

# Balaji Amines

BUY

## Weak performance

BAL reported muted performance in Q1FY20 consequential to (1) Soft volume off-take by the agrochemical industry, (2) High raw material prices, predominantly Methanol. Hence, we cut our EPS estimates for FY20/21 and arrive at a TP of Rs 452/share based on 13x Sep-21E EPS.

### HIGHLIGHTS OF THE QUARTER

- Reported sales were Rs 2.31bn, down 11.1% YoY and 1.4% QoQ. Revenue was affected owing to 7.1% YoY and 6.5% QoQ fall in sales volumes to 20.15kt. Volumes were impacted owing to lower demand from the agrochemical industry. We expect ~3.5% YoY volume growth in FY20 owing to lower than anticipated volumes in 1Q.
- EBITDA was Rs 371mn down 36.8% YoY and 21.7% QoQ on account of higher raw material prices. APAT was down 41.0% YoY and 26.1% QoQ to Rs 200mn attributable to a higher tax rate of 37.1% as compared to 30.5%, average for FY19.
- All plants are already running at close to full capacity, in absence of any capacity augmentation, we do not see significant volume uptake in the standalone business in the near term. The expansion projects in

primary products like Ethyl Amines, Mono Iso-propyl Amine and Iso Propyl Alcohol will begin in Q2FY20, and be commissioned towards the fag end of FY21.

- Commencement of the Methyl Amines capacity expansion project has already been pushed forward (perhaps, beyond FY21). We believe this is considering Alkyl Amines' recent expansion in Methyl Amines and the volatility in Methanol prices consequential to US sanctions on Iran.
- BLA's subsidiary, Balaji Specialty Chemicals, has started building capacity for Ethylene Diamine and Piperazine (agro-chemical intermediates). We can expect the subsidiary to meaningfully add to the topline from Q4FY20E. BLA owns 55% stake in the said subsidiary.
- Near-term outlook:** Volume traction in Morpholine and Acetonitrile will be the primary driver of earnings.

### STANCE

**Post an underwhelming Q1 and tepid volume outlook, we cut our EPS estimate by 11.4/14.5% for FY20/21E. Given the (1) Muted earnings growth prospects, (2) Declining return ratios (ROE: 14.6/14.4/13.1%, RoIC: 21.8/21.8/19.1% in FY20E/21E/22E), we prefer Alkyl Amines over Balaji in the Amines space.**

### Financial Summary (Standalone)

Year Ending March (Rs mn)	4QFY19	4QFY18	YoY (%)	3QFY19	QoQ (%)	FY19*	FY20E*	FY21E*	FY22E*
Net Sales	2,314	2,602	(11.1)	2,348	(1.4)	9,431	9,484	10,541	11,091
EBITDA	371	587	(36.8)	473	(21.7)	1,934	1,733	1,970	2,077
APAT	200	338	(41.0)	270	(26.1)	1,146	990	1,119	1,151
Diluted AEPS (Rs)	6.2	10.4	(41.0)	8.3	(26.1)	35.4	30.6	34.5	35.5
P/E (x)						6.8	7.9	7.0	6.8
EV / EBITDA (x)						5.1	5.3	4.9	4.9
RoE (%)						19.4	14.6	14.4	13.1

Source: Company, HDFC sec Inst Research | \*Consolidated

### INDUSTRY CHEMICALS

**CMP (as on 29 Jul 2019)** **Rs 242**
**Target Price** **Rs 452**

Nifty 11,189

Sensex 37,686

### KEY STOCK DATA

Bloomberg BLA IN

No. of Shares (mn) 32

MCap (Rs bn) / (\$ mn) 8/114

6m avg traded value (Rs mn) 17

### STOCK PERFORMANCE (%)

**52 Week high / low** **Rs 603/231**

3M 6M 12M

Absolute (%) (45.9) (42.6) (56.3)

Relative (%) (42.3) (48.5) (57.3)

### SHAREHOLDING PATTERN (%)

Mar-19 Jun-19

Promoters 53.38 53.46

FIs &amp; Local MFs 1.07 0.42

FPIs 1.42 1.43

Public &amp; Others 44.13 44.69

Pledged Shares 0.00 0.00

Source : BSE

### Nilesh Ghuge

nilesh.ghuge@hdfcsec.com

+91-22-6171-7342

### Divya Singhal

divya.singhal@hdfcsec.com

+91-22-6639-3038

*Revenue was affected owing to 7.1% YoY and 6.5% QoQ fall in sales volumes to 20.15kt. Volumes were impacted owing to lower demand from the agrochemical industry*

