

# UltraTech Cement

## Speeding on organic expansions!

UltraTech (UTCEM) has charted out its expansion plans for the next three years, whereby it will increase its grey cement/ clinker capacity in India by 19.5/11.4mn MT respectively, entailing a total Capex of Rs 65.3bn. Post this, its cement capacity in India will increase to 130mn MT by end FY23E/early FY24E. These should support its volume growth visibility FY24E onwards. The Capex rate is low, owing to ~50% brownfield expansions and lower clinker expansion needs. Multiple split GUs and WHRS additions will also help control operating cost, supporting its strong margins. We continue to like UTCEM for its robust margin outlook and debt reduction. We maintain BUY with an unchanged TP of Rs 5,670/share (15x Sep'22E consolidated EBITDA).

- Capacity to increase by 18% in next three years:** Over the next three years, UTCEM plans to add 19.5 mn MT of capacity organically, across east (10.2mn MT), central (5.1mn MT), north (2.5mn MT), and west (1.8mn MT) respectively. Of these, 6.7mn MT pertains to earlier announced expansions (3.3/3.4mn MT in central/eastern regions respectively) to be commissioned during FY21/22E. The additional 12.8mn MT announced today is expected to be completed by H2FY23E, as per the company. Post these expansions, UTCEM's grey cement capacity in India will increase by 18% to 130mn MT. To support these, UTCEM will increase its clinker capacity by 11.4mn MT across Rajasthan (2.7mn MT, greenfield), UP (2.3mn MT, greenfield), MP (3.7mn MT, greenfield), and Chhattisgarh (2.7mn MT, brownfield).
- Improvement in capacity spread in eastern region and reduction in distribution cost:** Post these expansions, UTCEM's capacity spread across north/central/east/west/south will improve to 20/22/19/22/16% respectively vs 22/22/13/24/19% in FY20. This will improve its capacity exposure in the high growth east markets. UTCEM is adding many split GUs across eastern and central regions, which will reduce its sales lead distance and lower opex. Additionally, UTCEM is also adding 57MW of WHRS across these clinker expansions, in addition to various other ongoing WHRS/solar power expansions. Thus, UTCEM would increase the share of low-cost green power to 34% (over the next three yrs) vs 13% currently, thus reducing costs.
- Robust margin and balance sheet outlook:** UTCEM expects to spend a total of Rs 65.3bn towards these 19.5 mn MT expansions. The Capex rate is low (Rs 3.4bn per mn MT), owing to brownfield expansion accounting for ~50% of it, and lower clinker expansion. We expect these expansions to get fully commissioned by 1QFY24E and bolster UTCEM's volume growth visibility FY24 onwards. Hence, we maintain our estimates for FY21/22/23E. We continue to like UTCEM for its robust margin outlook and debt reduction. We maintain BUY with a TP of Rs 5,670/share (15x Sep'22E consol EBITDA).

### Consolidated Financial Summary

YE Mar (Rs bn)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Net Sales	309.8	416.1	421.2	411.6	458.9	500.0
EBITDA	61.5	73.5	94.2	100.0	108.4	116.4
APAT	25.7	25.1	37.9	44.3	48.3	56.3
AEPS (Rs)	93.7	91.4	131.4	153.5	167.2	195.1
EV/EBITDA (x)	21.7	19.2	14.4	15.3	13.7	12.3
EV/MT (Rs bn)	15.0	12.5	11.8	13.0	12.2	11.4
P/E (x)	46.4	47.6	31.5	31.9	29.3	25.1
RoE (%)	10.1	8.3	10.4	10.8	10.7	11.3

Source: Company, HSIE Research

**BUY**

CMP (as on 3 Dec 2020)	Rs 4,895
Target Price	Rs 5,670
NIFTY	13,134

KEY CHANGES	OLD	NEW
Rating	BUY	BUY
Price Target	Rs 5,670	Rs 5,670
EBITDA %	FY21E	FY22E

