

NCC

Execution recovery awaited

NCC Ltd. reported 4QFY20 PAT at Rs 1.1bn, down 36% YoY. Adjusting for exceptional items, APAT stood at Rs 1.0bn, beating our estimate by 27%. Although revenue missed our estimates, beat on PAT was largely driven by a) EBITDA margin expansion on favourable mix of projects b) lower depreciation, interest cost and taxes. FY20 revenue stood at Rs 82bn, down 32% YoY on back of removal AP works from order book. Order inflow also remained tepid in FY20 falling 63% YoY. We expect slower execution to continue in FY21 given Covid-19 led lockdown in 1QFY21. We maintain BUY with SOTP of Rs 48/sh as current valuation already price in weak execution.

- Covid-19 slows down execution further:** During 4QFY20, NCC recorded revenue of Rs 21bn, taking FY20 total at Rs 82bn (vs Rs120bn in FY19 and flattish guidance for FY20, later revised to Rs 90bn in 3QFY20). Covid-19 led lockdown impacted execution in the second half of Mar-20 and NCC expects 1QFY21 to also be severely impacted. Although management shied away from providing revenue guidance, NCC was able to start work on 90% of the projects as they had retained labor force at key construction sites. We remain conservative and build in Rs 70bn of revenue in FY21 factoring in slower execution. EBITDA margin expanded by 75bps in FY20 despite slower execution on back of favorable mix of higher margin road, water and mining projects. We expect EBITDA margin to contract by 142 bps in FY21 on fixed cost absorption on lower revenue base.
- Orderbook at Rs265bn:** NCC had Rs 265bn of order backlog as of FY20 end (ex. slow moving/cancelled AP orders, AP – Rs 45bn order book). About 50% of the order book is in buildings and 17% in water. Rest is distributed among road, electrical, irrigation, mining, international and others. Management believes ordering activity to pick up from 2QFY21 as govt. tries to kick start economy. We build in Rs 60/100bn orders for FY21/FY22.
- Balance sheet position comfortable:** Although receivables reduced to Rs 26bn from Rs32bn YoY, debtors days increased to 107 days from 92 days on tepid execution. NWC increased from 107 to 157 on low rev base. Debt stood at Rs 20bn with D/E ratio of 0.37x which we believe is comfortable. NCC has not availed loan moratorium relief as of now, but has shown interest in doing so as interest on term loan created would be low and this would also help in cashflow management.
- We maintain BUY** on NCC with TP of Rs 48/sh as 1) current valuation more than factors in weak execution 2) improved visibility on net executable orderbook after removal/descoping of AP orders and 3) positive surprise on order wins as NCC looks to replenish the orderbook. **Key risks** to our estimates 1) Deterioration in NWC days & 2) Weak real estate monetization.

Financial summary

Y/E March (Rs mn)	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY19	FY20	FY21E	FY22E
Net Sales	21,820	33,889	(35.6)	21,172	3.1	120,798	82,188	70,791	88,068
EBITDA	2,805	3,977	(29.5)	2,500	12.2	14,230	10,302	7,753	10,040
APAT	1,037	1,858	(44.2)	601	72.5	6,229	2,971	1,328	3,086
Diluted EPS (Rs)	1.7	3.1	(44.2)	1.00	72.5	10.2	4.9	2.2	5.1
P/E (x)						2.3	4.7	10.6	4.5
EV / EBITDA (x)						2.2	3.0	4.1	3.0
RoE (%)						13.8	6.0	2.6	5.8

Source: Company, HSIE Research

BUY

CMP(as on 29 May 2020)	Rs 23	
Target Price	Rs 48	
NIFTY	9,580	
KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 49	Rs 48
EPS %	FY21E	FY22E
	-30.9	-1.7

KEY STOCK DATA

Bloomberg code	NJCC IN
No. of Shares (mn)	610
MCap (Rs bn) / (\$ mn)	14/185
6m avg traded value (Rs mn)	805
52 Week high / low	Rs 118/16

STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	(35.5)	(61.4)	(79.8)
Relative (%)	(20.2)	(40.9)	(61.9)

SHAREHOLDING PATTERN (%)

	Dec-19	Mar-20
Promoters	18.11	19.57
FIs & Local MFs	30.39	32.64
FPIs	18.97	14.67
Public & Others	32.53	33.12
Pledged Shares	6.6	6.7

Source : BSE

Parikshit D Kandpal, CFA
 parikshitd.kandpal@hdfcsec.com
 +91-22-6171-7317

Rohan Rustagi
 rohan.rustagi@hdfcsec.com
 +91-22-3021-7355

Revenue: Rs 21.8bn
(16% miss)

EBITDA: Rs 2.8bn
(7% miss). Margins were
up 112/105bps YoY/QoQ at
12.9%

Depreciation at Rs 439mn
(+8.7/-2.4% YoY/ QoQ) and
Interest at Rs 1,195mn
(+2.1%/-15.7% YoY/QoQ)
were lower than our
expectation

EO items was Rs 67mn.
Consequently, adjusting
for exceptional items,
APAT came in at Rs
1,037mn (-44.2%/-22.2%
YoY/QoQ)

Although Revenue and
EBITDA missed our
estimates, PAT beat
(+27%) our expectations on
account of lower
depreciation, interest cost
and taxes

We have recalibrated our
revenue estimates for
FY21/22E factor slower
execution. This translates
to 30.9% decrease in our
FY21E EPS estimate whilst
FY22E remains largely
unchanged

Quarterly Financials Snapshot – Standalone

Particulars (Rs mn)	4QFY20	4QFY19	YoY (%)	3QFY20	QoQ (%)	FY20	FY19	YoY(%)
Net Sales	21,820	33,889	(35.6)	21,172	3.1	82,188	120,798	(32.0)
Material Expenses	17,421	27,842	(37.4)	16,813	3.6	64,949	99,305	(34.6)
Employee Expenses	971	1,193	(18.6)	1,105	(12.1)	4,352	4,394	(0.9)
Other Operating Expenses	622	877	(29.1)	754	(17.5)	2,586	2,869	(9.9)
EBITDA	2,805	3,977	(29.5)	2,500	12.2	10,301	14,231	(27.6)
Depreciation	439	404	8.7	450	(2.4)	1,775	1,494	18.8
EBIT	2,366	3,573	(33.8)	2,050	15.4	8,526	12,736	(33.1)
Other Income (including EO)	308	246	25.1	90	242.3	1,186	593	99.9
Interest Cost	1,195	1,170	2.1	1,418	(15.7)	5,179	4,512	14.8
PBT	1,479	2,649	(44.2)	722	104.8	4,534	8,817	(48.6)
Tax	375	905	(58.6)	(381)	(198.5)	713	3,177	(77.6)
RPAT	1,104	1,744	(36.7)	1,103	0.1	3,820	5,640	(32.3)
E/o (adj for tax)	(67)	114	(158.9)	(502)	-	(849)	589	(244.2)
APAT	1,037	1,858	(44.2)	601	72.5	2,971	6,229	(52.3)

Source: Company, HSIE Research

Margin Analysis

MARGIN ANALYSIS	4Q FY20	4Q FY19	YoY (bps)	3Q FY20	QoQ (bps)	FY20	FY19	YoY (%)
Material Expenses % Net Sales	79.8	82.2	(232)	79.4	43	79.0	82.2	(318)
Employee Expenses % Net Sales	4.5	3.5	93	5.2	(77)	5.3	3.6	166
Other Operating Expenses % Net Sales	2.9	2.6	26	3.6	(71)	3.1	2.4	77
EBITDA Margin (%)	12.9	11.7	112	11.8	105	12.5	11.8	75
Tax Rate (%)	25.4	34.2	(880)	(52.7)	7,810	15.7	36.0	(2,030)
APAT Margin (%)	5.1	5.1	(9)	5.2	(15)	4.6	4.7	(2)

