Stock Update

Chennai Petroleum Corporation Ltd.

Jan 02, 2023

RETAILRESEARCH

HDFC securities
Click. Invest. Grow.
20 YEARS

Chennai Petroleum Corporation Ltd.

Industry	LTP	Recommendation	Base Case Fair Value	Bull Case Fair Value	Time Horizon
Refineries/Petro Product	Rs. 207	Buy in the Rs. 205-209 band & add more on dips to Rs. 180-184 band	Rs. 230	Rs. 254	2 quarters

HDFC Scrip Code	CHEPETEQNR
BSE Code	500110
NSE Code	CHENPETRO
Bloomberg	MRL IN
CMP Dec 30, 2022	Rs. 207
Equity Capital (Rs Cr)	148.9
Face Value (Rs)	10.0
Equity Share O/S (Cr)	14.9
Market Cap (Rs Cr)	3216.5
Book Value (Rs)	358.1
Avg. 52 Wk Volumes	885261
52 Week High	418.0
52 Week Low	94.7

Share holding Pattern % (Sept, 2022)	
Promoters	67.3
Institutions	8.0
Non Institutions	24.7
Total	100.0

HDFCsec Retail research stock rating meter

for details about the ratings, refer at the end of the report

* Refer at the end for explanation on Risk Ratings

Fundamental Research Analyst

Abdul Karim

Abdul.karim@hdfcsec.com

Our Take:

Chennai Petroleum Corporation Ltd. (CPCL) has current refining capacity of 10.5 million tonne per annum (mtpa) at Manali. The company produces petroleum products, lubricants, and additives. CPCL also provides high-quality feedstock such as propylene, superior kerosene, butylenes, naphtha, paraffin wax, and sulphur to other industries. CPCL has a high Nelson complexity index (NCI) of 9.71 (refineries with high NCI have the necessary flexibility to process a variety of crude oils and can record high value addition). This compares to 12.2 of Paradip refinery of IOC, 10.8 of Kochi Refinery of BPCL and 10.6 of Mangalore Refinery of MRPL.

IOCL is holding 51.9% stake in CPCL, as on Sept 30, 2022. CPCL remains strategically important to IOCL, as CPCL fulfills product requirements for the South Indian market. The parent has strong representation on CPCL's board, including a common chairman. The company derives operational synergies as IOCL is also in the same business; the synergies include pooled sourcing of crude oil through IOCL, and benefits from the parent's bulk purchase. Besides, IOCL buys over 90% of CPCL's output. CPCL's sales volumes are therefore not likely to be affected by the presence of any new refinery that comes in the southern region. Compared to other refiners CPCL maintains an extra 20-25 days inventory of crude oil as its plant is located on the east coast. This leads to higher inventory gains/losses for the company compared to the other refiners.

Energy and oil demand have picked up significantly and oil demand could grow sharply in the next few years as economies are recovering. Thus, OPEC expects global oil demand is likely to rise by 1.7 million barrels per day in 2023 to 101.6 million bpd, adding to robust growth already predicted for 2022, and pushing demand back above the pre-pandemic 2019 rate. To support future growth, CPCL plans for refinery up-gradation and capacity expansion. In order to upgrade its technology, meet BS-VI norms and to meet the future fuel demand, it plans a new refinery along with a Polypropylene facility. The company plans to expand its refining capacity which will boost its earnings in the long term. The company has already received approval from the NITI Aayog for implementation of the Cauvery Basin Refinery (CBR).

On March 14, 2022, we had issued an Initiating Coverage report on Chennai Petroleum Corporation Ltd.(Link) and recommended to buy in the Rs. 122-126 band & add more on dips to Rs. 108-112 band for base case target of Rs 138 and bull case target of Rs 151. The stock achieved its both target before expiry of the call. Given healthy growth outlook and expectation of strong set of numbers in H2FY23E, we have now revised earnings and increased target price for the stock

Valuation & Recommendation:

CPCL is largest refinery in south India with a total installed capacity of 10.5 MTPA. Considering the strategic importance of CPCL's refinery in the southern India, expansion plan and strong promoter back ground, we believe the financial performance could improve in the medium term. Singapore GRMs have improved in November/December after falling sharply between July and November 2022. CPCL's ongoing enhancement projects and expectation of sustained bounce back in GRM could lead to strong earning visibility and RoE improvement going forward.

