

Subros

Margin at multi-quarter high

We upgrade Subros to BUY (ADD earlier) as the EBITDA margin surprised at 11.7% (vs 9.5% in FY20), led by higher localisation levels. The management highlights that the double-digit margin range is sustainable, driven by its cost-cutting initiatives and improving production levels. We believe that the parts supplier would benefit from a revival in passenger car volumes and the company's diversification initiatives. Subros is scaling up its presence in home ACs and railways segment (under the Make in India theme). We raise our FY22/23 estimates by ~19% to factor in improving margin outlook. We value the stock at 21x (in line with its average P/E multiple) and set a revised target price of Rs 310, based on Sep-22 EPS. Key risks: slower economic recovery in India, delayed scale-up in localisation levels.

- **2QFY21 financials – significant margin beat:** Revenue declined by 8% YoY to Rs 4.5bn (contribution from car AC segment was 82%, 13% from ECM and 5% from other segments). However, EBITDA margin at 11.7% expanded 280bps YoY, driven by higher localisation levels, favourable segmental mix and lower revenue from Home AC segment (Rs 50mn). The gross margin expanded 180bps YoY to 30.7% due to backward integration, increase in finished/semi-finished goods and product mix. Reported PAT at Rs 177mn grew 34% YoY.
- **Localisation levels are the key focus:** The company is reducing the import content and has achieved 75% localisation levels (including Indian design content). It is further indigenising production and has introduced VAVE initiatives for various components. The benefits of these initiatives were visible in the current quarter, and the management believes that the higher-margin band (10-12%) is sustainable.
- **Subros to benefit from the 'Make in India' theme:** The company is expanding in the home AC and railways segments. After the acquisition of Zamil in the previous year, it has a capacity of ~250k-300k units. The government has recently banned imports of ACs with refrigerants to promote domestic manufacturing. Subros has recently developed the condenser for outdoor units and is in the process of developing the complete outdoor unit and components for the indoor unit as well. The company is targeting sales of Rs 2-2.5bn (~10% of revenues) over the next 2-3 years from this segment. Similarly, for railway coaches, Subros expects a revenue of Rs 250-300mn under the Make in India theme.

Financial Summary

YE March (Rs mn)	2Q FY21	2Q FY20	YoY (%)	1Q FY21	QoQ (%)	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	4,581	4,965	(8)	738	521	21,245	19,928	16,198	18,844	22,303
EBITDA	535	441	21	(299)	(279)	2,282	1,890	1,440	2,016	2,476
APAT	177	132	34	(240)	(174)	785	563	332	797	1,132
Adj. EPS (Rs)	2.7	2.0	34	(3.7)	(174)	12.0	8.6	5.1	12.2	17.4
APAT Growth (%)						27.0	(28.2)	(41.1)	140.3	42.0
P/E (x)						21.4	29.8	50.6	21.0	14.8
RoE (%)						14.5	7.9	4.3	9.8	12.7

Source: Company, HSIE Research

BUY

CMP (as on 23 Oct 2020)	Rs 257
Target Price	Rs 310
NIFTY	11,930

KEY CHANGES	OLD	NEW
Rating	ADD	BUY
Price Target	Rs 260	Rs 310
	FY21E	FY22E
EPS %	73%	19%

KEY STOCK DATA

Bloomberg code	SUBR IN
No. of Shares (mn)	65
MCap (Rs bn) / (\$ mn)	17/228
6m avg traded value (Rs mn)	30
52 Week high / low	Rs 300/117

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	55.1	67.3	11.1
Relative (%)	48.4	39.6	6.9

SHAREHOLDING PATTERN (%)

	Jun-20	Sep-20
Promoters	36.8	36.8
FIs & Local MFs	8.3	9.5
FPIs	0.6	1.2
Public & Others	54.4	52.5