Source: Company, HSIE Research

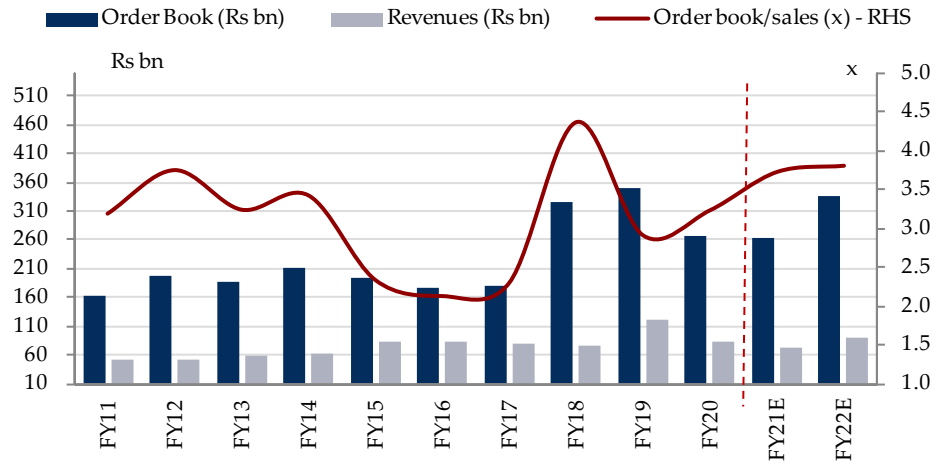
Change in Estimates

Standalone Rs Bn	FY21E			FY22E		
	Old	Revised	% Chg	Old	Revised	% Chg
Net Sales (Rs bn)	84.6	70.8	-16.3	94.1	88.1	-6.4
EBITDA (Rs bn)	9.2	7.8	-16.0	10.2	10.0	-1.2
EBITDA Margin (%)	10.9	11.0	0.5	10.8	11.4	5.6
Adj PAT (Rs bn)	1.9	1.3	-30.9	3.1	3.1	-1.7
AEPS (Rs)	3.1	2.2	-30.9	5.0	5.1	-1.7
TP (Rs/share)	49	48	-1.7			

Source: Company, HSIE Research

Order Book, Revenues, Book-to-bill Ratio

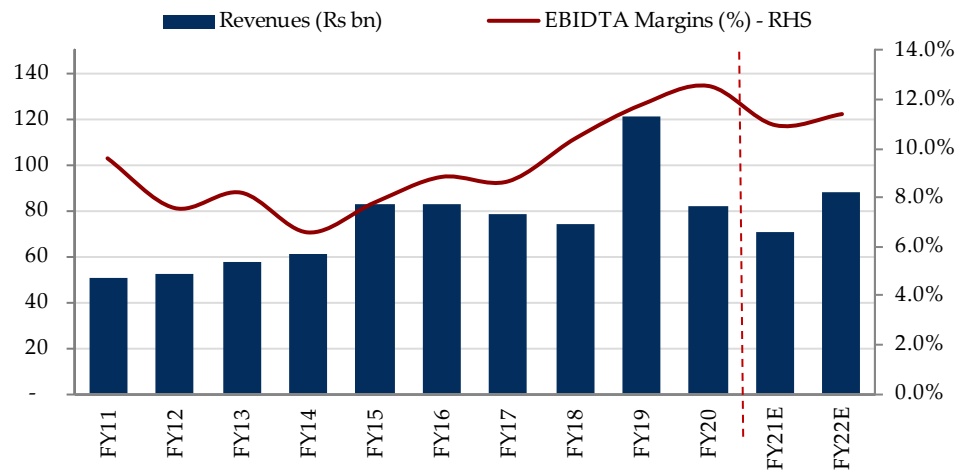
In 4QFY20 order inflow was Rs 38bn (4QFY20 order book stands at Rs 265bn)



Source : Company, HSIE Research

We expect the EBITDA margin to contract in FY21E on slower execution and expect it to rebound in FY22E as execution picks up

