGR over FY19-21E</b>
Gross Block Turnover	7.8	7.8	
Debtor days	53	53	
CFO - a	724	1,435	
CFI - b	(858)	(225)	
FCF - a+b	499	1,185	
CFF - c	191	(304)	
<b>Total change in cash - a+b+c</b>	<b>56</b>	<b>906</b>	

Source: HDFC sec Inst Research

***We upgrade PSP to BUY from NEU with a TP of Rs 579/share (16x one year forward Mar-21E EPS)***

## Outlook And Valuation

### Upgrade to BUY with a Target Price Of Rs 579/sh

#### Valuation methodology

- We have valued PSP at 16x (based on our multi factor rating framework) one-year forward Mar-21E EPS. Our rationale behind this is (1) Strong growth potential led by the Diamond bourse project, (2) Robust 1QFY20 order backlog of Rs 34bn (2.4x FY20E revenue), (2) Net cash company and gross debt expected to remain low, and (3) PSP's foray into new geographies with projects awarded in Maharashtra, reducing dependency on Gujarat state to drive order growth.
- Investment in the building segment would remain robust on the back of institutional and industrial demand in

addition to NBCC, CPWD and private capex in the segment. PSP will benefit from the strong demand in and around GIFT city and areas like Surat and Ahmedabad where it already enjoys a strong recall.

- With government's thrust on affordable housing, we expect significant orders in FY20 with PSP expected to further bid for more projects.
- With recent price correction we upgrade PSP to BUY from NEU. We value PSP at Rs 579/share (16x one-year forward Mar-21E EPS).

#### Valuation

Particulars	Segments	Value (Rs mn)	Value per share(Rs)	Rationale
EPC	Core construction business	20,831	579	At 16x Mar-21E EPS
<b>Total</b>		<b>20,831</b>	<b>579</b>	

Source: HDFC sec Inst Research

*We summarize the valuations of the core EPC operations of our coverage universe and excluding the value of the asset portfolio, land and any other investment*

### Peer Set Comparison: Core EPC

COMPANY	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Adj. EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E	FY19	FY20E	FY21E
Dilip Buildcon	55.1	403	BUY	720	55.6	50.0	50.5	5.2	5.8	5.7	4.6	4.1	3.9	26.9	19.3	16.4
NCC	41.2	69	BUY	154	10.4	7.6	9.7	5.8	8.0	6.2	3.7	3.6	3.3	13.8	9.2	10.7
PNC Infratech	51.8	202	BUY	339	9.1	13.6	15.8	16.2	10.8	9.3	8.9	6.3	5.3	11.9	15.3	15.4
Sadbhav Engineering	23.0	134	BUY	340	10.9	13.7	17.4	5.1	4.0	3.2	5.5	3.0	2.4	9.2	10.5	11.8
KNR Constructions	35.9	255	BUY	363	12.3	14.3	16.9	15.9	13.6	11.6	7.0	6.9	5.6	13.5	13.1	13.2
Ashoka Buildcon	33.6	120	BUY	261	11.5	10.9	12.7	4.1	4.3	3.7	3.9	3.5	3.1	15.5	13.0	13.5
Ahluwalia Contracts	19.0	283	BUY	430	17.5	21.6	26.1	15.4	12.5	10.4	7.7	6.0	4.7	17.3	18.0	18.2
ITD Cementation *	12.5	73	NEU	95	4.8	7.1	7.9	15.0	10.2	9.2	5.3	5.3	4.7	10.2	11.3	11.3
JMC Projects	20.3	121	BUY	176	8.5	8.6	9.3	11.3	11.2	10.4	6.8	5.9	5.2	16.6	14.5	13.7
HG Infra	15.0	230	BUY	462	19.0	25.7	29.6	10.3	7.6	6.6	5.1	3.9	3.4	20.6	22.4	20.8
Capacite Infra	14.8	218	BUY	351	14.1	16.7	22.6	15.4	12.3	9.1	5.9	5.0	4.0	12.0	12.7	15.1
<b>PSP Projects</b>	<b>17.8</b>	<b>495</b>	<b>BUY</b>	<b>579</b>	<b>25.1</b>	<b>31.1</b>	<b>36.2</b>	<b>19.7</b>	<b>15.9</b>	<b>13.7</b>	<b>10.6</b>	<b>8.6</b>	<b>7.1</b>	<b>26.8</b>	<b>26.8</b>	<b>25.2</b>
J. Kumar Infraprojects	8.8	130	BUY	258	23.4	27.5	32.2	5.5	4.7	4.0	3.4	3.0	2.6	11.1	12.1	13.0
<b>Average</b>								<b>10.4</b>	<b>8.6</b>	<b>7.4</b>	<b>5.7</b>	<b>4.7</b>	<b>4.0</b>	<b>15.2</b>	<b>14.7</b>	<b>14.2</b>