Pledged Shares

Source : BSE

Aditya Makharia

aditya.makharia@hdfcsec.com
+91-22-6171-7316

Mansi Lall

mansi.lall@hdfcsec.com
+91-22-6171-7357

Call and other takeaways

- **Margins:** Gross margin for the quarter expanded 180 bps YoY to 30.7% owing to backward integration, increase in finished/semi-finished goods and product mix. EBITDA margin expansion of 280bps YoY was driven by higher localisation levels, favourable product & segment mix and lower revenue from low margin Home AC segment (Rs 50mn).
- **Home AC segment:** The segment contribution fell to Rs 50mn in 2QFY21 revenues (vs. Rs 310mn in 2QFY20, Rs 930mn in FY20). Operations are now back to normal, post the government clearances (Subros has received regulatory approvals for the transfer of facilities). The volumes should ramp up over 2Q. Over the long term, management expects revenue of Rs 2bn from this segment. Subros is manufacturing the outdoor units and plans to produce the internal units as well, post the recent ban on Chinese imports.
- **Debt reduction:** Over past the quarter, the debt level has been reduced by Rs ~1bn. Further reduction of Rs 200-250mn is expected in the next quarter.
- **Railway:** During the lockdown period, most railway tenders were put on hold due to the participation of Chinese players. There remains an opportunity size of Rs 250-300mn once these tenders reopen due to preference for local players.
- The CV bus industry de-grew by 83% Sep-20 YTD, whereas Subros witnessed a lower decline of 46%. Management believes that the segment could take a few more quarters to reach optimum levels.
- **Capex plans:** The company will incur a Capex of Rs 500-600mn, of which Rs 250-300mn is for R&D. Incremental CAPEX of Rs 300-400mn can be incurred in case of new product launches.

Revenues grew sharply QoQ, led by a pick-up in car volumes. The outlook over 2H is expected to be positive as well.

Home AC segment contributed Rs 50mn to the 2QFY21 revenues vs Rs 310mn YoY. The company is working on plans for IDU and high tonnage ACs for commercial/industrial purpose

Raw material costs were lower due to backward integration, increase in finished/semi-finished goods and product mix

Other income is reduced due to settlement /reinstatement of foreign liabilities

Subros has maintained its market share of 44%

Revenues from Maruti Suzuki contributed ~Rs 4bn, which ~85% of total revenues. This is a growth of 5% YoY

Lockdown in Brazil affected exports of Renault Nissan

Quarterly Financial Snapshot

Particulars (Rs mn)	2Q FY21	2Q FY20	YoY (%)	1Q FY21	QoQ (%)	FY21 YTD	FY20 YTD	YoY (%)
Net sales (incl OOI)	4,581	4,965	(8)	738	521	5,319	10,687	(50)
Material Expenses	3,174	3,530	(10)	511	521	3,685	7,616	(52)
Employee Expenses	442	522	(15)	382	16	824	1,077	(24)
Other Operating Expenses	431	472	(9)	144	200	574	1,002	(43)
Total Expenditure	4,046	4,524	(11)	1,036	290	5,083	9,695	(48)
EBITDA	535	441	21	(299)	NA	236	992	(76)
Depreciation	238	226	5	193	23	431	441	(2)
EBIT	297	215	38	(492)	NA	(194)	551	NA
Other Income (Including EO Items)	38	67	(44)	10	263	48	503	(90)
Interest Cost	56	92	(39)	48	15	104	237	(56)
PBT	279	191	46	(529)	NA	(250)	818	NA
Tax	102	58	75	(289)	NA	(187)	268	NA
RPAT	177	132	34	(240)	NA	(63)	550	NA
EO (Loss)/Profit (Net Of Tax)	-	-	-	-	-	-	278	-
APAT	177	132	34	(240)	NA	(63)	272	NA
Adj EPS	2.7	2.0	34	(3.7)	NA	(1.0)	4.2	NA

