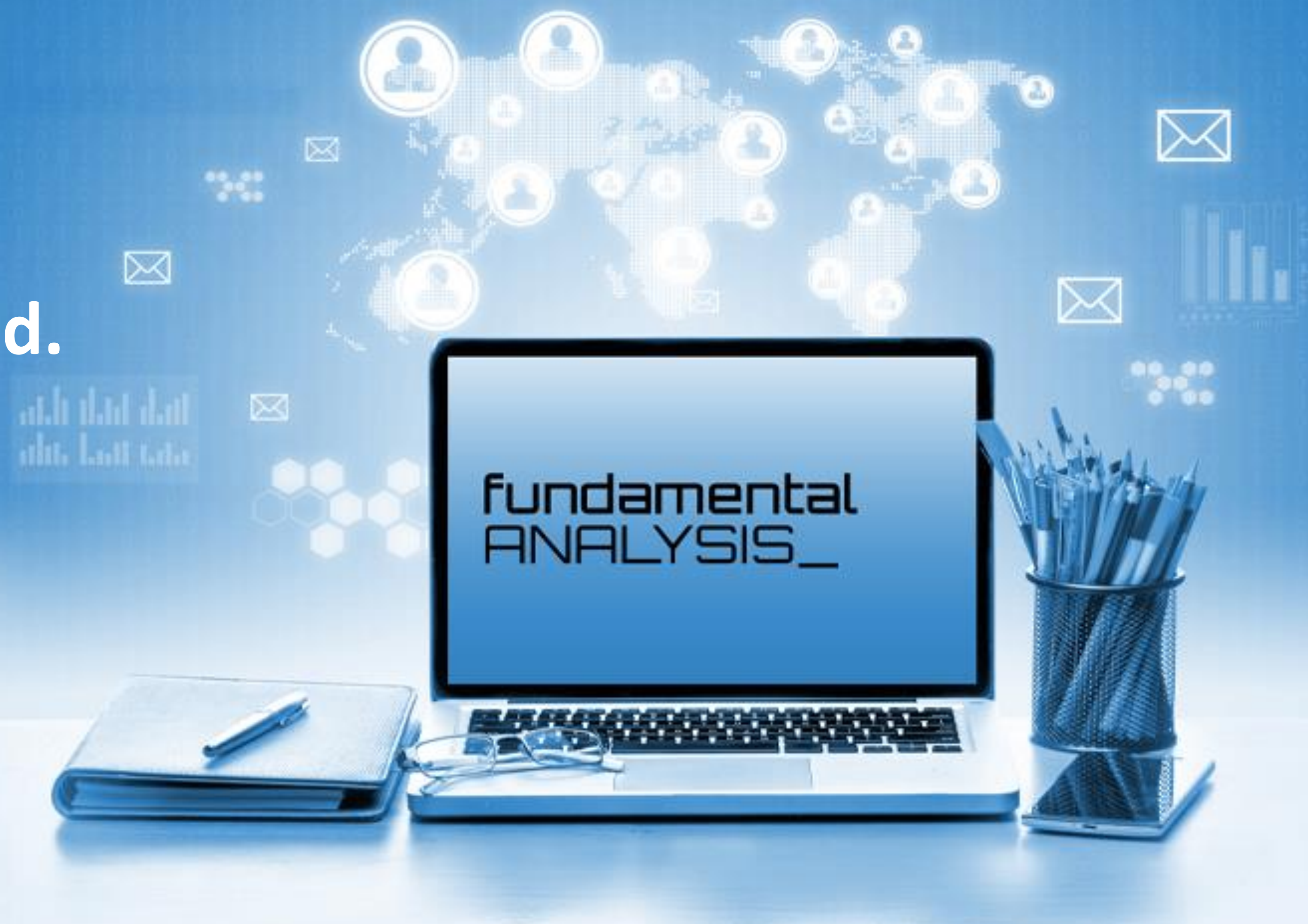
Stock Note

Craftsman Automation Ltd.

