

On track performance

We maintain BUY on DBL, with a reduced TP of Rs 717/sh (vs. Rs 737/sh earlier). We retain our target EPC multiple at 12x FY21E EPS to factor a marginal cut in FY20 revenue estimates. We have revised our FY20/21 EPS estimates lower by 9.9/4.9% respectively.

HIGHLIGHTS OF THE QUARTER

- DBL reported 2QFY20 revenue of Rs 17.6bn (+8% YoY, in line). DBL has received Appointed Date for all but one of its HAM projects; the same is expected to be received during 3QFY20. DBL has marginally revised its revenue guidance to ~Rs 100bn (From 105bn earlier) to factor in further delay in the appointed date for this project.
- EBITDA: Rs 2.7bn (13% miss). EBITDA margins declined 207bps YoY to 15.3%. Early completion bonus of Rs 583mn for one HAM and EPC project was recognized in 2QFY20 (we have regrouped it in other income, hence reduced EBITDA margin); APAT: Rs 577mn was an 8% beat. Higher depreciation and interest impacted profits. 2QFY20 order book stood at Rs 209.2bn with Rs 29.8bn new order wins during 2QFY20. DBL maintained Rs 120-150bn of new inflows for FY20E and ~0.8x net D/E.

Financial Summary (Standalone)

YE March (Rs mn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY18	FY19	FY20E	FY21E
Net Revenues	17,559	16,237	8.1	22,500	(22.0)	76,153	90,586	1,02,361	1,07,479
EBIT	2,680	2,815	(4.8)	3,741	(28.4)	12,722	15,447	17,385	18,262
APAT	577	832	(30.7)	1,253	(54.0)	6,356	7,607	6,160	6,567
Diluted EPS (Rs)	4.2	6.1	(30.7)	9.2	(54.0)	46.5	55.6	45.0	48.0
P/E (x)						8.7	7.3	9.0	8.4
EV / EBITDA (x)						6.5	5.8	5.0	4.6
RoE (%)						29.5	26.9	17.5	15.8

Source: Company, HDFC sec Inst Research

- Net working capital deteriorated from 96 to 100days YoY. DBL has procured inventory and mobilized the site for under construction HAMs, where appointed dates are yet to come. About Rs 4.8bn of mobilization advances for HAM projects was received during 2QFY20 with Rs 1.5bn expected in 3QFY20; this shall alleviate NWC stress.
- DBL intends to reduce net D/E from 1.06x in FY19 to 0.8x by FY20E. This shall be achieved from a mix of HAM/EPC projects' advance receipt and marginal capex guidance for FY20E.

STANCE

DBL has established itself as strong executioner with a track record of securing early completion bonus for its projects, though it comes at a cost of inventory pile up and NWC stress in case of delays in Appointed Date. With all but one of its HAM projects awaiting AD, we expect an improvement in NWC situation. DBL has secured a deal for monetization of its HAM portfolio with Cube Highways, which may enable capital churning and help bid for new projects. We maintain BUY with a cautious approach on debt built up.

INDUSTRY	INFRASTRUCTURE
CMP (as on 15 Nov 2019)	Rs 398
Target Price	Rs 717

Nifty	11,895
Sensex	40,357

KEY STOCK DATA

Bloomberg	DBL IN
No. of Shares (mn)	137
MCap (Rs bn) / (\$ mn)	54/758
6m avg traded value (Rs mn)	187

STOCK PERFORMANCE (%)

52 Week high / low	Rs 735/312		
	3M	6M	12M
Absolute (%)	(0.5)	(15.9)	(19.1)
Relative (%)	(8.7)	(24.6)	(33.6)

SHAREHOLDING PATTERN (%)

	Jun-19	Sep-19
Promoters	75.63	75.00
FIs & Local MFs	5.00	5.57
FPIs	9.62	10.08
Public & Others	9.75	9.36
Pledged Shares	27.56	20.84

Source : BSE

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2QFY20 revenue includes a bonus component (Rs 534mn) received towards early completion of one HAM and one EPC project. We have re-classified is as part of other income

Adjusted EBIDTA margin is 15.3%

Revenue: Rs 17.6bn (+8% YoY, -22% QoQ, in line)