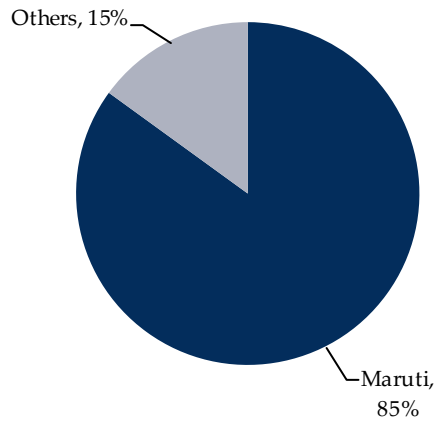
Source: Company, HSIE Research

Quarterly Performance Analysis

As % of sales	2Q FY21	2Q FY20	YoY (bps)	1Q FY21	QoQ (bps)	FY21 YTD	FY20 YTD	YoY (bps)
Material Expenses	69.3	71.1	(182)	69.2	4	69.3	71.3	(199)
Employee Expenses	9.6	10.5	(87)	51.8	(4,214)	15.5	10.1	541
Other Operating Expenses	9.4	9.5	(11)	19.5	(1,005)	10.8	9.4	142
Total Expenditure	88.3	91.1	(280)	140.5	(5,215)	95.6	90.7	484
EBITDA	11.7	8.9	280	(40.5)	NA	4.4	9.3	(484)
RPAT	3.9	2.7	120	(32.6)	NA	(1.2)	5.1	NA
APAT	3.9	2.7	120	(32.6)	NA	(1.2)	2.5	NA
Tax as % of PBT	36.5	30.6	593	54.6	NA	74.8	32.7	NA

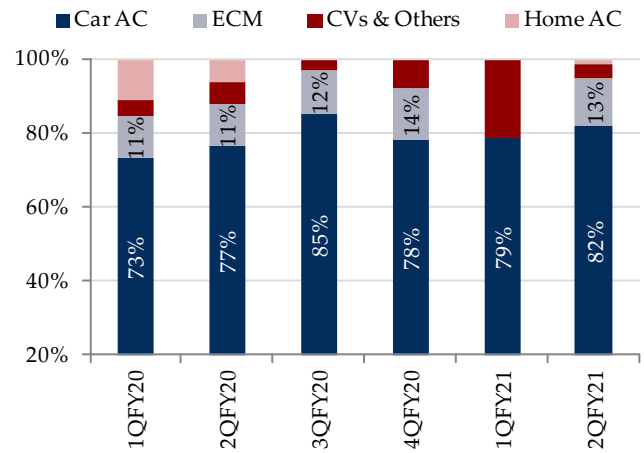
Source: Company, HSIE Research

Revenues from Maruti grew 5% YoY



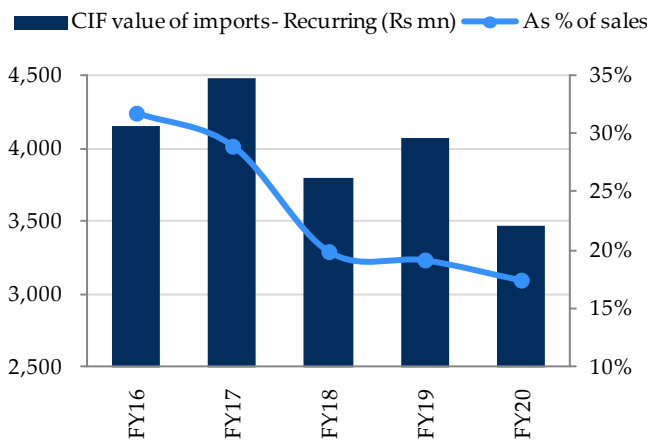
Source: Company, HSIE Research

Category-wise revenue mix (%)