Refining fundamentals remain robust. CPCL's Average Gross Refining Margin (GRM) in H1FY23 stood at US$ 14.58 per bbl vs. US$ 5.75 per bbl in H1FY22 and GRM was at US$ 4.44 per bbl in Q2FY23 vs. US$ 5.83 per bbl in Q2FY22. We expect that GRM could be flat to slightly up QoQ in Q3FY23.

Taking its lower size, NCI (Nelson complexity Index) and volatile refining margin profile, the stock is trading at lower valuation than other refiners. Expectations of strong revenue growth and margin expansion, combined with healthy RoE and stable crude oil price make a case for higher multiple.

Investors could buy the stock in the Rs 205-209 band and add more on dips to Rs. 180-184 band (3.75x FY24E EPS). Base case fair value of the stock is Rs 230 (4.75x FY24E EPS) and the bull case fair value of the stock is Rs 254 (5.25x FY24E EPS) over the next 2 quarters. At the CMP of Rs 207 the stock trades at 4.3x FY24E EPS.

Financial Summary (Consolidated)

Particulars (Rs cr)	Q2FY23	Q2FY22	YoY (%)	Q1FY23	QoQ (%)	FY20	FY21	FY22	FY23E	FY24E
Total Operating Income	19509	8856	120.3	23163	-15.8	37,117	22,445	43,375	83,731	86,180
EBITDA	228	306	-25.6	3404	-93.3	-2,213	2,011	2,724	4,785	1,873
Depreciation	143	122	17.3	133	7.4	468	466	504	550	563
Other Income	1	4	-75.4	3	-68.3	100	127	33	15	21
Interest Cost	61	103	-40.4	76	-19.6	413	375	412	294	344
Tax	8	24	-68.3	841	-99.1	-938	1,039	489	1,068	266
RPAT	17	61	-72.3	2358	-99.3	-2,056	257	1,352	2,888	720
APAT	17	61	-72.3	2358	-99.3	-2,056	257	1,352	2,888	720
Diluted EPS (Rs)	1.1	4.1	-72.3	158.3	-99.3	-138.1	17.3	90.8	193.9	48.4
RoE-%						-85.4	17.3	58.8	66.0	11.9
P/E (x)						-1.5	12.0	2.3	1.1	4.3
EV/EBITDA						-5.3	6.1	4.5	2.3	5.7

(Source: Company, HDFC sec)

Q2FY23 Result Update

- CPCL reported strong performance in Q2FY23 with high GRM. Consolidated net revenue was at Rs 19,509 crore in Q2FY23 vs. Rs 8,856 crore in Q2FY22.
- EBITDA decreased to Rs 228 crore in Q2FY23 vs. Rs 306 crore in Q2FY22 and net profit was at Rs 17 crore vs. Rs 61 crore Q2FY22.
- Average Gross Refining Margin for the period April — Sep'2022 is USS 14.58 per bbl (April - Sep'2021: USS 5.75 per bbl) and for the period July - Sep'2022 is USS 4.44 per bbl (July -Sep'2021: USS 5.83 per bbl). Inventory loss (~$4 per barrel) due to sharp fall in crude oil prices was the main reason for the subdued profits despite high GRMs. Also the levy of windfall tax on export of crude oil products wef July 01, 2022 impacted the profitability of the company (by $10-12 a barrel). Forex losses due to weakening of the Rupee also impacted profits.

Key Updates

CPCL to set up 9 MMTPA grass root refinery at Nagapattinam

CPCL has commenced works for setting up of 9 MMTPA grass root refinery project involving an investment of Rs 31,580 crore ($3.95 bn) at Nagapattinam in Tamilnadu, through a Joint Venture (JV) with IOC. A one MMTPA plant with a feeder facility is already functional at Narimanam village of Nagapattinam known as 'Nagapattinam Refinery' or 'Kaveri refinery'. The new refinery will come up after dismantling the existing 1 MMTPA refinery, and will produce liquefied petroleum gas, BS VI quality gasoline, diesel, aviation turbine fuel and value added products. Additionally, it expects product evacuation by Cross country pipelines & by Ships for meeting demands in Tamil Nadu & adjoining states. The project is likely to complete by FY26.

