

Indraprastha Gas

BUY

The rise and rise of IGL

We maintain BUY on IGL following its stellar performance in 2QFY20. Our target price is Rs 480/sh (25x Sep-21E standalone EPS and 23x Sep-21E MNGL and CUGL).

HIGHLIGHTS OF THE QUARTER

- IGL's total volume was up 11.6/+5.2% YoY/QoQ to 6.58mmcmd (in line with est 6.5) primarily led by CNG volume growth of 11.6/5.7% YoY/QoQ and came to 4.92mmcmd. PNG volumes (25.1% of total vol) were at 1.65mmcmd, +11.8/+3.7% YoY/QoQ. We expect volume to grow at ~11% CAGR over FY19-22E backed by (1) Benign domestic and imported LNG prices, (2) Growth in CNG outlets, (3) Expansion in new GAs.
- Per unit EBITDA margins were 14.2% higher YoY at Rs 6.49/scm. This is consequential to 2.9% YoY appreciation in INR and more than adequate price hike taken for CNG (Net realisation up by Rs 2.5/scm vs increase in RMC by Rs 1/scm). We expect margins to remain >Rs 6.2/scm for FY20-22 given the pricing power that IGL now commands!

Financial Summary (Standalone)

Year Ending March (Rs bn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	FY19	FY20E	FY21E	FY22E
Net Sales	16.92	14.22	19.1	15.76	7.4	57.65	65.47	75.66	83.32
EBITDA	3.93	3.08	27.5	3.58	9.5	12.57	15.17	16.45	18.27
APAT	3.09	1.87	64.9	2.18	41.4	7.89	10.83	11.78	13.18
Diluted AEPS (Rs)	4.4	2.7	64.9	3.1	41.4	11.2	15.5	16.7	18.7
P/E (x)						35.0	24.0	23.5	21.0
EV / EBITDA (x)						20.4	16.8	15.6	14.1
RoE (%)						20.6	24.1	22.4	21.7

Source: Company, HDFC sec Inst Research

- IGL has planned to incur Rs 10bn on capex in FY20, broken down into (1) Rs 7bn for its existing area, (2) Rs 3bn to expand new GAs. So far, Rs 5bn have been spent. Capex will rise to Rs 13bn in FY21, of which Rs 6bn will be incurred in new GAs.
- IGL opted for the lower tax rate of 25.2% for FY20 vs 34.4% in FY19. Resultantly, there is a net tax receivable in Q2 of Rs 133mn. We adjusted the RPAT (Rs 3.81bn) for the deferred tax availed in the quarter, i.e. Rs 721mn to arrive at an APAT of Rs 3.09mn.
- Key Monitorable:** Volume growth from Rewari/Karnal.

STANCE

We expect a volume growth of 11% YoY over FY19-22E. The robustness of business enables the company to maintain stable per unit EBITDA spread >Rs 6.2/scm. The company will remain a net cash one as OCF of Rs 26.56bn suffices Rs 22-23bn capex over FY20-21. The company generates OCF yield of almost 5% and RoIC of ~30% over FY21/22E. Valuations are contextually moderate at 21.0x FY22E EPS.

INDUSTRY	OIL & GAS
CMP (as on 7 Nov 19)	Rs 393
Target Price	Rs 480
Nifty	12,012
Sensex	40,654
KEY STOCK DATA	
Bloomberg	IGL IN
No. of Shares (mn)	700
MCap (Rs bn) / (\$ mn)	275/3,879
6m avg traded value (Rs mn)	626
STOCK PERFORMANCE (%)	
52 Week high / low	Rs 396/241
	3M 6M 12M
Absolute (%)	26.7 27.3 43.1
Relative (%)	15.9 21.1 27.7
SHAREHOLDING PATTERN (%)	
	Jun-19 Sep-19
Promoters	45.00 45.00
FIs & Local MFs	16.71 15.88
FPIs	22.82 23.83
Public & Others	16.47 15.29
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