Source: Company, HDFC sec Inst Research \*ITD Cementation FY19E/FY20E should be read as 15MFY19E/FY20E

**Income Statement(Standalone)**

Year ending March (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
<b>Net Revenues</b>	<b>4,008</b>	<b>7,298</b>	<b>10,441</b>	<b>14,057</b>	<b>16,012</b>
<b>Growth (%)</b>	<b>-12.5</b>	<b>82.1</b>	<b>43.1</b>	<b>34.6</b>	<b>13.9</b>
Material Expenses	3,047	5,912	8,406	11,461	13,054
Employee Expenses	208	286	432	562	640
Other Operating Expenses	95	86	113	141	160
<b>EBIDTA</b>	<b>658</b>	<b>1,014</b>	<b>1,490</b>	<b>1,893</b>	<b>2,157</b>
<b>EBIDTA (%)</b>	<b>16.4</b>	<b>13.9</b>	<b>14.3</b>	<b>13.5</b>	<b>13.5</b>
<b>EBIDTA Growth (%)</b>	<b>67.3</b>	<b>54.2</b>	<b>46.9</b>	<b>27.1</b>	<b>14.0</b>
Depreciation	76	112	242	290	307
<b>EBIT</b>	<b>582</b>	<b>902</b>	<b>1,248</b>	<b>1,603</b>	<b>1,850</b>
Other Income (Incl. EO Items)	134	184	229	227	269
Interest	75	87	92	112	119
<b>PBT</b>	<b>640</b>	<b>999</b>	<b>1,385</b>	<b>1,718</b>	<b>1,999</b>
Tax	226	355	483	599	697
<b>RPAT</b>	<b>414</b>	<b>644</b>	<b>902</b>	<b>1,119</b>	<b>1,302</b>
EO items (net of tax)	2	6	-	-	-
<b>APAT</b>	<b>416</b>	<b>649</b>	<b>902</b>	<b>1,119</b>	<b>1,302</b>
<b>APAT Growth (%)</b>	<b>64.9</b>	<b>56.0</b>	<b>38.9</b>	<b>24.1</b>	<b>16.3</b>
<b>EPS</b>	<b>14.5</b>	<b>18.0</b>	<b>25.1</b>	<b>31.1</b>	<b>36.2</b>
<b>EPS Growth (%)</b>	<b>(81.7)</b>	<b>24.8</b>	<b>38.9</b>	<b>24.1</b>	<b>16.3</b>