Under the JV, both Indian Oil and CPCL will hold a 25% stake each, together they will hold a stake of 50% in the new refinery for an investment of Rs 2570 crore, while other seed equity investors including Axis Bank, HDFC Life Insurance Co, ICICI Bank, ICICI Prudential Life Insurance Co, and SBI Life Insurance, will hold the rest. ICICI Bank, Axis Bank, SBI Life Insurance announced that it will acquire 10 per cent stake each in a proposed joint venture. Further investment of about Rs 4,000 crore will flow into the project from other stakeholders on 'Build Own and Operate' (BOO) basis.

CPCL has received environmental clearance from (Ministry of Environment, Forest and Climate Change MoEF & CC) and Tamil Nadu Government has handed over the order for the acquisition of 606 acres of land parcel adjoining the existing refinery site. Procurement and Engineering activities for the project have already commenced and site activities will now gain momentum.

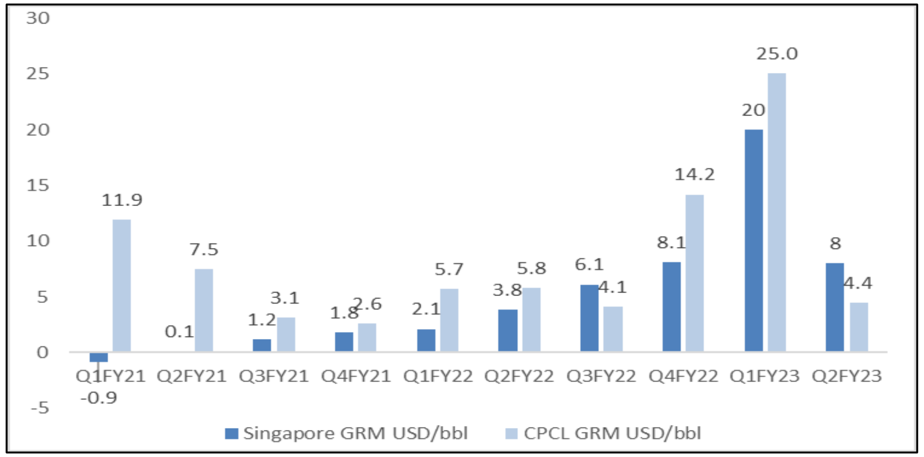
CPCL subsequently awarded contracts amounting to Rs 1,538 crore to project management consultants Engineers India (EIL), McDermott and Tata Consulting Engineers (TCE). The project will act as a catalyst for development of downstream petrochemical and ancillary industries.

Expectation in GRM recovery going forward

We expect that the demand for global petroleum products could grow in near to medium term. The GRMs are expected to improve from the current levels and the pace of global refined products demand recovery is key to GRM outlook.

Singapore hydrocracker margins were down in the second fortnight of Sept 22 at US$3.4/bbl vs Q2FY23 and Q1FY23 average of US$12.0 and US$16.4. In Oct 22, this reading has recovered to US$4.7/bbl, and later to $10.1 in mid-December. We expect GRMs to moderate but stay close to mid-cycle levels in H2FY23.

CPCL GRM and Singapore GRM-US$/bbl



CPCL's various developments over the recent past and ongoing projects to strengthen the operating performance

Significant developments over the recent past

- For RLNG Project, all balance units such as Boiler IV & V, HGU 205 were converted in FY22 and commissioned.
- As part of Fuel Quality Upgradation project, CPCL has commissioned the new Instrument Air Compressor, associated dryer units and Demountable Flare.
- CPCL has completed installation and commissioning of booster pumps and laying of pipelines to receive TTRO water of CMWSSB at 4.0 MGR reservoir.

Future Projects

- The company is planning to implement a project for production of Group II Lube Oil Base Stocks. First stage approval for the project has been obtained. Pre-project activities such as selection of licensors, Environment studies and selection of EPCM consultant are in progress.

- CPCL is envisaging production of Pharma Grade Hexane in the Isomerisation Unit. BDEP has been completed and the EPCM contract has been awarded for proceeding with project implementation. The estimated cost of the project is Rs 43.5 crore and the expected completion is by Jul 2023. The physical progress is 35.1 % as of June 01,2022.

