

Initiating Coverage PNC Infratech Ltd.

02-June-2021



Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Roads & Highways	Rs. 250.9	Buy at LTP and add on dips to Rs. 230	Rs. 287	Rs. 310	2 quarters

HDFC Scrip Code	PNCINF
BSE Code	539150
NSE Code	PNCINFRA
Bloomberg	PNCL:IN
LTP 1 st June, 2021	250.9
Equity Capital (Rs cr)	51.3
Face Value (Rs)	2
Equity Share O/S (cr)	25.7
Market Cap (Rs cr)	6437.8
Book Value (Rs)	99.3
Avg. 52 Wk Volumes	749914
52 Week High	291.0
52 Week Low	108.0

Share holding Pattern % (Mar, 2021)	
Promoters	56.1
Institutions	38.5
Non Institutions	5.4
Total	100.0

Fundamental Research Analyst

Debanjana Chatterjee

Debanjana.chatterjee@hdfcsec.com

Our Take:

PNC Infratech Ltd (PNC) is an established player in India's road sector, which specialises in executing large scale EPC and HAM projects with special focus on north and central India. The company's management has always maintained a lean balance sheet and low leverage, which has attracted investors. Increased spending on infrastructure in the FY22 budget and healthy NIP pipeline indicate the possibility of higher project awarding in the coming years. We like the stock because of its (1) record order book (~ 3 years of revenue visibility); (2) stable net working capital (NWC); (3) low leverage & high RoCE; (4) improvement in balance sheet by striking a deal with Cube Highways; and (5) reduction of risk through diversification into other sectors.

Valuations & Recommendation:

PNC's strong balance sheet, strong cash flows, and internal accruals will help it fund the CAPEX requirement for HAM projects. The company follows a strategic bidding process, wherein it concentrates on cluster-based projects. Going ahead, diversification into other sectors (apart from roads) like water, irrigation, metro, and airport runways will open up new avenues for the company. In Q3FY21, labour availability reached the pre-COVID level, and execution picked up vis-à-vis last year with high growth in toll collection due to increased traffic (pre-festival commercial traffic and a sharp recovery in personal mobility). Also, during the quarter, CARE upgraded its ratings from CARE AA- to CARE AA for long term bank facilities of Rs 1,700 crore. Ratings upgrade will help bring down financing costs further. The rating on short term bank facilities of Rs 5,000 crore is CARE (Single A1+), which further adds to the company's credibility.

However, the onslaught of the second wave, fear of third wave, rising cases, vaccine shortage, dwindling health care infrastructure facilities across the nation, and high death cases have invoked renewed fears. The state governments have started practicing lockdown like curbs (although much lenient). This could seriously hamper toll collections and construction activities, going ahead, with renewed labour availability issues and logistics problems. PNC infra is one of the best players in infrastructure development space. The stock is trading at an attractive valuation of 10.9x its FY23 earnings. **We feel investors can buy the stock at LTP and add on dips to Rs. 230.0 (10.0x FY23E EPS of Rs. 23.0) for a base case target of Rs. 287.0 (12.5x FY23E EPS of Rs. 23.0) and bull case target of Rs. 310.0 (13.5x FY23E EPS of Rs. 23.0).**



Financial Summary (Standalone)

Particulars (Rs cr)	Q3FY21	Q3FY20	YoY (%)	Q2FY21	QoQ-%	FY19	FY20	FY21E	FY22E	FY23E
Total Operating Income	1322.4	1218.0	8.6	1053.5	25.5	3071.6	4877.9	4721.1	5970.6	6897.2
EBITDA	178.5	171.2	4.3	142.1	25.6	432.0	764.3	634.3	828.3	972.2
Depreciation	-28.2	-32.6	-13.7	-27.2	3.4	92.2	126.4	125.3	137.1	150.9
Other Income	24.3	14.4	69.0	14.8	63.9	68.3	88.5	60.7	57.7	55.1
Interest Cost	-15.3	-40.1	-62.0	-21.8	-30.0	64.1	114.4	101.7	95.0	90.3
Tax	-56.2	-35.6	57.6	-38.6	45.5	19.1	151.7	154.2	164.6	197.9
APAT	103.2	70.9	45.5	69.3	48.9	233.8	324.3	313.8	489.3	588.2
Diluted EPS (Rs)	4.0	2.8	45.5	2.7	48.9	9.1	12.6	12.2	19.1	22.9
RoE-%						11.9	13.9	11.7	16.0	16.6
P/E (x)						27.5	19.9	20.6	13.2	10.9
EV/EBITDA						15.1	7.9	9.1	7.2	6.3