EBITDA: Rs 2.7bn (-5% YoY, -29% QoQ, 13% miss)

EBITDA Margin (adjusted for re-classification of other income): 15.3% (-207 YoY, -136bps QoQ)

APAT: Rs 577mn (-31% YoY, -54% QoQ, 8% miss)

Standalone Quarterly Financial (Rs mn)

Particulars	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	1HFY20	1HFY19	YoY (%)
Net Revenues	17,559	16,237	8.1	22,500	(22.0)	40,059	40,600	(1.3)
Material Expenses	13,979	12,464	12.2	17,983	(22.3)	31,962	31,546	1.3
Employee Expenses	494	408	21.1	434	14.0	928	799	16.1
Other Expenses	406	550	(26.1)	342	18.8	748	1,113	(32.8)
EBITDA	2,680	2,815	(4.8)	3,741	(28.4)	6,421	7,142	(10.1)
Depreciation	1,056	773	36.6	1,047	0.9	2,103	1,527	37.7
EBIT	1,624	2,042	(20.5)	2,694	(39.7)	4,318	5,614	(23.1)
Interest Cost	1,535	1,216	26.2	1,588	(3.4)	3,122	2,427	28.7
Other Income (Inc EO Items)	608	128	375.0	501	21.4	1,109	219	405.5
PBT	697	954	(26.9)	1,607	(56.6)	2,304	3,407	(32.4)
Tax	121	122	(1.2)	354	(66.0)	475	26	1740.5
RPAT	577	832	(30.7)	1,253	(54.0)	1,829	3,381	(45.9)
EO Items	-	-	-	-	-	-	-	-
APAT	577	832	(30.7)	1,253	(54.0)	1,829	3,381	(45.9)

Source: Company, HDFC sec Inst Research

Margin Analysis

MARGIN ANALYSIS	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)	1HFY20	1HFY19	YoY (%)
Material Expenses % Net Sales	79.6	76.8	284.7	79.9	(31.7)	79.8	77.7	208.8
Employee Expenses % Net Sales	2.8	2.5	30.2	1.9	88.8	2.3	2.0	34.7
Other Ope. Expenses % Net Sales	2.3	3.4	(107.4)	1.5	79.4	1.9	2.7	(87.4)
EBITDA Margin (%)	15.3	17.3	(207.4)	16.6	(136.4)	16.0	17.6	(156.1)
Tax Rate (%)	17.3	12.8	449.6	22.1	(476.8)	20.6	0.8	1,985.2
APAT Margin (%)	3.3	5.1	(184.0)	5.6	(228.2)	4.6	8.3	(376.2)

Source: Company, HDFC sec Inst Research

Roads now contribute ~70% of the order backlog with increased diversification across other sectors

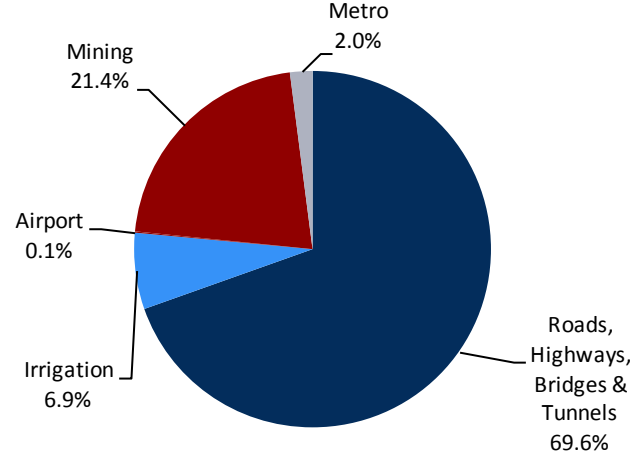
2QFY20 Order book is Rs 202.9bn with Rs 29.8bn new order wins during 2QFY20

18% of the order book is from MP (DBL's home state)

Orders from Karnataka constitute 23% of the order book while those from Maharashtra constitute 20%