Sound financial profile

- CPCL's operating performance in H1FY23 has been robust. On a consolidated basis, it reported total net operating income of Rs. 42,671 crore in H1FY23 as against Rs. 17023 crore in H1FY22. Revenue is likely to grow FY22-24E CAGR of ~40%. Better profitability could help to report healthy returns going forward.
- Interest coverage ratio also remained comfortable at 5.4x in FY22 vs. 4.1x in FY21. We expect it could go up to 14.4x in FY23E and it could moderate to 4x in FY24E, respectively.
- Net borrowings had decreased to Rs 7,486 crore as on Sept 30, 2022, from Rs 9,238 crore as on March 31, 2022. Over the medium term, with the gradual revival in economy, improvement in operating performance should reduce the dependence on working capital borrowings. However, liquidity is largely supported by CPCL's status as a subsidiary of IOCL.
- Compared to other refiners CPCL maintains an extra 20-25 days inventory of crude oil as its plant is located on the east coast. This leads to higher inventory gains/losses for the company compared to the other refiners.

Windfall taxes on the way down

Windfall taxes and excise duty

Date	Crude Oil Production/ton Rs	Petrol/Ltr @ Rs	Diesel/Ltr @ Rs	ATF/Ltr @ Rs
01-Jul-22	23250	6	13	6
20-Jul-22	17000	-*	11	4
01-Aug-22	17750	-	5	2
19-Aug-22	13000	-	7	2
01-Sep-22	13300	-	13.5	9
17-Sep-22	10500	-	10	5
02-Oct-22	8000	-	5	5
16-Oct-22	11000	-	13	3.5
02-Nov-22	9500	-	12	5
17-Nov-22	10200	-	12	5
01-Dec-22	4900	-	8	5
16-Dec-22	1700	-	5	1.5

*The duties were removed for petrol

Post their introduction in July 2022, windfall taxes are on the way down even as crude oil prices are in a down move. CPCL was impacted in Q2FY23 due to high windfall tax. Post mid-Nov 2022, taxes on export of diesel has fallen sharply. Hence in Q3FY23, CPCL could get some relief on this count. However, if the crude oil prices are again on the way up, windfall taxes could once again be raised.

What could go wrong?

- Economic slowdown, volatility in oil and gas prices and regulatory changes in Oil and Gas industry could impact its growth story in the future. The changing macro-economic scenario can have an impact on the growth trajectory of the company.
- Given the volatility in Crude oil and petroleum product prices, inventory gains/losses in each quarter can be large affecting the estimates. Any decrease in the price of the crude oil may hamper the profitability of the company. Prices of crude oil depend on various factors including policies by major producers of crude oil, global as well as regional demand variations, geopolitical situations and market sentiment.
- The drop in GRM can be attributed to a slowdown in fuel consumption and rise in supply of refined products in the global market. A lower GRM means refiners earn less for processing every barrel of crude.
- Any adverse government policy impacting refineries like subsidy sharing etc could impact its profitability. However, we believe going forward the Oil sector could see much more freedom than in the past.
- Due to stiff resistance from farmers and political parties, CPCL's future project could be hampered and it could get delayed. Any delay in project execution may result in cost and time over-run.
- CPCL imports majority of its raw material requirements (crude) from West Africa or the Middle East Crude through IOCL and is exposed to volatility in crude prices and the forex rates.
- Any order on production cut and operational disruption by the state pollution control board due LPG like odour could impact its revenue as well profitability. CPCL had cut crude processing by a quarter at its 201,000 barrels per day Manali refinery in southern India in Aug 2022, following an order by the Tamil Nadu state pollution control board. Production at the refinery has been reduced on a 'temporary basis'. It was restored after 4 days following a revised order from the Board.