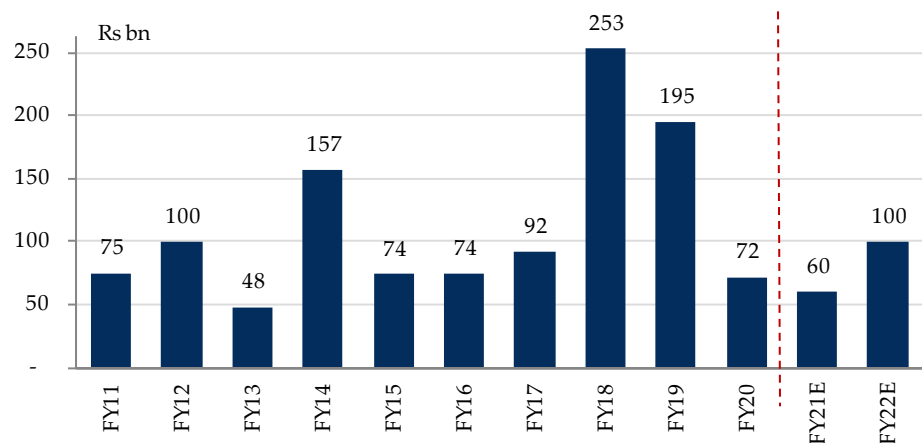
Revenue and EBITDA margin



Source : Company, HSIE Research

Order inflow to remain tepid in FY21 and to rebound in FY22

Order inflow

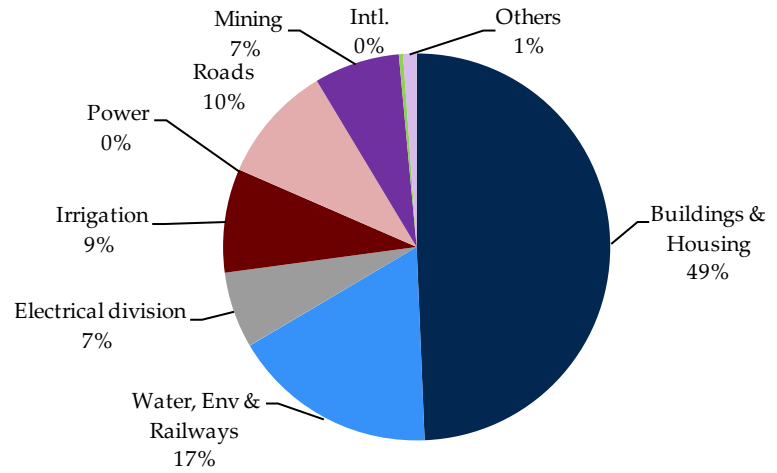


Source : Company, HSIE Research

Segmentwise Order Book-4QFY20 Split %

Building & housing dominate orderbook of Rs 265bn at the end of FY20, followed by water/environment /railways

AP share in the order backlog is Rs 45bn



Source : Company, HSIE Research

Key Assumptions & Estimates

Key Assumptions	FY20	FY21E	FY22E	Comments
Closing order book	265,720	264,042	335,563	
New order booking	71,720	60,357	99,590	Recovery in order wins to be pushed out to FY22E
Book to bill ratio	3.2	3.7	3.8	Expect book to bill ratio to rise as NCC looks to replenish OB after removal of Andhra orders
Total Revenue	82,188	70,791	88,068	Execution to remain subdued in FY21E due to low labour availability and washout 1HFY21, sharp recovery expected in FY22E
EBIDTA	10,302	7,753	10,040	
EBIDTA margin (%)	12.5	11.0	11.4	We expect margin to contract in FY21E on slower execution; to rebound in FY22E
Depreciation	1,775	1,875	1,985	
Financial Charges	5,179	4,910	4,757	Finance cost is likely to decrease going forward in low interest cost environment and lower average debt
Other income	1,186	807	826	Other income to be in in the range of Rs 800mn
PBT	4,534	1,774	4,124	
Tax	713	447	1,038	Adoption of lower tax regime
Tax rate (%)	15.7	25.2	25.2	
Exceptional	(849)	-	-	
APAT	2,971	1,328	3,086	
Gross Block Turnover	3.6	2.8	3.3	
Debtor days	107	125	110	Debtors day rise optical, on low revenue base
CFO - a	6,364	7,571	7,999	Cashflow from operation to remain positive despite challenging environment
CFI - b	(1,642)	(2,618)	(1,259)	
FCF - a+b	4,722	4,954	6,740	
CFF - c	(5,830)	(6,693)	(4,540)	Interest cost outflow
Total change in cash - a+b+c	(1,107)	(1,740)	2,200	Net cash position doesn't change debt materially