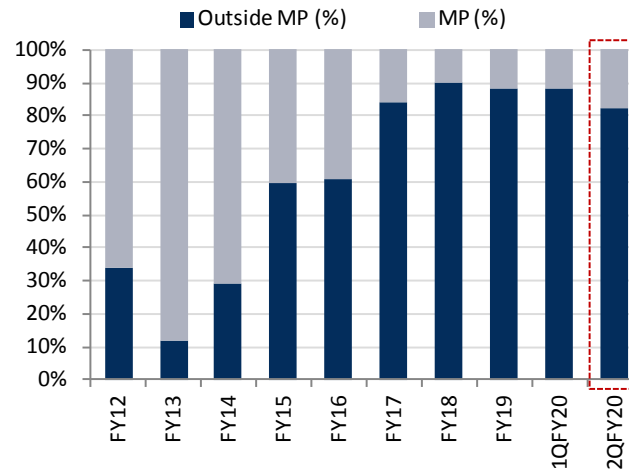
Central Government projects contribute 81% where as state projects contribute 19% to the order book

Order Book By Sector: 2QFY20 (%)



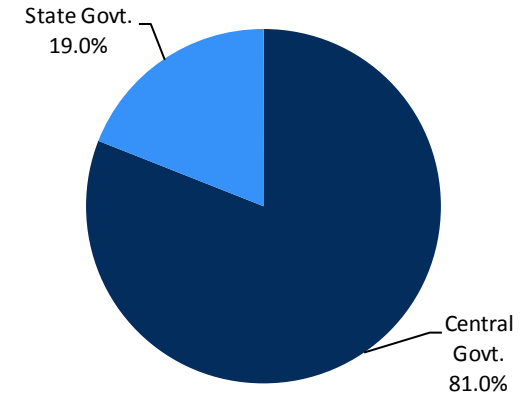
Source: Company, HDFC sec Inst Research

Share Of Orders Outside MP (%)



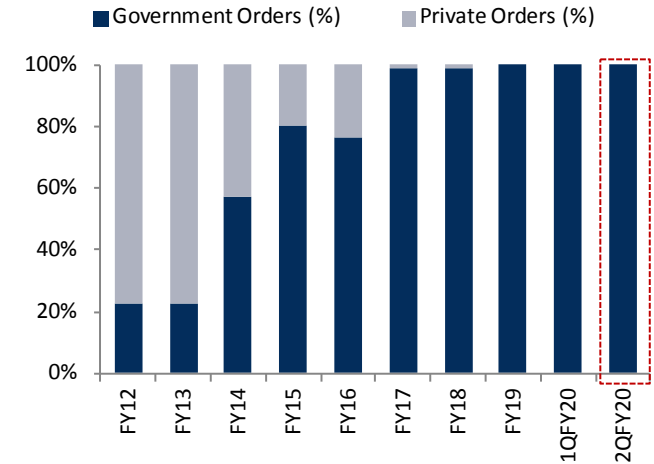
Source: Company, HDFC sec Inst Research

Order Book By Clientele: 2QFY20 (%)



Source: Company, HDFC sec Inst Research

Changing Composition Of Order Book (%)



Source: Company, HDFC sec Inst Research

NHAI has an order pipeline of Rs 600bn for FY20 of which Rs 350bn is to be bid out through HAM Mode. DBL bidding for HAM projects is contingent on it successfully churning its capital through monetization of existing under-construction portfolio

Expect EBIDTA margins to remain around 17%

An increase in NWC days is observed in 2QFY20 on account of inventory build-up due delay in Appointed Date for HAM projects. However, with only 1 project yet to receive Appointed Date as of 2QFY20, we expect improvement in NWC days