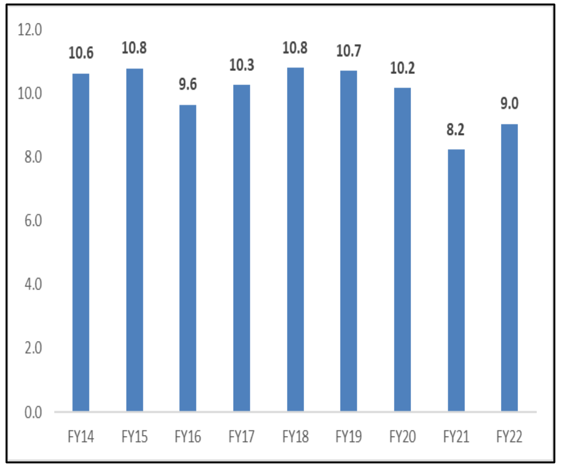
Company Profile

CPCL is one of the leading PSU refining company in India with one of the most complex refineries of its kind in the country, producing an array of value-added petroleum products. CPCL currently operates a 10.5-mmtpa refinery in Manali, near Chennai. Being a stand-alone refinery, CPCL's products, barring a few industrial feedstock and fuels, have always been sold by oil marketing companies. Indian Oil Corporation Ltd., the holding company, markets a majority of fuel products produced by the Company. As on Sept 30, 2022, IOCL held 51.9% equity stake in CPCL, with NIOC (National Iranian Oil Company) and others holding 15.4% and 32.7%, respectively. IOCL with its subsidiary CPCL operates a small 1mmtpa refining unit at Nagapattinam. IOCL plans to dismantle the refining unit and set up a greenfield refinery unit at a total capex of Rs 315 bn, an estimated Rs 39.4 bn/mmt. The project is likely to complete by FY26. CPCL will hold 25% stake in this JV, with IOCL holding another 25% and the balance 50% with strategic/financial partners

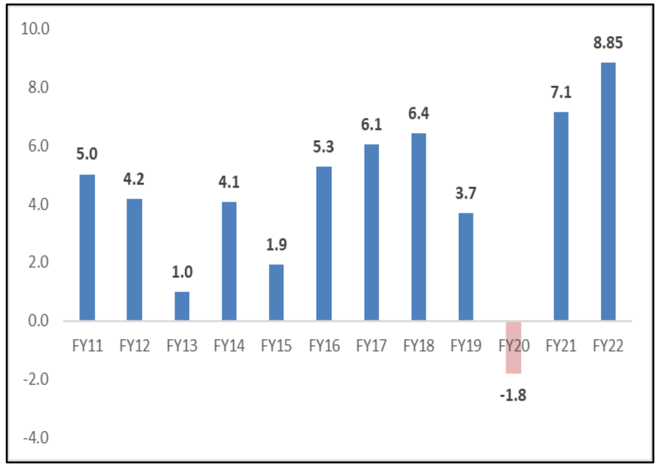
The refinery is one of the most complex and integrated refineries in India with three Crude Distillation Units (CDU/VDUs), Hydrogen Generation Units (HGUs), Hydro-Cracker unit (HCU), Fluid Catalytic Cracking unit (FCCU), Continuous Catalytic Reforming unit (CCRU), Isomerisation unit, Delayed Coker Unit (DCU), Visbreaker unit (VBU), Diesel Hydro De-sulphurisation unit (DHDS), Diesel Hydro-treating unit (DHDT), Lube Hydro-finishing unit, NMP Extraction unit, Propylene unit and Petrochemical Feedstock unit with fuel, lube, wax & petrochemical feedstocks production facilities. The main products of the refinery are LPG, Motor Spirit, Superior Kerosene, Aviation Turbine Fuel, High Speed Diesel, Naphtha, Bitumen, Lube Base Stocks, Paraffin Wax, Fuel Oil, Hexane and Petrochemical feed stocks.