Source: HSIE Research

We have valued the core construction business at 8x two-year forward Mar-22E EPS at Rs 40/share

We value real estate investments at Rs 8/share using book value

We arrive at SOTP valuation of Rs 48/share (vs Rs 49/sh earlier)

We have revised our estimates for FY21-22E APAT by -31/ -1.7% largely driven by decrease in our FY21E revenue estimates

Outlook and valuation

Maintain BUY

Valuation methodology

- We value NCC's standalone business at 8x Mar-22E EPS at Rs 40/sh and real estate at 0.5x equity invested Rs 8/sh. We have not valued Roads, Power and International business as these have been largely monetized or securitized.
- Multiple re-rating will be contingent on the pace of monetization of group exposure of Rs 14.4bn to the subsidiaries, debt levels within controllable limits and pickup in new order intake and execution. Total Mar-20-end investment in subsidiaries is Rs 8.9bn and Loan is Rs 5.5bn.
- Further, re-rating is contingent on the velocity of real estate monetization. We adopt a SOTP methodology and value NCC at Rs 48/sh.
- Standalone at 8x Mar-22E EPS – Rs 40/sh, Real Estate – Rs 8/sh. We maintain our stance as

We maintain BUY rating with a TP of Rs 48/sh (vs. Rs 49/sh earlier). TP cut largely on account of marginal 1.7% FY22E EPS cut. We value the core construction business at Rs 40/share (8x two-year forward Mar-22E EPS) and equity invested in real estate at Rs 8/sh through book value multiple method.

SOTP Valuation

Particulars	Segments	Value (Rs mn)	Value per share (Rs)	Rationale
NCC Standalone	Construction business	24,687	40	At 8x Mar-22E EPS
Real Estate	Real Estate	4,785	8	At P/B multiple of 0.5x
Total		29,472	48	

Source: HDFC sec Inst Research

Peer Set Comparison: Core EPC

Core EPC	Mcap (Rs bn)	CMP (Rs/sh)	Reco	TP	Adj. EPS (Rs/sh)			P/E (x)			EV/EBITDA (x)			ROE (%)		
					FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E	FY20E	FY21E	FY22E
Dilip Buildcon	35.5	260	BUY	466	30.4	17.9	41.4	4.1	7.0	3.0	3.2	4.0	2.8	12.2	6.4	13.3
PNC Infratech	27.3	106	BUY	234	12.8	9.6	14.0	3.1	4.2	2.8	1.7	2.2	1.8	14.0	9.2	12.2
KNR	28.2	201	BUY	278	13.9	8.7	18.2	10.1	16.2	7.7	4.9	5.4	3.4	12.9	7.3	13.9
Ashoka Build	13.8	49	BUY	134	8.8	5.4	7.7	2.2	3.6	2.5	2.1	2.7	2.1	14.0	8.3	9.6
NCC	14.0	23	BUY	49	4.9	2.2	5.1	3.2	7.0	3.0	2.5	3.5	2.5	8.4	2.6	5.8
PSP Projects	11.7	325	ADD	380	35.4	27.5	38.0	9.2	11.8	8.6	6.6	7.5	5.6	30.1	19.0	21.9
Ahluwalia Contracts	11.3	168	BUY	265	12.4	14.3	25.2	12.5	10.8	6.1	4.8	4.7	3.0	10.7	11.1	17.1
HG Infra	11.0	169	BUY	337	25.7	20.6	28.1	4.4	5.5	4.0	2.9	3.0	2.2	22.3	14.7	17.2
Sadbhav Engineering	6.8	40	BUY	56	4.9	4.0	7.1	5.4	6.6	3.7	6.0	5.3	3.7	4.1	3.2	5.5
JMC Projects	7.5	45	BUY	69	9.4	4.3	7.6	3.8	8.2	4.7	3.4	4.1	2.9	16.7	7.3	11.8
ITD Cementation	6.0	35	ADD	44	3.1	-2.9	5.5	11.3	-12.0	6.3	3.7	7.1	3.4	5.1	-4.8	8.9
JKIL	5.4	80	BUY	144	25.5	14.2	24.0	3.1	5.6	3.3	2.5	3.1	2.2	11.1	5.8	9.3
Capacite Infraprojects	5.2	77	BUY	147	10.9	2.0	16.8	5.9	32.1	3.8	2.7	3.9	2.2	8.4	1.5	11.7
Average								5.4	7.5	4.2	3.4	4.0	2.7	13.1	7.1	12.2