(Source: Company, HDFC sec)

Recent Triggers

Robust order book and project completion augur well

The current order book stands at over Rs 9,852 crore (unexecuted) as of 31 December 2020. Including all the projects for which the company has already received letters of award, the order book swells to Rs 18,670 crore, which is over 3 times the FY20 revenue. The ongoing spree of geographic diversification would further increase the order book, thereby pushing it towards Rs 22,000 crore by FY23E. On a PPP format, there are 18 projects, of which eight are operational, six are under construction, and three have recently achieved financial closure. For the remaining i.e. the Meerut-Nazibabad project, the company received the final sanction in Feb 2021. These projects comprise BOT toll, BOT annuity, OMT and HAM assets.

Projects that comprise the current order book include:

- Aligarh-Kappur Pkg-V (NHAI) Rs 1,651 crore,
- Unnao-Lalganj (NHAI) Rs 1,371 crore,
- Jagdishpur Faizabad (NHAI) Rs 1,219 crore,
- Lucknow Ringroad (NHAI) Rs 1,000 crore,

- Chakeri-Allahabad (NHAI) Rs 886 crore,
- Nagpur-Mumbai Expressway (NHAI) Rs 769 crore,
- Other projects worth Rs 2,956 crore.

The projects that are not included in the current order book include –

- Challakere Hariyur HAM project in the state of Karnataka for a Bid Project Cost of Rs 1,157 crore with an EPC cost of Rs. 935 crore (NHAI declared 25th January 2021 as appointed date),
- HAM project for four laning of Meerut Nazibabad section in Uttar Pradesh for a bid project cost Rs 1,412 crore,
- 2 EPC Projects of Delhi Vadodara alignment of eight lane access controlled greenfield expressway totalling to Rs 1,548 crore,
- Irrigation project of Rs 1,001 crore from Water Resources Department, Government of Andhra Pradesh,
- Water Supply Project of Rs 290 crore from State Water & Sanitization Mission, Namami Gange and Rural Water Supply Department, Govt. of Uttar Pradesh,
- 6 Water Supply Projects of Rs 2,475 crore from State Water & Sanitization Mission, Namami Gange and Rural Water Supply Department, Govt. of Uttar Pradesh

Few prestigious projects that are nearing completion are Koliwar-Bhojpur (Rs 193 crore), Bhojpur-Buxar (Rs 212 crore), Nagina-Kashipur (Rs 431 crore), Varanasi-Gorakhpur (Rs 99 crore), Purvanchal Expressway projects package 5 (Rs 511 crore) & 6 (Rs 483 crore), Chitradurga package 1 & 2 (Rs 236 crore), Aligarh-Kanpur (Rs 274 crore), and Jhansi package 1 & 2 (Rs 259 crore & Rs 175 crore respectively). Further, the company is expecting its Delhi and Vadodara EPC projects' appointment date in the coming quarters. The Meerut-Nazibabad, Unnao-Lalganj, Challakere-Hariyur and another HAM project's final distribution to landowners has been done with 80-90% of land availability.

Various deals related with restructuring will unlock value for the firm

On 1 April 2021, PNC struck a deal with Cube Highways and Infrastructure Pte Ltd ("Cube Highways") to divest its entire 35% stake in Ghaziabad Aligarh Expressway Private Limited, (GAEPL). At an EV of up to Rs 1,600 crore, this deal prevents the build-up of leverage on the balance sheet. Estimated cash inflows of Rs 3800 crore (including equity inflow of Rs 385 crore) will be received in FY22, which is adequate to meet equity obligations of HAM assets for FY22.