*EBITDA was Rs 371mn down 36.8% YoY and 21.7% QoQ on account of higher raw material prices*

*APAT was down 41.0% YoY and 26.1% QoQ to Rs 200mn attributable to a higher tax rate of 37.1% as compared to 30.5%, average for FY19*

### Quarterly Financials Snapshot (Standalone)

(Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
<b>Net Sales</b>	<b>2,314</b>	<b>2,602</b>	<b>(11.1)</b>	<b>2,348</b>	<b>(1.4)</b>
Material Expenses	1,414	1,412	0.1	1,277	10.7
Employee Expenses	107	126	(14.9)	108	(0.7)
Other Expenses	423	477	(11.4)	490	(13.7)
<b>EBITDA</b>	<b>371</b>	<b>587</b>	<b>(36.8)</b>	<b>473</b>	<b>(21.7)</b>
Depreciation	50	47	5.3	54	(8.2)
<b>EBIT</b>	<b>321</b>	<b>540</b>	<b>(40.5)</b>	<b>420</b>	<b>(23.4)</b>
Other Income & EO Items	23	10	136.4	18	31.4
Interest	27	32	(16.4)	33	(18.0)
<b>PBT</b>	<b>317</b>	<b>517</b>	<b>(38.6)</b>	<b>404</b>	<b>(21.5)</b>
Tax	118	179	(34.2)	134	(12.3)
<b>RPAT</b>	<b>200</b>	<b>338</b>	<b>(41.0)</b>	<b>270</b>	<b>(26.1)</b>
EO Items (Adj For Tax)	-	-	NA	-	NA
<b>APAT</b>	<b>200</b>	<b>338</b>	<b>(41.0)</b>	<b>270</b>	<b>(26.1)</b>
<b>AEPS (Rs/sh)</b>	<b>6.2</b>	<b>10.4</b>	<b>(41.0)</b>	<b>8.3</b>	<b>(26.1)</b>

Source: Company, HDFC sec Inst Research | \*Consolidated

### Margin Analysis

	1QFY20	1QFY19	YoY (bps)	4QFY19	QoQ (bps)
Material Expenses as % of Net Sales	61.1	54.3	680	54.4	670
Employee Expenses as % of Net Sales	4.6	4.8	(21)	4.6	3
Other Expenses as % of Net Sales	18.3	18.3	(6)	20.9	(259)
<b>EBITDA Margin (%)</b>	<b>16.0</b>	<b>22.6</b>	<b>(653)</b>	<b>20.2</b>	<b>(415)</b>
<b>Net Profit Margin (%)</b>	<b>8.6</b>	<b>13.0</b>	<b>(437)</b>	<b>11.5</b>	<b>(287)</b>
<b>Tax Rate (%)</b>	<b>37.1</b>	<b>34.6</b>	<b>250</b>	<b>33.2</b>	<b>389</b>

Source: Company, HDFC sec Inst Research | \*Consolidated

*Revenue mix comprises of a contribution of 23.5% each from Amines and Amine derivatives and 53% from Specialty Chemicals*

*Pharma and Agrochemicals contribute 55/25% to revenue respectively*

*Exports form 20% of the revenue mix*

### Segmental Analysis (Standalone)

(Rs mn)	1QFY20	1QFY19	YoY (%)	4QFY19	QoQ (%)
<b>Revenue</b>					
Amines Division	2,262	2,554	(11.4)	2,293	(1.3)
Hotel Division	53	49	6.5	56	(5.7)
CFL Lamps and capsules	-	-	NA	0	(100.0)
<b>Total</b>	<b>2,315</b>	<b>2,603</b>	<b>(11.1)</b>	<b>2,349</b>	<b>(1.5)</b>

### Revenue Mix (%)

Amines Division	97.7	98.1		97.6	
Hotel Division	2.3	1.9		2.4	
CFL Lamps and capsules	-	-		0.0	

### Segment Results

Amines Division	347	552	(37.1)	439	(21.1)
Hotel Division	1	1	(1.9)	2	(40.8)
CFL Lamps	(4)	(4)	4.4	(5)	(14.5)
<b>EBIT</b>	<b>344</b>	<b>549</b>	<b>(37.3)</b>	<b>437</b>	<b>(21.2)</b>