EBITDA has jumped 27.5%YoY primarily owing to YoY increase in (1) Blended volume by 11.6%, and (2) Per unit EBITDA margins by 14.2%

IGL has planned to incur Rs 10bn on capex in FY20, broken down into (1) Rs 7bn for its existing area, (2) Rs 3bn to expand new GAs. So far, Rs 5bn have been spent. Capex will rise to Rs 13bn in FY21, of which Rs 6bn will be incurred in new GAs

Quarterly Financials Snapshot

(Rs bn)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	1HFY20	1HFY19	YoY (%)
Net Sales	16.92	14.22	19.1	15.76	7.4	32.69	27.09	20.7
Material Expenses	9.91	8.42	17.6	9.22	7.5	19.12	15.84	20.7
Employee Expenses	0.36	0.30	20.8	0.37	(0.8)	0.73	0.61	19.3
Other Operating Expenses	2.73	2.41	13.3	2.59	5.3	5.32	4.60	15.6
EBITDA	3.93	3.08	27.5	3.58	9.5	7.51	6.03	24.5
Depreciation	0.62	0.50	23.5	0.60	2.8	1.23	0.98	25.7
EBIT	3.31	2.58	28.2	2.98	10.9	6.28	5.06	24.3
Other Income (Including EO Items)	0.39	0.33	17.5	0.35	10.1	0.74	0.59	25.2
Interest Cost	0.02	0.01	223.2	0.02	11.0	0.03	0.01	207.1
PBT	3.68	2.90	26.6	3.32	10.8	6.99	5.64	24.1
Tax	-0.13	1.03	(112.9)	1.13	(111.8)	1.00	2.01	(50.1)
RPAT	3.81	1.87	103.4	2.18	74.5	5.99	3.63	65.0
EO (Loss) / Profit (Net Of Tax)	0.72	-	NA	-	NA	0.72	-	NA
APAT	3.09	1.87	64.9	2.18	41.4	5.27	3.63	45.2
REPS (Rs)	5.44	2.68	103.4	3.12	74.5	8.56	5.19	65.0
Adjusted EPS (Rs)	4.41	2.68	64.9	3.12	41.4	7.53	5.19	45.2

Source: Company, HDFC sec Inst Research

Margin Analysis

	2QFY20	2QFY19	YoY (bps)	1QFY20	QoQ (bps)	1HFY20	1HFY19	YoY (bps)
Raw material as % of Net Sales	58.52	59.27	(74.1)	58.48	4.6	58.50	58.48	2.0
Employee Expenses as % of Net Sales	2.15	2.12	3.2	2.33	(17.8)	2.23	2.26	(2.5)
Other Operating Expenses as % of Net Sales	16.13	16.95	(82.2)	16.45	(32.4)	16.28	17.00	(71.3)
EBITDA Margin (%)	23.20	21.67	153.2	22.74	45.6	22.98	22.26	71.7
Net Profit Margin (%)	18.25	13.17	507.4	13.85	439.5	16.13	13.41	272.3
Tax Rate (%)	16.0	35.5	(1,950.1)	34.2	(1,819.1)	14.3	35.6	(2,127.6)

Source: Company, HDFC sec Inst Research

Per unit EBITDA margins were 14.2% higher YoY at Rs 6.49/scm. This is consequential to 2.9% YoY appreciation in INR and more than adequate price hike taken for CNG (Net realisation up by Rs 2.5/scm vs increase in RMC by Rs 1/scm).