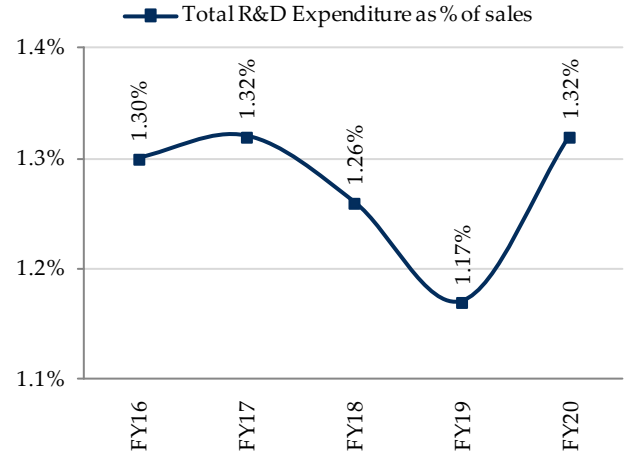
Source: Company, HSIE Research

Value of imports has been decreasing



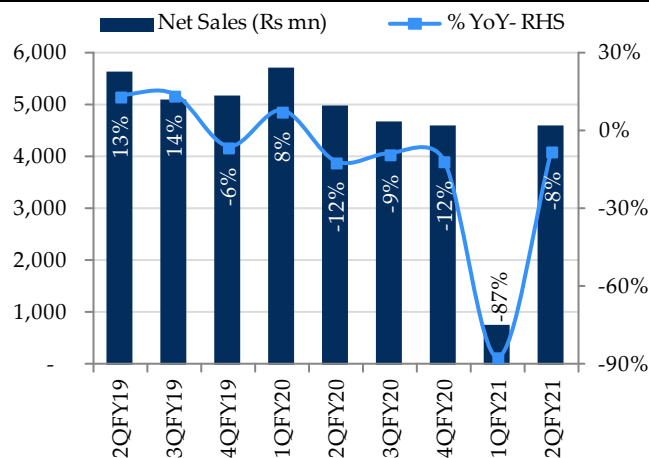
Source: Company, HSIE Research

R&D expenditure as % of sales



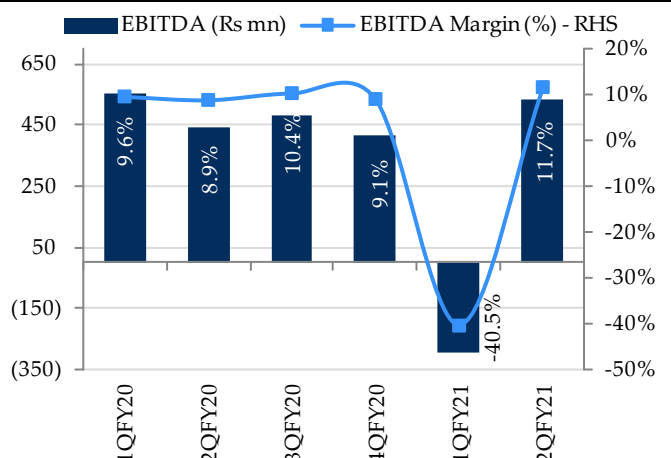
Source: Company, HSIE Research

Net revenues recovered on improved car sales



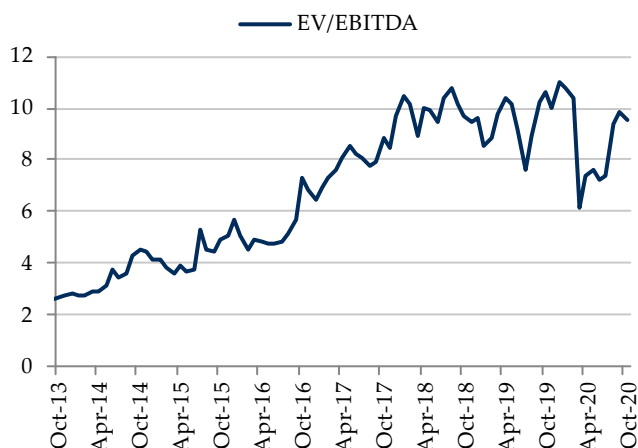
Source: Company, HSIE Research

EBITDA margin expanded due to localisation, product mix and lower revenue from Home AC segment



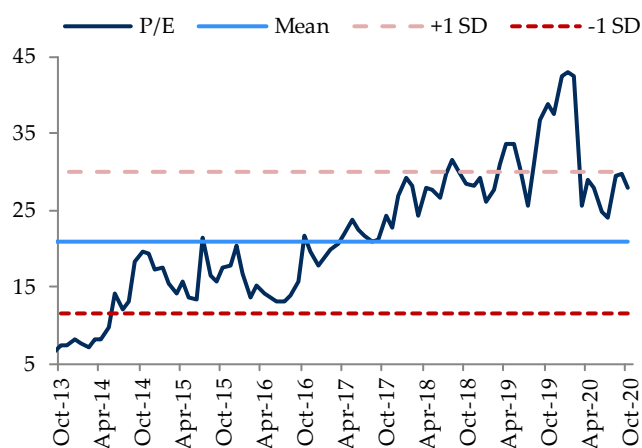
Source: Company, HSIE Research

1 year forward EV/EBITDA band chart



Source: Bloomberg, Company, HSIE Research

1 year forward P/E band chart



Source: Bloomberg, Company, HSIE Research

Key assumptions

Rs mn	FY18	FY19	FY20	FY21E	FY22E	FY23E
Revenue from AC Supply in PV	15,949	16,700	15,538	12,586	14,600	17,081
% YoY	10.3	4.7	(7.0)	(19.0)	16.0	17.0
Revenue from Other Verticals	3,180	4,545	4,390	3,613	4,244	5,222
% YoY	208.7	42.9	(3.4)	(17.7)	17.5	23.0
Total Revenue	19,129	21,245	19,928	16,198	18,844	22,303
% YoY	23.5	11.1	(6.2)	(18.7)	16.3	18.4