November 22, 2023



RETAILRESEARCH

HDFC securities
Click. Invest. Grow.
20 YEARS

Craftsman Automation Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Auto Ancillaries	Rs 5117	Buy in Rs 5060-5160 band & add more on dips in Rs 4550-4650 band	Rs 5580	Rs 5965	2-3 quarters

HDFC Scrip Code	CRAFTSMANEQ
BSE Code	543276
NSE Code	CRAFTSMAN
Bloomberg	CRAFTSMA IN
CMP Nov 21, 2023	5116.7
Equity Capital (Rs cr)	10.6
Face Value (Rs)	5.0
Equity Share O/S (cr)	2.1
Market Cap (Rs cr)	10816
Book Value (Rs)	720.9
Avg. 52 Wk Volumes	58,000
52 Week High (Rs)	5
52 Week Low (Rs)	2699.4

Share holding Pattern % (Sep, 2023)	
Promoters	55.0
Institutions	30.0
Non Institutions	15.1
Total	100.0

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst
Atul Karwa
atul.karwa@hdfcsec.com

Our Take:

Craftsman Automation Ltd. (CAL) is a diversified engineering company with vertically integrated manufacturing capabilities. Its strong engineering capabilities are reflected in its ability to design its products and process, and design and manufacture its tooling and machines (special as well as general purpose) in-house. CAL has leveraged its engineering DNA to evolve into the largest independent machining player, among the top 3 players in Storage Solutions and a credible competitor in the Aluminum Die-casting business (within 6 years of starting the business).

With a cyclical recovery in CVs and 2Ws, and visible drivers in other segments in the form of new order wins, we expect linearity in revenue and earnings over the next few years. The integration of DRAIPL which was acquired in Feb 2023 is shaping out well and we believe that synergy benefits will further enhance the overall consolidated performance. The company has maintained its track record of creating and gaining market leadership organically enabled by capital efficiency and product mix. Capacity utilization is expected to improve across categories, especially the Aluminum Die-casting vertical.

Financial Summary

Particulars (Rs cr)	Q2FY24	Q2FY23	YoY (%)	Q1FY24	QoQ (%)	FY23	FY24E	FY25E	FY26E
Net revenues	1179	776	51.9	1038	13.6	3,183	4,501	4,937	5,573
EBITDA	238	172	37.9	214	10.9	684	932	1,012	1,193
APAT	95	62	51.3	74	26.9	248	335	377	547
Diluted EPS (Rs)	44.8	29.6	51.3	35.3	26.9	117.4	158.8	178.7	259.1
RoE (%)						19.7	22.0	20.5	24.3
P/E (x)						43.6	32.2	28.6	19.8
EV/EBITDA (x)						17.4	12.9	11.7	9.5

(Source: Company, HDFC sec)

Valuation & Recommendation:

CAL has a diversified product portfolio catering to both the Auto (~62% of overall revenue) and non-Auto (~38%) segments. We expect a 21% CAGR in consolidated revenue across segments over FY23-26E, led by: i) a strong CV cycle, ii) increasing usage of aluminium in domestic 2Ws/PVs/CVs, iii) increasing salience on exports and deemed exports, and iv) continued traction in Storage Solutions. We expect CAL's EBIDTA/PAT growth of 20/30% CAGR over FY23-26E and RoE to improve from 19.7% to 24.3%. We believe investors can buy the stock in Rs 5060-5160 band and add on dips in Rs 4550-4650 band (21x Sep'25E EPS) for a base case fair value of Rs 5580 (25.5x Sep'25E EPS) and bull case fair value of Rs 5965 (27.25x Sep'25E EPS) over the next 2-3 quarters.

Q2FY24 Result update

CAL reported decent numbers for Q2FY24 with 52% YoY growth (partly due to acquisition impact) in operating revenue driven by aluminium products revenues increasing by 2x YoY to Rs 589cr. Powertrain segment witnessed muted growth of 4% YOY to Rs 394cr while Industrial & Engineering segment de-grew 2% to Rs 197cr. H1 sales for powertrain breakup is 57% on the commercial vehicle, off-highway 18%, the tractor 14% and the SUV segment is 11%. Gross margin declined 200bps YoY (down 70bp QoQ) to 46.8% due to underutilized capacities in the powertrain division. EBITDA margin also fell by 200bps to 20.1% as higher other expenses offset the lower increase in employee costs. EBIT margins improved 750bp YoY (250bp QoQ) to 15.1% for Aluminium products but declined for auto powertrain/industrial and storage solution by 490bp/180bp YoY to 19.6%/10.3%. Adj. PAT was up 51% YoY. In the major subsidiary DR Axion, the turnover is Rs 635cr and EBIT has been Rs 95cr for the first half of this year.

The management expects the Powertrain segment to grow in high single digits to low double digits over the next two years due to a high base of FY23. DRAIPL finalized a new order from Hyundai for its new Talegaon plant, which is going to be operational by FY25. This will add another 5-10% to revenue growth for DRAIPL. In the Industrial Engineering segment, there has been a pause on the storage solution business in H1 but H2 is expected to report strong growth. It has an outstanding order book of Rs 100cr.