We expect volume to grow at ~11% CAGR over FY19-22E backed by (1) Benign domestic and imported LNG prices, (2) Growth in CNG outlets, (3) Expansion in new GAs

Quarterly Operational Data

Volume (mmscmd)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	1HFY20	1HFY19	YoY (%)
CNG	4.92	4.41	11.6	4.66	5.7	9.53	8.50	12.1
Domestic PNG	0.36	0.29	22.2	0.34	5.3	0.70	0.59	18.5
Industrial/Comm PNG	0.79	0.70	14.1	0.75	6.2	1.53	1.33	15.6
Trading	0.50	0.49	2.2	0.51	(1.1)	1.00	0.97	3.4
Blended Volume	6.58	5.89	11.6	6.25	5.2	12.76	11.38	12.1
Margins (Rs/scm)	2QFY20	2QFY19	YoY (%)	1QFY20	QoQ (%)	1HFY20	1HFY19	YoY (%)
Realisation	27.97	26.23	6.7	27.70	1.0	27.84	25.86	7.6
Gross Spread	11.60	10.68	8.6	11.50	0.9	11.55	10.74	7.5
Opex	5.11	5.00	2.2	5.20	(1.7)	5.16	4.98	3.5
EBITDA Spreads	6.49	5.68	14.2	6.30	3.0	6.39	5.76	11.0
APAT	5.11	3.46	47.7	3.84	33.0	4.47	3.47	28.9
Cost of gas	16.37	15.54	5.3	16.20	1.1	16.29	15.12	7.7

Source: Company, HDFC sec Inst Research

Change In Estimates

	Unit	FY20E			FY21E		
		Old	New	Ch %	Old	New	Ch %
Volumes							
CNG	mmscmd	4.9	4.9	0.6	5.3	5.3	-
PNG	mmscmd	1.7	1.7	(0.5)	1.9	1.9	-
Exchange Rate	Rs/USD	68.4	68.4	-	68.4	68.4	-
Revenues	Rs bn	63.21	65.47	3.6	73.63	75.66	2.8
EBITDA	Rs bn	13.61	15.17	11.5	14.71	16.45	11.8
APAT	Rs bn	9.59	10.83	13.0	10.44	11.78	12.8
AEPS	Rs/sh	13.60	15.47	13.8	14.82	16.73	12.9

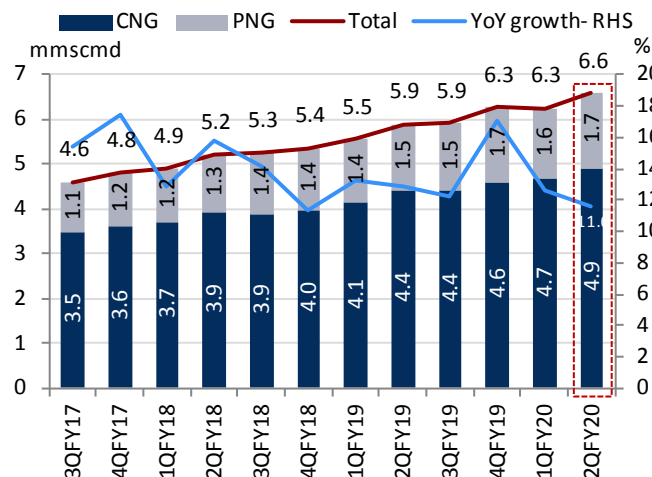
Source: HDFC sec Inst Research

In 1HFY20, IGL has added 13 CNG stations taking the count to 513 stations. It further plans to add 50 more stations in 2HFY20

Higher indirect taxes on Diesel and Petrol and guaranteed supply of domestic gas for CNG and Domestic PNG should provide an adequate cushion and pricing power for IGL to maintain its EBITDA margins >Rs 6.2/scm