Source: Company, HSIE Research

Change in Estimates

	NEW			OLD			CHANGE (%)		
	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Net Revenue	16,198	18,844	22,303	16,478	19,532	23,403	(2)	(4)	(5)
EBITDA	1,440	2,016	2,476	1,203	1,856	2,293	20	9	8
EBITDA margin (%)	8.9	10.7	11.1	7.3	9.5	9.8	159 bps	120 bps	130 bps
PAT	332	797	1,132	192	669	960	73	19	18
EPS (Rs)	5.1	12.2	17.4	2.9	10.2	14.7	73	19	18

Source: HSIE Research

Peer set comparison

Company	Mcap (Rs bn)	CMP (Rs/sh)	Reco	TP (Rs)	Adj EPS (Rs/sh)			P/E (x)			RoE (%)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
Amara Raja	130	761	ADD	815	28.8	38.9	47.0	26.4	19.6	16.2	12.8	15.4	16.3
Endurance	146	1,039	BUY	1,260	27.4	40.8	49.2	38.0	25.4	21.1	12.2	16.2	17.0
Subros	17	257	BUY	310	5.1	12.2	17.4	50.6	21.0	14.8	4.3	9.8	12.7

Source: HSIE Research

Financials

Standalone Income Statement

(Rs mn)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Revenues	15,349	19,129	21,245	19,928	16,198	18,844	22,303
<i>Growth (%)</i>	<i>17.4</i>	<i>24.6</i>	<i>11.1</i>	<i>(6.2)</i>	<i>(18.7)</i>	<i>16.3</i>	<i>18.4</i>
Material Expenses	10,670	13,349	14,841	14,079	11,355	13,153	15,635
Employee Expenses	1,537	1,882	2,066	2,073	1,621	1,734	2,007
Other Operating Expenses	1,465	1,799	2,057	1,886	1,782	1,941	2,186
Total Expenses	13,672	17,030	18,963	18,038	14,758	16,828	19,828
EBITDA	1,678	2,099	2,282	1,890	1,440	2,016	2,476
<i>EBITDA Margin (%)</i>	<i>10.9</i>	<i>11.0</i>	<i>10.7</i>	<i>9.5</i>	<i>8.9</i>	<i>10.7</i>	<i>11.1</i>
<i>EBITDA Growth (%)</i>	<i>10.3</i>	<i>25.1</i>	<i>8.7</i>	<i>(17.2)</i>	<i>(23.8)</i>	<i>40.0</i>	<i>22.8</i>
Depreciation	879	920	788	903	901	936	968
EBIT	799	1,179	1,493	987	539	1,080	1,507
Other Income (Including EO Items)	(238)	56	70	613	124	144	158
Interest	479	412	422	363	214	168	156
PBT	82	822	1,141	1,237	448	1,056	1,510
Tax (Incl Deferred)	(52)	218	378	391	117	259	377
Minority Interest	-	-	-	-	-	-	-
RPAT	133	605	763	846	332	797	1,132
EO (Loss) / Profit (Net Of Tax)	(217)	(13)	(22)	282	-	-	-
APAT	351	618	785	563	332	797	1,132
<i>APAT Growth (%)</i>	<i>46.2</i>	<i>76.3</i>	<i>27.0</i>	<i>(28.2)</i>	<i>(41.1)</i>	<i>140.3</i>	<i>42.0</i>
Adjusted EPS (Rs)	5.8	10.3	12.0	8.6	5.1	12.2	17.4
<i>EPS Growth (%)</i>	<i>46.2</i>	<i>76.3</i>	<i>16.8</i>	<i>(28.2)</i>	<i>(41.1)</i>	<i>140.3</i>	<i>42.0</i>