### Less: Interest

Amines	26	29	(10.1)	32	(16.3)
Hotel	0	3	(85.9)	1	(65.1)
CFL Lamps	-	-	NA	0	(100.0)
<b>Total interest</b>	<b>27</b>	<b>32</b>	<b>(16.4)</b>	<b>33</b>	<b>(18.0)</b>

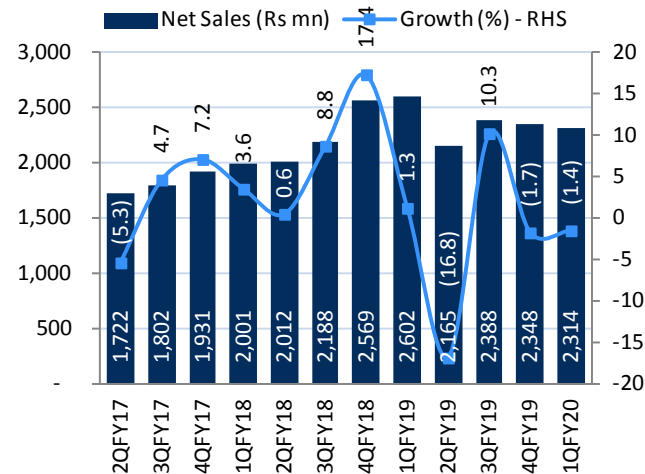
### PBT

Amines	320	522	(38.7)	408	(21.4)
Hotel	1	(1)	(184.6)	1	(20.9)
CFL Lamps	(4)	(4)	4.4	(5)	(14.9)
<b>Total PBT</b>	<b>317</b>	<b>517</b>	<b>(38.6)</b>	<b>404</b>	<b>(21.5)</b>