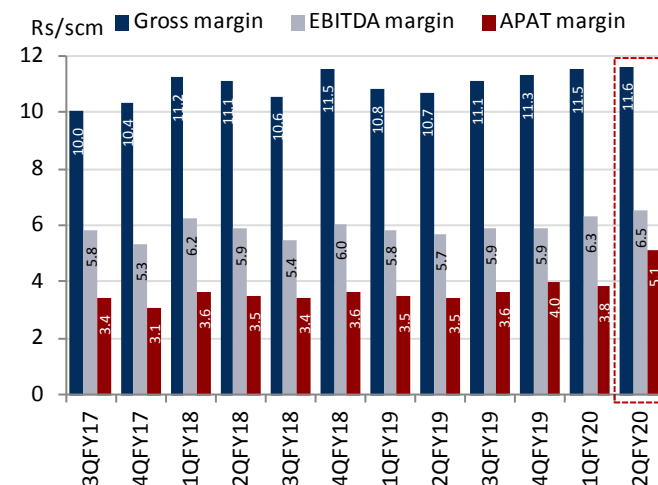
Overall volumes to grow by ~10.9% CAGR over FY19-22E

Volume Trend



Source: Company, HDFC sec Inst Research

Per Unit Margins Trend



Source: Company, HDFC sec Inst Research

Assumptions

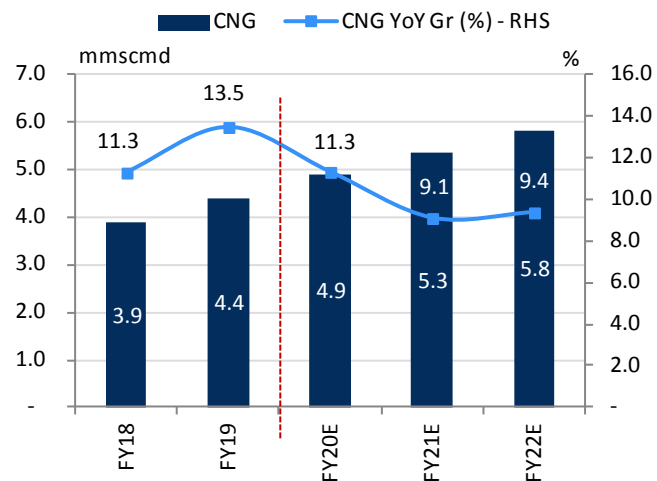
Particulars	FY17	FY18	FY19	FY20E	FY21E	FY22E
Total Volumes (mmscmd)	4.6	5.2	5.9	6.6	7.3	8.0
CNG	3.5	3.9	4.4	4.9	5.3	5.8
PNG	1.1	1.3	1.5	1.67	1.95	2.21
Total Volumes growth YoY (%)	15.0	12.8	13.9	11.1	10.9	10.5
CNG	13.5	11.3	13.5	11.3	9.1	9.4
PNG	20.0	17.7	15.2	10.7	16.3	13.6
Gross margin (Rs/scm)	10.3	11.1	11.0	11.6	11.6	11.6
EBITDA margin (Rs/scm)	5.8	5.9	5.8	6.3	6.2	6.2
APAT (Rs/scm)	3.4	3.5	3.7	4.5	4.4	4.5
Exchange Rate (Rs/USD)	67.1	64.5	69.9	68.4	68.4	68.4

Source: Company, HDFC Sec Inst Research

CNG volumes to grow at ~10% CAGR over FY19-22E

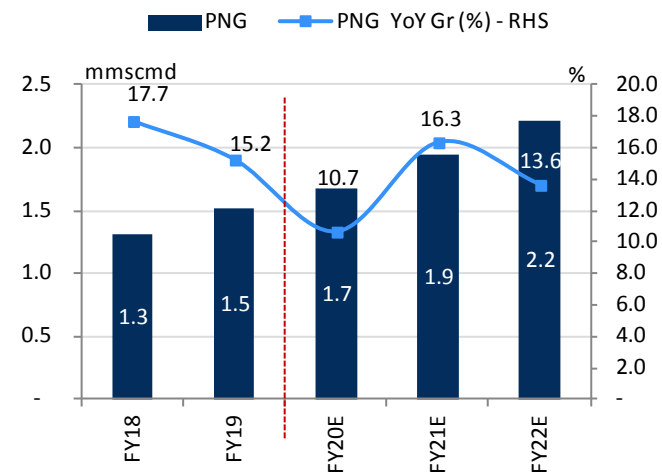
PNG volumes to grow at ~13.5% CAGR over FY19-22E as new areas have high PNG potential