Source: Company, HSIE Research

Standalone Balance Sheet

(Rs mn)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
SOURCES OF FUNDS							
Share Capital - Equity	120	120	130	130	130	130	130
Reserves	3,374	3,924	6,669	7,392	7,638	8,318	9,310
Total Shareholders Funds	3,494	4,044	6,799	7,523	7,769	8,449	9,440
Long Term Debt	1,584	1,526	574	315	315	315	315
Short Term Debt	1,707	1,628	1,303	912	860	843	826
Total Debt	3,291	3,154	1,878	1,227	1,175	1,158	1,141
Net Deferred Taxes	246	-	12	164	-	-	-
Other Non-current Liabilities	44	24	64	110	110	110	110
TOTAL SOURCES OF FUNDS	7,075	7,223	8,753	9,024	9,054	9,717	10,692
APPLICATION OF FUNDS							
Net Block	5,222	7,127	7,128	7,917	7,312	7,126	6,908
CWIP	1,241	469	633	397	535	535	535
Investments	25	16	16	18	18	18	18
Other Non-current Assets	587	508	454	141	155	170	187
Total Non-current Assets	7,075	8,119	8,230	8,472	8,020	7,849	7,648
Cash & Equivalents	83	200	904	909	1,049	1,784	2,825
Inventories	2,052	2,396	2,492	2,342	2,041	2,375	2,811
Debtors	1,302	1,614	1,673	1,893	1,509	1,755	2,078
Other Current Assets	984	642	504	269	296	325	358
Total Current Assets	4,421	4,852	5,574	5,413	4,895	6,239	8,071
Creditors	1,786	4,095	3,899	3,852	2,840	3,304	3,911
Other Current Liabilities & Provns	2,636	1,653	1,152	1,009	1,020	1,067	1,116
Total Current Liabilities	4,422	5,748	5,051	4,861	3,860	4,371	5,027
Net Current Assets	(1)	(896)	523	552	1,035	1,868	3,044
TOTAL APPLICATION OF FUNDS	7,074	7,223	8,753	9,024	9,054	9,717	10,692

Source: Company, HSIE Research

Standalone Cash Flow

(Rs mn)	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	82	822	1,141	1,237	448	1,056	1,510
Non-operating & EO Items	238	(56)	(70)	(613)	(124)	(144)	(158)
Interest Expenses	479	412	422	363	214	168	156
Depreciation	879	920	788	903	901	936	968
Working Capital Change	(12)	1,012	(715)	(24)	(343)	(98)	(135)
Tax Paid	3	(464)	(366)	(240)	(280)	(259)	(377)
OPERATING CASH FLOW (a)	1,669	2,647	1,201	1,626	816	1,659	1,963
Capex	(1,170)	(2,052)	(954)	(1,456)	(434)	(750)	(750)
Free Cash Flow (FCF)	499	595	247	170	382	909	1,213
Investments	(94)	68	94	358	(14)	(15)	(17)
Non-operating Income	(238)	56	70	613	124	144	158
INVESTING CASH FLOW (b)	(1,502)	(1,928)	(791)	(485)	(325)	(622)	(609)
Debt Issuance/(Repaid)	318	(136)	(1,277)	(650)	(52)	(17)	(17)
Interest Expenses	(479)	(412)	(422)	(363)	(214)	(168)	(156)
FCFE	338	47	(1,452)	(844)	116	724	1,041
Share Capital Issuance	101	25	2,094	(60)	0	0	(0)
Dividend	(94)	(79)	(102)	(63)	(86)	(117)	(141)
FINANCING CASH FLOW (c)	(154)	(603)	294	(1,136)	(352)	(302)	(314)
NET CASH FLOW (a+b+c)	13	117	704	5	140	735	1,041
Closing Cash & Equivalents	83	200	904	909	1,049	1,784	2,825