Source: Company, HDFC sec Inst Research

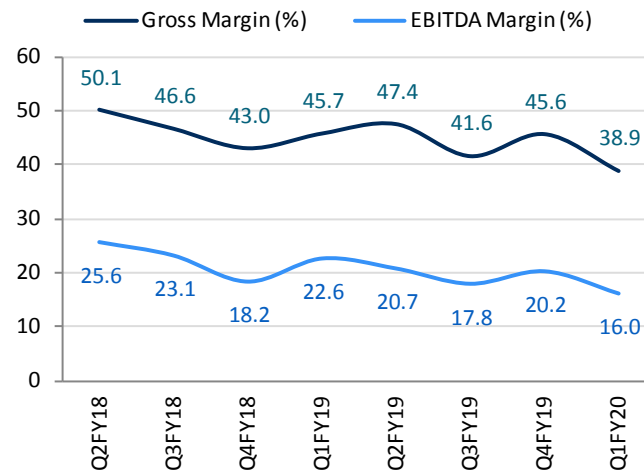
## Financial Performance

### Quarterly Turnover (Standalone)



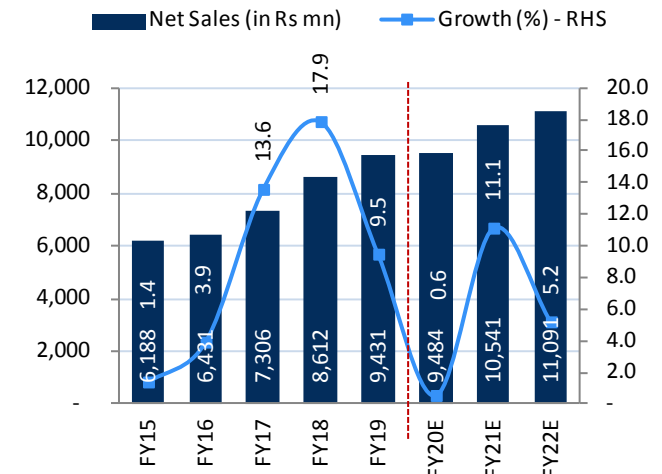
Source: Company, HDFC sec Inst Research

### Quarterly Margin Profile (Standalone)



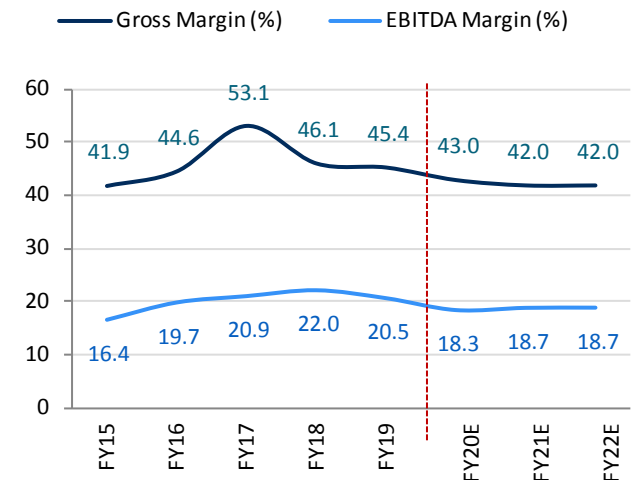
Source: Company, HDFC sec Inst Research

### Yearly Turnover (Consolidated)



Source: Company, HDFC sec Inst Research

### Yearly Margin Profile (Consolidated)



Source: Company, HDFC sec Inst Research

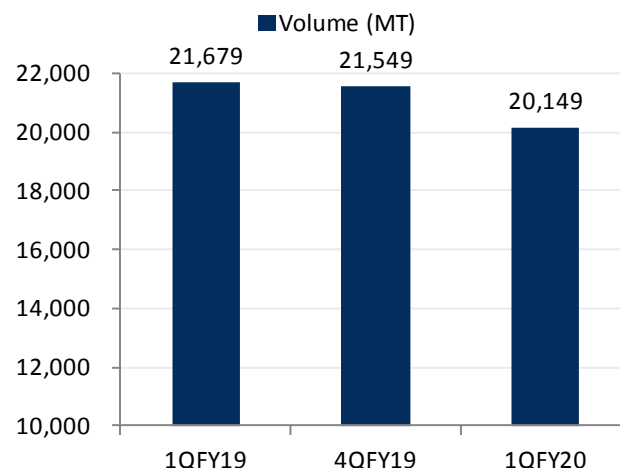
*We expect annual EBITDA margins to remain under pressure in the range of ~18%*

**Volume was down 6.5/7.1% QoQ/YoY**

**Capex of Rs 2bn is expected to be incurred in FY20 for the standalone business**

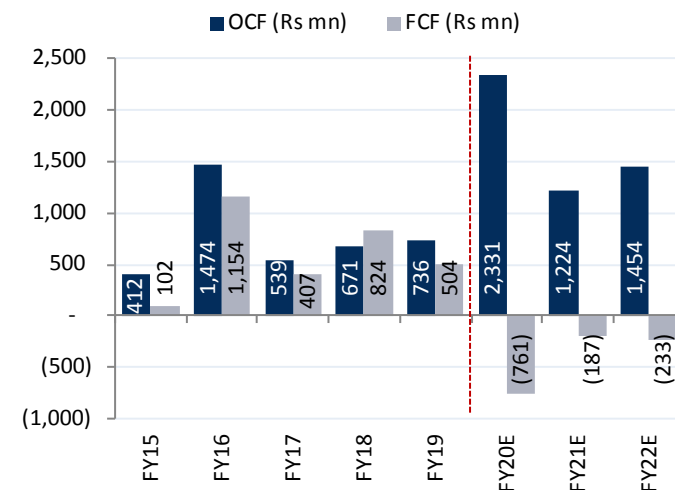
**Annual return ratios are on a decline (ROE: 14.6/14.4/13.1, RoCE 18.7/18.6/17.1% for FY20E/21E/22E)**