Annual CNG Volume Growth



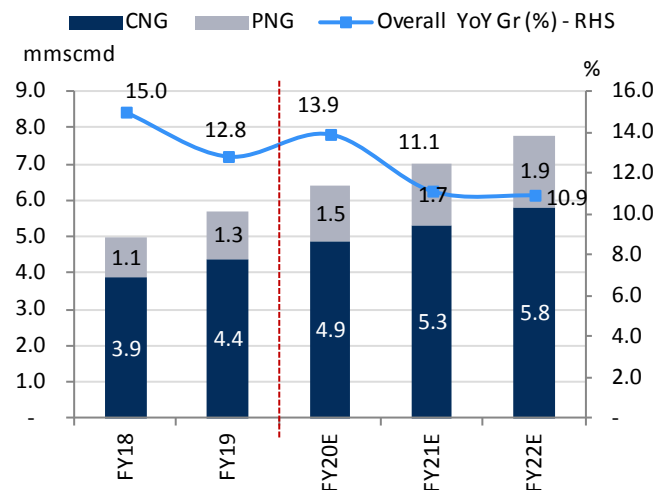
Source: Company, HDFC sec Inst Research

Annual PNG Volume Growth



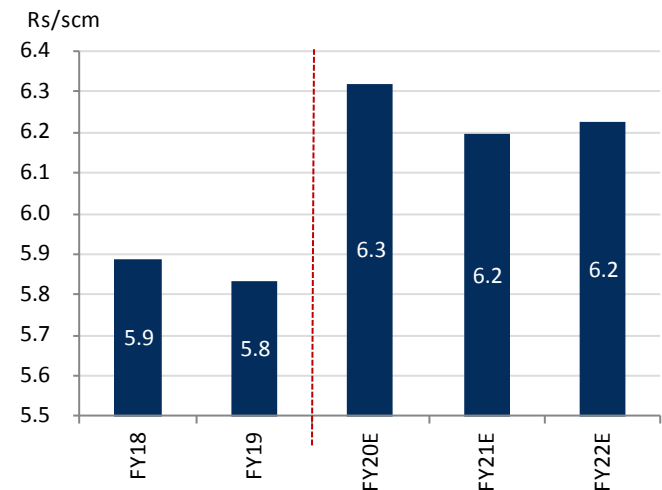
Source: Company, HDFC sec Inst Research

Annual Total Volume Growth



Source: Company, HDFC sec Inst Research

EBITDA Margin Trend



Source: Company, HDFC sec Inst Research

SOTP Valuation (Sep-21E)

	EPS (Rs/sh)	Multiple	Value (Rs/sh)	Valuation basis
Standalone business (excluding Dividend income)	17.7	25	443	P/E multiple on Jun-21E
MNGL	1.3	23	29	P/E multiple on Jun-21E
CUGL	0.5	23	11	P/E multiple on Jun-21E
Value per share			483	