The management is hopeful to sell eight of its assets in the coming months.

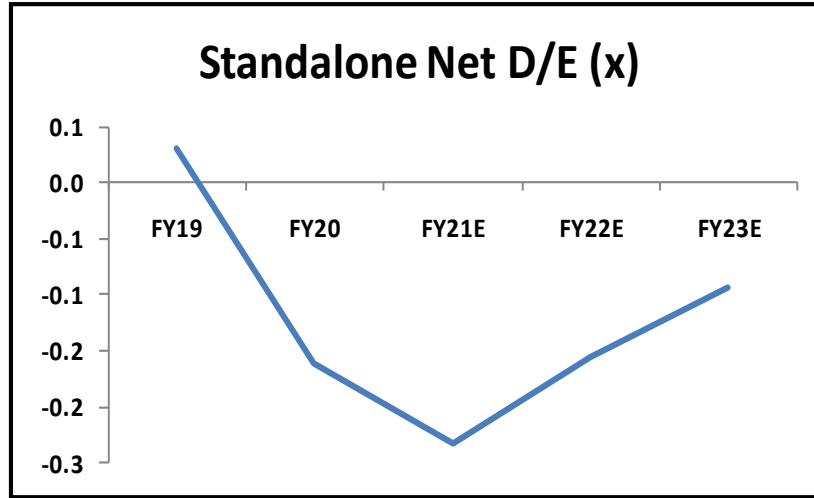
Diversification to other sectors minimise segment concentration risks

The company in order to reduce concentration to road works has also forayed into other sectors like water, irrigation, metro, and airport runways. The result of diversification is quite visible in the order book, as the water and irrigation segment constitute 25% of the current order book. In Q3FY21, PNC received a Letter of Award (LoA) for an irrigation project worth Rs 1,000 crore in Andhra Pradesh and LoAs for five rural drinking water supply projects in Uttar Pradesh for a total contract value of Rs 3,717 crore.

On 23 Jan 2021, the company in joint venture with SPML Infra Ltd, announced receipt of LoAs for six new EPC projects for "Survey, Design, Preparation of DPR, Construction, Commissioning and O&M of rural water supply for 10 years" for 2,475 villages in the districts of Uttar Pradesh from the "State Water Supply & Sanitation Mission", "Namami Gange" & "Rural Water Supply Department". The works have been given out for 608 villages in Kasgunj district, 500 villages in Badaun district, 452 villages in Pilibhit district, 315 villages in Amroha district, 300 villages in Rampur district and 300 villages in Sambhal district. Further, in a JV with SPML, PNC has been declared as the L1 (lowest) bidder for "Survey, Design, Preparation of DPR, Construction, Commissioning and O&M of rural water supply for 10 years" project in 979 villages in Devipatan division of Uttar Pradesh.