### KEY STOCK DATA

Bloomberg code	UTCEM IN
No. of Shares (mn)	289
MCap (Rs bn) / (\$ mn)	1,412/19,106
6m avg traded value (Rs mn)	2,564
52 Week high / low	Rs 4,998/2,910

### STOCK PERFORMANCE (%)

	3M	6M	12M
Absolute (%)	23.9	26.9	16.2
Relative (%)	9.4	(3.9)	6.5

### SHAREHOLDING PATTERN (%)

	Jun-20	Sep-20
Promoters	60.09	59.91
FIs & Local MFs	14.59	15.38
FPIs	16.10	15.30
Public & Others	9.22	9.41
Pledged Shares	-	-

Source : BSE

Pledged shares as % of total shares

### Rajesh Ravi

rajesh.ravi@hdfcsec.com  
+91-22-6171-7352

### Saurabh Dugar

saurabh.dugar@hdfcsec.com  
+91-22-6171-7353

**Consolidated Operational Trends and Assumptions**

Particulars	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Cement Cap (mn MT)</b>	<b>89.0</b>	<b>113.3</b>	<b>115.3</b>	<b>117.7</b>	<b>122.4</b>	<b>126.5</b>
<b>Sales Volume (mn MT)</b>	<b>64.6</b>	<b>85.8</b>	<b>82.5</b>	<b>81.8</b>	<b>90.3</b>	<b>97.4</b>
<i>YoY change (%)</i>	20.3	32.7	(3.8)	(0.8)	10.4	7.9
<i>Utilisation (%)</i>	72.6	75.7	71.5	69.5	73.8	77.0
<b>(Rs/ MT trend)</b>						
<b>NSR (1)</b>	<b>4,794</b>	<b>4,851</b>	<b>5,106</b>	<b>5,030</b>	<b>5,080</b>	<b>5,131</b>
<i>YoY change (%)</i>	1.5	1.2	5.3	(1.5)	1.0	1.0
<b>Raw Materials (2)</b>	<b>818</b>	<b>814</b>	<b>765</b>	<b>800</b>	<b>820</b>	<b>844</b>
<b>Power &amp; Fuel (3)</b>	<b>980</b>	<b>1,100</b>	<b>1,026</b>	<b>950</b>	<b>979</b>	<b>998</b>
<b>Freight costs (4)</b>	<b>1,131</b>	<b>1,203</b>	<b>1,179</b>	<b>1,155</b>	<b>1,190</b>	<b>1,220</b>
<b>Employee cost (5)</b>	<b>280</b>	<b>267</b>	<b>304</b>	<b>291</b>	<b>282</b>	<b>275</b>
<b>Other expense (6)</b>	<b>633</b>	<b>611</b>	<b>690</b>	<b>612</b>	<b>610</b>	<b>599</b>
<b>Total Opex (7)= sum(2 to 6)</b>	<b>3,843</b>	<b>3,995</b>	<b>3,965</b>	<b>3,808</b>	<b>3,880</b>	<b>3,936</b>
<i>YoY change (%)</i>	2.4	3.9	(0.8)	(3.9)	1.9	1.4
<b>EBITDA per MT (1-7)</b>	<b>951</b>	<b>857</b>	<b>1,141</b>	<b>1,222</b>	<b>1,200</b>	<b>1,195</b>
<i>YoY change (%)</i>	(2.0)	(9.9)	33.3	7.0	(1.8)	(0.4)