Key Assumptions & Estimates

Key Assumptions	FY20E	FY21E	Comments
Closing order book	2,01,242	2,13,213	
Order book growth (%)	(4.9)	5.9	
New order booking	91,886	1,19,451	Order booking to improve as NHAI awards picks pace. DBL is prioritizing EPC projects over HAM, hence order inflows target of Rs 120-150bn seems difficult
Book to bill ratio	2.0	2.0	
Total Revenue	1,02,361	1,07,479	8.9% revenue CAGR over FY19-21E
Growth (%)	13.0	5.0	Growth to be muted
EBIDTA	17,385	18,262	
EBIDTA margin (%)	17.0	17.0	Margins to remain stable
Depreciation	4,017	3,874	
Financial Charges	5,941	5,786	Expect finance cost to be stable as debt increase will be limited
Other Income (Including EO Items)	1,632	1,200	This includes early completion bonus
PBT	9,058	9,802	
PBT margin (%)	8.8	9.1	
Tax	2,899	3,235	
Tax rate (%)	32.0	33.0	Tax rate to revert to 33% in FY20-21E
APAT	6,160	6,567	
Net margin (%)	6.0	6.1	APAT margins to factor in higher tax rate
Gross Block Turnover	2.9	2.7	
NWC Days	121.7	122.0	
Cash flow from operations	12,654	13,250	Higher profitability coupled with tight control on NWC to drive robust cash flow generation
Capex	(1,500)	(3,500)	
Free cash flows	11,154	9,750	
Cash flow from investments	(4,630)	(3,770)	
Debt issuance	- 1,000.0	(2,000)	Debt to remain under control over FY20-21E
Cash flow from financing	(6,941)	(7,786)	
Total change in cash - a+b+c	1,083	1,694	

Source: HDFC sec Inst Research

We value standalone EPC business at Rs 576/share (12x one-year forward Standalone Mar-21E EPS)

Our 12x multiple factors in (1) Challenges in winning new orders due to the company prioritizing EPC projects over HAM and (2) Pending HAM equity requirement of Rs 7.6bn.

BOT assets at Rs 141/share (At 1x P/BV(x) of expected invested equity as at FY21E)

We arrive at a SOTP-based target price of Rs 717/share (vs. Rs 720/sh earlier)

We maintain BUY

Outlook and valuation

Maintain BUY – Reduce Target Price to Rs 717/Sh (vs Rs 720/sh earlier)

- **Valuation methodology:** We have valued DBL EPC business at 12x Mar-21E EPS. We have maintained our multiple to factor in (1) Challenges in winning new orders as company is prioritizing EPC projects over HAM and (2) Large pending HAM equity requirement of Rs 7.6bn in FY20.
- Our BUY stance is based on (1) Strong order book of Rs 202.9bn spread across Roads, Mining & Urban (2) Above-average EBIDTA margins ~17% (3) Regular early completion bonuses accretion (~Rs 2bn guided in the under execution projects for FY20E) and (4) Pan India presence.
- Further expansion in multiples is premised on robust execution and deleveraging from the current level. The company has guided for a D/E of 0.8-0.85x for FY20 from 0.95x as of 2QFY20
- Investments in the Roads, Mining, Irrigation and Urban infra sectors would continue to drive the stock's performance. DBL, with strong credentials, is likely to benefit from the pick-up in ordering activity.
- We value standalone EPC business at Rs 576/sh (12x Mar-21E EPS), and BOT assets at Rs 141/share (At 1x P/BV(x) of expected invested equity as at FY21E). We arrive at a SOTP-based target price of Rs 717/share (vs. Rs 720/sh earlier). We maintain BUY.

SOTP Valuation

Particulars	Segments	Value (Rs mn)	Value per share (Rs)	Rationale
Standalone	Core construction business	78,807	576	At 12x Mar-21E EPS at ~33% discount to peers viz. KNR, PNC etc.
Equity Investments	HAM Investments	19,247	141	At 1x P/BV(x) of expected invested equity as at FY21E
Total		98,055	717	