Capex guidance for FY24 was increased to Rs 490cr from Rs 330cr earlier as the company plans a greenfield expansion in Coimbatore. It is looking to house all the segments, mainly powertrain, aluminium and some backward integration in this location. The company maintained its guidance of 15-20% CAGR over the next few years in powertrain, aluminium and industrial engineering.

Key Triggers

Greenfield expansion to take benefit from China+1

CAL is looking to undertake greenfield expansion to take advantage of the emerging opportunities that arise from China +1 and Make in India programmes. It has chalked out a new investment of about Rs 209cr, of which Rs 150-160cr will be spent in this fiscal, to set up a new manufacturing complex. The proposed factory will be set up on the company's 48-acre site at Kothavadi near Coimbatore. The existing and the new plant are within 45 km reach and operational management is easy as both plants will have better synergy of operations.

Earlier the company had guided for capex of Rs 320cr in FY24 and has incurred Rs 258cr in H1FY24. The company expects the automotive powertrain business to grow in the high single digits to low double digits over the next two years due to a high base of FY23. It is expected to grow at a rapid pace in FY26. It is working with one of the largest customers for an export order, which is expected to start in FY26. Also, the company is revamping its capacities to cater to demand for the off-highway segment.

In the industrial and engineering business, which is essentially a non-automotive business vertical and comprises storage solutions and high-end sub-assembly and contract manufacturing and others, there was a pause in the storage solution business during the first half, but H2 looks bright. It carries an order book of Rs 100cr in automated storage.

Domestic CV sales to continue growth momentum

The commercial vehicle industry in India recorded a 2% year-in-year growth to 4.65 lakh units during April-September 2023 period. This comes on a high base of the first half of last fiscal year when the segment recorded 40% growth owing to the post-pandemic recovery. Increased allocation to infrastructure spending in the Union Budget is likely to provide support to CV demand. The Union Budget proposed to increase capital expenditure spending by 33% to Rs 10 lakh crore, focusing on augmenting core infrastructure assets, including roads, railways, airports and logistics. M&HCV sale volumes is expected to grow faster than LCVs at 13-15% in FY24, and are expected to exceed pre-pandemic sale volumes in FY25.

With the latest World Economic Outlook report forecasting global inflation to decline steadily, from 8.7% in 2022 to 6.9% in 2023 and 5.8% in 2024- driven by tighter monetary policy and lower commodity prices, the overall economic activity is expected to pick up- which is likely to result in an increase in CV exports from India. Industry experts suggest that the CV industry, which is often referred to as the backbone of the national economy, is expected to record the peak sales in FY24.

CAL is a leading player involved in the machining of critical engine and transmission components for M&HCV (#1 player) and tractors (among the top five). The company also serves off-highway OEMs. In the CV business (~56% of segment revenues), apart from growth in the domestic market, it would benefit from increased sourcing from India, which is expected to continue (like the recent order win from global CV OEM) and is working with several tier-1 companies. To reduce its dependency on CVs, it is actively pursuing opportunities in tractors, construction equipment and PVs.

Increasing use of aluminium in domestic automobile industry

Demand for aluminium castings, which are used as part of alloy wheels, has picked up due to an increase in penetration of alloy wheels in two-wheelers and passenger vehicles. Two-wheelers account for ~70% of the aluminium die casting market, followed by passenger vehicles with 25% share and commercial vehicles with a 4-5% share in value terms. Original equipment manufacturers account for 75 - 80% of the offtake. Exports account for 15-20%, with the aftermarket comprising the remainder. Aluminium content in PVs in India is well below global levels. Average aluminium content in a passenger vehicle in India is currently only 50-60 kg vs. 140-210 kg in other regions such as China, Europe and North America.

India's average content is also lower than the content in A/B segment cars in these regions - 80-110 kg in Europe and 120-140 kg in North America. Thus, there is significant scope for aluminium content to increase in Indian PVs going ahead especially in products such as transmissions, chassis and suspension, steering parts, closures and trim & interiors.

Scope for increased aluminium usage is even higher in CVs. Average aluminium content in trucks in China is estimated to be 120-130 kg per vehicle with major usage in transmission housings, fuel tanks, gas tanks and heat exchangers. Going forward, usage will increase materially in body parts, structural parts and trailers.

Rising EV penetration will provide a further fillip to aluminium as aluminium content in EVs is significantly higher than Internal Combustion Engine (ICE) vehicles – 300-320 kg vs.140-210 kg in regions like Europe and North America.