The company has a comfortable gearing and stable working capital

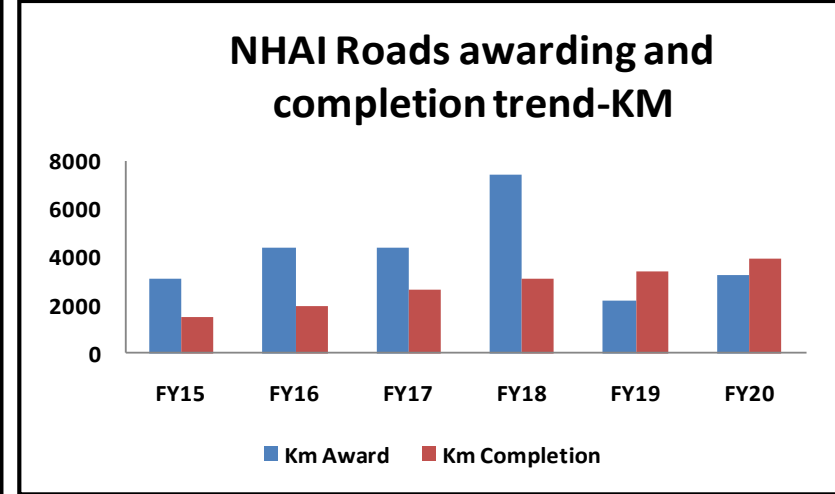
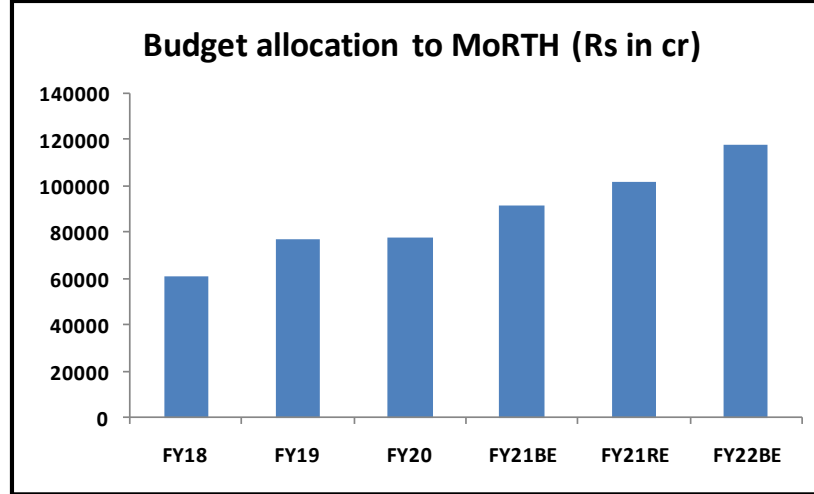
Healthy internal accruals (Rs 740 crore in FY20 against Rs 309 crore in FY19), reduced cash conversion cycle (78 days in FY20 as compared to 97 days in FY19), and low debt levels augur well for the company. Debtor days on a standalone basis improved from 72 days to 55, and net working capital days improved from 85 to 67 days as of Dec 2020. The recent BOT asset sale should further boost liquidity within the company. According to the management, present capex of Rs 1,148 crore will allow it to achieve a turnover of Rs 7,000-8,000 crore. As per the management, internal accruals generated over the next 2-3 years should be sufficient to fund the total equity investment, going forward.



Long-term Triggers

Various governmental infra projects to benefit PNC

The current government has provided a renewed thrust to infrastructure in the country. The government has promised to usher in sweeping economic reforms. The company's focus on the development of roads, irrigation and urban infrastructure will help it to sustain. NHAI awarded 4,800km of projects worth Rs 1.4lakh crore and constructed record 13,300km of highways in FY21. The Railways has been another major driver for the EPC segment. This segment has always managed to attract higher budgetary allocations. These segments are likely to further get a push in the future as the government plans health, education, smart cities and "Housing for All" projects. Further, FDI in India in the infra sector is less than 1% of GDP, compared to 2.4% in China and 1.8% in Brazil. As a result, rapid acceleration of FDI inflows is expected, which would benefit the company further.



Bright future for Indian infrastructure is a good sign for PNC

The following factors bode well for the company: (1) relaxation on FDI norms in construction industry with 100% FDI allowance in townships and settlements; (2) \$ 1 trillion investment in infrastructure targeted in the 12th FYP with 50% contribution from the private sector; (3) allocation of Rs 48,000 crore for building 100 smart cities under the government's Smart Cities Mission; (4) allocation of Rs 50,000 crore for 500 cities under Atal Mission for Rejuvenation and Urban Transformation; (5) incumbent government's 'Housing for All by 2022' initiative; (6) Rs 500 crore allocated in the budget towards 3P India to rejuvenate the PPP mode; (7) the highest-ever allocation for infrastructure development (Rs 3.9 lacs crore); (8) NHAI's award of 4,800km of projects worth Rs 1.4 lakh cr and record construction of 13,300km of highways in FY21; (9) increased spending on infrastructure in the FY22 budget and healthy NIP pipeline; (10) The MORTH award of a total of 7,597 kms during the period of April 2020 to 15th January 2021 as compared to 3,474 kms during the same period last year.