Source: HDFC sec Inst Research

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
Ahluwalia Contracts	19.2	286	BUY	388	17.5	18.3	25.0	15.6	15.0	10.9	7.8	7.4	5.2	17.3	16.9	17.2
Ashoka EPC	26.9	96	BUY	220	11.5	10.5	12.4	2.1	2.3	2.0	2.8	2.5	2.2	15.5	12.6	13.2
Dilip Buildcon	54.4	398	BUY	717	55.6	50.0	50.5	5.1	5.7	5.6	4.5	4.0	3.8	26.9	19.3	16.4
IRB EPC	25.3	72	BUY	172	14.8	15.7	19.4	(1.6)	(1.5)	(1.2)	1.0	0.5	0.4	18.7	16.5	17.0
ITD Cementation	9.6	56	BUY	78	4.8	5.9	6.5	11.7	9.6	8.6	4.4	4.0	3.6	8.0	9.4	9.5
JKIL	10.8	158	BUY	258	23.4	27.5	32.3	6.8	5.7	4.9	3.9	3.3	2.9	11.1	11.9	12.7
KNR Constructions	34.6	246	BUY	375	12.3	14.1	17.5	15.1	13.2	10.6	6.7	6.6	5.2	13.5	13.0	13.7
NCC	33.0	55	BUY	127	10.4	5.9	7.9	4.5	8.0	5.9	3.2	4.4	3.4	13.8	7.2	8.9
PNC Infratech	46.9	183	BUY	339	9.1	13.6	15.8	14.2	9.5	8.1	7.8	5.6	4.7	11.9	15.3	15.4
Sadbhav Engineering	21.2	123	BUY	269	10.9	10.3	14.2	6.0	6.4	4.6	6.2	4.2	3.9	9.2	8.1	10.1
PSP Projects	19.0	529	NEU	590	25.1	33.1	39.4	21.1	16.0	13.4	11.5	9.8	8.1	26.8	28.3	26.9
JMC Projects	18.0	107	BUY	175	641.4	7.3	10.0	0.2	14.7	10.7	15.6	11.2	10.4	10.8	12.9	12.1
HG Infra	15.8	242	BUY	441	19.0	29.6	33.2	10.5	6.8	6.0	5.5	4.2	3.6	20.6	25.6	22.7
Average								9.1	8.8	7.0	6.2	5.2	4.3	15.2	14.8	15.1

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

Change in Estimate

Rs mn	FY20E New	FY20E Old	% Change	FY21E New	FY21E Old	% Change
Revenues	1,02,361	1,05,323	(2.8)	1,07,479	1,10,589	(2.8)
EBIDTA	17,385	18,306	(5.0)	18,262	19,034	(4.1)
EBIDTA Margins (%)	17.0	17.4	(2.4)	17.0	17.2	(1.2)
APAT	6,160	6,840	(9.9)	6,567	6,909	(4.9)
Adj. EPS (INR)	45.0	50	(9.9)	48.0	50.5	(4.9)

Source: HDFC sec Inst Research

We have revised our FY20-21E numbers to factor in change in growth estimates for FY20 and increased tax rate from FY20 onwards

This has resulted in 9.9/4.9% cut in FY20/21E EPS

Income Statement (Standalone)

Y/E-Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Net Revenues	49,916	76,153	90,586	1,02,361	1,07,479
Growth (%)	24.2	52.6	19.0	13.0	5.0
Material Expenses	37,930	60,079	71,340	80,677	84,381
Employee Expenses	1,025	1,524	1,774	2,047	2,365
Other Expenses	2,099	1,827	2,025	2,252	2,472
EBIDTA	8,863	12,722	15,447	17,385	18,262
EBIDTA (%)	17.8	16.7	17.1	17.0	17.0
EBIDTA Growth (%)	21.1	43.5	21.4	12.5	5.0
Depreciation	2,274	2,750	3,202	4,017	3,874
EBIT	6,589	9,973	12,245	13,367	14,388
Other Income (Incl EO Items+bonus)	1,175	1,309	1,103	1,632	1,200
Interest	4,162	4,644	5,299	5,941	5,786
PBT	3,601	6,637	8,050	9,058	9,802
Tax	(9)	434	400	2,899	3,235
RPAT	3,610	6,204	7,650	6,160	6,567
EO (Loss) / Profit (Net Of Tax)	2	152	(43)	-	-
APAT	3,612	6,356	7,607	6,160	6,567
APAT Growth (%)	63.8	76.0	19.7	(19.0)	6.6
Adj. EPS	26.4	46.5	55.6	45.0	48.0
Adj. EPS Growth (%)	63.8	76.0	19.7	(19.0)	6.6

Source: Company, HDFC sec Inst Research

Balance Sheet (Standalone)