Operating Metrics

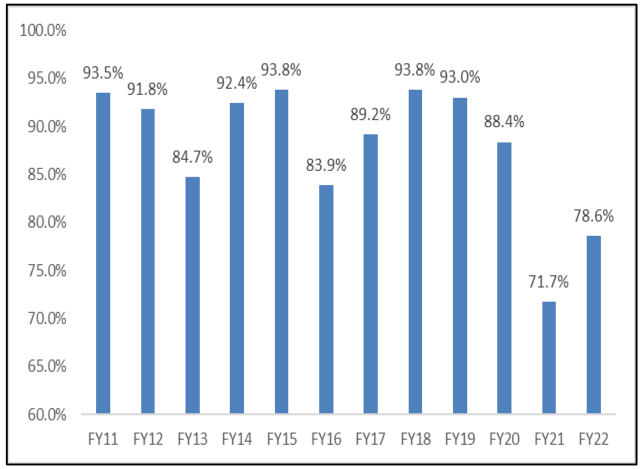
Crude Through put – MTPA



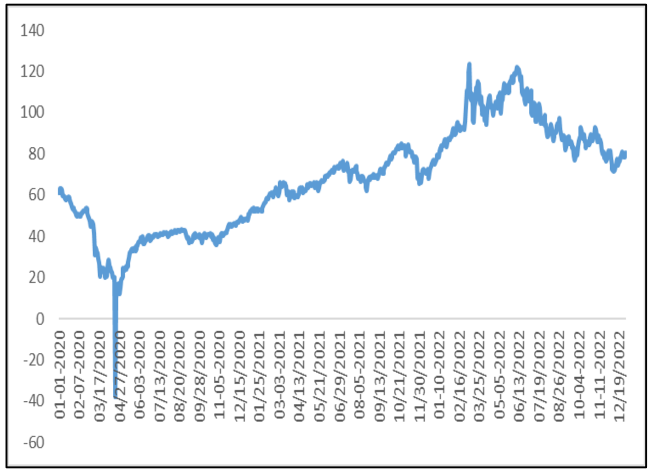
GRM-US$/bbl



Capacity Utilisation-%



3 Years Crude Oil WTI Fut-US$/bbl



(Source: Company, HDFC sec)

Financials (Consolidated)

Income Statement

(Rs Cr)	FY20	FY21	FY22	FY23E	FY24E
Net Revenues	**37117**	**22445**	**43375**	**83731**	**86180**
Growth (%)	-10.2	-39.5	93.3	93.0	2.9
Operating Expenses	39330	20434	40651	78946	84306
EBITDA	**-2213**	**2011**	**2724**	**4785**	**1873**
Growth (%)	**-529.4**	**-190.8**	**35.5**	**75.6**	**-60.8**
EBITDA Margin (%)	**-6.0**	**9.0**	**6.3**	**5.7**	**2.2**
Depreciation	468	466	504	550	563
EBIT	-2682	1545	2220	4234	1310
Other Income	100	127	33	15	21
Interest expenses	413	375	412	294	344
PBT	**-2995**	**1296**	**1841**	**3956**	**987**
Tax	-938	1039	489	1068	266
RPAT	**-2056**	**257**	**1352**	**2888**	**720**
APAT	-2056	257	1352	2888	720
Growth (%)	901.4	-112.5	425.6	113.6	-75.0
EPS	-138.1	17.3	90.8	193.9	48.4

Balance Sheet

As at March	FY20	FY21	FY22	FY23E	FY24E
SOURCE OF FUNDS					
Share Capital	149	149	149	149	149
Reserves	1210	1462	2838	5621	6219
Shareholders' Funds	**1359**	**1611**	**2987**	**5770**	**6367**
Long Term Debt	2953	3018	2403	2203	2053
Net Deferred Taxes	-934	104	563	619	681
Long Term Provisions & Others	121	131	137	151	166
Minority Interest	**0**	**0**	**0**	**0**	**0**
Total Source of Funds	**3500**	**4864**	**6090**	**8742**	**9267**
APPLICATION OF FUNDS					
Net Block & Goodwill	7256	7384	6967	7486	7894
CWIP	1376	1309	1210	544	517
Other Non-Current Assets	408	476	553	588	626
Total Non Current Assets	**9040**	**9168**	**8729**	**8619**	**9037**
Current Investments					
Inventories	2361	4509	7533	12617	12278
Trade Receivables	124	200	252	688	708
Cash & Equivalents	4	5	12	500	695
Other Current Assets	374	343	1070	1123	1179
Total Current Assets	**2862**	**5057**	**8867**	**14928**	**14861**
Short-Term Borrowings	5733	6149	6836	6436	6236
Trade Payables	1555	1882	3240	6882	6847
Other Current Liab & Provisions	1115	1330	1430	1487	1548
Total Current Liabilities	**8403**	**9361**	**11506**	**14805**	**14631**
Net Current Assets	-5541	-4304	-2639	124	230
Total Application of Funds	**3500**	**4864**	**6090**	**8742**	**9267**

(Source: Company, HDFC sec)