### Standalone Volume Trend



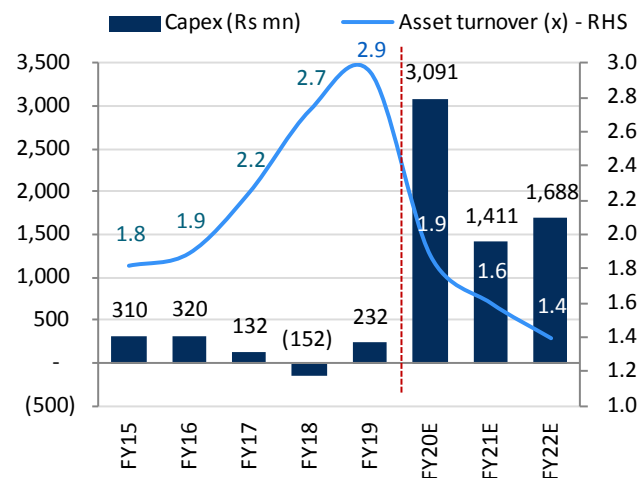
Source: Company, HDFC sec Inst Research

### OCF And FCF Trend (Consolidated)



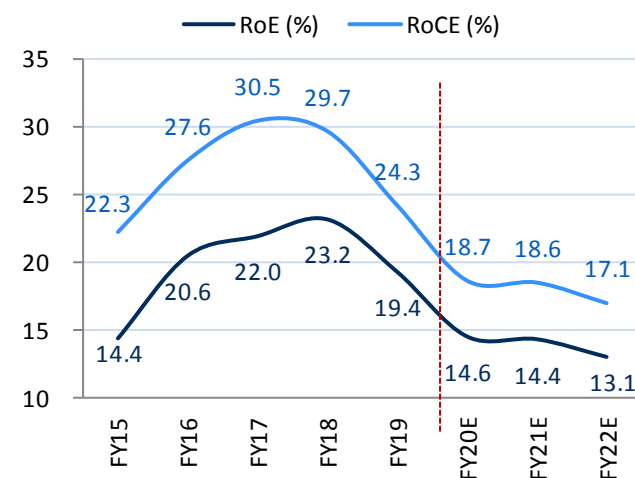
Source: Company, HDFC sec Inst Research

### Capex And Asset Turns (Consolidated)



Source: Company, HDFC sec Inst Research

### Return Ratios (Consolidated)



Source: Company, HDFC sec Inst Research

*During Q1, the company received the clearance for manufacturing additional capacity of 7KTPA of Morpholine, leading to total capacity of 10KTPA*

*BAL also received clearance for manufacturing of Acetonitrile and THF for which it has installed capacity of 9KTPA*

*Post an underwhelming Q1 and tepid volume outlook, we cut our EPS estimate by 11.4/14.5% for FY20/21E*

## Assumptions

	FY20E	FY21E	FY22E
<b>Methyl Amines</b>			
Revenues (Rs mn)	3,112	3,200	3,315
Growth (%)	(9.3)	2.8	3.6
<b>Ethyl Amines</b>			
Revenues (Rs mn)	697	704	704
Growth (%)	1.0	1.0	-
<b>Morpholine</b>			
Volumes(MTPA)	6,000	7,200	7,200
Revenues (Rs mn)	780	1008	1008
Growth (%)	(2.3)	29.2	-
<b>Acetonitrile</b>			
Volumes(MTPA)	5800	7500	7500
Revenues (Rs mn)	754	900	900
Growth (%)	24.6	19.4	-
<b>Dimethyl Formamide</b>			
Volumes(MTPA)	6,500	6,500	6,500
Revenues (Rs mn)	377	377	377
Growth (%)	(2.1)	-	-
<b>DMAC</b>			
Volumes(MTPA)	5,200	5,500	5,500
Revenues (Rs mn)	624	660	660
Growth (%)	15.6	5.8	-
<b>NMP/NEP/2-P</b>			
Revenues (Rs mn)	1,863	1,863	1,863
Growth (%)	-	-	-

Source: Company, HDFC sec Inst Research

## Change In Estimates

(Rs bn)	FY20E Old	FY20E New	% Chg.	FY21E Old	FY21E New	% Chg.
Net Sales	10,661	9,484	(11.0)	11,948	10,541	(11.8)
EBIDTA	2,112	1,733	(17.9)	2,503	1,970	(21.3)
APAT	1,117	990	(11.4)	1,309	1,119	(14.5)
EPS	34.5	30.6	(11.4)	40.4	34.5	(14.5)