Source: Company, HDFC Sec. Inst. Research; *excluding equity investments in SPVs

Financials

Standalone Income Statement

Year ending March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Net Revenues	83,252	78,921	74,363	120,798	82,188	70,791	88,068
<i>Growth (%)</i>	0.3	(5.2)	(5.8)	62.4	(28.5)	(18.1)	24.4
Material Expenses	70,756	66,871	60,890	99,305	64,949	56,704	71,247
Employee Expenses	3,008	3,315	3,641	4,394	4,352	4,220	4,051
Other Operating Expenses	2,111	1,883	2,093	2,869	2,586	2,115	2,730
EBIDTA	7,376	6,852	7,739	14,230	10,302	7,753	10,040
<i>EBIDTA (%)</i>	8.9	8.7	10.4	11.8	12.53	10.95	11.4
EBIDTA Growth (%)	13.6	(7.1)	12.9	83.9	(27.6)	(24.7)	29.5
Depreciation	1,100	1,121	1,175	1,494	1,775	1,875	1,985
EBIT	6,277	5,731	6,564	12,736	8,526	5,877	8,055
Other income (including EO)	2,240	897	903	593	1,186	807	826
Interest	5,089	3,957	3,789	4,512	5,179	4,910	4,757
PBT	3,428	2,672	3,677	8,817	4,534	1,774	4,124
Tax	823	417	809	3,177	713	447	1,038
RPAT	2,605	2,255	2,868	5,640	3,820	1,328	3,086
EO Items	203	503	256	589	(849)	-	-
APAT	2,402	2,758	3,123	6,229	2,971	1,328	3,086
<i>APAT Growth (%)</i>	114.8	14.9	13.2	99.4	(52.3)	(55.3)	132.4
EPS	4.3	5.0	5.1	10.2	4.9	2.2	5.1
<i>EPS Growth (%)</i>	114.8	14.9	3.2	99.4	(52.3)	(55.3)	132.4