Source: Company, HSIE Research

**Peer Set Comparison**

Company	Mcap (Rs bn)	CMP (Rs/sh)	Reco	TP	EV/EBITDA			EV/MT (Rs bn)			Net D:E (x)			RoE (%)		
					FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E	FY21E	FY22E	FY23E
UltraTech Cement	1,412.8	4,895	BUY	5,670	15.3	13.7	12.3	13.01	12.17	11.42	0.3	0.2	0.0	10.8	10.7	11.3
Shree Cement	899.5	24,930	ADD	24,500	21.8	19.3	16.2	19.40	19.15	17.12	(0.3)	(0.3)	(0.3)	15.2	15.4	15.8
Ambuja Cements	518.3	261	BUY	283	14.0	12.5	10.9	12.58	11.65	11.09	(0.7)	(0.7)	(0.7)	8.5	9.2	9.1
ACC	322.1	1,715	BUY	1,820	11.4	10.2	9.0	8.73	8.73	7.14	(0.4)	(0.3)	(0.4)	11.0	11.8	11.8
Ramco Cements	207.8	882	ADD	871	16.9	14.1	11.3	11.99	10.86	10.60	0.5	0.3	0.2	13.8	13.0	15.5
Dalmia Bharat	221.8	1,189	BUY	1,220	11.3	10.7	9.2	8.89	7.21	6.52	0.4	0.3	0.2	5.1	4.6	5.9
JK Cement	162.1	2,098	BUY	2,110	13.0	11.3	9.5	9.54	9.47	9.42	0.7	0.5	0.4	18.4	18.9	20.9
Birla Corp	57.9	752	BUY	1,297	7.8	6.6	5.6	6.33	4.98	4.66	0.8	0.7	0.6	10.7	10.0	10.2
Heidelberg Cem	48.9	216	BUY	234	9.8	8.2	8.0	7.60	7.98	8.33	(0.1)	0.1	0.2	17.0	21.8	20.2
Star Cement	37.5	91	BUY	125	9.1	7.2	6.2	8.36	7.34	6.94	(0.1)	(0.1)	(0.1)	13.7	16.1	17.2
JK Lakshmi	42.3	359	BUY	435	7.9	7.8	7.3	4.47	4.58	4.16	0.5	0.5	0.7	13.9	12.5	12.3
Orient Cement	16.0	78	BUY	105	6.0	6.3	6.4	3.13	3.21	3.72	0.7	0.7	1.0	10.1	9.4	11.2
Deccan Cements	5.3	381	BUY	445	3.6	5.2	5.6	2.05	2.68	3.31	(0.1)	0.1	0.3	16.1	12.6	12.8

Source: Company, HSIE Research, For ACC and Ambuja, the financial year is CY20E/CY21E/CY22E resp

## Financials

### Consolidated Income Statement

YE Mar (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>Revenues</b>	<b>309,786</b>	<b>416,088</b>	<b>421,248</b>	<b>411,636</b>	<b>458,921</b>	<b>500,003</b>
<i>Growth %</i>	<i>22.1</i>	<i>34.3</i>	<i>1.2</i>	<i>(2.3)</i>	<i>11.5</i>	<i>9.0</i>
Raw Material	52,888	69,831	63,131	65,442	74,043	82,268
Power & Fuel	63,341	94,361	84,679	77,744	88,391	97,258
Freight Expense	73,100	103,145	97,254	94,543	107,491	118,852
Employee cost	18,102	22,911	25,094	23,840	25,508	26,784
Other Expenses	40,904	52,371	56,922	50,092	55,101	58,407
<b>EBITDA</b>	<b>61,452</b>	<b>73,469</b>	<b>94,168</b>	<b>99,976</b>	<b>108,388</b>	<b>116,435</b>
<i>EBITDA Margin (%)</i>	<i>19.8</i>	<i>17.7</i>	<i>22.4</i>	<i>24.3</i>	<i>23.6</i>	<i>23.3</i>
<i>EBITDA Growth %</i>	<i>17.9</i>	<i>19.6</i>	<i>28.2</i>	<i>6.2</i>	<i>8.4</i>	<i>7.4</i>
Depreciation	18,479	24,507	27,022	26,901	29,815	30,338
<b>EBIT</b>	<b>42,972</b>	<b>48,962</b>	<b>67,146</b>	<b>73,075</b>	<b>78,573</b>	<b>86,096</b>
Other Income (Including EO Items)	2,420	3,496	26,692	9,000	8,830	9,000
Interest	12,376	17,779	19,857	15,000	14,318	11,118
<b>PBT</b>	<b>33,016</b>	<b>34,679</b>	<b>73,982</b>	<b>67,075</b>	<b>73,085</b>	<b>83,978</b>
Tax	10,770	10,754	15,865	22,805	24,849	27,713
Minority Int	(24)	(26)	(34)	(34)	(34)	(34)
<b>RPAT</b>	<b>22,270</b>	<b>23,951</b>	<b>58,151</b>	<b>44,303</b>	<b>48,269</b>	<b>56,299</b>
EO (Loss) / Profit (Net Of Tax)	(3,466)	(1,139)	20,214	-	-	-
<b>APAT</b>	<b>25,736</b>	<b>25,090</b>	<b>37,937</b>	<b>44,303</b>	<b>48,269</b>	<b>56,299</b>
<i>APAT Growth (%)</i>	<i>(5.1)</i>	<i>(2.5)</i>	<i>51.2</i>	<i>16.8</i>	<i>9.0</i>	<i>16.6</i>
<b>AEPS</b>	<b>93.7</b>	<b>91.4</b>	<b>131.4</b>	<b>153.5</b>	<b>167.2</b>	<b>195.1</b>
<i>AEPS Growth %</i>	<i>(5.1)</i>	<i>(2.5)</i>	<i>43.9</i>	<i>16.8</i>	<i>9.0</i>	<i>16.6</i>