Source: Company, HDFC sec Inst Research

**Balance Sheet (Standalone)**

As at March (Rs mn)	FY17	FY18	FY19P	FY20E	FY21E
<b>SOURCES OF FUNDS</b>					
Share Capital	288	360	360	360	360
Reserves	783	2,667	3,354	4,271	5,339
<b>Total Shareholders Funds</b>	<b>1,071</b>	<b>3,027</b>	<b>3,714</b>	<b>4,631</b>	<b>5,699</b>
Minority Interest	-	-	-	-	-
Long Term Debt	34	17	4	4	4
Short Term Debt	644	199	246	750	800
<b>Total Debt</b>	<b>677</b>	<b>216</b>	<b>250</b>	<b>754</b>	<b>804</b>
Deferred Taxes	(15)	(18)	(49)	(49)	(49)
<b>TOTAL SOURCES OF FUNDS</b>	<b>1,733</b>	<b>3,225</b>	<b>3,915</b>	<b>5,337</b>	<b>6,454</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	508	770	1,032	967	909
CWIP	-	18	-	-	-
Investments, LT Loans & Advances	664	911	894	1,755	1,999
<b>Total Non-current Assets</b>	<b>1,171</b>	<b>1,699</b>	<b>1,926</b>	<b>2,721</b>	<b>2,908</b>
Inventories	30	335	750	770	877
Debtors	533	1,162	1,426	2,022	2,303
Cash & Equivalents	1,159	2,384	2,217	2,273	3,178
Other Current Assets	238	255	938	1,348	1,535
<b>Total Current Assets</b>	<b>1,960</b>	<b>4,136</b>	<b>5,331</b>	<b>6,413</b>	<b>7,894</b>
Creditors	693	1,213	1,585	1,926	2,193
Other Current Liabilities & Provns	705	1,398	1,757	1,872	2,155
<b>Total Current Liabilities</b>	<b>1,398</b>	<b>2,611</b>	<b>3,342</b>	<b>3,798</b>	<b>4,348</b>
<b>Net Current Assets</b>	<b>561</b>	<b>1,525</b>	<b>1,989</b>	<b>2,615</b>	<b>3,546</b>
Misc Expenses & Others	-	-	-	-	-
<b>TOTAL APPLICATION OF FUNDS</b>	<b>1,733</b>	<b>3,225</b>	<b>3,915</b>	<b>5,336</b>	<b>6,454</b>

Source: Company, HDFC sec Inst Research

**Cash Flow (Standalone)**

Year ending March (Rs mn)	FY17	FY18	FY19P	FY20E	FY21E
PBT	639	999	1,385	1,718	1,999
Non-operating & EO items	(69)	(178)	(229)	(227)	(269)
Interest expenses	7	46	92	112	119
Depreciation	76	112	242	290	307
Working Capital Change	(497)	145	(650)	(570)	(25)
Tax paid	(145)	(409)	(483)	(599)	(697)
<b>OPERATING CASH FLOW ( a )</b>	<b>11</b>	<b>716</b>	<b>357</b>	<b>724</b>	<b>1,435</b>
Capex	(71)	(475)	(495)	(225)	(250)
Free cash flow (FCF)	(60)	241	(139)	499	1,185
Investments + Investment Income	(9)	178	246	(633)	25
<b>INVESTING CASH FLOW ( b )</b>	<b>(80)</b>	<b>(296)</b>	<b>(249)</b>	<b>(858)</b>	<b>(225)</b>
Share capital Issuance	-	1,421	(52)	-	-
Debt Issuance	215	(461)	33	504	50
Interest expenses	(55)	(46)	(92)	(112)	(119)
Dividend + Other Misc	-	(108)	(162)	(201)	(234)
<b>FINANCING CASH FLOW ( c )</b>	<b>160</b>	<b>805</b>	<b>(273)</b>	<b>191</b>	<b>(304)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>90</b>	<b>1,225</b>	<b>(166)</b>	<b>56</b>	<b>906</b>
Closing Cash & Equivalents	1,159	2,384	2,217	2,273	3,178