Source: Company, HSIE Research

Standalone Balance Sheet

As at March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
SOURCES OF FUNDS							
Share Capital	1,112	1,112	1,201	1,201	1,220	1,220	1,220
Reserves	31,496	33,311	41,215	46,367	49,837	50,660	53,463
Total Shareholders Funds	32,608	34,423	42,416	47,568	51,056	51,880	54,682
Long Term Debt	1,020	91	1,185	3,200	1,737	1,737	1,737
Short Term Debt	17,816	15,676	11,815	16,733	18,145	17,633	18,133
Total Debt	18,836	15,767	13,001	19,933	19,882	19,370	19,870
Net Deferred Taxes	(814)	(1,354)	(1,793)	(1,726)	(2,055)	(1,726)	(1,726)
Other Long-term Liabilities (Retention Money)	497	842	1,394	1,297	840	840	1,297
TOTAL SOURCES OF FUNDS	51,127	49,677	55,019	67,071	69,723	70,364	74,123
APPLICATION OF FUNDS							
Net Block	6,183	6,403	8,081	12,417	11,915	11,965	12,005
CWIP	76	13	229	813	829	813	813
Investments	9,570	10,287	15,110	12,403	8,887	10,403	10,463
Non Current Assets	2,159	2,535	3,556	5,237	9,638	7,787	7,045
Total Non-current Assets	17,988	19,238	26,976	30,869	31,270	30,967	30,326
Inventories	16,568	15,258	16,956	5,129	5,148	4,350	5,466
Debtors	19,648	23,501	34,620	30,496	24,083	24,243	26,541
Cash & Equivalents	2,158	1,095	659	2,990	3,169	1,429	3,629
Other Current Assets	35,365	28,994	27,002	60,376	61,980	63,615	64,905
Total Current Assets	73,739	68,848	79,237	98,990	94,379	93,637	100,541
Creditors	27,711	28,688	33,882	43,844	39,364	38,984	40,053
Other Current Liabilities	13,199	9,721	17,313	18,944	16,562	16,025	17,458
Total Current Liabilities	40,909	38,409	51,195	62,787	55,926	55,008	57,511
Net Current Assets	32,830	30,440	28,043	36,203	38,454	38,629	43,030
Misc Exp	309	-	-	-	-	767	767
TOTAL APPLICATION OF FUNDS	51,127	49,677	55,019	67,072	69,723	70,364	74,123

Source: Company, HSIE Research

Standalone Cash Flow

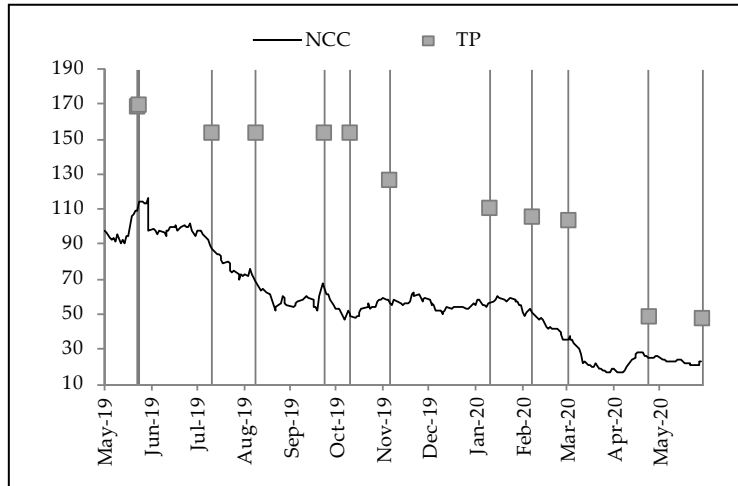
Year ending March	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
Reported PBT	3,225	2,672	3,677	8,817	4,534	1,774	4,124
Non-operating & EO items	(1,399)	(599)	401	(593)	(286)	(807)	(826)
Interest expenses	5,089	3,957	3,789	4,512	5,179	4,910	4,757
Depreciation	1,100	1,121	1,175	1,494	1,775	1,875	1,985
Working Capital Change	(2,201)	(4,746)	(3,310)	(7,541)	(3,471)	265	(1,003)
Taxes Paid	(926)	(436)	(1,263)	(3,177)	(1,366)	(447)	(1,038)
OPERATING CASH FLOW (a)	4,886	1,968	4,469	3,512	6,364	7,571	7,999
Capex	(910)	(1,286)	(3,076)	(6,414)	(1,441)	(1,909)	(2,025)
Free cash flow (FCF)	3,976	682	1,393	(2,902)	4,924	5,662	5,974
Investments and Income on investments and deposits	4,562	5,838	(456)	3,301	(201)	(709)	766
INVESTING CASH FLOW (b)	3,652	4,552	(3,532)	(3,113)	(1,642)	(2,618)	(1,259)
Debt Issuance (Net of repayments)	(1,116)	(3,068)	(2,766)	6,932	(832)	(1,500)	500
Interest expenses	(5,746)	(4,083)	(3,752)	(4,315)	(4,728)	(4,910)	(4,757)
FCFE	(2,886)	(6,469)	(5,124)	(284)	(636)	(748)	1,717
Share capital Issuance	-	-	5,413	275	817	-	-
Dividend	(268)	(402)	(268)	(724)	(1,086)	(283)	(283)
FINANCING CASH FLOW (c)	(7,130)	(7,552)	(1,372)	2,168	(5,830)	(6,693)	(4,540)
NET CASH FLOW (a+b+c)	1,408	(1,032)	(435)	2,567	(1,107)	(1,740)	2,200
Closing Cash & Equivalents	2,158	1,095	659	2,989	3,169	1,429	3,629