What could go wrong?

- The road construction sector is highly seasonal in nature and subject to vagaries of monsoon.
- The company is dependent on the Govt for orders whether in roads, irrigation or other areas. Any change in the focus areas or cut back in infra spend by the Govt due to fiscal pressures or other reasons could hamper its execution and revenue visibility. Slowdown in NHA ordering remains a risk.
- Although, the company is focussing on diversification, the road sector thus far has been the main contributor to its revenue and continues to be the main focus area. Thus, segment concentration risks still persist.
- Various lockdowns and curbs are being exercised in various states, which might delay project execution/completion and impact toll collections as well.
- The second wave could pose a risk to the deal with Cube Highways.
- The Top-6 projects constitute 70% of the total current order book. Any adverse economic turn could hamper revenue visibility.
- Rising commodity prices directly impact overall costs of construction projects though most of it could be pass through.
- Investments in HAM projects may put some pressure on working capital requirements. However, the company's strong cash flow generation from the EPC business should help it to service all future capital requirements. Also delay in the monetisation of HAM projects could impact the liquidity in future.

Company Profile:

PNC Infratech Ltd is an infrastructure construction, development, and management company. It is primarily engaged in infrastructure projects including highways, bridges, flyovers, power transmission lines, airport runways and other infrastructure activities. Its segments include EPC Contract and BOT (toll and annuity). It offers end-to-end infrastructure implementation solutions which include engineering, procurement, and construction (EPC) services. It implements projects on various Public-Private-Partnership (PPP) formats, including Design-Build-Finance-Operate-Transfer (DBFOT), Operate-Maintain-Transfer (OMT) and Hybrid models. It is involved in the construction and development of highways, bridges and flyovers, and industrial area development. It focuses on road building projects in Punjab, Haryana, Tamil Nadu, Madhya Pradesh, Maharashtra, Karnataka, Rajasthan, Uttar Pradesh, Uttarakhand, West Bengal and North East India.

Full Forms of commonly used terms in infrastructure sector-

- DBFOT - Design-Build-Finance-Operate-Transfer
- OMT - Operate-Maintain-Transfer
- PPP - Public-Private-Partnership
- EPC - Engineering, Procurement, and Construction
- HAM – Hybrid Annuity Model
- BOOT – Build, Own, Operate, Transfer
- BOT - Build–operate–transfer
- NWC - Net Working Capital

Company, Rs in Cr	Mkt Cap, Cr	Sales		EBITDA		PAT		P/E		RoE-%	
		FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E	FY22E	FY23E
PNC Infratech Ltd	6437.8	5970.6	6897.2	828.3	972.2	489.3	588.2	13.2	10.9	16.0	16.6
KNR Constructions Ltd	6223.7	3099.0	3564.4	603.5	700.6	347.3	417.5	17.9	14.9	17.4	18.2
Dilip Buildcon Ltd	7914.6	10590.3	12072.9	1629.0	1965.2	535.6	761.8	14.7	10.3	12.1	14.3
H.G. Infra Engineering Ltd	2508.4	3080.2	3544.9	483.6	566.9	244.2	288.2	10.3	8.7	21.5	20.8

(Source: Company, HDFC sec)

PNC Infratech Ltd.

Financials (Standalone)

Income Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Net Revenues	3071.6	4877.9	4721.1	5970.6	6897.2
Growth (%)		58.8%	-3.2%	26.5%	15.5%
Operating Expenses	2639.6	4113.6	4086.9	5142.3	5925.0
EBITDA	432.0	764.3	634.3	828.3	972.2
Growth (%)		76.9%	-17.0%	30.6%	17.4%
EBITDA Margin (%)	14.1%	15.7%	13.4%	13.9%	14.1%
Depreciation	92.2	126.4	125.3	137.1	150.9
EBIT	339.7	637.9	508.9	691.2	821.3
Other Income	68.3	88.5	60.7	57.7	55.1
Interest expenses	64.1	114.4	101.7	95.0	90.3
EBT	344.0	612.0	468.0	653.9	786.1
Tax	19.1	151.7	154.2	164.6	197.9
RPAT	324.8	460.3	313.8	489.3	588.2
APAT	233.8	324.3	313.8	489.3	588.2
Growth (%)		38.7%	-3.2%	55.9%	20.2%
EPS	9.1	12.6	12.2	19.1	22.9