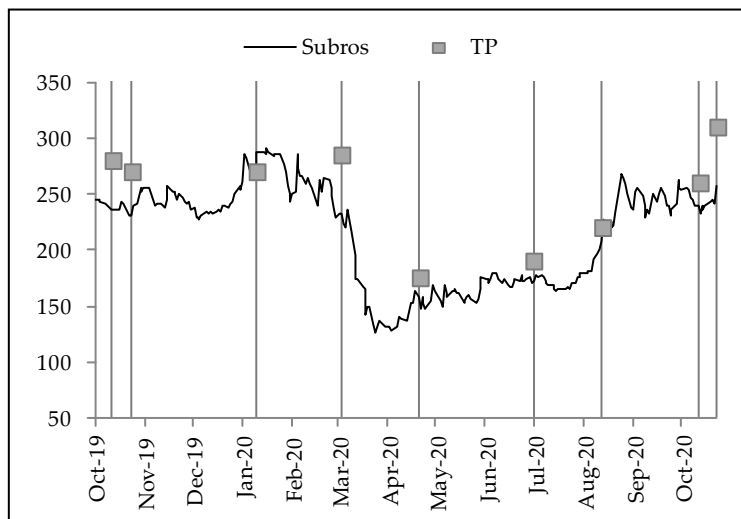
Source: Company, HSIE Research

Key Ratios

	FY17	FY18	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY (%)							
GPM	30.5	30.2	30.1	29.4	29.9	30.2	29.9
EBITDA Margin	10.9	11.0	10.7	9.5	8.9	10.7	11.1
EBIT Margin	5.2	6.2	7.0	5.0	3.3	5.7	6.8
APAT Margin	2.3	3.2	3.7	2.8	2.0	4.2	5.1
RoE	10.2	16.4	14.5	7.9	4.3	9.8	12.7
RoIC (or Core RoCE)	19.2	12.4	13.4	8.5	4.9	10.2	14.3
RoCE	18.9	12.9	13.4	9.1	5.4	9.8	12.2
EFFICIENCY							
Tax Rate (%)	(62.9)	26.5	33.2	31.6	26.0	24.5	25.0
Fixed Asset Turnover (x)	2.9	2.7	3.0	2.5	2.2	2.6	3.2
Inventory (days)	49	46	43	43	46	46	46
Debtors (days)	31	31	29	35	34	34	34
Other Current Assets (days)	23	12	9	5	7	6	6
Payables (days)	42	78	67	71	64	64	64
Other Current Liab & Provns (days)	63	32	20	18	23	21	18
Cash Conversion Cycle (days)	(2)	(21)	(7)	(7)	(0)	2	4
Debt/EBITDA (x)	1.9	1.4	0.4	0.2	0.1	(0.3)	(0.7)
Net D/E (x)	0.9	0.7	0.1	0.0	0.0	(0.1)	(0.2)
Interest Coverage (x)	1.7	2.9	3.5	2.7	2.5	6.4	9.7
PER SHARE DATA (Rs)							
EPS	5.8	10.3	12.0	8.6	5.1	12.2	17.4
CEPS	16.9	25.4	23.8	26.8	18.9	26.6	32.2
Dividend	1.3	1.1	1.3	0.8	1.1	1.5	1.8
Book Value	58.2	67.4	104.2	115.3	119.1	129.5	144.7
VALUATION							
P/E (x)	44.0	25.0	21.4	29.8	50.6	21.0	14.8
P/BV (x)	4.4	3.8	2.5	2.2	2.2	2.0	1.8
EV/EBITDA (x)	11.1	8.8	7.8	9.0	11.7	8.0	6.1
EV/Revenues (x)	1.2	1.0	0.8	0.9	1.0	0.9	0.7
OCF/EV (%)	9.0	14.4	6.8	9.5	4.8	10.3	13.0
FCF/EV (%)	2.7	3.2	1.4	1.0	2.3	5.6	8.0
FCFE/Mkt Cap (%)	2.0	0.3	(8.7)	(5.0)	0.7	4.3	6.2
Dividend Yield (%)	0.5	0.4	0.5	0.3	0.4	0.6	0.7

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
11-Oct-19	237	BUY	280
24-Oct-19	231	BUY	270
9-Jan-20	262	BUY	270
2-Mar-20	228	ADD	285
20-Apr-20	163	ADD	175
30-Jun-20	170	ADD	190
13-Aug-20	208	ADD	220
12-Oct-20	239	ADD	260
24-Oct-20	256	BUY	310

From 2nd March 2020, we have moved to new rating system

Rating Criteria

BUY: >+15% return potential

ADD: +5% to +15% return potential

REDUCE: -10% to +5% return potential

SELL: >10% Downside return potential

Disclosure:

We, **Aditya Makharia, CA & Mansi Lall, 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 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 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

HDFC securities**Institutional Equities**

Unit No. 1602, 16th Floor, Tower A, Peninsula Business Park,

Senapati Bapat Marg, Lower Parel, Mumbai - 400 013

Board: +91-22-6171-7330 www.hdfcsec.com