Source: HDFC sec Inst Research

Peer Set Comparison

	MCap (Rs bn)	CMP (Rs)	RECO	TP (Rs)	Upside %	EPS (Rs/sh)				P/E (x)				P/BV (x)				ROE (%)			
						FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E	FY19	FY20E	FY21E	FY22E
Reliance Industries	9,249	1,459	NEU	1,527	4.7	55.5	61.2	60.6	65.4	26.3	23.8	24.1	22.3	2.3	2.1	2.0	1.8	9.8	9.2	8.4	8.5
ONGC	1,786	142	BUY	207	45.6	21.2	23.0	23.5	24.1	6.7	6.18	6.0	5.9	0.9	0.8	0.8	0.7	13.5	13.8	13.2	12.7
Indian Oil Corp	1,258	137	BUY	185	35.4	18.4	16.5	20.3	23.1	7.4	8.3	6.7	5.9	1.2	1.1	1.0	0.9	15.4	13.5	15.4	16.1
BPCL	1,009	513	SELL	450	(12.3)	36.3	39.0	40.4	38.6	14.1	13.1	12.7	13.3	2.7	2.5	2.2	2.0	20.1	19.8	18.4	16.0
GAIL	595	132	BUY	196	48.3	13.8	13.4	15.1	16.2	9.5	9.8	8.8	8.1	1.4	1.2	1.1	1.0	14.8	13.2	13.6	13.4
HPCL	473	310	BUY	385	24.2	39.9	36.3	39.3	37.6	7.8	8.5	7.9	8.2	1.7	1.5	1.3	1.2	23.3	18.5	17.7	15.3
Petronet LNG	428	285	BUY	390	36.8	14.4	18.0	22.0	23.8	19.8	15.9	13.0	12.0	4.2	4.1	3.9	3.7	21.8	26.2	30.5	31.8
Indraprastha Gas	275	393	BUY	483	22.9	11.2	15.5	16.7	18.7	35.0	25.4	23.5	21.0	6.7	5.6	4.9	4.2	20.6	24.1	22.4	21.7
Oil India	181	167	BUY	225	34.9	33.4	30.9	31.8	32.8	5.0	5.4	5.2	5.1	0.7	0.6	0.5	0.5	13.0	11.4	10.5	9.8
Gujarat Gas	134	194	BUY	261	34.7	6.3	12.5	12.2	13.9	30.7	15.5	15.9	13.9	6.1	4.2	3.4	2.8	21.3	32.1	23.7	22.2
GSPL	121	215	BUY	245	13.9	14.1	17.6	18.5	22.1	15.3	12.2	11.6	9.7	2.1	1.9	1.7	1.5	14.7	16.2	15.2	16.2
Mahanagar Gas	95	959	BUY	1,157	20.6	55.3	60.0	60.5	62.1	17.3	16.0	15.9	15.4	3.9	3.4	3.0	2.7	24.3	23.0	20.3	18.5

Source: Company, HDFC sec Inst Research

Standalone Income Statement

Rs bn	FY18	FY19	FY20E	FY21E	FY22E
Revenues	45.92	57.65	65.47	75.66	83.32
Growth %	20.4	25.5	13.6	15.6	10.1
Raw Material	24.91	33.97	37.70	44.77	49.18
Employee Cost	1.06	1.43	1.69	1.89	2.08
Other Expenses	8.81	9.68	10.91	12.54	13.80
EBITDA	11.13	12.57	15.17	16.45	18.27
EBITDA Margin (%)	24.2	21.8	23.2	21.7	21.9
EBITDA Growth %	15.5	12.9	20.7	8.4	11.0
Depreciation	1.81	2.01	2.43	2.55	2.68
EBIT	9.32	10.56	12.74	13.90	15.59
Other Income (Including EO Items)	1.02	1.46	1.66	1.83	2.01
Interest	0.02	0.02	0.07	0.07	0.07
PBT	10.34	12.02	14.40	15.73	17.60
Tax	3.62	4.13	2.85	3.94	4.42
RPAT	6.72	7.89	11.55	11.78	13.18
EO (Loss) / Profit (Net Of Tax)	-	-	0.72	-	-
APAT	6.72	7.89	10.83	11.78	13.18
APAT Growth (%)	17.5	17.3	37.3	8.8	11.9
AEPS	9.6	11.2	15.5	16.7	18.7
AEPS Growth %	17.5	17.3	37.3	8.8	11.9