Source: Company, HSIE Research

### Consolidated Balance Sheet

YE Mar (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>SOURCES OF FUNDS</b>						
Share Capital	2,746	2,746	2,886	2,886	2,886	2,886
Reserves And Surplus	261,066	334,760	388,269	428,209	471,538	522,030
<b>Total Equity</b>	<b>263,812</b>	<b>337,507</b>	<b>391,155</b>	<b>431,095</b>	<b>474,424</b>	<b>524,917</b>
Minority Int	160	122	75	75	75	75
Long-term Debt	158,635	206,504	173,675	143,675	103,675	63,675
Short-term Debt	36,168	46,866	55,304	55,304	55,304	55,304
<b>Total Debt</b>	<b>194,802</b>	<b>253,370</b>	<b>228,979</b>	<b>198,979</b>	<b>158,979</b>	<b>118,979</b>
Deferred Tax Liability	31,827	64,114	49,120	49,120	49,120	49,120
Long-term Liab+ Provisions	1,917	1,796	13,039	13,691	14,375	14,642
<b>TOTAL SOURCES OF FUNDS</b>	<b>492,518</b>	<b>656,908</b>	<b>682,368</b>	<b>692,960</b>	<b>696,973</b>	<b>707,733</b>
<b>APPLICATION OF FUNDS</b>						
Net Block	386,790	503,457	506,835	494,934	491,819	492,731
Capital WIP	15,112	11,533	9,196	14,196	18,596	17,346
Goodwill	10,363	62,989	62,989	62,989	62,989	62,989
Other Non-current Assets	29,649	43,804	47,428	49,799	50,604	53,135
Total Non-current Investments	108	187	232	232	232	232
<b>Total Non-current Assets</b>	<b>442,022</b>	<b>621,970</b>	<b>626,680</b>	<b>622,150</b>	<b>624,241</b>	<b>626,433</b>
Inventories	32,676	40,990	41,483	42,399	50,481	50,000
Debtors	22,206	27,870	22,383	22,640	27,535	35,000
Cash and Cash Equivalents	56,552	36,423	64,447	79,916	81,622	86,755
Other Current Assets (& Loans/adv)	18,049	38,121	38,379	41,587	42,116	44,953
<b>Total Current Assets</b>	<b>129,483</b>	<b>143,404</b>	<b>166,692</b>	<b>186,542</b>	<b>201,755</b>	<b>216,708</b>
Creditors	23,849	31,597	35,014	30,873	34,419	35,000
Other Current Liabilities & Provs	55,138	76,869	75,989	84,859	94,603	100,408
<b>Total Current Liabilities</b>	<b>78,987</b>	<b>108,466</b>	<b>111,003</b>	<b>115,732</b>	<b>129,022</b>	<b>135,408</b>
Net Current Assets	50,496	34,938	55,688	70,810	72,733	81,300
<b>TOTAL APPLICATION OF FUNDS</b>	<b>492,518</b>	<b>656,908</b>	<b>682,368</b>	<b>692,960</b>	<b>696,973</b>	<b>707,733</b>