Balance Sheet

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
SOURCES OF FUNDS					
Share Capital - Equity	51.3	51.3	51.3	51.3	51.3
Reserves	2063.9	2495.3	2785.8	3226.8	3766.7
Total Share-holders Funds	2115.2	2546.6	2837.1	3278.1	3818.0
Long Term Debt	374.7	326.6	325.0	325.0	325.0
Short Term Debt	0.0	0.0	50.0	60.0	75.0
Total Debt	374.7	326.6	375.0	385.0	400.0
Net Deferred Taxes	-167.3	-121.5	-121.5	-121.5	-121.5
Long Term Provisions & Others	379.1	653.2	976.4	1073.4	1020.0
TOTAL SOURCES OF FUNDS	2701.7	3405.0	4067.0	4615.0	5116.6
APPLICATION OF FUNDS					
Net Block	615.5	588.0	612.7	555.6	554.7
CWIP	6.2	0.0	0.0	0.0	0.0
Investments	573.0	735.5	965.5	1365.5	1715.5
Other Non-current Assets	377.4	299.0	233.2	181.9	181.9
Total Non-current Assets	1572.1	1622.6	1811.4	2103.0	2452.1
Inventories	403.5	267.3	386.0	490.7	566.9
Debtors	615.4	803.5	849.2	1079.6	1247.2
Other Current Assets	647.7	855.4	900.7	1063.3	1228.3
Cash & Equivalents	309.4	740.1	1038.2	898.5	759.5
Total Current Assets	1976.1	2666.2	3174.2	3532.1	3801.8
Creditors	473.7	467.5	450.3	490.7	566.9
Other Current Liabilities & Provisions	372.7	416.3	468.2	595.2	687.6
Total Current Liabilities	846.5	883.8	918.6	1086.0	1254.5
Miscellaneous	0.0	0.0	0.0	65.8	117.1
Net Current Assets	1129.6	1782.4	2255.6	2446.1	2547.3
TOTAL APPLICATION OF FUNDS	2701.7	3405.0	4067.0	4615.0	5116.6

Cash Flow Statement

(Rs Cr)	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	344.0	612.0	467.2	653.9	786.1
Non-operating & EO items	-4.3	8.7	-60.7	-57.7	-55.1
Interest expenses	39.1	44.4	41.0	37.3	35.2
Depreciation	92.2	126.4	125.3	137.1	150.9
Working Capital Change	-84.1	182.3	213.9	-182.0	-293.5
Tax Paid	-17.1	-161.2	-154.2	-164.6	-197.9
OPERATING CASH FLOW (a)	369.9	812.6	632.6	424.0	425.8
CAPEX	-279.6	-90.9	-150.0	-80.0	-150.0
Investments	-94.6	-160.7	-230.0	-400.0	-350.0
Other income and Other bank deposits	39.8	21.1	60.7	57.7	55.1
INVESTING CASH FLOW (b)	-334.4	-230.4	-319.3	-422.3	-444.9
Debt Issuance/(Repaid)/	205.0	-48.2	48.4	10.0	15.0
Interest Expenses	-62.6	-72.5	-41.0	-37.3	-35.2
Share Capital Issuance	-0.3	0.0	0.0	0.0	0.0
Dividend	-15.5	-30.9	-22.5	-48.3	-48.3
FINANCING CASH FLOW (c)	126.7	-151.6	-15.1	-75.6	-68.5
NET CASH FLOW (a+b+c)	162.1	430.6	298.2	-73.9	-87.7