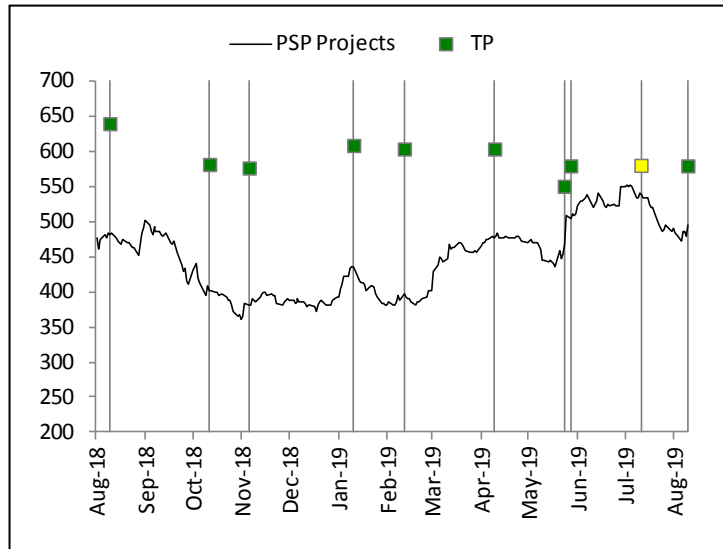
Source: Company, HDFC sec Inst Research

**Key Ratios (Standalone)**

Year ending March	FY17	FY18	FY19P	FY20E	FY21E
<b>PROFITABILITY (%)</b>					
GPM	24.0	19.0	19.5	18.5	18.5
EBITDA Margin	16.4	13.9	14.3	13.5	13.5
EBIT Margin	14.5	12.4	12.0	11.4	11.6
APAT Margin	10.4	8.9	8.6	8.0	8.1
RoE	48.2	31.7	26.8	26.8	25.2
Core RoCE	(419.3)	327.1	101.1	79.8	94.3
RoCE	26.8	21.9	24.6	22.3	21.4
<b>EFFICIENCY</b>					
Tax Rate (%)	35.3	35.6	34.9	34.9	34.9
Asset Turnover (x)	4.9	6.1	6.1	7.3	7.4
Inventory (days)	3	17	26	20	20
Debtors (days)	49	58	50	53	53
Payables (days)	63	61	55	50	50
Other Current Assets (days)	22	13	33	35	35
Other Current Liab (days)	64	70	61	49	49
<b>Net Working Capital Cycle (Days)</b>	<b>(54)</b>	<b>(43)</b>	<b>(8)</b>	<b>9</b>	<b>8</b>
Debt/EBITDA (x)	1.0	0.2	0.2	0.4	0.4
Net D/E	(0.4)	(0.7)	(0.5)	(0.3)	(0.4)
Interest Coverage	7.7	10.4	13.6	14.3	15.5
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	14.5	18.0	25.1	31.1	36.2
CEPS (Rs/sh)	17.1	21.1	31.8	39.1	44.7
DPS (Rs/sh)	0.0	3.0	4.5	5.6	6.5
BV (Rs/sh)	37	84	103	129	158
<b>VALUATION</b>					
P/E	34.2	27.4	19.8	15.9	13.7
P/BV	13.3	5.9	4.8	3.8	3.1
EV/EBITDA	20.9	15.4	10.6	8.6	7.2
OCF/EV (%)	0.0	0.0	0.0	0.0	0.1
FCF/EV (%)	(0.4)	1.5	(0.9)	3.1	7.7
FCFE/Market Cap (%)	0.7	(1.5)	(1.1)	5.0	6.3
Dividend Yield (%)	0.0	0.6	0.9	1.1	1.3

Source: Company, HDFC sec Inst Research



**RECOMMENDATION HISTORY**


Date	CMP	Reco	Target
10-Aug-18	482	BUY	639
11-Oct-18	408	BUY	581
6-Nov-18	382	BUY	576
10-Jan-19	436	BUY	608
11-Feb-19	396	BUY	603
9-Apr-19	479	BUY	603
23-May-19	457	BUY	550
28-May-19	505	BUY	579
11-Jul-19	538	NEU	579
10-Aug-19	495	BUY	579

**Rating Definitions**

- BUY** : Where the stock is expected to deliver more than 10% returns over the next 12 month period  
**NEUTRAL** : Where the stock is expected to deliver (-)10% to 10% returns over the next 12 month period  
**SELL** : Where the stock is expected to deliver less than (-)10% returns over the next 12 month period