Source: Company, HDFC sec Inst Research

Standalone Balance Sheet

Rs bn	FY18	FY19	FY20E	FY21E	FY22E
SOURCES OF FUNDS					
Share Capital	1.40	1.40	1.40	1.40	1.40
Reserves And Surplus	33.73	39.90	47.36	54.97	63.49
Total Equity	35.13	41.30	48.76	56.37	64.89
Long-term Debt	-	-	-	-	-
Short-term Debt	-	-	-	-	-
Total Debt	-	-	-	-	-
Deferred Tax Liability	2.25	2.68	2.68	2.68	2.68
Long-term Provision	0.14	0.21	0.24	0.27	0.30
TOTAL SOURCES OF FUNDS	37.52	44.19	51.68	59.32	67.87
APPLICATION OF FUNDS					
Net Block	24.32	28.77	35.03	44.98	54.94
Capital WIP	3.86	4.78	5.66	5.66	5.66
LT Loans And Advances	0.09	0.12	0.12	0.12	0.12
Total Non-current Investments	2.58	2.58	2.58	2.58	2.58
Inventories	0.52	0.51	0.58	0.67	0.74
Debtors	2.26	2.21	2.52	2.91	3.20
Cash and Cash Equivalent	14.48	18.93	19.91	18.64	18.03
Other Current Assets	1.17	1.59	1.69	1.82	1.92
Total Current Assets	18.43	23.24	24.70	24.04	23.88
Creditors	3.39	4.88	5.42	6.44	7.07
Other Current Liabilities & Provns	8.38	10.42	11.00	11.62	12.24
Total Current Liabilities	11.76	15.31	16.42	18.06	19.31
Net Current Assets	6.67	7.94	8.28	5.98	4.57
TOTAL APPLICATION OF FUNDS	37.52	44.19	51.68	59.32	67.87

Source: Company, HDFC sec Inst Research

Standalone Cash Flow Statement

Rs bn	FY18	FY19	FY20E	FY21E	FY22E
Reported PBT	10.32	12.00	14.33	15.65	17.52
Non-operating & EO Items	(1.02)	(1.46)	(1.66)	(1.83)	(2.01)
Interest Expenses	0.02	0.02	0.07	0.07	0.07
Depreciation	1.81	2.01	2.43	2.55	2.68
Working Capital Change	1.42	3.23	0.67	1.06	0.82
Tax Paid	(3.17)	(3.71)	(2.85)	(3.94)	(4.42)
OPERATING CASH FLOW (a)	9.38	12.09	12.99	13.57	14.68
Capex	(5.30)	(7.38)	(9.58)	(12.50)	(12.64)
<i>Free Cash Flow (FCF)</i>	<i>4.08</i>	<i>4.71</i>	<i>3.41</i>	<i>1.07</i>	<i>2.04</i>
Investments					
Non-operating Income	1.02	1.46	1.66	1.83	2.01
INVESTING CASH FLOW (b)	0.79	0.27	0.00	-	-
Debt Issuance/(Repaid)	(3.49)	(5.65)	(7.92)	(10.68)	(10.63)
Interest Expenses	0.01	0.01	-	-	-
<i>FCFE</i>	<i>(0.02)</i>	<i>(0.02)</i>	<i>(0.07)</i>	<i>(0.07)</i>	<i>(0.07)</i>
Share Capital Issuance	4.07	4.69	3.34	1.00	1.97
Dividend	-	-	-	-	-
FINANCING CASH FLOW (c)	(1.64)	(1.97)	(4.02)	(4.10)	(4.59)
NET CASH FLOW (a+b+c)	(1.65)	(1.98)	(4.09)	(4.17)	(4.66)
EO Items, Others	4.25	4.46	0.99	(1.27)	(0.61)
Closing Cash & Equivalents	14.51	18.93	19.91	18.64	18.03