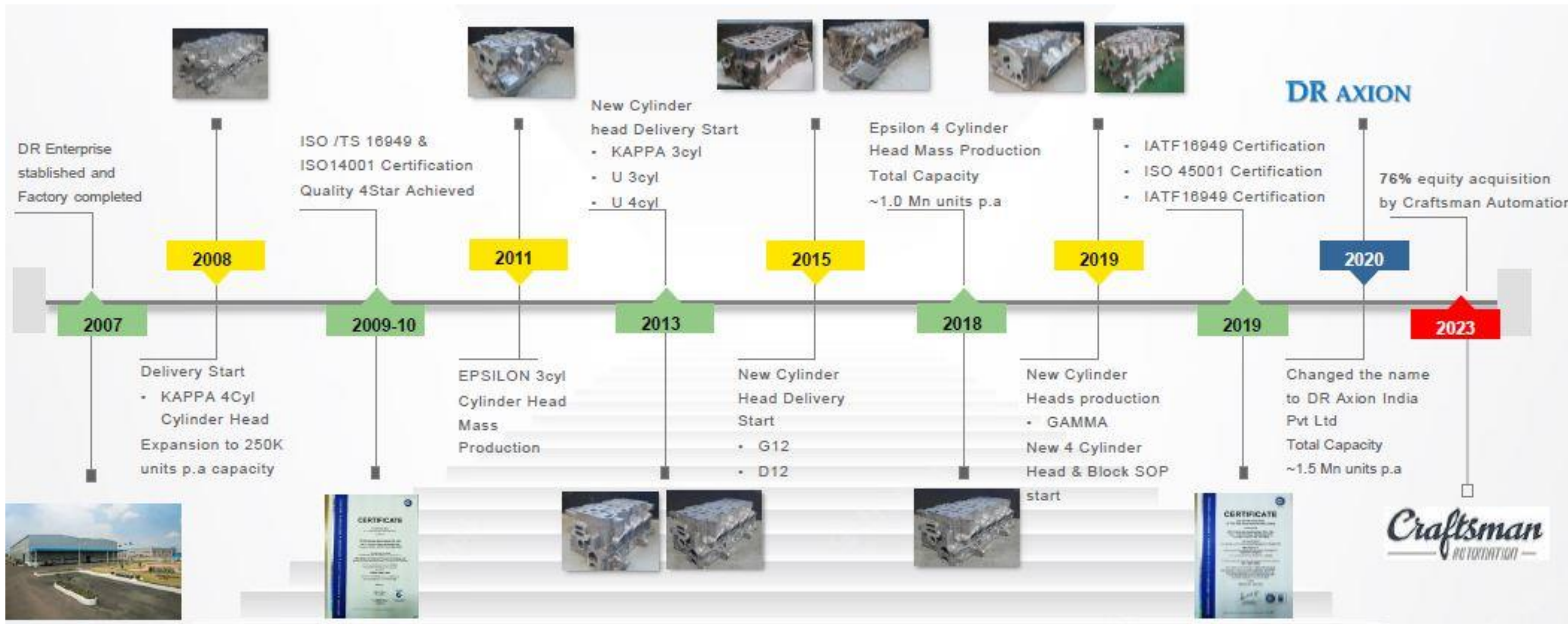
DR Axion acquisition to complement business operations

CAL acquired a controlling stake (76%) in DR Axion India Pvt. Ltd. (DRAIPL) for Rs 375cr in Feb'23. Axion manufactures aluminium cylinder heads and blocks for PVs through gravity and low-pressure die castings. The acquisition will benefit CAL in terms of i) process synergies as CAL is into high-pressure die castings as compared to DR Axion, which uses gravity/low-pressure castings, ii) strengthening its presence in PVs, iii) new customer additions (Key customer of DR Axion is world #3 in PVs and #2 in EVs in the US). Customer concentration in DRAIPL's revenue base is also high with 40% revenues being generated from M&M (through MHEL), 38% from HMIL and 22% from KMIL in fiscal 2023. The order book as of end March 2023, stood at ~Rs 1200cr, with over 50% of orders from M&M.