Cash Flow Statement

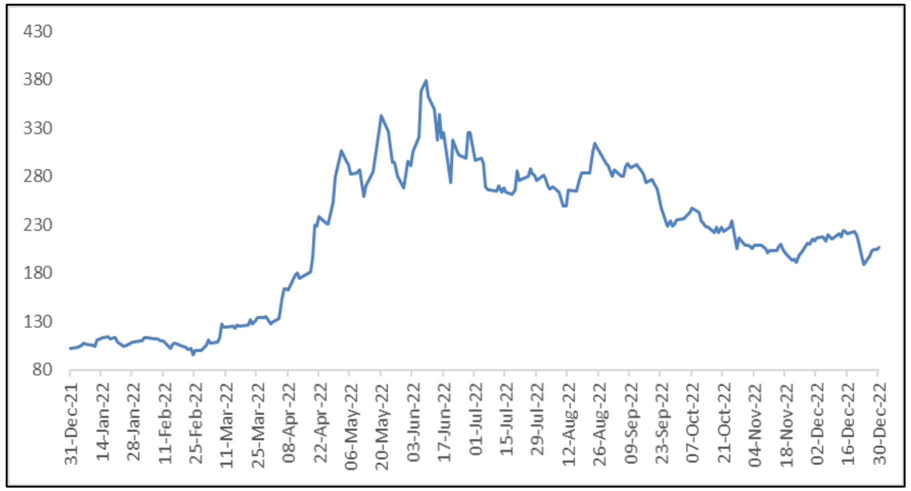
(Rs Cr)	FY20	FY21	FY22	FY23E	FY24E
Reported PBT	-2,995	1,296	1,841	3,956	987
Non-operating & EO items	-8	3	22	-93	-104
Interest Expenses	413	375	404	294	344
Depreciation	467	463	500	550	563
Working Capital Change	1,548	-1,683	-1,722	-1,822	345
Tax Paid	-45	-2	-20	-1,068	-266
OPERATING CASH FLOW (a)	**-620**	**452**	**1,026**	**1,817**	**1,869**
Capex	-987	-568	-700	-450	-1,000
Free Cash Flow	-1,607	-116	326	1,367	869
Investments	0	0	0	0	0
Non-operating income	17	20	24	15	21
INVESTING CASH FLOW (b)	**-970**	**-548**	**-676**	**-435**	**-979**
Debt Issuance / (Repaid)	1,973	409	-6	-600	-350
Interest Expenses	-389	-312	-337	-294	-344
FCFE	-23	-19	-16	473	175
Share Capital Issuance	0	0	0	0	0
Dividend	-1	0	0	0	0
FINANCING CASH FLOW (c)	**1,583**	**97**	**-343**	**-894**	**-694**
NET CASH FLOW (a+b+c)	**-7**	**1**	**7**	**488**	**196**

Key Ratios

(Rs Cr)	FY20	FY21	FY22	FY23E	FY24E
Profitability Ratio (%)					
EBITDA Margin	-6.0	9.0	6.3	5.7	2.2
EBIT Margin	-7.2	6.9	5.1	5.1	1.5
APAT Margin	-5.5	1.1	3.1	3.4	0.8
RoE	-85.4	17.3	58.8	66.0	11.9
RoCE	-14.2	0.5	8.6	15.8	3.6
Solvency Ratio (x)					
Net Debt/EBITDA	-3.9	4.6	3.4	1.7	4.1
Net D/E	6.4	5.7	3.1	1.4	1.2
PER SHARE DATA (Rs)					
EPS	-138.1	17.3	90.8	193.9	48.4
CEPS	-106.7	48.6	124.6	230.9	86.2
Dividend	0.0	0.0	2.0	4.0	5.0
BV	91.3	108.2	200.6	387.4	427.6
Turnover Ratios (days)					
Debtor days	1	3	2	3	3
Inventory days	23	73	63	55	52
Creditors days	15	31	27	30	29
VALUATION (x)					
P/E	-1.5	12.0	2.3	1.1	4.3
P/BV	2.3	1.9	1.0	0.5	0.5
EV/EBITDA	-5.3	6.1	4.5	2.3	5.7
EV / Revenues	0.3	0.5	0.3	0.1	0.1
Dividend Yield (%)	0.0	0.0	1.0	1.9	2.4

(Source: Company, HDFC sec)

One Year 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.

ABDUL KARIM

Digitally signed by ABDUL KARIM
Date: 2023.01.02 09:00:29 +05'30'

Disclosure:
I, **(Abdul Karim)**, Research Analyst, **(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. 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 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 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

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