Key Ratios

Particulars	FY19	FY20	FY21E	FY22E	FY23E
PROFITABILITY RATIOS (%)					
Gross Margin	31.2	30.9	27.9	30.2	30.2
EBITDA Margin	14.1	15.7	13.4	13.9	14.1
APAT Margin	7.6	9.4	6.6	8.2	8.5
RoE	11.9	13.9	11.7	16.0	16.6
RoCE	15.9	17.9	10.2	12.9	13.5
SOLVENCY RATIOS (x)					
Net Debt/EBITDA	0.9	0.4	0.6	0.5	0.4
Net D/E	0.0	-0.2	-0.2	-0.2	-0.1
PER SHARE DATA (Rs)					
EPS	9.1	12.6	12.2	19.1	22.9
CEPS	16.3	22.9	17.1	24.4	28.8
DPS	0.5	0.7	0.7	1.5	1.5
BVPS	82.5	99.3	110.6	127.8	148.8
TURNOVER RATIOS (Days)					
Inventory	48.0	20.0	29.8	30.0	30.0
Debtors	73.1	60.1	65.7	66.0	66.0
Payables	56.3	35.0	34.8	30.0	30.0
VALUATION					
P/E (x)	27.5	19.9	20.6	13.2	10.9
P/BV (x)	3.0	2.5	2.3	2.0	1.7
EV/EBITDA (x)	15.1	7.9	9.1	7.2	6.3
EV/Revenues (x)	2.1	1.2	1.2	1.0	0.9
Dividend Yield (%)	0.2	0.3	0.3	0.6	0.6

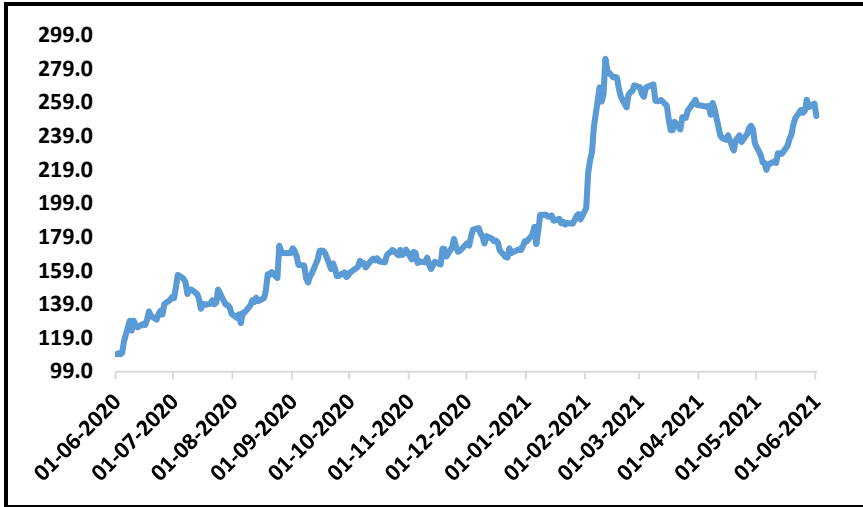
(Source: Company, HDFC sec)

PNC Infratech Ltd.



598.71	685.65	685.65	685.65	203.88	118.92	118.92
(-55.90)	(-55.90)	(-55.90)	(-55.90)	(-55.90)	(-55.90)	(-55.90)
142.09	167.22	154.12	393.13	-62.95	-107.58	-42.88
(-7.74)	(-7.74)	(-7.74)	(-7.74)	(-7.74)	(-7.74)	(-7.74)

One year stock price chart



(Source: Company, HDFC sec)



Disclosure:

I, DebanjanaChatterjee (Msc in Economics) (PGDM in Finance), 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 her relative or HDFC Securities Ltd. does not have any financial interest in the subject company. Also Research Analyst or her 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

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 meant for sole use by the recipient and not for circulation. 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. This document is for information purposes only. Descriptions of any company or companies or their securities mentioned herein are not intended to be complete and 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 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. 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: INZ00186937; 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

Mutual Funds Investments are subject to market risk. Please read the offer and scheme related documents carefully before investing.