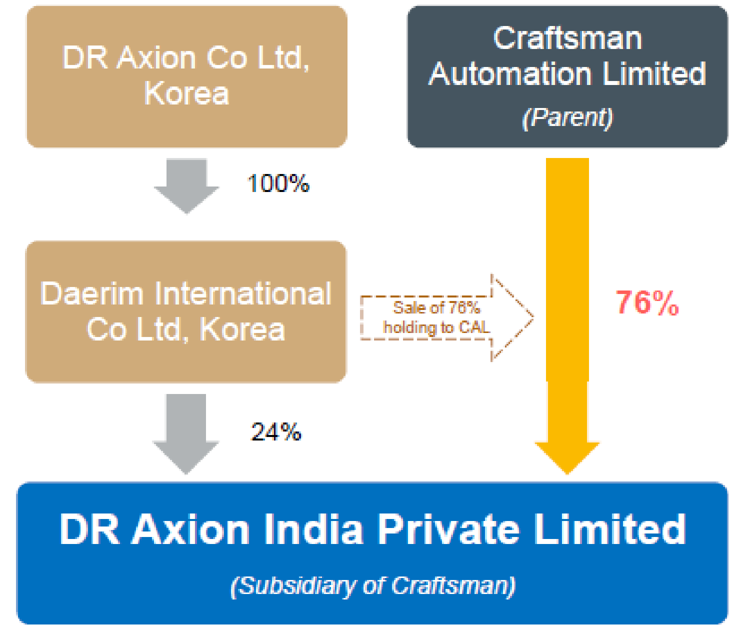
The company has a manufacturing facility at Tiruvallur near Chennai with a capacity to produce ~18.3 lakh cylinder heads and ~2.3 lakh cylinder blocks per annum respectively. The state-of-the-art facility of DRAIPL in the automotive manufacturing hub with the latest equipment and complementing technologies is a perfect fit for Craftsman. It will strengthen the Company's presence in the passenger vehicle segment. Moreover, it also opens up the possibility of entering the E-mobility solutions to the passenger vehicle segment, which is only beginning to take off in India.

Incorporated in December 2006, DRAIPL manufactures aluminium cylinder heads, a critical auto component used in passenger vehicles and the outer shell of internal combustion engines. The company has a single manufacturing facility in Chennai. The company reported a turnover of over Rs 1084cr in FY23.

DR Axion India - Journey



Corporate Structure



(Source: Company, HDFCsec Research)

Higher capex to benefit Industrial & Engineering segment

India's engineering sector has witnessed a remarkable growth over the last few years driven by increased investment in infrastructure and industrial production. The engineering sector in India attracts immense interest from foreign players as it enjoys a comparative advantage in terms of manufacturing cost, technology, and innovation. Capital investment outlay is being increased steeply for the third year in a row by 33% to Rs 10 lakh crore, which would be 3.3% of GDP. This will be almost three times the outlay in 2019-20. With growth in the capital investment cycle, the contract manufacturing will see quantum leap in the next 3-4 years. Hoist and Material handling products will have good growth due to improved market situation.

Craftsman made considerable headway in widening its sectoral presence by leaving a footprint in the precision wind mill components manufacturing space and precision heavy machine parts manufacturing segment. It has two sub-segments in IE: 1) Storage Solutions, and 2) high-end sub-assembly and contract manufacturing. The high-end sub-assembly and contract manufacturing of products sub-segment include multiples categories such as: 1) gears and gear boxes; 2) material handling equipment; 3) tool room, mold base, and sheet metal; and 4) special purpose machines.

CAL has emerged as the top three players in the Conventional Storage segment (pallets, racking, shelving, etc.) in India and as a leader in the nascent Automated Storage segment. The Automated Storage and Retrieval System (ASRS) market is estimated to grow annually at a CAGR of around 6.80% over the forecast period (2022-2028). In terms of revenue, the Automated Storage and Retrieval System (ASRS) market size was valued at around US$ 7,294.50 Million in 2021 and is projected to reach US$ 10,824.87 Million by 2028.

Long standing relationship with OEM across segment

CAL has long term relationships with several marquee domestic and global original equipment manufacturers (OEMs) and component manufacturers across its three business segments. The Company enjoys long-term relationships with several major customers across domestic and global OEMs and tier-1 suppliers. Moreover, it has nurtured relations positively, which has allowed it to increase wallet share with key customers. As a result, its revenue from top-10 clients has increased over a period of time. This is despite adding new customers, who are at various stages of scale-up and execution.

Risks & Concerns

Vulnerability to cyclical trends in automotive sector

The company caters to the auto, farm equipment, construction and earth moving equipment, and locomotive industries, demand from which is typically linked to the economic activity. It is diversifying in to non-auto industries, such as aluminium casting for power transmission and storage solutions, to mitigate the concentration risk.

Capital intensive business and large working capital requirement

Operations are intrinsically capex and working capital intensive. CAL incurred sizeable capex of ~Rs 2,200cr during FY17-FY23 including the fixed asset addition arising out of the acquisition, and in some cases, has set up capex ahead of demand. Also till the utilisation of new/expanded capacity reaches a certain stage, fixed costs will be spread over lower sales impacting margins.