## Peer Valuation

COMPANY	Mcap (Rsbn)	CMP (Rs)	RECO	TP (Rs)	EPS (Rs/sh)			P/E (x)			P/B (x)			ROE (%)		
					FY19P	FY20E	FY21E	FY19P	FY20E	FY21E	FY19P	FY20E	FY21E	FY19P	FY20E	FY21E
Vinati Organics	97.64	1900	NEU	2,029	55.0	65.7	81.2	34.6	28.9	23.4	9.3	7.1	5.5	30.6	27.8	26.5
Navin Fluorine International Ltd	35.33	716	BUY	812	30.2	35.5	40.6	23.7	20.2	17.6	2.7	2.4	2.1	14.5	15.5	15.9
Alkyl Amines	15.45	757	BUY	1,309	41.1	45.5	59.5	18.4	16.6	12.7	4.2	3.5	2.9	25.3	23.2	25.2
<b>Balaji Amines</b>	<b>7.84</b>	<b>242</b>	<b>BUY</b>	<b>452</b>	<b>35.4</b>	<b>30.6</b>	<b>34.5</b>	<b>6.8</b>	<b>7.9</b>	<b>7.0</b>	<b>1.3</b>	<b>1.2</b>	<b>1.0</b>	<b>19.4</b>	<b>14.6</b>	<b>14.4</b>

Source: HDFC sec Inst Research

## Income Statement (Consolidated)

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>Net Revenues</b>	<b>8,612</b>	<b>9,431</b>	<b>9,484</b>	<b>10,541</b>	<b>11,091</b>
<b>Growth (%)</b>	<b>17.9</b>	<b>9.5</b>	<b>0.6</b>	<b>11.1</b>	<b>5.2</b>
Material Expenses	4,610	5,410	5,406	6,114	6,433
Change In Inventories	31	(257)	267	-	-
Employee Expenses	269	295	408	453	477
Other Operating Expenses	1,808	2,048	1,938	2,004	2,104
<b>EBITDA</b>	<b>1,895</b>	<b>1,934</b>	<b>1,733</b>	<b>1,970</b>	<b>2,077</b>
<b>EBITDA Margin (%)</b>	<b>22.0</b>	<b>20.5</b>	<b>18.3</b>	<b>18.7</b>	<b>18.7</b>
<b>EBITDA Growth (%)</b>	<b>24.1</b>	<b>2.1</b>	<b>(10.4)</b>	<b>13.7</b>	<b>5.4</b>
Depreciation	193	196	225	268	312
<b>EBIT</b>	<b>1,702</b>	<b>1,739</b>	<b>1,508</b>	<b>1,702</b>	<b>1,765</b>
Other Income (Including EO Items)	41	42	70	74	77
Interest	90	130	126	135	155
<b>PBT</b>	<b>1,658</b>	<b>1,686</b>	<b>1,452</b>	<b>1,641</b>	<b>1,688</b>
Tax	527	515	462	522	537
<b>RPAT</b>	<b>1,132</b>	<b>1,171</b>	<b>990</b>	<b>1,119</b>	<b>1,151</b>
EO (Loss) / Profit (Net Of Tax)	6	36	-	-	-
<b>APAT</b>	<b>1,128</b>	<b>1,146</b>	<b>990</b>	<b>1,119</b>	<b>1,151</b>
<b>APAT Growth (%)</b>	<b>41.4</b>	<b>1.7</b>	<b>(13.6)</b>	<b>13.0</b>	<b>2.9</b>
<b>AEPS</b>	<b>34.8</b>	<b>35.4</b>	<b>30.6</b>	<b>34.5</b>	<b>35.5</b>
<b>EPS Growth (%)</b>	<b>41.4</b>	<b>1.7</b>	<b>(13.6)</b>	<b>13.0</b>	<b>2.9</b>