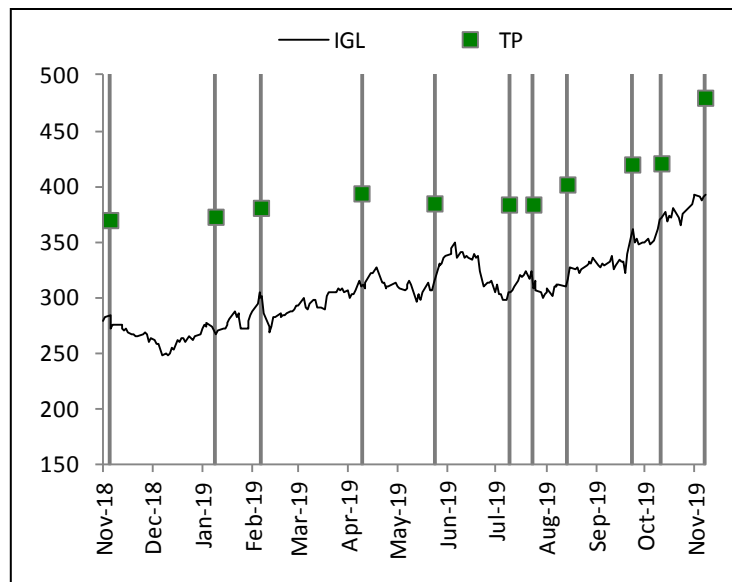
Source: Company, HDFC sec Inst Research

Standalone Key Ratios

	FY18	FY19	FY20E	FY21E	FY22E
PROFITABILITY %					
EBITDA Margin	24.2	21.8	23.2	21.7	21.9
EBIT Margin	20.3	18.3	19.5	18.4	18.7
APAT Margin	14.6	13.7	16.5	15.6	15.8
RoE	20.9	20.6	24.1	22.4	21.7
RoIC	31.1	32.1	39.4	30.9	27.3
RoCE	19.5	19.3	24.1	21.2	20.7
EFFICIENCY					
Tax Rate %	35.0	34.4	19.9	25.2	25.2
Fixed Asset Turnover (x)	1.4	1.5	1.3	1.2	1.2
Inventory (days)	4	3	3	3	3
Debtor (days)	18	14	14	14	14
Other Current Assets (days)	9	10	9	9	8
Payables (days)	27	31	30	31	31
Other Current Liab & Provns (days)	67	66	61	56	54
Cash Conversion Cycle (days)	(62)	(70)	(65)	(61)	(59)
Net Debt/EBITDA (x)	(1.3)	(1.5)	(1.3)	(1.1)	(1.0)
Net D/E	(0.4)	(0.5)	(0.4)	(0.3)	(0.3)
Interest Coverage	0.0	0.0	0.0	0.0	0.0
PER SHARE DATA (Rs)					
EPS	9.6	11.2	16.4	16.7	18.7
CEPS	12.2	14.1	19.9	20.4	22.6
Dividend	2.0	2.4	4.9	5.0	5.6
Book Value	50.2	59.0	69.7	80.5	92.7
VALUATION					
P/E (x)	41.0	35.0	24.0	23.5	21.0
P/Cash EPS (x)	32.3	27.9	19.8	19.3	17.4
P/BV (x)	7.8	6.7	5.6	4.9	4.2
EV/EBITDA (x)	23.4	20.4	16.8	15.6	14.1
EV/Revenue (x)	5.7	4.4	3.9	3.4	3.1
Dividend Yield (%)	0.5	0.6	1.2	1.3	1.4
OCF/EV (%)	3.6	4.7	5.1	5.3	5.7
FCFF/EV (%)	1.6	1.8	1.3	0.4	0.8
FCFE/M Cap (%)	1.5	1.7	1.2	0.4	0.7

Source: Company, HDFC sec Inst Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
6-Nov-18	284	BUY	370
9-Jan-19	270	BUY	373
7-Feb-19	298	BUY	381
9-Apr-19	311	BUY	394
27-May-19	314	BUY	385
9-Jul-19	330	BUY	384
25-Jul-19	310	BUY	384
16-Aug-19	316	BUY	402
22-Sep-19	328	BUY	420
11-Oct-19	371	BUY	421
8-Nov-19	393	BUY	480

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 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.: HDF 2806925/HDF C000222657; 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.