Faster adoption of EV in CV/Tractor

Faster adoption of EVs in CV/tractors can impact the overall business growth in the powertrain segment.

Risk of macro headwinds in developed markets

Considering ~20% of revenues linked to exports and good orders on hand for the international business, any slowdown globally due to macro headwinds could curtail its exports business. It derives 25% of its export revenues from EU and 20% from North America.

Margins could be impacted in near term

Consolidated margins could fall for some time post the acquisition of DRAIPL, till it manages to scale them up there.

Volatility in raw material prices:

The price of aluminium, its key raw material, have been highly volatile in the last few fiscals with its prices increasing over 50-60% between fiscals 2022 and 2023, and then dipping in fiscal 2024.

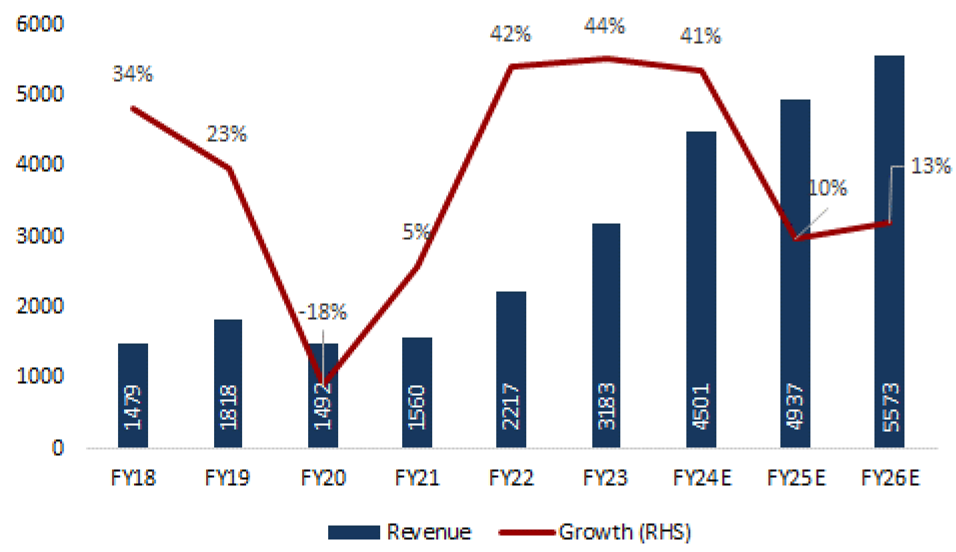
Company Background:

Incorporated in 1986 in Coimbatore, Tamil Nadu, by Mr S Ravi, CAL is a diversified engineering company with vertically integrated manufacturing capabilities, engaged in three business segments, namely powertrain and other products for the automotive segment, aluminium products for the automotive segment and industrial and engineering products segment. It is the largest player involved in the machining of cylinder blocks and cylinder heads in the intermediate, medium and heavy commercial vehicles segment as well as in the construction equipment industry in India. CAL is among the top 3-4 component players with respect to machining of cylinder block for the tractor segment in India.

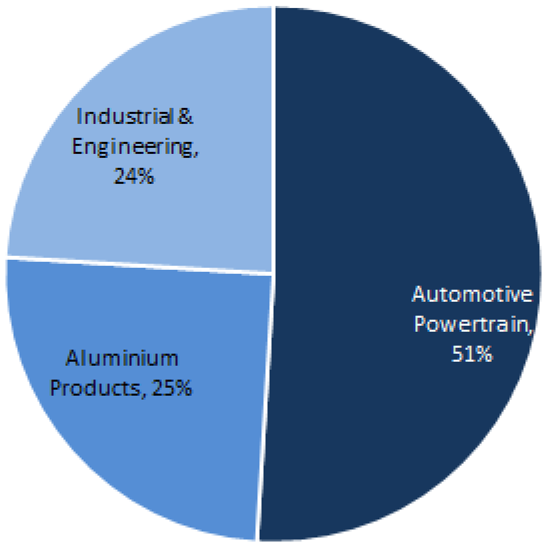
CAL is present across the entire value chain in the Automotive-Aluminium Products segment, providing diverse products and solutions. Its strong in-house engineering and design capabilities enables it to offer comprehensive solutions and products to their long standing domestic and international customers in each of the segments.