Source: Company, HDFC sec Inst Research

## Balance Sheet (Consolidated)

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
<b>SOURCES OF FUNDS</b>					
Share Capital	64.8	64.8	64.8	64.8	64.8
Reserves	4,786	5,855	6,728	7,721	8,746
<b>Total Shareholders' Funds</b>	<b>4,851</b>	<b>5,920</b>	<b>6,792</b>	<b>7,786</b>	<b>8,811</b>
Long-term Debt	425	833	842	957	1,107
Short-term Debt	1,094	1,439	1,254	1,208	1,167
<b>Total Debt</b>	<b>1,518</b>	<b>2,272</b>	<b>2,096</b>	<b>2,165</b>	<b>2,273</b>
<b>Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Long-term Provisions & Others	133.4	163.7	166.8	170.0	173.1
Net Deferred Tax Liability	502	458	458	458	458
<b>TOTAL SOURCES OF FUNDS</b>	<b>7,005</b>	<b>8,813</b>	<b>9,513</b>	<b>10,578</b>	<b>11,715</b>
<b>APPLICATION OF FUNDS</b>					
Net Block	3,161	3,197	5,064	6,607	7,983
CWIP	1,231	2,695	1,000	600	600
<b>Investments</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LT Loans &amp; Advances</b>	<b>501</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>
Other Non Current Assets	38	40	38	38	38
<b>Total Non-current Assets</b>	<b>4,931</b>	<b>5,963</b>	<b>6,102</b>	<b>7,245</b>	<b>8,621</b>
Inventories	891	1,632	1,111	1,235	1,299
Debtors	1,727	1,672	1,901	2,113	2,224
Cash & Equivalents	242	206	794	418	16
ST Loans & Advances	688	986	679	755	795
<b>Total Current Assets</b>	<b>3,547</b>	<b>4,496</b>	<b>4,486</b>	<b>4,521</b>	<b>4,334</b>
Creditors	718	853	866	980	1,031
Other Current Liabilities	755	793	209	209	209
<b>Total Current Liabilities</b>	<b>1,474</b>	<b>1,645</b>	<b>1,075</b>	<b>1,189</b>	<b>1,240</b>
<b>Net Current Assets</b>	<b>2,074</b>	<b>2,850</b>	<b>3,410</b>	<b>3,333</b>	<b>3,094</b>
<b>TOTAL APPLICATION OF FUNDS</b>	<b>7,005</b>	<b>8,813</b>	<b>9,513</b>	<b>10,578</b>	<b>11,715</b>

Source: Company, HDFC sec Inst Research



## Cash Flow Statement (Consolidated)

(Rs mn)	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	1,658	1,686	1,452	1,641	1,688
Interest Expenses	90	130	126	135	155
Depreciation	193	196	225	268	312
Working Capital Change	(661)	(716)	990	(298)	(163)
Tax Paid	(609)	(560)	(462)	(522)	(537)
<b>OPERATING CASH FLOW (a)</b>	<b>671</b>	<b>736</b>	<b>2,331</b>	<b>1,224</b>	<b>1,454</b>
Capex	152	(232)	(3,091)	(1,411)	(1,688)
<i>Free Cash Flow (FCF)</i>	<i>824</i>	<i>504</i>	<i>(761)</i>	<i>(187)</i>	<i>(233)</i>
Investments	24	-	(0)	-	-
Others	(13)	(2)	2	-	-
<b>INVESTING CASH FLOW (b)</b>	<b>163</b>	<b>(234)</b>	<b>(3,090)</b>	<b>(1,411)</b>	<b>(1,688)</b>
Debt Issuance/(Repaid)	39	754	(176)	69	109
Interest Expenses	(90)	(130)	(126)	(135)	(155)
<i>FCFE</i>	<i>772</i>	<i>1,127</i>	<i>(1,062)</i>	<i>(253)</i>	<i>(279)</i>
Share Capital Issuance	-	-	-	-	-
Dividend	(86)	-	(117)	(125)	(125)
Other long term liabilities	70	4	3	3	3
Others	94	(101)	(1)	(1)	(1)
<b>FINANCING CASH FLOW (c)</b>	<b>27</b>	<b>526</b>	<b>(417)</b>	<b>(189)</b>	<b>(169)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>861</b>	<b>1,028</b>	<b>(1,175)</b>	<b>(376)</b>	<b>(402)</b>
<b>Closing Cash &amp; Equivalents</b>	<b>242</b>	<b>206</b>	<b>794</b>	<b>418</b>	<b>16</b>