Source: Company, HSIE Research

## UltraTech Cement: Company Update

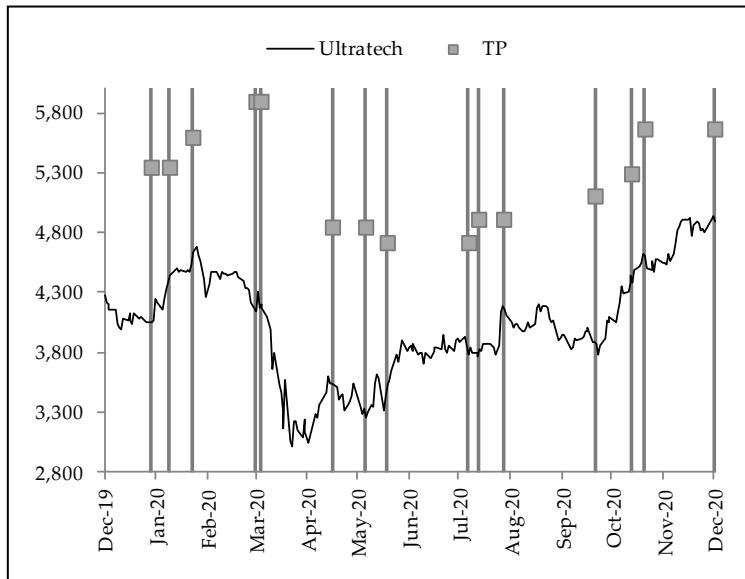
## Consolidated Cash Flow

YE Mar (Rs mn)	FY18	FY19	FY20	FY21E	FY22E	FY23E
Reported PBT	33,015	34,685	52,423	67,075	73,085	83,978
Non-operating & EO Items	(4,010)	(3,356)	(5,869)	(9,000)	(8,830)	(9,000)
Interest Expenses	12,376	17,779	19,857	15,000	14,318	11,118
Depreciation	18,479	24,507	27,022	26,901	29,815	30,338
Working Capital Change	(12,554)	(6,957)	4,503	(1,372)	(338)	(5,699)
Tax Paid	(8,429)	(7,101)	(8,914)	(22,805)	(24,849)	(27,713)
<b>OPERATING CASH FLOW (a)</b>	<b>38,877</b>	<b>59,557</b>	<b>89,020</b>	<b>75,798</b>	<b>83,201</b>	<b>83,023</b>
Capex	(18,828)	(16,482)	(17,037)	(20,000)	(31,100)	(30,000)
<i>Free Cash Flow (FCF)</i>	20,050	43,075	71,983	55,798	52,101	53,023
Investments	36,774	26,614	(26,266)	-	-	-
Non-operating Income	670	1,007	1,210	9,000	8,830	9,000
Others						
<b>INVESTING CASH FLOW (b)</b>	<b>18,616</b>	<b>11,138</b>	<b>(42,094)</b>	<b>(11,000)</b>	<b>(22,270)</b>	<b>(21,000)</b>
Debt Issuance/(Repaid)	(42,069)	(46,482)	(27,164)	(30,000)	(40,000)	(40,000)
Interest Expenses	(12,099)	(16,850)	(18,944)	(15,000)	(14,318)	(11,118)
<i>FCFE</i>	(34,118)	(20,257)	25,875	10,798	(2,217)	1,905
Share Capital Issuance	157	(775)	(3)	-	-	-
Dividend	(3,340)	(3,462)	(3,800)	(4,329)	(4,907)	(5,773)
<b>FINANCING CASH FLOW (c)</b>	<b>(57,351)</b>	<b>(67,568)</b>	<b>(49,911)</b>	<b>(49,329)</b>	<b>(59,225)</b>	<b>(56,891)</b>
<b>NET CASH FLOW (a+b+c)</b>	<b>142</b>	<b>3,127</b>	<b>(2,985)</b>	<b>15,469</b>	<b>1,706</b>	<b>5,132</b>
EO Items, Others						
<b>Closing Cash &amp; Equivalents</b>	<b>89,289</b>	<b>59,679</b>	<b>33,439</b>	<b>79,916</b>	<b>81,622</b>	<b>86,755</b>