## INSTITUTIONAL RESEARCH

**Disclosure:**

We, **Parikshit D Kandpal, CFA & Shrey Pujari, MBA**, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. HSL has no material adverse disciplinary history as on the date of publication of this report. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Research Analyst or his/her relative or HDFC Securities Ltd. **does not have** any financial interest in the subject company. Also Research Analyst or his relative or HDFC Securities Ltd. or its Associate may have beneficial ownership of 1% or more in the subject company at the end of the month immediately preceding the date of publication of the Research Report. Further Research Analyst or his relative or HDFC Securities Ltd. or its associate **does not have** any material conflict of interest.

**Any holding in stock –No**

HDFC Securities Limited (HSL) is a SEBI Registered Research Analyst having registration no. INH000002475.

**Disclaimer:**

This report has been prepared by HDFC Securities Ltd and is meant for sole use by the recipient and not for circulation. The information and opinions contained herein have been compiled or arrived at, based upon information obtained in good faith from sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and this document is not, and should not be construed as an offer or solicitation of an offer, to buy or sell any securities or other financial instruments. This report is not directed to, or intended for display, downloading, printing, reproducing or for distribution to or use by, any person or entity who is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, reproduction, availability or use would be contrary to law or regulation or what would subject HSL or its affiliates to any registration or licensing requirement within such jurisdiction.

If this report is inadvertently sent or has reached any individual in such country, especially, USA, the same may be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published for any purposes without prior written approval of HSL.

Foreign currencies denominated securities, wherever mentioned, are subject to exchange rate fluctuations, which could have an adverse effect on their value or price, or the income derived from them. In addition, investors in securities such as ADRs, the values of which are influenced by foreign currencies effectively assume currency risk.

It should not be considered to be taken as an offer to sell or a solicitation to buy any security. HSL may from time to time solicit from, or perform broking, or other services for, any company mentioned in this mail and/or its attachments.

HSL and its affiliated company(ies), their directors and employees may; (a) from time to time, have a long or short position in, and buy or sell the securities of the company(ies) 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 company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

HSL, its directors, analysts or employees do not take any responsibility, financial or otherwise, of the losses or the damages sustained due to the investments made or any action taken on basis of this report, including but not restricted to, fluctuation in the prices of shares and bonds, changes in the currency rates, diminution in the NAVs, reduction in the dividend or income, etc.

HSL and other group companies, its directors, associates, employees may have various positions in any of the stocks, securities and financial instruments dealt in the report, or may make sell or purchase or other deals in these securities from time to time or may deal in other securities of the companies / organizations described in this report.

HSL or its associates might have managed or co-managed public offering of securities for the subject company or might have been mandated by the subject company for any other assignment in the past twelve months.

HSL or its associates might have received any compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of managing or co-managing public offerings, corporate finance, investment banking or merchant banking, brokerage services or other advisory service in a merger or specific transaction in the normal course of business.

HSL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither HSL nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. HSL may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report.

Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the subject company or third party in connection with the Research Report.

**HDFC securities Limited, I Think Techno Campus, Building - B, "Alpha", Office Floor 8, Near Kanjurmarg Station, Opp. Crompton Greaves, Kanjurmarg (East), Mumbai 400 042 Phone: (022) 3075 3400 Fax: (022) 2496 5066**

**Compliance Officer: Binkle R. Oza Email: [complianceofficer@hdfcsec.com](mailto:complianceofficer@hdfcsec.com) Phone: (022) 3045 3600**

**HDFC Securities Limited, SEBI Reg. No.: NSE-INB/F/E 231109431, BSE-INB/F 011109437, AMFI Reg. No. ARN: 13549, PFRDA Reg. No. POP: 04102015, IRDA Corporate Agent License No.: HDF 2806925/HDF C000222657, SEBI Research Analyst Reg. No.: INH000002475, CIN - U67120MH2000PLC152193**

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.