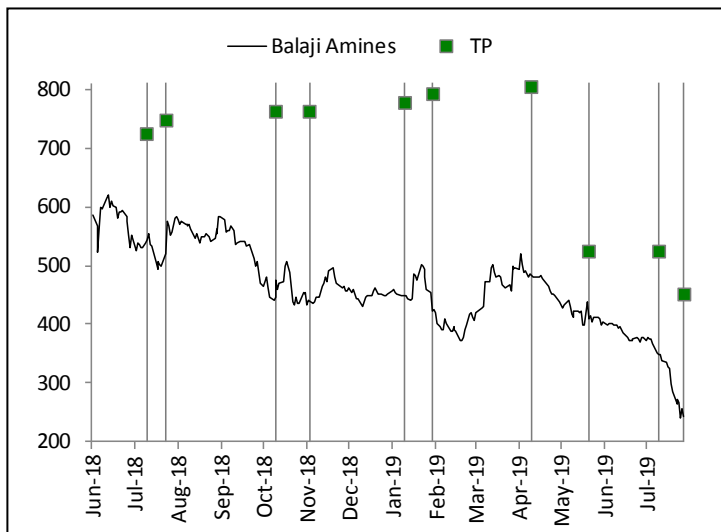
Source: Company, HDFC sec Inst Research

## Key Ratios (Consolidated)

	FY18	FY19	FY20E	FY21E	FY22E
<b>PROFITABILITY (%)</b>					
GPM	46.1	45.4	43.0	42.0	42.0
EBITDA Margin	22.0	20.5	18.3	18.7	18.7
EBIT Margin	19.8	18.4	15.9	16.2	15.9
APAT Margin	13.1	12.2	10.4	10.6	10.4
RoE	23.2	19.4	14.6	14.4	13.1
RoIC	35.5	28.9	21.8	21.8	19.1
RoCE	29.7	24.3	18.7	18.6	17.1
<b>EFFICIENCY</b>					
Tax Rate (%)	31.8	30.6	31.8	31.8	31.8
Asset Turnover (x)	2.7	2.9	1.9	1.6	1.4
Inventory (days)	38	43	43	43	43
Debtors (days)	73	73	73	73	73
Payables (days)	57	59	59	59	59
Cash Conversion Cycle (days)	54	57	57	57	57
Net Debt/EBITDA (x)	0.7	1.1	0.8	0.9	1.1
Net D/E	0.3	0.4	0.2	0.2	0.3
Interest Coverage	0.1	0.1	0.1	0.1	0.1
<b>PER SHARE DATA</b>					
EPS (Rs/sh)	34.8	35.4	30.6	34.5	35.5
CEPS (Rs/sh)	40.8	41.4	37.5	42.8	45.1
DPS (Rs/sh)	-	-	3.0	3.2	3.2
BV (Rs/sh)	149.7	182.7	209.6	240.3	271.9
<b>VALUATION</b>					
P/E	16.1	6.8	7.9	7.0	6.8
P/BV	1.6	1.3	1.2	1.0	0.9
EV/EBITDA	10.3	5.1	5.3	4.9	4.9
OCF/EV (%)	3.4	7.4	25.5	12.8	14.4
FCF/EV (%)	4.2	5.1	(8.3)	(2.0)	(2.3)
FCFE/MCAP (%)	9.9	14.4	(13.5)	(3.2)	(3.6)
Dividend Yield (%)	-	-	1.2	1.3	1.3

Source: Company, HDFC sec Inst Research

## RECOMMENDATION HISTORY



Date	CMP	Reco	Target
9-Jul-18	531	BUY	725
23-Jul-18	519	BUY	748
9-Oct-18	444	BUY	763
3-Nov-18	443	BUY	763
9-Jan-19	450	BUY	778
29-Jan-19	423	BUY	793
9-Apr-19	487	BUY	805
21-May-19	439	BUY	525
9-Jul-19	350	BUY	525
29-Jul-19	242	BUY	452

## 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

**Disclosure:**

We, **Nilesh Ghuge, MMS & Divya Singhal, CA**, 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 solely for information of the recipient only. The report must not be used as a singular basis of any investment decision. The views herein are of a general nature and do not consider the risk appetite or the particular circumstances of an individual investor; readers are requested to take professional advice before investing. Nothing in this document should be construed as investment advice. Each recipient of this document should make such investigations as they deem necessary to arrive at an independent evaluation of an investment in securities of the companies referred to in this document (including merits and risks) and should consult their own advisors to determine merits and risks of such investment. 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. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete. HSL is not obliged to update this report for such changes. HSL has the right to make changes and modifications at any time.

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 person in such country, especially, United States of America, the same should be ignored and brought to the attention of the sender. This document may not be reproduced, distributed or published in whole or in part, directly or indirectly, for any purposes or in any manner.

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.

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 should not be construed as an invitation or solicitation to do business with HSL. 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, BSE, MSEI, MCX: INZ000186937; AMFI Reg. No. ARN: 13549; PFRDA Reg. No. POP: 11092018; IRDA Corporate Agent License No.: CA0062; SEBI Research Analyst Reg. No.: INH000002475; SEBI Investment Adviser Reg. No.: INA000011538; CIN - U67120MH2000PLC152193**

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