## Key Ratios

	FY18	FY19	FY20	FY21E	FY22E	FY23E
<b>PROFITABILITY %</b>						
EBITDA Margin	19.8	17.7	22.4	24.3	23.6	23.3
EBIT Margin	13.9	11.8	15.9	17.8	17.1	17.2
APAT Margin	8.3	6.0	9.0	10.8	10.5	11.3
RoE	10.1	8.3	10.4	10.8	10.7	11.3
RoIC	8.2	6.4	8.5	7.8	8.4	9.3
RoCE	7.7	6.4	8.6	7.9	8.3	9.1
<b>EFFICIENCY</b>						
Tax Rate %	32.6	31.0	21.4	34.0	34.0	33.0
Fixed Asset Turnover (x)	0.9	0.8	0.6	0.6	0.7	0.7
Inventory (days)	38	36	36	38	40	37
Debtors (days)	26	24	19	20	22	26
Other Current Assets (days)	56	72	74	81	74	72
Payables (days)	28	28	30	27	27	26
Other Current Liab & Provs (days)	67	69	77	87	87	84
Cash Conversion Cycle (days)	26	36	22	24	22	24
Net Debt/EBITDA (x)	2.2	3.0	1.7	1.2	0.7	0.3
Net D/E	0.5	0.6	0.4	0.3	0.2	0.1
Interest Coverage	3.5	2.8	3.4	4.9	5.5	7.7
<b>PER SHARE DATA (Rs)</b>						
EPS	93.7	91.4	131.4	153.5	167.2	195.1
CEPS	161.0	180.6	225.1	246.7	270.5	300.2
Dividend	10.5	11.5	13.0	15.0	17.0	20.0
Book Value	961.3	1,229.3	1,355.5	1,493.9	1,644.0	1,818.9
<b>VALUATION</b>						
P/E (x)	46.4	47.6	31.5	31.9	29.3	25.1
P/Cash EPS (x)	29.3	24.6	14.0	19.8	18.1	16.3
P/BV (x)	4.5	3.5	3.1	3.3	3.0	2.7
EV/EBITDA (x)	21.7	19.2	14.4	15.3	13.7	12.4
EV/MT (Rs bn)	15.0	12.5	11.8	13.0	12.2	11.4
Dividend Yield (%)	0.2	0.2	0.3	0.3	0.3	0.4
OCF/EV (%)	2.9	4.2	6.6	4.9	5.6	5.7
FCFF/EV (%)	1.5	3.1	5.3	3.6	3.5	3.7
FCFE/M Cap (%)	(2.9)	(1.7)	2.2	0.8	(0.2)	3.8

Source: Company, HSIE Research

**RECOMMENDATION HISTORY**

Date	CMP	Reco	Target
30-Dec-19	4,056	BUY	5,350
10-Jan-20	4,388	BUY	5,350
25-Jan-20	4,641	BUY	5,600
2-Mar-20	4,220	BUY	5,900
5-Mar-20	4,173	BUY	5,900
17-Apr-20	3,539	BUY	4,850
7-May-20	3,253	BUY	4,850
21-May-20	3,529	BUY	4,720
8-Jul-20	3,857	BUY	4,720
14-Jul-20	3,790	BUY	4,915
29-Jul-20	4,135	BUY	4,915
22-Sep-20	3,929	BUY	5,110
14-Oct-20	4,381	BUY	5,295
22-Oct-20	4,632	BUY	5,670
4-Dec-20	4,895	BUY	5,670

From 2<sup>nd</sup> 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

## UltraTech Cement: Company Update

**Disclosure:**

We, **Rajesh Ravi, MBA & Saurabh Dugar, 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](mailto: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](http://www.hdfcsec.com)