The Company has evolved from being a predominantly export-oriented company (over 80% revenues from exports in FY04) focused on precision products for varied end industries to gaining market leadership in the domestic (92% of revenues in FY23) auto and industrial segments. Also, from being a predominantly non-auto player (over 80% revenues in FY04 to 38% in FY23), it has a balanced exposure between autos and non-autos. More importantly, its revenue is balanced, with no single end-user sector contributing more than 30% of revenues.

Revenue growth



Revenue breakup



(Source: Company, HDFCsec Research)

Financials

Income Statement

(Rs cr)	FY22	FY23	FY24E	FY25E	FY26E
Net Revenues	**2217**	**3183**	**4501**	**4937**	**5573**
Growth (%)	***42.1***	***43.6***	***41.4***	***9.7***	***12.9***
Operating Expenses	1683	2499	3570	3925	4380
EBITDA	**534**	**684**	**932**	**1012**	**1193**
Growth (%)	***21.9***	***28.0***	***36.3***	***8.6***	***17.8***
EBITDA Margin (%)	***24.1***	***21.5***	***20.7***	***20.5***	***21.4***
Depreciation	206	222	274	294	290
Other Income	7	13	18	17	20
EBIT	**336**	**475**	**675**	**736**	**922**
Interest expenses	84	120	169	168	121
Exceptional items	**251**	**354**	**506**	**568**	**801**
PBT	89	104	128	143	202
Tax	**163**	**250**	**378**	**425**	**599**
PAT	0	-3	-43	-47	-52
Adj. PAT	**163**	**248**	**335**	**377**	**547**
Growth (%)	***67.4***	***52.4***	***35.3***	***12.5***	***45.0***
EPS	77.0	117.4	158.8	178.7	259.1

Balance Sheet

As at March (Rs cr)	FY22	FY23	FY24E	FY25E	FY26E
SOURCE OF FUNDS					
Share Capital	11	11	11	11	11
Reserves & Surplus	1125	1366	1668	2001	2482
Shareholders' Funds	**1136**	**1377**	**1679**	**2011**	**2493**
Minority Interest	0	61	104	151	203
Total Debt	716	1153	1453	1178	753
Net Deferred Taxes	117	141	141	141	141
Other Non-curr. Liab.	70	79	104	109	123
Total Sources of Funds	**2039**	**2811**	**3480**	**3590**	**3713**
APPLICATION OF FUNDS					
Net Block & Goodwill	1544	2124	2340	2428	2424
CWIP	42	97	106	74	37
Investments	3	3	3	3	3
Other Non-Curr. Assets	57	95	134	147	166
Total Non Current Assets	**1645**	**2319**	**2584**	**2653**	**2631**
Inventories	626	836	1208	1339	1490
Debtors	296	535	777	798	933
Cash & Equivalents	43	47	199	186	253
Other Current Assets	63	69	111	113	127
Total Current Assets	**1029**	**1488**	**2296**	**2436**	**2804**
Creditors	463	693	978	1059	1207
Other Current Liab & Provisions	174	303	420	439	516
Total Current Liabilities	**636**	**996**	**1399**	**1499**	**1722**
Net Current Assets	393	492	897	937	1081
Total Application of Funds	**2039**	**2811**	**3480**	**3590**	**3713**

Cash Flow Statement

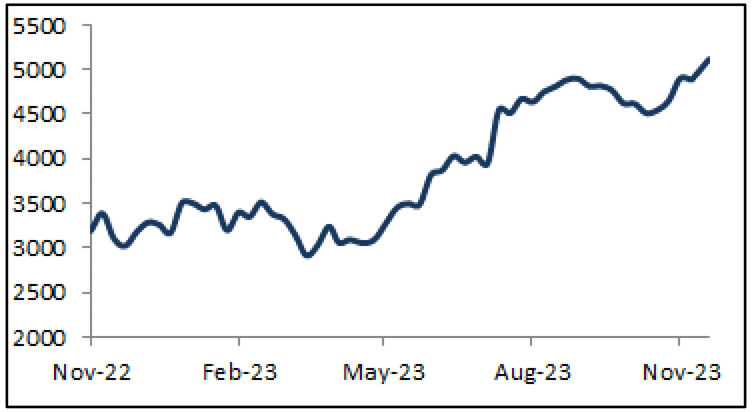
(Rs cr)	FY22	FY23	FY24E	FY25E	FY26E
PBT	252	355	506	568	801
Non-operating & EO items	-17	-6	-15	-8	-5
Interest Expenses	75	99	169	168	121
Depreciation	206	222	274	294	290
Working Capital Change	-152	11	-253	-54	-77
Tax Paid	-37	-73	-128	-143	-202
OPERATING CASH FLOW (a)	**327**	**608**	**555**	**824**	**929**
Capex	-210	-340	-500	-350	-250
Free Cash Flow	117	268	55	474	679
Investments	0	0	0	0	0
Non-operating income	1	-343	0	0	0
INVESTING CASH FLOW (b)	**-209**	**-683**	**-500**	**-350**	**-250**
Debt Issuance / (Repaid)	1	204	300	-275	-425
Interest Expenses	-77	-103	-169	-168	-121
FCFE	42	26	185	32	133
Share Capital Issuance	0	0	0	0	0
Dividend	0	-8	-33	-45	-65
Others	-44	-21	0	0	0
FINANCING CASH FLOW (c)	**-76**	**94**	**97**	**-488**	**-611**
NET CASH FLOW (a+b+c)	**42**	**18**	**152**	**-14**	**67**