Key Ratios

	FY16	FY17	FY18	FY19	FY20	FY21E	FY22E
PROFITABILITY (%)							
GPM	15.0	15.3	18.1	17.8	21.0	19.9	19.1
EBITDA Margin	8.9	8.7	10.4	11.8	12.5	11.0	11.4
EBIT Margin	7.5	7.3	8.8	10.5	10.4	8.3	9.1
APAT Margin	2.9	3.5	4.2	5.2	3.6	1.9	3.5
RoE	7.4	8.2	8.1	13.8	6.0	2.6	5.8
Core RoCE	12.1	12.6	13.0	15.8	12.5	7.2	9.5
RoCE	12.7	11.3	10.6	12.7	11.7	7.1	9.0
EFFICIENCY							
Tax Rate (%)	24.0	15.6	22.0	36.0	15.7	25.2	25.2
Asset Turnover (x)	6.6	5.8	4.6	5.7	3.6	2.8	3.3
Inventory (days)	73	71	83	15	23	22	23
Debtors (days)	86	109	170	92	107	125	110
Other Current assets (days)	155	134	133	182	275	328	269
Payables (days)	121	133	166	132	175	201	166
Other Current liab & provns (days)	58	45	85	57	74	83	72
Cash Conversion Cycle (days)	134	136	134	100	157	192	163
Debt/EBITDA (x)	2.6	2.3	1.7	1.4	1.9	2.5	2.0
Net D/E	0.5	0.4	0.3	0.4	0.3	0.3	0.3
Interest Coverage	1.2	1.4	1.7	2.8	1.6	1.2	1.7
PER SHARE DATA							
EPS (Rs/sh)	4.3	5.0	5.1	10.2	4.9	2.2	5.1
CEPS (Rs/sh)	6.7	6.1	6.6	11.7	9.2	5.3	8.3
DPS (Rs/sh)	0.4	0.6	0.6	0.6	0.6	0.6	0.6
BV (Rs/sh)	58.7	61.9	69.6	78.0	83.7	85.1	89.7
VALUATION							
P/E	5.3	4.6	4.5	2.3	4.7	10.6	4.5
P/BV	0.4	0.4	0.3	0.3	0.3	0.3	0.3
EV/EBITDA	4.0	4.0	3.4	2.2	3.0	4.1	3.0
EV/Revenues	0.4	0.3	0.4	0.3	0.4	0.5	0.3
OCF/EV (%)	16.6	7.2	16.9	11.3	20.7	23.7	26.4
FCF/EV (%)	13.5	2.5	5.3	(9.4)	16.0	17.7	19.7
FCFE/Market Cap (%)	31.1	5.3	9.9	(20.7)	35.1	40.4	42.6
Dividend Yield (%)	1.7	2.6	2.6	2.6	2.6	2.6	2.6

Source: Company, HSIE Research

RECOMMENDATION HISTORY



Date	CMP	Reco	Target
23-May-19	110	BUY	169
25-May-19	114	BUY	170
11-Jul-19	87	BUY	154
10-Aug-19	69	BUY	154
22-Sep-19	61	BUY	154
10-Oct-19	50	BUY	154
5-Nov-19	58	BUY	127
10-Jan-20	57	BUY	111
8-Feb-20	51	BUY	106
2-Mar-20	36	BUY	104
24-Apr-20	25	BUY	49
31-May-20	23	BUY	48

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, **Parikshit Kandpal, CFA & Rohan Rustagi, 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