Y/E-Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
SOURCES OF FUNDS					
Share Capital	1,368	1,368	1,368	1,368	1,368
Reserves	17,161	23,203	30,677	36,836	43,403
Total Shareholders Funds	18,529	24,570	32,044	38,204	44,771
Long Term Debt	9,903	12,133	15,211	15,211	15,211
Short Term Debt	15,731	17,280	20,552	19,552	17,552
Total Debt	25,634	29,413	35,763	34,763	32,763
Deferred Taxes	759	1,067	171	171	171
Other Non Current Liabilities	4,158	4,618	9,651	11,581	13,897
TOTAL SOURCES OF FUNDS	49,080	59,669	77,630	84,720	91,604
APPLICATION OF FUNDS					
Net Block	16,825	18,319	20,822	18,305	17,931
Investments	6,808	8,230	13,015	17,777	19,247
Other Non Current Assets	4,707	8,432	10,491	11,540	13,848
Total Non-current Assets	28,340	34,981	44,329	47,623	51,027
Inventories	16,639	20,262	25,038	27,203	28,563
Debtors	10,165	13,845	14,093	16,266	17,374
Cash & Equivalents	1,137	1,613	1,888	2,971	4,666
Loans & Advances	2,479	2,327	4,467	4,487	4,711
Other Current Assets	7,734	11,437	16,494	19,070	20,023
Total Current Assets	38,153	49,484	61,980	69,997	75,337
Creditors	8,886	15,078	17,241	20,516	21,337
Other Current Liabilities	8,223	9,483	11,316	12,256	13,289
Short Term Provisions	304	100	122	128	134
Total Current Liabilities & Provns	17,413	24,660	28,679	32,900	34,760
Net Current Assets	20,740	24,824	33,301	37,097	40,577
TOTAL APPLICATION OF FUNDS	49,080	59,669	77,630	84,720	91,604

Source: Company, HDFC sec Inst Research

Cash Flow (Standalone)

Y/E-Mar (Rs mn)	FY17	FY18	FY19	FY20E	FY21E
Reported PBT	3,601	6,637	8,050	9,058	9,802
Non-operating & EO items	302	(226)	828	(1,632)	(1,200)
Interest expenses	4,162	4,644	5,299	5,941	5,786
Depreciation	2,274	2,750	3,202	4,017	3,874
Working Capital Change	(2,966)	(8,110)	(6,196)	(1,832)	(1,777)
Taxes	(835)	(1,504)	(1,604)	(2,899)	(3,235)
OPERATING CASH FLOW (a)	6,537	4,192	9,579	12,654	13,250
Capex	(4,884)	(4,242)	(5,704)	(1,500)	(3,500)
<i>Free cash flow (FCF)</i>	<i>1,653</i>	<i>(50)</i>	<i>3,875</i>	<i>11,154</i>	<i>9,750</i>
Investments	(1,797)	(442)	(2,662)	(4,762)	(1,470)
Other Income + E.O Items	90	125	216	1,632	1,200
INVESTING CASH FLOW (b)	(6,592)	(4,559)	(8,150)	(4,630)	(3,770)
Share capital Issuance	4,300	-	-	-	-
Debt Issuance	(5)	5,650	4,306	(1,000)	(2,000)
Interest expenses	(4,162)	(4,641)	(5,299)	(5,941)	(5,786)
<i>FCFE</i>	<i>(2,515)</i>	<i>959</i>	<i>2,882</i>	<i>4,213</i>	<i>1,964</i>
Dividend	(0)	(165)	(161)		
FINANCING CASH FLOW (c)	132	844	(1,154)	(6,941)	(7,786)
NET CASH FLOW (a+b+c)	78	477	275	1,083	1,694
Non-operating and EO items		-	(0)		
Closing Cash & Equivalents	1,137	1,613	1,888.0	2,971	4,666