Key Ratios

	FY22	FY23	FY24E	FY25E	FY26E
Profitability Ratios (%)					
EBITDA Margin	24.1	21.5	20.7	20.5	21.4
EBIT Margin	15.1	14.9	15.0	14.9	16.5
APAT Margin	7.3	7.8	7.5	7.6	9.8
RoE	15.5	19.7	22.0	20.5	24.3
RoCE	19.0	21.7	23.9	23.3	28.6
Solvency Ratio (x)					
Net Debt/EBITDA	1.3	1.6	1.3	1.0	0.4
Net D/E	0.6	0.8	0.7	0.5	0.2
PER SHARE DATA (Rs)					
EPS	77.0	117.4	158.8	178.7	259.1
CEPS	174.6	222.3	288.8	317.9	396.6
BV	537.8	651.9	795.0	952.3	1180.3
Dividend	3.8	11.3	15.8	21.4	31.0
Turnover Ratios (days)					
Inventory	44	48	53	58	57
Debtor	85	84	83	94	93
Creditors	67	66	68	75	74
VALUATION (x)					
P/E	66.4	43.6	32.2	28.6	19.8
P/BV	9.5	7.8	6.4	5.4	4.3
EV/EBITDA	21.5	17.4	12.9	11.7	9.5
EV/Revenues	5.2	3.7	2.7	2.4	2.0
Dividend Yield (%)	0.1	0.2	0.3	0.4	0.6
Dividend Payout (%)	4.9	9.6	9.9	12.0	12.0

(Source: Company, HDFC sec)

Price chart



HDFC Sec Retail Research Rating description

Green Rating stocks

This rating is given to stocks that represent large and established business having track record of decades and good reputation in the industry. They are industry leaders or have significant market share. They have multiple streams of cash flows and/or strong balance sheet to withstand downturn in economic cycle. These stocks offer moderate returns and at the same time are unlikely to suffer severe drawdown in their stock prices. These stocks can be kept as a part of long term portfolio holding, if so desired. This stocks offer low risk and lower reward and are suitable for beginners. They offer stability to the portfolio.

Yellow Rating stocks

This rating is given to stocks that have strong balance sheet and are from relatively stable industries which are likely to remain relevant for long time and unlikely to be affected much by economic or technological disruptions. These stocks have emerged stronger over time but are yet to reach the level of green rating stocks. They offer medium risk, medium return opportunities. Some of these have the potential to attain green rating over time.

Red Rating stocks

This rating is given to emerging companies which are riskier than their established peers. Their share price tends to be volatile though they offer high growth potential. They are susceptible to severe downturn in their industry or in overall economy. Management of these companies need to prove their mettle in handling cyclicality of their business. If they are successful in navigating challenges, the market rewards their shareholders with handsome gains; otherwise their stock prices can take a severe beating. Overall these stocks offer high risk high return opportunities.

ATUL JAGDISH KARWA

Digitally signed by ATUL JAGDISH KARWA
Date: 2023.11.22 08:17:23 +05'30'

Disclosure:

I**, Atul Karwa,** Reesearch Analyst, **MMS,** 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. SEBI conducted the inspection and based on their observations have issued advise/warning. The said observations have been complied with. 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. As regards the associates of HSL please refer the website.
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 t 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: Murli V Karkera Email: complianceofficer@hdfcsec.com Phone: (022) 3045 3600

For grievance redressal contact Customer Care Team Email: customercare@hdfcsec.com Phone: (022) 3901 9400
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
Investment in securities market are subject to market risks. Read all the related documents carefully before investing.
Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.
Registration granted by SEBI, membership of BASL (in case of IAs) and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.