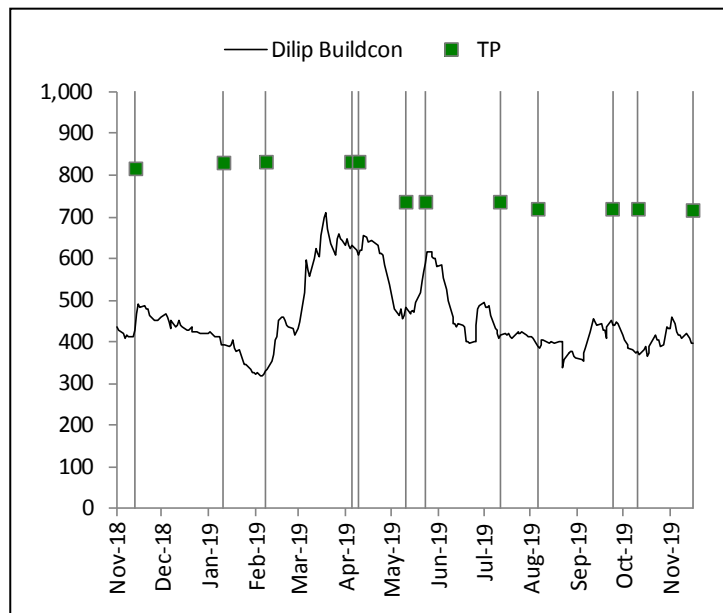
Source: Company, HDFC sec Inst Research

Key Ratios (Standalone)

	FY17	FY18	FY19	FY20E	FY21E
PROFITABILITY (%)					
GPM	24.0	21.1	21.2	21.2	21.5
EBITDA Margin	17.8	16.7	17.1	17.0	17.0
EBIT Margin	13.2	13.1	13.5	13.1	13.4
APAT Margin	7.2	8.3	8.4	6.0	6.1
RoE	24.8	29.5	26.9	17.5	15.8
Core RoCE	18.1	20.5	20.7	14.3	14.6
RoCE	18.2	19.7	18.4	12.6	11.8
EFFICIENCY					
Tax Rate (%)	(0)	7	5	32	33
Asset Turnover (x)	2.1	2.7	2.7	2.9	2.7
<i>Inventory (days)</i>	<i>122</i>	<i>97</i>	<i>101</i>	<i>97</i>	<i>97</i>
<i>Debtors (days)</i>	<i>74</i>	<i>66</i>	<i>57</i>	<i>58</i>	<i>59</i>
<i>Loans & Advances (days)</i>	<i>18</i>	<i>11</i>	<i>18</i>	<i>16</i>	<i>16</i>
<i>Other Current Assets (days)</i>	<i>57</i>	<i>55</i>	<i>66</i>	<i>68</i>	<i>68</i>
<i>Payables (days)</i>	<i>65</i>	<i>72</i>	<i>69</i>	<i>73</i>	<i>72</i>
<i>Other Current Liabilities & Provns (days)</i>	<i>62</i>	<i>46</i>	<i>46</i>	<i>44</i>	<i>46</i>
<i>NWC Cycle (days)</i>	<i>143</i>	<i>111</i>	<i>127</i>	<i>122</i>	<i>122</i>
Debt/EBITDA (x)	2.9	2.3	2.3	2.0	1.8
Net D/E	1.3	1.1	1.1	0.8	0.6
Interest Coverage	1.6	2.1	2.3	2.2	2.5
PER SHARE DATA	2.8	2.2	2.2	1.8	1.5
EPS (Rs/sh)	26.4	46.5	55.6	45.0	48.0
CEPS (Rs/sh)	43.0	66.6	79.0	74.4	76.3
DPS (Rs/sh)	1.0	1.0	1.0	1.0	1.0
BV (Rs/sh)	135.5	179.6	234.3	279.3	327.3
VALUATION					
P/E	15.3	8.7	7.3	9.0	8.4
P/BV	3.0	2.2	1.7	1.4	1.2
EV/EBITDA	9.0	6.5	5.8	5.0	4.6
EV/Net Revenues	1.6	1.1	1.0	0.9	0.8
OCF/EV (%)	8.2	5.0	10.7	14.5	15.9
FCF/EV (%)	2.1	(0.1)	4.3	12.8	11.7
FCFE/Market Cap (%)	(4.6)	1.7	5.2	7.6	3.6
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
14-Nov-18	427	BUY	817
10-Jan-19	393	BUY	831
9-Feb-19	335	BUY	833
8-Apr-19	630	BUY	833
9-Apr-19	608	BUY	833
11-May-19	485	BUY	737
23-May-19	569	BUY	737
11-Jul-19	410	BUY	737
6-Aug-19	390	BUY	720
22-Sep-19	437	BUY	720
10-Oct-19	376	BUY	720
15-Nov-19	398	BUY	717

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, **Parikshit 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.

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